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## Development course and achievements of budget performance management of administrative institutions in China

Wang Wei <sup>1,\*</sup> and Zhao Shannan <sup>2</sup>

<sup>1</sup> *University of Science and Technology Beijing, Beijing, China.*

<sup>2</sup> *CITIC Guoan Group Co., Ltd., China.*

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### Abstract

The budget performance management of administrative institutions in China has gone through four stages: the initial stage of spontaneous exploration, the experimental stage of strengthening performance evaluation, the stage of establishing the concept of budget performance management in the whole process, and the new period of development of budget performance management. The budget performance management in China has gone through the development stage from the exploration of performance evaluation to the establishment of the whole process budget performance management concept. In recent years, China's administrative institutions' budget performance management has made remarkable progress, initially forming a whole-process budget performance management framework, gradually improving budget performance management rules and regulations, constantly expanding the scope of performance evaluation projects, actively expanding the depth of performance evaluation, consolidating the foundation of budget performance management, and improving the efficiency of financial funds.

**Keywords:** China; Administrative institutions; Budget performance management; Development achievement

### 1. Introduction

With the continuous improvement of China's socialist market economic system and the initial establishment of the public finance system, people from all walks of life pay more and more attention to budget performance management and the efficiency of the use of financial funds. The Central Committee and the State Council have repeatedly stressed the need to promote budget performance management, improve the efficiency of the use of financial funds and the efficiency of government work. In order to deepen the reform of public finance, in recent years, China has successively carried out the pilot work of fiscal expenditure performance evaluation [1]. On the basis of post-evaluation of fiscal expenditure effect, it has actively explored the budget performance management mechanism including the whole process management before, during and after the event, made various attempts, accumulated a lot of experience and achieved remarkable results.

In 2011, the Ministry of Finance issued the Guiding Opinions on Promoting Budget Performance Management, which put forward clear requirements for this work. In 2012, the Ministry of Finance issued the Budget Performance Management Work Plan (2012-2015), which defined the basic principles, overall objectives, tasks and priorities of budget performance management. Throughout the country, implementing the requirements of the central government on budget performance management, putting the concept of performance into the whole process of financial work and constantly improving the level of scientific and refined financial management have become the important contents of current and future financial budget management.

\* Corresponding author: Wang Wei  
University of Science and Technology Beijing, Beijing, China.

It can be said that the budget performance management in China has gone through the development stage from the exploration of performance evaluation to the establishment of the concept of budget performance management in the whole process. In recent years, significant progress has been made in the budget performance management of administrative institutions in China.

## 2. Development stage of budget performance management in China's administrative institutions

The budget performance management of China's administrative institutions came into being under the background of the establishment of the public finance framework [2]. With the development of the public finance framework and the reform and development of the budget management, it can be roughly divided into the following four stages: exploring the embryonic stage, strengthening the evaluation of performance management, determining the new concept of performance management, and entering a new period of development. See Table 1 for the development history of budget performance management in China's administrative institutions.

**Table 1** Development history of budget performance management in China's administrative institutions

Budget law	1995. 01	Budget law
	1995. 11	Regulations of the People's Republic of China on the Implementation of Budget Law
Establish a budget performance system.	2002. 05	Measures for the Administration of Expenditure Budget of Central Level Projects (for Trial Implementation)
	2003. 05	The CPC Central Committee's "Decision on Several Issues Concerning Perfecting the Socialist Market Economic System" proposes to establish a budget performance rating system.
	2009. 11	Implementation plan for the construction of the standard system of project expenditure quota at the central level
Performance evaluation method	2004. 10	Measures for budget performance evaluation of central economic construction departments
	2004. 12	Guiding Opinions on Budget Performance Evaluation of Central Government Investment Projects
	2005. 05	Measures for the Administration of Performance Evaluation of Central Budget Expenditure
	2005. 09	Measures for the Administration of Project Performance Evaluation of Central-level UNESCO Departments
	2006. 05	Measures for the Administration of Comprehensive Performance Evaluation of Central Enterprises
Budget performance management	2008. 03	"Opinions on Deepening the Reform of Administrative Management System" puts forward: to implement the government performance management and the administrative responsibility system.
	2009. 06	Interim Measures for the Administration of Financial Performance Evaluation
	2009. 10	Notice on Further Promoting the Pilot Work of Expenditure Performance Evaluation of Budget Projects of Central Departments
	2011. 04	Revise the Interim Measures for the Management of Financial Expenditure Performance Evaluation
	2011. 07	Guiding Opinions on Promoting Budget Performance Management
	2012. 09	Budget Performance Management Work Plan (2012-2015)
	2015. 05	Measures for the Administration of Performance Objectives of Central Budget

### **2.1. Spontaneous exploration in the embryonic stage (late 1990s -2003)**

China's budget performance management concept is relatively backward. At first, there was no management concept related to performance management. With the application and popularization of performance management in western developed countries, China began to introduce western performance management concepts, and gradually applied them to practice, and finally achieved good results. At the end of 1990s, with the development of economy and the progress of society, more and more administrative institutions were founded, and China began to pay attention to the inspection of work results and the performance evaluation of institutions. The management of national finance needs certain means and a certain system as the standard. Therefore, China has established a financial investment evaluation system. After a series of difficulties and challenges, it was revised and improved in 1998, and a systematic and comprehensive investment evaluation system was born. This system is similar to performance appraisal, which provides a foundation for the popularization and implementation of budget performance evaluation, and is the premise and prerequisite for the smooth implementation of budget performance management [3]. The characteristic of the initial stage of spontaneous exploration is that in the process of introducing the concept of performance management in China, its behavior is spontaneously formed, with enthusiasm and initiative. The positive impact of this spontaneous behavior is that it provides a knowledge and theoretical basis for establishing a perfect performance budget model and carrying out comprehensive performance evaluation.

### **2.2. Strengthen the pilot phase of performance evaluation (2003-2009)**

In 2006, the convening of the Fourth Plenary Session of the 16th CPC Central Committee marked a new stage of development in the budget performance management of administrative institutions in China. The conference clearly listed several conditions that administrative institutions should have in "building a budget performance evaluation system". The Ministry of Finance of China began to take this as the breakthrough point and starting point, and began to intensify research and practice, setting up pilot units in various regions of China, and strengthening performance evaluation, so as to seek a new path that can maximize the benefits of financial funds. All kinds of institutions that implement the performance appraisal system are launched nationwide [4]. The uniqueness of strengthening the pilot stage of performance evaluation lies in formulating the system related to performance evaluation, enumerating the evaluation methods and means of performance evaluation, revising and perfecting the performance evaluation methods, and putting forward the basic criteria for performance evaluation, which provides directional guidance and basis for the evaluation. With the increase of the number of pilot institutions implementing the performance evaluation system, it is randomly distributed in various regions of China, so its coverage has increased year after year. However, Chinese scholars' views and attitudes towards the performance evaluation model are only revealed after its implementation, showing certain drawbacks [5]. From the overall perspective, the performance evaluation system has limitations, and it can't effectively promote the management level of public institutions.

### **2.3. The establishment stage of the whole process budget performance management concept (2010-2011)**

The performance evaluation pilot has promoted the in-depth development of performance evaluation, but also exposed some serious problems. Faced with a series of problems such as post-evaluation of budget performance, inconsistency between budget evaluation and budget preparation, inadequate supervision and inspection in the implementation process, and ineffective utilization of evaluation results, China's Ministry of Finance began to take performance evaluation as the main content on the basis of the pilot experience of performance evaluation, so as to promote the development of performance management concept in a more comprehensive and systematic direction, and make the process of performance management into three stages: pre-event and post-event. In advance, the management objectives were determined and sorted out, the performance was always supervised and inspected, and the performance management effect was carried out afterwards. Take the performance evaluation as a closed loop, from the link of evaluating the performance management mode alone to the link of managing the budget performance as a whole. The uniqueness of this stage lies in: expanding the content of performance evaluation, focusing on performance evaluation and how to promote the development of performance evaluation system, etc., and systematically expounding the meaning of the whole process budget performance management, providing directional guidance for the development of budget management in the next stage, and defining the management focus.

### **2.4. New era of budget performance management development (2012-present)**

In 2012, China's Ministry of Finance promulgated the Budget Performance Management Work Plan (2012-2015), which clearly pointed out the reasons and general objectives of China's budget performance management during the 12th Five-Year Plan period, and put forward the problems to be solved by the Ministry of Finance in the next few years and the focus of future performance management. In addition, the plan also lists corresponding measures, which can not only ensure the smooth development of performance management, but also provide a more accurate development direction for performance management, enrich the content of performance management, draw a clearer development

path, and promote and improve the whole performance management system [6]. The uniqueness of this stage lies in: not only focusing on the present performance budget management structure, but looking to the future, exploring the accurate goal and direction for building a comprehensive, complete and systematic performance budget management system.

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### **3. Preliminary achievements of budget performance management of administrative institutions in China**

#### **3.1. Initially form a budget performance management framework for the whole process.**

At present, the management of China's budget performance is constantly advancing, and it has been carried out all over the country. The corresponding management concepts of budget departments and financial departments at all levels on related costs and expenses are gradually changing, and their corresponding performance concepts are gradually forming. Basically, performance is the ultimate goal, the related results are the guide, and all links of the budget process are covered, including the whole process before, during and after the event. Establish a new, effective and feasible budget performance management mechanism. From the overall situation, the target requirements of performance in budgeting process have been basically established in practice.

At present, with the continuous in-depth development of performance work, performance evaluation has gradually expanded and extended in all directions. It is no longer limited to each project expenditure of the unit, but extended to the comprehensive financial management and the overall expenditure of relevant departments. In addition, the quality of performance evaluation has been greatly improved compared with before, and the corresponding evaluation results have been widely used in various fields, which makes the management of budget performance not only play the role of unit performance evaluation, but directly run through the whole process of unit financial budget, including budget preparation, implementation and supervision. In addition, the concepts and methods corresponding to the implementation of budget management are constantly developing, innovating and changing, which reasonably and effectively integrates the performance management [7]. During the related construction of China's budget performance management, it has gone deep into the target management of performance, the implementation of performance monitoring, the pilot of performance evaluation, the feedback and application of evaluation results, etc., and gradually formed a complete budget performance management system, which has promoted the innovation and development of China's budget performance management and entered a new historical development stage.

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### **4. Gradually improve the budget performance management rules and regulations**

Based on the whole process of the corresponding budget, we should carry out certain budget performance management, focus on the overall situation, focus on the relevance of the overall performance, and make overall plans for all aspects, levels and related seriousness in budget management, so as to realize the high efficiency and quickness of management. Strengthen the macro guidance of budget performance management, and gradually improve the relevant systems while realizing the steady improvement of system construction. China has successively issued a series of policy systems and methods, among which the most important ones are the Common Index System of Budget Performance Evaluation, the Measures for the Evaluation of Budget Performance Management, the Interim Measures for the Management of Financial Expenditure Performance Evaluation and the Measures for the Management of Budget Expenditure Performance Evaluation of Central Departments [8].

It is necessary to proceed from the actual situation, constantly establish and improve the relevant norms and methods of budget performance management, make detailed management of certain management guidelines, operational regulations and processes, and go deep into every detail to realize the effectiveness and accuracy of management. When constructing the institutional framework, we should comprehensively consider the elements, functions and characteristics of all parties, strengthen the operability of the system, gradually improve the feasible rules and regulations corresponding to performance management, and complete the systematic construction.

#### **4.1. Constantly expand the scope of performance evaluation projects**

In recent years, budget departments and financial departments at all levels have gradually increased their emphasis on performance evaluation, and made corresponding performance evaluation according to the expenditure of various projects. And the scope of performance evaluation will be extended to various related project pilots, so as to further promote the expansion of budget performance management and related construction. From the perspective of central departments at all levels, as of 2013. Performance evaluation has been fully popularized in central departments at all levels, and relevant pilot projects of performance evaluation have been carried out, and the number of pilot projects has

been expanded to 473, with the corresponding capital scale reaching nearly 28.6 billion yuan. From the local level, as of 2012, nearly 34,340 related performance evaluation projects have been set up by local governments. The corresponding capital scale reached 848.5 billion yuan, accounting for about 9% of the total local fiscal expenditure.

#### **4.2. Actively expand the depth of performance evaluation**

Actively explore and innovate new performance evaluation models, actively promote the transformation of performance evaluation, and realize its extensive development into in-depth development. Abandon the traditional key evaluation of project performance, but realize the comprehensiveness and integrity of performance evaluation. In the content of performance evaluation corresponding to budget performance management, it is not based on a single plane content, but a multi-directional three-dimensional evaluation content. Among them, the specific ideas of the reform of evaluation content can be elaborated from the following four aspects: First, from the related performance evaluation of project expenditure to the performance evaluation of overall expenditure, so as to further expand the performance evaluation pilot and adopt the corresponding performance evaluation mode with the overall budget as the focus. The second is to gradually change from the same-level evaluation of budget expenditure to the evaluation of budget expenditure under multi-level fund payment, to realize the first attempt of evaluation change, and to carry out integrated detection and tracking of financial performance. Third, it changes from face-to-face performance evaluation to financial policy and performance evaluation in key areas, constantly explores the content of performance evaluation and paves the way for its development. Focus on the implementation effect of the policy. Fourthly, introducing the third-party evaluation system or competitive fund allocation system into the performance evaluation environment, further enhancing the fairness and objectivity of performance evaluation, and promoting the professional and scientific development of performance management level. Further strengthen market awareness and deepen performance reform with market orientation.

#### **4.3. Consolidate the foundation of budget performance management**

Constantly establish and improve the relevant index system of performance evaluation, evaluate the actual work situation in combination with performance, further strengthen the internal guarantee function of the organization, build a perfect information system, comprehensively build the intermediary agency inventory and expert database of budget performance evaluation, and make full use of the available resources around you. Strengthen the training and assessment of management personnel related to budget performance, and fundamentally consolidate the relevant foundation of budget performance management. First, the construction of related performance management institutions, so that the implementation of budget performance management has a certain organizational guarantee. The second is to further establish and improve the related index system of performance evaluation, so that the implementation of budget performance management can have certain technical support. Third, actively explore and construct the related information system of performance management, and provide certain information support for budget performance management. Fourthly, promote the construction of expert intermediary database, and provide certain knowledge support and intellectual support for budget performance management. Fifth, strengthen publicity and training to create a good external environment for budget performance management.

#### **4.4. Improve the use efficiency of financial funds.**

After a long period of development, innovation and change, the performance management is no longer limited to a single post-evaluation but directly runs through the whole process of the financial budget of a unit, including the preparation, implementation and supervision of the budget, thus realizing the comprehensive and holistic change of performance management. While improving the quality of performance management, the related system of financial management is relatively optimized. At the same time, we should design clear performance objectives and evaluation methods, supervise budget departments at all levels, and make them strictly analyze the scientificity and rationality of the budget before reporting the relevant funds of the budget, so as to avoid the excessive waste and abnormal use of financial funds from the root causes. Improve the utilization efficiency of financial funds and save the corresponding capital cost, so as to effectively alleviate the imbalance of financial revenue and expenditure and reduce the financial pressure of the unit.

Build a reasonable and effective monitoring system of performance operation, track and analyze the performance objectives in time, clarify the financial expenditure details of the performance objectives, strengthen its supervision benefits, find problems in time and correct them. To some extent, it has promoted the security and normative development of budget expenditure. Strengthen the application of performance evaluation, make some analysis and research with reference to its evaluation process and evaluation results, and then put forward corresponding corrective measures and methods, opinions and suggestions, etc., so as to further optimize internal management, improve the utilization rate and use efficiency of financial funds, and further improve and enhance the level of budget management.

## 5. Conclusion

Budget performance management plays a very important role in the development and operation of administrative institutions. In order to achieve better social and economic benefits, we should pay attention to budget performance management and improve it constantly. Generally speaking, we should not only summarize the practice in theory, guide the practice with systematic theory, but also improve the budget performance management system in practice, and promote the overall development of budget performance management.

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## Compliance with ethical standards

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### *Disclosure of conflict of interest*

All authors declare that No conflict of interest in this work.

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