

CHAPTER 10

LEGAL REGULATION OF FINANCING OF THE BODIES OF THE MINISTRY OF INTERIOR OF UKRAINE IN THE CONTEXT OF MANAGEMENT BY OBJECTIVES

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INTRODUCTION

The main legislative document regulating the financing of budgetary institutions in Ukraine, in particular, state government bodies, local authorities, as well as organizations created by them under the established procedure, fully financed from a respective state or local budget, is the Budget Code of Ukraine of June 08, 2010, No. 2456-VI (as amended)¹. It states that budgetary institutions are not-for-profit, and Article 87 stipulates that expenditures for law enforcement activities, ensuring state security and protection of civilian population and territory be financed from the State Budget of Ukraine.

One of the central executive power bodies is the Ministry of Interior of Ukraine (hereinafter referred to as the MIU). The National Guard of Ukraine functions within the system of the MIU. The main service center of Ukraine ensures the provision of paid-for and free-of-charge services reserved under the competence of the MIU. Besides, currently, the central executive power bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Internal Affairs are: the National Police of Ukraine, the State Migration Service of Ukraine, the State Border Guard Service of Ukraine, the State Emergency Service of Ukraine, expenditures for whose activities are financed from the State Budget of Ukraine according to the codes of the classification of expenditures and state budget financing – CCESBF 1000000–1007000.

Throughout almost the whole period of independence of Ukraine, the financing the mentioned bodies remained insufficient, which has been repeatedly mentioned in scientific works proposing main ways of solving this problem, mainly through increasing the volume of such financing.

¹ Verkhovna Rada of Ukraine (2010) Byudzhetnyy kodeks Ukrayiny, available at: <https://zakon.rada.gov.ua/laws/show/2456-17>.

Considering the importance of the functions fulfilled by these bodies, we will analyze the theoretical and legal foundations and the state of their budget financing during the last 4 years, which is important both in the context of the development of theoretical foundations of the financial and legal science, and in the practical operations of the mentioned law enforcement agencies in Ukraine.

The issue of financing the internal affairs bodies are considered in the thesis work of O. Chimarova² and A. Chubenko³; in the opinion of the latter, the lack of financing threatens to turn the MIU into the body acting below its capacity. The financial support of the preventive activities of the National Police is looked into in the work of V. Felyk⁴, who views such financial support as a process of budget allocation, as well as arrival and use of financial resources from other sources not prohibited by the legislation, in the amounts necessary for labor remuneration, medical, sanatorium and resort, pension, housing and other kinds of social security of law enforcement officers and their family members (to the extent permitted by the legislation).

The matters of financial support of law enforcement bodies were studied by A. Subbot⁵, the legal issues of financing the Ministry of Interior of Ukraine was researched by O. Bukhtiyarov⁶, and the issue of their financing using management by objectives was looked into O. Derevchuk⁷. At the same time, the most thorough analysis of the dynamics of financing the MIU was conducted during the years of independence of Ukraine from 1991 to 2007 by I. Zozulya⁸. The mentioned research states that to support the MIU, 3 to 4 % of budget funds were allocated form the annual budget, and discloses the changes in the structure of expenditure items over the

²Chimarova O.M. (2006), *Pravovoy rezhim finansirovaniya organov vnutrennikh del Rossiyskoy Federatsii*, Thesis for the degree of candidate of legal sciences in specialty 12.00.14, Saratov.

³ Chubenko A. G. (2004) *Pravovi osnovy finansuvannya MVS Ukrayiny*, Thesis for the degree of candidate of legal sciences in specialty 12.00.07, Kyiv, available at: <http://www.lib.ua-ru.net/diss/cont/34183.html>.

⁴ Felyk V. I. (2016) *Zmist finansovoyi pidtrymky profilaktychnoyi diyal'nosti Natsional'noyi politysi Ukrayiny*, available at: <http://sd-vp.info/2016/soderzhanie-finansovogo-obespecheniya-profilakticheskoy-deyatelnosti-natsionalnoj-politsii-ukrainy/>.

⁵ Subbot A. I. (2012) *Finansova ta material'no-tekhnichna pidtrymka pravookhoronnykh orhaniv yak skladova yikh bezpechnoyi diyal'nosti*, *Viche*, 24, pp. 16–18.

⁶ Bukhtiyarov O. A. (2011), *Pravovi zasady finansuvannya militsiyi z derzhavnoho ta mistsevnykh byudzhektiv*, Kyiv, available at: <http://liber.onu.edu.ua/opacunicode/index.php?url=/notices/index/IdNotice:398163/Source:default#>.

⁷ Derevchuk O. *Pravovi problemy finansuvannya MVS Ukrayiny*, available at: <http://www.pravnuk.info/urukrain/955-pravovi-problemi-finansuvannya-ministerstva-vnutrishnix-sprav-ukra%D1%97ni-iz-zastosuvannyam-programno-cilovogo-metodu.html>.

⁸ Zozulya I. V. (2007) *Finansuvannya MVS Ukrayiny ta pov'yazani z neyu problemy reformuvannya yoho yak systemy*, available at: file:/Downloads/FP_index.htm_2007_1_16.pdf

years. The author makes a conclusion about the urgent need to develop a methodology of calculating the resourcing and financial capacity of the MIU, and about the general profitability of the department, which, actually, is the aim of management of budget expenditures by objectives.

The amounts of financing of MIU over the period of 2010-2015 are described in the article by O. Soldatenko⁹; in particular, the article mentions that since the beginning of the reform of MIU, which began in 2014, the volumes of budget funds allocated for this Ministry rose dramatically: to 5.66 % in 2015 in comparison to 3-4 % of the total amount of expenditures of the State Budget of Ukraine throughout all previous years. Such growth of the amount of financing is noted also in the article by V. Felyk¹⁰, who points out that the reforming of the bodies of internal affairs of Ukraine and the creation of the National Police of Ukraine were accompanied by significant financing both from the State Budget of Ukraine and from other sources. Such funds are allocated to cover not only such traditionally substantive expenditure as labor remuneration but also modernization and improvement of material and technical facilities.

Considering the great number of scientific publications on the defined topic, we believe that to date, the state of budget financing of the system of internal affairs bodies during 2016-2019 through the management of budget expenditures by objectives remains unexamined, which is one of the tasks of this research, along with defining separate existing problems in this process and proposing the main ways of overcoming them.

10.1. The notion of financing in the legal science

First, we will consider the theoretical basis of the notion «financing», which is understood by legal scientists as the provision of state and municipal financial resources to budget fund recipients, budgets of different levels, unitary enterprises, regulated by the legal norms¹¹.

In the book by the Ukrainian classic of financial law, Professor L. Voronova «Budgetary legal regulation in the USSR», the following definition is given: «The notion of financing has two meanings: a) any issue of funds irrespective of the source and form of the issue (recoverable

⁹ Soldatenko O. V. (2015) Vydaky byudzhetu na okhoronu zdorov'ya: problemy ta perspektyvy pravovoho rehulyuvannya. Pravove rehulyuvannya ekonomiky, 15, pp. 60–72.

¹⁰ Felyk V. I. (2016) Zmist finansovoyi pidtrymky profilaktychnoyi diyal'nosti Natsional'noyi politsiyi Ukrainy, available at: <http://sd-vp.info/2016/soderzhanie-finansovogo-obespecheniya-profilakticheskoy-deyatelnosti-natsionalnoj-politsii-ukrainy/>.

¹¹ Belsky K. S., Zapolsky S. V. (2006) Finansovoye pravo: uchebnik, Moscow, 536 p.

and non-recoverable forms are distinguished); b) only the non-recoverable form of issue of funds. Non-recoverability is the main criterion distinguishing financing from crediting. Financing, being a non-recoverable issue of funds, is provided from various sources, the state budget being the main one, along with private finances of self-supporting enterprises and organizations, which is why the notion of financing is broader than the notion of budget financing»¹².

In another academic paper by Professor L. Voronova, one more definition of the notion «financing» is given – this is the legislation-based planned, targeted, non-recoverable and non-recompensable issue of funds conducted with the consideration of the optimal unification of private, credit and budget sources of financing following the implementation of the plan of the use of funds to fulfill the state functions, adhering to the regime of economy and conducting continuous monitoring. Financing is made from various sources: budgets of different levels – from state to village, extrabudgetary trust funds, equity capitals of state and municipal enterprises. Depending on the sources, the following three kinds of financing are distinguished: budget financing, self-financing and crediting¹³.

As the same author mentions, two legal regimes of financing expenditures can be practiced, depending on the subjects for whom financing is provided to support their functioning, on the content and procedure of approval of financial plans based on which funds are allocated from various sources, on the content of the rights and obligations of these subjects, on the objectives of these expenditures: 1) financing of state and municipal organizations, for which property is assigned by the right of commercial supervision; 2) financing institutions and organizations, both state and municipal, which receive no revenue from their activities and financed fully from the state of local budgets, i.e. are on the estimated budget financing¹⁴.

The issue of budget financing in Ukraine was studied not only by legal scientists but also by such economic scholars as O. Vasylyk, O. Vovchak, S. Mochernyi, V. Oparin, V. Fedosov. In O. Vasylyk's opinion, «budget financing is the provision of financial resources in the form of non-recoverable funds from budgets of various levels to legal persons for the

¹² Byudzhetno-pravove rehulyuvannya v SRSR (1975), Kyiv, p. 112.

¹³ Voronova L. K. (2006) *Finansove pravo Ukrainy: Pidruchnyk, Precedent; Moya knyha*, Kyiv, P. 352.

¹⁴ Voronova L. K. (2006) *Finansove pravo Ukrainy: Pidruchnyk, Precedent; Moya knyha*, Kyiv, P. 346.

development of economy, social sphere, public administration, defense etc.»¹⁵. A. Zagorodniy, G. Voznyuk and T. Smovzhenko in their «Financial Dictionary»¹⁶ define budget financing as «a form of centralized allocation from the state budget of financial resources in the form of non-recoverable, non-recompensable provision of funds, investments for the development of economy, social and cultural events, defense and other public needs».

As can be seen from the economists' definitions, none of them underlines that the financing is not made by itself, but according to the legislative and regulatory legal acts of the state or local authorities. Only in the work of V. Demyanyshyn¹⁷, an attempt is made to provide an extended definition of the notion «budget funding». V. Demyanyshyn believes that it is the total of money relations connected with the distribution and use of the resources of the centralized fund of the state and implemented by final, non-recompensable provision of budget funds to legal entities and natural persons for carrying out the activities provided for by the budget. The basis for budget financing is the approved budget and budget outlays, and the respective process is carried out under the procedure established by the Budget Code of Ukraine by the bodies of the State Treasury Service of Ukraine. This definition encompasses both the object of budget financing and its subjects, as well as the fact that all relations in this process are regulated by the Budget Code of Ukraine, although such relations are not money relations (as V. Demyanyshyn believes), but financial ones.

The provisions of the same research by V. Demyanyshyn argue in favor of such statement, specifying the features of budget financing:

- budget financing is one of the most important forms of financing budget expenditures;
- its content manifests in the non-recoverable provision of budget funds to legal entities and natural persons;
- such funds are provided to carry out the activities provided for by the budget;
- the list of these activities corresponds to the functions of the state;

¹⁵ Vasylyk O. D., Pavlyuk K. V. (2004) *Byudzhetsna systema Ukrayiny: pidruchnyk*, Tsentr osvith'oyi literatury, Kyiv, P. 137.

¹⁶ Zagorodniy A. G., Voznyuk G. L., Smovzhenko T. S. (1997) *Finansovy slovnyk*, Tsentr Yevropy, Lviv, P. 47.

¹⁷ Demyanyshyn V. (2007) *Byudzhetsne finansuvannya ta yoho osoblyvosti v suchasnykh umovakh*. *Svit finansiv*, 2 (11), P. 37.

– from the part of the state, budget financing is a form of the budget mechanism, and from the part of the economic entities – one of the forms of financial support.

In addition, an active discussion goes on among Ukrainian economic scientists about the forms of budget financing; however, we should acknowledge that no consensus is seen in the economic science on the understanding of their inner essence. Some authors (O. Vasylyk¹⁸ and V. Oparin¹⁹) distinguish such its forms – estimated financing; state financing of investments; provision of grants-in-aid; provision of subventions and subsidies or public funding; publicly funded loans; public transfers. Other authors name from two («net budget», «gross budget»²⁰) to eight²¹ forms of budget financing: estimated financing of budget programs – of the institutions, authorities, and organizations of the public sector; transfers to citizens; budget loans to legal entities; subventions and subsidies to legal entities and natural persons; budget investments to charter capitals of existing or newly created legal entities; budget loans to state extra-budgetary funds; inter-budgetary transfers (equalization subsidies, subventions, other grants); credits for foreign states. It can be seen from the stated above, that different scientists mostly duplicate the list of the forms of budget financing. The difference lays only in the level of the detailed elaboration with which different authors approach the definition of the forms of such financing.

Thus, the analysis of the scientific ideas of famous Ukrainian legal and economic scientists allows to make conclusions as to their theoretical definition. As the author of this research believes, financing is a complex of financial legal relations connected with distribution, provision, and use of resources from centralized and decentralized cash funds, whose aim is to perform functions affecting the state as a whole, functions of local self-government, and functions aimed at supporting financing of institutions (organizations, enterprises).

Budget financing is a complex of financial legal relations connected with distribution, provision, and use of resources from state and local budgets, whose aim is to perform functions affecting the state as a whole,

¹⁸Vasylyk O. D., Pavlyuk K. V. (2004) *Byudzhetna systema Ukrayiny: pidruchnyk*, Tsentr osvithn'oyi literatury, Kyiv, 139 p.

¹⁹Oparin V. M. (2001), *Finance (General theory)*, KNEU, Kyiv, 122 p.

²⁰Demyanyshyn V. (2007) *Byudzhetne finansuvannya ta yoho osoblyvosti v suchasnykh umovakh*. *Svit finansiy*, 2 (11), P. 55.

²¹Romanenko O. R. (2006) *Finansy: pidruchnyk*, Tsentr osvithn'oyi literatury, Kyiv, 172 p.

functions of local self-government, and functions aimed at supporting financing of institutions (organizations, enterprises). The main kinds of budget financing are estimated budget financing and budget crediting.

In Ukraine, the Ministry of Interior and authorized state bodies and bodies of the National Police belong to the budgetary institutions intended to satisfy the needs of the society; they take no part in the creation of the gross domestic product, therefore, there is the need in their financing from budget funds based on the estimated budgets of incomes and expenditures, which must also reflect the costs received from the authorized activities on the cost accounting basis, as public and local budget institutions (according to the current legislation of Ukraine) have the right to raise additional funds. The amount of expenditures of a budget institution provided for by its budget estimate is obligatory and cannot be amended by the institution. A budget estimate is the main document connected with the acquisition of incomes and effecting expenditures by budget institutions. It contains the following components:

- general fund, displaying the amounts of revenues from the general budget fund and the distribution of expenditures according to the full economic classification of expenditures for the budget institution to fulfill its main functions or the distribution of credit allocation from the budget according to the classification of budget crediting;

- special fund, containing the amount of revenues from the special budget fund for a specific goal and their distribution according to the full economic classification of expenditures for making respective expenditures in accordance with the legislation, as well as for the implementation of priority measures connected with the institution's fulfillment of its main functions, or the distribution of credit allocations from the budget according to the legislation.

Each budget institution under the management sphere of the Ministry of Interior of Ukraine draws up an estimated budget, which is also called an individual budget, and the main holder of the funds of a respective budget draws up a consolidated estimated budget of budget institutions according to the budget program. The consolidated estimated budget displays the indicators of individual estimated budgets under the budget program.

In the revenue of draft estimated budgets, planned commitment rates are indicated, which are envisaged to cover the institution's expenditures

from the general and special funds of respective draft budgets. The revenue of the general fund is formed based on the planned commitment rates allocated for sustaining this organization. When defining expenditure amounts, each institution's objective need in the funds is taken into consideration on the basis of its key performance indicators.

The requirement concerning the prioritization of the provision of budget funds for labor remuneration with accruals, as well as for the institution's maintenance, is mandatory. The indicators of expenditures included in the draft estimated budget have to be validated by respective calculations for each code of the economic classification.

Estimated budgets and allocation plans are implemented by ascending order from the beginning of the year. Reports on the implementation of estimated budgets and allocation plans are submitted according to the procedure and in the form prescribed by the State Treasury Service of Ukraine.

Therefore, financial and legal meaning of the estimated budget lies in establishing legal boundaries of financing (provision) and spending budget funds (directions, amounts, periods). An estimated budget also serves as a basis for creation, changes in, and termination of financial relations in relation to the use of the funds allocated from the budget. The duties of budget fund recipients include timely submission of relevant documents proving the right to receive budget resources; efficient use of budget funds in accordance with their intended purpose; timely submission of the report on the use of the financing.

In the process of financing, budget institutions, being budget fund recipients, enter into legal relations with the authorities (ministries, administrations etc.), to which they are accountable and which have the status of main budget holders, whose mandate includes distributing budget resources among budget fund recipients and overseeing the use thereof. The main budget holders are responsible for the intended and efficient use of the budget resources allocated to them in accordance with approved estimated budgets.

The procedure of drafting, consideration, approval and the requirements for the implementation of estimated budgets of budget institutions is regulated by the Resolution of the Cabinet of Ministers of Ukraine «On the Approval of the Procedure of Drafting, Consideration, Approval and Main Requirements for the Implementation of Estimated

Budgets of Budget Institutions» as of February 2002, No. 228 (as amended)²².

Thus, an estimated budget, as a by-law, regulates social relations connected with the use of budget funds, but does not establish or formulates them, but only acts as an instrument of personification of legal norms for individual relations, i.e., it only applies to the subjects specifically identified. An estimated budget becomes valid as an individual financial and planning document in the case when the established forms and structure of its filling in are adhered to, as well as in the case when the financial and economic calculation of differentiated money and norms are substantiated.

The expenditure part of the estimated budget of a budget institution is drawn up in accordance with the economic classification of expenditures and includes current and capital expenditures. The main items of current expenditures of the budget are compensation for the budget institution employees; indirect labor charges (social costs); purchase of supplies and expendable materials; business travel expenses; transportation costs; communication costs; payment for utility services etc. The items of capital expenditures of the estimated budget comprise the purchase of equipment and durables; construction of permanent facilities; major structural repairs.

The grounds for expenditures by budget holders are payment orders prepared by account holders and the documents confirming the intended purpose of the respective funds (invoices, consignment bills, waybills, statement of completion of works etc.).

In 1995, a treasury system of budget implementation was introduced in Ukraine, based on the idea of introducing a treasury account when the expenditure part of the budget is executed through transferring funds from the treasury account of the State Treasury Service of Ukraine to the accounts of budget holders opened in its local bodies. Before 1995, funds had been transferred from the accounts of respective budgets to the accounts of budget holders, and earlier – before July 1993 – financing was provided by the method of opening credits (from the state budget) and by the method of transferring funds from the accounts of respective budgets to the accounts of budget holders (from local budgets). The treasury form of budget execution provides for the performance of operations with the funds

²² Postanova Kabinetu Ministriv Ukrainy (2002 r.) Pro zatverdzhennya Poryadku pidhotovky, rozhlyadu, zatverdzhennya ta osnovnykh vymoh do vykonannya koshtorysiv byudzhetykh ustanov, available at: <https://zakon.rada.gov.ua/laws/show/228-2002-%D0%BF>.

of the state budget by the bodies of the State Treasury Service of Ukraine; provision of cash management and payment services to budget fund holders; oversight of budget authorities (upon accrual of revenues, incurrence of liabilities, effecting payments); maintenance of accounting records and drawing up reports on the execution of the state budget²³.

To date, the sources of financing state and local expenditures include not only the funds of the state and local budgets executed on the basis of a law or special decisions of local authorities, but also the funds of state (local) extra-budgetary funds and sectors of economy – equity capitals of institutions, organizations and enterprises. Thus, the Order of the Ministry of Interior of Ukraine of 15.01.2018 No. 20 (registered at the Ministry of Justice of Ukraine on January 22, 2018, No. 85/31537)²⁴ approves the Procedure of accumulating, re-distribution and use of the resources of the special fund from personal revenues of budget institutions belonging to the management sphere of the Ministry of Interior of Ukraine and central executive bodies whose activities are managed and coordinated by the Minister of Interior of Ukraine.

Thus, establishing the nature of the category of financing with due consideration of the domain of our research lead to the conclusion that it is the main way to fulfill expenditures on condition of non-recoverability and non-recompensability.

10.2. «Budget expenditures» as a financial and legal category

Some scientific sources provide the following definition of the notion «public expenditures»: these are the social relations regulated by the norms of law, connected with the orderly use of the state monetary resources to provide material support to the process of extended reproduction, maintenance of the social sphere, defense capacity and state administration²⁵.

They describe the process of using or spending the financial resources and indicate that expenditures are direct spendings of the state for its functioning, which is realized on the basis of the norms of law (a law or

²³ 29. Voronova L. K. (2009) Financial Law, Yurydychna yednist, Kyiv. P. 183.

²⁴ Nakaz MVS Ukrainy (2018) Pro zatverdzhennya porjadku nakopychennya, pererozpodilu ta vykorystannya koshtiv spetsial'noho fondu z vlasnykh dokhodiv byudzhethnykh ustanov, shcho nalezhat' do sfery upravlinnya MVS Ukrainy ta tsentral'nykh orhaniv vykonavchoyi vlady, diyal'nist' yakykh spryamovuye i koordynuye Ministr vnutrishnikh sprav Ukrainy, available at: <https://xn--80aagahqwyibe8an.com/mvs-ukrajini-nakazi/nakaz-mvs-ukrajini-vid-15012018-pro-343635.html>.

²⁵ Alisov E. A. (2000) Finansove pravo Ukrainy, Espada, Harkiv, 288 p.

decision for the respective budget year) in accordance with the budget classification, whose main purpose is to ensure the appropriate drafting and execution of budgets of all levels, as well as the comparability of their indicators. Such classification provides for the division of expenditures on the basis of the functional, institutional and economic features; it establishes, in particular, the general amount of expenditures, the subjects of financing, the amount of financing of separate measures.

Besides, scientific literature rightfully views expenditures as a process of allocation and use of financial resources of budgets of various levels and extra-budgetary funds. This means that expenditures financed on the territory of the state are covered by the net income of the society from diverse cash funds, – both budgetary and non-budgetary.

It has been traditionally believed that the notion «state expenditures» is wider than the notion «state budget expenditures». Although state budget expenditures are a constituent part of the state expenditures, they remain just a part of general public expenditures of the state, which, besides budget expenditures, include extra-budgetary expenditures. The system of budget expenditures depends on the political and socio-economic situation in the state.

As Professor L. Voronova rightly stressed, expenditures of the state and local budgets are an objective economic category. They have a dual character: on the one hand, they are the state spendings, on the other hand, they are the revenues of the state institutions, organizations, and enterprises which constitute cash funds necessary for functioning. The scientists has defined the expenditures of the state and local budgets as direct planned expenses of the state and local authorities based on financial and legal norms and connected with their functioning, which are covered at the expense of allocation of financing and independent of their directions are realized on the basis established by the state²⁶.

In the author's opinion, studying the financial and legal form of the notion «expenditures», it is not entirely possible to agree that they are the state's spendings. I am more prone to believe that in the material sense, it is more practical to view expenditures as allocations, and in the legal sense – at social relations regulated by the norms of law, connected with the realization of such allocations.

²⁶ Voronova L.K. (2008) *Finansove pravo Ukrainy: Pidruchnyk*, NORMA, Moscow, P. 34.

As for the notion «expenditures» in the Central European countries, Polish scientific literature²⁷ defines the notion of «public expenditures» as a financial reflection of public goals (provided for by the legislation or guaranteed by the Constitution of the Polish Republic) implemented by the governmental and local authorities. Both in Ukraine and in Poland, they are classified depending on the functions of the state (for defense, internal security, sustaining the authorities and courts); into state and local; into ordinary (provide for the financing of current activities) and extraordinary (provide for the financing of special missions: investment projects, reimbursement of public sector debt, purchase of real estate etc.). According to the economic classification, expenditures in Poland are divided into current and investment ones, as well as into external transfers (social transfers, grants etc.) and internal transfers (provide only for the change of fund holders of public funds at a constant amount of public resources, – grants from the state budget to local authorities and special-purpose funds). In Poland, expenditures are also divided into non-recoverable (most of them belong to this category) and recoverable (guarantees, loans, and credits provided by the state).

In Czech scientific literature²⁸, the notion of state expenditures is defined as the flow of funds of the state budget allocated for the implementation of the system of the state fiscal functions under the principle of non-recoverability and non-recompensability. In the Czech Republic, state expenditures are aimed to finance the government, defense, security, judicial system etc. Expansion of the State's activities gave rise to the expenditures for social, educational, cultural, environmental and other goals. The government of this country can also implement separate projects with the aim of developing certain enterprises, sectors or kinds of economic activities.

In the same country, so-called «social spending programs» are common, which have certain goals and foresee an implementation procedure and schedule, and are even composed of separate projects. They are directed at the development of separate regions or support of specific projects (such as the development of new technologies, communications etc.). These programs and projects are also financed at the costs from the state budget, but received within the framework of budgets of international

²⁷ Praca zbiorowa pod redakcją naukową JANUSZA OSTASZEWSKIEGO FINANSE (2008) Centrum Doradztwa i Informacji sp. z. o. o., Warszawa.

²⁸ Hamernikova B., Maaytova A. (2007) Verejne finance. ASPI, Praha, 364 p.

structures. In contrast to state expenditures financed during one year, social spending programs can be short-, medium-, and long-term²⁹.

In the context of social spendings in the Czech Republic, state expenditures and transfers are separated. The first ones are divided into the expenditures of the state budget and local budgets, as well as the expenditures of the state enterprises. Like in Ukraine and Poland, a functional and economic classification of state expenditures exists in the Czech Republic³⁰.

In Germany, the main link of the budget system is the budget, whose structure, like the budget process, corresponds to the federal nature of the state structure. Revenues and expenditures of three levels of administrative governance are included in the state budget – or the federal level (central budget), land level (regional budgets) and community level (local budgets). The consolidated state budget is received by summing up the revenues and expenditures of all three levels, net of inter-budgetary transfers (subsidies, grants). Like in Ukraine, a functional and sector classification of expenditures and their division into current and capital ones exist in Germany.

Considering the information outlined above, and to provide a single approach to defining the notion under consideration, and as a conclusion of the conducted research, the following definitions will be relevant:

– expenditures are social relations connected with the allocation (transfer) of financial resources from budgets of various levels, extra-budgetary funds, revenues of legal entities and natural persons, owned by them or possessed by them;

– public expenditures – social relations regulated by the norms of law, which concern the fulfilling by the state, local self-government bodies, state non-budgetary funds and other organizational institutions of allocations from centralized and decentralized cash funds with the aim of realizing the state public interests;

– state (local) expenditures – social relations regulated by the norms of law, which concern the fulfilling by the state or local authorities of allocations from mobilized centralized cash funds to ensure the implementation of the aims and functions of the state and local authorities,

²⁹ Hamernikova B., Maaytova A. (2007) Verejne finance. ASPI, Praha, P. 63.

³⁰ Praca zbiorowa pod redakcja naukowa JANUSZA OSTASZEWSKIEGO FINANSE (2008) Centrum Doradztwa i Informacji sp. z o. o., Warszawa, P. 62.

which are effected under the principles of non-recoverability and non-recompensability.

In accordance with the norms of the Budget Code of Ukraine of June 8, 2010, No. 2456-VI³¹, budget expenditures are the funds directed at implementing programs and measures provided for by a respective budget. Budget expenditures do not include: reimbursement of debt; granting of credits from the budget; placement of budget funds on deposits, buying securities; reimbursement of the amounts of taxes and fees (obligatory payments) and other fiscal revenues paid to the budget in excess, their compensation from the budget. Budget spendings, but its norms, are budget expenditures, granting of credits from the budget, reimbursement of debt and placement of budget funds on deposits, buying securities.

As per Article 10 of the same Code, expenditures and budget crediting are classified by:

1) the budget programs (program classification of expenditures and budget crediting);

2) the feature of the main holder of budget funds (classification of expenditures by institutions and budget crediting);

3) the functions, with the fulfillment of which expenditures and budget crediting are connected (functional classification of expenditures and budget crediting).

The program classification of expenditures and budget crediting is employed when management by objectives is used in the budgeting process, and is formed by the Ministry of Finance of Ukraine (local financial body) based on the proposals submitted in budget requests by main budget holders (in the case under consideration – by the Ministry of Interior of Ukraine) when drafting the Law on the State Budget of Ukraine (decision on the local budget).

Program classification on expenditures and local budget crediting is formed with due consideration of the model program classification of expenditures and local budget crediting approved by the Ministry of Finance of Ukraine.

The classification of expenditures by institutions and budget crediting contains the list of main budget fund holders to systematize expenditures and budget crediting according to the main budget fund holder.

³¹Verkhovna Rada of Ukraine (2010) Byudzhetnyy kodeks Ukrainy, available at: <https://zakon.rada.gov.ua/laws/show/2456-17>.

Based on the classification of expenditures by institutions and budget crediting, the State Treasury Service of Ukraine composes and maintains the single register of budget fund holders and budget fund recipients.

The main budget holders define the network of lower-level budget holders and recipients of budget funds with the consideration of the requirements for forming the single registry of budget holders and budget fund recipients and the data of such registry.

Like in Ukraine, in most of the Central European countries, the classification of budget expenditures is based on the principle of their division into current and capital expenditures.

The textbook «Financial Law» under the general editorship by professor L. Voronova³² also classifies expenditures by the character of their participation in social production (fixed assets, circulating assets, reserves) and their role in social production (for the development of material production, for non-material sphere).

Expenditures are made through registration and special registration accounts of budget holders, opened for each budget year for receiving funds from the budget, accounting for budget funds and overseeing their use in the bodies of the State Treasury Services of Ukraine.

Considering that the methodology of researching any scientific problem foresees conducting a detailed analysis of basic categories and notions, as well as that in the financial law science, the provision on the crucial significance of the use of the category «budget expenditures» alongside with the category «public expenditures» has already been justified, we will introduce our own notion of «budget expenditures» as planned funds (funds from the state and local budgets) allocated in accordance with the current legislation for the implementation of specific measures or programs connected with ensuring the fulfillment of goals and functions of the state and local authorities – guarantees of constitutional order of the state, independent courts, defense capacity and local self-government, development of socio-cultural sphere etc.

The conducted research demonstrated that the main task of the legal regulation of the relations in the sphere of expenditures is to mediate the rational and orderly process of application of resources of cash funds, as it is through the legal norms that we can ensure the mode of planned, economical and efficient spending of financial resources.

³² Voronova L. K. (2009) Financial Law, Yurydychna yednist, Kyiv. P. 125.

10.3. Legal regulation of management by objectives in the budgeting process

The version of the Budget Code of Ukraine of July 8, 2010 No. 2456-VI defines management by objectives in the budgeting process as its main method. The norm of Article 20 of the Code foresees drafting and implementing the budget with a breakdown into budget programs. The implementation of the management of the budget by objectives is a significant change in the budget ideology. Forming the budget by management of objectives provides for factoring in the available resources used to reach certain results in the public sector, i.e., it provides for identifying the results which need to be reached in the public sector, with subsequent identification of what resources need to be used to reach these results.

In the analytical plan, management by objectives introduces the important elements of analysis of comparison of expenditures and obtained results into the budgeting process. This analysis is a tool of program evaluation ensuring the approval and implementation in the budget sphere of those programs whose implementation results will exceed the expenditures therefore.

Management by objectives in the budgeting process forms a reporting and evaluation system, provides a higher level of transparency of decision-making in the public sector: preference is given not to the need in funds to support budgetary institutions, but to the results to be received as a result of their use.

Among the advantages of management by objectives, we highlight the transparency of the budgeting process (clear definition of the goals and tasks for the fulfillment of which budget funds are spent), increasing the level of control over the implementation of budget programs; evaluation of the activities of the budget process actors against the goals set and the analysis of the causes of inefficient implementation of budget programs; harmonization of the organization of activities and strengthening the responsibility of the main budget holder in terms of forming and implementing budget programs; increasing the quality of budget policy development and efficiency of budget funds distribution and use.

When using management of budget expenditure financing by objectives, an important stage is forming budget programs, which includes development, analysis, and selection of programs necessary to be

implemented by main budget holders to reach the goals defined at the state of strategic planning in program and forecasting documents. At this stage, main budget holders together with branch administrations of the Ministry of Finance of Ukraine develop programs which they have to implement according to the government's program and forecasting documents, set clear goals and specific tasks and timelines for their implementations (programs may be one-year or long-term ones).

The main budget holders, on the basis of their short – and mid-term activity plans, distribute human, material and other resources necessary for the implementation of a certain budget program, conduct its cost estimate, bring it in line with the budget resources. As a result, a budget request is submitted to the Ministry of Finance of Ukraine for a respective program to be included in the budget. At the same time, the amount of expenditures for a respective budget program is defined on the basis of the results of the main budget holder's work in the previous and current years, evaluation of its short– and mid-term activity plan for its correspondence to the government's program and forecasting documents, expected results of the program implementation for the planned and following years, boundary amounts of expenditures of the main holders validated by the Ministry of Finance of Ukraine.

The name of the budget program reflects its essence. The name of each code of program classification is the same, and a budget program code consists of seven digits, of which: the first, second and third define the main budget holder (a respective code of the classification of budget expenditures by institutions); the fourth defines the responsible executing agency for the implementation of budget programs of the main budget fund holder (if the responsible executing agency is a structural division of the central office of the main budget fund holder, digit 1 is used; for all other responsible executing agencies, digits from 2 to 9 are used); the fifth and sixth digits define the budget program, the implementation of which is provided by one responsible executing agency. If the program is connected with sustaining the administration of the state power bodies, digits 01 are used; for all other budget programs – from 02 on, depending on the number of the budget program of one responsible executing agency; the seventh digit defines the direction of activities in the specific budget program (digits from 1 to 9).

Linkage of the code of a specific budget program to the respective code of the functional classification of budget expenditures is used to draw

up a consolidated budget, carry out macro-economic analysis, form the state policy in the sphere of economy, enable international comparisons of expenditures by their functions. Making expenditures on the basis of international programs requires the appointment of their specific responsible executing agencies.

A responsible executing agency of a budget program is a legal entity appointed by the main budget holder with a written approval with the Ministry of Finance of Ukraine at the state of drafting the State Budget for the upcoming year, which has a separate account and an accounting balance-sheet. The responsible executing agency of the budget program ensures the execution and bears responsibility for the execution of one or several budget programs.

The use of performance indicators allows to clearly demonstrate the efficiency of the budget fund spending, correlation of the achieved results and spendings, duration of the budget program implementation, its necessity and conformance with the defined goal and allows to compare the results of budget programs implementation over time and between the main budget holders, and specify the most effective budget programs when allocating budget resources.

Performance indicators of budget program implementations are divided into the following groups: spending indicators describe the amounts and structure of the resources ensuring the budget program implementation; product indicators are used to evaluate the achievement of the set goals; efficiency indicators are defined as the ratio of the number of manufactured products (executed works, provided services) to their monetary or human value (spending of resources for one unit of a product indicator); quality indicators reflect the quality of the manufactured products (executed works, provided services).

Another important stage of budget programs forming is drawing up a passport of a budget program. From the scientific point of view, a passport of a budget program can be defined as a list of systematized measures aimed at reaching a common goal and tasks, the implementation of which is proposed and fulfilled by budget holders in accordance to the functions entrusted to them, used in forming the budget through management by objectives. The passport of a budget program contains: 1) the name of the main holder, the responsible executing agency of the budget program; 2) the amount of the budget allocation, including from the general and special funds; 3) legal grounds for executing the budget program and its aim; 4) the directions of activities under the budget program;

5) expenditures and their distribution over the territories; 6) the list of the state special-purpose programs implemented within a budget program; 7) performance indicators characterizing the implementation of the budget program: spendings, product, efficiency.

The procedure of development of a passport of a budget program is regulated by the Order of the Ministry of Finance of Ukraine «About Passports of Budget Programs» of December 29, 2002 (as amended), registered by the Ministry of Justice of Ukraine on January 21, 2003, №. 47/7368³³.

10.4. The state of financing the bodies of the Ministry of Interior of Ukraine

According to the laws of Ukraine on the State Budget, financing of the following main budget programs is provided for annually for the Ministry of Interior of Ukraine:

Administration and management of the activities of the Ministry of Interior of Ukraine;

Implementation of the state policy in the sphere of internal affairs, ensuring the performance of tasks and functions of the bodies, institutions and agencies of the Ministry of Interior of Ukraine;

Training of the staff by higher education institutions with specific learning environment;

Medical support of the staff of the Ministry of Interior of Ukraine, policemen and policewomen and the staff of the National Police of Ukraine;

Scientific and informational and analytic support of the measures to fight organized crime and corruption;

State support of the fitness and sports society «Dynamo» of Ukraine and the organization and performing of the works to develop fitness and sports among the staff and servicemen and servicewomen of law enforcement bodies;

Expenditures for the Ministry of Interior of Ukraine for the implementation of measures to increase the state's defense capacity and security;

Administration and management in the sphere of security of the national border of Ukraine;

³³ Ministry of Finance of Ukraine (2002) Pro pasporty byudzhetnykh proham, available at: <https://zakon.rada.gov.ua/laws/show/z0047-03>.

Logistic support of the State Border Guard Service of Ukraine and maintenance of its staff;

Provision of training for the staff and in-service education by the National Academy of the State Body Guard Service of Ukraine;

Construction (purchasing) of housing for servicemen and servicewomen of the State Border Guard Service of Ukraine;

Intelligence activities in the sphere of the state border security;

Measures to provide technical infrastructure development of the border;

Expenditures for the Administration of the State Border Guard Service of Ukraine for the implementation of measures to increase the state's defense capacity and security;

Implementation of the project to modernize automated systems of border control;

Administration and management of the National Guard of Ukraine;

Supporting operations and functions of the National Guard of Ukraine;

Provision of training of the staff for the National Guard of Ukraine by higher education institutions;

In-patient treatment of servicemen and servicewomen of the National Guard of Ukraine in the ministerial medical facilities;

Construction (purchasing) of housing for servicemen and servicewomen of the National Guard of Ukraine;

Expenditures for the National Guard of Ukraine for the implementation of measures to increase the state's defense capacity and security;

Administration and management in the sphere of migration, citizenship and registration of natural persons;

Supporting operations and functions in the sphere of citizenship, immigration and registration of natural persons;

Contributions to the International Organization for Migration. The amounts of MIU financing from the State Budget of Ukraine during 2016-2019, calculated using management of budget expenditure planning by objectives, are given in the table (Table 1).

Table 1

Amounts of financing of expenditures of the MIU and Ministry of Defense of Ukraine for 2016-2019 from the State Budget of Ukraine
billion UAH

Indicators /years	Total expenditures of SB	MIU	share in the total amount of expenditures, %	National Guard	National Police	Ministry of Interior	share in the total amount of expenditures, %
2016 ³⁴	647.2	40.2	6.21	8.6	15.7	54.9	8.48
2017 ³⁵	768.0	48.2	6.28	8.9	19.7	62.5	8.14
2018 ³⁶	906.0	60.1	6.63	9.9	24.3	82.2	9.07
2019 ³⁷	1005.8	72.4	7.2	11.6	29.5	101.1	10.06

Among the main expenditure items under the program classification (which is calculated as a part in the total sum of expenditures for MIU in 2019), it is necessary to specify the following: The implementation of the state policy in the sphere of internal affairs, supporting the operations of the bodies, institutions and agencies of the Ministry of Interior of Ukraine (5.6 %), logistic support of the State Border Guard Service of Ukraine and maintenance of its staff (12.8 %), Supporting operations and functions of the National Guard of Ukraine (14.2 %), Supporting the operations of the civil defense forces (14.8 %), Supporting the operations of the divisions, institutions and agencies of the National Police of Ukraine (39.6 %).

From the table data, it can be seen that the share of the expenditures for the MIU in the total sum of expenditures of the State Budget of Ukraine has always grown and in 2016-2018 exceeded 6 % – it is only 2 % less the amount of expenditures for financing the Ministry of Defense of Ukraine, which, considering the Joint Forces Operation sustained in the East of Ukraine is not entirely logical.

At the same time, one of the functions of the MIU and those executive bodies whose activities are coordinated through the Minister of Interior of Ukraine is ensuring national security and defense. The amount of such

³⁴ Verkhovna Rada of Ukraine (2016). Pro Derzhavnyy byudzhnet Ukrayiny, available at: <https://zakon.rada.gov.ua/laws/show/928-19>.

³⁵ Verkhovna Rada of Ukraine (2017) Pro Derzhavnyy byudzhnet Ukrayiny, available at: <https://zakon.rada.gov.ua/laws/show/1801-19>.

³⁶ Verkhovna Rada of Ukraine (2018) Pro Derzhavnyy byudzhnet Ukrayiny, available at: <https://zakon.rada.gov.ua/laws/show/2246-19>.

³⁷ Verkhovna Rada of Ukraine (2019) Pro Derzhavnyy byudzhnet Ukrayiny, available at: <https://zakon.rada.gov.ua/laws/show/2629-19>.

expenditures planned for 2019 is nearly 205 billion UAH distributed between 14 budget holders: the Ministry of Defense of Ukraine 49.6 %, the National Police of Ukraine 14.4 %, the State Emergency Service of Ukraine 6.6 %, the National Guard of Ukraine 6.1 %, the Office of the Ministry of Interior of Ukraine 5.7 %, the Administration of the State Border Guard Service of Ukraine 5.3 %, the Security Service of Ukraine 4.6 %, other seven budget holders – 7.7 %³⁸. At the same time, both for the National Police and the National Guard, expenditures for the implementation of measures to increase the state's defense capacity and security per se are foreseen from the Special Fund of the State Budget of Ukraine, which in a country at war, again, seems illogical.

Thus, the largest proportion of the financial resources allocated to the MIU from the State Budget is provided to the National Police (around 40 %), which constitutes 30 % of the total defense budget of Ukraine. At the same time, the situation in Ukraine is characterized by an upsurge of crime, loss of citizen's trust to the law enforcement system, a low level of public order. To date, the crime situation in the country remains complicated: cases of robbery, unlawful appropriation of vehicles, armed assaults on housing and shopping facilities have become more common. This situation can be put down to – exacerbation of the economic situation in the country, lowering of the living standards, the conflict in Donbas, a significant and uncontrolled circulation of illegal arms.

In the rating compiled by the specialists of the World Economic Forum, Ukraine got to the list of the countries with the highest level of organized crime in the world. It ranked 113 in the list of 137 countries. According to the rating, in the group of countries with the highest level of organized crime, Ukraine neighbors countries from South and Latin America and Africa. The rating is topped by El Salvador, Honduras, and Venezuela³⁹.

Based on the results of the Accounting Chamber of Ukraine, the efficiency of the National Police's operation (in spite of the constantly growing amount of budget expenditures) are significantly influenced by such factors as the lack of financial resources, staff turnover, especially in patrol police divisions, low levels of provision with protective gear,

³⁸ Rakhunkova palata Ukrainy (2018 r.) Vysnovky shchodo proektu Zakonu Ukrainy "Pro Derzhavnyy byudzheth Ukrainy na 2019 rik", available at: http://www.ac-rada.gov.ua/doccatalog/document/16757581/Vysn_proekt_DBU_2019.pdf?subportal=main.

³⁹ Riven' zlochynnosti v Ukraini ye odnym z nayvyshcheykh u svitovomu reytnhu, available at: https://24tv.ua/riven_zlochynnosti_v_ukrayini_je_odnim_iz_nayvishchih_u_sviti_reyting_n894441

computer equipment, inappropriate state of the vehicles etc. Since the moment of creation of the patrol police in Ukraine and acceptance into service of 13 thousand policemen and policewomen, during 2016-2017, 1944 policemen and policewomen, i.e., every seventh⁴⁰, resigned from their position for various reasons, which leads to lower efficiency of performing the tasks in the spheres of providing protection to human rights and freedoms, combating crime, supporting public order and security.

The vagueness of the general structure and headcount of the National Police, charging it with such functions foreign to it as maintenance of pre-school and children's recreational institutions, creation, in parallel with the MIU, of training centers for police forces, lead to dissipation of budget funds⁴¹.

The consequence of misjudgments in defining the need in the funds to pay for public utilities and energy, inappropriate validation of limits and the lack of proper control over their observation was that based on the results of 2016-2017, the balance of appropriations of the general fund of the state budget was created, which were provided for energy supplies and public utilities, in the amount of 9.7 million UAH, which were not used and at the end of the year were returned to the state budget. In total, within two years, 14.7 million UAH of general fund assignments were not disbursed and returned to the state budget (12.8 million UAH in 2016, 1.9 million UAH in 2017). Unsubstantiated managerial decisions approved by decision-makers of various levels led to inefficient use of budget funds, sometimes with the breach of the current legislation⁴², e.g., in 2016-2017, 71.1 million UAH were spent in non-compliance of the current legislation, 9.2 million UAH were spend inefficiently, and budget legislation was breached when planning expenditures for 500 thousand UAH⁴³.

⁴⁰ Rakhunkova palata Ukrayiny (2018) Zvit pro rezul'taty audytu efektyvnosti vykorystannya byudzhetnykh koshtiv, vydilenykh na pidtrymku diyal'nosti pidrozdiliv, ustanov ta zakladiv Natsional'noyi politsiyi Ukrayiny, available at: http://www.ac-rada.gov.ua/doccatalog/document/16756240/zvit_10-2_2018.pdf?subportal=main, P. 16.

⁴¹ Rakhunkova palata Ukrayiny (2018) Zvit pro rezul'taty audytu efektyvnosti vykorystannya byudzhetnykh koshtiv, vydilenykh na pidtrymku diyal'nosti pidrozdiliv, ustanov ta zakladiv Natsional'noyi politsiyi Ukrayiny, available at: http://www.ac-rada.gov.ua/doccatalog/document/16756240/zvit_10-2_2018.pdf?subportal=main, P. 19.

⁴² Rakhunkova palata Ukrayiny (2018) Zvit pro rezul'taty audytu efektyvnosti vykorystannya byudzhetnykh koshtiv, vydilenykh na pidtrymku diyal'nosti pidrozdiliv, ustanov ta zakladiv Natsional'noyi politsiyi Ukrayiny, available at: http://www.ac-rada.gov.ua/doccatalog/document/16756240/zvit_10-2_2018.pdf?subportal=main, P. 24.

⁴³ Rakhunkova palata Ukrayiny (2018) Zvit pro rezul'taty audytu efektyvnosti vykorystannya byudzhetnykh koshtiv, vydilenykh na pidtrymku diyal'nosti pidrozdiliv, ustanov ta zakladiv Natsional'noyi politsiyi Ukrayiny, available at: http://www.ac-rada.gov.ua/doccatalog/document/16756240/zvit_10-2_2018.pdf?subportal=main, P. 35.

CONCLUSIONS

1. The Ministry of Interior of Ukraine is a powerful law enforcement agency, coordinating numerous subdivisions, which are important for state security and defense. Its activities are financed from the State Budget of Ukraine according to the method of management by objectives. The use of budget funds allocated for the MIU during the previous four years, on the whole, corresponded to the main goal of its reforming, namely creation of a European-type authority.

2. Management of budget expenditure planning by objectives is an efficient tool of economizing budget funds; however, as evidenced by practice, and the data cited in the article, the amounts of the resources allocated for covering the expenditures depend neither on the GDP level, nor on the level of the development of the state economy, nor on the expenditure priority (e.g.: poverty reduction, financing of education or healthcare spheres), or other economic education, but only on the political will.

3. In spite of sufficient amounts of financing, in particular, of the National Police of Ukraine, managerial miscalculation led to substantial negative consequences. In particular, based on the results of the audit conducted by the Accounting Chamber of Ukraine, cases of mismatch between the actual performance indicators and the management reporting data were identified, which did not minimize the risks of occurrence of breaches and abuses in case of planning and using budget funds through the management of budget expenditure planning by objectives.

4. In practice, the current policy of budget financing of the MIU comes down to on-the-spot resolution of outstanding issues connected with its reforming and does not reflect the strategy of its further activities.

5. To upgrade the contents of passports of budget programs and reports on the completion thereof, we propose to ensure the reliability and accuracy of calculations of separate performance indicators (foreseen by items 6-7 of the General Requirements for defining performance indicators of budget programs approved by the Order of the Ministry of Finance of Ukraine of 10.12.2010 No. 1536, registered in the Ministry of Justice of Ukraine on 27.12.2010 with No. 1353/18648 (in the version of the Order of 15.06.2015 No. 553))⁴⁴. In particular, such indicators must be defined not on the level of report indicators of the previous year, as is commonly

⁴⁴ Ministry of Finance of Ukraine (2010) Zahal'ni vymohy do vyznachennya pokaznykiv efektyvnosti byudzhetykh prohram, available at: <https://zakon.rada.gov.ua/laws/show/z1353-10>.

practiced currently, but on the basis of confirmed absolute calculation of expected results of the work.

SUMMARY

The article discloses theoretical foundations of such notions of financial and legal science as «financing», «budget expenditures», management by objectives in the budgeting process and their legal regulation in the legislative and regulatory legal acts of Ukraine. On the basis of the data of Annex 3 to the Law of Ukraine «On the State Budget» for 2016–2019, the amounts of funding of the Ministry of Interior of Ukraine and the bodies whose activities are coordinated by the Cabinet of Ministers of Ukraine through the Minister of Interior of Ukraine, have been analyzed. The results of such analysis helped to highlight the problems existing in this sphere, in particular, concerning situational solving of the problems connected with reforming thereof, and not with the strategy of its further operations, and defining the main directions of overcoming them in perspective, in the first place, through providing reliable and accurate calculation of performance indicators, which have to be defined not on the level of the report indicators of the previous year, but on the basis of proven absolute calculations of expected performance indicators.

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