

ACTIVITY BUDGET AND PERFORMANCE OF THE ENTITY OF PUBLIC INTEREST-INTEGRATED APPROACH

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Abstract: *The objective of managers to efficiently manage the activity and to improve the performance of public interest entities has led to the emergence and use of budgets. These are considered useful managerial tools in carrying out the activity, allowing the efficient allocation of limited resources, activity planning and coordination, communication of objectives, control of activities and motivation of subordinates.*

Key words: *budget system, budgeting, performance, public interest entity, structural analysis, revenue and expenditure budget.*

JEL Classification: *M41.*

1. Introduction

Budgeting is a complex process that takes place over several stages and involves the entire public interest entity, requiring a thorough communication and coordination between all its structures.

In a narrow view, according to the information collected from the literature, the performance of public interest entities involves achieving objectives or obtaining results superior to the chosen benchmark. Starting from these aspects, we can correlate budgets with the performance of public interest entities.

The connection between the two elements is very easy to achieve by the simple fact that budgets support the measurement of the performance of public interest entities. Moreover, budgets can be considered a benchmark in evaluating or determining performance.

2. Literature review

The literature abounds in studies that present the role, utility and advantages of using budgets as managerial tools. Budgets provide extraordinary opportunities for entities, transforming their goals and strategies into action plans, correlating short-term with long-term goals, and bringing together different levels of governance within organizations (see Libby & Lindsay, 2010). They are used for the operational planning of the activity, for the evaluation of the performances, for the communication of the established objectives but also for the formation of the strategy (Hansen & Van der Stede, 2004).

In addition to the fact that **budgets** allow goal setting, they promote the coordination and control of activities, but also accountability (see King et al., 2010). Moreover, by supporting the planning, coordination and control functions, the budgets support the improvement of the activity efficiency. Also, the use of budgets allows the entity to maintain a balance between revenues and expenditures, representing a formal process of allocating resources to meet the objectives set by the entity for a given period (Braga, 2006). Excessive expenses can affect the financial stability of the entity, while too small a budget can have an unfavorable impact on the competitiveness of the enterprise (Heidenberger et al., 2003). However, perhaps one of the most important responsibilities of the budget is to support or improve the performance of the entity. They are considered useful tools in obtaining financial results as high as possible (Ceaș, 2000) or in achieving financial performance objectives (Țurlea, Ștefănescu & Tănase, 2012).

According to studies conducted internationally, proper budgeting has a positive impact on the performance of the entity and employees (see King et al., 2010; Libby,

1999). If the budgeting technique takes into account the characteristics of the business, such as the size and structure of the entity, the strategy adopted and the perception of management on risk, performance tends to increase (King et al., 2010). Also, the adoption of a **participatory budgeting system**, accompanied by an explanation of subordinates when they do not have an impact on final budgets, positively influences performance (Libby, 1999). Other research conducted in the literature considers that the link between participatory budgeting and employee performance is made indirectly through other variables, such as role ambiguity, the dedication of subordinates and job satisfaction (see Chong et al., 2006).

3. Research methodology

The objectives of the research carried out include the identification of the state of knowledge in the field of budgeting the activity of public interest entities, the analysis of the participatory budgeting process, as well as the empirical testing of the use of budgets in the analysis of public enterprise activity. The study also proposes identifying the correlation between the **budgetary process and the performance** of public interest entities, but also defining a structural analysis model based on budgetary indicators and evaluating the performance of a public enterprise.

In order to achieve the mentioned objectives, it was resorted to the use of various **research methodologies**, such as those of fundamental, interpretative, empirical type but also of positivist type. Deductive and inductive research mechanisms were also used.

4. Budgeting - a complex process that involves, in its entirety, the public enterprise

The literature discusses three main actors involved in the budget process: **general management, managerial accounting and responsibility centers** (Caraiani et al., 2010). The role of the general management is to establish the strategies and objectives of the entity, which the responsibility centers will consider in the elaboration of the first budget variants, but also to approve the final budgets. **Managerial accounting** transmits to the responsibility centers the main hypotheses regarding the external and internal changes that can take place, and which can influence the budgets, ensures the coherence and reliability of the budgets, acting at the same time as a link between the management and the responsibility centers. The role of the **responsibility centers** is to draw up, negotiate and execute budgets.

Analyzing in depth this topic, we find that those involved in budgeting are the budget committee, budget managers, the controller, the financial director and the financial-accounting department (Băluță, 2005).

The main departments that provide useful data for the preparation of budgets are: financial-accounting department, mechanical-energy department, commercial department, logistics department, human resources department, technological design and production department, quality management and environmental protection department, administrative department (Băluță, 2005).

In order to obtain all the information necessary for the elaboration of the budgets, those involved in this process must know, in addition to the departments that can provide them this data, also the documents in which they are included. The information sources of the budgets and the existing links between them are presented, schematically, in figure no.1:

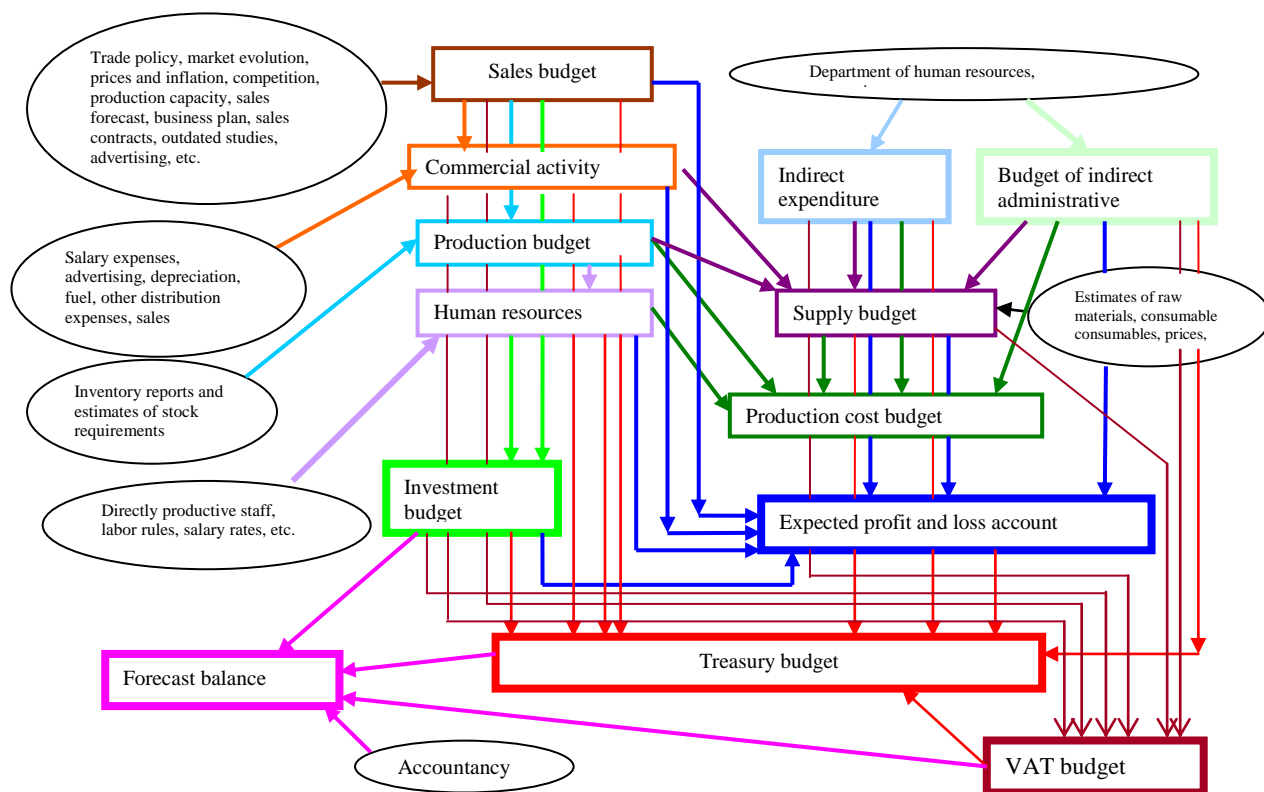


Fig. no.1: The information sources of the budgets and the existing links between them
Source: own conception

5. Activity budgeting and public enterprise performance - integrated approach.

International studies present budgets as recognized tools for achieving higher financial results (Ceaus, 2000), which contribute to increased efficiency (Chadwick, 1998), especially through planning and coordination (Hansen et al., 2003) and which support the achievement of the entity's objectives, such as increasing performance, improving liquidity, profitability, etc. (Dumitru, 2005).

First, budgets allow the setting of objectives of economic entities for a predetermined future period. Thus, they influence performance in two ways. The first aims at the capacity of the budgets to act as a reference in the development of the activity, guiding the managers in the adoption of the decisions, so that the obtained results are in accordance with the established objectives. Achieving goals is an indication of performance (see Gruman & Saks, 2001; Tabără et al., 2007; Verboncu & Zalman, 2005; Folan et al., 2007). And as budgets support their achievement, we can say that they support achieving the desired performance. The second way in which this feature of budgets influences performance is to use them as a benchmark for evaluating results. For an entity to be considered successful, its results must be superior to a benchmark chosen for evaluation. And budgets allow the quantification of performances (see Verbeeten & Boons, 2009) by comparing the results actually recorded by the entity by carrying out the activity with the predetermined objectives. Negative deviations can be a failure to achieve the performance desired by management. Instead, the positive deviations provide an indication of superior performance.

Secondly, being managerial tools, budgets are not only a reference in carrying out the activity and evaluating performance, but also contribute to their management. The budgets allow the estimation and management of the future financial performance of the economic entity, by forecasting the total revenues, the total expenses, the turnover to be obtained or the profit to be realized during the analyzed period. By knowing the essential objectives that will need to be achieved to achieve the desired performance, the entity can control or manage future performance.

We thus arrive at another feature of budgets that supports the improvement of performance, namely the ability of these tools to support the detection of deficiencies and to allow the adoption of corrective measures to remedy them in a timely manner. estimated through budgets. In this way, deviations are identified that negatively affect the activity and the performance obtained. Once these irregularities have been identified, management can establish and adopt corrective measures to enable it to effectively manage its business and still achieve its pre-established objectives. In addition, the budgets and their execution, support the management in adopting decisions that allow it to carry out its activity in conditions of efficiency and effectiveness and to obtain superior performances. According to the ideas published in the literature, the substantiation of decisions and the increase of performances can be achieved through budget planning and analysis of budget deviations (Popescu, 2006).

However, budgets do not only support improvement, but also performance evaluation. This is done by analyzing the results actually recorded compared to the budgetary targets.

The influence of budgets on the entity's performance can also be achieved indirectly, through other elements that create a link between the two variables.

The literature discusses the impact that the participatory budgeting process has on the performance of subordinates. The impact of participatory budgeting on employee performance is achieved through the exchange of information (Parker & Kyj, 2006), the correctness or adequacy of budgets (Nouri & Parker, 1998), through role ambiguity (see Parker & Kyj, 2006; Chong et al., 2006), through employee satisfaction, through the dedication that employees feel towards the organization, through acceptance of objectives (Renn, 1998), or through the importance given to budgets in performance evaluation (Lau & Tan, 1998).

The links between budgets and the performance of the activity or the way in which budgets influence the performance of public entities are presented in Table no.1.

Table no.1. Budgets and performance of activity in public enterprises

Elements of influence	Impact on the entity's performance
Budgets and their characteristics	
<i>Budgets allow the achievement of set objectives</i>	The entity's objectives are set through budgets. These managerial tools present the company's action plans, guide the development of the activity and support the achievement of objectives. Any performance implies the achievement of objectives. Thus, budgets allow for improved performance. Moreover, they can be considered a benchmark in their evaluation, by comparing the results actually recorded with the budgetary objectives.
<i>Budgets allow estimating and managing financial and non-financial performance</i>	The budgets estimate the entity's revenues and expenses, as well as the non-financial indicators that the company will have to meet in order to achieve the financial objectives. Thus, the budgets actually predict the performance of the economic entity (profit, turnover, total revenues, etc.). In this way, the company knows the objectives it has to achieve in order to obtain the desired performance. Such planning allows for optimal management and the exercise of effective control over future performance.

<i>Budgets help in planning and coordinating the activity</i>	The planning and coordination of activities, through budgets, supports the achievement of the entity's objectives and the efficient conduct, in optimal conditions, of the activity. Thus, the obtained performances are ensured.
<i>Budgets ensure efficient management of resources</i>	Budgets allow efficient management of the limited resources available to the entity. Thus, they support obtaining a maximum performance with a minimum of effort and without losses. We can say that budgets ensure in this way the maintenance of a balance between effectiveness and efficiency, as well as the achievement of a saving of resources, all these being attributes of performance.
<i>Budgets determine the establishment of authority and responsibility</i>	The responsibility of the subordinates regarding the execution of the budgets determines the achievement of the budgeted values, the fulfillment of the established objectives and the motivation of the employees and managers. All this leads to improved performance.
<i>Budgets help motivate subordinates</i>	Budgets motivate subordinates to achieve the results estimated by management. Thus, by achieving the estimated objectives, the performance obtained by the entity increases.
<i>Budgets increase employee performance</i>	The desire to achieve budgeted values motivates subordinates, who work harder and are more involved. In this way, the performances obtained by them and implicitly the performance of the entity are improved.
<i>Budgets allow for the detection of deficiencies and the adoption of corrective measures</i>	Budgets, together with budget execution, allow deficiencies to be detected by comparing actual results with budgetary targets. Their identification supports the adoption of corrective measures so that the entity's performance is not affected.
<i>Budgets are considered decision-making tools</i>	Based on budgets and the detection of deficiencies, decisions are taken to improve business performance and performance. These decisions are intended to support performance management.
<i>Budgets allow for effective control</i>	Control ensures compliance with budgets and thus achieving the desired performance.
<i>Budgets support the effectiveness, efficiency, economy and competitiveness of the entity</i>	Effectiveness is achieved through the ability of budgets to support the achievement of objectives. Efficiency is supported by budgets by controlling resources, preventing losses and waste, and supporting achieving maximum effects with available resources. In terms of economy, budgets allow, through the estimates they include, planning for the acquisition of the necessary resources at the lowest cost, as well as their efficient use. Moreover, these considerations, together with other budgetary features such as investment and innovation management, may allow the entity to maintain its competitive advantage over competition.
<i>Budgets allow performance evaluation by comparing actual results with benchmarks set by budgets</i>	Performance does not just have to be measured. The values of the indicators do not tell us anything if we do not refer to certain reference quantities. In our case, performance can be analyzed by comparing the values obtained with those estimated by budgets. Thus, we can say that budgets can be considered a benchmark in evaluating performance.
Participatory budgeting	
<i>Participatory budgeting allows for efficient allocation of resources</i>	The involvement of subordinates in the budgeting process allows an efficient allocation of resources based on the information received from them. The entity's performance increases when resources are not wasted.
<i>Participatory budgeting allows the elaboration of budgets with a high degree of accuracy</i>	Subordinates can provide superiors with useful information in the preparation of budgets, information known only to them as a result of direct involvement in the activity carried out. This leads to more relevant budgets and, in conclusion, to improved performance.
<i>Participatory budgeting reduces the ambiguity of the role of employees</i>	Communication between employees and management allows an efficient exchange of information, thus leading to the clarification of work tasks. Clarifying the role of subordinates allows to increase their performance.
<i>Participatory budgeting motivates subordinates</i>	The involvement of subordinates in the decision-making process gives them a sense of control over the final budgets. Thus, they will be more motivated to achieve the objectives to which they have contributed, and individual performance will increase.

<i>Participatory budgeting improves employee satisfaction</i>	Involving employees in budgeting gives them a sense of satisfaction. This can lead to improved individual performance especially through the dedication that subordinates can feel.
<i>Participatory budgeting increases subordinates' loyalty to the entity</i>	If subordinates participate in decision-making, they will consider management, procedures and budgets to be correct. This will improve trust and loyalty to the entity. Employees will work harder to achieve the desired performance and thus their performance will improve.
<i>The participatory budgeting system supports the improvement of subordinates' performance</i>	Participatory budgeting supports obtaining adequate budgets, improves employees' confidence in the budgeting and budgeting process, reduces the ambiguity of the role of subordinates, motivates employees and contributes to increasing their satisfaction and dedication. These aspects will allow the participatory budgeting system to favorably influence the performance of subordinates. We believe that improving the performance of hoses will later lead the entity to achieve superior performance. The positive effects of participatory budgeting on performance are accentuated by giving an explanation to subordinates if they cannot influence final budgets, by achieving participation at higher hierarchical levels, by using a results-based control system and by having a high level of knowledge. by cost management. The impact of participatory budgeting on performance is also influenced by the importance given to budgets in evaluating performance, but also by the degree of difficulty of work tasks.
The budget of non-financial objectives	
<i>Defining and using a budget for non-financial objectives improves subordinates' confidence in the budget process</i>	The use of non-financial performance evaluation indicators increases the degree of trust of subordinates in the correctness and accuracy of the evaluation process. Thus, they will be satisfied, motivated and will be dedicated to achieving the entity's objectives.
<i>The non-financial objectives budget supports performance analysis and management</i>	The use of non-financial indicators will improve the analysis and management of performance, providing the entity with additional information on the results recorded compared to management's expectations.
<i>The budget of non-financial objectives allows the connection of budgets to the entity's strategy</i>	Using a budget of non-financial objectives will allow the entity to create a link between strategy, planning and performance evaluation.
<i>The budget of non-financial objectives is useful in high conditions of environmental uncertainty</i>	The use of a budget of non-financial objectives will allow the entity to focus on customers, product quality and efficiency, innovation, etc. These aspects will support the development of the entity in a business environment dominated by uncertainty.
<i>The budget of non-financial objectives supports the achievement of operational objectives and financial performance</i>	The budget of the non-financial objectives will present the conditions that the entity will have to meet in order to be able to achieve the financial objectives foreseen through the budgets. Thus, the development and use of such a budget will support the achievement of operational objectives and financial performance.

Source: own conception.

6. Structural analysis of budgetary indicators and performance evaluation in a public enterprise

In order to highlight the importance of the BVC in the governance of a public enterprise “IP” but also of the role of relevant financial-accounting information, a structural analysis and the degree of achievement of budgetary indicators are presented (approved by Government Decision related to budget execution 9 months, respectively 30.09.2020).

✚ The situation of achieving the economic-financial indicators of the public enterprise “IP” on 30.09.2020, compared to the B.V.C. on the same date, is as follows:

✚ on 30.09.2020 “IP” registers a gross profit in the amount of 340,438.19 thousand lei positive result

obtained as the difference between the total registered revenues amounting to 1,997,495.10 thousand lei and the total registered expenses amounting to 1,657,056,91 thousand lei, respectively a net profit amounting to 293,467.33 thousand lei, resulting from the decrease of the gross profit with the value of the profit tax amounting to 46,970.86 thousand lei;;

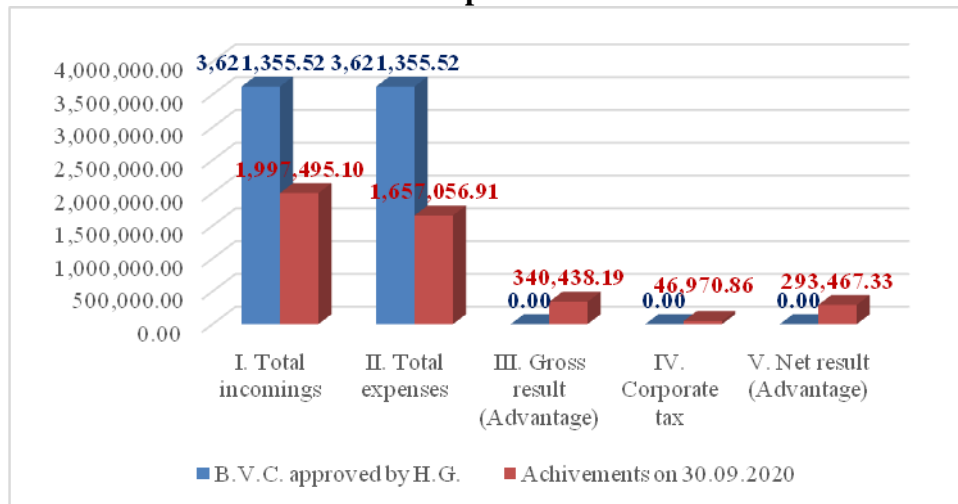
✚ the total of class 7 “Revenues” (from the verification balance) is decreased by the value registered on 30.09.2020 for the indicator “Revenues from provisions regarding the operating activity”, and the total of class 6 “Expenses” (from the verification balance) is decreased considering the inclusion of the indicators “Revenues from provisions regarding the exploitation activity” in the amount of 68,509.78 thousand lei, respectively the indicator “Expenses with the profit tax” in the amount of 46,970.86 thousand lei;

✚ the comparative situation regarding the achievements registered on 30.09.2020 compared to the values allocated by B.V.C. on the same date, it is as follows:

[thousand lei]

Indicator	B.V.C. on 30.09.2020 approved cf. H.G.	Achievements on 30.09.2020	The difference	%
0	1	2	3=2-1	4=2/1*100
I. Total income	3.621.355,52	1.997.495,10	-1.623.860,42	55,16
II. Total expenses	3.621.355,52	1.657.056,91	-1.964.298,61	45,76
III. Gross result (Profit)	0,00	340.438,19	340.438,19	
IV. Tax profit	0,00	46.970,86	46.970,86	
V. Net result (Profit)	0,00	293.467,33	293.467,33	

Graph no.1. The comparative situation regarding the achievements registered on 30.09.2020 compared to the values



Source: own conception.

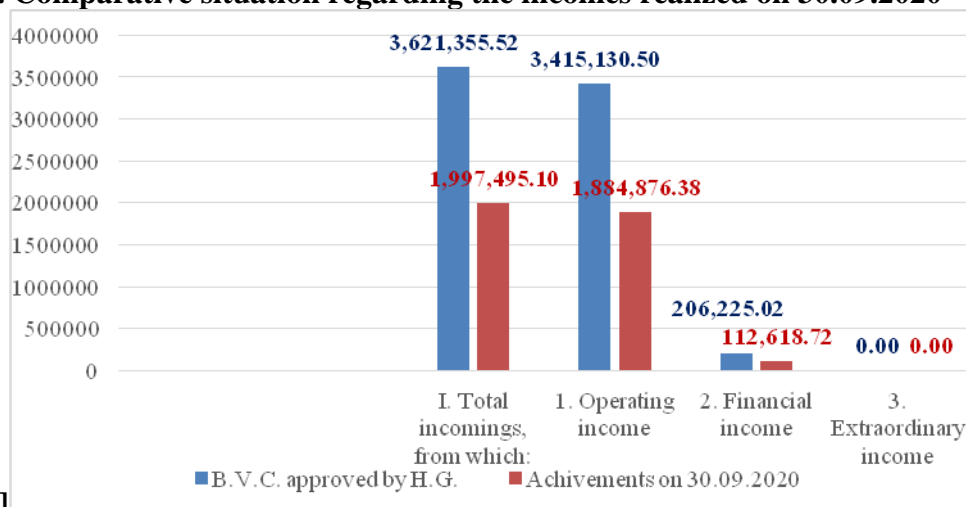
✚ the situation of the total incomes realized on 30.09.2020 is presented as follows:

[thousand lei]

Indicator	B.V.C. on 30.09.2020 approved cf. H.G.	Achievements on 30.09.2020	The difference	%
0	1	2	3=2-1	4=2/1 *100
I. Total income, of which:	3.621.355,52	1.997.495,10	-1.623.860,42	55,16

1. Operating income	3.415.130,50	1.884.876,38	-1.530.254,12	55,19
2. Financial income	206.225,02	112.618,72	-93.606,30	54,61
3. Extraordinary income	0,00	0,00	0,00	0,00

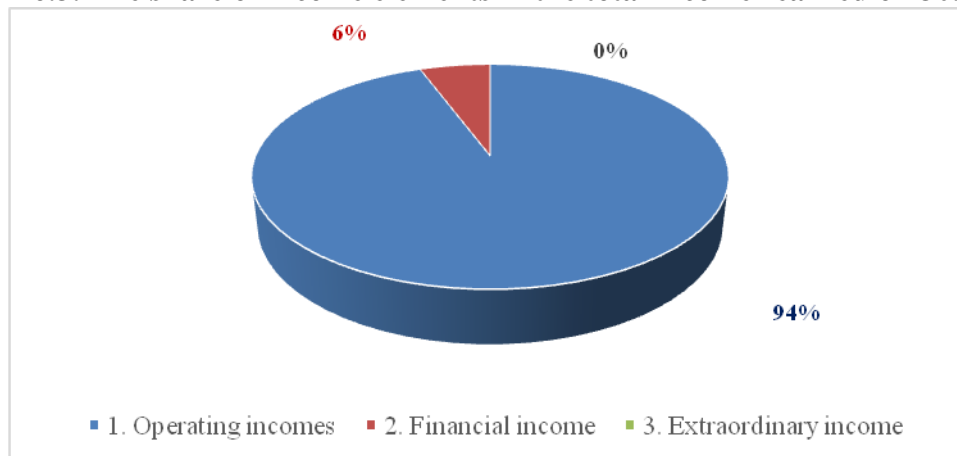
Graph no.2. Comparative situation regarding the incomes realized on 30.09.2020-



[thousand lei]

Source: own conception.

Graph no.3. The share of income elements in the total income realized on 30.09.2020



Source: own conception.

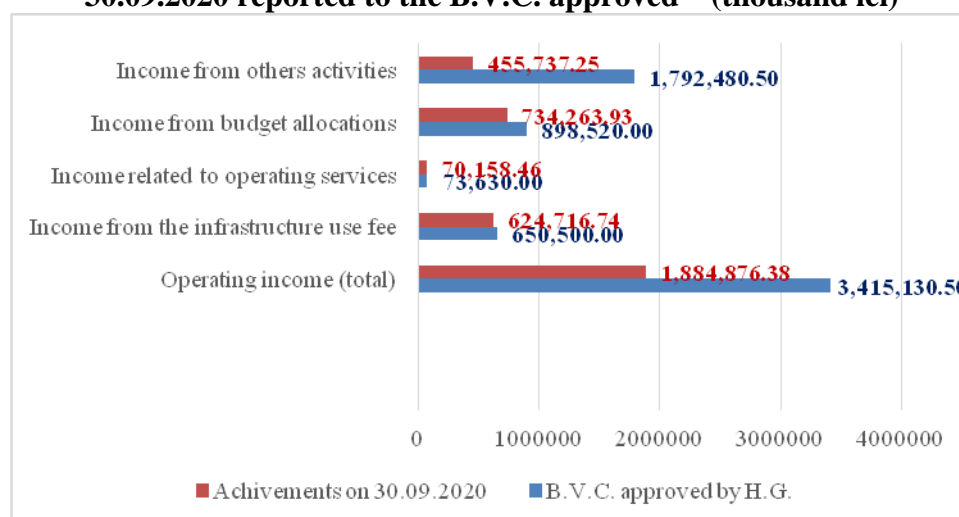
✚ on 30.09.2020 the total revenues were realized in a percentage of 55.16% compared to the value programmed by B.V.C. approved for 2020. We specify that the total of class 7 “Revenues” (from the verification balance) is decreased by the value registered on 30.09.2020 for the indicator “Revenues from provisions regarding the exploitation activity” in the amount of 68,509.78 thousand lei; operating income was realized on 30.09.2020 in a percentage of 55.19% compared to the value allocated by BVC for the same date, which represents a non-realization in percentage of 44.81% of the value allocated by B.V.C. for the same period, non-realization that comes mainly from the indicator “Income from investment subsidies” for which on 30.09.2020 the value of 1,653,803.70 thousand lei was allocated and the value of 227,553.53 thousand lei was registered . Operating revenues have the highest share in the total revenues realized on 30.09.2020, whose value of 1,884,876.38 thousand lei and represents 94.36% of the total revenues recorded in this period;

✚ the comparative situation of the operating income realized on 30.09.2020 against B.V.C. it looks like this:

[thousand lei]

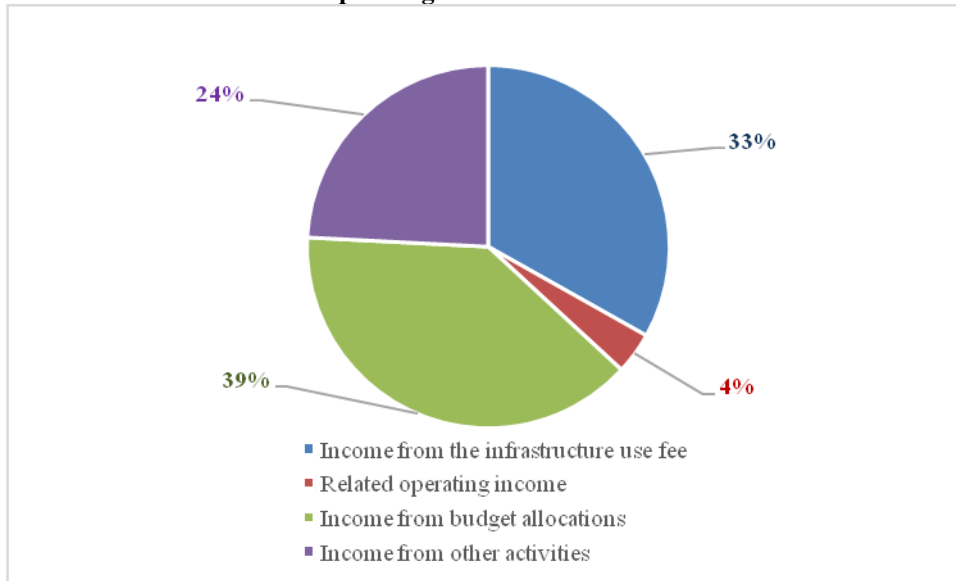
Indicator	B.V.C. on 30.09.2020 approved cf. H.G.	Achievemens on 30.09.2020	The difference	%
0	1	2	3=2-1	4=2/1*100
Operating income	3.415.130,50	1.884.876,38	-1.530.254,12	55,19
- revenues from the infrastructure use fee	650.500,00	624.716,74	-25.783,26	96,04
- income from services, other operating activities	73.630,00	70.158,46	-3.471,54	95,29
- revenue from budget allocations for infrastructure, of which:	898.520,00	734.263,93	-164.256,07	81,72
o for current repairs	40.800,00	3.012,00	-37.788,00	7,38
o for maintenance	857.720,00	731.251,93	-126.468,07	85,26
- income from other activities	1.792.480,50	455.737,25	-1.336.743,25	25,42

Graph no.4. Comparative representation (in structure) of operating income on 30.09.2020 reported to the B.V.C. approved – (thousand lei)



Source: own conception.

Graph no.5. The share in the structure of the income elements in total operating income as at 30.09.2020



Source: own conception.

✚ as of 30.09.2020, the revenues from the infrastructure use tariff are in the amount of 624,716.74 thousand lei, representing a percentage of 96.04% compared to the value allocated by B.V.C. for the same period, respectively a percentage of 33.14% of the total operating income registered in this period;

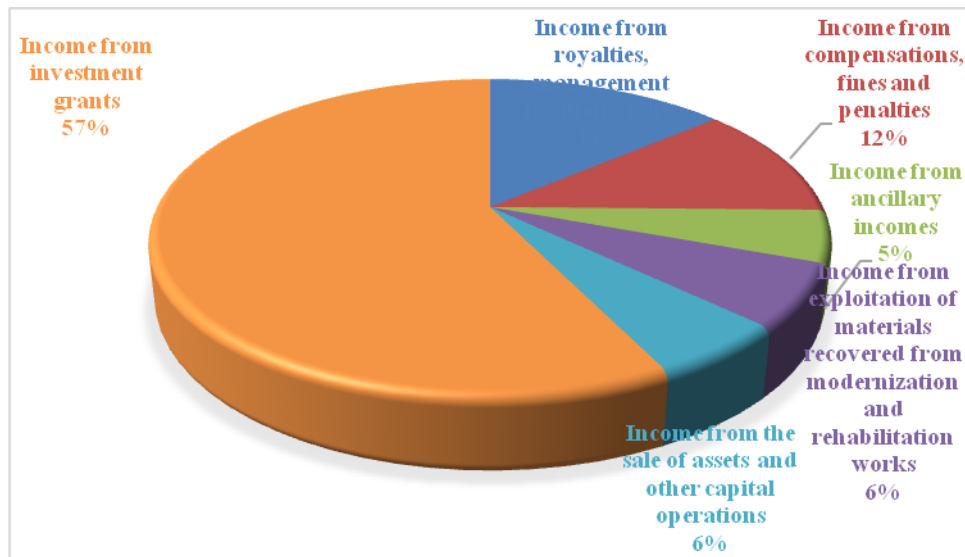
✚ revenues from services are in the amount of 70,158.46 thousand lei, representing a percentage of 95.29% compared to the value allocated by B.V.C. for the same period, respectively a percentage of 3.72% of the total operating revenues recorded in this period;

✚ the revenues from budgetary allocations for infrastructure are in the amount of 734,263.93 thousand lei, representing a percentage of 81.72% compared to the value allocated by B.V.C. for the same period, respectively a percentage of 38.96% of the total operating income registered in this period and are related to the budget title "Maintenance of public railway infrastructure" as well as the budget title "Transfers for current repairs to public railway infrastructure";

✚ on 30.09.2020 the revenues from other activities were realized in a percentage of 25.42% compared to the value allocated by B.V.C. for the same period, respectively in a percentage of 24.18% of the total operating income registered in this period;

✚ within the element "Revenues from other activities" whose value registered on 30.09.2020 is of 455,737.25 thousand lei, the following elements are mainly highlighted:

Graph no.6. The structure of the income element from other activities performed on 30.09.2020



Source: own conception.

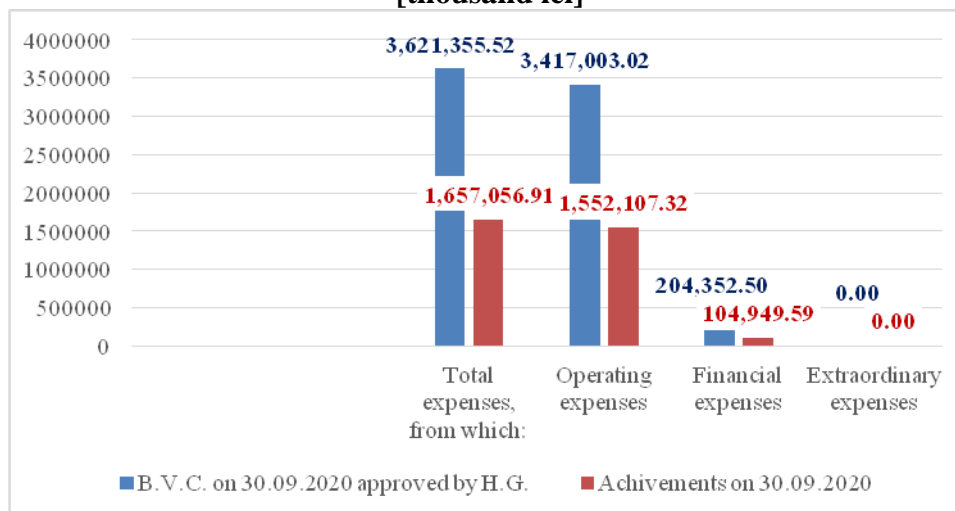
Indicator	Achievements on 30.09.2020 [thousand lei]
- royalties, management locations, rents	54.730,34
- income from compensations, fines and penalties	45.701,83
- income from ancillary activities	21.133,33
-revenues from operating materials recovered from modernization and rehabilitation works	25.622,54
- income from the sale of assets and other capital operations	22.450,24
- income from investment grants, of which:	227.553,53
- transition to public patrimony	219.661,48

- ✚ financial income amounting to 112,618.72 thousand lei represents 5.64% of the total income registered on 30.09.2020 coming from exchange rate differences;
- ✚ the situation of the total expenses realized on 30.09.2020, is presented as follows:

Indicator	B.V.C. on 30.09.2020 approved cf. H.G.	Achievements on 30.09.2020	The difference	%
0	1	2	3=2-1	4=2/1*100
Total expenses, of which:	3.621.355,52	1.657.056,91	-1.964.298,61	45,76
operating expenses	3.417.003,02	1.552.107,32	-1.864.895,70	45,42
financial expenses	204.352,50	104.949,59	-99.402,91	51,36
extraordinary expenses	0,00	0,00	0,00	0,00

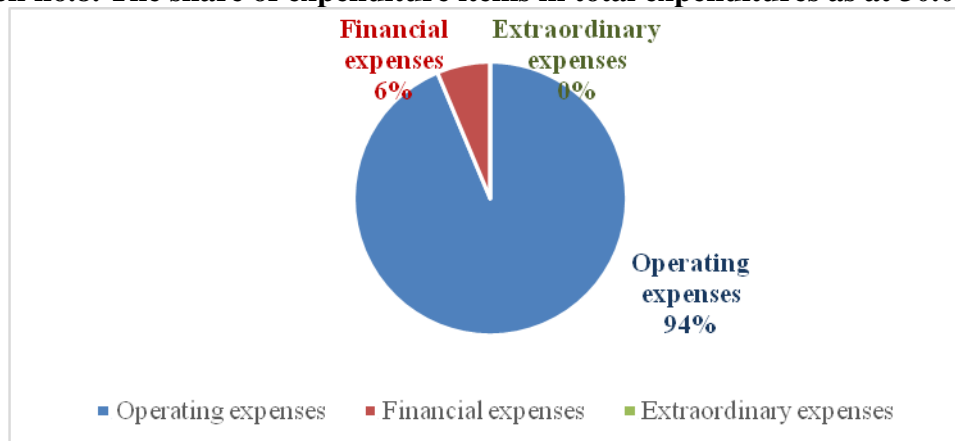
✚ on 30.09.2020 the total expenses were made in a percentage of 45.76% compared to the value programmed by B.V.C. approved for 2020. The total of class 6 (from the balance of verification) is diminished considering the inclusion of the indicators “Revenues from provisions regarding the operating activity” in the amount of 68,509.78 thousand lei, respectively the indicator “Income tax expenses” in the amount of 46,970.86 thousand lei;

Graph no.7. Execution of expenses on 30.09.2020 vs. B.V.C. approved on 30.09.2020 - [thousand lei]



Source: own conception.

Graph no.8. The share of expenditure items in total expenditures as at 30.09.2020



Source: own conception.

- ✚ operating expenses were 45.42% of the value allocated by the B.V.C., which represents a saving of 54.58% of the value allocated by the B.V.C. for the same period;
- ✚ operating expenses have the highest share in the total expenses incurred on 30.09.2020, whose value of 1,552,107.32 thousand lei represents 93.67% of the total expenses incurred during this period (in this phase of analysis may detail the structure of the expenditure in question);
- ✚ the expenses with goods and services are in the amount of 360,841.62 thousand lei on 30.09.2020 and represent a percentage of 23.25% of the total operating expenses recorded on this date;
- ✚ within the budgetary analysis by elements of expenditure can be analyzed the structure and the degree of realization of the expenses with services performed by third parties, insurance and security expenses, expenses with professional training, expenses with revaluation of tangible and intangible assets, losses from receivables, tax expenses, taxes and similar payments, staff costs, etc.;
- ✚ both the analysis of the revenues and of the expenses registered on 30.09.2020 can be done also in terms of operational and non-operational revenues or in terms of operational expenses and non-operational expenses;

✚ the gross result on 30.09.2020: the public enterprise “IP” registers on 30.09.2020 a gross profit in the amount of 340,438.19 thousand lei, result obtained as a difference between the total registered revenues amounting to 1,997,495.10 thousand lei and the total registered expenses amounting to 1,657. 056.91 thousand lei. The total of class 7 “Revenues” (from the verification balance) is decreased by the value registered on 30.09.2020 for the indicator “Revenues from provisions regarding the operating activity”, and the total of class 6 “Expenses” (from the verification balance) is diminished considering the inclusion of the indicators “Revenues from provisions regarding the exploitation activity” in the amount of 68,509.78 thousand lei, respectively the indicator “Expenses with the profit tax” in the amount of 46,970.86 thousand lei;

✚ the net result on 30.09.2020:

the public enterprise “IP” registers on 30.09.2020 a net profit in the amount of 293,467.33 thousand lei, resulting from the decrease of the gross profit in the amount of 340,438.19 thousand lei with the value of the profit tax in the amount of 46,970.86 thousand lei;

✚ efficiency indicators:

Nr. crt.	Explanations	B.V.C. on 30.09.2020 approved by H.G.	Achievements on 30.09.2020	%
0	1	2	3	4=2/3*100
1.	Total expenses per 1000 lei total income	1.000,00	829,50	120,55
0	1	2	3	4=3/2*100
2.	Labor productivity in value units per average average staff (thousand lei / person)	109,56	51,05	46,60
3.	Average number of employees	22.925	22.535	98,30
4.	Number of staff	23.468	22.971	97,88

✚ on 30.09.2020 “IP” registers arrears amounting to 52,722.20 thousand lei compared to the value of 72,933.44 thousand lei allocated by B.V.C. for the same period;

✚ the public enterprise “IP” registers on 30.09.2020 outstanding receivables in the amount of 1,228,193.88 thousand lei compared to the value of 1,099,744.21 thousand lei allocated by B.V.C. for the same period and also an analysis of the evolution of receivables can be made during the analyzed period. In the case of receivables not paid at maturity, “IP” issues invoices for penalties according to the contractual provisions and legal provisions in force. Moreover, “IP” has permanently in view the recovery of receivables for which it sends payment notifications, payment notices, summonses, prepares legal and / or criminal files, as the case may be. If “IP” registers reciprocal receivables and payables with various legal entities, carries out collection and payment operations through compensation, and for clients in insolvency proceedings, “IP” enters the credit table with the amount it has of recovered from them;

✚ management through the budget system allows monitoring the situation broken down by month of existing staff and the average number of staff in 2020.

7. Conclusions

Identifying the factors that should be taken into account in the preparation of budgets and that will influence the activity of an entity is essential, especially due to the impact that budgets can have on its performance. Performance is the fundamental objective of public interest entities, and the way in which they design their budgetary system will affect, among others, the results registered in the development of the activity.

Budgets can have a positive influence on the performance of public entities through their ability to support the achievement of objectives, along with planning and coordinating activity, but also to allow resource management, financial and non-financial performance.

It is also noted that budgets have a role in establishing the authority and responsibility of subordinates, in motivating them, in implementing effective control, in detecting and correcting deviations and in making decisions and evaluating results can contribute to increasing the performance of employees and public entities.

In our opinion, the efficiency of the results of public entities can also be supported by the use of a budget of non-financial objectives. It will support performance analysis and management, connect budgets to the entity's strategy, help achieve operational objectives and financial performance, and help increase subordinates' confidence in the budgeting and evaluation process..

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