

## **Public procurement as a way of rationalization of local government expenditures**

### ***Summary***

Local government units carry out their tasks with the aim of satisfying the needs of local communities. The discrepancy between the strongly developed social expectations and the real possibilities of their fulfilment by the self-government administration makes it necessary to reflect on the factors enabling the fulfilment of these needs at an appropriate level. There is no doubt that one of the most important conditions for the optimal level of implementation of self-government tasks is the availability of a sufficiently large amount of financial resources. The impossibility of increasing the amount of these funds, or even its real reduction, leads to the necessity for local government units to look for solutions enabling better use of financial resources that are available at a given time.

Whilst the rational use of funds is valid for every expenditure made and is dynamic in nature - dependent on a number of factors in specific factual situations, it is possible to identify those areas of activity of those entities which either particularly require the introduction of rationalisation solutions or those which are most at risk of deviating from such principles.

Procurement is such an area. The provisions governing procurement procedures leave considerable freedom to the units to shape the terms and conditions of contracts, which implies not only the risk of irregularities, but also the relegation of financial problems to the background simply because different persons may be responsible for carrying out procurement procedures and different persons for finances. Therefore, public procurement is one of those spheres of local government operations where it is possible to use the instruments provided by the Public Procurement Law to rationalise spending of public funds. Importantly, public procurement provides an opportunity to refer to rationality in both the individual and systemic sense.

When spending public funds, a local government unit operates within the framework of three branches of law: administrative (in the part that regulates the functioning of the local government), financial (in the part that regulates the making of public expenditures) and public commercial (which usually includes, not without doubt, the regulation of public procurement). This results in the great complexity of the problem posed. The search for instruments for the rationalization of public expenditure makes it necessary to take into account economic and financial aspects. This means that the methodologically coherent area of public-legal regulation

of meeting the needs of individuals is overlaid with the conceptual apparatus of economic sciences. This is not just a dogmatic analysis of the legal regulation, but a look at this regulation through the prism of the characteristics that usually describe the actions of economic units. At the same time, this view is not limited to economic analysis.

The specific features of local government units highlight the relationship between three systems: public administration, public finance and public procurement. (The most prominent example is the position of the municipality office. The subjectivity of the office in the system of public administration is not in doubt, however, with regard to the systems of public finance and public procurement, the subjective affiliation of the office does not follow directly from the law. It is also significant that the subjectivity of the office in these systems is shaped separately).

The starting point for the considerations in this thesis was therefore the local government unit as an entity performing public tasks. The first section of the thesis defines the boundaries of the public administration system and the tasks performed by the public administration. The second chapter of the thesis considers the fact that the local government unit is one of the entities forming the public finance sector. The specific nature of the system of public finances results in special rules for the functioning, in particular the conduct of financial management by these units. The third chapter refers to the local government unit as an element of the public procurement system. The last part of the work, on the other hand, includes considerations concerning the obligation of a local government unit to behave economically and economically as a contracting authority. The starting point of these considerations is the recognition of the local authority as an element of the systems referred to in the previous chapters.

Consequently, it was found that:

1. the autonomy of local authorities guarantees freedom to shape the terms and conditions of the contract within the limits set by statute;
2. the actions taken by the entity in the preparation and conduct of the procurement procedure have an impact on the entity's financial management;
3. The rationality of spending public funds is derived from the rationality of shaping the terms of the contract;
4. The effect of a local authority's membership of the public finance and procurement system, taking into account the statutory catalogue of public tasks assigned to it, is the need for a comprehensive assessment of the rationality of its actions.

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