THE NECESSITY OF IMPLEMENTING REFORMS IN THE FIELD OF LOCAL PUBLIC FINANCE

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Summary:
The difficulties faced by local authorities as a result of the austerity conditions in which they work, the elements inherited from the previous regime, the need for additional resources to optimize public finance to meet the needs, optimally, if possible, citizens, require the design and continue the reform of public finances at the local level that correspond to these requirements. Optimization of the reform process in local public finances depend to a great extent on the use of financial levers of fiscal efficiency, fulfilment of the functions of public finance, the way resources are provided and how their administration for economic and social development.
The uneven development of economic weakness of the assembly reflect and are unacceptable because, in their turn, become a source of economic and political instability. Responsibility for ensuring sufficient local revenue must not belong to a large measure, the central authorities, the context in which local authorities should prioritize finding solutions to supplement the local budget and obtain funds from the central budget. At the same time, cannot be intended directions of reform in the field of public administration without taking into account the financial implications reflected in the budgets for each level of Government, pyramid-shaped, from central to local level.

Key words: resources, costs, malfunctions, financial autonomy, local public finance reform.

JEL classification : M40, M41

1. Introduction

A reform in public finance and not only has deep implications on the daily life of everyone of us and defines new rules on which the persons or bodies specializing in the field of public finance should implement them correctly and efficiently, so that the performance would be the most optimal.

In a continuous process of reform of local government in Romania, resolving issues of local public finances, increased financial autonomy and providing the resources necessary for attaining the responsibilities of local authorities, are of particular importance.

Highly complex nature of the objectives of the reform process in the field of local public finances generates specific tasks with great impact in political and organizational options. In these circumstances, the establishment of fair and clear goals of local public finance in order to support local autonomy is absolutely necessary.

2. Public Finance Reform in Romania has beneficial effects in society?
The necessity of reorganization of local public finance system has always been a problem, the reform of finance being closely linked to the reform of public property that belonged to the Romanian State, being the only one who had the power to decide on the forms of use of public property. Given that some properties have remained unused as a result of difficult decisions with regard to their disposal, lost citizens as a result that some revenue from rentals and concessions, for example, încasau is no longer in the budget. Therefore, it has imposed a viable reform of public poprietăți for local authorities to have a greater responsibility to obtain the best techniques to optimize revenue from rentals, sales and concessions.

In order to establish a proper reform of the architectural point of view, it is necessary, first, to establish new rules and new ways to enhance performance in the field, establishing specialists who understand the content of the new rules and to apply them in a timely fashion and, very importantly, the reform must have as finality expressed success in favourable effects on society by raising the standard of living and permanent adaptation to changes that occur within a community.

At a level in which there were already multiple research undertaken regarding a new reform in the field of local public finance risk adopting measures without professional and updated assessment regarding the impact of public policies on local finances is considerable.
The difficulties faced at present by the authorities at the local level, the elements inherited from the previous regime, the need for additional resources for the improvement of public finance at the local level requires the design and the continuation of a successful reform.

Test continues after the 1989 revolution, to optimize the services of local interest has been unsuccessful in allocating resources for basic life domains, subfinanțările and poor management of these areas: health, education, the pension system (aid granted by the State), the creation of new housing, environmental protection, road and rail infrastructure raised over time several problems.greenbottles, lack of financial resources and the weight with which these works are executed in the field.

Therefore, the reform of the system depends, to a large extent on the use, cost-effectiveness, financial and fiscal levers, fulfilling the functions of the public finances, the ways in which resources are secured and their administration in order to develop both social and economic.

For a better management, the Government must at present and in the future three objectives, namely: economic-budget, investments, European funds.

The focus should stay on the three main components of which the most important is the budget, the budget must be realistic one, reflecting the continuation of structural reforms, and last but not least structural reforms in key areas such as tax administration, State companies, etc.

Also, for Romania to have a solid economic growth in the coming years, the Administration at the central level and local level must be prepared to attract new resources from the European Commission, the structural funds and cohesion funds based on the considerations that we must distinguish between the bureaucracy and the problem of democracy. Democracy can be a slower process, but also more complex, but in the end is a much more representative.

### 3. Some aspects of the problems of local authorities

Currently, there are a few essential issues that require resolution in the next period and from the point of view of the law on local public finances are relevant with regard to the system of financing of local public administration and the level of financial autonomy, these being:

- tax base Erosion through numerous legislative facilities and facilities;
- the volatility of finance local system from one year to another;
- budgetary Dependence of each level of Government in relation to the immediate superior;
- the inefficiency of the existing system of transfers between local government and Central Government at various levels has the effect of discouraging the tax effort of the local authorities.

Local public finance reform must have a significant influence on satisfaction of requirements of the public services of the local community, the citizens of Romania.

As decentralization activities and public services, public finance sector has widened and, at the same time, public authorities at local level are needed to manage financial resources increasingly larger resources which undergo changes both in terms of quantity and quality, while volitional to the territorial administrative units of local public services.

Given the fact that the main cause of that budgetary provisions in respect of the expenditure side is failure to provide funding resources and administrative territorial units that are dependent, to some extent, by funding received from sources other than their own, with a relatively low degree of financial autonomy, the reform may lead to the optimization of financial resources through their own efforts of administrative territorial units and lifting. Thus, the degree of financial autonomy.

"Government policy, if you would have as its objective to maximize the usefulness of the" household “rule by majority vote, may lead to a sequence of taxes and fees is not possible." [5]

The objectives of the reform process in the field of local public finances in order, from the hierarchical level locally, I assume managerial responsibility in the use of optimization and management of public funds as well as compliance with accounting and financial discipline, eliminate errors and irregularities in order to improve the work of territorial administrative units. Another objective may constitute the organisation and development of systems of control and internal audit which that ensures effective management, fair and, especially, the advanced funds for the public sector.

Public finance reform should cover variations and complications often encountered in the work of local authorities, such as: failure to predict, correctly, at the level of their real income, taxable matter not listed, such as construction and land and other assets subject to taxation on the radius of the territorial administrative units, leading to the emergence of discrepancies between the data reflected in the agricultural Register and the data from the local taxes and fees; failure to comply with the publication requirement through means of mass media, the internet pages of the unit that documents the information stipulated by the law. 273/2006 of local public finances relating to local budget subject to public consultation; inadequate substantiation of the income of local authorities, in order to establish a greater volume than the achievements of the previous year; conducting (usually, oversized) staff without legal basis; making capital expenditure without contraprestație and burners with oversized materials, costs; not calculating, recording, notification and receipt increases the delay time for the failure of budgetary obligations, in accordance with the laws in force; etc.
Under these conditions, deviations and discrepancies noted above can be produced as a result of insufficient concern on the part of the entities to ensure the accuracy of data in the financial statements and financial management. "Increasing the efficiency of public spending is indispensable to the progress of the economy at the present time, downscale in its development phase, public goods and services related to the development of infrastructure and then attention should be directed toward education, health and research sectors that are likely to generate progress and increasing the production capacity of the national economy." [7]

For improving the efficiency of the public sector, must take into account how to finance public spending. If the budget deficit financing is done by public debt, increasing public spending must be regarded, depending on where the economy toward potential gross domestic product, the effect of crowding out will neutralize the effect of stimulating the growth of public expenditure and will raise the interest rate assets in the economy.

In terms of evaluating the effectiveness of public spending, it is relatively easy to notice the inefficiency of public activities or even to the public sector in general, however, if the question of precise quantification of it, things get complicated, often for measuring effectiveness are needed to estimate the costs and benefits of public goods and services and then comparing them with the macroeconomic and microeconomic approach.

So macroeconomic approach aims at estimating the overall efficiency of the industry and public spending and can be achieved by using a synthetic indicator called the "efficiency of the public sector" which is the ratio between the results of the public sector "public sector Performance” and public expenditure made to achieve these performance, expressed as a percentage of gross domestic product.

The current system of financing of public authorities at the local level should aim at several key aspects, namely:

- Ensure the transparency of the system of financing by the existence of a clear allocation formulas that do not allow the distribution of discretionary funds, the calculations to be public to be criticized by those interested, the calculations must be made according to the needs, as for example, the calculations are to be given to recipients of services and not the number of schools. These formulas must be clearly expressed in the legislation and in stable annual budgetary laws, to ensure predictability and stability; [1]
- A reorganization, respectively, a modernization of the information system at county level would permit the use of sophisticated instruments in the area of public finances, budgetary planning, resourcing, and, at the same time, to allow increased transparency and involvement of civil society in informing the local budgets;
- Ensuring a higher flexibility in terms of the capacity of local administrations in relation to the establishment of local taxes and fees. Currently, local councils can reduce taxes by 4% or may increase by up to 20%.

No system of local public finance in English is not perfect so that a system that is effective in one country is not necessarily the customizable and in another country.

4. The purpose of the reform strategies

The aim of the reform is, first and foremost, getting a unified administrative system from the point of view of administrative practice in order to strengthen democracy, the respect for law, human rights and the protection of minority groups.

"The work of our State administration, the financier has become a subject of criticism and dissatisfaction for both citizens and international partners. However, the reforms have been established and implemented for specific situations, without a strategy and a general concept of reform." [8]

Financial reform begins with the human factor or the financial-fiscal management there is a number of malfunctions caused by an overly bureaucratic.

Given the impact that the volume and quality of public spending they have on consumers of local public services, local authorities are motivated and interested to establish their objectives as efficiently as possible, the directions of action, priorities and opportunities to contribute to the establishment of priority programmes according to the needs of the community, to develop a mechanism for making decisions that lead to the actual needs of the beneficiaries, leading, ultimately, to strengthen local government.

Another strategic point in terms of finances at the local level is to improve the present system by achieving a budgetary balance by:

a) allocation amounts by setting a criterion for exclusion, in particular for the balance of the County, at the local level. The use of a criterion for exclusion in the balance at national level at the county can be problematic due to the existence in each district has very large discrepancies between urban and rural areas. "The problem would be solved if the balance would make nationwide directly at the local level, without intermediaries, the criterion for exclusion is determined in a uniform manner throughout the country and affecting those local councils which have sufficient revenues to finance the responsibilities entrusted to it"; [10]

b) increasing the efficiency of the model) and balancing the budget, specifically, nedistorsionarea tax, so the effort of enhancing growth of own resources. Thus, the balancing amounts received by a municipality must be affected by the reduction of neîncasările of fees and local taxes or lowering the average standard fees and local taxes.
The evolution of public finances is obviously marked by the international and European context, quite difficult. In this context, reform in this area should promote a series of budgetary policies such as:

- Limiting as far as possible the effects of the financial crisis at the European and national level;
- Reduction of budgetary deficits and net financing needs of the public sector;
- Streamlining and keeping control of costs for the operation of local public administration;
- Creating and maintaining a sufficient investment of public space;
- Strengthening the level of budgetary incomes by promoting measures to widen the tax base, improving the collection and growth of certain categories of taxes.

Also for budgetary reform must take into account the financing of fundamental sectors for sustainable economic growth, to protect the economic interests of the inhabitants of intereselelor at the local level, stability and social security.

Improve public revenue collection and increasing their share in Gross Domestic Product is another objective of the reform of public finances.

Currently, there are numerous deviations from the legality in the implementation of the budget and in the management of public and private domain of the State and the territorial administrative units into a larger or smaller which may have the effect of:

- Local budget Revenues are not achieved at the level and under;
- Unreal Coverage of State patrimony and of territorial administrative units in the annual financial statements;
- Production of damage due to faulty management of public resources;

In these circumstances, it is necessary:

- Improve public administration authority at the local level in evaluation and tracking of their revenue collection during the execution of the budget;
- Ensure the accuracy of data reported through the annual financial statements;
- Strengthening control at the local level in terms of hiring and spending in terms of efficiency, effectiveness and efficiency;
- Use of a budgetary framework fixed in terms of the indicators of budget ceilings and slide from the point of view of the horizon (L. Albu, 2009).

5. Conclusions

Essentially, the reform of public finances at the local level should lead to the achievement of stability and predictability in terms of the law. 273/2006 of local public finances, tax code and tax procedure code, law No. 500/2002 of public finances, namely by rewriting some of the projects should be integrated and harmonized with European Union directives.

As a Member State of the European Union, our State has the obligation to provide the necessary resources for economic development through strengthening budgetary revenues.

A condition "sine qua non" of successful implementation of the budget framework for at least the medium term is the existence of capacity forecasts robust and with a high degree of accuracy on a forecast horizon of at least 3 years, using tools like people specialized in the field and a fiscal strategy scientifically" (L. Albu, M. Altăr, 2009).

In this context, our State must be capable of a local tax system, in accordance with the principle of subsidiarity, to facilitate economic and social progress of the country.

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