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ANOMALIES IN THE PLANNING OF THE POLICE BUDGET AT REGIONAL OFFICES

Abstract

Planning of the regional budget of the police has lost its advantaged position in the budgetary finance recently. This publication presents the process and principles which have led to the devaluation of the role of planning.

A Rendőrség területi szintű költségvetésének tervezése napjainkra elvesztette a költségvetési gazdálkodásban elfoglalt kiemelt szerepét. Jelen közlemény bemutatja azt a folyamatot, illetve azokat az elveket, amelyek elvezettek a tervezés szerepének leértékelődéséhez.

Keywords: *budgetary planning, finance, base, deficit, extravagance ~ költségvetési tervezés, gazdálkodás, bázis, hiány pazarlás*

INTRODUCTION

Planning in general, as a function of management, enables the leadership of the organization to work out its objectives regarding the future and to determine the means, methods and measures necessary to achieve them. The grounding of planning has a key role in the efficiency of finance, which "...essentially determines the activities of law enforcement organizations".[1] So the planning of the budget has an emphasized significance in the success of budgetary finance as secure operations can only be based on careful planning. Budgetary planning requires the realistic assessment and reconciliation of the maintenance and development costs of the organization. It demands the foresight of all units of the organization regarding their prospective duties, operation circumstances and changes in their conditions. Precise budgetary planning also qualifies the work of leaders, since the assurance of budgetary sources decisively determines the results in the fields of police profession.[2]

BASE APPROACH

Currently, the budget of the police is based on the theory and logic of the base approach planning discipline. "The ideology of introducing base budgeting came from the realization that in the duties and operations of budgetary bodies, uniformity is greater than change." [3] The base of this planning principle is the empiric conclusion that the functioning of budgetary bodies require relatively similar budgetary support in consecutive budgetary years because their number is almost constant, their tasks are homogenous and their operational environment is practically unchanged.

The biggest item in the budget is staff costs and their contributions, a smaller portion are delegated expenditures and the well-plannable material expenditure. Based on this and thanks to the steady-state staff numbers and the currently used typified staff sheets we could calculate the financial requirements of the following year with minimal correctional coefficients and without any risk, so assuming a stable base, planning would be realistic, precise and grounded. Obviously, this requires the establishment of a stable base.

Distortion of the base

However, the establishment of the stable base did not happen when the base approach was introduced. The objective determination of the demands of organizations, necessary for their operations, did not take place.

Finding reasons for that is not the subject-matter of this publication, so here I merely point out that the base of budgetary bodies and county headquarters was not determined according to their duties and demands.

The modified budget estimates of the previous year indicate underfunding, which could be a guideline in the budgetary planning of the following year. Nevertheless, budgetary planning is based on the budget estimates (base) of the previous year using a simple concatenation¹ (multiplication). This rule is not only used in the whole of the budget but also in minor units such as budget lines. The annual memorandum of the Ministry of National Economy gives guidance on the conditions of diverging from the base. Naturally, the base approach does not necessarily mean increase as the percental factor can be more or less than 100 percent.²

¹ $Y = bX$, where Y is the budget of the given year, X is the budget of the previous year, b a parameter in percentage form. In some cases an error factor can also be used.

² For example in the 2014 memorandum of the Ministry of National Economy:

„2.1. The funding estimates of 2014 must contain the following based on the original estimate of 2013:

In conclusion, it is easy to verify that the original budget estimates are insufficient and due to that the continuous operation of the police can only be ensured with solid funding and modification of the estimate within the year, which shows a value around 20% on average but can reach a 100% in case of material expenditure.

It is impossible to prove, based on the abovementioned, that the cause of underfunding is the base approach or that it is wrong to use it in budgetary planning, as the establishment of the stable base and the objective determination of demands have not taken place ever since the system was introduced. However, I am certain that a base that was not established objectively can make planning unfounded and that can lead to constant liquidity problems.

ADAPTATION TO THE BASE APPROACH

In spite of this the base approach has become common in budgetary planning. Leaders of budgetary bodies adapt to the requirements in their way of thinking and attitude. They gear their actions to these requirements.

In order to adapt to the evolved situation, the leaders follow various self-defense practices even in the phase of planning, which all aim to maximize the available resources. They do so in a non-reprehensible way during planning, by sending less realistic or well-grounded information to the control body regarding task. It is possible due to the fact that the fulfilment data of the budget does not tell how economic task financing was. This means that expenditures on executing tasks or maintaining the organization do not always show real data, namely, the effort to maximize resources prevails here as well, paving the way for reckless use of resources. [4]This planning routine is the most important characteristic of the distortion of the base approach, which is made even worse by the custom of simply handing in the same budget framework need every year instead of coming up with radical suggestions to change things.

One damaging effect of the constant fight for acquiring resources is that the base data get farther and farther from reality because the plans adjust to previous distorted base data and not to tasks. The most damaging consequence of this is the simultaneously present deficit and extravagance.

THE REGIONAL LEVEL, SECONDARY PROBLEM OF THE BASE APPROACH

On the level of county police headquarters these problems are only theoretical as these police headquarters only join in the budgetary negotiations after the accepted budget. The determination of the original provisional appropriation of the county budget is done via bargaining based on the base approach, namely the appropriations of the previous year. As it is clear from the description, budget negotiations do not satisfy the needs of plans created after estimating real demands. We can rather talk about more diktat like bargaining mechanisms, which cannot be too flexible since it is about the distribution of approved budget frame. As a result of budgetary negotiations the headquarter gets the personnel expenses and their contributions but the plannable original appropriation does not contain accumulation costs.

At this point the irrational occurrence of this distorted approach is the most obvious, as it even leaves out the securing of the base on which it is based, and which can no more be called a rational, optimal planning with an eye on economic aspects. Thus the county level budget based on the original appropriation only contains unfounded planning data, which are not verified by any means of planning methods.

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- The installment of the lockup in the base determined in sections 1-4 of government regulation Nr. 1259/2013. (V. 13.) and the obligatory reserves in section 11.,
 - base reduction due to nonrecurring tasks,
 - , changes of estimate due to livery of known institution to break ...”

ADJUSTMENT

A certain proportion of the adjustment of the original appropriation appears in the form of additional support during the year due to political and government decisions, while another proportion is ensured for the headquarter by the central leadership. It is around 20% on average but in case of material expenditure it can reach 100%. Consequently, 50% of material expenditure is spent without being planned.

Since expenditures, except for the unforeseen ones, are split evenly throughout a given year, having approximately the same amount in a given time period, I consider it proven that base planning approach at its current form does not make it possible to plan expenditure optimally and economically, thus ruining the operational efficiency of the organization. Constant allocation of financial resources does not allow for an economic planning process that could be expected. The uncertainty of the availability of resources forces constant improvisation from the financial leadership, increasing the chance of unfounded decisions, paving the way for extravagance and abuse of resources. At the same time this also reduces the sense of responsibility in leaders responsible for finance because they cannot control processes.

CONSEQUENCES

- The base approach only works in the budgetary planning of the police with significant restrictions, so it cannot be proved that the cause of underfunding is the base approach itself.
- The base that was not determined objectively made planning unfounded, which leads to constant liquidity.
- Leaders of budgetary bodies adopt to requirements in their way of thinking which leads to the damaging maximizing of resources
- Base data get farther and farther from reality because plans adjust to earlier distorted base data and not to tasks.
- Deficit and extravagance are present simultaneously.
- The budget negotiations of headquarters do not satisfy plans where the demands were determined after real assessment of needs.
- Constant allocation of financial resources wrecks financial planning.
- Base approach planning at its current form does not make it possible for proper resources of headquarters to be available where and when it is necessary.
- Top-down planning does not make planning of structured development modules possible

SUMMARY

Probably, the most characteristic attribute of the finances of the police is the base approach planning. Most financial experts who process this topic agree that this planning system is not appropriate because it entrenches already existing problems for a long time.

The aim of my publication was not to decide whether it is good or bad that the base approach is used in budgetary planning. However, I verified that the objective determination of a stable base or of the demands regarding operations of organizations has not happened since the method was introduced and that is why only a distorted form of the base approach can be seen as the cause of the underfunding. Considering all this, base planning at its current form does not make

it possible for proper resources of headquarters to be available where and when it is necessary, so it is not appropriate for objective, task oriented planning of the operations of police headquarters.

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