



Selected economic and financial risks

Topic 2: Risk management in public administration





Aim of the topic

- To acquaint students with financial management in the public sector and the risks associated with public finances.





Content

- Risk management in public administration
- Tax system in CR
- Tax functions
- Tax principles
- Tax theory
- Problems of public budgets
- Economic cycles as a risk and their impact on the public sector





Risk management in public administration

- The risk management methodology in public administration is intended for all organizations that manage public funds.
- Distinguishes Organizational support of the organization's risk management:
 - Centralized risk management model
 - Decentralized risk management model





General assumptions of functional risk management in the organization of public administration:

- Unambiguous organizational structure and functional organizational rules;
- Appropriate defined job descriptions;
- Clearly, clearly and concretely formulated code of ethics of the organization;
- Clearly established rules in key areas of internal organization of the organization, which are mutually consistent;
- Basic the building blocks of any organization on which any management and control mechanism, including risk management, can subsequently rely.





Tax

- The tax represents a statutory mandatory and non-refundable payment to the public budget.
- Taxes are fulfilled function:
 - fiscal, this is referred to as allocation;
 - druhou the tax function is redistributive.





Economic consequences of tax systems

- Tax impact
- Tax shift
- Impacts on consumers





Tax principles

- principle of justice
- principle of certainty
- principle of convenience for the taxpayer
- principle of economy





Today's demands for "good taxes"

Good the tax system should be characterized by the following features:

- justice
- economic efficiency
- administrative simplicity
- flexibility
- "Correct" action on macroeconomic aggregates
- political transparency and legal perfection





Personal income tax

- Tax obligation
- Tax due date
- Non - taxable parts of the tax base
- Tax relief
- Tax benefits





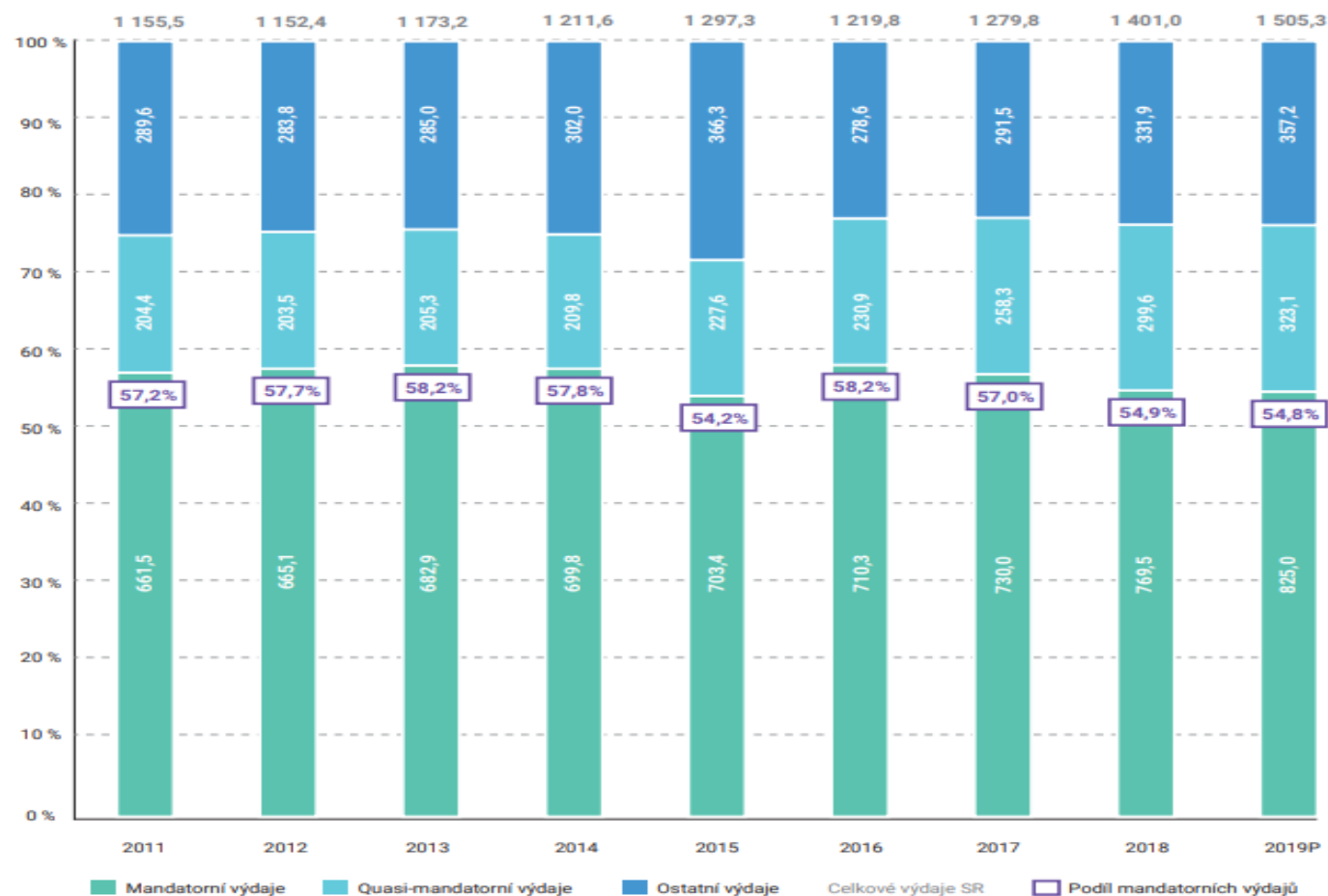
Public problems budgets

- Choice taxes
 - Administrative burden
- Corruption
- Debt





VÝVOJ A PODÍL CELKOVÝCH, MANDATORNÍCH A NEMANDATORNÍCH
VÝDAJŮ V LETECH 2011–2019 V MLD. KČ

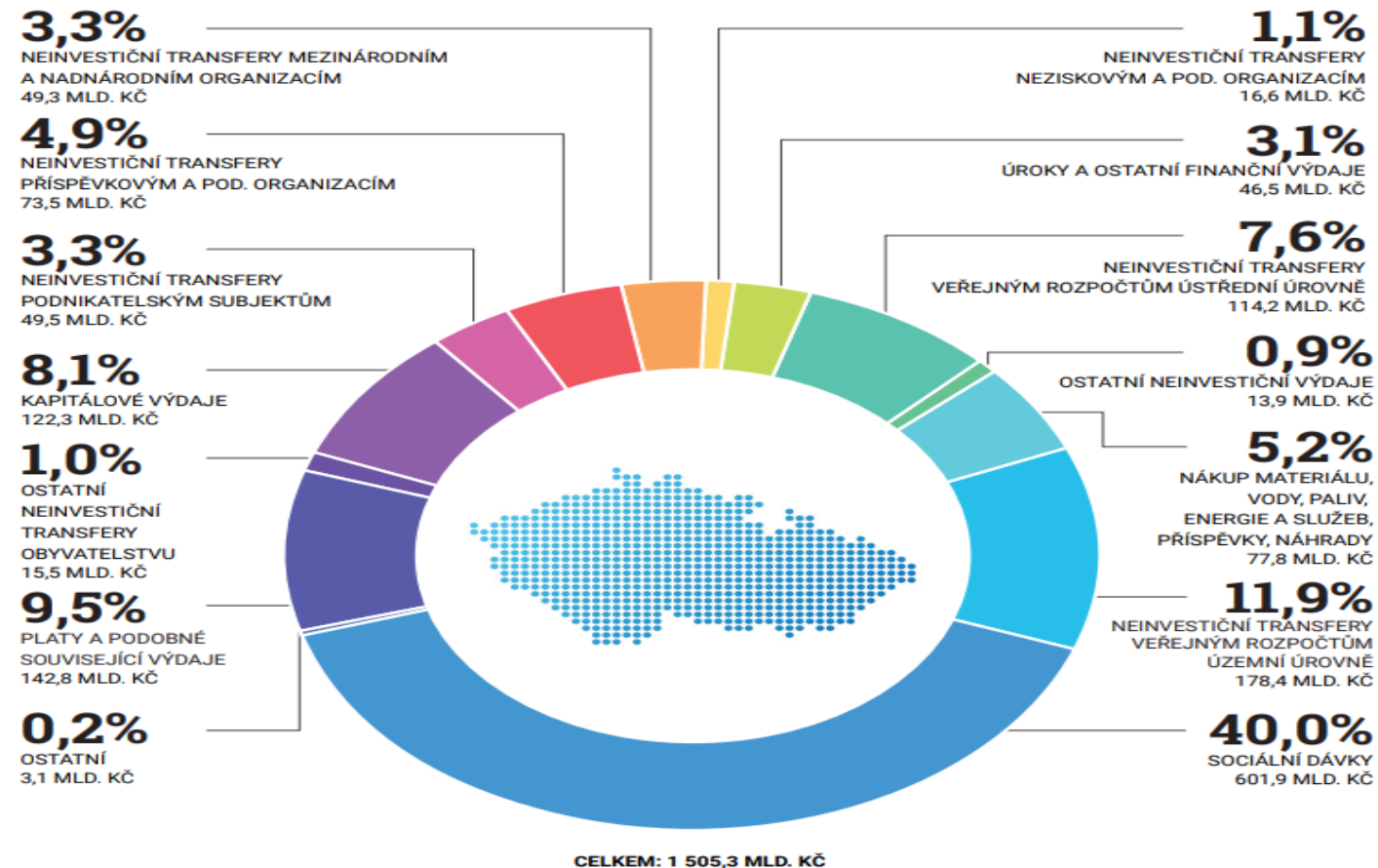


Source: Ministry of Finance of the Czech Republic, 2019. State budget 2019 in a nutshell. ISBN 978-80-7586-025-2





STRUKTURA VÝDAJŮ STÁTNÍHO ROZPOČTU PODLE DRUHŮ V ROCE 2019



- Source: Ministry of Finance of the Czech Republic, 2019. State budget 2019 in a nutshell. ISBN 978-80-7586-025-2





SROVNÁNÍ ZÁKLADNÍCH UKAZATELŮ STÁTNÍHO ROZPOČTU 2013–2019 V MLD. KČ

UKAZATEL	2013	2014	2015	2016	2017	2018	2019P	ROZDÍL 2019P – 2018P
Příjmy státního rozpočtu	1 091,9	1 133,8	1 234,5	1 281,6	1 273,6	1 403,9	1 465,3	150,8
Výdaje státního rozpočtu	1 173,2	1 211,6	1 297,3	1 219,8	1 279,8	1 401,0	1 505,3	140,8
Saldo státního rozpočtu	-81,3	-77,8	-62,8	61,8	-6,2	2,9	-40,0	-10,0

Source: Ministry of Finance of the Czech Republic, 2019. State budget 2019 in a nutshell. ISBN 978-80-7586-025-2



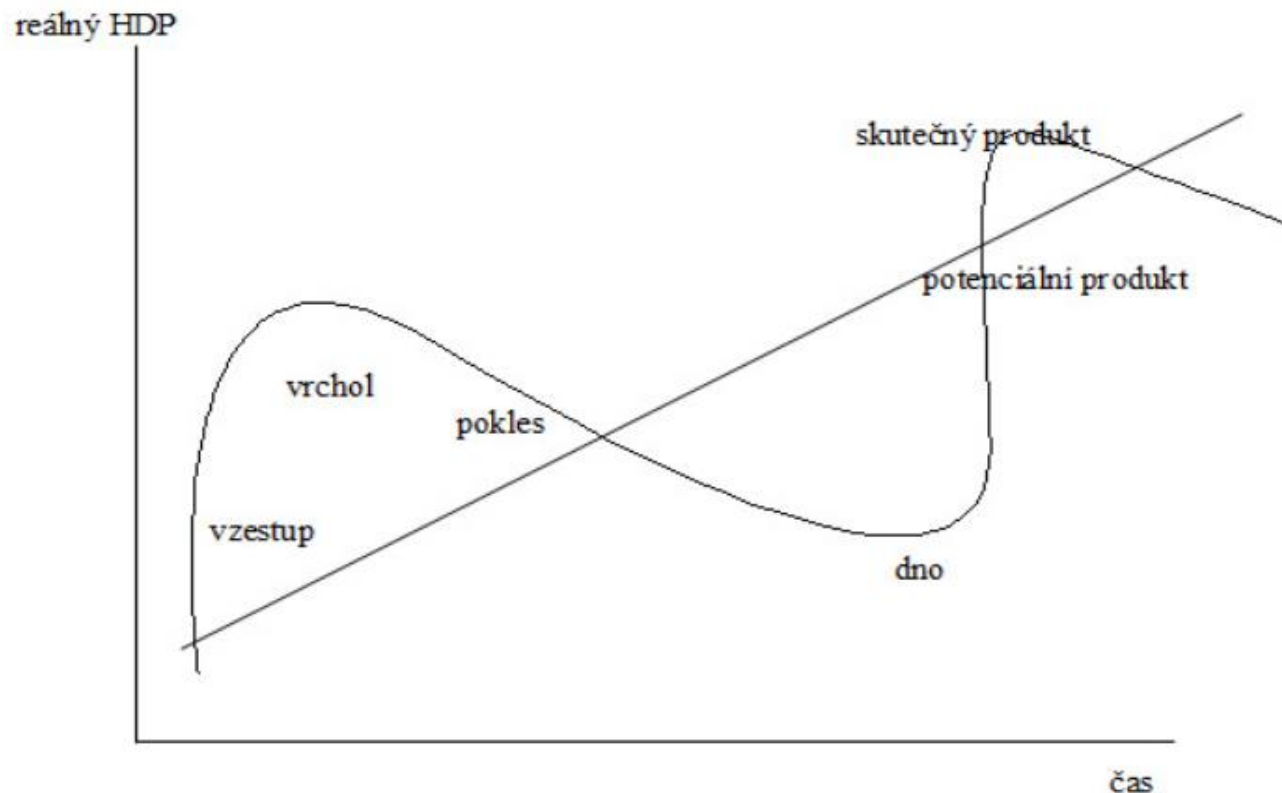


Economic cycles as a risk and their impact on the public sector





Graf hospodářského cyklu



Source: Open School, Economic Cycle. Available [online] at:<<https://www.oalib.cz/openschool/mod/book/tool/print/index.php?id=1810>>

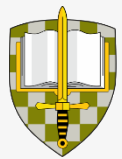




Resources on the topic

- Methodological guideline CHJ No. 2 - Risk management methodology [online]. *Ministry of Finance of the Czech Republic*[Cited: 17. 06. 2020]. Available on: <https://www.mfcr.cz/en/legislativa/metodiky/2016/metodicky-pokyn-chj-c-2--metodika-rizeni-24501/>
- MAREK, Petr. *Study guide to business finance*. Prague:Ekopress, 2006. ISBN 80-86119-37-8.
- PEKOVA, Jitka. *Public finances: introduction to the issue*. Vyd. 2.,rework. Prague: ASPI, 2002. ISBN 80-86395-19-7.
- STRECKOVÁ, Y., MALÝ, et al. 1998. *Public Economics*.Computer Press, pp. 135-137 ISBN 80-7226-112-6
- *Budgetary determination of taxes* [online]. *Financial management*[Cited: 17. 06. 2020]. Available at: <https://www.financnisprava.cz/en/dane/danovy-system-cr/rozpocetove-urceni-dani/>
- Financial administration, Personal income tax, available [online] at <<https://www.financnisprava.cz/cs/dane/dane/dan-z-income/physical-persons-taxpayer/obecne-informace#1zakon>>

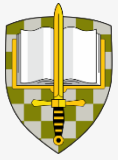




Tasks and questions on the topic:

1. What they are characteristics centralized and decentralized model management risk and public administration?
2. What they are main function taxes?
3. What they are it tax principles and what during they have today requirements on "good taxes"?
4. What way they turn out taxes on consumers and on producer?
5. What Yippee basic typology taxes?
6. What variables they enter to calculation taxes of income physical persons?
7. What they are basic areas problems, which related with public finances?
8. What Yippee difference between state debt, public debt and government debt?
9. What it is economic cycle and what they are his phase?





Thank you for your attention

