

THE LEGAL REGIME OF BUDGETARY FUNDS: BALANCING EFFICIENT USE AND CONTROL

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Abstract. The *purpose* of the paper is to summarise and present the legal, institutional and practical dimensions of balancing efficient use and control of budgetary funds in Ukraine. The objective of the present study is twofold: firstly, to identify the current challenges in the implementation of the efficiency principle in public spending, and secondly, to draw comparative insights from the practices of the European Union and the United States. *Methodology.* The research employs a comparative legal analysis and policy evaluation approach. The study is founded on an examination of Ukrainian legal norms, institutional frameworks, and audit reports, complemented by an overview of foreign models of public finance oversight. A comprehensive analysis was conducted utilising official data from the Accounting Chamber of Ukraine, government regulations, and OECD materials. The objective of this analysis was to assess the effectiveness of budgetary governance and control mechanisms. *Results.* The findings indicate that, despite the formal incorporation of the efficiency principle into Ukrainian legislation and the existence of designated oversight bodies, significant gaps remain in practice. It has been observed that a number of issues are frequently encountered, including, but not limited to, inefficient spending, unutilised budget allocations, and a paucity of implementation of audit recommendations. In contrast, the EU and U.S. models demonstrate that effectiveness can be achieved through performance-based budgeting, transparent accountability, and institutionalised audit systems with follow-up mechanisms. *Practical implications.* The document presents a series of policy recommendations designed to enhance the management of Ukraine's budget, including the reinforcement of internal control systems, the implementation of real-time monitoring tools, the alignment of evaluation methodologies with international standards, and the cultivation of a culture of results-oriented governance. It is also emphasised that efforts must be made to enhance the institutional capacity of financial control bodies, and that measures must be implemented to ensure the enforceability of their findings. *Value / Originality.* This study makes a contribution to the development of a conceptual framework for balancing efficiency and accountability in public finance. The text provides practical insights into the improvement of legal and administrative arrangements for the use of budgetary funds in transitional and conflict-affected economies, such as Ukraine.

Keywords: budgetary funds, efficiency, performance audit, public financial control, Ukraine, comparative legal analysis.

JEL Classification: H50, H61, K23, P35

1. Introduction

The study's pertinence arises from the pressing necessity to optimise the utilisation of finite public resources while maintaining stringent oversight in their allocation. In the context of a chronic budget deficit and growing societal demands, the issue of budgetary efficiency assumes particular significance. A judicious utilisation of public finances can contribute to economic stabilisation and the mitigation of crisis phenomena. Conversely, inadequate or absent oversight may result in the misallocation of funds and the occurrence of corruption. Conversely, excessively rigid control

procedures may impede the budgetary process and diminish the responsiveness of public expenditure to priority needs. The primary challenge in this regard is to achieve a balance between the efficient utilisation of budgetary resources and the establishment of adequate oversight mechanisms for their expenditure. The purpose of this article is to explore the legal regime of budgetary funds from an economic-legal perspective, with a focus on achieving a balance between efficiency and control in public financial management. In order to accomplish this objective, the following objectives are to be pursued: firstly, to elaborate the theoretical

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foundations of efficiency and control in the area of budgetary funds; secondly, to conduct a comparative analysis of approaches to the use of public funds and control mechanisms in the EU and the United States; thirdly, to analyse Ukrainian regulatory and practical approaches to public finance management, including empirical data on efficiency and violations; and fourthly, to formulate recommendations for improving the legal framework governing budgetary funds in order to enhance their efficient use. The research is grounded in an economic-legal analysis that employs a systemic approach to the study of legislative provisions regulating the utilisation of public funds. This analysis is complemented by comparative methods, which facilitate the juxtaposition of international experiences, and elements of statistical analysis, which assess indicators of budget execution in Ukraine. The information base comprises normative legal acts (for example, the Budget Code of Ukraine and governmental regulations), reports from public financial oversight bodies, and academic publications by both Ukrainian and foreign scholars. The methodological framework combines general scientific methods (analysis and synthesis, induction and deduction) with specialised approaches, including the formal-legal method (for legislative analysis) and economic analysis (to evaluate the efficiency of expenditures). This enables a comprehensive understanding of the issue at the intersection of law and economics. The scientific novelty of the paper lies in its interdisciplinary approach to the concept of the legal regime of budgetary funds. In particular, efficiency is examined not only as an economic category but also as a legal principle enshrined in statutory norms, the implementation of which requires robust oversight mechanisms. The article puts forward a proposal to specify the criteria for evaluating the effectiveness of public expenditures in normative acts, with a view to strengthening the preventive function of financial control. The practical significance of the research findings lies in their potential application for the improvement of budget legislation and the enhancement of the effectiveness of financial control bodies.

2. Efficiency and Oversight: Theoretical Aspects

In the context of Ukraine, budgetary funds are defined by legislation as the resources of the State Budget and local budgets. That is to say, they are defined as the public financial assets owned by the state or hromadas.

The legal regime of budgetary funds is characterised by the fact that their formation, allocation, and use are governed by budget law, which imposes strict

requirements regarding the lawful and targeted expenditure of these resources. In contradistinction to other objects of state ownership, budgetary funds are subject to a distinct regime, whereby their utilisation is permitted exclusively within the limits established by the relevant budget appropriations and estimates. Moreover, their utilisation is subject to close monitoring by authorised public authorities.

It is evident that the legal regime of budgetary funds comprises a series of legal norms that regulate the flow of these funds from the stage of revenue mobilisation to their allocation and expenditure. It is imperative to note that there is mandatory compliance with the principles of efficiency, targeted use, and accountability.

In the context of budgetary processes, efficiency is defined as the achievement of planned outcomes with the minimum possible expenditure. This is the optimal balance between inputs and the value derived from them.

The Budget Code of Ukraine is predicated on the principles of efficiency and performance in the utilisation of public funds, which are considered to be amongst the fundamental principles of the budget system. This suggests that each unit of public expenditure should be utilised in a manner that maximises its benefit to society. The prevailing budget legislation explicitly states that the purpose of control over compliance with budgetary rules is to ensure the effective and result-oriented management of public resources (The Budget Code of Ukraine, 2010). In this regard, financial control authorities are charged with the responsibility of ensuring the justification of budgetary planning, the frugal and targeted use of funds, and the achievement of planned outputs (Pysmenna, n.d.).

Consequently, a formal normative connection between control and efficiency has been established: control mechanisms are not only intended to identify legal violations, but also to facilitate the attainment of maximum outcomes from the use of public finances.

Within the theoretical framework of financial law, particular emphasis is placed on the notion that the control exercised over budgetary funds should be adequate to ensure both legality and transparency. However, this control should not be so extensive as to result in unwarranted bureaucracy or delays in the execution of budget programmes.

The presence of excessively detailed regulations and a complex system of oversight can result in a scenario where budget administrators are reluctant to make managerial decisions for fear of even formal violations. This, in turn, can lead to underutilisation or incomplete utilisation of available funds.

Conversely, inadequate oversight, or a mere reliance on the discretion of administrators, without

appropriate evaluation of spending efficiency, creates risks of corruption, misallocation, and wasteful use of budgetary resources. It is therefore essential to establish a legal regime that combines flexibility in the use of funds (in order to ensure optimal economic outcomes) with reliable control instruments (in order to safeguard legality and accountability in public spending).

In the context of the "value for money" concept, the effective utilisation of budgetary funds is comprised of three fundamental components: economy (minimisation of resource costs), efficiency (maximisation of outputs or services relative to input) and effectiveness (the degree to which intended objectives are achieved). The establishment of a legal regime that ensures compliance with these components requires a solid normative framework and an effective control apparatus.

It is important to acknowledge that the issue of budget efficiency has been extensively examined by numerous scholars in the context of Ukrainian academic discourse and practice, including Y. D. Radionov, N. Ya. Yakymchuk, D. M. Pavlov, Yu. B. Stafichuk and Yu. M. Voronin. The primary focus of their research endeavours has been on the development of theoretical and methodological foundations for evaluating efficiency, the identification of mechanisms to enhance budgetary control systems, and the analysis of the practical aspects of public finance management in the context of budgetary system reform and decentralisation.

Despite the formal entrenchment of the efficiency principle in legislation, scholars emphasise that its actual implementation and assessment remain problematic in practice. One of the key contributing factors is the imperfection of existing control mechanisms: traditionally, state financial control in Ukraine has been primarily oriented toward detecting legal violations and imposing punitive measures after the fact, which does not necessarily lead to improved efficiency in the use of public funds (Kreshchenko, 2017).

Analysts have observed that the prevailing focus on identifying and rectifying violations over several decades has not yielded the desired level of financial discipline. Furthermore, this approach has not adequately encouraged budget managers to take responsibility for the final outcomes (Kreshchenko, 2017). Consequently, there is a pressing need to shift the focus of control from a punitive, reactive model to a preventive and performance-based approach. In this new model, control bodies would not only detect irregularities but also provide recommendations aimed at enhancing the efficiency of budget programmes.

3. The Experience of the EU and the USA: Expenditure Efficiency and Control Mechanisms

In the countries of the European Union, a governance model has evolved over recent decades that combines strict requirements for fiscal discipline with the implementation of results-oriented management practices.

At the supranational level, the EU is committed to the principle of sound financial management, which is predicated on the three "E"s: economy, efficiency, and effectiveness of budget expenditures. This principle entails that EU funds must be expended prudently, employed optimally, and yield the maximum possible impact in accordance with established objectives.

It is imperative to note that EU budget law stipulates the evaluation of each budgetary programme in terms of the achievement of intended results with the minimum necessary inputs. Moreover, the design of internal and external controls is intended to verify compliance with these principles.

The European Court of Auditors (ECA), in its capacity as the EU's independent external budgetary controller, is responsible for conducting annual audits with the aim of assessing the legality and regularity of expenditures. In addition to this, the ECA is tasked with evaluating the economy and performance of implemented programmes. In a multitude of EU Member States, there are institutions of a similar nature, designated as supreme audit institutions, which conduct financial and performance audits with the objective of evaluating whether optimal value has been obtained from the utilisation of public funds.

Beyond auditing, the EU widely implements the concept of performance-based budgeting, which entails the strategic allocation of expenditures by programme, with clearly defined objectives and performance indicators.

The majority of EU countries have adopted programme budgeting, a system that facilitates a more direct linkage between expenditures and expected outcomes, thereby simplifying performance monitoring. In order to enhance this approach, novel instruments have been introduced at the EU level. For instance, the EU budget for 2021–2027 utilises a "5+2" mechanism, whereby funding for the final two years of the multiannual financial framework is contingent on an interim review of progress towards targets set for the initial five years (European Union, 2021).

Another significant innovation is the Recovery and Resilience Facility (RRF), under which the disbursement of funds to Member States is contingent upon the attainment of mutually agreed milestones and targets (M&Ts). This "non-cost-based financing"

model essentially entails the payment of results as opposed to expenditures, thereby reinforcing the focus on performance (Corti, 2023).

The European experience demonstrates a commitment to institutional balance, as evidenced by the presence of both strictly regulated procedures for budgetary control and flexible performance management tools that incentivise the efficient use of public funds.

Financial control practices within the European Union are characterised by a multi-level system. At the level of executive authorities, each ministry or agency has established systems of internal control and internal audit. The purpose of these systems is to ensure legality and efficiency in the use of public funds (Pysmenna, n.d.).

According to EU requirements, the heads of institutions bear direct responsibility for implementing internal controls aimed at achieving institutional objectives in a lawful and effective manner (Pysmenna, n.d.).

As previously mentioned, external oversight is carried out by independent bodies, namely supreme audit institutions. In addition, a parliamentary oversight mechanism is in place whereby national parliaments approve budgets and review budget execution reports, taking into account the findings of auditors. A critical element of this framework is transparency and publicity: many EU countries publish open data on budget execution and programme performance indicators, enabling civil society to scrutinise and exert pressure on the government to promote the rational use of public resources.

In the United States, the budgetary process is characterised by a high degree of statutory oversight by the legislative branch and a well-developed system for evaluating the performance of government programmes. Since the 1990s, the U.S. has introduced several pieces of legislation with the aim of enhancing the effectiveness of public spending. A seminal piece of legislation was the Government Performance and Results Act (GPRA) of 1993, which stipulated that federal agencies engage in strategic planning, set annual performance goals, and measure actual outcomes (Pinckney, 2015).

The fundamental purpose of GPRA was to shift the focus of public administration from procedural compliance (i.e., the extent to which budgetary guidelines were adhered to) towards performance evaluation, that is to say, the achievement of objectives with the allocated funds (Pinckney, 2015).

In accordance with the provisions of the aforementioned legislation, each United States federal agency is obligated to formulate a multi-year strategic plan, to submit an annual performance plan to Congress that delineates clearly defined goals and indicators, and to report on the results achieved.

In 2010, the GPRA Modernisation Act was adopted to further strengthen this approach. The Act introduced a framework of cross-agency priority goals and a system of quarterly performance reviews to ensure timely monitoring of progress and interagency coordination (GPRA Modernisation Act, 2010).

In addition to planning and reporting, significant control over the use of public funds in the U.S. is exercised by specialised institutions. The Office of Management and Budget (OMB), which is part of the Executive Office of the President, coordinates the federal budget process and evaluates the performance of executive agencies.

The United States Government Accountability Office (GAO) is an independent body that is accountable to the legislature. The function of the GAO is to conduct audits of government operations and to issue recommendations for improving efficiency and eliminating waste.

The effectiveness of this model is evidenced by empirical data. According to the United States Government Accountability Office (GAO), in fiscal year 2024, the agency's work produced a total financial benefit for the federal budget of 67.5 billion USD, translating into a return of 76 USD for every 1 USD spent on its maintenance (Bowling, 2024).

These savings were achieved through the implementation of audit recommendations aimed at improving the efficiency and effectiveness of government programmes (Bowling, 2024).

Consequently, the robust external oversight system in the United States not only identifies deficiencies but also directly contributes to enhancing the utilisation of public funds.

Legislative oversight in the U.S. is a further mechanism for ensuring compliance with budgetary limits and the lawful allocation of resources. The Anti-Deficiency Act and anti-deficit rules prohibit the federal government from expending sums beyond the amounts appropriated by Congress or using funds for unauthorised purposes.

Violations of these rules carry severe penalties, including criminal liability. This framework establishes strict boundaries: each budget programme is funded within the limits set by federal appropriation laws, and any deviation requires explicit legislative approval. While this stringent control prevents unauthorised expenditure and helps avert debt-related crises, it may also reduce the government's flexibility to respond to unforeseen needs if Congress does not act promptly to amend the budget.

To mitigate this issue, the US employs mechanisms such as transfers and reprogramming, which are subject to congressional approval, as well as emergency reserve funds. However, their use is also strictly regulated.

The experiences of the EU and the U.S. demonstrate that enhancing the efficiency of public expenditures

is a shared priority among developed countries, although the pathways to achieving it vary. European countries have historically adopted the principle of performance in a gradual manner, through the evolution of administrative culture and the phased adoption of new instruments, such as flexible budgeting based on achieved outcomes.

The American approach is characterised by a more formal regulatory framework at the national legislative level, with a strong emphasis on congressional accountability. A commonality between the two systems under discussion is the recognition that compliance-based control alone is insufficient; performance-oriented oversight is also essential.

The implementation of performance-based budgeting and results evaluation systems is regarded as a progressive reform direction. Nevertheless, the outcomes of these reforms have not always met initial expectations. As demonstrated in OECD analyses, performance budgeting reforms frequently prove ineffective due to political and methodological challenges. However, most countries continue to refine their approaches in light of accumulated experience.

This suggests that the formal adoption of new methods is not in itself a guarantee of success. Rather, the development of institutional capacity and the motivation of budgetary actors to focus on achieving results is required.

Ukraine would benefit from learning from the positive aspects of international experience, such as the legal entrenchment of efficiency requirements, transparent procedures and the enhanced role of auditing. It would also be valuable to learn from the challenges and missteps faced by other countries, including the importance of clear metrics and avoiding excessive bureaucracy in the evaluation process.

4. Ukrainian Practice: Current State and Prospects

In the preceding two decades, Ukraine has initiated a series of measures with the objective of incorporating the principle of efficiency into its budgetary process. Since 2002, the program-based budgeting method (PBB) has been officially implemented at the national level, following the adoption of the Concept for PBB Application, approved by Cabinet of Ministers Resolution No. 538-p of September 14, 2002. The method in question provides for budget expenditures to be structured according to programmes, with each programme assigned clearly defined responsible executors, goals, objectives, and performance indicators.

The Budget Code of Ukraine (Articles 20 and 21) establishes the core requirements for program-based budgeting and enshrines among the principles of the budget system: efficiency and performance,

targeted use of budget funds, transparency, and public accountability (The Budget Code of Ukraine, 2010).

Moreover, a series of subordinate legal acts have been adopted with the aim of enhancing the efficiency of public expenditure. For instance, the Resolution of the Cabinet of Ministers of Ukraine "On Efficient Use of Public Funds" No. 710 of October 11, 2016, introduced concrete budget-saving measures such as limitations on administrative expenditures, procurement requirements aimed at achieving better pricing, and optimisation of public sector staffing. This regulation was developed to ensure a cost-saving regime and prevent inefficient spending in the public sector (The Resolution of the Cabinet of Ministers of Ukraine "On Efficient Use of Public Funds", 2016).

Furthermore, Order No. 568 of the Ministry of Finance of Ukraine, dated May 17, 2011, approved methodological guidelines for evaluating the effectiveness of budget programmes, which propose specific criteria and indicators for assessing the degree to which programme goals are achieved and funds are properly spent (The Order of the Ministry of Finance of Ukraine "On Approval of Methodological Recommendations for Evaluating the Effectiveness of Budget Programmes", 2011).

While the legal and regulatory framework establishes the foundation for a sound regime in the use of budgetary funds, the implementation of these provisions is contingent on the effectiveness of institutions.

Ukraine has established bodies with a particular focus on financial control, namely the State Audit Service of Ukraine (SASU), which is responsible for conducting public financial audits, inspections, and reviews, and the Accounting Chamber of Ukraine, which serves as the highest independent financial and economic oversight body accountable to the Verkhovna Rada (Parliament) of Ukraine.

In accordance with the stipulations enumerated within the Budget Code (Articles 26 and 110), the primary responsibilities of these bodies encompass the supervision of the targeted and lawful utilisation of budgetary funds, in addition to the evaluation of the efficiency with which state budget resources are employed. The latter function has only been codified relatively recently: the performance audit mandate was introduced legislatively to enable oversight institutions not only to detect violations (e.g., unlawful expenditures) but also to provide conclusions on the effectiveness of budget programmes and on whether resources have been used in a manner that supports the achievement of stated objectives (The Budget Code of Ukraine, 2010).

Despite the existence of an appropriate legal framework, the actual practice of budgetary fund utilisation in Ukraine continues to be characterised by significant inefficiencies and instances of misallocated

or irrational spending. This assertion is corroborated by the findings of audit inspections. According to the Accounting Chamber, in 2023 alone, violations and deficiencies in the use of budget funds amounted to approximately 60.8 billion UAH, and in 2024 this figure rose sharply to nearly 217.5 billion UAH (The Committee on Budget Issues of the Verkhovna Rada of Ukraine, 2025).

This spike is partly attributable to expanded audit coverage during martial law and a significant increase in the size of the national budget (including through international assistance). However, it also signals systemic problems with efficiency and fiscal discipline.

According to Olha Pishchanska, the Chair of the Accounting Chamber, in 2023, there was a failure to utilise all available resources in a timely or purposeful manner. Specifically, certain principal spending units failed to expend a portion of allocated appropriations, special fund resources (including voluntary contributions) were disbursed slowly, and the implementation of some investment projects financed through international loans fell behind schedule (The Accounting Chamber of Ukraine, 2023). In other words, despite being urgently needed for priority needs, particularly under wartime conditions, substantial amounts of public funds did not contribute to economic activity.

The Accounting Chamber has identified these inefficiencies in budget execution and has issued recommendations to the government for addressing bottlenecks in the budget process. Among the recommendations made were the reallocation of unutilised funds to critical areas, and the strengthening of control over the execution of budget programmes.

State auditors have identified a number of typical problems. Firstly, there are unjustified delays in fund utilisation procedures (e.g., tender processes, project approvals), which lead to non-implementation of planned activities. Secondly, there are cases of non-targeted use of funds (where resources were spent on objectives not defined by the budget program). Thirdly, there are procurement violations resulting in inflated prices for goods or services. Fourthly, there is maintenance of excessive infrastructure or staffing, which fails to yield commensurate benefits. Finally, there are low returns on investment projects funded through the state budget. For instance, a performance audit of education subsidies revealed that some school equipment purchased with budget funds remained unused for extended periods, thereby reducing the overall effectiveness of spending. Although no formal misuse was found, the intended improvement in educational quality was not achieved.

These cases illustrate a broader issue, namely that oversight focused solely on legality (i.e., ensuring that funds are not stolen or misappropriated) does not

guarantee the usefulness or value-added impact of public expenditures.

Concurrently, favourable developments have been observed. The process of reporting on the implementation of budgetary programmes has become more transparent. The Ministry of Finance and the State Treasury are now responsible for publishing budget programme passports and performance reports. The State Audit Service has been conducting public financial audits of ministries and state-owned enterprises with a view to assessing not only legal compliance but also the efficiency of resource use. The Service then provides recommendations for improving performance.

In specific sectors, such as road infrastructure, education, and healthcare, performance indicators are being introduced, enabling the measurement of the quantity and quality of goods or services delivered with public funds. These measures signify progress towards enhancing the economic dimension of public financial control. Nevertheless, the issue of implementation persists: audit findings are frequently given insufficient consideration in the formulation of subsequent budgets or in managerial decision-making.

For instance, the Accounting Chamber is responsible for submitting annual conclusions to the Verkhovna Rada on the execution of the state budget, which include identified shortcomings and recommendations. Nevertheless, the government's execution of these recommendations frequently proves ineffective, with certain issues persisting from year to year.

Achieving an equilibrium between efficiency and control in Ukrainian practice necessitates the continuation of reforms in several domains.

Firstly, there is a necessity to strengthen preventive control mechanisms. The implementation of contemporary internal control systems within spending units is imperative to prevent inefficient expenditures during the planning and procurement stages. It is possible that this will encompass the utilisation of real-time IT-based monitoring systems for budget transactions and a risk-based approach to auditing, with a focus on areas exhibiting the highest risks of financial loss.

Secondly, the system for evaluating the effectiveness of budget programmes needs to be improved: criteria should be clear, measurable, and aligned with policy objectives. It is imperative that evaluation methodologies are updated in accordance with international best practices and sector-specific conditions. Furthermore, it is essential that evaluation results have tangible impacts on decision-making processes. In this regard, inefficient programs should be revised or terminated, while successful ones should receive priority funding.

Thirdly, there is a necessity to enhance the institutional capacity of financial oversight bodies.

This encompasses the assurance of sufficient resources, the provision of guarantees of independence (particularly for the Accounting Chamber), and the professional development of personnel – particularly the training of auditors in contemporary techniques such as performance auditing and data analysis.

Fourthly, there needs to be greater discipline in enforcing responses to audit results. Mechanisms must be introduced to ensure that recommendations from the State Audit Service and the Accounting Chamber are implemented, rather than simply being ignored. This could be supported by parliament and civil society playing a more active role, for example by holding public hearings on the implementation of recommendations, applying media pressure and engaging civil society organisations involved in budget monitoring.

Ultimately, achieving an effective balance is impossible without a culture of responsibility among budget holders. Programme managers must be incentivised to 'absorb' funds within a specified timeframe and to achieve the best possible results for the same amount of money. To this end, the civil service system should introduce elements of performance-based incentives, such as performance pay and effectiveness rankings of institutions, while ensuring that deliberate inefficiency or unlawful action carries inevitable consequences, including criminal liability for corruption offences relating to public funds.

It is asserted that a synergy between intrinsic motivation and extrinsic oversight is a prerequisite for ensuring the optimal utilisation of budgetary resources.

5. Conclusions

The present study analysed the legal regime governing budgetary funds in Ukraine through the lens of balancing economic efficiency in public spending with adequate oversight mechanisms. It was found that while the principle of efficiency in budget expenditures is formally enshrined in Ukrainian legislation and supported by institutional arrangements for control, a significant imbalance persists in practice. Despite the existence of formal oversight mechanisms, a significant proportion of public funds continue to be expended in a manner that deviates from the principles of economy, productivity, or effectiveness.

A comparative analysis of EU and US approaches demonstrated that enhancing the efficiency of public finance is achievable through the implementation of modern budgetary management methods, such as performance-based budgeting and results-based evaluation, and through the establishment of effective accountability frameworks. In the European Union, the emphasis is placed on integrating the "three Es"

principle – economy, efficiency, and effectiveness – into the budgeting process, supported by a multilayered system of control including both internal audits within institutions and external audits assessing program performance. In the United States, experience has demonstrated that legislatively mandating federal agencies to plan and report on performance outcomes (e.g., the GPRA framework), in combination with the activities of a robust independent audit institution (GAO), yields substantial fiscal benefits and encourages cost-saving initiatives without compromising the delivery of public services.

A common denominator is identified in both models: transparency and accountability are regarded as prerequisites for achieving efficiency, while the role of oversight is evolving from the detection of violations to the assessment of the effectiveness of public programme implementation.

In the Ukrainian context, several key conclusions can be drawn. Firstly, the legal framework for ensuring the efficient use of budgetary resources requires further development. It is imperative to provide a more precise delineation of methodologies for performance evaluation in both legislation and subordinate regulations. Furthermore, it is essential to mandate the consideration of such evaluations when formulating subsequent budgets. Secondly, there is a necessity to strengthen the institutional capacity of control bodies by bestowing upon them sufficient authority and resources to conduct performance audits, and by ensuring the actual implementation of their recommendations.

Thirdly, the active promotion of best practices is essential. This encompasses the establishment of internal control systems within spending units, the utilisation of IT solutions to monitor expenditures and outcomes in real time, and the adaptation of EU approaches that link funding to performance outcomes, such as through pilot projects and program rankings. Fourthly, a shift in managerial culture towards a results-oriented approach is required, so that each public official understands that their task is not merely to comply with procedures, but to meet public needs using the least amount of resources possible.

Achieving a balance between the efficient use of budgetary funds and the control over their spending requires a comprehensive strategy. Such a strategy must include legislative refinement, the strengthening of control institutions, the implementation of modern budgeting and monitoring practices, and the fostering of a culture of responsibility and transparency in the field of public finance. Practical recommendations include the development of clear criteria and KPIs for budget programmes, regular publication of performance information, empowering financial oversight bodies to not only audit but also advise budget managers on

improving efficiency, and introducing mechanisms for parliamentary oversight of audit recommendation implementation.

Future research perspectives lie in a more in-depth exploration of specific aspects of the economic and legal regime of public funds. It is important to note that the development of quantitative models for evaluating the return on public investments across various sectors, as well as the integration of such models into the budgeting process, merits attention. The study of behavioural factors, including the motivation of public officials and the influence of

societal oversight, on expenditure efficiency is also of high relevance. Furthermore, the issue of digitalisation in financial control merits particular attention, especially with regard to the utilisation of e-governance systems, big data, and artificial intelligence to monitor fund flows and predict the risks of inefficiency.

The advancement of research in these directions will contribute to the development of more effective mechanisms for managing public finances, ultimately ensuring a sustainable balance between the effectiveness of budget expenditures and robust accountability in the interest of long-term economic development.

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