

JEL CLASSIFICATION: H72

BUDGETARY RISKS AS DESTABILIZER OF FINANCIAL SECURITY OF THE REGIONAL BUDGET

Yevgenii O. BALATSKYI

Associate Professor, Head of the Chair of Management and Financial and Economic Security, State Higher Educational Institution "Ukrainian Academy of Banking of the National Bank of Ukraine"

Svyatoslav O. SHPITSHLUZ

PhD Student of the Chair of Management and Financial and Economic Security, State Higher Educational Institution "Ukrainian Academy of Banking of the National Bank of Ukraine"

Summary. In times of instability states, regions, districts, cities and other settlements in the preparation, approval and implementation of the budget has financial risks. The disparity between revenue and expenditure side of the budget deficit transfers in the form of grants, subsidies and subsidies

entail budgetary risks and raises the question of financial security budgets. Of particular importance and interest is the question of budget risks that affect the financial security of the region and their identification, assessment and management.

Key words: *the budgetary risks, the financial security, the budget security, the grants, the regional budget.*

In conditions of instability of the state, regions, counties, cities and other settlements the process of drafting, approval and implementation of the budget is followed by arising financial risks. The disparity between income and expenditure side of the budget, the deficit of transfers in the form of subsidies, subventions and grants entails budgetary risks and raises the question of financial security of the budgets. The analysis of Sumy region budget indicates, that financial security regulation helps to minimize fiscal risks, increase transfer flows, as well as to ensure pumping up the regional budget and its distribution.

The purpose of this article is to study the theoretical and practical aspects of budgetary risks of Sumy region budget, methods of optimization and their impact on the financial security of the region.

Based on the goal, there were resolved the following tasks:

- identified the specific budgetary risks affecting financial security of Sumy region;
- conducted the analysis and evaluation of budgetary risks of Sumy region budget.

Risk assessment in the public sector is becoming an object of a particular relevance today. There is a need to take into consideration the fact, that studies of local and foreign scientists on risk issues in the

public sector are conducted poorly, and contain no detailed definition of such term as "budgetary risk", and the issue of risks reduction in the sphere of local finances is generally out of their focus.

Budgetary risk is a type of financial risk, which applies to each entity at all stages of the budget process (preparation, approval, acceptance, distribution), which results in the deviation of actual budget execution results from the budget targets.

The main risks of regional budgets and budgets of the lower levels are the following: the risk concerning budget revenues; the risk of budget expenditures; the risk of a budget deficit; the risk of imbalance in the inter-budgetary relations.

The socio-economic development of the region that can be achieved due to revenues and expenditures compliance of local budgets, as well as by changes in the distribution and redistribution of financial flows between the center and the regions, and efficient use of budgetary funds, without breaking the financial security of the region.

The analysis of statistical data on subsidized funds of Sumy region indicates underfunding of the area of the region, which requires such funds, which has a negative impact on financial security, and in the future raises the risk of a budget deficit.

References

1. Bukovynskyi S. A. (2007) Zmitsnennia finansovoi bazy mistsevoho samovriaduvannia yak chynnyk ekonomichnoho zrostantia [Strengthening the financial base of local governments like growth factor]. *Visnyk NBU*, 2, 9–15.
2. Bulhakova S., Mykytiuk I. (2010) Biudzhetni ryzyk: sutnist klasyfikatsiia, faktory ryzyku [Budgetary risk: the essence of classification, risk factors]. *Visnyk KNTEU*, 1, 59–68.
3. Hryshchenko Kh. Upravlinnia finansovymy ryzykamy derzhavy [Financial Risk Management of State]. Retrieved from <http://www.viche.info/journal>.
4. Ehjjhel' F. (1999) Kriterii otsenki kreditnoho riska [Criteria for assessing the credit risk]. *Rynok tsennykh bumah*, 5, 11–20.
5. Kajuchkina M. A. Bjudzhetnye riski v protsesse ispolnenija munitsipal'nykh bjudzhetov [Fiscal risks in the performance of municipal budgets]. Extended abstract of candidate's thesis.
6. Kudryn A. O novykh zajmakh u MVF i Parizskoho kluba [About the new loans from the IMF and the Paris Club]. Retrieved from <http://www.investmentrussia.ru/rus/news/>.
7. Lebedeva O. Y. (2003) Bjudzhetnyj risk: metodicheskie osnovy otsenki i upravlenija: na primere kraevoho bjudzhetu Khabarovskoho kraja [Fiscal risks: methodological framework for the assessment and management: the example of the regional budget of the Khabarovsk Territory]. Extended abstract of candidate's thesis. Khabarovsk.
8. Pro zatverdzhennia Poriadku zdiisnennia kontroliu za ryzykamy, poviazanymy z upravlinniam derzhavnym (mistsevym) borhom [On approval of the control of risks associated with the management of government (local) duty]. Retrieved from <http://zakon4.rada.gov.ua/laws/show/815-2012-п6>.
9. Pro zatverdzhennia Polozhennia pro upravlinnia ryzykamy, poviazanymy z derzhavnym borhom [On approval of the management of risks associated with public debt]. Retrieved from http://minfin.gov.ua/control/uk/publish/article?art_id=255474&cat_id=255473.
10. Starostenko N. V. (2005) Metodolohiia formuvannia mizhbiudzhjetnykh transfertiv [Methodology formation of intergovernmental transfers]. *Finansy Ukrainy*, 39–44.
11. Statystychni dani Sumskoho oblasnoho biudzhetu [Statistical data Sumy oblast budget]. Retrieved from <http://www.finansy.sm.gov.ua/index.php/uk/home>.
12. Uljukajev A. (2000) Denezhnaja politika: itohi ukhodjashcheho hoda i zadachi nastupajushcheho [Monetary policy: results of the year and the upcoming tasks]. *Bankovskoe delo v Moskve*, 12 (72).
13. Fedosov V. M. Biudzhetna sistema [The budget system]. Retrieved from http://pidruchniki.ws/1180091246102/ekonomika/byudzhetniy_rizik-menedzhment.
14. Chichelev M. E. (2003) Formirovanie bjudzhetnoj sistemy sojuznoho hosudarstva [Formation of the budgetary system of the Union State]. *Fynansovyj biznes*, 1. Retrieved from <http://gossector.narod.ru/text/budget4.htm>.
15. Shvets V. Ya. (2005) Kontseptualni pidkhody do vdoskonalennia systemy mizhbyudzhjetnykh vidnosyn [Conceptual approaches to improve the system of intergovernmental relations]. *Finansy Ukrainy*, 3, 23–31.
16. Shynkarenko R. V., Voloshyna O. A. (2006) Efektyvnyi rozpodil koshtiv mizh derzhavnym i mistsevym biudzhjetom [Effective distribution of funds between the state and local budgets]. *Ekonomika i rehion*, 3 (10), 27–30.
17. Yashyna N. Y. (2004) Nekotorye teoreticheskie i metodicheskie aspekty otsenki riskov raskhodov bjudzhetu [Some theoretical and methodological aspects of risk assessment of budget expenditures]. *Vestnik Nizhegorodskoho universiteta im. N. I. Lobachevskoho. Serija : Ehkonomika i finansy*, 1, 162–167.