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THEORETICAL FOUNDATIONS OF THE PUBLIC SECTOR ADMINISTRATION

The article examined different interpretations of the economic category of “governance”. It is argued that an effective management decision is the one that leaves space for initiative. It should be feasible and appropriate to address the most important problems of the public sector within the optimum time frames.

It is proved that in the current economic and political environment management activities are an integral part of the financial sector, which is essential for the development of the national economy.

It is grounded that each management system, including the budget one, consists of two interrelated parts – the object and subject of management. The object is budget; the subject is budget management authorities. The quality of management equally reflects awareness of the object or, in other words, controlled system, as well as the sub-

ject or controlling system. However, there is some subordination between them. The fundamental one is awareness of the object of management, for without it the management is simply impossible. The author suggested proper interpretation of the definitions of financial management (the process of targeted impact of the management of different business entities engaged in the distribution and redistribution of gross domestic product in order to prevent its misuse as well as ineffective and inappropriate use for socio-economic development of the country as a whole) and management in the public sector (a system that includes objects, subjects and management tools that are closely interrelated by deliberate action in a fixed budget system of intergovernmental relations using budgetary mechanism that implements the objectives of fiscal policy by making management decisions).