

## Specifics of the Preliminary Control Of commercial Activities in the Universities

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**Specifics of the preliminary control of commercial activities in the universities:** *The article analyses the specifics in the preliminary control in conditions of synchronisation of turnover universities' budget cycles. It presents a system approach for the range of the commercial activities and for the subject specifics in the budget cycles.*

**Key words:** Preliminary control

### INTRODUCTION

Preliminary control by the means of the Act on Financial Management and Control in the Public Sector [1] is a procedure that justifies planning and implementation of activities in public organizations, such as state universities. Planning and implementation of activities is analyzed so that risk and losses are limited when encumbering the assets of the university, providing efficiency in carrying out the costs and sustainability of the results of the activity. In practical terms, this means to interpret adequately project-specific technical, organizational, economic, administrative and legal decisions that are subject to management in business at university.

### BODY

The scope of business is dependent on the characteristics of the available resources and the activity of its planning and implementation. Regardless of the possible diversity of this range falls in the activities distinguished by whether they are from the group of main business which is related to the maintenance and development of tangible assets necessary for the intrinsic activity or are part of such additional activities that are associated with the intrinsic activity of universities, but requires the use of state subsidies, as they are self-supporting or end user of the results is another entity of the tax chain, so it's possible the tax credit. Typical items of income and expenses for the two groups of economic activities are shown by the scheme in Figure 1.

The tasks of the preliminary control with respect to the elements of the scheme is to identify them belonging to one group or the other and check their legitimate commitment under arrowed functional connections. Primary means provided by law for an effective implementation of expenditure is the implementation of appropriate procedures for procurement [2]. The nature, characteristics and requirements for their use are sufficiently regulated in detail in the relevant regulations.

Reserve for improving the results of the procedures may be found in the appropriate combination of characteristics for evaluation of tenders selected indicator [3], and by the proper selection of the planning periods for their organization. In connection with the planning, preparation and conduct of public procurement regulations define conduct a preliminary review of each stage, which ends with the adoption of a reviewable administrative action. Prerequisite to prevent deviations from regulatory requirements to create grounds for challenging the actions of the sponsor is the consideration of planning periods with the characteristics of the object of procurement and relevant activities of the contracting authority. The conditions of university activity is appropriate procurement planning be undertaken by types of activities that are reported following signs:

1. Duration of execution of the contract;

a) short-term planning period of one year or calendar year under article 3, "B" and "C" - supplies, services or projects that are justified on the basis of annual consumption from previous years whose nomenclature price and quality vary too frequent or occasional needs is for a period of one year;

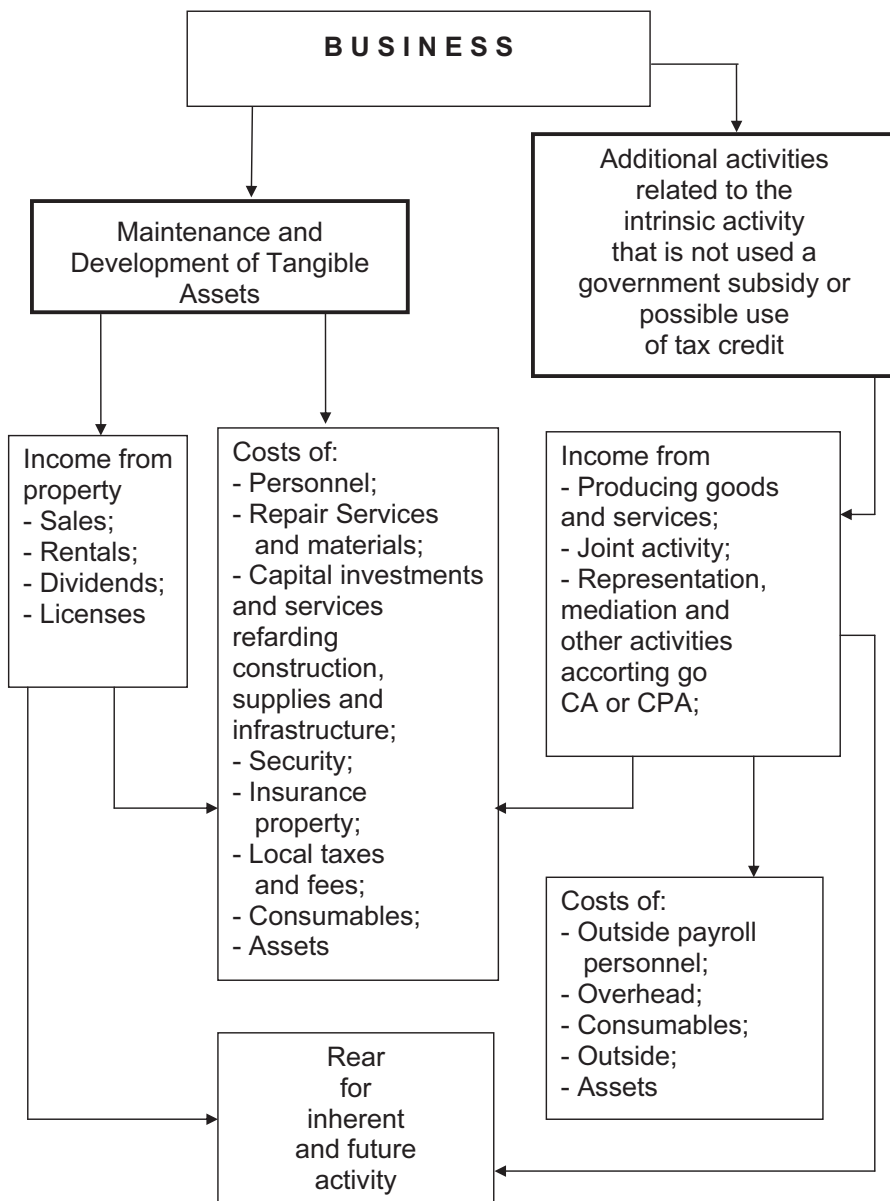


Fig.1. Diagram of budget connections between activities

b) medium-term planning period of one to two calendar years, or under the terms of article 3, "A" - supplies, services or projects whose execution is impossible or risky to take place in less than a year, but do not have the characteristics of long-term contracts;

c) a long-term planning period of two to four years - supplies, services or projects that meet the needs of long-term contracting, reflecting its commitment to the implementation of the program decisions and regulations or related to the use and development of infrastructure elements.

2. Features related to securing financing contract;

a) object-oriented procurement - targeted use of resources in the case of conditional financing with entities outside the public sector for the period of its validity;

b) implementing procedures to identify a private partner under the public private partnership.

3. Cyclical features in the activity;

a) the influence of climatic seasons in activities with construction and agricultural in nature or related to the trends of the stock market cycle - a planning period under item 1, b. "b";

b) the need for implementation of reduced time through preliminary notices - a planning period from 03.01 to 28.02;

c) the influence of the organization of the school years - a planning period from 01.09 to 31.08.

Considering the characteristics that determine the achievement of the Public Procurement Act by opredvlyane their proper planning periods, affect the stage of preliminary control in the performance of expenditure activities. Providing funding is conditioned by the other activities that generate or justify the provision of adequate resources. This linkage between revenue and expenditure lies in the implementation of specific budget cycles, compliance with which is also subject to prior review. Figure 2 shows a schematic diagram of a possible budget cycles that ensure reproduction of the relevant activities and are a prerequisite for the sustainable implementation of the budget process.

The presented scheme links a public activity as meeting the specific social need and as an expression of underlying social and institutional presence in public life. Concomitant presence provides adequate budget revenue opportunities through project financing or sponsorship of other public, social and business structures. Inherent in university public activity justifies the allocation of state subsidies in the amount that corresponds to the attainment in meeting the needs of society and its ability to afford their subsidies.

Subsidy intrinsic activity is part of the revenue, which includes additional funding provided through institutional and public presence of university activity. In this task the preliminary control over the process of spending is to track non diversions targeted and lawful disbursement of the proceeds. Such vetting is realized in terms of the revenues derived from the business and the inherent learning and research.

From the presented scheme shows the formation of four groups of activities and of related four cycles, which are able to exchange surplus or deficit by the terms of the approved budgetary framework. Two of these groups are part of the business, the other two - the intrinsic activity. In this task the preliminary control to track the timing of the ongoing cycles so as to not allow the use of targeted subsidy for lending activities outside the scope of its use.

## CONCLUSIONS

The observations lead to the significant influence of these circumstances ex-ante control of university activities:

- identification of activities inherent in groups and business and their subgroups defined reporting capabilities of the important features of the preliminary controls that are

associated with planning periods for procurement of eligible relationships between activities and their timing);

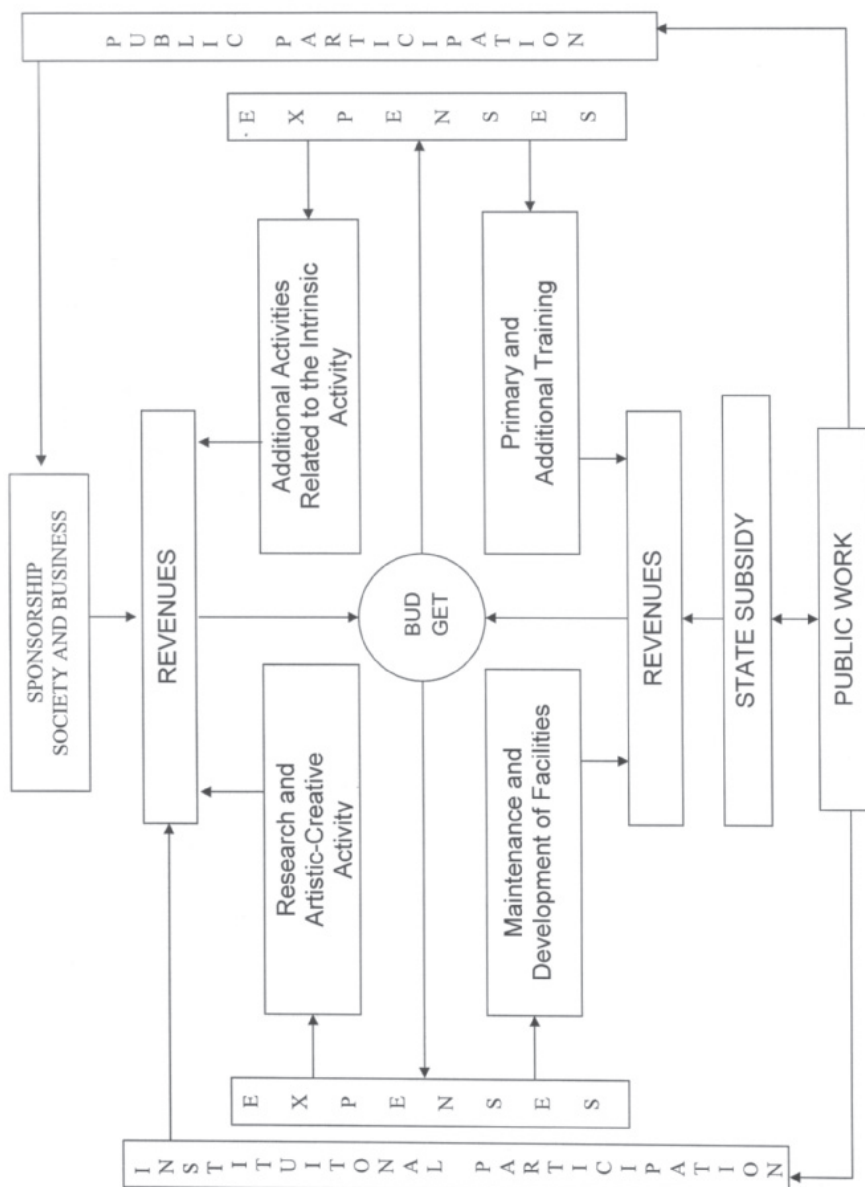


Fig.2. Diagram of the elements of economic activity

- establishment of budget cycles by type of activity, in the form shown in Figure 2, is a prerequisite for effective ex ante control as it allows tracking of lawful implementation costs, regardless of the intensity in the repetition of the cycles;
- prerequisite for achieving effective solutions in relation to those two circumstances, the successful implementation of the project BG051PO001-3.1.080019.

#### REFERENCES

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