

Topic - 6 The building and use of regional financial resources

6.1 The building of regional financial resources

6.2 The budgetary process at the regional level

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The regional financial resources – are centralized and decentralized money funds of a purpose-oriented assignment, which are formed in the process of distribution and re-distribution of combined social product and are intended for use in accordance with the tasks of region social-economic development.

The regional financial mechanism – is the whole set of forms and methods of creation and use of financial resources funds in order to provide the population, subjects of farming, state and private structures with different needs. The constituents of this method are the system of financial management system, financial planning and prediction, financial indexes, standards, limits, reserves.

Standards are used in the financial system for making characteristics of certain level and comparative analyses of different kinds of financial resource expenses and estimation of improvement trends of their use.

Limits are definite restrictions upon the use of financial resources in the interests of a territorial community and employers.

Reserves of the financial resources are formed on all levels of farming and management, and are appointed for neutralization of possible negative action, unforeseen factors, which can appear in the future.

The minimal rates of the local budgets are determined on the base of the standards of budget provision on a person within the economic, social, natural and ecological state of the corresponding territories according to the level of minimal social needs, established by the law.

The incomes of local budgets are formed due to the proper, established by the law, sources and appointed in established by the law order of national taxes, fees and other obligatory payments. An order of enrolling the incomes to the local budgets is defined by the law about budgetary system and other laws.

Local budget divides into

- present budget
- budget of development.

- Funds of the present budget are aimed at the financing of institutions and establishments, which are held owing to the budgetary assignments, and don't belong to the budget of development.

- Funds of development budget are aimed at the realization of program of social-economic development of corresponding territory, connected with realization of investment and innovative activity, and also at the financing of grants and other expenditures, connected with extensible recreation.

6.2 The budgetary process at the regional level

- *The budgetary process* – is legal activity, regulated by law, connected with projecting, consideration, confirmation of budgets, their execution, account examination about the budget fulfilment, which make the budget system of Ukraine.

There are four main stages of budgetary process, which systematically repeat every year.

- projecting,
- consideration,
- confirmation of budget
- execution of budget

First three stages of budgetary process: projecting, consideration, confirmation of budget make a budgetary planning.

Budgetary planning – is a complex of organizing and technique, methodical and methodological measures concerning to the estimation of incomes and expenses of budget in the process of its projecting, consideration and confirmation.

Budgetary process has to be examined on a base of the budgetary regulations.

Budgetary regulations – is a document, in which an order and terms of projecting, consideration and confirmation of budget, and also organization of its execution.

Budgetary regulations:

- determine an divisions of functions among state authorities and state management;
- constitute the whole documentation, which is used in the budgetary process;
- determine a special order of execution of budget in the case of its belated confirmation;
- determine the responsibility of authorities for infringement of budgetary regulations.

Regional, town financial administrations work out corresponding projects of regional and town budgets on a base of:

- predictive indexes of economic and social development of Ukraine and administrative-territorial units;
- indexes, which are given by superior executive bodies, and also dimensions between the budgetary transfer;
- materials for the preparation of budget project, given by the state administration.

Regional, town and district financial administrations pass the projects for examination of state administration.

An execution of budget – providing planned income in all links of budgetary system and financing of measures, confirmed in the budget of the country.

Executives of institutions and organizations, who get at their disposal the budgetary assignment (planned amounts, within its boundaries the expenses in budget can be hold), are called the managers of funds.

There are three levels of managers of funds: main, of second and third level.

The main managers of budgetary funds over the local budgets are executives of managements (departments) of regional, town and district boards;

For example:

the district educational department is headed by the manager of department, who is the main manager of budgetary funds, he has at his disposal schools, which directors are considered to be the managers the funds of second level, they have right independently control the budgetary funds.