

International Budget Partnership

GUIDE TO THE *OPEN BUDGET* *QUESTIONNAIRE*: AN EXPLANATION OF THE QUESTIONS AND THE RESPONSE OPTIONS

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AN EXPLANATION OF THE QUESTIONS AND THE RESPONSE OPTIONS**

This *Guide to the Open Budget Questionnaire* provides additional information and instructions for researchers who are completing the questionnaire. The guide consists of four sections:

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Introduction and Overview

The *Open Budget Questionnaire* has two broad purposes. First, it is designed to assist nongovernmental researchers in understanding selected international good practice benchmarks for budget transparency and accountability and applying them to the practices they observe in their countries. Second, by providing a common methodology for investigating budget transparency and accountability, the questionnaire is intended to link civil society research efforts on these issues across countries. The questionnaire coordinates the research so as to make possible comparisons across countries, which is intended to draw international attention to the importance of open and accountable government budgets.

Civil society budget groups have a unique interest in promoting public access to budget information during all phases of the budget year. The availability of comprehensive, accessible, useful, and timely budget information is essential for civil society to participate effectively in the budget process. The questionnaire is specifically intended to help researchers identify what and how much information is publicly available during each of the four stages of the budget process, whether it is timely and accessible, and whether there are any information gaps.

This focus on public access to information is what makes the questionnaire unique among assessments of government transparency and accountability. However, the *Open Budget Questionnaire* addresses only a limited set of topics related to the larger issues of effective public financial management, citizen participation, and accountability. Thus, the *Open Budget Questionnaire* is intended to complement rather than replace other research related to these issues. The IBP strongly encourages researchers to develop their own country-specific research as a way to highlight and draw attention to important issues in their countries.

Some examples of topics not covered in-depth in the questionnaire include the opportunities that might exist during the budget year for effective and meaningful citizen participation. This is due to the fact that such topics are especially difficult to measure and compare across countries because they are specific to differing types of budgeting systems. The questionnaire also does not examine the legal and administrative framework for public expenditure management within countries, or the transparency and accountability of different levels of government. These are both highly important issues, but difficult to capture across different types of budget systems.

Important Principles Related to Budget Transparency and Accountability

Notwithstanding the questionnaire's limitations, it does attempt to capture and make operational some important basic principles, or norms, related to budget transparency and accountable budget-making practices. These include:

Prior authorization: The legislature should authorize measures involving expenditure, revenue collection, and debt *prior* to the executive taking action.

Unity: All proposed annual expenditures, revenues, and other government financial activities should be presented to the legislature in one consolidated presentation, the Executive's Budget Proposal. (Although in practice in the majority of countries, this consolidated presentation takes the form of a

primary document, with several supporting documents.)

Comprehensiveness: Not only should the government disclose its financial activities in its annual budget proposal but it should also issue documents at other times during the budget year to provide a comprehensive, updated picture of the government's actions.

Periodicity: The executive should adhere to regular deadlines in an annual calendar for drafting the budget, presenting it to the legislature for debate, executing the budget, and presenting its final accounts to the public and to the supreme audit institution (SAI). Timely and regular reporting on each of these four phases of the budget process is essential. It also is important for the legislature and SAI to perform their critical roles in a timely manner throughout the budget year, especially when it comes to debating and approving the annual budget and reviewing the final accounts.

Specificity: The description of every budget item should result in a clear overview of the government's expenditure plans. The descriptions provided for budget items should not be so highly aggregated (presented as grand totals) that they do not give a clear picture of the government's intentions, and they should be presented according to internationally-accepted classification systems to avoid obfuscation.

Legality: All expenditures and activities should be in keeping with the law. Where the law does not adhere or promote basic principles of transparency and accountability, civil society should make recommendations to amend it.

User-friendly structure: A country's budget documents are its government's key accountability documents: they should be presented in a manner that is manageable and understandable by the full spectrum of audiences, including the legislature, civil servants, and public, and the varying levels of technical capacity these different groups may have.

Publicity: All of a country's citizens should have the right, as individuals or in association in the form of civil society organizations (CSOs), to make and express judgments on the country's budget. This requires that budget documents be widely available. This is especially important for the Executive's Budget Proposal, which should be available to citizens *before* it is adopted by the legislature.

Means and ends: Clear links should be made between the government's policies, plans, budget inputs and outputs, and outcomes. The explanation accompanying the budget should communicate clearly its aims in terms of inputs, objectives to be achieved, and measurable results.

Other Useful Tools for Budget Transparency Research

We suggest that researchers visit the Open Budget Initiative on the IBP website (<http://www.openbudgetindex.org>) for other useful links and tools that can help focus any additional budget transparency research they might be considering.

In addition, the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Cooperation and Development (OECD) have developed comprehensive questionnaires and diagnostic tools to examine fiscal transparency, public expenditure management, and budget practices

and procedures.¹ Beyond these international institutions, private sector analysts and civil society organizations also have developed their own methodologies for assessing budget transparency.²

Taken together, these various instruments highlight the breadth and complexity of budget transparency. The *Open Budget Questionnaire* is intended to supplement these various efforts, primarily emphasizing issues related to public access to information.

Structure of the Questionnaire

The *Open Budget Questionnaire* includes three sections. The first section contains a series of four tables that allow researchers to examine and map the availability and dissemination of a country's key budget documents. This first section requires the researcher to identify each of the key budget documents that a country issues (or fails to issue) during each of the four phases of the budget process. The researcher then will use these documents to answer many of the 123 questions in the second and third sections of the questionnaire. These questions are grouped into two main categories: the Executive's Budget Proposal and the Budget Process.

The second section of the questionnaire focuses on documents that are issued during the stage in the process when the legislature considers the proposed budget. The questions in this section seek to assess the information provided in the Executive's Budget Proposal, as well as additional information that would assist the legislature in analyzing and evaluating the proposed budget. The Executive's Budget Proposal merits significant attention because it is the blueprint for how the government will raise and spend funds to realize its economic and social policy goals. As such, it is frequently subject to the most scrutiny and debate during the course of the budget year.

How closely this document, or set of documents, adheres to good practices is generally carried through and reflected in the budget documents that are issued throughout the process. For example, if a government adopts the good practice of providing in the Executive's Budget Proposal a highly detailed classification of its expenditures that include functional, economic, and administrative breakdowns, it is much more likely to be in a position to carry this practice through to its reporting in other phases of the budget cycle, such as that in its In-Year and *Year-End Reports*.

The third section of the questionnaire assesses the level of transparency of the four phases of the budget process. The questions in this section examine both documents that should be available to the public during each of the phases and practices that the executive and legislature can adopt to make the process more participatory and accountable, such as open public hearings to promote discussion and debate on the budget. Another example is that once the budget is approved, the public should have access to detailed and regular monthly or quarterly reporting on expenditures made, revenues collected, and debt incurred.

¹ For a discussion of World Bank and IMF instruments, see "Assessing Public Expenditure, Procurement, and Financial Accountability: A Review of Diagnostic Instruments," Public Expenditure and Financial Accountability Secretariat, World Bank, April 2003.

² See, for example, Briseida Lavielle, Mariana Perez, and Helena Hofbauer, *Latin American Index of Budget Transparency: A Comparison of 10 Countries*, FUNDAR, 2003; Alta Folscher, *Budget Transparency and Participation: Five African Case Studies*, IDASA, 2002; and eStandards Forum, "Assessments of Adherence to Fiscal Transparency Standards" at <http://www.estandardsforum.com>.

General Information About the Questionnaire

The *Open Budget Questionnaire* is designed to be completed by a nongovernmental researcher, or a team of nongovernmental researchers, in order to produce a single set of responses for each participating country. The questionnaire seeks to determine whether a country's government provides certain types of information to the public, and whether certain activities occur during the budget process. Answers to the questions must be based on empirical research, and researchers are required to provide evidence about why they have selected a particular answer by including a reference to documents or interviews with public officials, or comments under each question.

Once the questionnaire is completed, it will be reviewed by two anonymous peer reviewers to help ensure the validity and objectivity of the results produced by a researcher or research team. At the request of the researcher, a third set of comments provided by the government itself may be included.

It is important for researchers to note that:

- *The questionnaire focuses on the activities of central government and does not address the role of state and local governments.* Because the questionnaire was designed to measure budget transparency and accountability in a way that would allow cross-country comparisons, it is not well suited to investigate intergovernmental relationships, the nature of which can vary significantly from country to country. Researchers interested in examining intergovernmental fiscal relations in their countries may want to consider developing supplementary questions to capture these activities.
- *For the most part, the questionnaire seeks to discover what occurs in practice, rather than what the law requires.* (The small number of questions—question numbers 63, 80, 116, and 117—that do refer to legal provisions state this clearly in the question.) Researchers should answer the vast majority of questions based on the actual practice in their country.

This focus on what occurs in practice recognizes that, in some cases, well-intentioned budget laws are not actually implemented and thus have little impact on the budget process. At the same time, this focus should not be interpreted as minimizing the importance of codifying certain aspects of the budget process; legal requirements for openness and transparency are an essential part of guaranteeing accountable, efficient, and effective budgeting.

- *Unless stated otherwise, the questionnaire is concerned with those budget documents that are made available to the public.* Please answer the 123 questions in Sections Two and Three of the questionnaire based on publicly available budget documents.
- *Unless stated otherwise, the questions are intended to apply to the most recently completed part of the budget process covered by the question.* As a result, the questionnaire will likely apply to budgets from several years (see box on page 14). NOTE: For countries included in the Open Budget Survey 2008, documents which were used to respond to the Open Budget Survey 2008 cannot be used to respond to the Open Budget Survey 2010.
- *Please use the electronic version of the questionnaire that is provided to you by IBP.* Do not transfer the questions into another format or alter the structure of the questionnaire.

Interviewing Government Officials

Interviews with public officials in the executive and legislature will be necessary to complete the questionnaire, in order to obtain information for:

- Section One: Tables 2, 3, and 4. These tables require the researcher to state if a document is not made available to the public, not produced, or produced for internal purposes only. In order to complete these tables, the researcher may need to interview an official from the appropriate ministry.
- Section Three: Questions 69, 79, 120, and 123. These questions explore whether members of the legislature receive the information they should receive, according to international good practice. These questions will likely require an interview with individual legislators or members of their staff. Please see Section Two of this guide, titled “Citations and References for Answers,” for further details about interviewing government officials.

Section One: The Availability of Budget Documents

From the perspective of civil society budget groups, the public availability of budget documents is essential to providing the public with the information it needs to effectively participate in the budget process. The goal of the questionnaire is to examine the openness of the budget system, so its primary focus is on documents that are made available to the public.

Section One of the questionnaire contains a series of four tables that allow researchers to examine and map the availability and dissemination of a country's key budget documents, which include: the Pre-Budget Statement, Budget Summary, Executive's Budget Proposal, Supporting Budget Documents, Citizens Budget, Enacted Budget, In-Year Reports, the Mid-Year Review, Year-End Report, and Audit Report.

Key Budget Documents Used in the Study

In Section One of the questionnaire, researchers are required to identify and classify their country's budget documents according to the four phases of the budget cycle. The documents identified in this section must be used to answer the corresponding questions in Sections Two and Three as follows:

Executive's Budget Proposal	Questions 1-55, 66-68
Pre-Budget Statement	Questions 71-73
Citizens Budget	Question 61
Enacted Budget	Question 81
In-Year Reports	Questions 82-83, 85-91
Mid-Year Review	Questions 92-95
Year-End Report	Questions 101-110
Audit Report	Questions 111-113, 115, 121-123

Researchers may not use a document that is issued during one phase of the budget cycle to answer those questions related to another phase. This is because the questionnaire is specifically intended to evaluate the information available to the public during each one of the four phases of the budget year. For example, In-Year Reports, which are documents that report on the budget execution (the third phase of the budget cycle) may not be used to answer questions related to legislative consideration of the Executive's Budget Proposal (the second phase of the budget cycle.) The issue here is whether the public and key oversight institutions (the legislature and SAI) have the information they need, when they need it, to effectively participate in each phase of the budget cycle.

PHASE ONE: DRAFTING OF THE EXECUTIVE'S BUDGET PROPOSAL

Pre-Budget Statement

The Pre-Budget Statement is sometimes also known as the Pre-Budget Report. The executive should make this document available to the public no less than one month *prior* to the introduction of the Executive's Budget Proposal in the legislature. The Pre-Budget Statement is intended to

disclose the parameters of the Executive's Budget Proposal —specifically, total expenditures, forecast for total revenues, and debt to be incurred during the upcoming budget year. It generally is not a document that presents highly detailed information (usually such detailed information is presented several weeks or months later in the draft budget itself.) The *OECD Best Practices* contains a description of what the Pre-Budget Statement should contain.

In some countries, the Ministry of Finance issues a schedule of important dates and deadlines for ministries or subnational governments that it will use in formulating the Executive's Budget Proposal. This schedule should not be confused with the Pre-Budget Statement.

PHASE TWO: LEGISLATIVE CONSIDERATION OF THE BUDGET PROPOSAL

The Executive's Budget Proposal and Supporting Budget Documents

The Executive's Budget Proposal should be made available to the public when it is first presented to the legislature or, at a minimum, *before* the legislature approves it, in order for the public to have an opportunity to influence the final budget. **In no case should the proposed budget be withheld until after the legislature completes its deliberations and approves the final budget.** In cases in which the fiscal year begins before the legislature has completed its deliberations on the proposed budget, the public must have access to the Executive's Budget Proposal before it is approved in order for this document to be considered publicly available.

The nature of the Executive's Budget Proposal can vary from country to country: sometimes it is a single document, and sometimes it is a collection of multiple documents. For the purposes of answering questions 1-55 in Section Two of the questionnaire, researchers should draw their answers from the main Executive's Budget Proposal, as well as any supporting budget documents that the executive may provide to the public.

These are some important points to remember when identifying the Executive's Budget Proposal and its supporting documents:

- Please do not use the Enacted Budget to answer questions 1-55 related to the Executive's Budget Proposal. The questions in this section are intended to evaluate the information that is available to the public while the proposed budget is under consideration by the legislature, *before* the legislature approves or enacts the budget. If the Executive's Budget Proposal is not available to the public prior to the legislature's approval, researchers should choose the answer "d" for all of questions 1-55.
- The phrase "supporting budget document" as used in the questionnaire refers to documents that are issued by the executive at the same time or within a few days of the time that it presents its proposal to the legislature. These documents are almost always prepared by the department or agency that coordinated the budget preparation process and releases the budget (such as the Treasury or Ministry of Finance). These documents must be released within a few days of the main Executive's Budget Proposal, so that they can be used to inform the debate on the proposed budget before it is enacted by the legislature. Researchers should not use information that the executive or the central bank may release at other times of the budget year when completing questions 1-55.

- Documents providing multi-year projections (such as multi-year national development plans or medium-term expenditure framework documents) can be considered as “supporting budget documents” *if there is a direct link with the budget*. This would require that these multi-year projections be released annually at the same time as the budget, that they are based on the same macroeconomic assumptions as the budget, and that they reflect the same levels of revenue and expenditure in years in which they overlap. (This may be relevant to questions 5-6 and 9-10).
- Please do not use information from documents that are issued during other stages of the budget cycle (e.g., In-Year, Year-End, or Audit Reports) to answer questions 18-34 regarding prior year data in the Executive’s Budget Proposal. As mentioned above, the questionnaire is specifically intended to evaluate the information available to the public during each of the four phases of the budget year. Therefore, the questions on prior year data in the Executive’s Budget Proposal should be answered only with the information that is contained in the Executive’s Budget Proposal. If the Executive’s Budget Proposal does not contain the prior year information that is described in these questions, please choose the answer “d.”

PHASE THREE: BUDGET EXECUTION

Enacted Budget

After debating the executive’s proposed budget, the legislature typically enacts some form of a budget or appropriation. In order to be considered publicly available on the *Open Budget Questionnaire*, the Enacted Budget must be released to the public no later than **three months** after the legislature approves it. Question 81 in the questionnaire covers the contents of the Enacted Budget. For the purposes of the questionnaire, the term “Enacted Budget” refers to the document that has been passed by the legislature. In some countries, the Executive’s Budget Proposal varies significantly from the Enacted Budget, so researchers should not use the Enacted Budget to answer questions 1-55 related to the Executive’s Budget Proposal.

In-Year Reports

In-Year Reports are sometimes referred to as *Monthly Reports* or *Quarterly Reports*. Researchers should use only the country’s In-Year Reports to answer questions 82-91. In-Year Reports can be issued in the form of one consolidated report for the entire government, or multiple reports can be issued by different agencies. For example, the central bank can issue In-Year Reports for its activities, in addition to the reports issued by the Ministry of Finance. In some cases, revenue collection agencies issue their own separate reports.

A key factor in the public’s ability to play an effective oversight role is having access to timely information. Thus in order to be considered publicly available for the *Open Budget Questionnaire*, the In-Year Reports must be released no later than **three months** after the end of the reporting period.

Mid-Year Review

The Mid-Year Review, sometimes referred to as the Mid-Year Report, should contain a comprehensive update on the implementation of the budget, including a review of the economic assumptions underlying the budget and an updated forecast of the budget outcome for the current budget year. To ensure the timeliness and usefulness of the report, it should be released no later than **three months** after the end of the reporting period. For example, in order for the Mid-Year Review of a country with a January-December fiscal year to be considered publicly available it should cover the months of January-June and should be released no later than the end of September.

The *OECD Best Practices* contains a comprehensive description of what the Mid-Year Review should contain. An In-Year Report issued six months into the budget year is not a substitute. If there is no separate Mid-Year Review in their country, researchers should mark “d” to all the questions relating to the Mid-Year Review to indicate that there is no such document available to the public (Questions 92-95).

PHASE FOUR: MONITORING AND EVALUATION

Year-End Report

A Year-End Report may be issued as a single consolidated report for the entire government, or individual ministries and agencies may issue separate reports. This report or series of reports is issued by the executive and should not be confused with the Audit Report described below. The Year-End Report is covered by questions 101-110.

To be considered publicly available, Year-End Reports must be released no later than **two years** after the end of the fiscal year. For example, in a country with a fiscal year that runs from January to December, it must release its 2006 Year-End Report no later than the end of December 2008 for it to be considered publicly available on the *Open Budget Questionnaire*. Year-End Reports that have been used to answer questions in the Open Budget Survey 2008 cannot be used again to answer questions in the Open Budget Survey 2010.

Audit Report

The Audit Report is issued by a country’s supreme audit institution (SAI) and attests to the government’s year-end final accounts. Researchers should use this document to answer questions 111-113 and 115.

To be considered as “publicly available” on the *Open Budget Questionnaire*, Audit Reports qualify only if they were released within **two years** after the end of the fiscal year to which they relate. For example, in order for the 2006-07 Audit Report of a country with an April-March fiscal year to be considered publicly available it should be released no later than the end of March 2009. Audit Reports that have been used in response to the Open Budget Survey 2008 cannot be used to respond to the Open Budget Survey 2010.

Table 1: Budget Year of Documents Used in Completing the Questionnaire

For Table One of the questionnaire, researchers should provide the appropriate year for the budget document used, if the document is publicly available. If the document is not publicly available, please state, “Not Available.” Please see below for further details on the definition of “publicly available documents.”

On What Year’s Budget Should Responses to the Questionnaire Be Based?

The questions in Section Two and Three of the questionnaire ask about a range of budget-related documents and different aspects of the budget process. Unless stated otherwise, researchers should refer to the most recently released version of the document or the most recent part of the budget process that has occurred to answer all of the questions. Thus, answers on the questionnaire will cover several different budget years.

For instance, assume that the questionnaire is being completed in June 2009 in a country whose fiscal year runs from April to March. Also assume that the budget covering that fiscal year (2009-10) has already been considered by the legislature and enacted into law. In this case, the researcher should use the 2009-10 budget for questions related to the Executive’s Budget Proposal and the process of formulating, debating, and adopting the budget. For these questions, fiscal year 2009-10 would be considered the budget year (BY).

However, because fiscal year 2009-10 has just started, questions related to monitoring the budget through In-Year Reports would have to apply to reports issued on the 2008-09 budget, because that is the most recent budget for which these reports have been produced. Furthermore, although fiscal year 2008-09 is completed in this example, final Year-End or Audit Reports for that year would not have been released yet in most countries. Thus answers to questions concerning these documents would have to refer to the 2007-08 or the 2006-07 budget, depending on when such reports are released (note: they should be released within two years of the end of the reporting period to qualify as “publicly available” on the *Open Budget Questionnaire*).

Note that governments may be inconsistent in whether or when they release to the public certain budget-related documents or conduct or complete certain aspects of the budget process. This can make it difficult for researchers to know which fiscal year to refer to in answering questions related to these instances. In the example above, for instance, questions about the Pre-Budget Statement would apply to fiscal year 2009-10. If no Pre-Budget Statement was released for fiscal year 2009-10, then that fact should guide the researcher’s responses, even if such a document had been released in some prior year. If, on the other hand, a Pre-Budget Statement was not released for fiscal year 2009-10 because of some legitimate, one-time event (such as an election), it is permissible to use the fiscal year 2008-09 Pre-Budget Statement as the basis for answering questions about this document. In these instances, researchers should provide the rationale for this choice below their response on the questionnaire.

When Are Documents Considered “Publicly Available”?

For those questions intended to evaluate the contents of budget documents, researchers may use only publicly available budget documents for their answers. Publicly available budget documents

are defined as those documents which any and all citizens might be able to obtain through a request to the public authority issuing the document.

For the purposes of the questionnaire, budget documents and reports that are produced by the executive or other entities, such as the SAI, are classified into the following four categories:

1. Documents that are not produced at all.
2. Documents that are produced but are either for internal purposes only and so not made available to the public, or are made available to the public but not within a specified timeframe (see Table on page 15).
3. Documents that are produced and made available to the general public either free of charge or for a minimal fee, but only upon request from the relevant government office.
4. Documents that are produced and distributed to the general public either free of charge or for a minimal fee, and in such a way that the public can access the documents through means other than requesting them directly from the executive (for instance, the documents may be posted on the Internet or kept in a public library)

For purposes of responding to the questions, a document should only be considered as “publicly available” in the case of either “3” or “4” above.

A substantial number of countries around the world do not have clearly defined procedures in law for ensuring the simultaneous release of public documents to all interested parties. As mentioned above, we define publicly available information as that information which any and all citizens might be able to obtain through a request to the public authority issuing the document. This means that for the purposes of responding to the questionnaire:

- Documents made available on the Internet (even if this is the only place they are available) should be considered as publicly available.
- A document that is available only through subscription to a specialized bulletin or publication issued by the executive should be considered as *not* available to the public, unless this bulletin is easily accessible to the general public either free of charge, through the payment of a minimal subscription fee, or through sources such as public libraries.
- If a document is not available from the issuing authority, it should be considered as *not* publicly available. For example, if it is not possible to obtain an Audit Report from the SAI, but it may be available upon request to a legislator, then the document should be considered as *not* publicly available. Similarly, documents that the executive provides to the legislature but does not make available to the general public upon request to the executive, should be considered as *not* available to the public.
- A document must be available to any and all members of the general public who requests it to be considered as publicly available. A document that is available to only certain individuals or members of the public but is refused to others who request it, should be considered as *not* publicly available. For example, in some countries only those who maintain friendly relations with government officials may obtain documents, while requests by general citizens or selected civil society organizations are refused. Researchers should consider conducting a test like the one described below to gather evidence of refusals of requests for budget documents.

If researchers have any doubts about whether a request for a document would be refused, please consider asking other researchers, civil society groups, or members of the public in your country to actually test the availability of documents. Ask them to request the document to establish if there are instances of arbitrary denials. Record the experiences of those making requests who were denied documents, including details on who made the request, the date and time of the request, the name of the official or office where the request was made, and any reasons given for the refusal. This information can be very valuable evidence to be presented to the public along with the research results and to advocate for the adoption of clear procedures in law that require that officials make documents public.

If researchers have questions about how this definition regarding publicly available documents might apply in their countries, please contact us.

Budget Document	Release Deadlines for “Publicly Available” Documents
Pre-Budget Statement	Must be released at least one month before the Executive’s Budget Proposal is submitted to the legislature for consideration.
Budget Summary	Must be released before or during the legislature’s deliberations on the Executive’s Budget Proposal, i.e., before the approval of the Executive’s Budget Proposal.
Executive’s Budget Proposal	Ideally should be released at the same time as it is presented to the legislature. At a minimum, it must be released while the legislature is still considering it and <i>before</i> the legislature approves it. In no case would a proposal that is released after the legislature’s discussions about the budget have ended be considered “publicly available.”
Supporting Documents	Must be released at or about the same time of the Executive’s Budget Proposal (see above).
Enacted Budget	Must be released no later than three months after the budget is approved by the legislature.
Citizens Budget	<ul style="list-style-type: none"> a. If it is a simplified version of the Executive’s Budget Proposal, it must be released at the same time as a “publicly available” Executive’s Budget Proposal. b. If it is a simplified version of the Enacted Budget, it must be released at the same time as a “publicly available” the Enacted Budget.
In-Year Reports	Must be released no later than three months after the reporting period.
Mid-Year Review	Must be released no later than three months after the reporting period
Year-End Report	Must be released no later than two years after the end of the fiscal year (the reporting period).
Audit Report	Must be released no later than two years after the end of the fiscal year (the reporting period).

Table 2: Key Budget Documents: Titles and Internet Links

Table 2 requests that the researcher provide the title and Internet website link for each document used to complete the questionnaire. For those documents not posted in the Internet, please indicate one of the following: “Not Produced,” “Produced but Not Available to the Public,” “Publicly Available, but Not on the Internet.”

It is very important not to confuse one budget document with another when completing the questionnaire. We have provided you with a copy of the *OECD Best Practices for Budget Transparency* because these best practice norms contain a very clear list of all of a country’s budget documents and details on the contents of each. Researchers told us during the last round of research that the *OECD Best Practices* was a significant help to them in identifying and distinguishing between budget documents. In many countries, distinguishing between documents can be very difficult, and for the purposes of answering the questions in Sections Two and Three of the questionnaire it is very important not to confuse the documents. Please contact us immediately if you are having trouble.

Tables 3 & 4: Distribution of Documents

These tables are divided into two parts. The upper part asks whether a particular document is:

- a.) not produced,
- b.) produced for internal purposes, but not available to the public,
- c.) produced and available to the public, but only on request, or d.) produced and distributed to the public.

For each document, researchers should enter “Yes” into the applicable square, either “a,” “b,” “c,” or “d.” They should not enter “Yes” into more than one of the squares.

The bottom part of the table should only be completed for documents that are distributed to the public (that is, if the response in the upper table was “d” or “c”). It is in this part of the table where researchers assess the timeliness of the distribution, how widely documents are distributed, and whether the executive actively promotes the availability of the documents to the media and public.

Questions 1-2 concern the timing of the release of documents and advance notice. Setting a release date in advance is important because it commits the executive to release the information and gives civil society an opportunity to plan and prepare for its release.

Question 3-8 concern documents’ availability. For example, question 3 asks if there is a delay in a document’s release to the public relative to its release to others, such as the media. Question 4 asks whether the executive places the document on an official website where it can be viewed by the public. In many countries, however, Internet access is still not widely available or remains so costly that downloading large documents, such as budget reports, is prohibitively expensive. Consequently, questions 5-6 ask about the distribution of print copies that are available free of charge (or for a nominal fee). Distribution should be considered “limited” if free copies are given only to members of the legislature, the media, and others interested in budget analysis (for instance, by making free copies available at public events on the budget). “Mass” distribution

occurs when the distribution is intended to reach the non -expert public, who might not otherwise seek out budget documents (for instance, documents could be published in a newspaper).

Questions 7-8 Question 7 focuses on whether documents reach those parts of the country outside the capital or the main financial centers. While posting the document on the Internet may solve these geographical distribution problems, it probably will not if Internet access is sparse in rural areas.

That is why question 7 asks if the documents are “readily available,” implying that the barriers to access should not be unreasonably high. Question 8 asks whether the information is presented in more than one language, where appropriate. In countries where multiple languages are spoken, the report should be written in enough languages to ensure that it can be read by a high percentage of the population.

Questions 9 looks at whether the executive takes active steps to ensure that interested users know about and have easy access to the documents. Promotion goes beyond dissemination, which is a passive act of making information available to users who must then take the initiative to access it.

Section Two: The Executive's Budget Proposal

The first broad category of questions in the *Open Budget Questionnaire* looks at the information that is provided with the Executive's Budget Proposal upon its submission to the legislature for consideration, and how that information is presented. The Executive's Budget Proposal typically receives more attention—from the legislature, the media, and the public—than any other budget document that the executive releases on a regular basis. This heightened level of attention makes it essential that the Executive's Budget Proposal and any supporting budget documentation provide clear and comprehensive information.

Section Two is divided into five subcategories. The first four subcategories cover information that should be disclosed in the Executive's Budget Proposal or supporting budget documents. The fifth category deals with information that need not be contained in the budget documents themselves but can be very important for analyzing the budget:

- **Estimates for the Budget Year and Beyond** examines the types of expenditure, revenue, and debt estimates used in the budget documentation to represent the Executive's Budget Proposals for the budget year, and the macroeconomic assumptions that underlie the budget. The section also examines the estimates that the executive should present for future budget years.
- **Estimates for Years Prior to the Budget Year** asks a similar set of questions for the years prior to the budget year. These prior-year data are important because they provide a benchmark against which budget proposals can be assessed; looking at trends over time, for instance, can yield insights into the feasibility and sustainability of future budget proposals.
- **Comprehensiveness** looks at a number of specific items that typically are not well disclosed to the public, but which should be included in all budgets. The official presentation of the budget can sometimes fail to capture certain fiscal activities, either because they are accounted for outside the budget (such as extra-budgetary funds) or because the accounting methods used in the budget are inadequate (such as a cash accounting system for displaying contingent liabilities). Yet, such items can have a major impact on the government's ability to meet its fiscal and policy goals. Thus, specific statements or estimates related to these activities are needed to inform the public about the government's fiscal position.
- **The Budget Narrative and Performance Monitoring** explores the extent to which the executive's proposed budget includes information that helps explain the relationship between the budget estimates and the government's policy goals. The questions are important for those who are interested in monitoring the budget's impact, particularly in terms of outputs and outcomes. These questions explore whether discussions of budget proposals are informative and understandable—important issues if the executive wishes to facilitate a broader debate and a more inclusive budget process.
- **Additional Key Information for Budget Analysis and Monitoring** explores whether information is available that would assist in understanding and analyzing the Executive's Budget Proposal. For example, the questions ask if the executive makes available to the public an analysis on the distribution of the tax burden, and a glossary of terms used in budget documents.

Structure of Responses to the Questions

Nearly all questions have four possible responses, as well as “not applicable/other.” In general, the first response (letter “a”) is the most positive answer, reflecting best practice for the subject matter of that question. The second response (letter “b”) is intended to reflect good practice. A response of “c” reflects poor or weak practice, while the fourth response (letter “d”) is the most negative.

For the purposes of numeric scoring of the responses, an “a” response is scored as 100 percent, “b” is scored as 67 percent, “c” is scored as 33 percent, and “d” is scored as 0 percent. Responses of “e” (not applicable/other) are not considered in the scoring.

As mentioned above, the “a” responses to the questions attempt to capture “best practice” when it comes to transparent and accountable budgeting. For the most part, these best practices regarding the timeliness and content of specific budget documents are drawn from the *OECD Best Practices*. However, the questionnaire covers topics in addition to that of budget documents, and for many of these issues standardized “best practices” do not exist. The questionnaire, therefore, sets reasonable goals in these areas with an eye to establishing standards or norms.

That said, the questionnaire does not assume that countries should engage in “cutting-edge” budget practices. These, for example, might include compliance with all of the standards presented in the IMF’s *Government Finance Statistics Manual 2001*, such as using accrual accounting or maintaining a balance sheet.

A typical structure for the responses to the questions is that the “a” response indicates that “extensive information” was presented in the applicable document and that the information included “both a narrative discussion and quantitative estimates.” A narrative discussion here is intended to explain and offer appropriate contextual information for the quantitative estimates; while the quantitative estimates, in the form of tables and charts, would be expected to offer additional detail to the narrative discussion. Thus you should chose an “a” response for a situation in which all of the information that one could reasonably expect to be provided has been provided.

Responses “b” and “c” attempt to capture those situations in which only a portion of the information is provided. In this regard, “b” should be considered a positive response, in that most of the desired information is made available, although some details are lacking. The phrase “some details” is intended to cover those situations, for instance, where the narrative discussion is not comprehensive or the quantitative estimates are not sufficiently detailed, or both. But, despite these shortcomings, the information provided still gives a good sense of the issue and is sufficient to allow civil society groups to undertake serious analyses and engage meaningfully in the budget debate.

In contrast to the “b” response, the “c” response applies when the information provided “lacks important details.” This is considered a negative response because, unlike instances in which a “b” response applies, the information provided is insufficient to give a good sense of the issue or facilitate meaningful analyses. The “c” response is, of course, a step above the “d” response, which applies when no information is provided.

Answers Responded as “Not Applicable”

Although the questions and responses were drafted to apply to virtually all countries, there are occasions when they do not apply to the particular circumstances in a country. For these situations, the “e” (not applicable/other) response should be used. Researchers should use this response sparingly, and choose it only after closely reviewing the applicability of all other responses. For the purpose of numerically scoring the questionnaire, an “e” (not applicable/other) response results in the applicable question being dropped from consideration and omitted from the numerical score. Note that during the vetting process, IBP staff will contact researchers to discuss all questions marked not applicable.

For all answers marked not applicable researchers should provide a brief explanation in the “Comment” section as to why they believe the answer choices provided are not applicable, or why another response would be more appropriate.

Answers Involving Documents that Are Not Available to the Public

The *Open Budget Questionnaire* is specifically intended to evaluate information on the central government’s budget that is available to the public. As such, the answers to the questions should be based only on publicly available information. Researchers should not answer questions based on information that they may have unique access to through, for example, contacts in the executive, or from a document that might have been provided by a friendly legislator. If no information is available to the public, as a general rule the answer should be marked “d.”

Moreover, if a document is not available to the public, then all the questions regarding that document should be marked “d.” For example, if the Executive’s Budget Proposal is not made available to the public after it is tabled in the legislature and is only available after the legislature enacts the budget, then *all* questions 1-55 should be marked “d.” Similarly, if a Mid- Year Review is not made available to the public, then *all* questions 92-95 must be marked “d.”

Citations and References

We expect that the release of the cross-country results will be a high-profile event that will attract significant scrutiny and spur a global public debate on the issue of budget transparency. As such, we ask researchers to cite a source or reference when answering questions 1-123 in Sections Two and Three of the questionnaire. This supporting evidence for answers is intended to enhance the confidence of the media and other users in the Open Budget Survey results.

Briefly cite a source or provide a short comment (which may be as short as one sentence or one paragraph, as appropriate) for answers to each question. The citation or comment should reference the title and portion of the budget document from which you have drawn your answer, or it should describe the conditions that led you to select a particular answer.

Please keep all citations and comments as brief as possible. In no case should the length of the comment exceed the maximum length that is provided for in the comment box in the electronic version of the questionnaire provided to you by IBP. In most cases, the maximum length that the comment boxes will handle is 18 lines.

Researchers also should keep in mind that this is an international initiative and many of the readers of a country's questionnaire may not be familiar with the details of the budget process in that country, or may not be aware of important persons or actors on the budget scene. Therefore, researchers should spell out the titles of documents, avoid or explain any specialized terminology that might be used in their country, and explain to the reader special conditions that might have influenced their answer, but of which an international audience might not be aware.

- A short citation involving a reference to information drawn from a budget document could be one or two sentences long and read as follows (Researchers should be sure to include the Internet address (URL) for the document in their citations, if the document is posted on the web):

Information identifying different sources of tax revenues by type can be found on page 36, of Appendix 5 of the draft of the federal budget for the year 2004, titled "Amount of Federal Budget Revenues in the Year 2004."

OR

The information appears in Section 5 of the transmittal message that accompanies the budget, which is titled "The Consolidated Public Sector Budget for 2004." This transmittal message can be seen on the Internet at: www.mecon.gov.ar/onp/html/proy2004/mensaje/cap5.htm

- In cases when the budget documents present only partial information, researchers may choose to provide a citation that might give some insight to the reader about why they have chosen a "b" or "c" answer. A comment as follows could be provided:

Detailed information is provided for more than two-thirds of expenditure programs beginning on pg. 34 of the FY 2004 Budget of the Republic. However, some agencies and entities, such as the Ministry of Agriculture, do not provide program-level detail for their budgets. Instead, expenditures for these entities are simply listed as an aggregated total for the ministry, or as a transfer to a public entity.

OR

Information on some, but not all, expenditure classified by economic classification is provided in Paragraph 2.5 of the Executive's Budget Proposal, titled "The Consolidated Budget of the Public Sector for 2004, and the Multi-Year Budget Projections." Detailed information by economic classification is generally provided for only high-profile expenditure programs of interest to international donors.

- If the document in question or information is not available to the public, researchers may decide to provide a citation as follows:

This document is not available to the public.

OR

This document is produced for internal purposes but it is not made available to the public.

OR

A review of the Executive's Budget Proposal for the year 2004, "Consolidated Budget of the Public Sector in the

Year 2004," and of the supporting documents that accompany it ("The Investment Budget for State Enterprises" and "Terms of Loans") indicates that this information does not appear in the documents.

- In some instances, researchers may wish to provide an example to strengthen the credibility of their answers. An example also can give insight to readers about why a particular answer was selected. Providing concrete details (dates, names, actions) about examples provided can strengthen their usefulness:

The deadline for the executive to present its budget proposal to the legislature is established in the Law of Financial Administration (Law No. 24.156). However, the executive rarely complies with this deadline. For example, during the 2004 budget year, the executive was required by the law to submit its proposal by April 30, but it did not make the submission until May 26.

OR

There is no legal requirement regarding the deadline for the release of the budget to parliament prior to the beginning of the budget year. This limits the opportunity for advocacy and participation by civil society and the public. For example, the government budget year ends on June 30, but during the 2004 budget year the budget was not tabled until the first week of July. The legislature was under pressure to adopt the document, and the debate before it was adopted lasted only from July 3-8.

IMPORTANT NOTE FOR THOSE RESEARCHERS IN COUNTRIES WHERE THE OPEN BUDGET QUESTIONNAIRE WAS COMPLETED IN 2008: Please provide in the comment section an explanation for a change in the responses from last year questionnaire. This explanation might be very brief, such as:

“The answer selected demonstrates an improvement [deterioration] in performance from the 2008 round of research,” or

“The presentation [or practice] is similar to that in the previous period, but researcher reassessment has led to a change in response.”

Providing such a brief explanation for changes in responses from one period to the next will greatly speed the review time required for the questionnaire. (IBP staff intends to contact researchers about each change in response from one research round to the next that lacks an explanation.)

Citations Drawn from Interviews with Government Officials

Interviews with officials in the executive and legislative branches will be necessary to complete some portions of the questionnaire. The tables in Section One of the questionnaire require that the researcher state if a document is: not available to the public, not produced, or produced for internal purposes only and not released to the public. In order to complete these tables, an interview with an official from the appropriate ministry will be needed to determine whether a document is not produced or produced for internal purposes only.

Similarly, questions 69, 79, 120, and 123 explore the information that the executive provides to members of the legislature. These questions will likely require an interview with a legislator or a

legislative staff member. Researchers should ensure that they interview legislators who are not members of the ruling party or coalition in their country, both to obtain answers to these questions and to understand their perspective. Failure to provide information to opposition parties should be grounds for low scores on this series of questions and should be noted in the comment section for these questions.

Researchers also may choose to use the comment section to note any significant political parties in their countries that have been excluded from access to budget information or the budget debate. (This might be because a lack of conditions for free and fair legislative elections denies these parties access to the legislature *itself*, or due to such other conditions as arbitrary denial or withdrawal of political party registration.)

Researchers should try to identify all of the officials that they interview for the purposes of completing the questionnaire in order to strengthen the credibility of their citations when the research is released to the public. However, it is not obligatory for researchers to identify the officials interviewed by name in the questionnaire. (In some countries, it will not be possible to obtain an on-the-record interview with an official, and many will only grant the interview on the condition that their names not be published.)

Nevertheless, if possible, researchers should try to identify officials interviewed with as much specificity as possible. For example, they should include as much of the following as possible: the name of the official, his or her title, the ministry or agency, and the date of the interview, in addition to the pertinent information that came out of the interview. (Please note that it is good practice to make and keep dated notes of all interviews.)

Peer Review

After the researcher or research team has completed and submitted the questionnaire, IBP staff members will review it and discuss with researchers any issues pointing to the possibility that answers were chosen using assumptions that were not consistent with the Open Budget Survey's methodology. The questionnaire will then be submitted to two anonymous peer reviewers for review. The use of an anonymous peer review system is intended to increase the confidence of the media and other users that the data is free of potential bias. Upon the request of the researcher, the IBP also will seek comments from the country's government, which would be included as a third set of peer review comments.

Once peer reviewers have completed their work, the IBP will be in touch with the researcher or research team to further discuss any necessary reconciliation of conflicting researcher and peer reviewer answers. As part of this process, we may ask researchers to write a further elaboration of their answer choice. We expect this elaboration to be brief and not to exceed four paragraphs in length per question.

Explanations to Questions 1-65

In order to be considered "publicly available" for the Open Budget Survey, an Executive's Budget

Proposal must be made available to the public when the executive sends it to the legislature for consideration or at some point during the legislative deliberations, before it is enacted into a budget law. Supporting budget documents for the Executive's Budget Proposal must be released at about the same time that the proposal is made available.

NOTE: While the Pre-Budget Statement may be released very near the time that the Executive's Budget Proposal is made available, it cannot be counted as a supporting budget document.

Estimates for the Budget Year and Beyond (Questions 1-17)

Questions 1-6 are related to expenditures. The first three questions look at some of the basic ways that total expenditures included in the budget can be organized or classified: by administrative unit, functional classification, and economic classification.

Each of these classification systems has different advantages. For instance, reporting expenditure by administrative unit indicates which government entity (department, ministry, or agency) will be responsible for spending the funds and, ultimately, will be held accountable for their use.

Functional classifications indicate the programmatic purpose or objective for which the funds will be used, such as health, education, or defense. Economic classification provides information on the nature of the expenditure, such as whether funds are being used to pay for wages and salaries, capital projects, or social assistance benefits.

Unlike classification by administrative unit, which tends to be unique to each country, the functional and economic classifications have been developed and standardized by international institutions.³ Cross-country comparisons are facilitated by adherence to these international classification standards.

To answer "a" for these questions, all expenditures covered in the budget would have to be organized by one of the classification systems and, in the case of the functional and economic classifications, would have to be consistent with international standards. In contrast, the "c" response would apply if a significant portion of expenditures were not properly classified. For instance, the "c" response would be appropriate if expenditures for some of the major functions, such as education and health, are identified separately, but there is a large residual portion of the total budgeted expenditure that is not classified by function. This would make it impossible to identify other functional allocations, such as that for housing or transportation, with precision.

Question 4 asks about expenditures for individual "programs." There is no standard definition of the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should take the term "program" to refer to *any level of detail below an administrative unit, such as a ministry or department*. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." For the purposes of answering the question, these breakdowns should be considered as programs even when they could be, but are not, broken down into smaller, more detailed units.

³ For a discussion of these classification systems, see International Monetary Fund, *Government Finance Statistics Manual 2001*, <http://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>.

A note for francophone countries: “Program” level detail is sometimes referred to as *le plan comptable* or *le plan comptable detaillé*. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

Question 5 asks whether estimates of aggregate expenditure in the budget extend for at least two years beyond the budget year (BY), thereby covering at least a three-year period (BY, BY+1, and BY+2). Sometimes referred to as a Medium Term Expenditure Framework (MTEF), this three-year period is generally considered an appropriate horizon for budgeting and planning.

Question 6 asks about the level of detail that is provided in the budget for these multiyear estimates—that is, whether these estimates are provided for individual programs, for one or more of the expenditure classifications (administrative unit, functional, or economic), or simply for aggregate expenditures. The appropriate response is the one that represents the greatest level of detail for which these multiyear estimates are presented in completeness. For example, if estimates were provided for all functional classifications, but only for some programs, the appropriate answer choice would be “b.”

Questions 7-10 concern revenues. Revenues generally are separated into two major categories: tax and non-tax revenues. Taxes are compulsory transfers that result from government exercising its sovereign power. The largest sources of tax revenue in some countries are taxes on personal and business income and taxes on goods and services, such as sales or a value-added taxes. The category of non-tax revenues is more diverse, ranging from grants from international institutions and foreign governments to funds raised through the sale of government-provided goods and services. Some forms of revenue, such as contributions to social security funds, can be considered as either a tax or non-tax revenue depending on the nature of the approach to these contributions.⁴

Questions 7-8 assess the degree to which the individual sources of tax and non-tax revenues are disaggregated in the budget. Particularly because different revenues have different characteristics, including who bears the burden of paying the tax and how collections are affected by economic conditions, it is important that estimates for revenues be disaggregated and displayed based on their sources.

Questions 11-13 focus on central government debt. In general, the budget should reflect the total size of the central government’s debt burden at the start of the fiscal year, as well as the amount of additional borrowing that is required to finance the expenditure proposals in the budget that exceed available revenues. In addition, the budget should clearly state the amount of interest that is paid to service this debt. (The functional and economic classifications of expenditure require interest payments to be shown separately.)

Question 13 examines information related to the composition of government debt—for instance, the interest rates that apply to the different instruments, their length of maturity, the currency in which they are denominated, and whether the debt is domestic or external. All of these factors give an indication of the potential vulnerability of the country’s debt position, and ultimately whether the

⁴ For more detail on social contributions, see IMF GFS Manual 2001.

cost of servicing the debt is affordable.

Questions 14-15 ask about the macroeconomic assumptions that underlie the budget's and expenditure estimates. Question 14 looks at how comprehensively the budget presents the macroeconomic forecast, asking whether the forecast is discussed and whether the key economic assumptions are explicitly stated. Which economic assumptions are "key" may vary somewhat from country to country; for instance, a country that is heavily dependent on revenues from oil or other commodities should include its assumptions about the international price of these commodities. But, in general, the key economic assumptions should at least include estimates of GDP growth, inflation rates, interest rates, and unemployment rates.⁵

Question 15 asks whether information is provided that shows how the budget projections would change if the macroeconomic forecast in the budget turns out to be wrong. Often referred to as a "sensitivity analysis," this information is important for understanding the impact of the economy on the budget. A sensitivity analysis will typically allow an analyst to assess what the effect on the budget would be if, for instance, GDP growth were somewhat slower or inflation somewhat higher than assumed by the executive.

Questions 16-17 ask if the budgetary impacts of new policies proposed in the budget are presented separately, so that they can be distinguished from existing commitments. This is important because, in any given year, most of the expenditures and revenues in the budget reflect the continuation of existing policies. Yet much of the attention during the debate on the budget is focused on new proposals—whether they call for eliminating an existing program, introducing a new program, or changing an existing program at the margin. Typically, these new proposals are accompanied by an increase or a decrease in expenditures or revenues. So a presentation that distinguishes between new and existing policies is important for understanding the budget.

Estimate for Years Prior to the Budget Year (Questions 18-34)

Questions 18-21 parallel questions 1-4 and concern the presentation of expenditure data for the year prior to the budget year.

Questions 22-26 assess the quality of prior-year expenditure data. As noted, prior-year information acts as an important benchmark for assessing the proposals for the budget year. Typically, when the budget is submitted, the year prior to the budget year has not been completed, so the executive will provide estimates of the anticipated outcome for the prior year. The quality of these prior-year estimates is directly related to the degree to which they have been updated from their original enacted levels to reflect actual expenditures to date and anticipated expenditures for the remainder of the year.

Question 23 asks how many years of prior-year expenditure data are provided. For an appropriate time series of data, the OECD recommends at least two years prior to the budget year and two years

⁵ See Organization for Economic Cooperation and Development, "Best Practices for Budget Transparency," 2001, <http://www.oecd.org/dataoecd/33/13/1905258.pdf>. The OECD suggests that the components of the forecast that should be disclosed include GDP growth, the composition of GDP growth, the rate of employment and unemployment, the current account, inflation, and interest rates (monetary policy).

beyond the budget year, for a total of at least five years.⁶

Question 25 asks which year is the most recent year for which the data reflect the actual outcome for all expenditures. If the budget does not contain any prior-year data that reflect actual outcomes for all expenditures, the appropriate response is “d” even if these data are available in reports outside the budget.

Question 26 examines whether prior-year data are comparable to budget-year estimates. Prior-year data should be comparable to the budget-year estimates in terms of classification and presentation to ensure that year-to-year comparisons are meaningful. For instance, if the budget proposes shifting responsibility for a particular program from one administrative unit to another—such as shifting responsibility for the training of nurses from the health department to the education department—the prior-year figures must be adjusted before year-to-year comparisons of administrative budgets can be made.

Questions 27-32 ask essentially the same series of questions about prior-year information provided for revenues.

Questions 33-34 ask similar questions for government debt.

Comprehensiveness (Questions 35-47)

It is essential that all government activities that may have an impact on the budget—in the current budget year or in future budget years—be fully disclosed to the legislature and the public in budget documents. In some countries, for instance, entities outside central government (such as public corporations) undertake fiscal activities that could affect current and future budgets. Similarly, activities that can have a significant impact on the budget, such as payment arrears and contingent liabilities, sometimes are not properly captured by the regular modes of presenting expenditure, revenue, and debt.

In these cases, the executive should provide supplemental information in sufficient detail to facilitate scrutiny and ensure that the full complement of government’s fiscal activities is known when budget priorities are debated. The availability of timely, comprehensive information regarding these fiscal activities is particularly important given that a lack of transparency and mismanagement related to such activities has led to an enormous drain on government budgets in many countries.

As a general rule, the supplemental information should include quantitative estimates of these activities wherever possible and a narrative discussion that indicates the activities’ public policy purpose, duration, and intended beneficiaries. In some instances, a specific best or good practice standard from the IMF’s *Manual of Fiscal Transparency* or the OECD’s *Best Practices for Budget Transparency* is used in formulating the responses about this supplemental information. These practices must be met for the “a” response.

Researchers should exercise caution with the questions in this section if their countries do not engage in the activities listed below. If this is the case, then the appropriate response should be “e”

⁶ OECD, “Best Practices for Budget Transparency,” 2001.

(not applicable/other) and an explanation should be provided. For example, if a government does not present information on quasi-fiscal activities because it does not engage in these activities, then the answer to Question 38 should be marked “e” and the researcher should state that the country does not conduct quasi-fiscal activities.

Questions 35-38 refer broadly to government fiscal policies that essentially occur outside the central government.

Question 35 asks about extra-budgetary funds. These funds are at times supported by some type of earmarked revenue and can range in size and scope. In some countries, for instance, large pension or social security programs can be set up as extra-budgetary funds, where the revenues collected and the benefits paid out are recorded in a separate fund outside the budget. In some cases, the separation engendered by an extra-budgetary fund serves a legitimate political purpose, and the finances and activities of these funds are well documented. In other cases, however, this structure is used for obfuscation, and little or nothing is known about a fund’s finances and activities.

Questions 36 and 37 address issues of budget transfers to other levels of government and public corporations (both financial and non-financial), respectively.⁷ In these cases, the central government is supporting the provision of a good or service by an autonomous entity or a different level of government. Because the activity is not being undertaken by an administrative unit of the central government, it is unlikely to receive the same level of review in the budget. Therefore, a supplementary statement that explicitly indicates the amount and purposes of these transfers is important.

Question 38 looks at quasi-fiscal activities. The term “quasi-fiscal activities” refers to activities that could (and in some cases should) be carried out through the regular budget process but are not. It encompasses a broad range of activities. For instance, it could include a requirement that, instead of providing a direct subsidy through the appropriation process, a public financial institution provide an indirect subsidy through loans at below-market rates for particular activities, or that an enterprise provide goods or services at prices below commercial rates to certain individuals or groups.

The above is an example of a quasi-fiscal activity that represents a policy choice made and approved by the country’s government and legislature. However, in other instances quasi-fiscal activities can involve activities that violate or circumvent a country’s budget process laws. For example, the activities may involve the executive circumventing the regular legislative approval process for expenditures. The executive may issue an informal order to a government entity, such as public commercial enterprise, to provide the executive with goods and services whose funding had not been authorized by the legislature.

Both types of quasi-fiscal activities described above (whether they simply involve policy choices or represent potential violations of budget laws) should be disclosed to the public, and their financial significance should be subject to public scrutiny because they can have a significant impact on government expenditure and revenue.

⁷ A public corporation is a legal entity owned or controlled by government created to produce goods and services for the market; it also can be a source of income or other financial gain to government. See IMF, *GFS Manual 2001*.

The IMF alludes to the difficulty of identifying activities that are sometimes illicit by noting that, “the identification and quantification of quasi-fiscal activities is difficult and contentious.”⁸ The

IMF calls for inclusion in budget documents of Statements on Quasi-Fiscal Activities that “include sufficient information to enable at least some assessment of the potential fiscal significance of each quasi-fiscal activity, and where possible, major quasi-fiscal activities should be quantified.” This standard should be met to answer “a” for this question.

Question 39 examines the government’s disclosure of information related to its holdings of financial assets. Financial assets should be classified by major type, reflecting their nature, and historical information on defaults for each category should be included.

Question 40 asks about the value of government’s non-financial assets. The example below looks at information provided in budget documents related to non-financial assets.

However, the valuation of non-financial assets in many countries is problematic, especially in countries that do not practice accrual accounting. It is considered acceptable to provide summary information in budget documents from a country’s register of assets. It is appropriate to give an "a" response if substantial information on the assets themselves from the financial register is provided in the budget documents, though the value of non-financial assets is not provided.

Example of non-financial assets presented in the New Zealand Executive’s Budget Proposal. The Forecast Financial Statement 2005 Note 13 _ <http://www.treasury.govt.nz/forecasts/befu/2005/pdfs/befu05-gaap.pdf>

⁸ For a clear discussion of quasi-fiscal activities, see International Monetary Fund, *Manual on Fiscal Transparency, 2001*, <http://www.imf.org/external/np/fad/trans/manual/>.

Notes to the Forecast Financial Statements

(\$ million)	2005						
	2004 Actual	Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
NOTE 13: Property, Plant and Equipment							
<i>By Type</i>							
Gross Carrying Value							
Land (valuation)	9,509	6,891	9,684	9,962	10,079	10,233	10,372
Properties intended for sale (valuation)	464	478	491	476	491	507	515
Buildings (valuation)	18,138	18,731	19,242	21,204	22,444	23,456	24,554
Electricity distribution network (valuation)	2,409	2,466	2,136	2,231	2,479	2,756	3,055
Electricity generation assets (valuation)	4,915	6,259	6,274	7,032	7,723	8,344	9,086
Aircraft (ex SME) (valuation)	1,149	1,367	1,594	2,880	3,415	3,567	3,703
State highways (valuation)	13,082	13,445	13,612	14,258	14,892	15,535	16,264
Specialist military equipment (valuation)	2,780	3,038	3,082	3,710	3,970	4,094	4,089
Other plant and equipment (cost)	8,402	9,805	8,836	9,813	10,578	11,260	11,982
Other assets (valuation)	5,262	5,345	5,181	5,316	5,514	5,665	5,688
Total Gross Carrying Value	66,110	67,825	70,132	76,882	81,585	85,417	89,308
Accumulated Depreciation							
Buildings	1,356	2,822	2,094	2,917	3,746	4,403	5,254
Electricity distribution network	451	386	213	313	402	494	598
Electricity generation assets	416	791	564	767	995	1,243	1,493
Aircraft (ex SME)	..	98	184	371	610	881	1,115
State highways	..	447	234	499	795	1,120	1,477
Specialist military equipment	482	671	647	838	1,052	1,299	1,570
Other plant and equipment	5,141	5,931	5,104	5,776	6,530	7,319	8,169
Other assets	324	485	298	309	327	347	368
Total Accumulated Depreciation	8,170	11,631	9,338	11,790	14,457	17,106	20,044
Net Carrying Value							
Land (valuation)	9,509	6,891	9,684	9,962	10,079	10,233	10,372
Properties intended for sale (valuation)	464	478	491	476	491	507	515
Buildings (valuation)	16,782	15,909	17,148	18,287	18,698	19,053	19,300
Electricity distribution network (valuation)	1,958	2,080	1,923	1,918	2,077	2,262	2,457
Electricity generation assets (valuation)	4,499	5,468	5,710	6,265	6,728	7,101	7,593
Aircraft (ex SME) (valuation)	1,149	1,269	1,410	2,509	2,805	2,686	2,588
State highways (valuation)	13,082	12,998	13,378	13,759	14,097	14,415	14,787
Specialist military equipment (valuation)	2,298	2,367	2,435	2,872	2,918	2,795	2,519
Other plant and equipment (cost)	3,261	3,874	3,732	4,037	4,048	3,941	3,813
Other assets (valuation)	4,938	4,860	4,883	5,007	5,187	5,318	5,320
Total Net Carrying Value	57,940	56,194	60,794	65,092	67,128	68,311	69,264
<i>By Holding</i>							
Freehold assets	57,357	55,810	60,429	64,751	66,810	67,993	68,946
Leasehold assets	583	384	365	341	318	318	318
Net carrying value	57,940	56,194	60,794	65,092	67,128	68,311	69,264

Questions 41-43 examine fiscal risks that may not be apparent from the regular budget presentation. Question 41 deals with expenditure arrears, which arise when government has entered

into a commitment to spend funds but has not made the payment when it is due.⁹ This is the equivalent of borrowing, but this liability is often not recorded in the budget, making it difficult to assess fully the government's financial position. Further, the obligation to repay this debt affects the government's ability to afford other activities. Thus a discussion and estimate of these arrears are important.

Researchers should exercise caution in answering this question if expenditure arrears are not a significant problem in their country. If expenditure arrears do *not* represent a significant problem in your country, please mark "e" (not applicable/other).

Public expenditure management laws and regulations often will allow for reasonable delays, perhaps 30 or 60 days, in the routine payment of invoices due. Expenditure arrears impacting a small percentage of expenditure due to contractual disputes should not be considered a significant problem for purposes of answering question 41. If a researcher is unsure whether expenditure arrears represent a significant problem in his or her country, the IMF frequently highlights these issues in Article IV Consultation reports, and the World Bank in its Public Expenditure Reviews.

Question 42 asks about contingent liabilities. Such liabilities are recognized under a cash accounting method only when the contingent event occurs and the payment is made. Loans guaranteed by the central government are an example of a contingent liability. Such guarantees can cover loans to state-owned banks and other state-owned commercial enterprises, subnational governments, and private enterprises. Under such guarantees, government will only make a payment if the borrower defaults. Thus a key issue for making quantitative estimates of these liabilities is assessing the likelihood of the contingency occurring.

In the budget, according to the OECD, "[w]here feasible, the total amount of contingent liabilities should be disclosed and classified by major category reflecting their nature; historical information on defaults for each category should be disclosed where available. In cases where contingent liabilities cannot be quantified, they should be listed and described."¹⁰ Meeting or exceeding these criteria is consistent with an "a" response.

Question 43 addresses future liabilities that generate expenditures as a result of government commitments that, unlike contingent liabilities, are virtually certain to occur at some future point. A typical liability of this type involves such government obligations as paying pension benefits or covering health care costs of future retirees. Under cash accounting, only current payments associated with such obligations are recognized in the budget. To capture the future impact on the budget of these liabilities, a separate statement is required.

Questions 44-46 address revenue issues. Question 44 examines the information provided in the budget on donor assistance, both financial and in-kind. Such assistance is considered non-tax revenue, and the sources of this assistance should be explicitly identified. In terms of in-kind assistance, the concern is primarily with the provision of goods (particularly those for which there is a market that would allow goods received as in-kind aid to be sold and thereby converted into cash)

⁹ See sections 3.49-3.50 of IMF, *GFS Manual 2001*.

¹⁰ See section 2.6 of OECD, "Best Practices for Budget Transparency," 2001.

rather than with aid like technical assistance in the form of advisers from a donor country. Question 45 asks about tax expenditures, which arise as a result of exceptions or preferences for specified entities, individuals, or activities in the tax code. Tax preferences often have the same impact on public policy as an expenditure program. The OECD recommends that tax expenditures be incorporated into discussions of general expenditures when reviewing the budget. For instance, encouraging a company to engage in more research through a special tax break for such activity is little different than subsidizing it directly through the expenditure side of the budget. However, expenditure items that require annual authorization are likely to receive more scrutiny than tax breaks that are a permanent feature of the tax code.

For an “a” response, a tax expenditure statement should detail the amount, purpose, duration, and beneficiaries of each tax preference. Furthermore, the question is intended to cover not only disclosure of new tax expenditures being proposed during the current budget year, but also disclosure of *all of the tax expenditures that are contained in tax law*. Therefore, an “a” response would indicate that there is a complete discussion in the budget documents of all tax expenditures (not just new proposals) affecting revenues.

Question 46 asks if the budget identifies “earmarked revenues,” or revenues that may only be used for a specific purpose. This additional information is important in determining which revenues are available to fund the government’s general expenses, and which revenues are reserved for particular purposes.

Researchers should exercise caution in answering this question if their country does not engage in earmarking of revenue. If revenue is *not earmarked*, or the practice is disallowed by law or regulation, researchers should mark “e” (not applicable/other).

Question 47 concerns secret or confidential information. Researchers should base their answer to this question on the assumption that it is intended to refer to all secret expenditure that may impact the budget. (The question is not intended to refer exclusively to military or intelligence-related expenditure. These two categories have only been cited in the question as examples because they are the only two categories of expenditure in which information on a very limited number of items may be legitimately withheld from the public. Details regarding the majority of military expenditure should be disclosed to the public and all details relating to military expenditure should be disclosed to appropriate legislators and the SAI.)

Researchers should mark the “d” response if they are not able to calculate the percentage of the budget of secret expenditure. They also should provide a brief explanation of why calculating this percentage is difficult given the information that is provided (or not provided) in the budget documents of their country.

The Budget Narrative & Performance Monitoring (Questions 48-55)

This subcategory of the questionnaire explores additional information that should be provided in the Executive’s Budget Proposal or supporting documentation to help legislators and the public better understand the proposals in the budget and their desired impact.

Questions 48-49 ask whether the budget includes an explicit explanation of how the government’s

policy goals are reflected in the budget, including both a narrative discussion and quantitative estimates. The budget is the executive's main policy document, so the link between the government's stated policy goals and the allocations in the budget should be clear. The budget should be the culmination of the executive's planning and budgeting processes.

Please see below for an example of a discussion of a government's policy goals in the budget. This example is taken from budget documents produced in 2006 in New Zealand.

New Zealand – Statement of Intent 2006-2006 Ministry of Health, pp. 24-25. [http://www.mob.govt.nz/mob.nsf/pagesmb/4773/\\$File/statement-of-intent-2006-09.pdf](http://www.mob.govt.nz/mob.nsf/pagesmb/4773/$File/statement-of-intent-2006-09.pdf)

The Mental Health Strategy

The Government's Mental Health Strategy consists of three documents:

- *Looking Forward: Strategic Directions for Mental Health (1994)*
- *Moving Forward: The National Mental Health Plan for More and Better Services (1997)*
- *Te Tabuhu – Improving Mental Health 2005–2015, the Second New Zealand Mental Health and Addiction Plan (2005). In addition, the Mental Health Commission's Blueprint for Mental Health Services: How things need to be (1998) established service levels to guide the development of specialist mental health services.*

Te Tabuhu – Improving Mental Health provides a clear statement of priorities for investment in mental health and addiction for the next 10 years. It is based on a set of outcome statements and 10 leading challenges that the Government expects will be the future focus of mental health and addiction policy and service provision. There are strong linkages and connections across all the leading challenges, and progress needs to be made on all 10 for improvements in outcomes for people affected by mental illness to occur. The 10 leading challenges are:

- *promotion and prevention*
- *building mental health services*
- *responsiveness*
- *workforce and a culture for recovery*
- *Maori mental health*
- *primary health care*
- *addiction*
- *funding mechanisms for recovery*
- *transparency and trust*
- *working together.*

The Ministry, DHBs and sector stakeholders are jointly developing an action plan to implement Te Tabuhu – Improving Mental Health.

Why are we doing this – a cost-effective approach

The worldwide impacts of mental illness and addiction are profound. Mental illness accounts for 15 percent of the total burden of disease in the developed world, with depression set to become the second leading cause of disability in the world by 2020, according to the World Health Organization. In New Zealand, at any one time, an estimated 20 percent of the population have a mental illness and/or addiction and 3 percent are severely affected.

Mental health is a priority health area for the Government, as reflected in the New Zealand Health Strategy and the New Zealand Disability Strategy. The Government's mental health expenditure was \$938 million (excluding GST) in

2005/06.

The Government's mental health strategy has significant potential to contribute to the reduction of inequalities. In addition, the action plan will include the Ministry of Health's inequalities framework. Specific actions will be developed to address Maori mental health and improve responsiveness in mental health for specific population groups. The outcomes framework and leading challenges identified in Te Tabuhu – Improving Mental Health should result in more effective and efficient mental health and addiction services. More effective and efficient services should then result in reduced inequalities.

What the Ministry intends to do during 2006/07

The Ministry has a leadership role in relation to the Government's mental health strategy. The Ministry will work with DHBs and other stakeholders to take action to address the leading challenges in Te Tabuhu – Improving Mental Health and improve mental health. The Ministry and the DHBs will be responsible for stewardship of the implementation of the action plan for Te Tabuhu – Improving Mental Health. As such, the Ministry will lead some specific actions.

2006/07 Ministry specific outputs

By 30 June 2007 the Ministry will:

- produce an updated framework for services for children's and young people's mental health and alcohol and other drug issues, that will consider the spectrum of interventions including primary, secondary and tertiary health services*
- produce advice on policy options for repeal or amendment of the Alcoholism and Drug Addiction Act 1966, for Government consideration. The advice will outline the current regulatory framework for compulsion in addiction services, the place of the Alcoholism and Drug Addiction Act 1966 in that framework, and the effectiveness, consistency with other government policy, and current problems with this framework, describe international approaches to this area and their effectiveness and fit with New Zealand policy approaches, identify policy options to address issues with the current regulatory framework and outline the implications of and proposed future work programmes for the options identified*
- complete the development of a proposed national key performance indicator framework (the KPI Framework) for use in mental health services in New Zealand. The KPI Framework will create improved system-level accountability by tracking progress against national priorities, enabling benchmarking among mental health services, and providing a tool for driving service quality improvement at the local level*
- complete the development of a revised forensic framework and an implementation plan for the framework. An updated forensic framework will address service gaps, the provision of forensic services in inpatient settings, future capacity and capability needs and issues relating to increasing numbers in the criminal justice system*
- produce the Annual Report from the Office of the Director of Mental Health. This is a key means of making the statutory functions more transparent, enhancing the administration of the Act throughout the sector and contextualising the statutory functions within other mental health policy work of the Ministry.*

Questions 50-55 examine non-financial data and performance indicators associated with budget proposals. Question 50 asks whether basic non-financial data provided reflects information directly related to expenditures—for instance, in education, non-financial data could include the number of schools, teachers, and students; and for a social security program, the data could reflect the number of beneficiaries. Basically, the budget should disclose not only the amount of money that is being expended on a program but also other information needed to analyze it.

Questions 52-54 examine performance indicators, which are used to assess progress toward

achieving policy goals. (In some countries, policy goals are stated in the form of specific performance targets.) Please see the adjoining table for an example of performance indicators and performance targets drawn from budget documents produced in South Africa.

South Africa – Estimates of National Expenditures – Labor Vote #16 – page 308.

<http://www.treasury.gov.za/documents/budget/2007/ene/16%20labour.pdf>

Selected medium-term output targets

Service Delivery

Measurable objective: Ensure the effective and efficient implementation of legislation, standards, guidelines and policies in an integrated manner through the provision of inspection and enforcement services, employment and skills development services, and labour market information and statistical services.

Subprogramme	Output	Measure/Indicator	Target
Management Support Services	Decentralisation of functions and delegation of authority to provincial offices and labour centres	Phase 2 integrated business strategy rolled out	April 2007
Employment Services	A single, improved and integrated employment services system is rolled out to ensure improved access to employment services	Phase 1 implemented	By April 2007
		Phase 2 developed and implemented	By March 2008
		Number of unemployed people trained and placed	90 000 unemployed people trained
		Percentage of trainees who receive accredited training	26% of trainees accredited
Inspection and Enforcement Services	Employment equity implementation and enforcement mechanisms	Director-general review system implemented, targeting critical sectors for substantive compliance	By March 2008
		Turnaround time for employment equity designated employers to be inspected for procedural compliance following a complaint	Within 90 days
	Monitoring of compliance with labour legislation	Compliance award system implemented	By March 2008
Labour Market Information and Statistics	Labour market information and statistics: collected, collated, analysed and disseminated to various stakeholders	Inspection and enforcement strategy implemented	By April 2008
		Frequency of trend analysis, including performance review reports	Quarterly reports
		Job placement verification, including impact assessment study	By March 2008
Occupational Health and Safety	Integration of occupational health and safety and compensation competencies across government	Institutional framework for integration of occupational health and safety competencies finalised	By March 2008
		Legislation promulgated and act implemented	By March 2008

Question 55 asks whether the budget highlights policies, both new and existing, that benefit the poorest segments of society. This question is intended to assess only those programs that address the immediate needs of the poor directly, such as through cash assistance or provision of housing, rather than indirectly, for example, through a stronger national defense. This information is of particular interest to those seeking to bolster government’s commitment to anti-poverty efforts.

Additional Key Information for Budget Analysis and Monitoring (Question 56-66)

The intention of the questions in this section is to explore the general availability to the public of information that may be useful in analyzing the budget, or necessary for monitoring it once it has been adopted.

Please note that unlike questions 1-55, the questions in this section ask about information that is generally available to the public. *The information to answer questions 56-66 in this subsection need not be included in the Executive’s Budget Proposal or supporting documents but may be found in other documents issued by the executive.*

Questions 56-57 focus on revenues. Question 56 asks whether information about tax rates and other fees is provided to the public. Please note that the “a” or “b” response should only be chosen if the public is able to obtain information on the taxes, fees, signing bonuses, royalties and other payments associated with commercial projects involving the private sector. This is especially relevant for countries whose governments are heavily reliant on revenues from the extractive industries, such as oil, gas, or mining.

Question 57 looks at tax burdens, asking whether an analysis of the distribution of the tax burden across different segments of the population (typically arrayed by income) is provided. Materials on tax rates, fee schedules, and tax burdens are sometimes not included in budget documents but, instead, are provided by the tax authority in separate documents. Researchers should answer these questions on the assumption that the information may be made available from sources other than the budget by the executive.

The table below provides an example of a tax burden analysis drawn from budget documents produced in the UK. The explanatory text shown below is an excerpt from a longer narrative that explains the analysis. To read the full narrative that was provided in the budget documents, please visit http://www.hmrc.gov.uk/stats/income_tax/income-tax-intro.pdf.

United Kingdom – HM Revenue and Customs, Income Tax Statistics and distribution

Table 2.5: http://www.hmrc.gov.uk/stats/income_tax/table2-5.pdf

2.5 Income tax liabilities, by Income Range

2004-05 ¹														
Range of total income (lower limit)	Starting rate (2) taxpayers		"Savers" rate (3) taxpayers		Basic rate (4) taxpayers		Higher rate (5) taxpayers		All taxpayers	Liability before Tax Reductions ^a	Liability after Tax Reductions ^b	Total income of taxpayers	Average rate of tax	Average amount of Tax
	£	Number	Amount	Number	Amount	Number	Amount	Number						
4,745	319	4	26	-	-	-	-	-	345	4	4	1,680	0.2	11
5,000	2,240	231	111	19	619	175	-	-	2,970	424	424	19,900	2.3	143
7,500	587	82	171	59	2,620	1,530	-	-	3,370	1,680	1,680	29,400	6.7	497
10,000	49	26	273	253	5,760	7,620	-	-	6,090	7,800	7,610	75,700	10.0	1,250
15,000	49	57	126	181	4,710	11,000	-	-	4,850	11,300	11,100	84,700	13.1	2,280
20,000	28	54	48	115	5,910	22,600	-	-	5,980	22,800	22,700	146,000	16.5	3,790
30,000	15	44	25	77	2,170	12,300	1,480	12,300	3,690	24,700	24,800	137,000	18.0	6,890
50,000	..	..	..	..	2	10	1,220	21,100	1,230	21,100	21,100	81,100	26.0	17,200
100,000	..	..	..	..	..	..	284	11,900	284	11,900	11,900	37,700	31.5	41,900
200,000	..	..	..	..	..	..	84	8,400	84	8,400	8,380	24,500	34.3	100,000
500,000	..	..	..	..	..	..	15	3,610	15	3,610	3,600	10,200	35.4	240,000
1,000,000	..	..	..	..	..	..	5	3,670	5	3,670	3,670	11,400	34.0	732,000
All Ranges	3,290	497	780	706	21,800	56,200	3,060	61,200	28,900	118,000	117,000	658,000	17.8	4,040

**Income Tax Statistics and Distributions
An Introductory Note**

1. This section provides information on the income tax liabilities of United Kingdom (UK) individual taxpayers and the way in which income tax is collected by the HM Revenue & Customs.

B Income Tax Liabilities

2. *Individuals may receive many different types of income but not all kinds of income are taxable. The main kinds of income on which tax may be payable are income from employment, profits from a business, occupational and personal pensions, interest from building societies and banks, dividends on shares, and income from property. Tax is payable on some social security benefits such as the state retirement pension, bereavement allowance, jobseeker's allowance and incapacity benefit - but not on others such as tax credits or pension credit, or child benefit. Tax is not payable on income received from certain National Savings products such as National Savings certificates, Personal Equity Plans or from Individual Savings Accounts.*

3. *An individual's taxable income is calculated by adding together all their sources of income liable to tax and then subtracting any allowances and reliefs which are available at the taxpayer's marginal rate. Each individual is entitled to a personal allowance. Other allowances are available to blind people and elderly people. Table [TA.1](#) provides levels of personal allowances.*

4. *Working Tax Credit (WTC) and Child Tax Credit (CTC) were introduced in April 2003 and are designed to "top up" the earnings of families on low or moderate incomes. Eligibility depends on families' circumstances. Families with children below the age of 16 (or 18 if they are in full-time education) are eligible for CTC. Families with at least one adult working 30 hours per week (or 16 hours per week if they have children or are disabled) are eligible for WTC. The amount of WTC and CTC that a family receives will depend on their income.*

5. *The tax system allows for many different kinds of reliefs. Some tax reliefs are available for contributions to occupational or personal pension schemes. Table [1.5](#) and Table [B.1](#) show the estimated cost of many of the tax allowances and reliefs.*

6. *When all eligible reliefs and allowances have been deducted from income liable to tax, the tax is calculated by applying the appropriate rates of income tax. Table [TA.2](#) gives details of the income tax rates applicable in recent years.*

From 1994-95 the married couple's allowance and related allowances and mortgage interest relief were no longer given as a deduction from income; instead, and where they are still available, they represent an amount of tax which is deducted from the individual's tax liability. The married couple's allowance goes to the husband in the first instance where a couple married before 5 December 2005. For those who married or formed a civil partnership after that date, it is available to the partner with the higher income.

The Married Couples Allowance is made up of two parts; a minimum amount and a second, age dependent amount. The minimum amount will always be due, regardless of income. The second, age dependent amount reduces if the claimant's income exceeds an income limit. The age dependent element of the Married Couples Allowances will reduce by £1 for every £2 of income the claimant has over this income limit.

Questions 58-59 look at conditions associated with donor assistance, either from international financial institutions or from bilateral donors. In some countries, such assistance comprises a significant part of total revenues. Therefore, any conditions associated with these funds can have a significant impact on the content of the budget. Some funds may be available, for instance, only for a specific project. Other funds may be conditional upon the government achieving certain macroeconomic goals, such as reducing the deficit. The amount of donor assistance and the nature of *any and all* conditions associated with the aid should be available to the public and explained in detail. For the purposes of answering the question, the executive itself need not disclose the

information, but it can authorize the World Bank or IMF to disclose it on its behalf.

If researchers are aware that documents that contain conditionalities are being withheld from the public, such as IMF *Letters of Intent*, they should state this in the comment section. This should be grounds for a “c” answer, if at least some other information is made available. Similarly, if the government requires the World Bank to retract “sensitive information” from the *Country Assistance Strategy*, this is grounds for a “c” answer. Researchers should mark “e” (not applicable/other) if their country does not receive assistance from IFIs or regional development banks.

For the purposes of responding to question 58 on IFI conditionality, researchers should assume that it refers to the disclosure of conditionality attached to assistance from the IMF, World Bank, and regional development banks—such as the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), and Inter-American Development Bank (IADB) — and other multilateral institutions such as the European Union. If consideration of the European Union or international and regional development banks is included when answering this question, this should be stated this in the comment section.

If researchers need assistance or guidance about documents that potentially are being withheld, they consider consulting with the representative for their region at the Bank Information Center, a nongovernmental organization that specializes in monitoring access to information produced by the World Bank, IMF, and regional development banks. Their contact details can be found on the Internet at <http://www.bicusa.org/bicusa/index.php>.

Questions 60-63 look at ways that the budget can be made more accessible to a wider audience. For instance, question 60 asks whether an executive summary of the budget is provided. An executive summary is important because budgets tend to be long and complicated documents, and a good summary can help tie together all of the major themes in a shorter, more digestible format. In some countries, this summary is presented in the form of a budget speech by the minister. For the purposes of the Open Budget Survey, the budget summary is considered publicly available if it is released before or during the discussion of the Executive’s Budget Proposal by the legislature, i.e., before the proposed budget is approved.

Question 61 asks whether the budget has been popularized in a Citizens Budget format. A Citizens Budget can take many forms, but its distinguishing feature is that it is designed to reach and be understood by as large a segment of the population as possible. If the Citizens Budget is a simplified version of the Executive’s Budget Proposal, it is considered publicly available if it is released at the same time as the Executive’s Budget Proposal. If the Citizens Budget is a simplified version of the Enacted Budget, it is considered publicly available if it is released at the same time as the Enacted Budget.

Question 62 asks about whether the budget documentation attempts to demystify budget language and budget processes by including non-technical definitions of budget terms (for instance, in a glossary).

Question 63 asks about the existence in law of a right to access government information, including budget information. The possible responses for this question recognize that even if a right is codified into law, it is not always possible to exercise the right in practice. As such, the “a” response

should only be chosen if the right has been both incorporated into law and implemented so that in practice it is possible to routinely obtain information.

There are a number of factors that could hinder the ability of citizens to obtain access to information in practice even if a law has been adopted. The lack of institutional arrangements within the executive to actually provide the information, high fees for requesting information, or excessively broad exceptions in the law regarding the type of information available for public disclosure are all factors that could undermine the ability to access information in practice. These factors are grounds for a “b” or “c” response, depending on the amount of information that is available in practice.

If the right to access to information exists in the Constitution, but no implementing legislation has been adopted, making it impossible to access information in practice, researchers should mark the answer “c” and note this in the comment section. They should mark the “d” answer if a law exists but does not include the right to access budget information, or if no law has been adopted.

Questions 64-65 ask about the ability of the public to obtain in practice highly disaggregated data that would be useful for monitoring specific activities or projects, using for example, expenditure tracking.

Question 64 asks about “highly disaggregated” information involving expenditures. You may recall that question 4 asked about the availability of information in the budget documents about expenditure “programs,” which referred to *any level of detail below an administrative unit, such as a ministry or department*.

In the case of question 64, it asks about the availability to the public of even more detailed information than program-level detail. For example, the Ministry of Health’s budget could be broken down into several “programs,” such as “hospitals,” “primary health care,” or “administration.” Question 64 asks if it is possible in practice to obtain even more detailed information about, for example, the program known as “hospitals.” This detail might include a list of all hospitals receiving funding, and the amount of funding each will receive. This level of detail is usually not provided in a country’s budget documents, and frequently must be requested from a ministry or agency.

Question 65 asks about the ability of the public to obtain detailed non-financial information on specific programs or projects that may be useful for monitoring and expenditure tracking. This non-financial information could, for example, include the number of person employed in a program, or the number of beneficiaries that a program served in a specific geographic area.

Section Three: The Budget Process

The second broad category of questions in the *Open Budget Questionnaire* looks at the four phases of the budget process. The first two phases—formulation and approval—occur before the budget has been enacted. It is during these phases that budget priorities are being set, and thus the shape of the budget is open to influence by civil society. The other two phases—execution and monitoring, and final reports and audits—occur after the budget has been enacted. These latter phases are important because key information is produced that indicates the extent to which agreements made in setting budget priorities are being adhered to and the desired services are being delivered as planned. This information helps to inform the debate on future budgets.

Section Three is divided into four subcategories:

- **Executive’s Formulation of the Budget:** this category focuses on the stage in the process when the executive prepares its proposed budget. The budget preparation process is typically a fairly closed exercise, as the executive weighs various policy options in private. A closed formulation process is less troubling if the legislature has sufficient time and authority to debate and amend the proposed budget after receiving it. In a budget process where these legislative powers are limited, though, it is desirable for the executive to communicate with the legislature and the public during the formulation stage, through such means as holding consultations or releasing a Pre-Budget Statement.
- **Legislative Approval of the Budget:** this category examines the legislature’s consideration and enactment of a budget. In some countries, this represents the public’s first opportunity to view the document, and thus marks an important opportunity for public debate on the budget. Public hearings by legislative committees provide important opportunities for citizens and legislators to scrutinize the budget and bring to light key issues.
- **Executive’s Implementation of the Budget:** this category examines In-Year Reporting on the implementation of the budget. In addition to regular monitoring reports, the executive should also release a Mid-Year Review that assesses economic conditions and progress on the budget, requests any adjustments to the original budget, and provides updated estimates of expenditures and revenues.
- **Executive’s Year-End Report and the Supreme Audit Institution:** this category examines reporting that occurs after the budget year has been completed. In particular, it asks about reports produced by the executive assessing its budget performance compared to the original budget, as well as reports by the SAI.

Unless specified otherwise, the questions in Section Three are concerned with how the various aspects of the budget process are conducted in practice, rather than on which activities are required by law. Also, the most recently applicable budget cycle should be used for purposes of answering these questions. The instructions regarding citations and interviews with government officials described in Section Two of this Guide apply equally to the questions in this section.

Explanations to Questions 67-122

Executive's Formulation of the Budget (Questions 66-73)

Questions 66-67 determine the extent to which the executive is open about and adheres to deadlines for the presentation of its budget proposal to the legislature. Question 66 addresses a basic requirement of openness, which is that the executive announce, in advance, the date it will release the budget.¹¹ More advance warning enables legislatures and others monitoring the budget process to prepare for the budget debate.

For the purposes of answering question 66, if the most recent release of the budget occurred later than usual as a result of a particular event, such as an election, researchers should answer the question using a more normal year as the basis for responding to the question.

Question 67 asks about the executive's *internal* timetable for preparing the budget. Such a timetable is particularly important for the executive's management of the budget preparation process, in order to ensure that it accounts for the views of the different departments and agencies. The question asks whether the executive releases to the public such an internal timetable, in keeping with the questionnaire's theme of open budgets.

Questions 69-70 examine the executive's practices for consultation during the formulation of its budget proposals. The consultations would likely involve discussions on both broad fiscal issues (such as the size of the deficit) and policy priorities (such as allocations to the different sectors).

Question 69 intends to capture the range of differing views, specifically legislative views, the executive seeks when formulating the proposed budget, and thus, for the purposes of answering the question, the consultations may be either public or private, and formal or informal. The "a" response is appropriate only if the executive meets with members of minority parties as well as its own party. The "b" response is appropriate if the executive consults with a more select group of key legislators, such as parliamentary leaders or committee chairs and ranking members; this group must include some minority-party legislators. The "c" response would be appropriate if the executive meets informally with only selected legislators of the executive's own party.

Question 70 examines whether the executive holds regular annual consultations with the public during the formulation process. For purposes of answering this question, members of the public can include private citizens, academics and members of public or private research institutes (if the research they produce is substantially free of government control or interference), and representatives of civil society organizations, community-based organizations, trade unions, churches or religious organizations, or other types of associations.

The intention of the question is to explore if consultations that the executive may hold are regular consultations on an *annual* basis that contribute to its crafting of the priorities included in its budget proposal. Therefore, researchers should not answer this question on the basis of consultations that

¹¹ Note that the announcement of a specific day is preferred, but announcement of a "no later than" date or "the week of release" is sufficient for responding positively to the question. For instance, the law may state that the budget must be released "no later than February 1" or "during the first week of February." Either of these formulations is sufficient for the "a" response.

may be held every three to five years as part of the development of a Poverty Reduction Strategy Paper (PRSP) or National Development Plan. Such consultations are, of course, very important. However, we believe that in addition to these there should be the opportunity for the public to engage in discussions annually on the priorities in the budget for that year.

If a country held consultations on a PRSP or National Development Plan during the formulation period for the budget year in question, the researcher or research team should mention this in the comment section.

Questions 71-73 cover the executive's release of a Pre-Budget Statement or report, which encourages debate on the budget and how it affects the economy. Ideally, the Pre-Budget Statement reflects the culmination of the strategic planning phase of the budget process, where the executive broadly aligns its policy goals with the resources available under the budget's fiscal framework, before detailed program funding decisions are made.¹² The statement also creates appropriate expectations for the budget itself, which is particularly important when the budget submission occurs close to the start of the fiscal year and the time for debate is, therefore, limited.

The OECD states that best practice in this area requires the executive to release its Pre-Budget Statement to the public at least one month prior to submitting its budget proposal to the legislature. According to the OECD, the executive should present the proposed budget itself to the legislature at least three months prior to the beginning of the fiscal year. In order to be considered a publicly available document for the Open Budget Survey, the Pre-Budget Statement must be released at least one month prior to the Executive's Budget Proposal. Thus the executive should publish a Pre-Budget Statement at least four months prior to the beginning of the fiscal year.

Question 72 addresses the appropriate content of the Pre-Budget Statement. It should include a statement of the executive's economic and fiscal policy plans for the forthcoming budget year plus at least the following two fiscal years. In terms of macroeconomic parameters, a Pre-Budget Statement should present all key economic assumptions, such as the projected rate of GDP growth, the rate of employment and unemployment, the current account, and the inflation and interest rates. It also should highlight at least the aggregate levels of revenue, expenditure, deficit or surplus, and debt for the budget.

Question 73 examines the degree to which the Pre-Budget Statement goes beyond providing aggregate fiscal totals and includes a discussion of the executive's policy priorities. Although a Pre-Budget Statement is unlikely to include detailed, programmatic proposals, it should include a discussion of broad policy priorities, particularly on the expenditure side (sometimes it can be ill-advised to give advance information about revenue proposals). The discussion could be organized by sector or by administrative unit.

Legislative Approval of the Budget (Questions 74-81)

Question 74 covers the timing of the executive's submission of its budget proposal to the legislature. The OECD notes that the executive's budget should be submitted to the legislature far enough in

¹² The strategic planning phase is often associated with a medium-term expenditure framework, which seeks to link policy, planning, and budgeting. See *Public Expenditure Management Handbook*, World Bank, 1998.

advance to allow the legislature to review it properly, or at least three months prior to the start of the fiscal year. (Note: If the most recent budget submission occurred later than usual as a result of a particular event, such as an election, please use a more normal year as the basis for responding to the question.)

Questions 75-78 review the legislature’s practices regarding legislative hearings on various aspects of the budget. The questions focus on committee hearings because they typically are more substantive than debates that involve the entire legislature. Hearings may be considered public if members of the press and public are free to attend them, or if the hearings are broadcast in a medium that is easily accessible to the majority of the population, such as radio or television. Please mark the “d” response for these questions if hearings are held but do not meet either of these two conditions.

For the purposes of answering these questions, members of the executive invited to speak at these hearings may include the head or staff of the central bank. Members of the public invited to speak at such hearings could include any individual, organization, or association independent of national government. (Please see the explanation of question 70 for further details regarding the definition of “the public.”)

Question 79 deals with secret expenditure. Researchers should base their answers to this question on the assumption that it is intended to refer to both the security sector (defense forces, police, intelligence services) and all secret expenditure that may appear in the budget. Detailed line items relating to military expenditure or to intelligence activities should be disclosed to appropriate legislators or to appropriate specialized legislative committee and to the SAI.

Question 80 covers the legislature’s power to amend—as opposed to simply accept or reject the budget proposal presented by the executive. (Note that this question is about legal authority rather than actions the legislature takes in practice.) The legislature’s powers to amend the budget can vary substantially. The “a” response is appropriate only if there are no restrictions on the right of the legislature to modify the Executive’s Budget Proposal, including changing the size of the proposed deficit or surplus.

The “b” response would be appropriate if, for instance, the legislature is restricted from changing the deficit or surplus, but it still has the power to increase or decrease funding and revenue levels. The more limited “c” response would apply if the legislature can, for instance, only decrease funding levels or increase revenues. Finally, response “d” would apply if the legislature may not make any changes (or only small technical changes), or if amendments must be approved by the executive. Thus the legislature is basically only able to approve or reject the budget as a whole.

Enacted Budget

The Enacted Budget is considered to be publicly available if it is released within three months after it is enacted into law by the legislature.

Question 81 establishes the amount of detail related to expenditures provided in the Enacted Budget. Detailed information can bolster the ability of the legislature to hold the executive accountable for achieving the priorities implicit in the budget.

Executive's Implementation of the Budget (Questions 82-100)

In-Year Reports

In-Year Reports are considered to be publicly available if they are released within 3 months after the reporting period has ended.

Questions 82-91 cover the contents and timeliness of reports issued during the year as the budget is being executed. These reports, which the OECD maintains should be issued on a monthly basis, are referred to here as In-Year Reports. They are intended to show the executive's progress in implementing the budget. To ensure that administrative units (ministries, departments, or agencies) are held accountable for their expenditure, these reports should show actual expenditures by administrative unit. In some countries, individual administrative units issue the reports individually, while in other countries the information is consolidated into one report, which is typically issued by the Treasury. Either individual reports or one consolidated report is acceptable for responding to these questions.

In some countries, the central bank, rather than the executive, issues these reports based on the status of the government's bank accounts. In these cases, the central bank's reports should be taken into account, as long as they report what has actually been spent, rather than on the monthly sums that have been transferred to administrative units. If they report only on the amount transferred to administrative units, then the answer to these questions should be "d." In addition, if the central bank only reports on aggregate expenditures and revenues, then the appropriate response is "d" (indicating that no report by administrative unit is released).

Question 83 examines whether these In-Year Reports cover all expenditures. At issue is whether some expenditures are not disclosed to the public. For instance, this may be because some administrative units are unable to report actual expenditure in a timely manner, in which case these monitoring reports would contain up-to-date information for only a portion of government spending. In countries where individual administrative units issue separate In-Year Reports, these reports cumulatively should report on at least 50 percent of all the government's actual expenditure to date. This can be verified by aggregating the actual expenditure of those administrative units that have released In-Year Reports, and then comparing this sum to the aggregate appropriation for these units as specified in the Enacted Budget. If the In-Year Reports report on less than 50 percent of the actual expenditures they are considered not available to the public.

Question 85 covers information comparing actual expenditures with either the estimates that were originally included in the Enacted Budget or actual expenditures for the same period in the previous year. The OECD recommends that the reports contain the total year-to-date expenditures in a format that allows for a comparison with the budget's forecast expenditures (based on enacted levels) for the same period.

Questions 86-88 parallel the previous questions but address revenues rather than expenditures. These revenue questions focus on individual sources of revenues (such as income taxes, VAT, etc.). Questions 89-91 ask parallel questions about borrowing.

Mid-Year Review

The Mid-Year Review is considered to be publicly available if it is released within 3 months after the reporting period has ended.

Questions 92-95 cover the Mid-Year Review, which provides a more detailed explanation of the state of the budget than the regular In-Year Reports. In order to ensure that programs are being implemented effectively and to identify any emerging problems, it is necessary to conduct a comprehensive review of the implementation of the budget's execution six months into the budget year. In addition to covering expenditures and revenues, the Mid-Year Review should also examine year-to-date performance relative to targets set in the budget, and issues, such as cost increases due to inflation or unexpected events, also should be identified and appropriate counter-measures proposed. The public release of a Mid-Year Review is intended to promote accountability and sound management.

It is important to distinguish a Mid-Year Review from an In-Year Report issued at six months into the budget year. An In-Year Report issued at six months should not substitute for a Mid-Year Review, and researchers should mark "d" for all questions related to the Mid-Year Review if it is not issued in their country. An In-Year Report typically records actual expenditure and revenue to-date but does not include a discussion of how these trends will affect the estimates of full-year expenditure. The Mid-Year Review should offer updated projections of expenditures and revenues for the full fiscal year. Revised estimates in the Mid-Year Review should reflect both economic and technical changes as well as new policy proposals, including the reallocation of funds between administrative units, with a comprehensive explanation for any estimate adjustments.¹³ Similarly, the Mid-Year Review should include a revised economic forecast for the full fiscal year, taking into account actual economic performance to date and new projections for the remainder of the year.

Question 96 refers to actions by the executive to alter the level of funding for an administrative unit in the Enacted Budget. The question may refer to a situation in which there is a shift of funds between administrative units, so that the total level of expenditure is unchanged. The question also refers to a distinct scenario, known as *cash rationing*, which occurs when there are insufficient funds (due to a shortfall in revenues) to accommodate all of the expenditure levels planned in the Enacted Budget, and the executive addresses the shortfall by reducing some or all budget allocations rather than incurring a deficit.

In some countries, the executive has the power in law to adjust funding levels during the execution of the budget (also known as *virement*). For the sake of simplicity, the question asks about shifts between *administrative units* (ministries, departments, agencies), but the rules surrounding the reallocation of funds in some countries may focus on smaller units, such as programs or departmental offices,

¹³ Economic and technical adjustments to estimates refer to changes in projected expenditures due to factors beyond the control of policy makers. An economic estimate adjustment occurs when economic factors affect spending or revenues. For instance, it would be considered an economic estimate adjustment if spending on unemployment insurance benefits increases due to slower-than-expected economic growth, which caused more people to lose their jobs and thus be eligible for benefits. A technical estimate adjustment would reflect the effects of non-economic factors, such as unexpectedly severe weather that has an impact on subsidies to farmers.

typically corresponding to the level of detail provided in the appropriations bill adopted by the legislature.

The conditions under which the executive may exercise its discretion under *virement* should be clearly defined in publicly available regulations or law. In addition, the amount that the executive is allowed to transfer between administration units should not be so excessive as to undermine the accountability of the executive to the legislature. *Researchers should mark the “d” answer if in their country the executive is authorized in law to shift expenditures in amounts that you consider as excessive and as undermining accountability. Please note in the comment section the amount of funds that the executive is allowed to shift without seeking the approval of the legislature.*

As a best practice, there should be clear rules in law or regulation regarding *virement*, and the executive should seek approval from the legislature before making any adjustments to funding levels (response “a”). Another alternative (response “b”) is for the executive to notify the legislature of funding adjustments in advance, giving the legislature an opportunity to reject or modify such adjustments *before they take effect* (rather than having the legislature specifically approve each funding adjustment). In the first case, the proposed changes in funding for administrative units could only take effect following an affirmative vote by the legislature; in the second case, they would take effect unless the legislature takes action to block or modify the proposal.

Question 97 covers the procurement of goods and services in practice. The question asks the researcher to indicate credible instances of procurement irregularities reported to the public. Researchers can greatly strengthen their answers to this question by citing specific examples of reported instances of irregularities in the comment section.

Governments should design open and competitive procurement procedures to achieve good value for money and minimize the risk of corruption and patronage. For example, such procedures would make public the results of bidding; the list of suppliers submitting tenders, the bid prices, and the name of the successful bidder should be disclosed. Contract awards and the procurement process should be subject to scrutiny by the legislature and the SAI. Procurement standards vary widely, but one indication of a government’s commitment to open and competitive procedures is its willingness to abide by the UNCITRAL Model Law, the World Trade Organization’s Government Procurement Agreement (if it is a WTO member), or by standards developed by the World Bank.

Almost all legal frameworks specify that exceptions may exist to rules that procurement should take place through a competitive process. For example, the purchase of items whose value is below a certain minimal amount is frequently exempt from competitive procurement laws. If the procurement laws in your country offer exemptions that are vague, lax, or have led to abuses in practice in your country, please check the response “d” for this question.

Questions 98-100 cover (non-emergency) supplemental budgets and contingency funds.¹⁴ Questions 98-99 focus on revisions to the budget (known as supplemental budgets) and their approval by the legislature. Although supplemental budgets are not uncommon in most countries, the habitual use of

¹⁴ As noted, these questions apply to non-emergency funds. Funds to cover emergencies typically are handled through a separate set of procedures, because there may not be sufficient time to gain the approval of the legislature before the funds need to be spent.

large supplemental budgets can be an indication of poor budgeting practices.

Routine supplemental requests undermine planning within ministries and agencies, and they interfere with open and public debate on allocation of resources among budget categories, since in theory this should occur when the legislature reviews the Executive's Budget Proposal.

Question 100 covers contingency funds that are included in a budget but without a specific, identified purpose.¹⁵ On the one hand, such funds could be used as a cushion to cover unforeseen expenditures, representing a prudent budget practice. On the other hand, they could reflect a pool of funds for the executive to spend at its discretion. In general, the amount of contingency funds should be limited to a small percentage of total spending. Moreover, the amounts involved and the purpose for which they are to be used should be identified by the executive and approved by the legislature before any funds are spent. (Researchers should answer the question under the assumption that the legislature is in session. If different rules apply when the legislature is not in session, this should be noted in the comments section).

Executive's Year End Report and the Supreme Audit Institution (Questions 101-123)

Year End Report

The Year-End Report is considered to be publicly available if released within two years after the end of the fiscal year.

Questions 101-110 cover the executive's Year-End Reports, which are key accountability documents. In many countries, the executive issues one Year-End Report that consolidates information on the expenditures of administrative units, revenue collections, and debt. In other countries, individual administrative units issue their own Year-End Reports. Similarly, Year-End Reports may be stand-alone documents or may be included in larger documents, such as the budget. The form of the report is less important than its content.

The OECD recommends that a Year-End Report be released to the public within six months of the end of the fiscal year. The reports should cover all of the major items included in the budget, explaining differences between the original estimates (as amended by the legislature during the year) and actual outcomes for expenditure, revenue, debt, macroeconomic assumptions. These reports also should include non-financial performance information.

Questions 111-123 explore practices associated with the supreme audit institution.¹⁶ Questions 111, 112, 113, and 115 cover the annual attestation audit of the final accounts performed at the end of the year by the SAI. These audits are sometimes known as "certification of the

¹⁵ Such contingency funds should be distinguished from funds that are included in the budget for a specific purpose and can be spent contingent upon a specific event occurring.

¹⁶ The supreme audit institution is a vital institution for holding the executive accountable to the legislature and the public. In its oversight role of the executive's stewardship of public funds, the SAI in many countries performs financial, legislative compliance, or performance audits. Some names by which the SAI is known include: Auditor General, Comptroller and Auditor General, Controller General or State Inspector. SAI with "collegial" structures are sometimes known as Boards of Audit, Courts or Chambers of Accounts, or Commissions of Audit

government accounts.” The *Lima Declaration of Guidelines on Auditing Precepts* (Chapter VI, Section 16 (1)) makes it clear that the auditor’s annual attestation report should be published and be available to the public. (The *Lima Declaration* is available on the Internet at http://www.intosai.org/en/portal/documents/intosai/general/lima_declaration/). According to OECD best practices, the SAI should complete these audits within six months of the end of the budget year for administrative units (that is, ministries, departments, or agencies). In order to be considered publicly available by Open Budget Survey methodology, the Audit Report must be released within two years after the end of the fiscal year.

Questions 111-112 look at the timeliness of the annual Audit Report. In some countries, such audits are produced only with substantial time lags, which significantly lessen the usefulness of the reports. Question 113 asks whether the annual attestation Audit Report includes an executive summary. The Audit Report can be a fairly technical document, and an executive summary of the report’s finding can help make it more accessible to the media and the public.

Question 114 covers the manner in which the head or senior members of the SAI may be removed from office. (For the purposes of answering this question, a procedure, such as a criminal proceeding, meets the test of answer “a.” That is, the executive may initiate a criminal proceeding, but the final consent of a member of the judiciary— a judge — is necessary to render a verdict of wrongdoing that may lead to the removal of the head of the SAI from office.) The *Lima Declaration of Guidelines on Auditing Precepts* lays out a number of best practices relating to SAIs, including other measures intended to guarantee the office’s independence from the executive. It is available on the Internet at http://www.intosai.org/2_LIMADe.html.

Question 115 asks about audits of extra-budgetary funds. These funds, although technically outside the budget, are governmental in nature and thus should be subject to the same audit requirement as other government programs.

Question 116 asks about the SAI’s legal mandate to undertake other types of audits in addition to its annual attestation audits. The question intends to explore the scope of the institution’s investigative powers *in law*, rather than what it might chose to audit in practice.

Annual attestation audits are intended to evaluate the legality and regularity of the government’s financial management and accounting. However, SAIs also may wish to undertake other types of audits. Question 116 looks at audits other than the annual attestation report. These can include audits that are triggered by reports of irregularities in a specific program, or relating to procurement or privatization. In some countries, the SAI’s legal mandate does not permit it to audit joint ventures or other public -private arrangements, which limits its ability to audit revenues or publicly-guaranteed debt. In yet other countries, the SAI may not be able to undertake audits other than financial audits. For example, it may not be allowed to conduct performance or value for money audits, which are intended to examine the performance, economy, efficiency, and effectiveness of public administration. Performance audits can cover not only specific financial operations but also the full range of government activity, including both organizational and administrative systems.

Please note that answers “c” or “d” should be chosen if the institution is in anyway restricted in law from auditing the above. The answer “c” or “d” should also be chosen if the institution does not have the legal mandate to review arrangements involving oil saving or stabilization funds, other types

of special or extra-budgetary funds, or the ability to audit the parties to commercial projects involving the private sector.

In some cases, the SAI retains private accounting firms to undertake audits of state-owned commercial enterprises or private firms involved in joint ventures with the state. The answer “c” or “d” must be chosen if retaining such firms is under the control of the executive, rather than of the SAI.

Consultation with the *Lima Declaration* may be useful in answering this question as its provisions serve to define the appropriate scope of an SAI’s legal mandate and jurisdiction. It is available on the Internet at http://www.intosai.org/2_LIMADe.html.

Question 117 intends to establish which branch of government determines the budget of the SAI, and whether the funding level provided is sufficient to allow the SAI to fulfill its mandate.

Question 118 evaluates whether or not the SAI maintains designated staff with the expertise needed to undertake audits of the security sector. For the purposes of answering the question, researchers should assume that the security sector includes the defense forces, police, and intelligence services. Researchers should base their answers to this question on staffing levels, and not on whether or not in practice the SAI actually conducts audits of the security sector.

Question 119 seeks to measure the commitment of an SAI to public participation in influencing its audit agenda. Every year, the SAI may typically undertake audits on a sample of agencies, projects, and programs in the country. While deciding its audit agenda, the SAI may seek to focus its attention on at least some agencies, programs, or projects based on complaints and suggestions from the public. The SAI may create formal mechanisms for receiving information from the public—through its website, hotlines, and offices (and persons) designated to collecting such information from the public.

Researchers should mark this question as “a” if the SAI maintains easily accessible communication lines with members of the public and receives a large number (more than 100) of complaints and suggestions from the public. If the SAI maintains channels of communication but these channels are not easily accessible and the SAI receives some (between 10 and 100) suggestions or complaints from the public, then the appropriate response is “b.” If the SAI maintains channels of communication but the public almost never uses them, then the appropriate answer is “c.”

Questions 120-123 assess the SAI’s interaction with the legislature and whether its recommendations are implemented. Question 120 asks whether there is a committee in the legislature that has the specific task of receiving and reviewing the SAI Audit Reports. Some countries have a “Public Accounts Committee” with this responsibility. In other countries, the Audit Reports are sent to committees consistent with their oversight responsibilities. Either approach is acceptable for an “a” response.

Question 123 covers audits of programs that might not be released to the public due to national security concerns. Because the public does not receive information on such secret programs, it is essential that legislators receive this information, including all Audit Reports. Supreme audit institutions should have staff with security clearances that give them access to all information related

to secret expenditures. *Please note that researchers may have to interview members of the legislature or their staffs to obtain a response for this question.*