



REPUBLIC OF CROATIA
MINISTRY OF FINANCE

Republic of Croatia
Ministry of Finance
State Treasury – Budget Inspection

PEM-PAL IA COP Plenary
Ukraine, May, 2010



The State Treasury at the Ministry of Finance

The Main Objective

- System for managing public spending through:
 - Efficient and effective use of public money, that is funds of tax payers, and
 - Fiscal discipline.

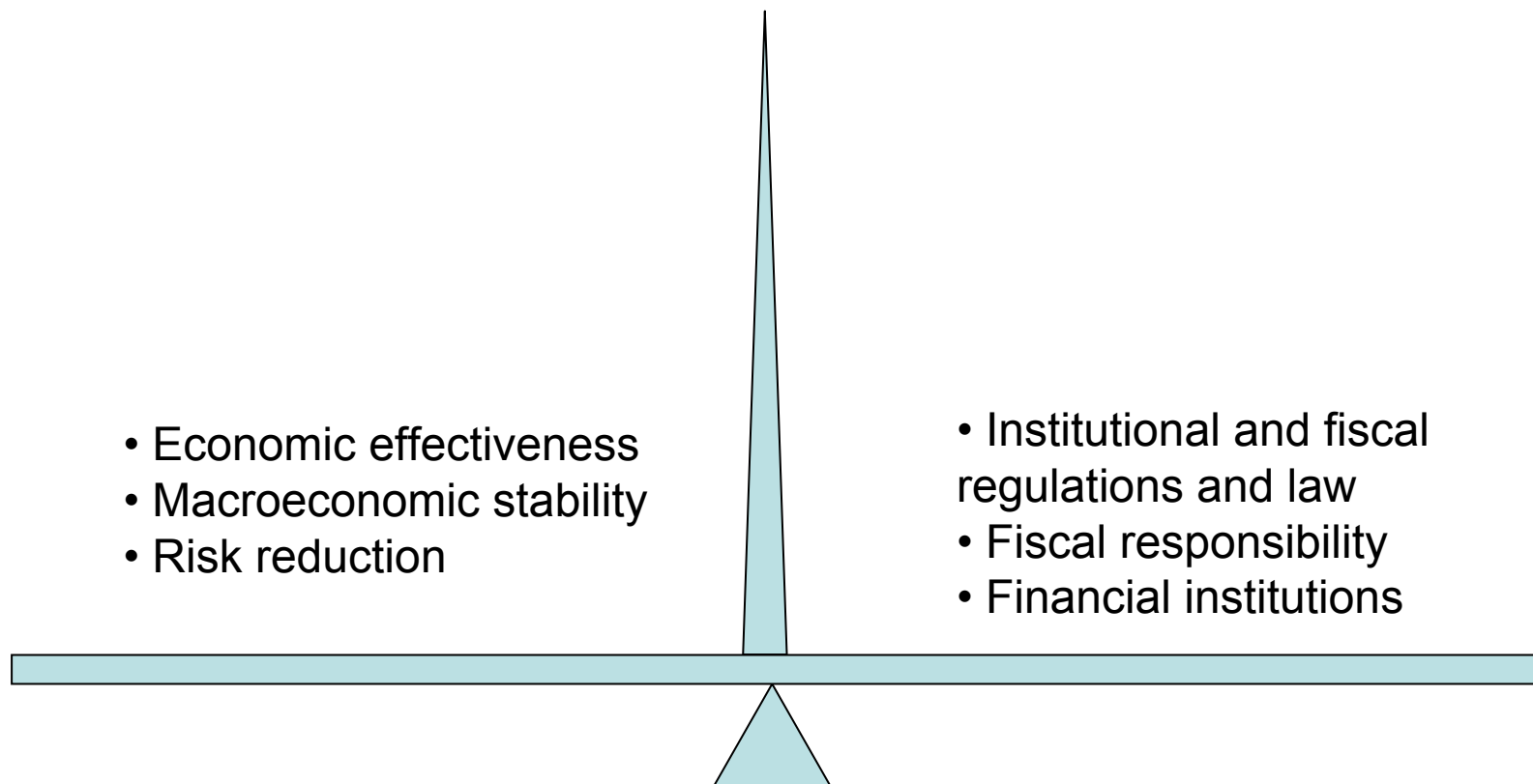


Fiscal discipline

- Necessary for improvement and maintaining of
 - Economic effectiveness
 - Makroeconomic stability
 - Risk reduction.
- Lack of fiscal discipline generally derives from reckless use of political discretion.
- Fiscal discipline is mix of:
 - Institutional and fiscal regulations and law (Budget Act, PIFC Law, etc.)
 - Fiscal responsibility (Code of Ethics)
 - Financial management and control, budgetary supervision.



Establishing balance...





Budgetary Supervision

- Head of institution is primarily responsible for legality, purposefulness and timeliness of budgetary funds use for the assigned funds (one of FMC objectives).
- Budgetary control is performed in case when the head of institution through the internal control system is not able to prove irregularity or when he is directly involved.
- Budgetary supervision is the process of control of legality, purposefulness and timeliness of budgetary funds use ordering measures to eliminate the identified fraud and irregularities, filling a proposal for indictment or criminal charges in case of irregularity or fraud.
- Budget Act (Official Gazette No 87/08)– Rule book on Budgetary Control (Official Gazette No 20/2009).
- It is performed on received petitions/requests of citizens or central state bodies, local and regional self-government units and other legal entities, which **indicate suspicion of irregularity or fraud**, and upon the request of Minister of Finance.



A New Role of Budgetary Supervision

- Implementation of Strategy for combating corruption (O.G.75/2008) within the competency of MoF – Coordinator of activities
- Carries the system for combating irregularities and fraud for national budgetary funds