

Exploration and Analysis of Budget Management in Administrative Institutions under the New System

Rongyong Li¹, Xinyue He²

¹ China Resources Land (Wuhan) Co., Ltd., Wuhan, 430061, China

² Changjiang Water Resources Committee, Wuhan, 430010, China

Abstract

Since the reform and opening up, with the vigorous development of China's social economy, the country's economy has opened a new chapter, and the domestic economy has shown a thriving color. Under the framework of government accounting standards, the budget management issues of administrative institutions have gradually become prominent over time. Especially in recent decades, problems such as income and expenditure imbalance, mid year additional budget funds, and government procurement funds have occurred frequently. The situation of omission and underreporting still exists, and problems such as non-standard management of special funds, inaccurate grasp of budget subjects, and weak logic and scientificity in budget preparation occur from time to time. The phenomenon of difficulties in the later budget execution process due to inadequate budget work in the early stage is still not uncommon. Since the outbreak of COVID-19, the global economy has begun to decline. China's finance has become increasingly tense, and the contradiction between revenue and expenditure and the financial pressure we are facing have become increasingly apparent. In the current severe economic environment, governments at all levels should actively follow the requirements of "tight living" and ensure that every penny is spent wisely. This article will conduct in-depth research and analysis on budget preparation and execution, regulatory mechanisms, budget performance evaluation mechanisms, budget management awareness and work level of budget personnel, and propose corresponding solutions.

Keywords

Government Accounting System; Budget Management; Budget Integration.

1. Introduction

1.1. Background of Budget Management in Administrative Institutions

In the past forty years, the changes in China's budget system can be deeply reflected in the government's governance and functions, the establishment of the socialist market economy system, and the modern fiscal system. The Opinion on the Comprehensive Implementation of Budget Performance Management was released in September 2018, emphasizing the implementation of the budget performance management system from three aspects: all-round, full process, and full coverage. In addition, a series of measures to further deepen the reform of budget performance management, such as addressing institutional shortcomings, removing institutional barriers, and improving the budget system, were proposed at the Third Plenary Session of the 20th Central Committee. The important component of financial management is budget management, and the comprehensive implementation of budget performance management is an important symbol of a sound modern financial system[1]. From the development process of modern budget system, it can be seen that overall it has evolved from a "control oriented" to a "performance oriented" approach, reflecting the gradual optimization

of budget management principles. In recent years, China's administrative institutions have comprehensively promoted the reform of accounting standards, established and improved accounting related systems, and resolutely implemented government accounting related systems, which are important reform directions for budget management of administrative institutions in China's current social development. Since the official implementation of the Government Accounting Standards in 2019, there have been higher requirements and standards for budget management in administrative institutions. In particular, the Ministry of Finance has successively issued Interpretation No. 1 to Interpretation No. 6 of the Government Accounting Standards System, which fully demonstrates that China is gradually reforming and optimizing the budget management system of administrative institutions. Although the budget management system of administrative institutions in our country is gradually being optimized and improved, the problems highlighted in the entire process of budget management still need to be addressed from various aspects such as budget preparation, budget monitoring, budget execution, and budget performance evaluation. Especially in the current severe economic environment, solving these problems is urgent.

1.2. Current Research Status at Home and Abroad

After extensive literature review and information search, the author found that there are slight differences in research on budget management both domestically and internationally. For theoretical research, both domestic and international studies have focused on aspects such as budget preparation, budget execution, and budget supervision. However, both budget preparation and budget execution are research priorities both domestically and internationally. As for empirical research on budget management, although both domestic and foreign studies have involved government budget management, enterprise budget management, non-profit organization budget management, and other aspects, there are more empirical studies on government budget management and enterprise budget management abroad, while domestic studies are more focused on empirical research on government budget management. There are abundant case studies on budget management both domestically and internationally, with domestic case studies focusing on government budget management, while foreign case studies pay more attention to enterprise budget management[2].

1.3. The Role and Significance of Budget Management

The characteristics of budget management are full process control, full process supervision, and participation of all personnel. Developing a reasonable budget plan and implementing it accordingly can effectively control various expenses, increase revenue and reduce costs, increase the revenue generating ability of administrative institutions, and effectively alleviate and reduce financial pressure. The main problems of imbalanced fiscal revenue and expenditure are reflected in budget management, income uncertainty, increased rigid expenditures, fiscal system issues, and imperfect assessment mechanisms. Therefore, improving and optimizing the budget management system can alleviate the contradiction between fiscal revenue and expenditure to a certain extent. In recent years, the budget management of administrative institutions in China has gradually moved towards informatization and integration, thereby further improving the efficiency and quality of budget management in administrative institutions, and providing more scientific and accurate support for government decision-making. At the same time, it also promotes the sustainable development of administrative institutions and the provision of high-quality services. The informatization and integration of budget management fully reflect the three characteristics of budget management. The budget management of administrative institutions is not only an important component of risk control, but also an important guarantee for the implementation of national strategies. It is imperative to optimize the budget management system of administrative institutions.

2. The Current Problems Faced by Budget Management in Administrative Institutions

2.1. The Budget Preparation is Not Scientific and the Subsequent Execution is not Strong Enough

In recent years, due to the influence of the new crown epidemic, the global economic downturn, my country's economic growth momentum is insufficient, and fiscal revenue is very tight. Especially with the implementation of large-scale tax reduction and fee reduction policies by the government to promote the development of various industries, fiscal revenue has significantly decreased. The impact of the COVID-19 and weak international trade may continue to play a role in the future for a long period of time. In order to protect the fundamental of the economy, China's efforts to reduce taxes and fees will be further strengthened. As a result, rigid fiscal expenditure will continue to increase, which will lead to a slowdown in the growth rate of China's fiscal revenue and an increase in fiscal pressure, further highlighting the contradiction between revenue and expenditure in China's finance[3]. The problems highlighted in the budget management of administrative institutions have always existed: firstly, in terms of budget preparation, many units are not reasonable and accurate enough in their content, and there are often cases of multiple and missing budgets when preparing budgets. Moreover, the goal of preparing budgets is often to apply for more financial funds, and the financial data of the previous year is used to calculate the next year's income and expenditure and incremental budget, while ignoring the actual situation and future development plan of the unit, resulting in a deviation between the budget and the actual situation. When preparing the budget at the beginning of the year, the actual development needs were not comprehensively considered, and the budget was arbitrarily increased, ultimately resulting in a mismatch between the year-end final accounts and the beginning of the year budget. However, the failure to pay and use financial funds in a timely manner at that time affected the efficiency of fund utilization, resulting in the problem of waste of fund utilization, and the role of budget management work was not reflected in it[4]. Secondly, in terms of budget execution, through in-depth analysis of the budget execution process, it was found that some units lack an internal monitoring system. Taking the central large-scale infrastructure projects as an example, it is precisely because the budget implementation supervision work is not comprehensive that the funds of such large-scale projects are carried forward or adjusted too much during the use of funds, which will lead to the reduction of budget implementation efficiency. However, if higher-level departments arbitrarily allocate funds to subordinate units, it will result in uneven distribution of financial funds, and some projects may exceed or fall short of budget. Unreasonable budget preparation can result in poor project feasibility, with some funds unable to be effectively implemented and utilized, leading to a large amount of idle funds and resulting in wastage of funds. Failure to make effective and reasonable arrangements for the use of funds during budget execution can lead to false reporting at the end of the accounting year, further reducing the value of budget funds used[5]. The 19th National Congress of the Communist Party of China proposed to accelerate the establishment and improvement of relevant financial budget systems, and fully implement budget management. Although budget management reforms have achieved significant results in recent years, and many old and new problems have been discovered and solved, efforts should continue to be made to do a good job in budget preparation and implementation.

2.2. Lack of a Sound Regulatory Mechanism

Currently, under the government accounting standards system, another challenge faced by budget management in administrative institutions is the inadequate regulatory mechanism. This refers to the situation where administrative institutions have insufficient regulatory

measures, unclear separation of regulatory responsibilities, and inadequate supervision and restraint methods throughout the entire budget supervision process, resulting in inadequate and ineffective supervision and guidance of administrative institutions by regulatory departments, and the inability to fully utilize the functions of regulatory departments. There are several issues with inadequate regulation, including: firstly, there is a lack of regulatory measures. Regulatory authorities supervise and guide administrative institutions through means such as testing, inspection, and evaluation, in order to achieve budget monitoring. However, due to the limited regulatory measures, the regulatory authorities are unable to fully understand the actual operation of the corresponding units, which will greatly limit their ability to timely detect and handle violations by administrative institutions[6]. Secondly, the separation of responsibilities among regulatory authorities is not clear enough. The budget monitoring of administrative institutions involves multiple regulatory departments, such as audit departments, market supervision and management bureaus, and the Ministry of Finance. Due to the lack of clear delineation of responsibilities among various departments, there may be overlapping or unclear responsibilities in the actual work process. This not only wastes a lot of manpower and material resources, but also fails to achieve good budget supervision results, making it difficult to accurately grasp the budget management situation of each budget unit and form effective consolidated supervision. Finally, the supervision and restraint methods are not perfect enough. Financial supervision is the core of budget management, and the budget management of administrative institutions needs to be operated through effective supervision mechanisms[7]. The conventional supervision mechanism is insufficient to achieve effective supervision, and the supervision intensity and measures are insufficient, making it difficult to timely correct and improve the budget management problems of administrative institutions, which greatly reduces the effectiveness and standardization of budget management. In addition, biased regulatory concepts can also have a significant impact on the budget management of administrative institutions. In the entire process of budget preparation and application, budget execution, budget performance evaluation, and other budget management tasks, most of the work is completed by the finance department. Therefore, it may lead colleagues in other departments to believe that budget management is the responsibility of the finance department, and the audit review only focuses on the review of financial information and financial work.

2.3. The Budget Performance Evaluation and Assessment Mechanism is Not Perfect Enough

At present, China does not have a very complete budget management and evaluation system to effectively constrain the budget work of administrative institutions. Due to the inadequate internal control mechanism of administrative institutions, supervisory personnel are unable to effectively supervise and evaluate the implementation of budgets. Some administrative institutions involve budget management in their internal control systems, but most of them are to cope with the assessment of higher-level departments, and have not actually developed a complete and effective budget management execution plan. Therefore, in the actual work process, budget management and internal control cannot be effectively linked[8]. After the end of the fiscal year, most performance evaluations are based on fixed templates, which are very mechanized in reporting data for the unit. There is no in-depth analysis of whether there are deficiencies in the budget execution of the unit and the corresponding effective solutions. In addition, the financial department lacks effective quantitative restrictions on the assessment of administrative institutions, and the assessment of budget execution is also more formalized.

2.4. Budget Personnel Lack Budget Management Awareness and Comprehensive Abilities

By specifically understanding the many shortcomings in the current budget management work of administrative institutions, and utilizing government accounting standards reform to

comprehensively optimize the budget management system in response to various problems arising in the budget management process, we can improve the level of budget management in administrative institutions and promote their long-term and efficient development in the fiercely competitive economic market of the present and future. In this process, the weak awareness of budget management is the main problem in the budget management work of various administrative institutions, and it is also one of the key factors that cause the budget management work to not play its effective role. Specifically, it is mainly manifested in the following two points: firstly, based on the reform of government accounting standards, various administrative institutions lack attention to this and have not paid much attention to the new standards and requirements for budget management in administrative institutions under the new government accounting standards, resulting in the continued use of the old system; Secondly, there is a lack of efficient supervision. The core and key force to ensure budget management work is supervision. However, due to inadequate supervision, the behavior of accounting personnel cannot be effectively constrained, and the standards and requirements of accounting work cannot be guaranteed. The root cause of this phenomenon lies in a lack of understanding of budget management in administrative institutions[9].

Talent is the core influencing factor of society. Due to the insufficient comprehensive ability of budget staff in current administrative institutions, budget management work cannot be efficiently carried out[10]. The reason for this is that there are certain cognitive differences in the understanding of budget management among administrative institutions. Against the backdrop of continuous reform and optimization of government accounting standards, the traditional budget management system in administrative institutions is also constantly being reformed and innovated. In the entire process of implementing budget management work, a dual system, dual basis, and dual objective accounting method of financial accounting and budget accounting is adopted to ensure that the two are independent of each other but also interconnected. Although administrative institutions have implemented the relevant requirements of government accounting standards reform in the process of budget management, there are still shortcomings. In practical work, budget personnel have not fully and effectively expressed the requirements of the dual system, and even have multiple responsibilities, which limits the work of budget management personnel and makes it difficult to comprehensively integrate and analyze actual business and budget business.

3. Response Measures

3.1. Accelerate and Advance the Construction of Budget Management System

Under the background of government accounting standards, all business and management activities of administrative institutions are based on financial accounting, and the financial information generated from these activities will also be fully included in budget preparation. After continuous reform and optimization, the government accounting standards have formed a dual track parallel accounting method of financial accounting and budget accounting, based on the accrual basis and cash basis, effectively connecting functions such as financial management, budget management, and asset management. By improving the relevant financial budget management system, strictly regulating budget preparation and execution, optimizing and improving the scientific and accurate methods and content of budget preparation, promoting administrative institutions to prepare high-quality budget content, improving budget execution efficiency, and maximizing the use value of fiscal funds[11]. In the process of promoting the improvement of relevant policies and systems, firstly, the relevant staff need to have a clear understanding of the differences between the old and new systems, be able to distinguish the differences between the two clearly, and adopt more advanced and standardized budget management measures. Secondly, each unit not only needs to fully

integrate the new government accounting standards into the entire budget management process, but also pay attention to the effective connection between the old and new systems to prevent the problem of improper system connection and decreased efficiency of budget management. In addition, the optimization and reform of the budget system and government accounting standards can be carried out in parallel. The two can not only be moderately separated but also complement each other, and can also supervise and promote each other[12].

3.2. Promote Budget Transparency and Budget Integration Supervision Mechanism

Since the 18th National Congress of the Communist Party of China, financial departments at all levels have consistently adhered to the reform of the fiscal and taxation system, actively promoted the reform of the budget supervision system, and comprehensively included various budget processes such as budget preparation, budget execution, and decision-making management and so on under the budget supervision. In addition, financial departments at all levels resolutely implement the budget disclosure system, disclose in various forms, and continuously expand the scope of disclosure. They attach great importance to the timeliness and accuracy of the disclosed content, fully accept the supervision of the public, actively promote and deepen the budget supervision and management work, and ensure the effective implementation of the formulated policies, guidelines, and decision-making arrangements[13]. At present, China is actively exploring the construction of an integrated budget system. By establishing an integrated website system, relying on the website platform, the basic information of the unit, budget preparation, budget execution, budget monitoring, performance evaluation, asset management and other contents are centralized in one system for information integration. Through information network filling, various data are monitored in real time, which plays a good role in supervision and promotion, ensuring the safe and efficient use of financial funds[14].

3.3. Deepen the Budget Assessment Mechanism

From the perspective of internal administrative institutions, an effective and feasible assessment and supervision system is essential in budget management. Administrative institutions can supervise and manage the entire budget process by establishing a complete, efficient, and suitable internal budget assessment system. By improving the internal control system, the financial management capabilities of each unit can be enhanced. An independent performance evaluation department or group can be established within the unit to ensure the authenticity and reliability of performance evaluation results, link all staff members to the budget, establish a sound responsibility mechanism, and mobilize a large number of staff members to form a joint supervision. When a unit conducts performance evaluation, it should combine the actual budget data provided by each department for the current year, compare the budget execution data with the progress of business development, evaluate and analyze its budget execution situation, and focus on the efficiency of fund utilization and social benefits, strengthening and implementing performance responsibilities[15]. Quantify the assessment results and directly link and effectively connect them with the reward and punishment mechanism, which has a direct impact on year-end performance and promotes the standardized development of budget management.

Publicizing budget information can not only enable regulatory departments such as the Ministry of Finance to effectively monitor, but also effectively supervise the budget performance management within the unit. Therefore, disclosing budget information is also an important way to supervise and assess the budget performance management of administrative institutions[16]. As a public welfare organization, administrative institutions can comprehensively and truthfully disclose the budget information they have prepared to the society through news media, websites, and other channels, providing timely feedback on public

suggestions and questions, in order to maximize the use of fiscal funds within the legal and compliant scope, ensure the efficiency of fiscal fund utilization, effectively improve the financial management level of the unit to a certain extent, and maximize the social function of administrative institutions to "serve the people".

3.4. Guide and Cultivate the Professional Comprehensive Ability of Budget Personnel

Levels of proficiency and abilities possessed by budget management personnel is different, which can have a certain impact on budget management work, determining whether various policy guidelines can be implemented and effective. From this, it can be seen that budget management workers should not only be strict with themselves, comprehensively improve their management abilities, actively promote the participation of various workers in budget work, but also attach great importance to talent cultivation and development, improve the understanding of budget management work by relevant workers, formulate reasonable and long-term talent training mechanisms, strengthen the professional training of budget related staff, introduce talents, and expand the team of budget management work[17]. On the one hand, budget personnel can better adapt to the financial requirements and policy changes under the new government accounting standards by strengthening their learning of the new government accounting standards, timely grasping and understanding the new policies and requirements. At the same time, budget personnel should actively adapt to the mechanism of moderate separation between financial accounting and budget accounting, and master the new accounting system. In addition, regular vocational skills training and information technology training should be organized for budget finance workers to continuously improve their professional skills. On the other hand, regular seminars can be organized to conduct in-depth exchanges and discussions on budget system deficiencies, technical and management loopholes, and other related issues, guiding budget and financial staff to think independently, cultivating their work habits of loving and being good at thinking, learning to deeply integrate theory and practice, and building a high-quality, high-quality, and professional talent team[18].

4. Conclusion

In short, in order to promote the development process of integrated financial budgeting and facilitate the reform of integrated financial budgeting, administrative institutions should actively participate in this process, proactively implement relevant policies, and ensure that work is done properly and responsibilities are assigned to individuals. Against the backdrop of continuous optimization and development of government accounting standards, budget personnel will constantly face new requirements and solve new problems. Based on the current major budget management issues, administrative institutions should scientifically and reasonably prepare budgets, ensure the efficiency of fund utilization, strengthen monitoring measures and means of budget management, expand budget assessment mechanisms, establish and improve relevant internal control systems, build a highly professional talent team, and promote diversified budget management work. Only in this way can the budget management ability of administrative institutions be better improved, their internal control level be enhanced, and their stable and long-term development be promoted.

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