

Creation of Supply Chain Management Aimed at Improving the Quality and Accessibility of Municipal Services

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Abstract— Supply chain management of regulation are mainly used in the field of municipal services management. Coordination between local governments and other organizations that control the provision of municipal services is poorly developed on the territory of municipal entities. The solution to this problem becomes particularly relevant in the context of creating the supply chain system for the management. It is quite obvious that a review of approaches and methods in organizing the provision of municipal services is necessary under supply chain strategy. First of all, we implemented the effective supply chain for allocation of resources in the context of the transition to medium-term budget planning, and also to the integration of supply chain mechanism for organizing the provision of municipal services in the existing territorial development management system. This article provides an insight into supply chain management practices in a municipal context. It highlights the status, challenges and way forward for the implementation of supply chain management in a municipal environment.

Keywords— *supply chain management, municipal services, budgetary institutions.*

1. Introduction

Supply Chain Management (SCM), municipal context, is a financial management tool that seeks to reform and regulate the manner in which public funds are utilized when procuring goods and services while in pursuit of service delivery that is responsive to the needs of society and to curtail any mal administrative and fraudulent practices on the procurement front. It is an integral part of the public sector financial management.

A fundamental change in the methodology of budget planning within the framework of Federal

Law No. 63-FZ dated April 26, 2007 and aimed at the transition from budget planning to the effective one, requires a corresponding change in the existing ones and the adoption of new regulatory legal acts by local authorities that regulate budget legal relations at the municipal level in the logic of the innovations of the federal budget legislation.

The supply chain of provisioning municipal services is impossible without a clear separation of the services themselves as an object of management, without normative fixing and phased organization of the procedures for their provision.

Considerable attention is paid to the development of municipal services in the Concept of administrative reform in the Russian Federation for 2006-2008, as well as in the Federal Law "On the Organization of State and Municipal Services" adopted in 2010. However, certain aspects concerning the organization of municipal services still remain unworked. In particular, the planning of the multifunctional service centre activities being created at the federal level is still carried out in measurement units and not in the levels of satisfaction obtained by citizens with the number and quality of services received. At the municipal level, the system of regulatory documents governing the provision of municipal services is developed independently by local authorities, which greatly complicates the management of these processes by the authorities. [3]

2. Methods

Supply chain management has become an exceptional strategic concept not only to the private sector, but also to governments [4]. In recent years, the regulation of government spending has gained

significance due to SCM, especially with regard to the procurement of goods and services by means of fair, competitive and cost-effective systems and processes. The greatest attention of scientists and various specialists is attracted to the paid services sector. Numerous dissertations, monographs, and other publications of a fundamental and applied nature are devoted to its study. The works of [5-10] are devoted to the study of socio-economic characteristics of the services sector as a whole and its individual branches.

Methodological approaches to the study of the problems on the development of municipal entities were laid down in the [11]. The present work is based on a systematic approach, techniques and means of statistical, economic and logical analysis. These tools were used in various combinations at different stages of the study, which allowed us to ensure the scientific reliability of the final results, conclusions, and recommendations.

3. Discussion and Results

The system of normative acts issued by a municipal entity on the organization of municipal services should include the following documents approved by the local self-government executive bodies: [1]

- Municipal services register;
- Quality standards and comfort standards for the provision of municipal services (until approval can be implemented in the form of requirements for the provision of municipal services established by the legal framework of the municipal entity and the legislation of the Russian Federation);
- Administrative regulations for the performance by local authorities of their functions;
- Municipal tasks created by the main fund managers or founders;
- Procedure for assessing the quality of services;
- Procedure for conducting control measures to assess the quality of services.

It is in this composition that the regulatory support for the organization of municipal services allows the fullest satisfaction of the population needs through the approval and systematic adjustment of the quality requirements for the provision of municipal services using regularly conducted assessments of the quality concerning actually provided municipal services to the approved requirements for each service and assessment of the resource provision of municipal institutions with respect to possibility of compliance with quality requirements to municipal services (Fig. 1).

Municipal services register is a regulatory document that contains regularly updated information on the full list of municipal services provided or actually rendered to residents of the municipal entity and / or business entities operating on its territory, in full or in part at the expense of the corresponding budget. [8]

The purpose of maintaining the municipal services register is to optimize the composition of municipal services based on their inventory accounting, and also to provide individuals and legal entities with reliable information about the municipal services provided on the territory, their volume and quality. [12]

The Registry is maintained to solve the following problems:

- An information base building for assessing the volume of expenditure obligations of the municipal entity;
- Ensuring compliance of the Municipal entity administration activities in the provision of municipal services with the requirements of regulatory legal acts of the Russian Federation, of the region, and regulatory legal acts of local self-government.

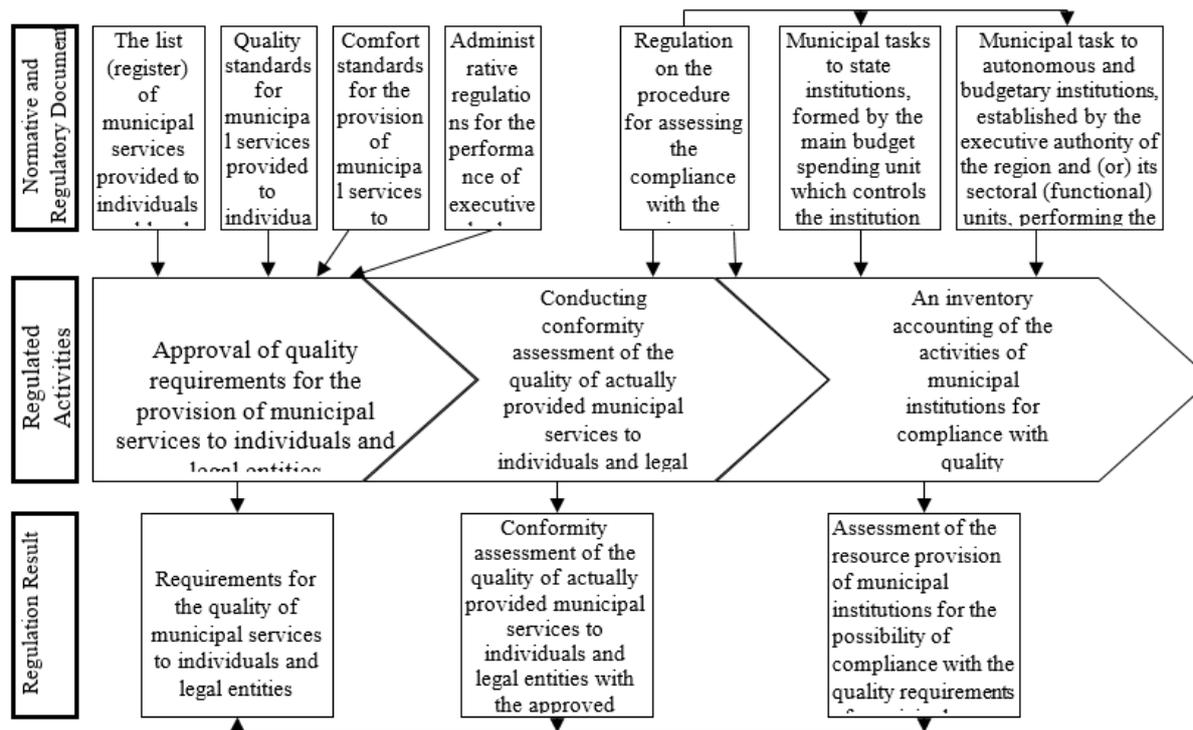


Fig. 1. The system of documents governing the organization of municipal services at the local level [13]

All citizens across communities should be part of the SCM process. This could be by way of community engagements. The communities should be aware of tenders in their municipalities and their engagement through community workshops and open briefing sessions. In this light, the community will be aware of projects to be launched for bids and will, in turn, monitor the SCM process. The register is maintained in accordance with the following principles: [9]

- Uniformity of requirements for the determination and inclusion in the Register of municipal services provided on the territory of a municipal entity;
- Completeness of description and reflection of municipal services in the Register;
- Publicity of the Register;
- Ensuring the interconnection between the requirements on maintaining the Register with the requirements of implementation of the budget process and building expenditure obligations of the municipal entity;
- Periodic review of the requirements for the list and description of municipal services provided for by the Register in order to increase their availability and quality.

Considering that the development of regulatory documents governing the provision of public services is somewhat ahead of similar processes at

the municipal level, it is advisable to develop methodological documents that determine the composition and structure of the regulatory framework for local self-government at the regional level. The regional government, and in particular, the relevant line ministries should provide methodological support in the development of Register of municipal services and take responsibility for monitoring their implementation. [11]

Each municipal entity is forced to develop and implement its own Register of municipal services, based on the following: [4]

- The needs of local communities (for example, citizens may have an urgent need for a preschool educational institution or, in a rural settlement with a small number of children requiring day care, they can be satisfied with a family-type day care system; in the latter case, their kindergartens will be empty, and budget expenses per child will be unreasonably high; day care for children in a family-type institution is a much cheaper service);
- Local conditions (for example, "Organization of the additional education for children in the field of physical education and sports" may include various sets of services depending on local conditions, primarily the availability of sports grounds,

stadiums and other sports facilities, as well as established traditions);

- Budgetary-based opportunities (for example, library services for the population in many rural settlements are provided not in a specialized premise, but in a building of a village hall; a library premise sizes, library staff, the size of the library stock and the provision of a service such as an electronic library in its entirety depend on budgetary opportunities).

Thus, a universal Registry for all municipal entities in a region is not possible. At the same time, the powers of municipal entities are universal. According to the Federal Law No. 131 dated 06/10/2003 "On the General Principles of the Organization of Local Self-Government in the Russian Federation", there are three types of municipal entities: [7]

- Urban or rural settlement;
- Municipal district;
- Urban district.

The government of a region for each type of municipal entity can develop a model register of municipal services in which universal services (which must be performed in all municipal entities) are specified, and services that depend on the above restrictions should specify the municipal entities themselves within the framework of the proposed directions arising from their authority.

An essential condition for the implementation of the Register of municipal services is the active participation and coordinated work of all local authorities and their functional or sectoral structural units. Each sectoral (functional) structural unit of local executive and administrative authorities should specify the range of services within the framework of the relevant powers.

Cooperation between sectoral (branch) ministries of the Government of a region and its municipal entities should be ongoing in order to maintain, modify and improve the Registers of municipal services. Before any amendments to the Register, the responsible employees of the municipal entity will have to coordinate it with the register of government services provided by the executive authorities of the region in the relevant field of activity.

It is the Registers of municipal services that form the basis of the ongoing assessment of the need for services of this level.

The provision of services included in the Register can be considered as a set of sequential

administrative procedures, as a result of which the applicant receives a benefit that meets certain parameters and satisfies his/her need.

Similar characteristics of a public service and the procedures for its provision are enshrined in regulatory legal acts: administrative regulations for the provision of a municipal service by a local authority, and standards of a municipal service.

The development of administrative regulations at the federal and regional levels is carried out on the basis of Decree of the Government of the Russian Federation dated November 11, 2005 No. 679 "On the procedure for the development and approval of administrative regulations for the performance of public functions and administrative regulations for the provision of public services". Regulation of the performance of municipal functions at the municipal level is carried out according to a similar scheme. [6]

It should be noted that the development of administrative regulations has the task of not so much describing the existing procedures for the provision of services as identifying and consolidating the possibilities of optimizing its provision in the interests of the consumer.

Realization of such regulation concerning the requirements for the organization of municipal functions will allow implementing the following activities: [8]

- 1) Elimination of redundant administrative procedures;
- 2) Simplification of actions and administrative procedures, including reduction of terms of their execution;
- 3) Providing information on actions and administrative procedures to citizens and organizations;
- 4) The possibility of establishing personal responsibility of officials for compliance with the requirements of administrative regulations for each action or administrative procedure in the performance of a municipal function or the provision of municipal services.

Standards for the quality of municipal services are being developed to establish clear requirements for the content and basic parameters of municipal services included in the register of municipal services, as well as to ensure equal access for consumers to services.

There is currently no generally accepted definition of the quality standard for state (municipal) services. According to the Federal Law No. 184-FZ

dated December 27, 2002 “On Technical Regulation”, the standard is defined as a document in which, for the purpose of voluntary reuse, product characteristics, implementation rules and characteristics of design (including surveys), production, construction, installation, adjustment, operation, storage, transportation, sale and disposal, work or services processes are established. The national standard of the Russian Federation “Standardization in the Russian Federation. Basic Provisions” (GOST R 1.0-2004) determines that standards for services establish requirements and methods concerning their control for groups of similar services or for a specific service in terms of the composition, content and form of assistance activities, bringing benefits to the consumer of the service, as well as requirements to factors that have a significant impact on the quality of services. Federal laws dated 06.10.1999 No. 184 FZ “On the general principles of organization of legislative (representative) and executive bodies of state power of the constituent entities of the Russian Federation” and dated 06.10.2003 No. 131 FZ “On the general principles of organization of local self-government in the Russian Federation” include the functions of establishing minimum regional and municipal social standards for the powers of state and local authorities, respectively.

Given the various interpretations of the standards in the current legislation of the Russian Federation and the specifics of the activities executed by state authorities and local self-government in providing services to the population, the following definition of the quality standard for state (municipal) services can be proposed. [11]

The quality standard of municipal services is a document containing a description of the composition, quality, conditions and procedure for the provision of services, allowing the consumer of the service to get a clear idea of their rights to it and the conditions for its receipt under the current legislation.

In our opinion, the municipal service standard should be considered in two aspects: 1) the quality standard (content requirements) of the service itself; 2) the standard of comfort, that is, the conditions in which the service is provided.

The development of comfort standards for the provision of services can be carried out in accordance with the Recommendations on the creation and establishment of a comfort standard for the provision of public services approved by the

decision of the Government Commission for Administrative Reform (Minutes dated April 25, 2006 No. 51). As their constituent elements there can be considered the following:

- Comfort of access to the service;
- Comfort of expectation;
- Comfort of provisioning.

However, all these aspects can both serve as the basis for the development of individual regulatory documents, and can be combined into a single standard of quality and comfort.

The adoption of standards for the quality of services at the municipal level allows us to move on to the normative and targeted financing of municipal institutions, having previously developed normative and estimated methods for financing the costs of providing services within the framework of municipal tasks. In addition, the quality standards of services contribute to raising the awareness of the population of municipal entities about the composition and volume of services to which it is entitled, resolving disputes arising during the provision of services, as well as ensuring greater transparency of the activities and accountability of local governments to the population.

Assessing the conformity of the quality and comfort of services actually provided to standards is a means of public and departmental control over the organization of municipal services. Assessing the conformity of the municipal service quality to the quality standards for the provision of services is mandatory and is carried out by the executive authorities of the municipal entities, which are responsible for the provision of municipal services for which quality standards are adopted.

The objectives of assessing the quality and comfort of the provided municipal services are:

- Identification of the degree of satisfaction by the population of the municipal entity with the quality of the municipal services provided;
- Assessment of the activities of institutions providing municipal services financed from the local budget;
- Development of measures aimed at improving the quality of municipal services provided;
- Improving the efficiency and effectiveness of budget expenditures.

The assessment of the cost of services allows determining the cost structure for the provision of each budget service, and also identifying the share of overhead (administrative) expenses in it and calculating the effectiveness of the service.

At the stage of budget planning, information on the cost of services is needed to determine the amount of budget allocations required to provide budget services in a specified volume and quality. It is important for assessing the budgetary and social effectiveness of a particular budgetary service or program at the stage of monitoring the implementation of the budget focused on the result. Thus, taking into account the quantitative results obtained in assessing the need for services and the requirements of service quality standards, the assessment of the cost of municipal services serves as an effective tool for the formation of a reasonable and effective structure of local budget expenditures.

By comparing the results obtained and the costs incurred to achieve them, the subject of budget planning can evaluate the effectiveness of the service, choose the most rational way to provide the service, and support requests for increasing budget financing with an economically sound calculation of the cost of municipal services. Based on the results of this analysis, conclusions can be made about the need to stop providing the municipal service, to change the volume of its provision, to continue to provide it in the same volume, or to make changes to the process of providing the service.

The application of the methodology for assessing the cost of services allows local governments:

- Objectively to assess the volume of expenditure obligations being fulfilled;
- To calculate the standards for financing the costs of providing municipal services;
- To calculate the cost of fulfilling tasks for the provision of municipal services;

To develop economically sound indicators of the quality of municipal services.

Assessing the cost of municipal services involves accounting for all expenses that must be incurred to provide the service. Moreover, the cost of the service includes only expenses that must be carried out on a regular basis during the provision of the service. Non-regular expenses (such as, for example, the costs of major repairs of the building which belongs to the institution providing the services) should be financed separately from financing services in the transition to a budgeting system for services (it is advisable to use departmental target programs).

So, for example, the activities of municipal institutions for training athletes of different levels

of sportsmanship are related to the provision of the following types of services:

- Training athletes with regard to various types of sports;
- Carrying out fitness and sports events and training camps;
- Ensuring the participation of athletes in sports competitions;
- Organization and provision of additional paid services.

When financing the services for training athletes, direct expenses include salary for coaches and costs for necessary equipment, and indirect expenses also include a specially allocated part of the costs for the administrative and managerial personnel of a sports institution, payment for services of housing and communal services, transport and communications, and events as part of the curriculum, current repair and development costs of the organization.

The costs associated with the total building renovation, the purchase of vehicles and simulators should not be included in the cost of services and should be carried out as part of departmental target programs.

When conducting a cost assessment, it must be taken into account that the cost of services, as a rule, depends on the volume of their provision. Therefore, it is most correct to indicate not just the cost of a unit of service, but the cost of a unit of service *for a certain amount of their provision*.

The current budget accounting system does not allow for separate accounting of expenses for services. The use of municipal service cost estimates as a result-oriented budgeting tool requires the organization of *separate accounting of budget costs by services*.

It is the assessment of the cost of services that causes the greatest difficulties today among the whole range of elements of regulatory support; therefore, an urgent need is the development of methodological recommendations for its implementation.

Currently, technologies to evaluate the efficiency and comparative effectiveness of the services and programs being implemented while maintaining the level of costs available to public authorities and minimizing the involvement of additional human resources, including external experts, are relevant for public authorities in Russia. The methodology and computer program calculator for assessing the full cost of state and municipal services developed

by specialists of the Institute of Urban Economics represent just such a technology: thanks to it, calculating the full cost of a budget service (program) becomes a feasible task for any interested institution and public authority.

In addition, it seems to us that this technology can be successfully used by non-profit organizations.

In accordance with the provisions of Article 69.2 of the Budget Code, the state (municipal) task is used in the preparation of draft budgets for planning budget allocations for the provision of state (municipal) institutions and non-profit organizations with state (municipal) services (work). The municipal administration must approve the procedure for the formation and financial support of the performance of tasks for the services (performance of work).

The municipal task is used, on the one hand, as a tool for planning budget allocations when drawing up a draft local budget, and on the other hand, as a tool for orienting municipal service (works) providers to achieve the established quantitative and qualitative results for the provision of services (work).

The municipal task includes all types of services and work that the institution provides in whole or in part at the expense of the budget within the framework of the activity determined by the charter of the institution (non-profit organization). Starting from 2009, financing of municipal institutions, both autonomous and budgetary, should be carried out only if they establish a municipal task for the provision of services (work). In this case, the founder is responsible for financially ensuring the performance of the municipal task in accordance with the procedure established by the municipal administration.

4. Conclusions

Municipal SCM processes are complex and comprehensive and are subject to several pieces of legislation. Formation of municipal tasks for institutions is carried out by structural units of the municipal administration (the main managers of budgetary funds), which coordinate and manage the relevant area in the manner established by the administration. Responsibility for approving a municipal assignment is determined by the legal act of local authorities; its assignment to the main manager of budget funds is most justified for the vast majority of municipal entities.

In determining the requirements for the formation of a regulatory framework governing the application of municipal tasks, the Budget Code does not distinguish between tasks for budgetary and autonomous institutions, as well as tasks for non-profit organizations. At the same time, approval of the requirements for the procedure on the formation and financial support of tasks for different types of service providers is justifiable to perform with two different regulatory legal acts both for budgetary institutions, and for autonomous institutions and other non-profit organizations. This is due to differences in the financing of budgetary and autonomous institutions, and non-profit organizations. Differences may affect the very procedure for the formation and application of municipal tasks, for example, in terms of coordinating the draft task with an institution or non-profit organization before its approval. It is very important for municipal SCM officials to understand the governing policies and regulations provided by the National Treasury on SCM. Strong ethical leadership is required to move SCM to a strategic level.

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