

CHANGES IN THE REGULATORY BASE OF THE BUDGETARY PROCESS IN OCTOBER–NOVEMBER 2015

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In October–November 2015 the following amendments took place among other things in the budgetary process: the Government of the Russian Federation entrusted the RF Federal Treasury with a responsibility to coordinate efforts in carrying out valuation survey of accounts receivable in respect of federal budget expenditures; the Ministry of Finance of the Russian Federation approved lists of constituent entities of the Russian Federation for the purpose of control over the terms of provision of federal subsidies (inter-budgetary transfers) to constituent entities of the Russian Federation.

Resolution No.1256 of 21 November 2015 of the Government of the Russian Federation on Organization of Work on Reduction of Accounts Receivable as Regards Federal Budget Expenditures.

The RF Federal Treasury is determined by the federal executive authority as an agency responsible for coordinating efforts by main administrators of federal budget funds (MAFBF) in carrying out valuation surveys of accounts receivable, including those which incurred due to prepayment under agreements (state contracts).

On the basis of the information provided by MAFBF on valuation surveys of accounts receivable in compliance with forms and within the deadlines approved by the Ministry of Finance of the Russian Federation, the RF Federal Treasury carries out the analysis of efficiency of MAFBF measures aimed at reduction of accounts receivable as regards federal budget expenditures. The above analysis specifies both factors behind incurring of debt and remedies to reduce it.

The outputs of the analysis are sent to the Ministry of Finance of the Russian Federation for subsequent submission to the Government of the Russian Federation. The materials presented by the RF Ministry of Finance to the RF Government are studied by the Government Commission on Optimization and Upgrading of Efficiency of Budget Expenditures.

It is to be reminded that the above Commission was established by Resolution No.855 of 26 August 2014 of the RF Government for coordination of efforts of federal executive authorities and executive authorities of constituent entities of the Russian Federation in upgrading of efficiency of budget expenditures.

Approved by **Order No.409 of 29 October 2015 of the Ministry of Finance of the Russian Federation** were the following: the list of constituent entities of the Russian Federation which in 2016 were recipients of federal equalization transfer subsidies and lists of constituent entities of the Russian Federation whose volumes of federal subsidies (inter-budgetary transfers) exceeded the maximum values set in Article 130.2-4 and Article 236.2 of the Budget Code of the Russian Federation.

So, the lists of constituent entities of the Russian Federation:

- which in 2016 were recipients of equalization transfer subsidies included 71 constituent entities of the Russian Federation;

- in whose budgets the share of federal budget subsidies within two of the past three financial years exceeded 10% of the volume of own revenues of the consolidated budget of the constituent entity included 28 constituent entities;
- in whose budgets the share of federal budget subsidies within two of the past three financial years exceeded 40% of the volume of own revenues of the consolidated budget of the constituent entity included 8 constituent entities;
- in whose budgets the estimated share of inter-budgetary transfers from the federal budget (except for target-oriented subsidies and subsidies granted to constituent entities of the Russian Federation out of the Investment Fund of the Russian Federation) did not exceed within two of the past three financial years 20% of the volume of own revenues of the consolidated budget of the constituent entity of the Russian Federation.

The above lists are approved for the purpose of control over the terms of provision of federal subsidies and inter-budgetary transfers to constituent entities of the Russian Federation.

In particular, constituent entities of the Russian Federation in whose budgets the share of subsidies from the federal budget within two of the past three financial years exceeded 10% of the volume of own revenues of the consolidated budget of the constituent entity starting from the regular financial year do not have the right to:

1) set and execute expenditure obligations which are not related to handling of issues referred by the RF Constitution and federal laws to powers of state authorities of constituent entities of the Russian Federation;

2) exceed the norms set by the Government of the Russian Federation of formation of expenditures on labour remuneration of civil servants of the Russian Federation and/or maintenance of state authorities of the constituent entity of the Russian Federation.

In addition to the above, by Order No.409 of 29 October 2015 of the Ministry of Finance of the Russian Federation the list of constituent entities of the Russian Federation which were not recipients of equalization transfer subsidies in 2016 was approved.

The Order of the Ministry of Finance of the Russian Federation comes into effect from 1 January 2016. ●