



International Experience and Inspiration for Budget Performance Objective Management

Xiao Wang^{1, 2}, Ke Gao^{3, 4}

¹School of Big Data Application and Economics, Guizhou University of Finance and Economics, Guiyang, China

²Center for Macroeconomic Research, Chinese Academy of Fiscal Sciences, Beijing, China

³Development Research Center of Shandong Provincial People's Government, Jinan, China

⁴School of Economics, Peking University, Beijing, China

Email address:

gkfly@126.com (Ke Gao)

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Abstract: Since the new era, the Party Central Committee has put forward specific requirements for the construction and perfection of the modern budget system. The comprehensive implementation of budget performance management is an important part of improving the modern budget system, and the strengthening of budget performance target management is the key point and important starting point of the comprehensive implementation of budget performance management. In terms of financial practice, the management of budget performance target has got some achievements, but there are still some problems. Therefore, to further strengthen the budget performance management and consolidate the foundation for the comprehensive implementation of budget performance management has become an important issue faced by our country's financial reform in the new period. The purpose of this study is to improve the quality of budget performance management in the new era, improve the budget performance management mode, and accelerate the improvement of modern budget system. This paper adopts literature analysis and comparative analysis, systematically combs the reform experience of typical national budget performance objective management, and combines with China's financial practice, puts forward the reform inspiration of budget performance objective management system suitable for China's national conditions: First, promote the development of laws and regulations and form a system conducive to the management of budget performance targets. Second, gradually form a sound performance target evaluation system, and promote budget performance target management. Third, improving budget performance and target management must be coordinated with medium-term fiscal planning. Finally, further improve the supporting mechanism related to budget performance target management.

Keywords: Budget Performance Objective Management, Typical Country, Enlightenment

1. Introduction

Since the new era, the Party Central Committee has put forward specific requirements for the construction and perfection of the modern budget system. The Decision of the CPC Central Committee on Several Major Issues concerning Upholding and Improving the System of Socialism with Chinese Characteristics and Modernizing China's System and Capacity for Governance, adopted at the Fourth Plenary Session of the 19th CPC Central Committee, calls for improving the budget system with scientific standards, standardized transparency, and strong constraints. In the

Report to the 20th National Congress of the Communist Party of China (CPC), Holding High the Great Banner of Socialism with Chinese Characteristics and Striving Together to Build a Modern Socialist Country in an All-round Way, it was proposed to improve the modern budget system.

The comprehensive implementation of budget performance management is an important link to improving the modern budget system. In September 2018, the CPC Central Committee and The State Council made strategic plans for implementing performance-based budget management across the board. On March 7, 2021, The State Council issued Opinions on Further Deepening the reform of the budget management System (No. 5 [2021]), which required

improving the quality and efficiency of budget performance management and strengthening budget performance management in key areas. Therefore, improving the way of budget performance management and scientific budget performance target management has become an important measure to improve the quality and efficiency of budget performance management. At present, our country is still in the exploratory stage of budget performance target management. The article combing and analyzing the experience of typical national budget performance target management provides a useful inspiration for our country's budget performance target management system perfection.

2. Experience in Typical National Budget Performance Target Management

2.1. Experience in Budget Performance Objectives Management in the United States

The United States is the first country in the world to put forward performance budgeting and constantly apply it to management practice. After years of exploration, performance-based budgeting has become an important part of the public management reform of the United States government and has been attached to great importance by successive governments. They have established a set of budget systems in which service items and financial resources allocation are determined by government service objectives, forming a relatively complete performance-based budgeting system. Among them, the experience of budget performance objectives management in the United States is worth learning. The Government Performance Results Act lays a good legal foundation for budget performance objectives management in the United States.

The Government Performance Results Act grew out of two specific proposals: One was President Reagan's January 1989 Report on Governance, which included a chapter called "Future Government," which became the basis for the Government Performance Results Act. The other was the Federal Government Program Performance Standards and Objectives Act introduced by Senator William Ross in 1990 and 1991. This act summarizes the successful experience of performance management in California for more than ten years and constitutes an important part of the Government Performance Results Act. The Act has made detailed provisions on budget performance target management, including the following aspects [1].

2.1.1. Strategic Planning

Strategic planning mainly includes a comprehensive description of the department's strategic mission, clarification of the department's work tasks and overall goals (including result-related goals and goals), description of the relationship between the overall goals and annual performance goals, ways to achieve the overall goals, as well as the project to be evaluated, the tasks to be completed by the project and time requirements. In addition, it is necessary to confirm the main

external factors and uncontrollable factors that may have an important impact on the realization of the goal before the formulation of strategic planning. The strategic plan has a time horizon of five years and is updated and revised at least every three years. Before formulating the strategic plan, it is necessary to conduct extensive discussions on the development direction and arrangement of departmental and institutional projects and solicit opinions from all sides. Departments and agencies should consult the Parliament and also seek opinions from other relevant departments or groups to avoid disputes in the process of project implementation.

2.1.2. Annual Performance Plan

The annual performance plan is the decomposition of the overall objectives of strategic planning and is a part of achieving the overall objectives of strategic planning. It is usually formulated at the beginning of the year. The goals of the annual performance plan focus more on output, while the overall goals of the strategic planning focus more on results. In the annual performance plan, the performance objectives for all the items covered by the organization's budget are stated and expressed in objective, quantitative, and measurable form; Define the performance criteria and basis for the year-end performance evaluation; Identify the performance indicators used to assess outputs and results and describe the methods used to measure performance; Describe the operational processes, skills and techniques, human, financial, information and other resources required to achieve performance objectives; Determine the authority and responsibility assigned to management.

2.1.3. Annual Performance Report

The annual Performance report is an overview of the evaluation of projects completed in a given fiscal year and must be submitted within 6 months of the beginning of the next fiscal year. The main contents include: One is to compare the actual completed performance objectives with the performance objectives in the annual performance plan, and evaluate the performance achieved. The second is to explain the items that have not achieved the performance goals, explain the reasons for the performance goals that have not been achieved, and explain the plan to improve or terminate the goals if a performance goal is not practical or feasible. The third is a summary of the evaluation results of the completed projects in a certain fiscal year.

2.2. Experience in Managing Budget Performance Objectives in the UK

British budget performance objective management should first clarify the strategic objectives of the department, and then determine the performance objectives and indicators according to the strategic objectives. In the UK, strategic objectives, performance targets and specific performance indicators are set out in public service agreements (PSA) between the government and departments. The "public service agreement" system mainly includes Aim, Objective, Target, and Technical notes to measure the specific goal, Delivery

Plan and other levels. It consists of three parts: responsibility clause, target clause and how to accomplish the target. It is divided into four aspects: specific and clear target, determination of department expenditure ceiling, evaluation index and improvement of efficiency of department service provision. It clearly defines the strategic target, performance target and specific performance index of each department. The Ministry of Finance guides how to draft "public service agreements", in which the strategic objectives of each department are decided by the Ministry of Finance in consultation with the departments, and the other contents are mainly formulated by the departments [2].

At the same time, in order to comprehensively measure budget performance, Britain has established four index systems, namely, achievement index, output index, efficiency index and input index, through which the performance of departments are evaluated and combined with the next year's budget. The tasks in the PSA vary from department to department, and since 1998 the proportion of results-based objectives in the PSA has gradually increased and is now mainly results-based with a small number of output objectives. The Ministry of Finance and the Public Service and Public Expenditure Committee (PSX) of the Cabinet regularly monitor and inspect the completion of the performance tasks determined in the "Public Service Agreement", evaluate the performance of all departments, and the departments with good performance will be rewarded and their autonomy will be increased accordingly. Government departments submit Performance reports to the Commission twice a year, including Annual Departmental Report (ADP) submitted in spring and Autumn Performance Report (APR) submitted in autumn [3].

At the same time, the British budget performance target management is carried out in the medium-term vision. The UK implements a three-year rolling budget and focuses on strengthening the link between strategic planning and budget. Starting with the formulation of a three-year rolling budget for expenditure, the stability and certainty of public expenditure can be improved, so that it is difficult for all departments to obtain additional sources of funds through a supplementary budget, so as to effectively curb the impulse of all departments to compete for limited financial resources and turn their energy to strengthen performance management [4]. At the same time, it can enable the government to grasp the overall plan and short-term objectives from the dynamic budget, and according to the results of the previous budget implementation, constantly adjust or revise the plan and objectives, and adjust or revise the budget accordingly, so that the budget and target planning adapt to, give full play to the guidance and control role of the budget.

2.3. Experience in Managing Budget Performance Objectives in Australia

Australia's budget performance target management requires each government agency to determine comprehensive and detailed output and result targets, clarify the quantity, quality and effectiveness of government activities, and report relevant

matters in the budget and final accounts [5]. The management elements of performance budgeting are: objectives, costs, outputs and results. The assessment focuses on two areas: The first is the cost and output of the public service sector. The sector cost is the "operating cost" of the department, which mainly includes the general management cost, the cost of paying suppliers and other small expenses. Departmental output mainly refers to the public goods and services produced by government departments according to their work objectives. The output structure designed by most federal government departments in the output set can reflect the main business scope of the department [6]. For example, the output and output set of the Ministry of Education include: Teaching activities to improve quality (output set), administration (output), policy advice (output), and research, analysis and evaluation (output set). The second is the cost and outcome of government programs. Project cost usually refers to the money paid to achieve a goal. Each department of the federal government produces its own "results report."

At the same time, Australian budget performance target management attaches great importance to the evaluation of project performance. From the 1993-1994 financial year, Australia began to fully implement the performance evaluation of individual projects. Through the project performance evaluation, the allocation of resources, the improvement of the project and the responsibility of the project are evaluated, conclusions are given and suggestions are put forward. The contents of project performance evaluation include: Whether the project reflects the government's strategic objectives and national policy orientation, so that resources are effectively used. Whether the Cabinet or minister's requirements are followed and the project performance targets are achieved [7]. Has a high degree of publicity, or has a significant degree of relevance to other projects. Whether performance information indicates project management problems. Whether to implement the project according to schedule, etc. Project performance evaluation is mainly divided into appropriateness evaluation, efficiency evaluation, effectiveness evaluation and comprehensive evaluation of implementation. Among them, the project suitability evaluation is mainly used to evaluate the feasibility of the project, the degree of conformity between the project objectives and the policy objectives and the public needs, and the necessity and urgency of the establishment of the project [8]. Project efficiency evaluation is mainly used to measure the use efficiency of financial expenditure, that is, to compare the input-output of a project. The project effectiveness evaluation mainly explains the completion degree of the project and explains the various factors that affect the realization of the expected goal of the project. In general, the efficiency of the project should be evaluated frequently, the effectiveness of the project should be evaluated systematically every 3-5 years, and the appropriateness of the project should be evaluated periodically when there are significant changes in the political, economic and social environment [9]. For the content of the project performance evaluation in Australia, see Table 1.

Table 1. Australian project performance evaluation content.

Project evaluation content		Applicable implementation phase
Suitability evaluation	Acceptance of project establishment and implementation	In the early stage of project approval or in the process of implementation or already concluded projects
	The consistency of the project objectives with the overall objectives and policies of the government	
	The necessity, importance and priority of project establishment	
Efficiency evaluation	Feasibility and logic of project preparation	All phases of project implementation, especially the early stages
	Use of resources such as funds, personnel, technology/equipment	
	The activities, strategies and operational processes undertaken by the project implementation	
Effectiveness evaluation	Project output	Late in project execution or after project completion
	Analysis of factors that affect the realization of project results	
	The factors affecting the realization of the results are explained	
	Identify uncontrollable factors that affect desired goals	

Source of data: Chen Zhibin. Australian government performance budget management and reference [J]. Chinese finance, 2012 (09): 71-73.

3. Promote Our Budget Performance Target Management Enlightenment and Countermeasures and Suggestions

Through analyzing the experience of typical countries in the field of budget performance target management, we gain some useful enlightenments that our country can use for reference:

3.1. Promote the Development of Laws and Regulations and Form a System Conducive to the Management of Budget Performance Targets

From the reform experience of budget performance objectives management in typical countries, one of the characteristics of successful countries is that they have a complete legal system of performance objectives management. From the perspective of current practice in our country, the relevant laws on budget performance target management mainly include "budget law" and "budget Law implementation regulation" [10]. Other relevant content mainly exists in the form of rules and regulations. This explains fully, our country's present stage the law about budget performance target management is lesser still, the level is lower still. Therefore, we should attach great importance to the construction of the legal system of performance target management and further improve the laws and regulations of budget performance target management. At the same time, we should further improve and integrate the current rules and regulations, refine the specific implementation rules of budget performance target management, and enhance practicability and operability.

3.2. Gradually Form a Sound Performance Target Evaluation System, and Promote Budget Performance Target Management

To promote the reform of the budget performance target management system in the new era, we must gradually improve the performance target evaluation system. This is also one of the important experiences of typical national budget performance target management [11]. To this end, we should fully learn from the mature practices of foreign performance goal evaluation systems, combined with the

financial practices of various places, and gradually explore the formation of a performance goal evaluation system with Chinese characteristics. In the improvement of the performance goal evaluation system, we should further improve the index system, evaluation standards and measurement methods, and the key is to build a scientific budget performance goal index, promote budget performance goal management in an all-round way, and improve the quality of performance evaluation.

3.3. Improving Budget Performance and Target Management Must Be Coordinated with Medium-Term Fiscal Planning

The medium-term fiscal plan refers to the multi-year fiscal revenue and expenditure plan formulated by the financial department in conjunction with other government departments on the basis of analyzing and forecasting the major fiscal revenue and expenditure situation in the next three years and studying the policy objectives, operational mechanisms and evaluation methods of some major reforms, important policies and major projects in the planning period [12]. Its main contents include: 1. Accurately estimate the financial revenue and expenditure under the current policy. 2. Analyze the problems existing in current financial revenue and expenditure. 3. Formulate a new revenue and expenditure reform plan. 4. Calculate the state of fiscal revenue and expenditure after the reform. Budget performance target refers to the output and effect that budget funds can achieve in a certain period. Performance objective management refers to the budget management activities carried out by financial departments, all departments and their subordinate units with performance objectives as the object and the setting, examination and approval of performance objectives as the main content. The setting of a budget performance targets is the key content of budget performance target management [13]. Under the background of the reform to improve the modern budget system, medium-term financial planning emphasizes the reasonable estimation of revenue and expenditure in the next three years on the basis of the annual budget, and the preparation of the fiscal revenue and expenditure plan for the next year. Among them, the setting of the annual budget target and the annual budget target has become an important content of medium-term financial

planning. The setting of a budget performance goal needs to form annual performance goals and medium - and long-term performance goals under the framework of annual goals and cross-year goals, and the two should be effectively connected [14]. To this end, we can fully learn from the mature practices of foreign countries and combine the annual budget performance targets, and medium - and long-term budget performance targets with the targets of each period of the medium-term financial planning.

3.4. Further Improve the Supporting Mechanism Related to Budget Performance Target Management

To establish and improve the scientific and efficient budget performance target management system, we need to further improve the related supporting mechanism, such as efficient financial evaluation systems, the use of accrual accounting systems and so on [15]. At the same time, under the background of the practice of promoting budget performance management in the new era, it is necessary to further strengthen the publicity of budget performance target management, all forces should form a joint force of reform, form the atmosphere of "performance, performance and performance" in the whole society, carry forward the culture of budget performance target management, and firmly establish the concept of people-centered performance target management. At the same time, we should further strengthen the knowledge training of financial departments, social intermediary organizations and other relevant governance subjects, give full play to the power of the people's congress, audit department and social intermediary, so as to promote the in-depth development of our budget performance target management system.

4. Conclusion

Since the new era, the reform of the modern budget system of our country stepped into the fast lane. In order to build the management process of the integration of budget and performance, many reform programs have been introduced, among which, strengthening the management of budget performance objectives is an important content of the reform of modern budget system. From the current financial practice, there are still many problems in the management of budget performance objectives, such as the compilation of performance objectives is relatively arbitrary, and the correlation between performance objectives and budget practice is not strong. By combing through the reform experience of typical national budget performance goal management and combining with the financial practice of our country, this paper proposes that the reform of Chinese budget performance goal management should constantly improve the legal system of performance goal management, strengthen the evaluation of performance goal, strengthen the connection with the medium-term budget and promote the reform of the related supporting system collaboratively.

Fund Project

Guizhou University of Finance and Economics will undertake a special project of key cultivation disciplines and urgent discipline directions in 2020 "Financial governance in the context of Big Data: Theory, practice and optimization Path" (2020ZJXK19).

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