

Public Finance Management in the Russian Federation in the Context of Digitalization

Balynin I.V.^{1*} Atanasovska Yu.V.² Fedotov A.V.³

1 Financial University under the Government of the Russian Federation, Moscow, Russian Federation

2 International Slavic university "G.R. Derzhavin", Skopje, 1000, Republic of Macedonia

3 State budgetary educational institution of higher education of the Moscow region "Technological University named after twice Hero of the Soviet Union, pilot-cosmonaut A.A. Leonov", Korolev, Russian Federation

ABSTRACT

The article presents some evaluation results of public finance management in the Russian Federation in modern socio-economic conditions. Particular attention is paid to the problems of providing clarity of public finance management at the regional level. Based on the results of the study, the authors made conclusions about the necessity of the efforts consolidation of all economic activity subjects in order to develop proposals for enhancing the development of public finance management, taking into account modern achievements of scientific and technological progress, while minimizing the negative manifestations of digitalization. The results obtained and the formulated proposals can be useful for practical implementation in the activities of state authorities and local self-government.

Keywords: *financial management, finance, digitalization, public finance, state management, municipal government, economic growth, quality of life, citizens' appeals*

1. INTRODUCTION

The relevance of the study is caused by the influence of scientific and technological progress achievements on modern socio-economic phenomena and the process, which has its imprints on both national economies and the world economy.

In recent years, the issues of socio-economic processes digitalization have been presented in the scientific works of various domestic and foreign authors. Thus, in particular, the importance of digital data processing tools in solving urgent problems of our time is emphasized [1], which is not only of great scientific importance, but also practical - in the framework of making managerial decisions on the modernization of socio-economic processes in the relevant public law education. Moreover, it can significantly improve the quality of management of socio-economic objects [2]. The issues of digital government formation [3-6] are considered quite actively in the scientific literature, which is certainly of great importance in the framework of the restructuring of the public administration system, taking into account the modern achievements of scientific and technological progress. This is especially important in the context of achieving economic growth [7] and stimulating innovative development [8].

Moreover, these issues are controlled by the state authorities of the Russian Federation. So, in particular, in July 2017, a special program for the development of the digital economy was adopted according to the order of the government of the Russian Federation. So, in particular, it considered the directions shown in Fig. 1.

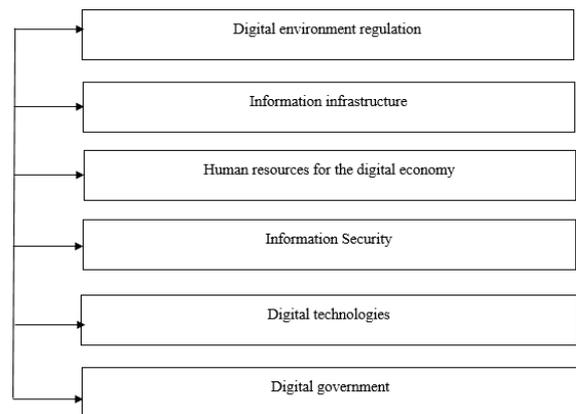


Figure 1 Directions of the digital economy development in the Russian Federation.

Source: built by the author according to the data of the Digital Economy program

Subsequently, it was modernized into the national program "Digital Economy" (the only national program currently being implemented in the Russian Federation; it is being realized with national projects), which is shown in Figure 2.

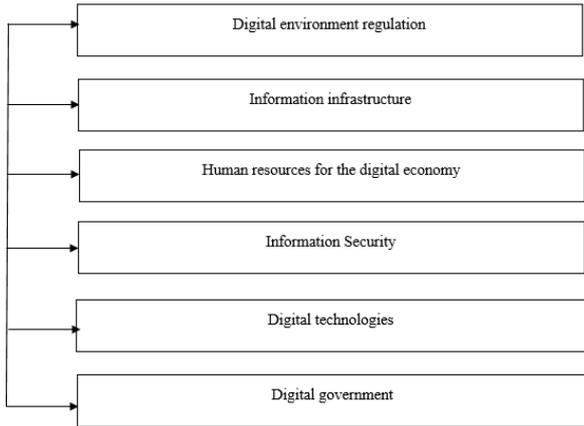


Figure 2 The national program "Digital Economy".

2. RESEARCH METHODOLOGY

The purpose of the research is to provide a set of proposals for its improvement in the context of socio-economic processes digitalization by means of the current level evaluation of public finance management. In the process of research, methods of analysis and synthesis were mainly used. Particular attention is paid to the development of public finance management in the Russian Federation at the regional and local levels.

3. RESEARCH RESULTS

First of all, in the course of the study, the authors noted the advantages and disadvantages of digitalization of socio-economic phenomena and processes. So, in particular, the advantages include the acceleration of various economic transactions (both in the commercial sector and in the sphere of state and municipal administration); information clarity for various groups of users, based on their desires and priorities; efficiency and convenience in the provision of both commercial and state and municipal services; fast payments without visiting specialized institutions for the provision of such services, including Internet banking and mobile banking application; obtaining the necessary information (both textual and numerical data, as well as various kinds of media materials) in absolutely any direction in the language of interest; the possibility of conducting high-tech medical operations that can save millions of human lives; simplification of housekeeping, including smart home technologies; possibility of any information providing for millions of people (and even billions) around the world in an extremely short period of time; increased competition in the labor market, which provides the growth of qualifications of employees, especially those employed in the provision of services, etc. At the same time, all of the above mentioned positive aspects can be considered from the other position:

1. So, in particular, economic transactions and increased transparency of information provide a serious increase in cyber fraud, including associated with the theft of funds from citizens and legal entities, which, of course, damages the economic development of both an individual state and the world economy as a whole
2. Due to the increased information clarity, a number of people, knowingly or due to a lack of relevant knowledge, are engaged in its incorrect interpretation, which is especially dangerous when such actions are public in relation to a huge number of listeners, because it leads to a decrease in the level of legal and financial literacy of the population.
3. The active use of the Internet by citizens is due to the constant transfer of a large amount of personal data, the storage of which is carried out by various operators, which creates potential opportunities for unfair use of this information (for example, for advertising purposes) or even the commission of criminal acts.
4. Insufficient legal regulation and organizational work lead to abuses in the self-control of posted information quality, including audio and media materials that can cause serious harm to potential users (especially those of preschool and school age) and become a serious obstacle to ensuring the highest level of education for the young generation.
5. The use of various scientific and technological progress products in everyday life on an ongoing basis, capable of partially or completely replacing active brain activity, leads to degradation and a decrease in the intellectual level of the corresponding person, which ultimately harms not only a particular person and those around him citizens, but also the socio-economic development of the state.
6. The active introduction of information and telecommunication technologies and other achievements of scientific and technological progress will lead to the automation of the labor process, which, ultimately can cause a reduction in citizens and the emergence of unemployment. In this connection, it is necessary to develop a set of measures to

create new jobs, incl. in order to launch a round of technological development of the Russian state.

Of course, the above mentioned list of advantages and disadvantages is not exhaustive.

At the same time, it is necessary to take into account above mentioned advantages and disadvantages when developing various information services and portals in the context of public finance management. In particular, within the framework of public finance management, the Electronic Budget system is used, which has a huge array of various information. In this regard, on the one hand, this should be associated with increased protection of data constituting state secrets. On the other hand, it is very important to implement all the available achievements in order to provide maximum openness, accessibility and understandability of data that does not constitute state secrets for a wide range of people.

So, in particular, at present one of the most important areas of work is direct work with citizens' appeals coming through specially created forms on the official websites of government and local authorities. These forms should be as accessible as possible, which can be ensured by posting them on the main pages of the official websites of the relevant state authorities and local self-government.

Speaking about the "Electronic Budget" system, which was already mentioned above, despite its active development, it still has a number of shortcomings (in

particular, insufficient detailed and up-to-date information is provided on the budgets of the constituent entities of the Russian Federation and local budgets: for example, registers expenditure obligations of the constituent entities of the Russian Federation are presented only for 2017 and 2018; and the information provided does not contain a complete data; for local budgets there are no: a) retrospective information b) the ability to download data on the budgets of all municipalities in "one click", etc.). There is no doubt that special attention of the expert community is focused on the analysis of the financial support of the social sphere, especially in the constituent entities of the Russian Federation (taking into account the fact that the share of these expenses is on average about 60% of the total expenditures of regional budgets). So, for example, the study revealed that in the official group of the Ministry of Education and Science of the Chechen Republic (as shown by the analysis carried out on the operational data for 2019 above, this region has the largest share of expenditures on education in the total volume of expenditures in comparison with other subjects of the Russian Federation) number of subscribers about 350 (with a population of almost 1.5 million people in the region) and the last news publication in 2014 [9]. At the same time, a link to this resource is contained on the official website of the Ministry of Education and Science of the Chechen Republic. A screenshot of the website page is attached in Figure 3.

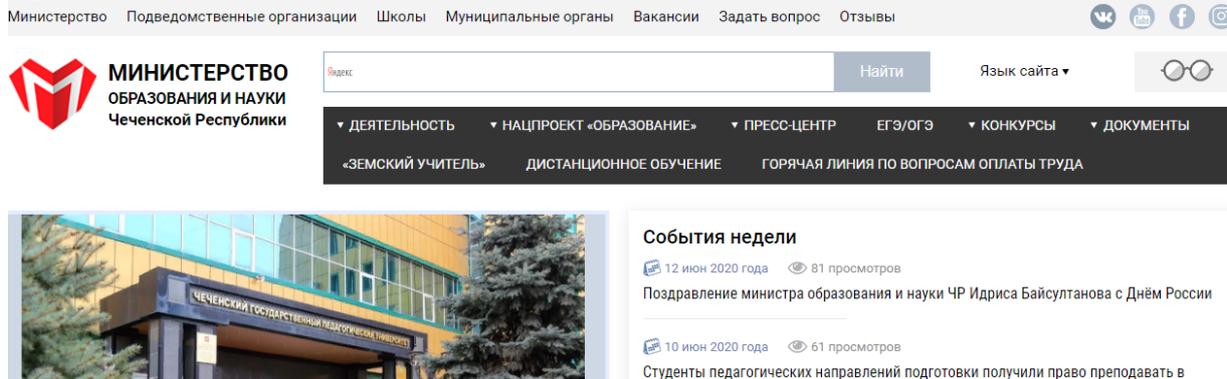


Figure 3 Official website screenshot of the Ministry of Education and Science of the Chechen Republic.

Source: data of the official website of the Ministry of Education and Science of the Chechen Republic [10].

To solve the existing problems of public finance management in the context of digitalization, the authors recommend:

- -to optimize the number of persons who are officials of state authorities and local self-government; at the same time, the freed up funds can be used to introduce a fair system of remuneration for their labor based on KPI, incl. including the quality of interaction with the population through Internet resources, at least in two areas:
 1. quality / availability / information structure on official websites, in official groups, which a citizen can get acquainted with at any time);
 2. efficiency and meaningfulness of responses to citizens' inquiries (it is very important that responses to citizens' inquiries do not take place on the 30th calendar day and they are not in the format of any formal replies that do not contain direct responses to citizens' inquiries).

- to provide the improvement of the official websites of the constituent entities bodies of the Russian Federation, local self-government ones, which can be implemented through the approval of model sites with an indication of the minimum amount of information (at the same time, it should be sufficiently voluminous, affecting various spheres of society); in particular, special tabs on the national projects implementation can be formed; financial support of the social sphere; providing support to small and medium-sized businesses (since the formation of trusting relations between the state and business is one of the most important attributes of a modern state), etc.
- modernize the single portal of the budgetary system of the Russian Federation by updating the available data (a number of data have not been updated for several years, which creates obstacles for the obtained objective data on the socio-economic development of public law entities), adding the information presented on it that is of interest to society (especially in terms of the development of the constituent entities of the Russian Federation and municipalities); transfer of a data block from another information system - "Portal of state (municipal) audit", etc.
- publication in open form of full-text versions of reports on the control measures taken for the costs of financial support of the social sphere, indicating the problems identified, the measures taken following the results and the results of subsequent control over their implementation;
- visual and constant informing of citizens not only about the amount of financial support for various sections and items of expenditure, but also about the specific results achieved, incl. within the framework of the implementation of national projects, state and municipal programs;
- development of an electronic application for citizens to quickly access relevant information, including prompt solution of emerging problems online. There is no doubt that this software product should be developed in the Russian Federation with the involvement of the population, civil society institutions and business. Such a constructive approach will make it possible to determine the most demanded potentials of the sections, the filling of which will be a priority task. It is advisable to involve the youth (including student) community in the development of a software product;

- monthly video reports about the work done with the possibility to ask questions directly to the head of the relevant government body of the Russian Federation, the constituent entity of the Russian Federation, local government (at the same time, the heads of local government and heads of financial bodies must necessarily hold public meetings with the population for the most prompt decision existing problems).

Particular attention should be paid to direct work with students of various educational institutions (starting with preschool) on issues that contribute to the formation of a high level of financial literacy of citizens within the framework of modernization of state and municipal administration, taking into account digitalization. In particular, this can be realized through the formation of children's contributions on all websites of state and local authorities, containing important information in a visual form.

Bodies of state power of the Russian Federation, one of constituent entities of the Russian Federation and local governments, as well as subdivisions of state extra-budgetary funds, should play an important role in the training of their future personnel, actively providing places for practical training for students enrolled in relevant specialized programs.

4. RESULTS DISCUSSIONS

It seems that it will be possible to ensure the improvement of public finance management in the Russian Federation in the context of active digitalization of socio-economic processes, taking into account the above mentioned set of proposals, which, will also provide increasing the quality of communication between public authorities and local governments with citizens.

The authors believe that this set of measures will contribute to a real transition to effective and responsible management of public finances in the Russian Federation, both at the federal, and at the regional and local levels. This will provide:

- stimulating economic growth; this can be achieved by means of high-quality goal-setting, and digitalization technologies will make it open and accessible to all officials and other stakeholders, including for the population and the business community (which should and will also be actively involved in achieving national goals as trust increases between public authorities and local governments, on the one hand, and the business community, on the other hand, this can be ensured due to the speed and quality of responses to their requests, as well as because of formation of special tabs on their Internet resources); the ability to process a wide range of data allows to make budget forecasting at a high

level for the long term, thereby improving the quality of budget planning;

- increasing the transparency of public finance management (this will be ensured through the development of Internet resources, the use of modern means of communication with citizens in social networks; the formation of a single application - possibly based on state and municipal services for the operational communication of citizens with all state authorities and local self-government);
- the growth of direct communication between officials of government bodies of the Russian Federation, constituent entities of the Russian Federation and local ones with the population by means of various forms, means, tools applications and methods of such interaction;
- increasing the financial literacy of the population (by increasing the transparency of public finance management, accelerating the speed of responses to requests, improving the quality of these responses).

5. CONCLUSIONS

In conclusion, it should be noted that only by combining the efforts of the state, commercial and non-profit organizations, state authorities and local governments, civil society institutions and the population itself, it is possible to overcome the challenges of the digital economy, thereby contributing to the achievement of goals for the socio-economic development of the Russian Federation. In this regard, more active work of all economic actors is needed to develop not only strategies for the development of the digital economy, but also to formulate specific proposals to minimize negative manifestations.

Moreover, the above mentioned set of measures will not only contribute to the openness of public finance management in the context of the implementation of a responsible budget policy, but also increase the quality of interaction and the level of trust between public authorities (local governments) and the population, and create preconditions for the growth of public control. The above presented proposals will have a huge positive impact on the socio-economic and spatial development of the Russian Federation, both in the medium and long term. Ultimately, this will improve the quality of life of the population.

REFERENCES

- [1] O'Halloran, Kay L.; Tan, Sabine; Duc-Son Pham. John Bateman, Andrew Vande Moere. A Digital Mixed Methods Research Design: Integrating Multimodal Analysis With Data Mining and Information Visualization for Big Data Analytics // *Journal of mixed methods research* 2018. Volume 12 . Issue 1 pp. 11-30
- [2] Aleksandrova, Svetlana V.; Vasiliev, Victor A.; Letuchev, Gennady M. Digital Technology and Quality Management // *IEEE International Conference on Quality Management, Transport and Information Security, Information Technologies (IT and QM and IS)*. St Petersburg Electrotechn Univ LETI, St Petersburg, RUSSIA публ.: SEP 24-28, 2018. DOI: 10.1109/ITMQIS.2018.8525075
- [3] Avouris, Nikolaos; Sintoris, Christos; Katsini, Christina Studying Human-Computer Interaction for Social Good: the Case of Digital Government Evaluation and Re-Design Project // *22nd Pan-Hellenic Conference on Informatics (PCI)* Местоположение: Univ W Attica, Dept Informat & Comp Engn, Athens, GREECE // *22nd Pan-hellenic conference on informatics*. 2018. pp. 230-235.
- [4] Ramon Gil-Garcia, J.; Dawes, Sharon S.; Pardo, Theresa A. Digital government and public management research: finding the crossroads // *Public management review*. 2018. Volume 20. Issue 5. SI. Pp.633-646.
- [5] Haryono, Kholid; Suranto, Beni; Pradita, Kukuh. E-Government for Regional House of Representatives Through eAgenda in the Local Government // *International Conference on Social Sciences and Education (ICSSE)*. *Advanced science letters*. 2018. Volume 24 . Issue.pp. 636-640 .
- [6] Erzhenin, Roman V. Russian e-government: review of scientific publications and research // *Voprosy gosudarstvennogo i munitsipalnogo upravleniya-public administration issues*. 2018. Issue 3. Pp.205-228
- [7] Antikainen, Maria; Uusitalo, Teuvo; Kivikyto-Reponen, Paivi. Digitalisation as an Enabler of Circular Economy // *10th CIRP Conference on Industrial Product-Service Systems (IPS)* Linkoping, SWEDEN. 2018. Volume 73. Pp. 45-49
- [8] Teixeira, Clarissa Stefani; Palma Santos, Gabriel Sant'Ana; Ocampo More, Rafael Pereira

Legal model of Brazilian science and technology parks
// International Journal Of Innovation 2018. Volume 6.
Issue 1. Pp. 54-67.

[9] The Ministry of Education and Science of the
Chechen Republic on the Vkontakte social network.
[Electronic resource]. URL: <https://vk.com/monchr>.

[10] Ministry of Education and Science of the Chechen
Republic. [Electronic resource]. URL: <http://mon95.ru/>.