



Course: Financing and economic management

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Preparatory phase - chapter administrator sets limits funds of the state budget objectives Level 1 (Expenditure bloc - EB). The proposal of the tree objectives in the module "Material planning - MatP" is converted from a planning mode into the budget mode. Managers objectives specifying its structure and adapt it to the needs of the budget (budget calculations are performed at the lowest level of the tree of objectives). After converting all the objectives in the "discontinuance" targets are transferred to the module PKR to perform calculations, processing and preparation of financial calculations and budgetary sentences. This process is performed in the module "Support budget calculations - PKR". Managers targets / actions / tasks can adjust the limits of funds provided in the module MatP, according to current needs. Overall limits are then transferred back into the module MatP. The output is a database in the budgeting and accounting sentence

Balancing the budget - this process for the current year is done in the module "Balancing the budget - BAR" and for a medium-term outlook in the "Module of medium-term budgetary outlook - SRV." This process is controlled by the processed data is done correcting identified deficiencies a chapter administrator administrators EB responds to refine the limit of funds and mandatory budget indicators as specified Ministry of Finance and consideration budget's chapter workbook in the House of Commons of the Czech Parliament.

Approval of the draft budget of the Ministry of Defence and the medium-term, the Chamber of Deputies:

If the House of Commons have agreed with the draft law on the state budget of the Czech Republic, there will be **a law on the state budget** for the financial year and this law is binding on all budget entities.

¹ Pro rok 2014 je upraven Odborným nařízením pro zpracování návrhu státního rozpočtu a střednědobého výhledu kapitoly 307 – ministerstvo obrany, č.j.:13-10/2013-8201.

If the House do not consent to the law on the state budget before the first day of the financial year, the state managed according to the approved budget last year - **a provisional budget.**² The budgetary provisional arrangement with management controls until the entry into force of the Law on State Budget for this financial year the volume of incomes and expenditures of the state budget approved for the previous financial year. Expenditure individual chapters are released to one twelfth of the total annual amount in each month of the provisional budget.

In the case of the adoption of the Law on State Budget of Czech republic **binding budget indicators** broken down into sub-MO budgets according to plan and provide funding for fulfilling individual objectives and cost centers MoD.

The following year, is being **implemented (drawing) of the budget** according to the methodological guidelines for the implementation of change management MoD budget and ongoing assessment of implementation MoD.

The budget is formally closed **state final account.** It contains information on the results of the management last year. Overall, the draft state final account prepared by the Ministry of Finance in cooperation with the chapter administrators, local authorities and state funds and submits it to the government. The government submitted a draft state final account of the Chamber of Deputies. If the balance of the state budget differs from the balance provided in the State Budget Act, the Chamber of Deputies on the proposal of the Government decides how it will be paid or how the deficit will be loaded with the existing surplus.

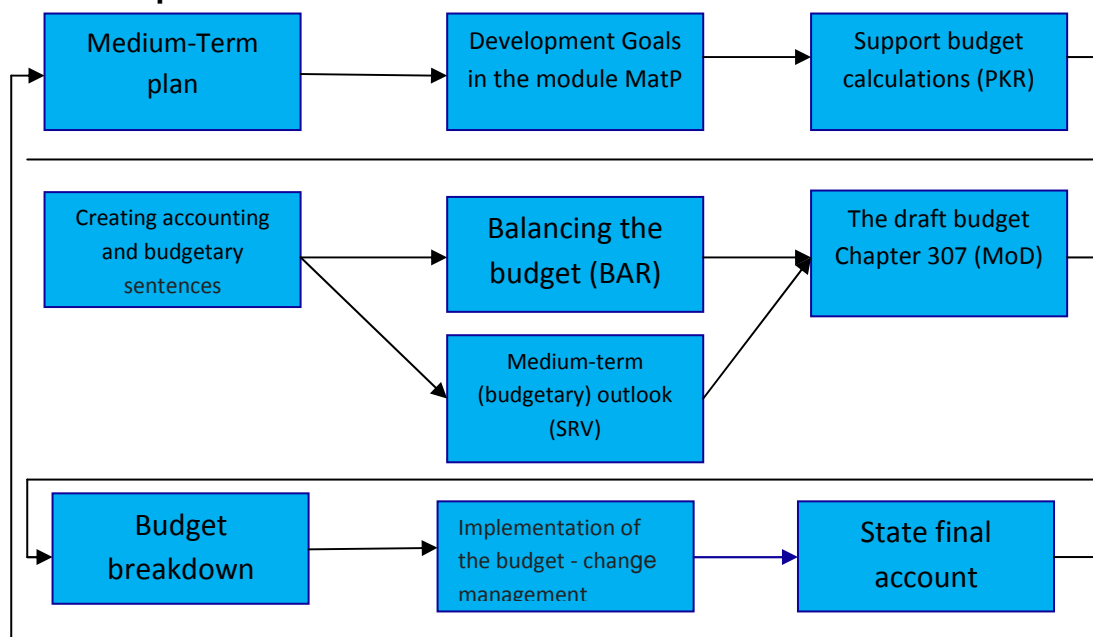
Establishment of the budget

The starting point is a medium-term plan, and according to the forms for determining the limits of budgetary resources EB for each year the state budget. Under the provisions of Order of Ministry of Defence no. 66/2012 term plan is drawn up with the objectives of which are set priorities. The appropriations are determined based on the substantive content of the description of objectives. Calculation of the budget is therefore based on the substantive content of the objectives / measures / projects approved targets managers.

Figure 1 shows how the interdependence of the budget MoD with medium-term plan of action and development MoD

² § 9 ze zákona č. 218/2000 Sb., o rozpočtových pravidlech a o změně některých souvisejících zákonů (rozpočtová pravidla), ve znění pozdějších předpisů.

Figure 1 Interdependence of the budget MoD with medium-term plan of action and development MoD



Source: own elaboration

Budget spending

After the breakdown of funds following objectives and individual elements of the organizational structure is done by pumping the budget and evaluation of the performance targets³ is performed streamlined change management budget chapter administrator. This change management is a process in which there is an operational changes set limits on individual performance objectives under the plan (generic, functional, purpose income and expenditure classification and items of capital expenditure plan MoD and schedule current expenses MoD centrally paid and changes in the budget of the sentence), or changes in accounting attributes sentence, or the use of budget funds. Change management is performed after objectives. Managers of budgetary targets are competent. Executives can perform change management only up to the limits set on the objectives / actions / tasks performed NS driven by them. If necessary, change these limits must be made manager of change management objectives - budget competent.

The amount of budget measures (change) indicates of imperfect of Planning & Budgeting. Reality is that the resort schedules items in the budget that actually draws an average of 10% in 2011 and an average of 14% in 2010. This finding is supported by data on the number of budget measures per year. For 2011 these budgetary measures (changes) was 10,865, on which the change occurs in the order of 10 items, which were not scheduled.

³ Srovnej RMO č. 66/2012, čl. 17, str. 9.

Revenue and expenditure MoD

Budget revenue and expenditure shall be drawn in the structure of financial and budgetary sentence whose attributes are based on the budgetary structure (RS) (the uniform classification of income and expenditure) Regulated MoF. ⁴ This budget structure is adapted to the specific conditions of the Ministry of Defence of the Czech Republic.

Budget revenues MoD

At the objectives (EB) budget revenues can be used, which are *all irrevocably received funds, especially the character of taxes and fees, income from the provision of services, income from the sale and lease of state property and received donations and transfers.* ⁵ State budget revenues are part of extra budgetary resources and their utilization assumption for the fulfilment of objectives is featured in the medium term. Receipts can be divided into:

• Tax:

- Taxes and fees:
- From social security premiums and contributions to the state employment policy and public health insurance for professional soldiers,

• Non-tax and capital:

- Revenue from leased property (eg. Gyms, swimming pools, training area, lease of movables)
- Revenue from own activities (eg. For meals, for performance of health care, etc. for training.)
- Income from sale of fixed assets,
- Revenue from the sale of non-investment assets
- Other non-tax revenues and received penalty payments (e.g. Insurance claims). ⁶

⁴ tamtéž, § 2.

⁵ tamtéž, s. 4.

⁶ DUŠEK, J. *Státní rozpočet a rozpočtování v resortu MO (II díl)*. 1. vyd. Brno: Vojenská akademie, 2001. s. 69 až 70.

Expenditure Budget MoD

Expenditures are *all irrevocably granted funds, especially the nature of payments for purchased goods and services, including salaries and other payments related to the work done by employees and transfers of funds.*⁷ On the performance of EB (objectives Level 1) are all allocated funds. Cash can be divided into:⁸

- **Current expenditure,**
- **Capital expenditures.**

Revenue and expenditure structure (RES)

Structural classification of income and expenditure budget for their merits represents the income and expenditure structure. Revenue structure (blocks and spheres) centrally determined MF. Chapter sets out the structure of expenditures by its mission and its activities for the benefit of the public and the state, i.e. E.g. In accordance with its strategic documents. It should not aimlessly follow other budgetary classification of the Decree no. 323/2002 Sb. *on the budget structure*.

RES provides for hierarchical classification of revenue and expenditure budget chapters within the budgetary process as follows:⁹

- **Expenditures:**

- Expenditures blocks, Expenditures headings, Expenditures set of elements, Expenditures subset of elements.

- **Revenues:**

- Revenues blocks, Revenues headings, Revenues set of elements, Revenues subset of elements.

2 Target-oriented budgeting - general definition

Definition of target-oriented budgeting

Goal-oriented budgeting (GOB) is a kind of new way of budgeting, which is to provide an answer to the question: "What is to be achieved, how and especially with what

⁷ *Rozpočtová skladba resortu Ministerstva obrany ČR*. Č. j. 31-47/2006-8201. Praha: SE MO, 2006. s. 4

⁸ DUŠEK, J. *Státní rozpočet a rozpočtování v resortu MO (II díl)*. 1. vyd. Brno : Vojenská akademie, 2001.s. 70 až 72.

⁹ *Odborné nařízení pro zpracování návrhu státního rozpočtu a střednědobého rozpočtového výhledu kapitoly 307 - Ministerstvo obrany Praha*, čj. 56-12/2012-8201.

amount of money?" It is essential that this issue has become crucial not only for every accountant, but especially for each chapter administrator, head of public administration institutions to specific employees who ensure the implementation of government policies.

We were even in the public sector are able to answer this question, we must remember not only the mission of the institution and the benefits of its activities to the public and the state, but also to analyse these activities, to determine their purpose and to assign these activities expenses. Algorithm obtains an answer to the above-mentioned question can be summed up following three points:

1. Determination of the general objectives, including a timetable,
2. Define the structure of expenditure blocks and classifications,
3. Allocation of expenditure to expenditure blocks and classifications.

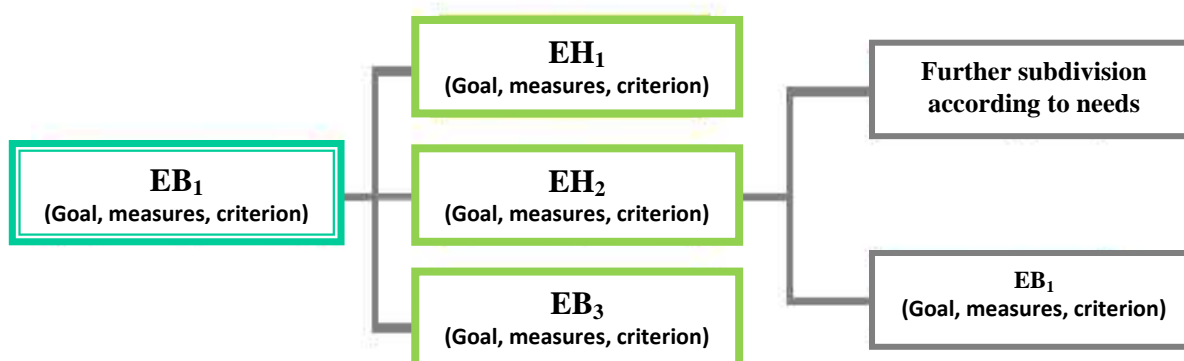
If we wanted to evaluate whether the institution achieves the desired objectives or not, we have the structure of expenditure blocks and other lower levels of breakdown to further enrich **the system of measurement results**. In order to determine the cases in which it is expedient to use the file to determine the activities are precisely measurable and applicable in the budget process. They establish performance measures and evaluation criteria. **Measures** are logically selected unit of measure. **Evaluation criterion** then means the level or number of units of measurement to be achieved. The criterion must be chosen so that it is clear, related primarily to a truly say about the way the objective. Only in this way can better defend the necessity of actions. In defending increase funding of the activities carried them know their additional benefits and vice versa in the reduction of resources is known effect of unrealized losses on expenditure.¹⁰

Goal-oriented structure of the budget

Its structure is represented by homogenous unit activities which constitute *expenditure blocks* (EB). They are further degraded into expenditure headings (EH) and to lower levels of subdivision (a similar method of specification applies to the target), whereby higher levels of total sum is directly subordinate levels. Determination of EB and EH is mandatory; other lower-level breakdowns are voluntary. Scheme goal-oriented budget structure is shown in Figure 2

¹⁰ Tyto údaje pak budou sloužit pro obhajování výše rozpočtových prostředků a jejich změn na všech hierarchických úrovních sestavování státního rozpočtu.

Figure 2 **Scheme goal-oriented budget structure**



Source: *Methodological tool GOB*

Expenditure bloc (EB)

The spending block is the volume of expenditure (investment and non-investment) for a pre-defined set of activities that chapter administrator provides within its jurisdiction, resulting Competence of the Act or the Act, which was established by chapter, regardless of their organizational security. In effect, this means that one OSS can pursue activities falling under more expenditure blocks or block within the expenditure under more expenditure headings.

Its material content based on internal analysis activities made by the trustee chapters with a view to setting objectives. Analysis carried out activities will help to realize the objectives or objectives that can be used to determine the spending block. **The maximum number of blocks spending is still limited to 26.**

Expenditure blocks can be interdepartmental, objectives arising from them can fulfil multiple chapters. In this case, the government designated the administrator of the expenditure breakdown of the expenditure of the block and the block between the relevant departments are subordinate to it.

Requisites expenditure block:

1. First clearly defined goal or objective, which is (are) to be achieved,
2. The total execution time targets - depending on the nature of the activity can be determined:
 - **Multi-annual targets**, at least for a medium-term outlook for which is determined each year level, which should gradually achieve this objective in a

given year to achieve. Annually, the performance against those objectives assessed values, and in the final accounts of the state budget chapters and reported that critical to achieving or not achieving the desired objective will be to fulfil the objective of the final evaluation at the end / termination block expenditure, whose implementation should be achieved by means ,

- **Annual targets**, at least for a mid-term perspective, the performance will always be at their end and evaluated in the final accounts of the state budget chapters and reported,
3. Criteria for evaluation of the performance targets that will evaluate the success of achieving the objective, while depending on the characteristics of the target will be the evaluation carried out at least on an annual basis,
 4. The volume of financial resources to achieve the objective - in addition to the annual volume of expenditure will be determined by the total amount of funding necessary for the period specified to meet the objective, in the case of multi-annual targets, at least for a medium-term perspective.

Expenditure heading

Expenditure heading is detailed breakdown of the expenditure of the block and is the volume of expenditure for the financing of comprehensive expenditure block, i.e. To finance predetermined sub-activities. It has established a separate objective (s), including the time of its (their) implementation, which is (are) a partial order in respect of the cost of the block. The important fact is that the performance objective (s) expenditure headings makes the goal of the respective expenditure block. Expenditure heading may have set a goal that is identical to one of the objectives of the expenditure of the block. Has established evaluation criteria, enabling measurement or evaluation of the success / failure of meeting the objective (s) and can be further according to the needs of the chapter administrator further divided.

If we wanted to answer the question: "To what extent are the numbers binding in relation to the state budget?" We must realize that each spending unit is a specific indicator for the relevant financial year. Designation as a specific expenditure heading indicator depends on the decision of the chapter. Mark so you can select any expenditure heading. However, where indicated, all expenditure under the block, the remaining expenditure areas specific indicator in aggregate.

The chapter administrators are required to submit the proposed structure of the target-oriented budgeting in the form of expenditure blocks and expenditure headings of the opinion of the Ministry of Finance and approval prior to submitting the numerical data for the preparation of the draft state budget for the financial year and the medium-term outlook for the coming years. This structure target- oriented budgeting should be stable for at least the medium term. After approval of the

structure of the Ministry of Finance, if necessary, complete the chapter overall detailed expenditure structure of each block to the lowest level, i.e. Set of expenditure components / activities, or to a lower division. Simultaneously, the chapters assigned responsibilities at all levels of target-oriented structure.

Government is the structure of expenditure blocks approved in the negotiations on the bill the state budget of the Czech Republic (i.e. already with the proposal the volume of expenditure for individual spending blocks).

Approaches to setting objectives

Objectives reflect government policy tasks, which are further elaborated at lower management levels (individual departments). They can be quantitative and qualitative rated e.g. using statistic surveys, special surveys. When setting objectives that meet the intentions of state policy manager chapters will always be based on three basic aspects:

- Security needs of the target group (range of services, quality of service, etc.), i.e. In terms of user services,
- Socio-economic efficiency, i.e. In terms of expected effects of a national public service, from the execution of the policy (as a citizen is satisfied with the quality of public services)
- Effectiveness of government from the perspective of the taxpayer, i.e. The efficiency of expenditure incurred for the performance of public services, the performance of the policy (e.g. Severe cost of providing services).

Objectives should be not only achievable, simple, concise and understandable, but also concrete. It is essential to formulate so that it is clear what values should be given time period achieved

Targets are basically set at two levels:

- At the level of the expenditure block, as a common objective (s) for expenditure circuits, of which block consists spending, while the number of targets would especially in the first years of introduction COR be in the range 1-5,
- At the level of the expenditure heading, such as sub-targets to meet objective (s) of the expenditure block, which a part is. If the administrator expenditure block deems appropriate, sets targets and layers for a more detailed classification of expenditure heading.

Each target is assigned to one or more of the evaluation criteria.

Guiding principles for the evaluation objectives

The main principles for the evaluation of the performance targets mainly include:

- Responsibility for meeting the targets, as well as for managing the state budget has a chapter administrator. Meeting targets will analyse relevant managers responsible for the chapter,
- This assessment will be included both in the literature that chapter administrator submitted to the Ministry for the development of the state final account, on the one hand in the final account chapter by chapter administrators submitted for consideration to the committee House of Commons of the Czech parliament,
- If the goal for any reason will not be filled, the evaluation must include an evaluation of the feasibility set objectives and circumstances that influenced his non-compliance, including any remedial measures or proposals to change the targets for the next period. The assessment should be a clear distinction between subjective and objective reasons.

3 Target-oriented budgeting in the MoD

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. On the basis of this decree began budgeted in accordance with the methodology target-oriented budgeting (GOB) not only in the Ministry of Defence of the Czech Republic, but in other budget chapters in the Czech Republic. Implementation of the new system started in 2009. This has an impact on the management of funds. In this context, the Ministry of Defence of the Czech Republic issued a new standard for internal planning. This is the Order of Ministry of Defence no. 24/2010, which regulates the planning in the defence sector. Under the new rules, the budget for the first time Formed in 2010.¹¹ From 2013 he was the order of the Minister of Defence replaced by a new order of business planning and development of the Ministry of Defence, Order of Ministry of Defence no. 66/2012.

The concept of goal-oriented budgeting is used in two basic ways. The first concept is broader, is a system of resource management. The second concept is narrower

¹¹ *Manuály*. Ministerstvo financí ČR. c2005 [cit. 2011-06-08]. Dostupné z: http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/vyhlasaky_44707.html?year=2009.

when it is a budget method. The essence of goal-oriented budget is thus rationalizing the allocation of resources.

Goal-oriented budgeting is such a system resource management, which allows the public to transform the identified needs into objectives of the department and budgetary funding these objectives with regard to their priorities and limited resources.¹²

COR is a new allocation system that is intended to make it possible to answer the question: "What is to be achieved, how and with what amount of money." Find the answer to this question means:¹³

- To realize the mission of the institution and the benefits of its activities to the public and the state (setting of general objectives, including a timetable).
- Analyse activities to determine their purpose and contribute to the objectives pursued, and thus create their homogenous units (definition of expenditure structure blocks a detailed breakdown).
- Assign to these activities expenditure (expenditure allocation of spending blocks and classifications).

In order to implement the new approach was successful, it is necessary to adapt the program structure of the Ministry of Defence, thinking of responsible workers, but also software support of the entire system. Successful implementation is subject to adequate regulation of the external and internal legislative documents. COR should allow workers to resort to fulfil the obligations imposed on them under the Act no. 320/2001 Coll., *on financial control*, i.e. efficient, economical and effective use of funds. Currently, we are able to identify inputs (we have information expenditure), but we were unable to identify their outputs in relation to the fulfilment of economic evaluation funds. This new system should allow these deficiencies.

This is a completely new system for the preparation and implementation of the budget by the management by objectives - Management by Objectives (MBO), which will be implemented in phases over several years. In connection with this (in the MoD resort) created so called Goal-oriented structure of the budget (GOSB), which structure is represented by a homogenous unit activities which constitute expenditure blocs (EB). They are further degraded into expenditure headings (EH) and to lower

¹² OCHRANA, F. *Cílově orientované rozpočtování – stav a perspektivy jeho uplatnění v rezortu Ministerstva obrany*. Vojenské rozhledy [online]. 2010, č. 3, [cit. 2011-06-08]. Dostupný z: <http://www.army.cz/assets/multimedia-a-knihovna/casopisy/vojenske-rozhledy/vr-3.pdf>.

¹³ KRTIL Josef, *Cílově orientované rozpočtování*, Prezentace, Praha, MO ČR, 2010.

levels of subdivision (a similar method of specification applies to the target), whereby higher levels of total sum is directly subordinate levels. Determination of EB and EH is mandatory, other lower-level breakdowns are voluntary. There were in GOSB payable blocks developed in relation to the attributes of budgetary and accounting sentences by the year 2012 (EB followed the organizational structure of the Ministry of Defence). This situation was caused by editing module Financial Information System, Support budget calculations (SBC). Only since 2012 has been possible due to modifications to the module PKR apply the new procedure, the calculation of the targets.

GOSB is composed of the following levels:

1. Mandatory:

- Expenditure block,
- Expenditure heading,

2. Voluntary:

- Set spending elements / activities,
- Expenditure subset of elements / activities,
- Expenditure component / activity.

Principles target- oriented budgeting

Data preparation for the draft state budget and medium-term budget outlook is done in the relevant modules Financial Information System, modul Accounting 98 for control, data acquisition and processing. Attributes budget sentences are determined in relation to the factual description of the target.

Overview of targets MoD is conducted in single dial objectives for the planning process and the budgetary process in MP module, which is connected with other modules of the Financial Information System (FIS).

Objectives are determined in accordance with the provisions of Order of Ministry of defence no. 66/2012, Article 8 and not copied organizational structure of the Ministry of Defence.

Managers of objectives have to at creating documentation of objectives to determine the need for all the resources at their performance, especially correctly determine the total amount of funds the state budget required for their implementation.¹⁴

Objectives of the 1st level are in the budget process identified with the expenditure blocs and objectives of the 2nd level with expenditure headings.

Determination of expenditure blocs and expenditure headings is mandatory for budgetary chapter; other lower-level division are used for government departments.

Each and every block spending the next lower level of breakdown must have at least one goal and assigned at least two criteria for evaluating its performance. Each block spending is a specific indicator of the chapter for the relevant financial year

The expenditure bloc - generally in terms of the MoD goal Level 1:

- The expenditure bloc is the volume of expenditure (investment and non-investment) to a pre-defined set of activities,
- Its material is derived from internal analysis of the activities carried out by the chapter administrator with a view to setting objectives,
- The expenditure bloc is structured in expenditure headings, which always consists of the sum of the total amount of expenditure bloc,
- A summary of all expenditure blocks chapters constitute Total expenditures.

Expenditure heading - generally in terms of the Ministry of Defence goal Level 2:

- is a more detailed breakdown of the expenditure block,
- is the volume of expenditure for the financing of comprehensive expenditure block, ie. To finance predetermined sub-activities,
- has set separate objectives, including the time of its implementation, which is a partial order in relation to the objectives of the expenditure of the block; the goal expenditure headings makes the goal of the respective expenditure block,
- has established evaluation criteria enabling the measurement and evaluation of the success / failure of the goal.

The total amount of financial resources is defined as the sum of investment and non-investment expenses.

¹⁴ RMO č. 66/2012, čl. 9, odst. 3.

In determining the amount of funds earmarked for the objectives to be preferentially allocated budget funds to ensure all contractual relations established at all levels of the organizational structure MoD.

Description of the objectives must be clear and understandable. The budgetary resources allocated to the implementation of the objectives is governed by the inclusion of the target in the group priorities and linked to the performance of public administration and defence objectives. The order of priority groups determines guidelines for business planning and development of the Ministry of Defence (hereinafter Directive MoD).

4 The method of setting objectives and rules for their processing

Objective tells us what we want to achieve in the future. Task tells how the goal is achieved, which represents the path towards achieving the goal.

Set goals must be precisely measurable and applicable in the budget process must be established performance measures and evaluation criteria. A measure of the selected unit of measure and evaluation criterion is the level or number of units of measurement to be achieved compared with baseline.

Criteria for meeting the objectives must be clear, it must be related to the set target and talk about how the objective.

If the target is described and defined evaluation criteria, it is necessary to seek answers to questions:

- Whether it is possible to better defend the need activities,
- Whether the known benefits of implementing additional actions, if required to increase funding to ensure the implementation activities,
- Whether the known effect of unrealized losses on spending, if required reducing the means to secure the activity performed.

In terms of timing, it is possible targets in a goal-oriented budgeting divided into 3 groups:

- Long.
- Medium.
- Short-term (operational).

By defining objectives are beneficial method **SMART**:

- **Specification goals**
- Objective is formulated specifically and unambiguously.
- Objective clearly shows the result in the future.
 - **Measurability goals** - achieving goals can be directly or indirectly measured using the specified parameters.
 - **Acceptability goals** - with the objectives of different levels of management must be identified as the appropriate management level.
- **Realism objectives**
- Target must respect all known constraints and build quality analysis of the current situation.
- When a potential shortage of resources must be prioritized objectives.
- The sum of achieving individual goals subordinates must ensure the achievement of the objectives of their parent.
- Performance targets must be influenced by organizational units that are involved in its implementation.
- **Terming of objectives.**

Evaluation of the performance of objectives can be performed:

- In general terms, verbal expression,
- Evaluation criteria have been met.

When properly prepared documentation objectives, targets for the development needs of the budget end at any level from Level 2 below.

Development objectives tree is performed to a level that ensures:

- Effective implementation management objectives,
- Ability to clear formulation of measures and their identification with owner

- establishing criteria for assessing their performance
- Perform calculations substantiating cash needs.

5 Place and role of cost center in the budgeting process

The concept of cost center (CC) is within a financial information system used in more senses. The fundamental importance of cost center in terms of goal-oriented budgeting is to identify the elements of organizational structure, which owns the objectives, actions, or task.

Attribute NS in the financial and budgetary sentence is the lowest element of the organizational structure, whose benefit is realized and recognized financial security. Usually expressed as an element of organizational structure which has implemented the expenditure

The module MP is using the "Task entity" through a number CC defines the element of the organizational structure responsible for the implementation of the objectives, action or task, while ensuring compliance with the principle of integral command authority. At the lowest level development objectives define the organizational element that in the relevant module prepares the financial and budgetary sentence adjusted for the state budget in chapter 307 - Ministry of Defence. Using this function will assign objectives, actions or tasks to CC. It follows transfer of objectives to SBC modul and its allocation to the appropriate element budgeting funds.

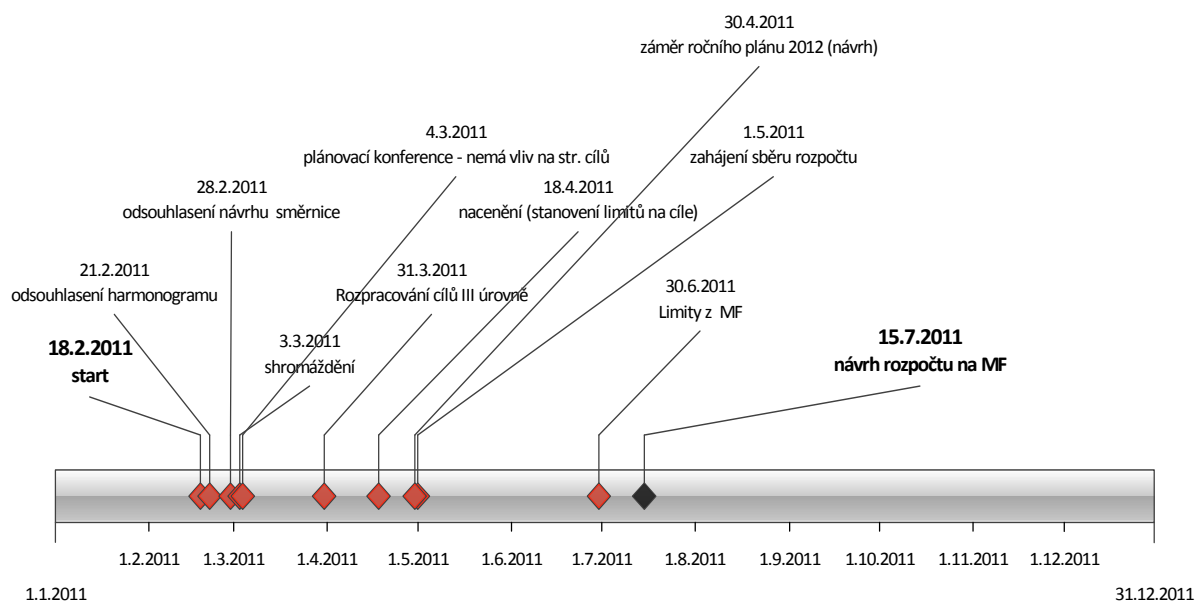
Requiring synergy using the module MP

When implementing the objectives it is necessary to establish cooperation with the various elements of the organizational structure of expertise that are not in direct subordination manager objectives. The budget process is impermissible that the same action or task issued more elements of organizational structure (CC). Always be prepared special card objectives, actions or tasks, which are set out specific requirements for the element of organizational structure, limit funds for its implementation and criteria for evaluating its performance

6 Processing of the draft budget by cost center

In Figure 5, you can see the process of drawing up the draft budget for 2012. Himself cost center refers to the end of April, when each cost center handles the intention of the annual plan. The processing of the draft budget is mainly due to the logistics group, then the economic group.

Figure 5 Timeline - Budget 2012 -2014



Source: Preparing the draft budget for 2012 and the medium-term outlook for the years 2013-2014. OR SE MO. [04/05/2011]. Vyškov.

Data for the draft budget (medium term) are processed based on defined objectives. Objectives of the MoD follow under the provisions of laws, international commitments and decisions of the Government. They are stated in the Directive for business planning and development MO. Each cost center according COSR must have at least one structure objectives for the destination using voucher (hereinafter "KML") in the planning process linked funds. Each cost center has determined the objectives set one main objective.

Data processing for the draft budget (medium term) represents the calculation of income and expenditure budget to safeguard budgetary funds from the state budget for the MoD in progress objectives within GOSB, with regard to income and expenditure approved by the Government for the bill on state budget notified by the Ministry of Finance chapter administrator and approved medium-term outlook for the state budget.

The chapter administrator sets before processing documents for the draft budget (medium term) limits of current expenditure in the area other current expenditure to individual administrators expenditure blocks, heading and spending limits for processors expenditure areas.

For security of calculations funds for the state budget expenditures, which are calculated in the module SBC, the budgetary competent in cooperation with the manager objectives to proceed as follows:

- a) Identify the module MP budgetary targets and transfer them to the module SBC,
- b) Perform the synchronization module MP module SBC, consequently:
 - The objectives of the module MP move into the module SBC,
 - MP module becomes available functionality for printing documentation activities and the Protocol,
- c) Module SBC allocates limits for budgetary calculations components in their subordination according to the code GOB.

Participants in the drafting of the budget (medium-term outlook) calculate the first order economic costs linked contracts and the remaining appropriations available to calculate the use of other central and decentralized expenditure. In the ongoing expenses of participants calculate the drafting of the budget (medium-term outlook) expenditure as follows:

- For selected area of current expenditure (expenditure area),
- For area of other current expenditure.

Selected area of current expenditure:

- Personal mandatory expenditures,
- social benefits,
- immovable infrastructure expenditures,
- expenditure on ecology

The area other current expenditure:

In the other current expenditure ensures the processing of the draft budget (medium-term outlook) commander (chief director) cost center or a person responsible for the financial security of the tasks set out for security goals.

List of tasks for students:

- 1) Characterize basic elements of budgeting. What does the budgeting system in the Ministry of Defence (sketch - explain).

- 2) Clarify the revenue and expenditure side of the budget of the MoD.
- 3) Characterize the target-oriented budgeting - general definition
- 4) Explain the implementation of goal-oriented budgeting in the MoD.
- 5) Clarify the principles of goal-oriented budgeting.
- 6) Explain the method of setting objectives and rules processing - the MoD.
- 7) Explain the place and role of a cost center in the COR system.
- 8) Draw and explain the timeline budgeting.
- 9) Draw and explain the budget process in current expenditures realized by cost center.