



# STATE AUDIT OFFICE OF GEORGIA

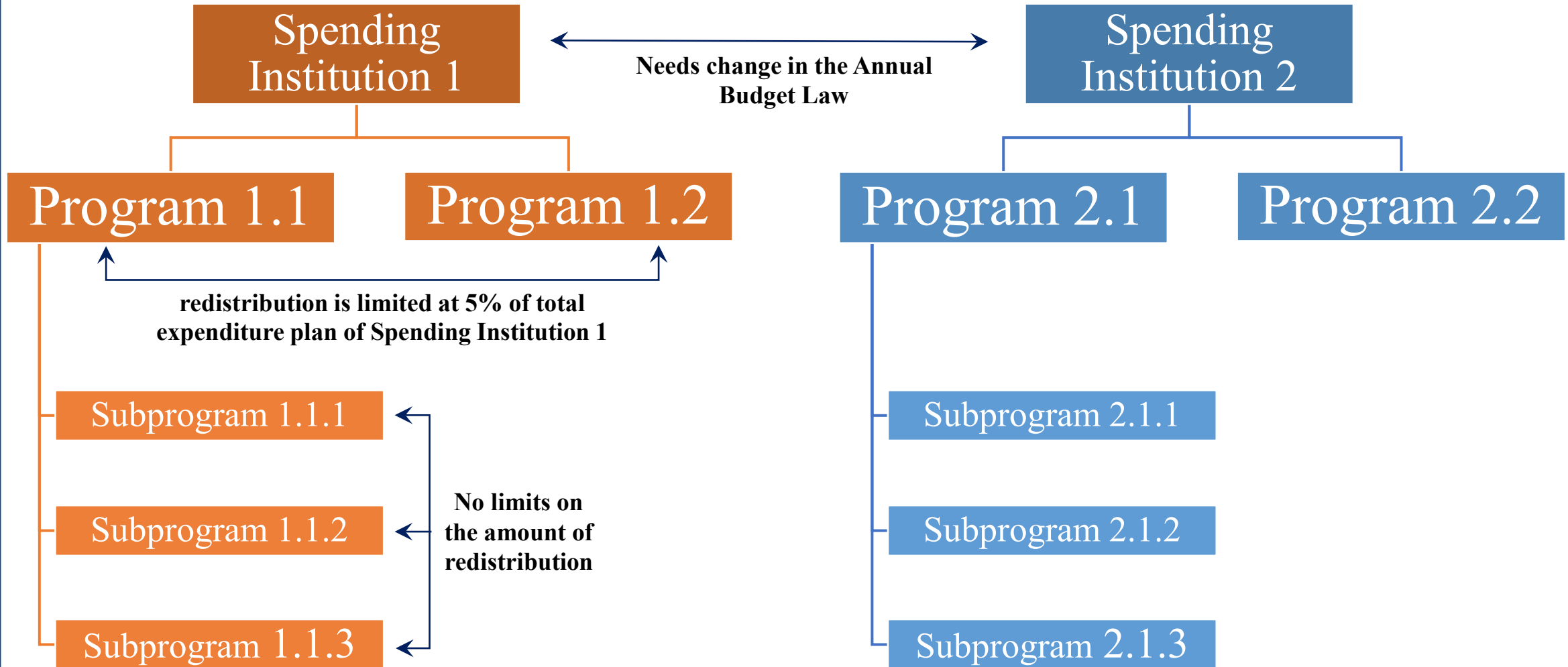
Assessing Credibility of Government Budgets: Issues  
Regarding Redistribution of Budget Funds



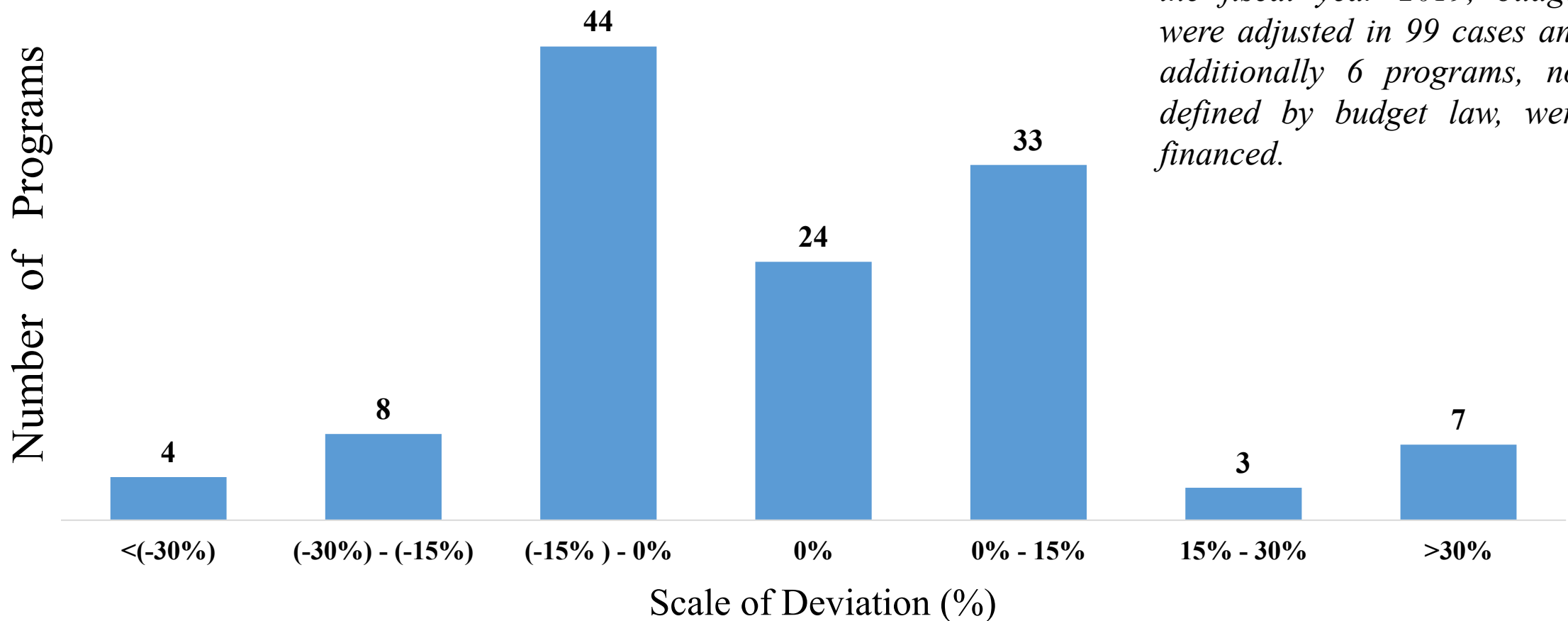
# Budget Code of Georgia

- ✓ According to the Budget Code of Georgia SAOG is obliged to prepare:
  - Report on the Government Report "On the Annual Execution of the State Budget" (Until 20th May);
  - Opinion on the Draft Budget Law "On the State Budget of Georgia" for each version of draft budget (From October 1 to the middle of December);
  
- ✓ Budget Code of Georgia sets the limits to the annual budget including scale of redistribution between budget programs

# Limits on budget adjustments set by Budget Code of Georgia



# Deviations of program's adjusted budget from approved budget (FY 2019)

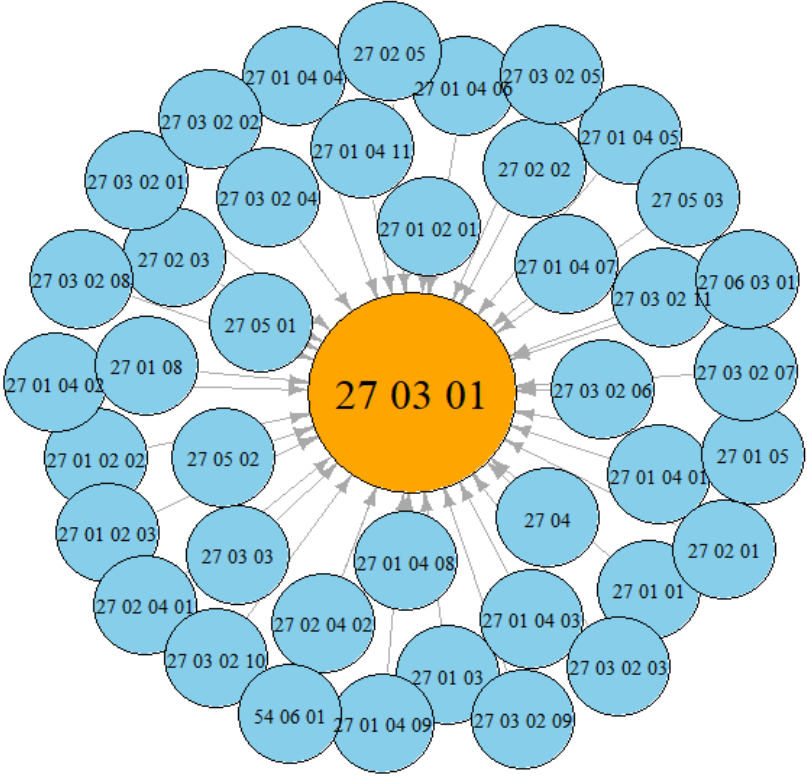


*From total 123 programs for the fiscal year 2019, budget were adjusted in 99 cases and additionally 6 programs, not defined by budget law, were financed.*

# Types of Redistribution (FY 2019)

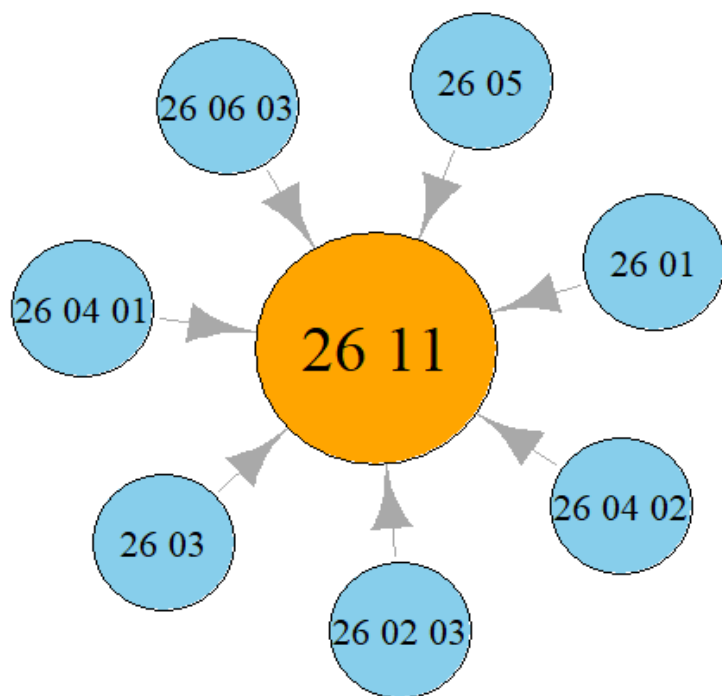
- ✓ In some cases, during the fiscal year funds were allocated for projects and activities which were not envisaged by the Budget Law;
- ✓ There were instances where assigned program appropriations were not sufficient to complete the implementation of the project to which they were assigned;
- ✓ In some cases the budget organizations plan programs/subprograms or budget items with higher amounts than required. During the year these organizations transferred unspent appropriations to other programs/subprograms/budget items.

# Case of Ministry of Health of Georgia (FY 2019)



In 2019 about 14.1 mln. USD (39.7 mln GEL) were redistributed to the subprogram “Health care of population” (27 03 01) from 30 other subprograms of the ministry of Health. Analogous redistributions took place in the previous years too.

# Case of Ministry of Justice of Georgia (FY 2019)



In 2019 financing of the program “Service Development and availability of National Agency of Public Registry” was not planned by budget law but around 1.7 mln. USD (4.8 mln. GEL) were transferred to the program from the other programs of the Ministry of Justice.

# Annual Report on State Budget Execution shall include:

- ✓ Clarifications on the inconsistencies between the approved and adjusted budget allocations for programs of spending institutions, if such inconsistencies exceed 30%;
- ✓ Clarification on inconsistencies between adjusted budget allocations and actual spending on programs of spending institutions, if such inconsistencies exceed 15%.



# Audit Work

- ✓ SAOG checks the legality and reasonability of the redistributions of funds and reflects the results in its report "On the Annual Execution of the State Budget" and individual audit reports;
- ✓ Recommendations regarding improvement budget planning process, including improvement MTBF and Program Budgeting at individual budget organisations were issued by SAOG in previous years;
- ✓ According to the Government Resolution, before September 1 Ministry of Finance prepares and presents to the Government proposal which SAOG recommendations are considered to be implemented in the budget process.

**THANK YOU!**

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