



Course: Financing and economic management

Author: pplk. Ing. Petr MUSIL, Ph.D.

## Contents

### Area of economic management – decision

#### **1 Support decision-making process manager objective from a specialist economic authority**

On 1 January 2009 came into effect Decree no. 415/2008 Coll., Laying down the scope and structure of materials for the development of medium-term budget outlook (note this decree was repealed Ministry of Finance Decree no. 133/2013 Coll., On determining the extent and data structure for drafting the law on the state budget and the draft medium-term budget outlook and the deadline for their submission). As a result, the MoD began using the concept of OOB - objective-oriented budgeting.

Information support objective - oriented budgeting is provided under the Integrated Information System Treasury. OOB is an approach to budgeting that will serve to the question "What is to be achieved, how and with what sum of money?" Became crucial not only for every accountant, but especially for each chapter administrator, head of public administration institutions and services other senior executives of these institutions to specific employees, ensuring implementation of government policies.

The goal according to the order no. 66/2012 - "Planning and Business Development in the Ministry of Defense" is the expressions of a desired future state defined parameters and achieve the anticipated deadline. **Objective must meet** the following conditions:<sup>1</sup>

- a) availability - setting objective should be realistic with regard to the initial conditions for the performance and resources that are available;
- b) simplicity, brevity and clarity - the objective must be clearly formulated;
- c) concreteness - the objective must be clear and definite.

**The measure** is a set of activities aimed at achieving set objectives.<sup>2</sup>

**The task** is a specific action in action towards achieving the objectives.<sup>3</sup>

---

<sup>1</sup> RMO č. 66/2012. *Plánování činnosti a rozvoje rezortu Ministerstva obrany*. Praha: Ministerstvo obrany České republiky, 2012, 12 s.

<sup>2</sup> in the same place

**The dial objectives** are to outline objectives the Ministry of Defense, which is used for planning, budgeting and control of budget spending. The dial includes objectives numeric code objective expressing its position in the tree of objectives, objective name, a description of the contents of objective, legislative framework under which the objective is set and worked out, priority objective, the deadline for fulfilling objective and criteria for interim and final evaluation of the objective. The hierarchical tree structure allows objectives stepped planning and evaluation.<sup>4</sup>

**Managers' objectives** are managers of the Ministry of Defense, who are responsible for the development and achievement of stated objectives. Responsible for processing documentation objectives adjusted for the medium-term plan based on politico-military assignment specified in the directive of the Minister of Defense and determining the limits of financial resources and material resources allocated to the objective. Managers' objectives evaluate the status of achieving their goals. If necessary, propose the necessary measures.<sup>5</sup>

## **2 Support department chief economic security decisions brigade commander, the base commander as the manager of objective**

The budgetary process of the current financial year starts in May of the previous year, when the process is started drafting the MoD budget. Chief economic department and planning department chief will attend professional methodical Assembly, where they will receive basic input information on the planning and costing process for the following year and the medium-term outlook for year  $X + 1$  and  $X + 2$ . Chief Planning Department then in close cooperation with the chief of the economic department and the chief of the logistics department will develop the basic objectives of cost center in the Financial Information System (FIS) - Material Planning module.

At the end of May (that year) is launched itself costing process, when the chief of the economic department in the module support budget calculations carried out by calculating individual objectives. In the vast majority of these are characteristically only on the following objectives:

### Main:

- **Ensuring activities and training units of the organizational unit;**
- **Ensuring the operation of the organizational unit.**

---

<sup>3</sup> in the same place

<sup>4</sup> in the same place

<sup>5</sup> in the same place

Minor:

- **Crime Prevention social phenomena at the organizational unit;**
- **Preventing drug program for a given organizational unit.**

Manager objective (commander) after completion of the process of calculation of the degree of cost center, informed of the completion of the calculations of all the set goals, including a breakdown by major tasks and measures.

The chapter administrator prepares a draft budget chapters based on data from higher level managers objectives, which are processed to achieve the correct and optimal allocation of budgetary resources chapter to objectives set measures and tasks.

The allocated budget resources are processed within the scope of budgetary sentences while respecting mandatory state budget indicators and binding limits within the formation, negotiation and approval of the draft budget chapter and its breakdown for the year. If the proposal is the MoD budget approved by the Government, Deputies and signed by the president, occur at the beginning of the current financial year, the budget breakdown. Chief economic department is familiar with the budget in the Accounting module and budgets - AMB, compares the volume and structure of breakdown with calculations, conducted in the previous year and inform the master and chief officers and the state budget and budget.

Then, at the level of Chiefs of Economic Department and logistics management plan implementation expenditure in the current financial year, which becomes the basic document of economic management organizational unit, as other activities directly linked to it.

Change management budget during the current year budget proposed in the structure of sentences permission budget competent.

Manager objective at the realization of personnel expenditures subordinate employees built into position implementer of these expenditures, but virtually no powers. Him budgetary allocations may affect only the case of adverse developments not caused by his side, in the form of additional processing requirement to adjust the limits with irrefutable justification unfavorable condition. Area determining salaries and bonuses for work performed outside the employment relationship manager is determined arbitrarily the superior level.

### **3 Competence of economic management brigade in the decision-making process**

Brigade and its staff is a control element of the Land Forces Command, the Army of the Czech Republic for a complex command of troops and units subordinate brigade.

Staff solves critical tasks in the process of command and control units and departments Brigade. Coordinates and ensures their activity. Systematically collects, evaluates and records the necessary information, performs calculations, realistically anticipate developments and prepares materials for seniors' levels of command decision. The basic task is to command the brigade staff subordinate formations and units to secure the benefit of land forces carrying out the tasks involved in creating the necessary task forces to deal with tactical or operational-tactical tasks, parts or all of the forces in the assembly senior level the Czech Republic and outside, and performing other laws established tasks in the Czech Republic.

Command, Staff and brigade units are divided into:

#### **COMMAND**

Commander (specific scope in the next section)

Deputy Commander

Chief Warrant Officer

Personal staff

Economic Department (under their command)

#### **Staff**

Chief of staff

Deputy Chief of Staff (DCS-O, DCS-S)

Personnel Department (subordination DCS-S)

Intelligence Division

Operating department

Logistics (subordination DCS-S)

Department of planning

Department of Communication and Information Systems (CIS)

The Department of combat training

Department of classified information (subordination DCS-S)

EGS (element garrison support).

### **The scope of the brigade commander in relation to the area of economic management**

The brigade commander is directly subordinate to the commander of ground forces. The immediate superior of all members of the subordinate brigades and concurrently holds the post of commander of the crew. He provides command and control through a deputy commander, commanders of formations and units. The brigade commander exercised its power under the laws of Czech Republic, military orders and regulations. He acts as the principal operations in accordance with Act no. 320/2001 Coll., On financial control in public administration and amending certain laws (hereinafter the Act on Financial Control).

### **The brigade commander is responsible for:**

- performing tasks in personnel work, for it creates the necessary conditions and decide on personnel actions that are within its competence, implements personnel measures required by law on professional soldiers;
- state armaments and other techniques for managing assigned material and financial resources.

### **The brigade commander is obliged to:**

- organize and manage activities to fulfill other peacekeeping tasks related to the performance of services;
- operatively manage and organize a brigade planning, programming and budgeting within the brigade;
- analyze the state of the brigade, select additional procedures Brigade and plan its activities;
- coordinate and harmonize the objectives of subordinate units and facilities;
- organize security combat readiness and preparedness Brigade;

- participate with state and local governments to eliminate the threat territories in the event of non-military threats;
- manage and coordinate the activities of subordinate units deployed and equipment while eliminating non-military threats, with emphasis on the implementation of the rescue work and carrying out humanitarian tasks;
- organize and lead training of subordinate units and facilities Brigade;
- define internal operating standards Brigade;
- stimulate and motivate subordinates to evaluate professional quality, appreciate subordinates, including drafting proposals for appreciation and promotions;
- process, lead and control the prescribed documentation.

### **Chief economic department of the brigade staff as an expert body of the brigade commander - scope**

Chief economic department is an expert body of economic brigade commander. He provides comprehensive economics support their own command and all part of the brigade, including planning, programming and budgeting of funds and implementation of financial controls in their jurisdiction with power to issue binding guidelines, expert opinions and Regulation for the entire scope of the brigade in the area of economic support.

### **The organizational structure of the department:**

Chief Economic Department.

### **Group financial security:**

Chief groups - Deputy Chief of the department;

Senior Officer;

Staff worker;

Staff worker.

**Group procurement:**

Leader of the group;

Senior Officer;

Staff Worker.

**Chief economic department is responsible for:**

- complex management of financial and economic activity brigade with responsibilities to the whole structure of subordinate units;
- planning, programming and budgeting of the organizational structure of the brigade;
- submission factually correct, complete and duly justified basis for compiling the draft budget and the subsequent calculation of income and expenditure Brigade;
- disbursement and use of funds in accordance with applicable laws and departmental regulations;
- implementation of the wage policy of the MoD and the financial security of persons within the scope of the brigade;
- implementation of management and subsequent financial controls within the scope of the brigade;
- receivables management and evidence of damage in the scope of the brigade;
- the financial management of the cultural and social needs within the scope of the brigade;
- implementation of comprehensive analysis and economic analysis in the scope of the brigade;
- planning and implementation of the financial support of foreign missions and visits;
- acquisition of property and services for the benefit MoD for the whole scope Brigade.



**Chief economic department is obliged to:**

- manage, monitor and evaluate the activities of subordinate members of the Economic Department;
- prepare documentation and information financial-economic character needed to make a decision in accordance with applicable standards and regulations;
- organize and manage the areas of economic security in the scope of the brigade;
- manage and coordinate the training of members of the Economic Services;
- strictly comply with financial and budgetary discipline in collaboration with commanding and professional bodies for deficiencies and proposed remedial action;
- manage and monitor the activities of commanders and chiefs on individual elements Brigade in the areas of economic security;
- actively monitor the standards in force relating to the area of financial-economic security and ensure their proper and uniform interpretation;
- perform proper records of damage and receivables management;
- process the data for assays activity;
- prepare documentation for solutions submitted applications and complaints related to the field of financial and economic security;
- coordinate and cooperate with, guaranteeing the regional financial authority;
- prepare documents for financial security during the state of emergency.

**Chief economic department is involved in:**

- compilation requirement of budgetary resources and ensure compliance with specified limits;
- implementation of control activities of the brigade units within the specified range and in defined areas;
- tasks in planning, programming and budgeting Brigade.

#### **4 Communication relations chief of the economic department in support of the objectives set commanders organizational units (cost centers)**

Economic activity of the institution, as a key element of support manager objectives set cost centers (CC) is very limited, as is focused on activities associated with the calculation and processing of the draft budget and medium-term outlook for the next period.

Communication relations with the cost center:

**A. Communication relations Internal (within a cost center);**

**B. Communication relations external (outside of a cost center).**

**Internal communication relations** can be understood relationships and bonds formed by the need to implement the principles underlying the processing of materials to final decisions or implementing steps commanders as senior officials in the implementation of economic security cost centers.

##### **Internal communication relations:**

Chief of the Economic Department (Economics Department) - Legal Advisor Commander

Chief of the Economic Department (Economics Department) - Personnel Department

Chief of the Economic Department (Economics Department) - Operational Detachment

Chief of the Economic Department (Economics Department) - Logistics Department

Chief of the Economic Department (Economics Department) - Department of Planning

Chief of the Economic Department (Economics Department) - Department of Communication Information Systems

Chief of the Economic Department (Economics Department) - Department of combat training

Chief of the Economic Department (Economics Department) - Department of classified information

Chief of the Economic Department (Economics Department) - unit CC.

**External Communication relations** - relationships and bonds formed on the basis of the actual realization of economic security operations cost centers used all bonds associated with the internal communication system cost center, while still maintaining the maximum extent the principle of cooperation and advice, even though these communication relation engage in direct control (link to the senior level - the higher headquarters) or independent implementation costs with the possibility to stop (financial Agency).

**Chief of the Economic Department (Economics Department) - Finance Department senior commanders' degree**

**Chief of the Economic Department (Economics Department) - Financial Agency**

In a situation of interrelated activities, information and realization process of economic security are the most important elements of mutual relations:

on the side of a cost center

Commander of the cost center - the principal operations

Chief economic department

personnel of the economic department

on the part of the Agency's financial

budget administrator

budget administrator salaries and wages

chief Accountant

other employees of the Agency according to their financial responsibilities to the designated area (accountants, cashiers, taxes, debts, bank etc.).

## **5 Changes in economic management CC from 1 January 2013 - the critical points**

Significant changes dating back to the beginning of the financial year and consists in changing the way disbursements mandatory expenditures in relation to staff employees were not always perceived in a positive direction, since neither the

professional body parts had sufficient information to provide full-fledged answers to the questions from the staff.

**Transfer duty manager on the staff of the agency budget for the financial**

**The functioning of technical support in the implementation of economic security**

**Ensuring information functions at realization of economic security**

**Economic support from the position of Chief of the Economic Department**

**Centralized management of economic security directive**

**List of tasks for students:**

- 1) Characterize decision support manager objective by the world economic authority.**
- 2) Explain the support of the chief of the economic department for security decisions brigade commander / manager base as objective.**
- 3) Describe the responsibilities of individual institutions of economic governance.**
- 4) Characterize the internal communication links (within CC).**
- 5) Explain the external communication links (outside CC).**