

# ***Research on Implementation Status and Optimization Strategy of Budget Management Integration in Xi'an University***

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**Abstract:** This paper focuses on the budget performance management of provincial colleges and universities in Xi'an. With the expansion of institutions and higher social expectations, budget performance management has become crucial yet faces multiple challenges. In target management, goal-setting is non-standard; operation monitoring has communication issues and focuses narrowly on financials; evaluation lacks external participation and uses imperfect methods; results application lacks feedback and incentive mechanisms. By contrast, countries like the US, UK, Germany, and Australia offer rich international experience. To address local problems, it proposes solutions: gradually expand management scope and level following an easy-to-difficult path; actively deepen the management system reform, covering budget system, control approach, and accounting system; and continuously consolidate the work foundation via standardizing institutions, clarifying relationships, strengthening personnel training, and improving management. Through these efforts, it aims to achieve scientific and standardized budget performance management, optimize resource allocation, and promote high-quality development of Xi'an's provincial colleges and universities.

## **1. Introduction**

In recent years, with the continuous development of higher education in Xi'an, provincial colleges and universities have been facing increasing challenges in financial management. As an important part of financial management, budget performance management has drawn extensive attention. On one hand, the scale of these colleges and universities has expanded, involving more diverse sources of funds and complex expenditure items, which requires a more scientific and efficient budget management mechanism. On the other hand, society has higher expectations for the quality of education and the utilization efficiency of educational resources in colleges and universities. In this context, the integration of budget performance management has become a key

issue. However, currently, there are numerous problems in the actual operation process. In the aspect of budget performance target management, the setting of goals is not standardized enough, lacking in-depth consideration and systematic demonstration. Operation monitoring is hampered by poor information communication and a narrow focus on financial indicators. Evaluation mainly relies on self-evaluation within the campus, lacking the participation of external stakeholders and using imperfect methods. Results application fails to form an effective feedback loop and lacks incentive and constraint mechanisms. In contrast, some foreign countries, such as the United States, the United Kingdom, Germany, and Australia, have accumulated rich practical experience in university budget performance management. Their advanced management concepts and models provide valuable references for improving the budget performance management level of provincial colleges and universities in Xi'an. Therefore, it is necessary to conduct in-depth research on this issue to seek solutions and promote the high-quality development of these institutions.

## **2. A temporal analysis of the integration of budget performance management in provincial colleges and universities in Xi 'an**

### **2.1. Current situation of budget performance target management**

When setting budget performance targets, some provincial universities in Xi 'an can combine the strategic planning, teaching and research tasks and long-term development goals of the school, and refine the budget into specific projects and activities, such as talent introduction projects, key discipline construction projects, etc., to clarify the output quantity, quality and expected benefit indicators of each project. However, there are still some universities have the problem of general goals, only a simple list of the total income and expenditure, the number of projects and other basic indicators, lack of deep consideration of the project implementation effect, it is difficult to accurately measure the goal expected to achieve budget capital investment. In addition, most of the provincial colleges and universities in Xi 'an area in the process of budgeting performance targets, although there are various departments involved, but lack of systematic demonstration link. For the performance objectives of some large-scale infrastructure projects and research platform construction projects, factors such as the matching degree of existing resources of the university, market demand and technical feasibility have not been fully taken into account. As a result, some objectives are difficult to achieve due to various objective conditions in the subsequent implementation process, resulting in deviations between the investment of budget funds and the actual demand.

### **2.2. Operation monitoring status**

Some provincial colleges and universities in Xi 'an have established a budget performance operation monitoring mechanism, and defined a monitoring structure led by the financial department and coordinated by various business departments. However, in the actual implementation, the information communication between various departments is not smooth, the business department fails to timely feedback the problems in the project implementation to the financial department, and the financial department is difficult to timely understand the details of the use of funds in the front line of the business, resulting in more than a formality of monitoring, unable to timely find and correct the slow progress of the project implementation, funds misappropriation and other problems. In addition, most of the current operational monitoring indicators focus on financial indicators such as fund expenditure progress and budget implementation rate, and pay insufficient attention to non-financial indicators such as project output progress and the achievement of phased results. Taking scientific research projects as an example,

only focusing on the allocation and use of funds, while ignoring the monitoring of key output indicators such as the number of scientific research papers published and the progress of patent applications, it is difficult to fully reflect the real status of project operation, and cannot provide accurate basis for project adjustment.

### **2.3. Evaluation status**

At present, the budget performance evaluation of some colleges and universities in Xi 'an area mainly relies on self-evaluation, and the evaluation team is mostly composed of financial personnel and a small number of business backbone. Such a single evaluation subject on campus lacks the participation of external stakeholders such as parents, employers, industry experts, etc., which tends to lead to limited evaluation perspectives, over-focusing on compliance of internal management processes, ignoring the consideration of external benefits such as social talent training and serving local economic development from budget investment, and insufficient objectivity of evaluation results. In addition, in the process of evaluation, most colleges and universities adopt the traditional methods of qualitative evaluation as the main and quantitative evaluation as the supplement. The qualitative evaluation is greatly affected by subjective factors, and it is difficult to accurately measure the performance level of some complex teaching and research projects. The selection of quantitative evaluation indicators is not accurate enough, and it is difficult to collect data. For example, in the aspect of measuring the improvement of students' comprehensive quality, there is no systematic quantitative tracking mechanism, which makes it difficult for the evaluation results to truly reflect the level of budget performance.

### **2.4. Results Application status**

After some colleges and universities completed the budget performance evaluation, the evaluation results were not timely and effectively fed back to the responsible departments. Even if there is feedback, the responsible department does not pay enough attention to the results, the formulation of rectification measures is not specific, the implementation is not in place, and the effective closed-loop management is not formed. For example, for the problems of idle equipment and low utilization rate found in the performance evaluation of teaching equipment procurement projects, the relevant departments did not analyze the causes in depth and take practical improvement measures, resulting in similar problems recurring in the follow-up budget implementation. In addition, some provincial colleges and universities in Xi 'an have not established a sound incentive and constraint mechanism in the application of budget performance management results. On the one hand, for departments and project teams with good budget execution effect and outstanding performance, there is a lack of sufficient incentive measures, such as financial reward and preferential evaluation, which makes it difficult to stimulate the enthusiasm of all departments to improve budget performance. On the other hand, for the poor performance of the project, the punishment is insufficient, there is no effective accountability mechanism, so that some departments are indifferent to budget performance.

## **3. The international reference of university budget performance management**

In the integration of university budget performance management, some foreign countries with typical practical experience include the United States, the United Kingdom, Germany and Australia. American colleges and universities usually have a relatively mature budget performance management system, which pays attention to the rationality of resource allocation through performance data, and is closely integrated with the strategic planning of colleges and universities.

Universities in the UK emphasize transparency and accountability in budget management, and ensure the effective use of funds through rigorous performance evaluation. In the aspect of budget performance management, German universities pay attention to balance academic freedom and effective allocation of resources. Australian universities pay more attention to the cooperation with industry and the consideration of student employment outcomes in budget performance management.

### **3.1. History and characteristics of integrated budget performance management in American universities**

The integration of budget performance management in American colleges and universities has the following three characteristics: First, specialized management institutions. A dedicated budget office is generally in place to provide accurate and timely budgetary and financial information, provide financial advice, and manage the budget development process in order to effectively use limited resources to support school teaching, research, and public service activities. Second, strict preparation and control. The budget preparation process is rigorous, which needs to be reviewed one year in advance and at various levels. The approved budget must be strictly observed, and there are special control agencies and budget staff of various units on campus responsible for implementation, and it is not allowed to change at will. Third, ensure key principles. The principle of giving priority to the wishes of the principal is followed in the formulation of the budget, and priority is given to the key projects that the school gives priority to development and guarantee, so as to give full play to the maximum benefit of limited funds and promote the development of the school. In addition, some colleges and universities in the United States will choose similar colleges and universities as a reference to use comparative analysis to evaluate the correctness of their budget decisions.

### **3.2. The integrated development of budget performance management in British universities and its characteristics**

The integration of budget performance management in British universities has the following three characteristics: First, pay attention to the scientificity of performance evaluation. The multi-dimensional and comprehensive performance evaluation index system is adopted, which not only pays attention to the direct output such as teaching and scientific research results, but also considers the indirect effects such as student satisfaction and social influence, so as to measure the comprehensive performance of colleges and universities more accurately. Second, a high degree of transparency and accountability. Universities need to disclose their budget usage and performance results to the government, the public and stakeholders, accept supervision from all parties, and explain and take responsibility for the failure to achieve performance targets. Third, we should closely integrate strategic planning. Budget performance management is closely integrated with the university's long-term strategic planning to ensure that the allocation and use of resources can effectively support the university's strategic development direction and key projects. In general, the integration of budget performance management in British universities is constantly developing and improving to adapt to the increasingly fierce competition in the field of higher education and the higher expectations of society on the quality of universities.

### **3.3. The development process and characteristics of integrated budget performance management in German universities**

The integration of budget performance management in German universities has the following

three characteristics: First, balance between academic freedom and performance management. While emphasizing budget performance management, the academic freedom of colleges and universities is fully guaranteed to ensure that teaching and scientific research activities are not subject to excessive administrative interference. Second, emphasize long-term benefits. Pay attention to the long-term impact on the development of colleges and universities, not only pay attention to short-term financial indicators and performance results, but are more inclined to invest in projects and fields that can produce long-term benefits. Third, multi-party decision-making. The decision-making process of budget performance management in universities usually involves school management, teachers, students and external stakeholders, all of whom participate in the discussion and formulation of budget and performance objectives.

### **3.4. History and characteristics of integrated budget performance management in Australian universities**

The integration of budget performance management in Australian universities has the following three characteristics: First, it emphasizes the combination of performance management and legal protection. The enactment and implementation of a series of laws has provided a clear legal framework and basis for budget performance management and ensured the smooth progress of the reform. Such as the Fiscal Management and Accountability Act, the Federal Agencies and Federal Enterprises Act, the Budget Statement Integrity Act, and the Public Service Act, these laws clarify the responsibilities and powers of various departments, and regulate the process and requirements of budget management. Second, focus on output and results-oriented. The focus of performance assessment in Australia is on the results of activities at the level of government departments (and commonwealth enterprises), and departments, after determining performance targets in consultation with Treasury, are free to choose the structure of resource input and the quantity and mix of outputs to better achieve performance targets. Departments need to identify, measure and publish key performance indicators to help the public understand whether their activities are achieving the expected outputs and results. Third, give full play to the autonomy of various departments. Within the scope of the law, universities give greater discretion to principal heads of expenditure departments to improve their internal management procedures and enhance public service performance in accordance with the principles of efficiency, effectiveness and ethics. At the same time, each government agency is required to set comprehensive and detailed targets for output and results, identify ways to measure the quantity, quality and effectiveness of government activities, and report on these matters in budget and final accounts reports. By issuing performance management policy guidelines, the Ministry of Finance guides all agencies to prepare and submit high-quality performance reports to promote budget performance management[1].

Based on the analysis of the development process and characteristics of the integration of budget performance management in universities in the United States, the United Kingdom, Germany and Australia, it is concluded that the experience of Chinese universities in the integration of budget performance management can be used for reference as follows: first, the establishment of a special budget management organization. For example, American colleges and universities generally have a budget office specifically responsible for the management of school budgetary resources. Through scientific budgeting, it provides accurate, timely and meaningful budget and financial information to the school administration at any time, provides the school with high-quality financial consultation on finance and taxation, financial policies and practices, management and analysis, and manages the budget formulation process of the school and various units. Make the most effective use of limited resources to support the school's teaching, research and public service activities. Second, strict budgeting and control procedures. The budgeting process of American colleges and

universities is also the process of school planning career development, so colleges and universities have strict budgeting and control procedures. The budget year of American colleges and universities is generally from July 1 to June 31 of the following year, and the budget should be prepared one year in advance, that is, the preparation of the next annual budget begins in April of each year, and the review and demonstration at various levels are constantly improved, and finally reported to the governor, who must determine the next annual budget of each college and university in June of each year at the latest. The budget approved by the governor must be strictly observed by all colleges and universities and may not be changed at will. Third, high participation in budgeting. In the process of budget formulation, American colleges and universities generally use participation and consultation to encourage departments and employees to participate in budget preparation. Some schools have also set up a budget and financial key project committee composed of employees, which is responsible for recommending campus key projects and corresponding budget plans. Fourth, the budget formulation principle of "ensuring the priority". American colleges and universities follow a very important principle when making budgets, that is, the budget should give priority to reflect the wishes of the president, and give priority to the key projects of the school's priority development and guarantee, so as to make the limited funds play the greatest benefit and promote the development of the school. Fifth, reasonable budget analysis, flexible budget control function. When American colleges and universities make budget decision analysis, they usually choose equivalent and similar colleges and universities in the aspects of educational purpose, educational conditions, educational quality and general expenditure level as a reference, and use comparative analysis to evaluate the correctness of university budget decision[2]. In addition, the budget is regarded as the economic lever for the school to regulate the available resources, increasing the budget for those projects with social needs and development prospects, and reducing the budget for those projects with lost social needs or poor evaluation results, so as to ensure the correct development direction of the school. Sixth, perfect performance evaluation system. For example, the performance evaluation system of British universities includes scientific research level evaluation, annual performance report, institution audit, national student survey, etc. These evaluation results have become the main tools for the government and society to monitor and accountability the performance of colleges and universities, and play an important guiding role in the internal performance management of colleges and universities. At the same time, the government has gradually linked the results of performance evaluation to university funding to strengthen the accountability of university performance. Seventh, emphasize the strategic orientation of performance management. For example, in teacher performance management, Technical University of Munich, Germany, pays attention to the combination with the strategic goals of the school, establishes performance evaluation standards suitable for different stages of teacher career development through the participation of multiple performance management subjects, provides comprehensive teacher performance guidance and support, reforms and explores from a variety of perspectives, and forms a distinctive university teacher performance management system. Eighth, attach importance to the application of performance evaluation results. For example, Australian universities link the results of performance evaluation with resource allocation and salary incentives to improve the performance level of universities. At the same time, the Australian government also strengthens the social supervision of universities by releasing performance information. Chinese universities can learn from these experiences, combined with their own actual situation, establish a sound budget performance management integration system, improve the efficiency of resource allocation and use efficiency, and promote the sustainable development of colleges and universities[3].



## **4. Policy suggestions on the integration of budget performance management in provincial colleges and universities in Xi 'an**

### **4.1. Gradually expand the scope and level of university budget performance management**

Budget performance management in Xi'an's provincial colleges and universities should expand following the easy-to-difficult principle. It extends from traditional teaching-research fund management to cover logistics, campus construction, etc. For example, logistics needs to balance short and long-term costs, and campus projects must consider practicality. The level advances from university-wide to detailed management of lower units and projects. Second-level colleges need clear goals in multiple aspects, and key labs require full-process management. Inter-departmental cooperation is key, like finance working with others to set proper research budget indicators. Cross-year management helps track long-term projects. Project expenditure can be split into types: capital ones learning enterprise methods, special funds using competition, and general ones focusing on efficiency. Departmental expenditure, including basic and project ones, can manage basic by scale control. For subordinates, consider social benefits and competition. In financial expenditure management, colleges follow hierarchical-unified rules, set goals by function, and adjust based on public needs. Overall, expanding management scope and level optimizes resource allocation and promotes high-quality development[4].

### **4.2. Actively deepen the reform of college budget performance management system**

The reform of the budget performance management system in Xi'an's provincial colleges and universities is a profound optimization tied to overall budget management development. Promoting it based on modern governance concepts is crucial for enhancing the budget performance management level. First, the university should improve the budget system, clarify the range of revenue and expenditure of the general budget and special budget, establish a clear division of labor budget system, and realize the overall financial planning of the school. Universities should strengthen the coordination between different budgets, such as the combination of fund budgets and general budgets, actively disclose the detailed project-level functional classification of budget and final accounts, and even specific projects, and release financial policies in a timely manner. Secondly, universities optimize the way of budget management and control. In terms of general budget audit, they shift the focus from revenue and expenditure deficit to expenditure budget and policies, strengthen expenditure constraints, ensure the compliance of the approved scale, weaken the assessment of revenue budget, make it based on expectations, and set the government debt ceiling. Universities shall establish a cross-year budget balance mechanism, adjust surplus or deficit, implement medium-term financial planning and rolling budget, expand budget cycle, strictly manage expenditure, control basic expenditure and total project expenditure, strengthen project review and integration, make good use of the stock of government funds, improve the basis of project budget, and standardize budget changes and fund management. Finally, colleges and universities introduce the accrual government accounting system, adjust the accounting process, improve the financial report, give priority to carefully select the implementation of social insurance, debt finance, etc., accumulate experience, and promote the reform of the comprehensive budget system. In short, deepening this reform requires multi-level promotion and continuous system improvement to meet the high-quality development needs of Xi'an's provincial colleges and universities.

### 4.3. Continuously consolidate the work foundation of university budget performance management

Consolidating the foundation of budget performance management in Xi'an's provincial colleges and universities is crucial for promoting the effective integration of budget management. Firstly, standardize the setup of relevant institutions[5]. Currently, there are mainly three types of budget performance management institutions, which vary greatly and hinder coordination. It's advisable to establish the financial sector's budget management agency as the lead, and consider setting up a secondary institution like a performance management center. This helps streamline internal functions and enhance communication. Secondly, clarify the performance management relationships among different departments. Led by the Budget Office, multiple departments play their parts: the Budget Division formulates policies and organizes evaluations; the Treasury Department monitors performance; the supervision department punishes violations; and the business department handles specific affairs. Thirdly, strengthen personnel training and ideological building. Colleges and universities carry out cadre training, disseminate performance concepts, unify understanding, and extend management to the grassroots level. At the same time, universities are using publicity to overcome potential resistance. Colleges and universities provide multi-level training for managers to improve their professional skills, strengthen financial management at the grass-roots level, and raise awareness. In addition, colleges and universities regulate performance evaluation intermediaries by cultivating competitive markets and setting up assessment and reward systems. Finally, colleges and universities improve their management system, improve their legal status, formulate laws and clarify responsibilities. Standardize the four subsystems of budget performance management, establish an assessment system, and assess all aspects. Through these efforts, the foundation of budget performance management is continuously strengthened, and scientific and standardized budget management is promoted [6].

## 5. Conclusion

In conclusion, the integration of budget performance management in provincial colleges and universities in Xi'an currently faces multiple challenges. In terms of budget performance target management, there is a lack of in-depth consideration and systematic demonstration. Operation monitoring suffers from poor information communication and insufficient attention to non-financial indicators[7]. Evaluation mainly depends on self-evaluation with limited perspectives and inaccurate methods. Results application fails to achieve effective feedback and lacks incentive and constraint mechanisms[8]. However, by drawing on the international experience of countries like the United States, the United Kingdom, Germany, and Australia, valuable insights can be obtained. To improve the situation, it is necessary to gradually expand the scope and level of budget performance management following the easy-to-difficult principle, actively deepen the reform of the management system in multiple aspects such as budget system improvement, control approach optimization, and accounting system introduction, and continuously consolidate the work foundation by standardizing institutions, clarifying departmental relationships, strengthening personnel training, and improving the management system[9]. Through these comprehensive efforts, the scientific and standardized budget performance management of provincial colleges and universities in Xi'an can be achieved, leading to optimized resource allocation and high-quality development, ultimately enhancing the overall competitiveness and educational quality of these institutions[10].



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