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BUDGET OF REVENUE AND EXPENDITURE AT A PUBLIC INSTITUTION

BACIU Claudiu, M.A. student

Regional Department of Defense Resources Management Studies, Brasov, Romania

Abstract:

The aspects presented in the following article refers to the *revenue and spendings budget at a public institution level*. In chapter „Substantiation of the revenue and expenditure budget at the level of the administrative territorial unit” we enumerate the procedures that apply in the budgetary proces and principal and budgetary rules. In the second part of this chapter we are presented with data refering to streamlining local budget expenditures. Trough fig.1 „Expenditures from the local budget structured by parts” we will be able to understand details concerning expenses arising from a local budget. In conclusion , we identify the clonclusions that we can see after a careful study of the articleand the bibliography.

1. Introduction

In 1990 during the reform process, Romania had to face some profound changes , the tranzition itsself determened harsh restraints on accivities from the public sector and therefore on the local public administration sector.

The creation of a modern and efficient public administrative system was considered a priorety for all the Romanian Guverments at the time.

Another option for the old structures could only be a democratic society , based on the rule of law and market eco0nomy, on decentralization and local autonomy , the state giving up levers and functionsspecific to centralism.

The financial autonomy of local authorities requires the creation of effective, equitable and coherent public finances, in close correlation with the needs and economic policies at the national level.

2. Substantiation of the revenue and expenditure budget at the level of the administrative-territorial unit.

2.1 Procedures applied in the budgetary process; budgetary principles and rules.

The formation, administration, use and control of financial resources specific to administrative-territorial units, institutions and public services of local interest are established according to the legislation in force, but also the observance of some obligatory principles and rules underlying the elaboration, approval and budget execution at local level.

Some of these principles correspond and bear the print of the general principles of budgeting (universality, publicity, unity, monetary unit, budgetary specialization, balance), to which are complementary other principles specific to local budgeting (local autonomy, subsidiarity, proportionality).

The general principles related to public finances in our country at the level of local communities are:

-The principle of universality - revenues and expenditures are included in the budget in full, and



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budget revenues cannot be directly allocated to a specific budget expenditure, except for donations and sponsorships, which have established distinct destinations.

-The principle of publicity - the budgetary process is open and transparent, this being achieved through:

.publication in the local press or displays at the headquarters of the respective local public authority of the draft local budget and of its annual execution account

. public debate of the local budget draft, on the occasion of it being approved

. presentation of the annual account of execution of the local budget in public session

-The principle of unity - budget revenues and expenditures are recorded in a single document, in order to ensure the efficient use and monitoring of local public funds. It is forbidden to retain and use extrabudgetary revenues and to set up local public funds outside local budgets, unless the law provides otherwise

-The principle of annuality - budget revenues and expenditures are approved, in accordance with the law, for a period of one year, which corresponds to the budget year. All operations and payments carried out during a budget year in the account of the budget belong to the corresponding exercise of execution of the respective budget

-The principle of monetary unity- all budgetary operations are expressed in national currency

-The principle of budgetary specialization - budget revenues and expenditures are entered and approved in the budget by sources of origin and, respectively, by their categories of expenditures grouped by economic nature and destination

-The balance principle - the expenses of a budget are fully covered by the revenues of the respective budget.

2.2 Efficiency of local budget expenditures

The most efficient allocation and spending of budgetary resources must be permanently in the attention of the local public administration. This is all the more so as local authorities are facing an acute shortage of financial funds, a phenomenon that will persist in the future even if some increases in resources could occur as a result of overall economic growth. We can mention some objectives that can contribute to economic development: creating a healthy and attractive business environment, revitalizing declining areas, supporting the development of disadvantaged areas with all they can offer, superior capitalization of local resources through agrotourism.

The creation of facilities that are within the competence of local authorities, can also contribute to attracting the interest of investors with the possibility of increasing budget revenues, and by hiring labor this will solve some social problems, another component of local public development.

The variants through which the local communities can overcome the handicap of insufficient financial resources and increasing of the self-financing degree of the assumed expenses are found in: ensuring a competitive market of public services for the community, approving and appropriating the reception of international programs that favor the solution for local community problems.

In the local budgets, the budgetary expenses represent a consumption of material or labor in order to carry out the activity and satisfy the needs of the administrative unit and the local community.



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There are two classifications of expenditure in local budgets. The first of one concerns technical aspects (the type of expenditures that will be made for the different fields - capital, materials and services, etc.) and the second one considers the global expenditures scheduled for these fields (ex: the expenditures for the public authorities, education, social assistance, etc.).

The budgetary expenditures of a territorial administrative unit represent a consumption of resources in order to carry out the activity and to satisfy the needs of the community.

In the budgets of communes, cities, municipalities and counties, the expenditure chapters are grouped according to the functional criterion, according to the activity profile and are presented as follows:

-expenses regarding the executive authorities, respectively for the good development of the local public administration activity; social and cultural activities aimed at the education state, public health, social assistance and protection, culture and art, religion and sports and youth activities; expenditure for the economic domain, including transport and communications, agriculture and forestry; public development and housing expenditures, flood and frost prevention and control; and other actions (military HQ's, civil protection, Romanian Development Fund); financial expenses including interest payments, loan repayments, transfers to other budgets; special purpose expenses, are those expenses for which the special purpose income was collected. As well as in the public budget, in the local budgets after the distribution by chapters and subchapters, the expenditures are detailed by articles and aligned according to the economic criterion in:

A. Current or operating expenses, intended to ensure a smooth running of the activity of public institutions, they may in turn be divided into staff costs, material and service costs.

Staff costs refer to the payment of the salary of the staff employed, as well as the rights of delegation, secondment and transfer in the interests of the service.

Also included in this article of expenses are the taxes related to salaries, contribution to social insurance, the contribution to social health insurance, the contribution to the unemployment fund and last but not least the granting of meal vouchers.

Material and service expenses are mainly expenses for the maintenance and management of the premises and spaces where the local councils and subordinated public institutions operate. This category of expenses includes the following: lighting, heating, water, sanitation, mail, office supplies, cleaning materials, various services, inventory items, current repairs, books, publications, etc.

Allocations for public institutions whose material and service expenditures are provided according to the law from extrabudgetary revenues or from local budgets will be based on their activity program, analyzing the need, opportunity and efficiency of each expenditure, ensuring conditions normal for each institution.

B. Capital expenditures include the amounts allocated for the realization of sustainable works for the community, the construction of new schools, cultural centers, road works, bridges, etc. The inclusion in the investment lists, which are approved together with the budget by the local council every year, the capital expenditures, allows the acquisition or construction of public goods of long use, contributing to the enrichment and modernization of the public sector.

The amounts that are expected to be allocated for investment objectives will be established after taking into account all the financing possibilities from own sources or from attracted sources. It is very important at this stage for each territorial administrative unit to try to obtain grants or a contribution of financing from the funds made available to Romania to achieve



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certain development standards, and to do this they must present as many investment projects as possible. These cofinancings represent attracted sources for the territorial administrative units that can show an efficient management in the current stage.

The main authorizing officers will establish the priorities in the distribution of the amounts for each objective included in the investment program, within the limits of the funds included in the budgetary draft for this purpose, while ensuring the achievement of the investment objectives within the approved durations. Investment expenditures are based on prefeasibility studies, feasibility studies, projects and other studies related to investment objectives. The substantiation notes include the necessity and opportunity for the respective investments, and to be approved as an annex to the local budget together with it.

C. Financial operations or transfer expenses are those expenses that are entered in the local budgets to be redistributed in the form of subsidies (for heating, support for the disabled, etc.) and to cover interest and commissions paid for internal or external loans, repayments of loans or for the establishment of reserves.

Each category of expenses has its particularities, and the size of the expenses allocated for one or another activity depends on a series of political, economic, social factors, etc. The amounts spent differ from one county to another and from one year to another depending on the economic capacity to produce and distribute income, as well as the political or social pressures that the county faces. From year to year, public expenditures have increased, in the specialized literature being considered as main factors the development of public services, the development and modernization of the means of communication, demographic and economic factors.

The increase of budgetary expenditures destined for the development of public services is often attracted by the development of the administrative apparatus, the increase of the number of housing, the degradation of the old water networks and sewerage systems.

The development and modernization of the means of communication is associated with demographic and economic factors, due to the permanent requirements for improving the conditions of transport for people and goods, in and outside counties, public information, etc. The increase of the expenditures in the budgets of the territorial administrative units has led in the last years to the gradual depreciation of the national currency, associated with the increase of prices, tariffs and salaries. The actual expenditure will be approved only by the authorizing officers for the objectives, actions and programs provided for in their budgets. There is a constant attempt to correlate the increase of expenditures from local budgets, which seek to meet the needs of the community, with the sizing and collection of local budget revenues, because finally, the dynamics of budgetary expenditures, in the sense of increasing or decreasing some categories this is of interest for the establishing the financial and fiscal policy of each county and each country.

3. Conclusions:

The level of economic growth and development is given by the level of new investments that are made within the administrative territorial units, which means that the budgetary provisions must cover, in addition to daily needs, the surplus value necessary to achieve new objectives.

Budget planning will take into account the inflation forecast for the year in which the budget is projected, this act must be very carefully thought out, to cover existing needs, and



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take into account the many social, economic, cultural and urban development implications.

The orientation towards the most diverse sources of financing is still an important attribute within the revenue and expenditure budget, this orientation having as its final goal the materialization of economic-social development programs in the perspective of the administrative-territorial unit in accordance with the development policies at national and regional level.

However, following the study, we noticed that the actual achievements of budget revenues always exceeded their provisions, and we also noticed that in all the analyzed years the local council closed the annual execution account with a surplus.

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