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## **Conceptual approaches to organization of effective budgetary management on an enterprise**

**Annotation.** The theoretical and procedural aspects of organization of budgetary management on an enterprise in the conditions of compliance-control with the target of increase of efficiency of functioning of enterprise are considered in work. Budgeting is technology of the financial planning, account and control of profits and charges got from business at all levels of management, which allows analyzing the forecast and got financial indexes. An author examines the process of budgeting as administrative technology in flexible development of enterprise, offers to consideration of chart of co-operation of different budgets, system of organization of budgeting on an enterprise in the conditions of compliance-control.

**Keywords:** budget, budgeting, budgetary management, center of financial responsibility, compliance, compliance-control, enterprise, effective budgeting system.

**I. Introduction.** In today's economic conditions essential to a successful business takes staging effective budget management of the enterprise in terms of the compliance monitoring. Budgeting is used today in our local companies, mostly in order to monitor individual performance, such as the size of accounts receivable and payable, or in order to establish the levels of expenditure in certain subdivisions. But not to manage the assets of the company, to achieve growth of capitalization or reliably the investment attractiveness of the individual areas of business. In other words, you need to update the purpose of budgeting in our companies.

Budgeting - the technology of financial planning, control and accounting of income and expenses derived from the business at all levels of government, which allows analysis and the resulting projected financial performance.

Budget - a financial plan that covers all aspects of the organization that allows to compare all the costs incurred and the results in financial terms for the coming period as a whole and for individual sub-periods. In highly developed countries, budget - the basis of in-house management. Accordingly budgeting - a technology preparation, updating, monitoring and evaluating the performance of financial planning, budgeting and therefore becomes very foundation of all the technology in-house management.

The budget of a company - a financial plan that is expressed in figures planned for the future financial condition of the company or firm, financial, quantified the expression of the results of market research and production plans necessary to achieve the goals. Accordingly budgeting - a process of formulation, implementation, monitoring and analysis of the financial plan, covering all aspects of the organization, allowing to compare all the costs incurred and the results in financial terms for the period as a whole and for individual sub-periods [1, p.28].

Effective budgeting system assumes the function of compliance Exposure controls. Elements of the system are the centers of financial responsibility, which is a specific load. Note that at the present time is the direction of the compliance profession, given in Russian organizations large Western companies. Direction exists primarily in the financial and banking sector, although not limited to them. Units that implement a function to check for compliance, are generally called "Compliance" or "Compliance Control." Formulation of the budget and the strategic management of the company in compliance leads to increased efficiency of the enterprise in terms of sustainable development.

Analysis of research and recent publications that discuss this perspective suggests that the economic literature in recent years, the attention paid to the organization of enterprise management system, cost management, the financial structure of the company. Problems of financial management and budget office engaged scientists, among which highlight Ukrainian economists I.Blanka, I.Boyarka, V.Grinovu, V.Getalo, G.Goncharova, Russian economists E.Dobrovolskogo, B.Karabanova, P.Borovkova, E.Gluhova, E.Breslava and others. Analysis of recent papers indicates the presence of some of the results of comprehensive studies on the

implementation of an effective budgeting system in the companies. However, some issues need to be more mainstream, is of interest to develop a conceptual approach to the formulation of the budget management in the enterprise, or "How to make the budgeting work."

**II. Raising of task.** The purpose of this study is to examine how the budgeting management technology in a flexible development of the company, the development and review of patterns of interaction of different budgets, conceptual description and systematization of production stages of budget management in the enterprise, the organization of budgeting in complains control.

**III. Results.** Management and Budget in the system plans the company is in a key position - that OMB is responsible for implementing the strategy, the effectiveness of the current operating and financial activities, and feedback control system. Content of the budget is different from the content of other plans of the enterprise.

Budgeting is the lowest level of planning, on which the costs of actions, are directly planning. The whole vertical of plans – either strategic, or operational, is realizing by means of this actions. Each level of the planning system forms a separate outline of management its substantive content. For example, at the level of goal setting is discussed what exactly the company wants to achieve ; at the strategic level is planned, how the company wants to achieve its goals; and at the operational level - how strategy will be implemented.

Budgeting begins at the moment when the plans and budgets of the Company are allocated to the centers of financial responsibility (CFD) that make up the financial structure.

The distribution can occur in very different ways both "from the top" and "from the bottom."

It is important that each of the CFD makes or gets the articles each of three basic budgets relating directly to him it:

- incomes and (or) expense articles from the budget of income and expenses;

- articles which reflect the inflow and outflow of funds from the budget of cash flows;
- articles containing the changes of assets and liabilities.

The Data Merge on the proper articles of each CFD gives the Account of profits and losses (income and expenses), the Cash flow budget (receipts and payments) and the Balance (changes of assets and liabilities). If this merge happens during the activity planning, the received documents are predictive, and if during the control- they are actual.

Predictive and actual data allow to conduct a full financial analysis and to evaluate the liquidity, profitability and enterprise value in advance or in fact. At the planning stage these indices are necessary to understand how possible for the company is to achieve its goals.

If they show that the goals are achievable, the plans will be executed on - if not, the budgeting process runs a "second iteration" and the conditions under which the goals achievement are determined - and so until the optimal for the company's management variant will be found .

Conclusion follows that the planning - is only one, albeit very important, part of budgeting.

The full-house budgeting, budgeting as a management technology includes three parts:

1. The budgeting technology, which includes financial planning tools (types and forms of the budget, the system of targets and standards), the procedure of consolidating the budgets of various levels of management and functionality, etc.

2. Budgeting organizing, which includes financial structure (structure of the account centers- divisions or enterprise's business or companies which are the subject of budgeting), budget rules and mechanisms of budgetary control (procedures of budgeting, submission and approval, the order of further adjustment of collecting and processing performance data), the division of responsibilities in management (between functional services and organizational units at different levels) in the

budgeting process, the system of internal normative documents (regulations, job descriptions, etc.)

3. Automation of financial transactions, which provides not only drafting of financial projections (including scenario analysis, calculation of different variants of the financial status of the company and its separate types of businesses) but also the formulation of so-called solid management accounting in which at any time it is possible to get operative information about the implementation of previously adopted budgets (about the cash flow, level of costs, the cost structure, norm and mass of profit and etc.), and on separate contracts, on branches or subsidiaries and etc.), rather than just for a legal entity on the whole (that partly do, lets with flaws and omissions, some accounting software) [2, p.106].

If even one component element falls out of the system, it is scarcely possible to expect the success of production budgeting and that it will help to solve the problems in the area of financial management.

Today in Ukraine there is no clear relationship between budgeting as a management technology (from methodological support to the system of official documentation) and software for automation of financial planning. Most of consulting developments and computer programs exist by themselves, which considerably complicates the raising of inet-budgeting and financial planning in domestic companies. It is caused by absence of a common conceptual basis, understanding of what budgeting is, what it is needed for, what is the difference between management accounting and accounting.

It is needed to keep in mind three sources, which it is going to be involved in the formulation of intercompany budgeting:

- the methodology of budgeting based on western principles of financial management (of course, adapted to domestic conditions);
- creation of the corporate databases based on the collection and treatment of primary documents, including all the information circulating financial statements;
- strict following the principles of confidentiality [3, p.85].

Consider the plan of acts of formulation the budget:

1. Formulation of aims and objectives of budgeting as a management technology in accordance with the specific of business of company.
2. Principles of budgeting in the company.
3. Learning the budgeting methodology.
4. Analysis of financial structure.
5. Determination the types of budgets.
6. Determination the budgetary formats.
7. Approval of the budget regulation.
8. Distribution functions in management.
9. Planning of documents turnover.
10. Automation of budgeting.

Then it seems appropriate to consider the conceptual approaches to the formulation of the budget management in the company and answer the question “How to make the budgeting work?”

The budget management will work in that case if all its stages will «work». For this purpose it is needed to adjust each of stages in the company, to get the regular conducting that is correct from the point of view of the specific company. It is necessary to follow next administrative steps.

- It is necessary to form the financial structure of the company on the basis of organizational structure. It supposes preliminary steps (a kind of zero stage) as verification of correctness of organizational structure and formulation of financial objectives for different levels of management.
- It is required to form the budget structure of the enterprise. At this stage it is recommended to rationale and choice of budget indicators, and also methods of their prediction and planning.
- It is necessary to combine financial and budget structures in order to set responsibility of each TSFO for execution of certain budgets or separate budget reasons. Responsibility must be personalized.

- Budgets are required for compiling for the first time and afterwards periodically. The algorithms of their development must be not only correct in terms of meeting the business model of the company but also rely on the source data that the company can get. Therefore parallel, tuning of the system of administrative account is conducted to the stages 1-3, information which will form the basis for compiling and analyzing the budget.
- *It is necessary* to organize the analysis of execution of budgets and acceptance the management decisions based on analysis [4, p.93].

The conceptual description of the stages of production of budget management in the company is systematized and represented in Table 1.

Table 1

Steps for setting the budget management in the enterprise

Contents stage	Target of stage	Organizational changes
<i>A</i>	<i>I</i>	<i>2</i>
Preparatory stage	Adjustment of organizational structure, clarification of objectives, etc.	Reorganization of the company (in some cases) or revision of the organizational structure. The mission of the enterprise. Establishing financial goals of the company. Choice (development) business strategy.
Formation of the financial structure of the company	Distribution of financial responsibility between organizational entities and securing it for specific positions (employees)	The appearance of the CFD. Appointment of heads of CFD. Establishing a system of payment, involving financial incentives for compliance with budget targets.
Forming the budget structure of the company	An inventory of the company's budget and the necessary definition of the relationship between them	The appearance of the plans (budgets). Filling the budgeted figure and an adequate scale of production and financial activity. The choice of methods of forecasting, planning and calculating budget targets.
Forming Financial and budget structure of the company	Establishment of responsibility for the performance of each CFD certain budget or a separate budget.	. Budget distribution between the CFD. Establishment responsible for the preparation, execution, and analysis of the budget or a separate budget.
Prediction of the business and budgeting	Budgeting business to meet financial goals	Prognostication and planning of activity of company. Quantitative tying up of budgets.
Analysis of budgets and management decisions based on its results	Evaluation of budget implementation and adjustment future budgets periods, tactics, strategies and financial objectives of the enterprise	Gathering information about the actual use-filled budgets, plan vs. actual variance analysis and factor analysis of the budget. The decision to change the tactics and strategy of the company. Budget adjustments with different planning horizons.

Continuation of the table 1

A	1	2
Raising of administrative account in the enterprise	Providing the right information of the previous stages	Setting up of management accounting in the enterprise (the formation of the management of accounts, the selection rules of management accounting).
Compliance control	Implementation of the function checks for compliance with respect to the business plan. Integral assessment of budgets for CFD.	Management decision making in the management of the business. Assessment of business.

**IV. Conclusions.** Let's make the results of studies. In setting budgeting should be noted that universal rules, practices and procedures described in strictly economic literature or fixed in the regulations on accounting, can not be. Budgeting - is always area for creativity, because every business, every big and small company - unique. So, and in-house system of budgeting may vary.

Budgeting as a management technology is not only a planning tool. It is also a tool to control the business situation and the financial standing of the company as a whole or as a separate business. Therefore, along with the budget for the coming period shall report on the budget in the meantime, and also matched the planned and actual performance. The comparison is made on the results of the so-called analysis of deviations, the assessment of actual performance deviations from the plan and their causes. Deviations can be negative when the actual figures are under planning, and positive if the actual values exceed the anticipated or already installed.

Deviations can be measured in absolute and in relative units. Deviation can be calculated between those planned for a period and in relation to any base period.

Plan-fact analysis can be carried out for all major budgets, and if necessary (for a more thorough study of the causes of deviations) - for individual operating budgets. Plan-fact may be conducted for the company as a whole and for individual businesses (to identify, by any of the businesses there are positive or negative deviation). In any case, the choice of the object plan-fact analysis - this is an internal matter of the company based on the goals and objectives of budgeting set by its leaders.



With the development of enterprise budget for the period management of the company gets a clear plan for action. In the process of its implementation must be ensured precision execution. If the production process are any defects, this fact must be taken into account in the control of the budget. Budgetary control starts at the initial time of funding the production process. Control is facilitated by the fact that when you make the appropriate changes to the budget at the time of failure, you can immediately calculate the reflection of the failure on the financial results and the elimination of negative impacts of the production failure. Therefore, monitoring of budget execution is carried out continuously.

For the convenience of controlling the budget must be flexible budget, which will record all the changes taking place in real time and as a consequence will be made calculations of the effect of each specific changes in production or sales process on the financial results of the company. For this purpose, it is more convenient to automate the budgeting process, with special programs such as the 1C: Enterprise 8.2 industry or table editor Excel. The offered conception of raising of effective budgeting on an enterprise is used by an author in practical researches.

Thus, the priorities are the problem not the financial management system, but rather a problem of business management systems. In most cases, the problem is not with money, but with the business model and business ideas. Consulting - a continuous process, but with the quick, efficient, responsible decisions. And for this it is necessary to quickly explore the intricacies of business processes.

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