



# **Territorial public administration, budgets and finance**

# Public administration system

- 1948 to 1989
  - communism and socialism
  - system of public administration – centralization
  - self-government authorities did not exist
  - State administration – national committees
    - Regional national committees
    - District national committees
    - Local and municipal national committees

# After November 1989

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- reform of public administration
  - self-government
  - decentralization
  - principle of subsidiarity

# Central Public Administration after 1989

- Constitution
- Charter of Fundamental Rights and Freedom
- Czechoslovak federation
  - Separation of the Czech and Slovak Federative Republic in January 1, 1993

# Territorial Public Administration after 1989

- national committees were abolished
  - Local level
  - District level
  - Regional level

# New regional arrangement

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- Constitutional act 347/1997 – establishing of 14 regions
- Act 129/2000 on regions

## Second stage of the territorial public administration reform

- District offices were abolished
- Act No. 314/2002 Coll.
  - municipalities with extended powers (205)
  - municipalities with authorised municipal office (388)

# The contemporary system of territorial self-government

- regions and
- municipalities
  
- joint model of public administration



# Municipalities

- basic territorial self-governing communities
- public corporations with own property
- act on own behalf and manage responsibilities on behalf of the national government
  
- 6 248 municipalities

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- A decorative graphic on the left side of the slide consists of a light green vertical bar and a dark blue horizontal bar with rounded ends, overlapping the green bar.
- the right to self-government
    - "independent authority"
  - state administration
    - "devolved authority"
    - Municipalities with the basic scope of delegated competence (all the municipalities - 6 248 municipalities, municipality I.),
    - Municipalities with registry office,
    - Municipalities with building authority,
    - Municipalities with The Authorised Municipal Authority (388 municipalities, municipality II.),
    - Municipalities with extended powers (205 municipalities, municipality III.)

## *Citizens of the Municipality*

- citizen of the Czech Republic
- registered for permanent residence in the municipality
- age of 18 - rights 
- Any natural person, age of 18, owns real property in the municipality - rights with 2 exceptions
- any natural person, age of 18, citizen of a foreign country and has permanent residence registered in the municipality, if an international treaty by which the Czech Republic is bound and which has been promulgated so stipulates

## **A citizen of a municipality who has reached the age of 18 shall have for example the following rights:**

- to elect and be elected to the Municipal Assembly,
- to vote in a local referendum,
- at meetings of the Municipal Assembly, to express views on the matters under discussion in accordance with the rules of procedure,
- to express views on the draft municipal budget and on the municipality's annual financial statement for the past calendar year,
- to inspect the municipal budget and the municipality's annual financial statement for the past calendar year

# MUNICIPAL BODIES

- *The Municipal Assembly*
- *The Municipal Council*
- *The Mayor*
- *The Municipal Authority*
- *The Secretary*
- *The Administrator*

# ***THE MUNICIPAL ASSEMBLY***

- is composed of members of the Municipal Assembly
  - according to the population of the municipality
- take decisions on matters in the independent authority of the municipality
- matters, that are reserved for the Municipal Assembly, e. g.
  - approval of the development plan
  - approval of the municipality's zoning plan and regulation plan
  - approval of the municipality's budget and annual financial statement
  - election of the Mayor and Deputy Mayor and other members of the Municipal Council

## ***THE MUNICIPAL COUNCIL***

- executive body of the municipality in the field of independent authority
- is responsible to the Municipal Assembly
- consists of the Mayor, the Deputy Mayor(s) and other members of the Council
- The number of members 5-11

## **The following matters are reserved for the Municipal Council, e. g.**

- arranging the management of the finances of the municipality in accordance with the approved budget
- performing the role of a founder or establisher of legal entities and institutions founded or established by the Municipal Assembly
- discussing and dealing with proposals, comments and suggestions submitted to the Municipal Council by members of the Municipal Assembly or commissions of the Municipal Council
- establishing and abolishing divisions and departments of the Municipal Authority,
- monitoring the work of the Municipal Authority and commissions in the field of the independent authority
- approving the organizational rules of the Municipal Authority



## *The Mayor, the Deputy Major*

- represent the municipality in external relations
- the Municipal Assembly shall elect the Mayor and Deputy Mayor(s) from among its members
- the Mayor and Deputy Mayor must be citizens of the Czech Republic
- are responsible to the Municipal Assembly for the discharge of their office

## *The Municipal Authority*

- consists of the Mayor, Deputy Mayor(s), the Secretary of the Municipal Authority and employees of the municipality assigned to the Municipal Authority
- is headed by the Mayor
- the Municipal Authority shall carry out the following tasks:
  - in the field of independent authority:
    - tasks assigned to the Municipal Authority by the Municipal Assembly or Municipal Council,
    - assisting committees and commissions in their activities;
  - in the field of devolved authority, performing state administration with the exception of matters which fall within the authority of the Municipal Assembly, Municipal Council, special bodies of the municipality and commissions.

# *The Secretary*

- In municipalities II and III must be the Secretary
- employee of the municipality
- is responsible for to the Mayor for the performance of the work of the Municipal Authority
- The Secretary of the Municipal Authority shall, e.g.:
  - perform tasks which ensue from resolutions of the Municipal Assembly and of the Municipal Council
  - arrange tasks in the devolved authority
  - perform the function of an employer for employees of the municipality assigned to the Municipal Authority
  - direct and supervise the work of employees
  - stipulate the pay of employees

# BODIES OF THE MUNICIPAL ASSEMBLY AND MUNICIPAL COUNCIL



- **Committees**
- **Commissions**

# Committees



- financial committee
- monitoring committee
- minorities committee

## Commissions

- The Municipal Council may establish commissions as its initiative and advisory bodies.
- Commissions are to submit their comments and proposals to the Municipal Council.
- A commission is also an executive body if it is entrusted with the exercise of devolved authority.

# REGIONS

- established in 1997
- first elections in November 2000
- regional government work since January 1, 2001
- public corporation, acts in legal relations on own behalf and carries responsibility resulting from these relations
- cares for general development of its territory and needs of citizens, especially in the field of social care, environmental protection, transportation, education, culture and security

# Bodies of the Region

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- The Council
- The Board of Councillors
- The Chairperson
- The Regional Authority
- The Director



# The Council

- consists of the members of the regional assembly
  - the no. of members according to the population of the region
- decisions on matters in the independent sphere of activities
- matters reserved for the regional assembly, e.g.:
  - submitting Bills to the Chamber of Deputies
  - submitting proposals to the Constitutional Court
  - co-ordination of the development of the geographical area of the region
  - approval of planning and zoning documents for the territory of the region
  - approval of the regional budget and closing account
  - election and dismissal of the chairperson and deputy chairperson of the assembly and other members of the assembly

## The Board of Councillors

- executive body of the region in the independent sphere of activities
- is responsible to the assembly
- consists of the chairperson, one or more deputy chairpersons and other members of the regional council.
  - The number of members of the regional council is according to the population of the region

## The Chairperson

- represents the region on its behalf
- the chairperson and his/her deputy must be citizens of the Czech Republic
- responsible to the assembly for the discharge of his/her office

## The Regional Authority

- perform work in the independent sphere of activities assigned to the regional authority by the assembly and shall assist in the activities of committees and commissions
- consists of the director and employees of the region assigned to the regional authority
- is headed by the director
- is divided into departments, units, the director's secretariat and the chairperson's secretariat

## The Director

- employee of the region
- is responsible to the chairperson
- the director shall, e.g.:
  - perform tasks within the transferred sphere of activities
  - perform the function of the employer's statutory body
  - issue organizational and working rules and rules for making and deleting records at the regional authority

# Bodies of the Council and the Board of Councillors

- Committees - initiative and supervisory bodies
  - financial committee
  - monitoring committee
  - committee for education and employment
  - committee for national minorities
- Commissions - initiative and advisory bodies

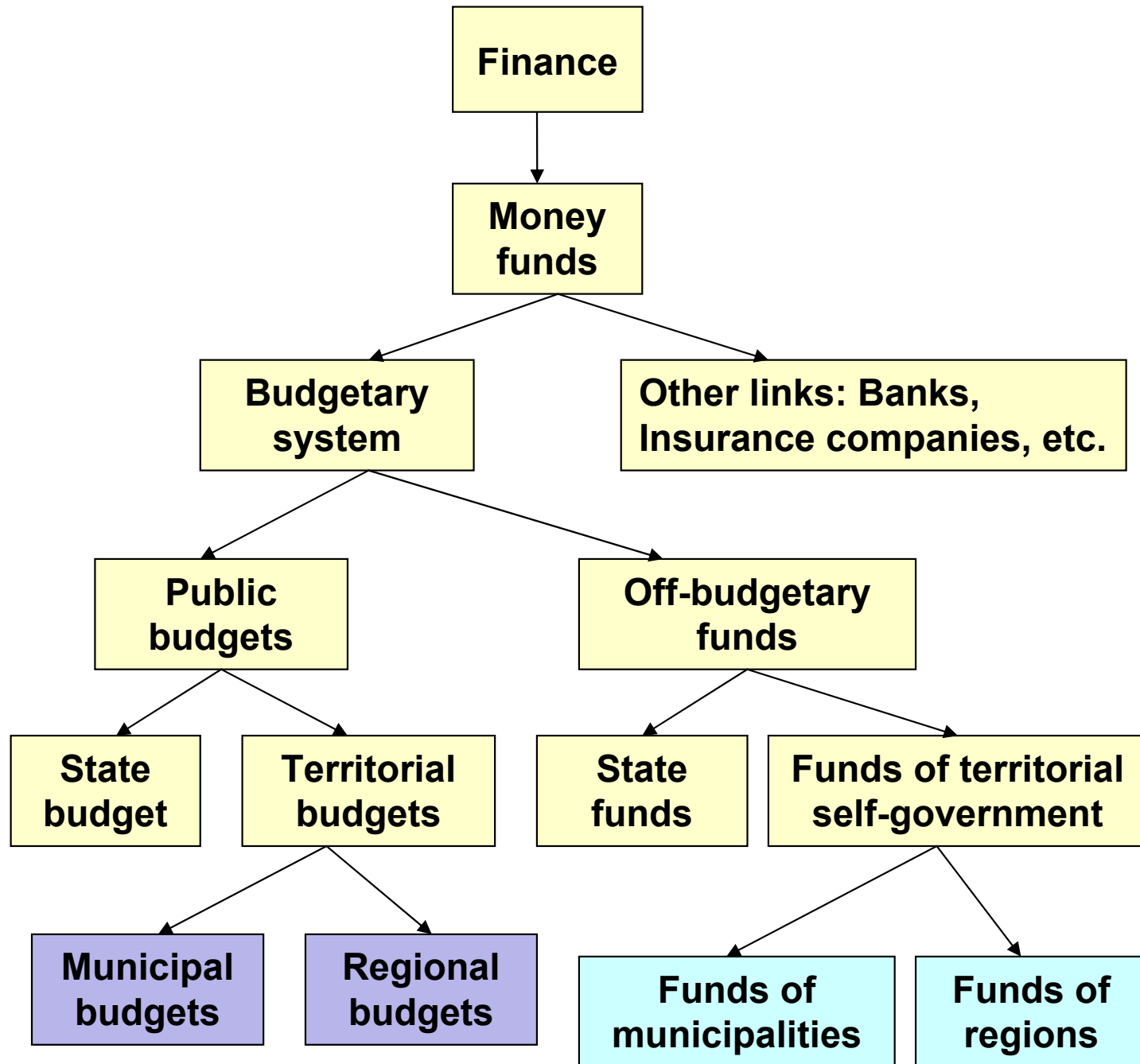
# Territorial public budgets

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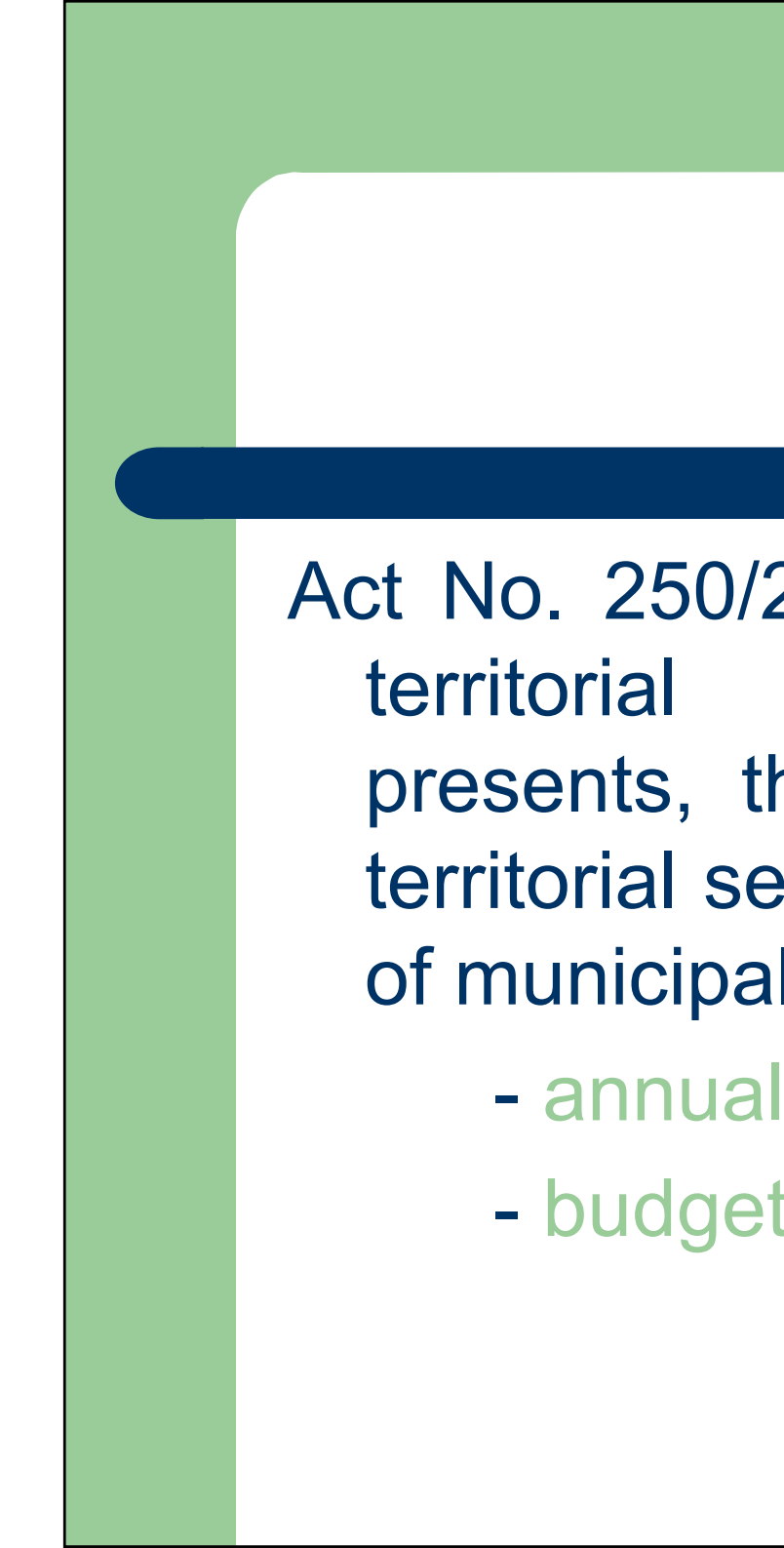
- 1990 renewal of Establishment of Municipalities
- 2001 renewal of regional level of territorial self-government (Establishment of Regions)

→ municipal budgets and regional budgets became important parts of the public budgetary system









Act No. 250/2000 Coll., on budgetary rules of territorial budgets, in actual wording, presents, that the financial management of territorial self-government and of associations of municipalities is directed by its

- annual budget and by the
- budgetary outlook

## Budgetary outlook (1)

- helping instrument, serves for a medium-term financial planning
- drawn up on ground of concluded contractual relations and adopted commitments, for 2 or 5 years
- basic data about revenues and expenditures

## Budgetary outlook (2)

- to ensure in a long-term balanced financial management
- not defined the structure of the budgetary outlook

# Territorial budget

- **can be characterized as:**
  - decentralized money fund
  - balance of revenues and expenditures
  - financial plan
  - instrument for realization of conception of municipal or regional policy

## Basic types of financial operations included in budget

- R – revenues
- E – expenditures
- F – financing

$$R - E = F$$

$R > E \rightarrow$  budget surplus

$R < E \rightarrow$  budget deficit

# The budgetary process

- the compilation of draft budget,
- discussion and adoption of the budget,
- realization of the budget during the budget period
- current and subsequent control of the fulfilling of the budget.

## The budgetary principles

- annual drawing up and approving of the budget,
- long-term balance of the budget
- realist and truthful
- completeness and unity of the budget
- principle of publicity

## The budgetary composition

- Decree No. 323/2002 Coll., on composition of the budget

4 basic classifications of budgetary operations:

- classification by kind
- classification by line
- classification by accountability
- consolidated classification



## Classification by kind

- economical character of the operation
- obligatory
- Classes:
  1. tax revenues
  2. non-tax revenues
  3. capital revenues
  4. received transfers
  5. current expenditures
  6. capital expenditures
  8. financing

## Classification by line

- the purpose of the expenditures, the field of realization of the revenues
- obligatory

### Groups:

1. agriculture, forestry and fishing
2. industry and other branches of economy
3. services for population
4. social matters and employment policy
5. national security and legal protection
6. general public administration and services

## Classification by accountability

- makes allowances for the accountability and activity of the subject handling the finances
- for municipalities and regions is this classification optional, it is obligatory only for the state budget

# Consolidated classification

- for municipalities and for regions obligatory
- provides information about the transfers within the public budgets
  - to eliminate the transfers within the organizational unit for which is drawn up the statement of the performance of the budget

# Municipal budgets (in bill. CZK)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues	92.8	106.3	114.1	128.4	137.3	168.6	161.6	182.7	206.0	241.6	246.2
Expenditures	95.5	110.3	122.9	133.7	135.5	149.1	162.9	194.0	212.2	246.2	255.9
<b>Balance</b>	<b>-2.7</b>	<b>-4.0</b>	<b>-8.8</b>	<b>-5.3</b>	<b>1.8</b>	<b>19.5</b>	<b>-1.4</b>	<b>-11.2</b>	<b>-6.6</b>	<b>-4.6</b>	<b>-9.7</b>

# Revenues and expenditures of municipal budgets (in mill. CZK)

	1997	1998	1999	2000	2001	2002	2003	2004
Tax revenues	65 825	72 099	75 678	83 584	88 830	99 546	107 492	116 113
Non-tax revenues	21 110	22 879	23 921	24 368	22 650	23 448	22 487	23 051
Capital revenues	9 624	13 167	36 684	16 313	10 517	11 468	11 869	11 040
Transfers	31 812	29 150	32 329	37 289	60 747	71 615	99 729	95 949
<b>Total revenue</b>	<b>128 371</b>	<b>137 295</b>	<b>168 612</b>	<b>161 555</b>	<b>182 745</b>	<b>206 077</b>	<b>241 577</b>	<b>246 153</b>
Current expenditures	86 257	87 920	98 670	107 960	129 873	144 971	176 461	179 829
Capital expenditures	47 435	47 565	50 470	54 956	64 145	67 268	69 699	76 072
<b>Total expenditures</b>	<b>133 692</b>	<b>135 485</b>	<b>149 140</b>	<b>162 916</b>	<b>194 018</b>	<b>212 239</b>	<b>246 160</b>	<b>255 901</b>
Balance	-5 321	1 810	19 472	-1 361	-11 273	-6 162	-4 583	-9 747

