Transparency in public life with particular emphasis on local government finance

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Abstract

Transparency in public life is a value protected by law in Poland. The article refers in many places to the issue of transparency in the spending of public funds, and consequently building public confidence in public institutions and persons exercising public authority. In the presented material were discussed issues of guarantees that guard the transparency of public life, as well as information about the financial system and principles of operation of financial management in local government units, taking into account matters involving their openness and transparency. Transparency is a fundamental right to obtain information as a public good that is the public information resource. Readers are presented with the legal basis shaping the duties of public authorities, the state of implementation of principles set out in national and international legislation. Municipal self-government has inseparable connection with common property what naturally leads to the need of social control of activities to secure realization of collective public goals. This nature requires that they have the characteristics of transparency which allows, consequently, the possibility of accountability. The public sector that functions closest to the inhabitants are communal governments that carry out the biggest package of tasks of basic importance for the members of self-governmental communities.

Keywords: financialization, financial stability, disclosure, transparency.

Introduction

Whenever we start thinking about local government and the effects of its activities, sooner or later we come to finances. This is known to self-government activists and everyone who deals with the issues of self-government communities. Implementation of even the best, model plans is based on financial possibilities. If there are no financial means, no manipulation of data about the situation of self-government will help. Such action ends with a crisis and often with consequences defined in valid legal regulations. Local self-government should be oriented on the development with the use of transparent policy including the use of its own environmental, human and financial resources. It is a good way to protect against financialization phenomenon which appears in financial analyses and processes.

Financialization is an extremely important issue, which during often recurring transformations and crises has an important influence on many elements of economic and social life of local governments. One of the most popular explanations of the term financialization is the definition proposed by (Epstein, 2005), according to which financialization means the growing role of financial motives, markets, actors and institutions in transactions occurring in the national and international economy. This approach accurately reflects the wide range of understanding and impact of financialization,

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which does not only mean the growth of financial instruments and institutions (Opolski, Gemzik-Salwach 2017; Ratajczak 2017). Financialization, like any phenomenon, should be systematically controlled and shaped accordingly because without such action it can become dangerous and harmful. It is, of course, one of the elements on which the efficient and effective operation of local government based on a well-functioning system of local government finance significantly depends. Effective management of self-government finance must dominate, because it guarantees effectiveness of public funds spending. In local government we always have to deal with limited financial means necessary to implement the intended objectives. Therefore, self-government activists choose which tasks should be implemented first and whether the cost of their implementation is not too high and the expectation of the local community sufficiently strong. Their actions are subject to social and institutional evaluation. The feelings of the inhabitants are influenced by transparency as an open and transparent activity. Openness in this case means free access of inhabitants of self-governmental community and not only, to information about activity of a particular unit. Transparency is a clear and comprehensible presentation of information for citizens. The information provided in an easy and accessible way is crucial for the assessment of activities carried out by the self-government.

The article presents an analysis of the openness and transparency of local government finances as a condition for effective public control. It presents the legal basis and ways of presenting information on the financial situation of local government based on the applicable rules and obligations covering financial management. One of the objectives of the article is to reach as many local government officials as possible to take into account the fact that the increase in public confidence is based on the application of the principle of openness and transparency of decision-making processes. Lack of access to information about the current situation of local government is ignoring the rights of residents, who are the most important in the community, not the authorities and other governing bodies.

Material and methods

System and principles of local government finance on the basis, public information

The term financial system should be understood as a specific system of interrelated financial institutions, financial markets and elements of the financial system infrastructure. The financial system is an important part of the economic system, enabling the provision of services, including public goods and services, allowing the circulation of purchasing power in the economy. What is important from the point of view of the undertaken research problem, in the structure of the financial system of each country we can distinguish two components, i.e. market and public financial system. As the key links of the public financial system of interest to us, also referring to the TSU, the following are mentioned: budgetary institutions, fiscal instruments, public financial instruments and fiscal institutions (Pietrzak, Polański, Woźniak, 2012).

The public financial system serves to perform public tasks in the provision of goods and services with specific characteristics. The specificity of the activities undertaken by the state is based on the implementation of public tasks, for which the collection of public funds is necessary. It is the public financial sector that provides the state with the financial resources necessary to carry out public tasks. Therefore, its stability, combined with the stability of the market financial system, is a condition for the efficient and effective functioning of the state, the welfare of society and the development of the economy (Wozniak, 2015).

Thinking about the financial system of local government units in the country, it is necessary to specify its components depicting financial management on the side of income and on the side of expenditure. This will allow to present
the general structure of the system, with the Stawiński Michal grouped elements of the financial system of local government units presenting the whole in graphic form.

**Figure 1. Elements of the financial system of the local government (objectives and institutions)**


In foreign literature, Demirguc-Kunt and Levine (1996) came to interesting conclusions by studying the efficiency, size and activity of the financial system. They distinguished two structures of financial systems banking and market. Then they classified financial systems into developed and undeveloped. The main thesis of their research indicates that there is a relationship between the development of the financial system and economic growth.

Over the years there have been many definitions of financial systems, in general, it should be remembered that in relation to local governments, each of the systems that have been made visible in the past always aimed at strengthening financial stability.

Financial management is one of the foundations of functioning of every self-government. It enables its existence and realization of its own tasks (Wojciechowski, 2012). In accordance with the will of the legislator, financial resources make it possible to carry out both the current activities of the municipality (functioning) and investments (development activities). Disposing of financial resources separate from state finances is a standard in public management (management) of local governments.

 awareness that it is subject to periodic changes.

In accordance with the principles of the European Charter of Local Self-Government, local communities have the right to have their own financial resources at their disposal in the exercise of their powers (Article 9, paragraphs 1 and 2 of the European Charter of Local Self-Government and Article 167 of the Constitution of the Republic of Poland). Local government bodies exercise authority for and on behalf of the entire community, which is why every member of the community has the right to know how local authorities manage common funds. The principles of financial management have been regulated in local government acts. As a public finance sector, each authority is obliged to respect certain rules and regulations contained in the Public Finance Act, the Accounting Act and numerous implementing acts (Gonet, 2013). They are supposed to positively contribute to reducing difficulties in the implementation of commissioned tasks, especially when the financial resources provided are not adequate to the scope of their implementation. Finally, full respect for these principles and rules allows to limit the risk of financial difficulties manifested, among others, by the loss of financial liquidity of the local government unit (Soltyk, 2020). It should be stressed that failure to respect numerous principles laid down in the above mentioned legal regulations or selective compliance with them is usually associated with the occurrence of a serious risk resulting in a breach of public finance discipline (Kalużny, 1999).

The basic principles affecting the shape of financial management at the local government level include:

1. full implementation of tasks within deadlines specified by the regulations and internal procedures,
2. openness and transparency of public funds management,
3. grouping of operations based on budgetary classification rules
4. timely determination, collection and payment of budgetary revenues
5. making expenditures in an economical and purposeful manner within the limits of the amounts established in the budget - financial plan,
6. selection of the most advantageous offer for the performance of the task,
7. debt management.

The principles and rules listed above obviously do not constitute a closed catalog. The most important regulations covering financial management of public sector entities are obviously contained in the Public Finance Act, which describes the principle of openness in managing public funds, the principle of legality and the principle of non-funding in chapters 4 and 5 of the Act, respectively (Journal of Laws 2021.305, i.e.). The basic principles of financial management applicable in the course of execution of the budget of a local government unit include:

1. the determination, collection and payment of revenues of the budget of the local self-government unit shall be carried out in accordance with the rules and within the time limits arising from the applicable regulations;
2. full performance of tasks takes place within the deadlines specified in the regulations and the schedule referred to in Article 249 section 6, if developed;
3. expenditures shall be incurred within the limits of the amounts specified in the financial plan, taking into account properly made transfers and in accordance with the planned appropriations, in an expedient and cost-effective manner, observing the principle of achieving the best effects from given expenditure;
4. assigning tasks should be made on the basis of selection of the most advantageous tender, taking into account the provisions on public procurement, and in relation to non-governmental organizations - with appropriate application of Article 43 and Article 221.

In the literature we find various principles of financial management of local government units Soltyk (2020) discusses eight principles to which he includes:

1. the principle of openness and transparency of public finance, which is defined after Wojtczak (2015) in the most general way, the essence of this principle comes down to the statement that the budget should be presented in the most readable and understandable way for all users.
2. the principle of openness of financial management in the light of the provisions of the local government system laws set out in Article 64 of the Act on Municipal Self-Government (Journal of Laws 2021.1372, i.e., is realized, inter alia, in the form of immediate publication of the budget resolution and the report on its implementation.
3. the principle of allocation of public funds indicating the orientation of public funds to public expenditures and expenditures. It should be understood that public expenditure may be incurred for the purposes and in the amounts determined in the budget resolution of the local government unit and in the financial plan of the public finance sector unit.
4. The principle of applying budget classification, which requires the use of detailed classification of revenues, expenditures and income of units in the public finance sector from their activities and from other sources and funds from the budget of the European Union.
5. the principle of supervision and control of public funds, which states that the disposition of public funds by the entity involves the need to examine on the basis of control criteria how they are managed. (Jagielski, 2018) The indispensability of control in relation to administration is obvious, since such an assessment follows from the traditional initial construction that control is an indispensable element of any complex activity, and consequently, it is also undoubtedly an integral part of any public administration.
6. The principle of universality of applying for public funds, which is directly expressed in the disposition of Article 43 of the Public Finance Act. The principle requires respect for the legal regulations that normalize equal rights when applying for public financial resources to finance or subsidize the implementation of public tasks.
7. The principle of legality of budget expenditures includes the obligation to respect the discipline universally established by legal regulations when incurring expenditures from public funds. It is mainly about the rules of making budget expenditures systematized in the provisions of the financial law.
8. The rule on the amount of financial commitments which states that entities of the
public finance sector may incur liabilities to finance in a given year up to the amount arising from the expenditure plan or the costs of the entity less expenditures on salaries and wages, social security and Labour Fund contributions, other contributions and obligatory fees and payments arising from liabilities incurred in previous years (Soltyk, 2020).

In the correct operation of financial management of local government units, the established principles of managing public funds are also of considerable importance. Budgetary principles are related to the concept and scope of the budget, so they can be treated as permanent properties of the budget or as postulates of science addressed to the budget (Borodo, 2019).

The actions of local government authorities must guarantee the security of public finances which is closely related to maintaining a safe level of public debt and acceptable dynamics of its growth and solvency of the local government. It is generally accepted that the debt should not affect the economic balance (Gołębiowski 2008).

When defining financial security, the term "fiscal stability", which is more capacious in its meaning, is used more and more often for this purpose. When assessing the financial situation of TSU, it takes into account, apart from the financial liquidity of units, also their revenue efficiency and the efficiency of performing local government tasks while maintaining the ability to implement the development policy (Filipiak 2016). In order to guarantee the financial security of local government units, a financial reporting system was launched, which is supposed to allow to take, in due time, protective measures.

Public administration serves to meet individual and collective needs of citizens. It consists of state bodies and local government bodies. It consists of offices organized in separate structures as well as people who create them. The principle of openness of public administration bodies is now a standard in democratic states. In the Polish reality the guarantees of its realization by citizens are contained i.a. in the constitution, acts of international law, European Union law and in specific acts. In accordance with the Basic Law, each citizen has the right to obtain information about the activities of public authorities and persons performing public functions. This right also includes the ability to obtain information about the activities of economic and professional self-government bodies, as well as other persons and organizational units to the extent that they perform tasks of public authority and manage communal property or property of the State Treasury. There is openness in the activity of entities representing state legal persons or legal persons of local self-government, and entities representing other state organizational units or organizational units of local self-government. The scope of the right to information is regulated in numerous normative acts. It covers, among others, access to documents and entry to sittings of collective organs of public authority, coming from universal elections, with the possibility of sound or image recording. Furthermore, the Act on Access to Public Information provides the right to access the so-called processed information to the extent that it is particularly important for the public interest. The legislator did not specify the term "processed information", however, it may be assumed that it is information that has been produced by a specific office or upon its order and is aimed at explaining and clarifying information that is only available to it. Thus, information processing should be considered an intellectual process, since at the stage of formulating statements very often the selection of the most relevant content for a given issue must take place (Bielicki, 2018).

The public nature of the information derives from the fact that it concerns "public affairs" and not from the fact that it is publicly available (Fiszer, 2014). The openness of the functioning of public administration covers many areas of public life, where specific legal frameworks and obligations belonging to public administration operate. Among other things, the law provides for certain actions that include the obligation to apply the principle of openness:

- public finance, which includes the budget debate, making public reports on the implementation of the budget, the amount of grants and subsidies,
- in planning and spatial development, which includes the right to inspect the local spatial development plan,
in public procurement, the right of access to procedure minutes is guaranteed,

Local government laws guarantee free access to sessions of local government bodies and committee meetings, as well as access to documents covering the sphere of public life,

persons holding management positions in local governments and persons issuing administrative decisions are obliged to submit annual property declarations,

In addition, every citizen has the right of access to documents in administrative matters, in which he or she is considered a party.

Free access to public information is a fundamental principle of democracy and civil society. That is why the principle of openness and transparency in the functioning of public authorities has been subject to many legal regulations in Poland and in the international community. The European Charter of Human Rights, which is commonly known as the Convention for the Protection of Human Rights and Fundamental Freedoms drawn up in Rome on 4 November 1950, amended by Protocols No. 3, 5 and 8, and supplemented by Protocol No. 2, states: "Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers." (Journal of Laws of 1993, No. 61, item 284, as amended). Another international document referring to the receipt of information by each citizen, subject to classified information, is the International Covenant on Civil and Political Rights (Journal of Laws of 1977, No. 38, item 167). Article 19 of the Covenant states: "Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.

It is also clear that the European Union has regulated access to public information. In order to achieve harmonization of laws in this area, as well as application of common minimum standards, leading to elimination of all forms of corruption, mismanagement and strengthening the legitimacy of public authorities, a Convention was adopted in Tromsø. It is the world's first international treaty governing access to official documents. It was adopted by the Council of Europe on 27 November 2008 and opened for signature on 18 June 2009. It sets minimum standards to which members of the Council of Europe should adhere. It defines the right to request "official documents" understood as all documents, in any form, held by public administrative bodies (public authorities). In accordance with Article 4 of the Convention, this right may be exercised by anyone having a factual interest without having to show a legal interest. The Convention, while setting minimum standards, does not limit signatories, who can introduce higher standards than those provided for in the Convention (Fiszer, 2014).

Accounting of territorial self-government units serves the purpose of data collection, processing and presentation of information in monetary measure in order to reflect all phenomena related to budget execution. The information enables analysis, assessment and control of: budget execution, realization of financial plans, assets and financial situation of territorial self-government units. Within the framework of accounting of territorial self-government units there are distinguished: accounting of execution of the budget of territorial self-government units, accounting of budget units and local government budget establishments, accounting of tax bodies (Kiziukiewicz, 2014). Reporting of territorial self-government units is a component of accounting of territorial self-government units and is the completion and summary of all accounting entries and calculation calculations about the state of assets and liabilities as of a given date and the level of financial result for a given reporting period (Winiarska, 2016, p. 19). Financial statements prepared by TSUs, their organizational units and other obliged entities can be divided according to the criterion (Świderek, 2016):

1. subject of the report (budgetary and financial),

2. the entity drawing up the report (management board of a TSU, head of an organizational unit of a TSU, head of the obliged entity),
3. frequency of reporting (monthly, quarterly, annual),
4. degree of generalization of information included in the reports (synthetic and analytical),
5. recipient of the reports (external reports drawn up in accordance with the template specified in legal regulations and internal reports drawn up in non-unified form).

Conducting local government financial management is related to decision-making in the field of collection and distribution of public funds, which cause financial consequences in the short and long term. TSU financial managers, investors, lenders, contractors, government and central offices, residents should have full and reliable information (Jastrzębska 2018).

Very important from the point of view of operational efficiency of local governments and public information is the state of income of the budgets of TSU. As the Central Statistical Office informs, in 2015 - 2019 the average growth of income of budgets of territorial self-government units was 6.7%, and expenditure - 7.3%. In 2014-2015 local government units closed their finances with a surplus and in 2017-2019 they ended with a deficit. This is a worrying phenomenon that can be attributed to a number of factors. Accordingly, in the analyzed years, revenues and expenditures and the result are presented in the chart below.

These data were published by the Central Statistical Office in Warsaw in 2020, so from the point of view of the recipient and timeliness relatively quickly. Presentation of information is clear and understandable, so it meets the basic premises of openness and transparency.

Local government units prepare a report on budgetary reporting on: budget revenues, budget expenditures, budget surplus/deficit, liabilities by debt titles, sureties and guarantees, receivables, selected financial assets, the state of funds on TSU bank accounts, the state of liabilities and receivables of the State Treasury due to performance of commissioned tasks. Moreover, they provide the Ministry of Finance with selected information on collection of agricultural, forest and property taxes. They also prepare a financial report, which consists of a balance sheet on the execution of the budget of TSU, a combined balance sheet, a consolidated balance sheet, a combined profit and loss account, a combined statement of changes in fund (Kaczurak-Kozak, 2016).

It is widely believed that reporting is the main source of providing numerical data necessary for reliable analysis, control, economic planning. The data obtained from reporting, are necessary in the management process and guarantee the correct use of budgetary resources, affect the reliability of the financial planning process and forecasts.
Particular attention should be paid to the role of reporting in fulfilling the principle of openness and transparency in the management of public financial resources. Depending on the different groups of users, internal and external. Reporting has the following functions (Soltyk, 2013):

1. allows to determine the actual state of collected budget revenues by specific revenue sources,
2. reveals the historical and current state of the local government budget allocation processes,
3. allows to determine the state of surplus or deficit (balance) of the local budget,
4. reveals the decision-maker’s management skills through the implementation of the financial plan of the budgetary unit or local government budgetary establishment,
5. reveals the state of funds on the bank account of a territorial self-government unit,
6. allows for analysis and evaluation of activities and identification of discrepancies from the adopted planning assumptions,
7. constitutes an important source of knowledge in financial planning, including the procedure of preparing a draft budget or other financial and economic plans,
8. provides a source of cognitive-analytical-control knowledge about the implementation of economic and financial processes,
9. demonstrates reliability, efficiency and ability to manage public financial resources in accordance with the applicable rules, standards, norms and legal regulations,
10. it is used in the procedure of evaluating budget execution - local government discharge,
11. provides evidence in criminal proceedings or proceedings concerning liability for violation of public finance discipline.

It has many useful functions, and additionally it should be emphasized that financial reporting allows for ongoing control of the implementation of the adopted budget plans, including the level of revenues and expenditures of the local government unit. It is also an indispensable source of information for local government managers and its transparency is a civic right.

Local government openness and transparency of operation with particular emphasis on fiscal policy

The size of the public finance sector (SFP) and the specificity resulting from the disposal of funds from citizens makes effective public control over this area particularly important. The basic condition for this effectiveness is openness and transparency of state finances (Sawulski 2015). Transparency is realized through:

- ensuring access to information on principles, effects of work and decisions taken (within the limits set by law),
- striving for unambiguity and clarity of actions taken,
- exhaustive justification of decisions adopted (especially in matters that are subject to divergence in the public debate),
- knowing the constitutional and statutory provisions concerning the right of access to public information and ensuring the practical implementation of this right.

The release of public information can take place in several forms, Bielecki says. It may be an announcement in the Public Information Bulletin, which is an official ICT publication. The principle of openness is also served by the Central Repository of Public Information, where data of particular importance to the development of innovation and the information society are placed. Public information that is not available in the Public Information Bulletin or the Central Repository is made available upon request. On the other hand, if public information can be made available immediately, it takes place orally or in writing, without the need to submit an application. In addition, public information can be made available to the public by displaying or posting it in publicly accessible places, or by installing equipment in those places that makes it possible to review the information. There is also a right of access to the meetings of bodies carrying out public tasks, with the possibility of receiving written, audiovisual and ICT materials, documenting their proceedings. The right of access to information is not an absolute right and is subject to certain limitations. These include: freedom and rights of other persons and business entities, protection of public order,
security or important economic interests of the state. The right to public information is subject to restriction to the extent and on the principles set out in the provisions on the protection of classified information and the protection of other statutorily protected secrets. In addition, restrictions are contained in the provisions on forced restructuring. The privacy of an individual or the secrecy of an entrepreneur may be protected. However, this restriction does not apply to information about persons performing public functions, having to do with the performance of such functions, including the conditions of entrustment and performance of functions, and the case where the individual or entrepreneur waives his or her right. Subject to the above-mentioned circumstances, access to information on matters decided in proceedings before state authorities, in particular in administrative, criminal or civil proceedings, cannot be restricted due to the protection of the interest of a party, if the proceedings concern public authorities or other entities performing public tasks or persons performing public functions - within the scope of these tasks or functions (Bielecki, 2018).

Transparency of fiscal policy of the state and each local government unit is an important element of governance affecting its quality and fiscal security. It should be remembered that by fiscal transparency is understood comprehensiveness, clarity, reliability timeliness and relevance of public reporting regarding the past, present and future state of public finances (Szpinger, 2016).

While a lot is said about openness of public life with particular emphasis on the openness of financial policy, much less is heard about transparency, which is based on the presentation of data in a manner understandable to the recipient, who is not always familiar with professional terminology and systems of information presentation. Few people understand the specialised entries in local government budgets and if the descriptive version of the budget was not included it would be a document understood only by financiers. Transparency and openness must be closely linked. Even the most clearly presented information is useless if access to it is difficult or even impossible. The same is true about openness: if the best available information, which is easy to obtain, is illegible, too complicated, it will be of no use to the citizen who will not understand it.

The issue of transparency of public finance is of particular interest to the International Monetary Fund (IMF). This organization recognizes fiscal transparency as a key element of effective management in the area of public finances (IMF 2012). The IMF defines fiscal transparency as readability, credibility, frequency, timeliness and relevance of public finance reporting and openness of the fiscal policy process. The features included in the above definition are understood as follows (IMF 2012):

- **readability** - the ease with which recipients of reports can understand the data presented;
- **reliability** - the degree to which the reporting reflects the actual financial situation of the state;
- **Frequency** - the regularity with which data are presented to the public;
- **timeliness** - the lowest possible proportion of delays in the dissemination of reports;
- **relevance** - the extent to which reporting allows users to obtain the information they need;
- **openness** - the ease with which the public can understand and influence fiscal policy decisions and hold the government accountable for its actions (Suwalski, 2015).

The term "fiscal transparency" has English etymology. It is broader than the term "fiscal transparency" used in Polish literature. It means both transparency and openness of public finance. According to Misiąg, "transparency" and "openness" have different meanings, although they undoubtedly complement each other - without transparency, openness of public finance is basically impossible. When specifying the term "fiscal transparency", different authors most often refer to the definition originally formulated by Kopits and Craig (2017). It emphasizes transparency enabling a substantive public debate on public finance, which is supposed to enable a credible fiscal policy and better understanding of its essence by the public (Dziemianowicz R., Poniatowicz M., 2017).
In Poland, the basic source of the principle of openness of public finances is the constitutional principle of the right of access to public information, referred to in Article 61 of the Polish Constitution. According to this provision, a citizen has the right to obtain information about the activities of public authorities and persons performing public functions. This right also includes obtaining information on the activities of economic and professional self-government bodies, as well as other persons and organizational units to the extent that they perform the tasks of public authority and manage communal property or property of the State Treasury. The right to obtain information includes access to documents and entry to sittings of collective bodies of public authority, coming from universal elections, with the possibility of sound or video recording. The above right may be restricted only due to the protection of freedoms and rights of other persons and business entities as specified by statutes, as well as the protection of public order, security, or an important economic interest (Banaszak B., 2020).

Citizens have the right to information about the activities of public authorities and persons performing public functions. This right applies to both national and local public authorities, entities to information and is placed in the group of political freedoms and rights. Through this right there is a participation of citizens in the exercise of power. The following diagrams show the extent of public participation in the budget process in Poland.

Graph 3. Extent of opportunity for public participation in the budget process

Source: own elaboration based on OBS data.

According to OBS, the executive in Poland, in order to further strengthen public participation in the budget process, should prioritize the following actions: pilot budget execution monitoring mechanisms, develop mechanisms during budget formulation that involve any civil society organization or member of the public willing to participate in the budget process.

Openness of action, open dialogue, free and efficient flow of information between citizens and public officials are a sine qua non of public administration in many democratic countries. This method limits biased and unethical actions within administrative bodies" (Kudrycka B., 1995). At the local government level, the principle of openness is supposed to be a guarantee that the actions of the administration will be carried out with the participation and control of society. Openness is thus an attempt to eliminate the arbitrariness, discretion of the administration (Koniuszewska E., 2009).

However, openness does not give the right to obtain information covering the entire range of activities of public authorities.

The policy of openness and transparency is monitored on an ongoing basis and internationally. The National Budget Transparency Score assesses the public's access to information about how the central government raises and spends public funds. The Open Budget Survey (OBS) is the world's only independent, comparative, evidence-based survey instrument that uses internationally accepted criteria to assess public access to central government budget information, formal opportunities for public participation in the national budget process, and the role of budget oversight institutions such as the legislature and auditor in the budget process. The latest international budget transparency survey covered 117 countries. In the OBS 2019, the average global transparency score is only 45 out of 100, with nearly 75 percent of the countries surveyed performing at an inadequate level. The report is based on 109 criteria that analyze budget transparency and a comprehensive assessment of national public finance systems made on three key dimensions:

1) the transparency of budgeting procedures,
2) the extent of public participation,
3) the quality of institutional supervision over the spending of public funds.

Poland, with 60 points, was ranked 32nd and belongs to the group of countries providing limited access to budgetary information. Noteworthy is a comparison of Poland’s position in the rankings at the turn of the years with 5 other countries.

The OBS also looks at the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they exercise oversight; each country is rated on a scale of 0 to 100 based on 18 equally weighted indicators. Considered individually, the extent of oversight of each institution in Poland is shown below: poor: 0 - 40; limited: 41 - 60; adequate: 61 – 100.

The legislature and Poland’s supreme audit institution together provide adequate oversight during the budget process, with a combined oversight score of 83 (out of 100). This means that the Sejm of Poland provides adequate oversight at the planning stage of the budget cycle and adequate oversight at the implementation stage.

The issue of openness and transparency of fiscal policy in Poland included in the Fiscal Policy Transparency Code was addressed in 2015 by the Institute for Structural Research.
Poland presented, among others, information on weaknesses in the system of presentation of data on the financial situation in public institutions and examples of actions distorting information about public finances.

**Results and discussion**

Poland fails to meet a significant part of the requirements for openness and transparency of fiscal policy contained in the IMF's Fiscal Transparency Code. Out of eleven standards only three are fully complied with. The public finance sector in Poland is characterized by great diversity in terms of organizational forms of entities belonging to this sector, their financial independence and the ways of settling accounts with the central budget. The heterogeneous structure of the SFP and numerous financial flows between its units make it very difficult to analyse revenues and expenditures of the sector. Information on the situation of the entire public finance sector is insufficient. It does not allow to know the directions of public finance spending in Poland. A detailed analysis of the situation of SFP can be carried out only at the level of selected individual budgets and reports on their execution (e.g. the state budget and the budgets of territorial self-government units).

In the public debate the importance of the state budget is much higher than it would result from its share in the public finance sector. Insufficient discussion of the overall picture of public finance is, among other things, the result of insufficient information on the subject. Not all measures in the OBS assessment have found recognition and approval. Often financial data published by public institutions are not civic in nature. Public entities most often focus only on fulfilling statutory requirements for publication of data, rather than on enabling the citizen to access transparency of information about the financial situation of the state. In Polish public finance there are numerous practices of deliberate understatement of budget deficit, public finance sector deficit and public debt. The most important of them include: improper recognition of contributions transferred to Open Pension Funds, granting the Social Insurance Fund interest-free loans from the state budget and not including the National Road Fund in the public finance sector (Suwalski J., 2015).

**Conclusions**

The insufficiency of public information, especially in financial statements is recognized by many researchers of the subject, who emphasize that to strengthen democracy and the credibility of government, it is necessary to strive to improve the structures and information content of financial statements to satisfy the rights of citizens. The public expects prospective information on strategies, sources of risk and uncertainty. Therefore, among other things, one should be critical of the numerous practices of manipulating information on the state of public finances in order to understate the state budget deficit, the deficit of the public finance sector and the public debt.

A disturbing phenomenon is the decreasing, in international opinion, assessment of transparency in Poland. Openness and transparency of public life in the financial aspect is important, but it is not the only area of activity. The principle of transparency which applies to local governments and public entities concerns many areas and is regulated by law. The basic document is the Act of 6 September 2001 on access to public information, which guarantees the right to public information. The legislator emphasized that any information on public matters constitutes public information in the meaning of the Act and is subject to access under the principles and in the mode specified in the Act. In today's world, information plays an essential role in the functioning of any democratic state. Universal access to information allows strengthening the bond between citizens and the state. It is one of the basic factors influencing the development of
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