

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



SDIV



Distr.
LIMITED

E/CN.14/BUD/INF/1
9 May 1966

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA
Seminar on Budget Planning and Management
Addis Ababa, 3-15 October 1966

DOCUMENTATION TO BE SUBMITTED BY PARTICIPANTS

M66-652

DOCUMENTATION TO BE SUBMITTED BY PARTICIPANTS

- I. Each participant should submit a Memorandum entitled "The Budgetary System and Procedures of (name of country)." This memorandum should be accompanied by copies of (i) the latest Budget (or Budgets) of the Central Government; (ii) the latest published Accounts of the Central Government, and also, if possible, (iii) the latest or current Development Plan.
- II. The memorandum should adhere to the following headings
 1. Introduction

A short note on the country's political and legislative organization.
 2. The Public Sector

A description of the main agencies operating in the Public Sector (e.g. Central, Provincial and local governments; statutory boards, government-owned corporations, Central Banks, etc.).
 3. Organization for Co-ordination and Planning
 - (a) Description of the Planning Organization;
 - (b) Describe in detail what procedures are adopted to ensure co-ordination between the National Plan and the Annual Budget(s).
 4. Structure of the National or Central Budget
 - (a) Describe the system as it existed during the decade 1950-60 and any major reforms since 1960.
 - (b) Describe the budgetary system as it is today

[e.g. What different types of budget are there? What period is covered by the budget(s)? What budgetary statements and documents are prepared and published? What is the legal basis of the budgetary system (i.e. Appropriation Act, Budgetary Law, etc.)]

- (c) Describe the layout of the Central Government Budget or, if it has more than one, of each budget. If there is more than one Central Budget, does each have its own sources of funds (and if so what are they)? Are there transfers between one budget and another?
- (d) Describe the systems of classification used for Revenue and Receipts, Expenditure and Disbursements. Does the Government prepare or use functional, object or economic classifications? Does it use the techniques of "programme budgeting?"
- (e) Does the Budgetary system anticipate and provide for (and if so by what procedure): (i) the raising of short, medium or long-term loans by the Government at home or abroad; (ii) the control of expenditure arising therefrom; (iii) the repayment of interest and capital thereon?
- (f) Mention any important sources of transfer payments (e.g. subsidies, grants, loans, etc.) between the Central Government and other local, etc. governments, statutory bodies and agencies.
- (g) Does the Budgetary system you have described above embrace all the financial operations of the Central Government without exception? If not, what transactions fall outside this system and how are they estimated in advance, approved, controlled and accounted for?

5. Budgetary and Accounting Organization

- (a) Describe the office and staff organization established for Budgeting (i.e. preparation of estimates and securing their approval), Authorization of public expenditure, and control of Public Accounts. √This should cover, inter alia, the

Ministry of Finance or Treasury, any Central Bureau of the Budget, Central Accounting Office, and the corresponding arrangements at departmental level.]

- (b) Organization charts (e.g. of Ministry of Finance, Central Budget Bureau, Central Accounting Office, etc.) should also be attached.

6. The Budgetary Process

- (a) Describe the budgetary cycle, i.e. the approximate timing of the various stages in the preparation of the Budget from the very first stages until it receives final legal approval. Attach a model time-table with normal timing for each phase in the process.
- (b) Describe the process of inter-departmental participation and consultation involved in this budgetary cycle.
- (c) How is co-ordination with the Plan achieved?
- (d) How is expenditure on investment projects handled in the Budgetary process? [e.g., where capital projects or investments involving expenditure over more than one year are to be approved, how is this handled in the Budgetary documents? Is the total cost of the project approved and provided for at once, from the outset, or is the amount expected to be spent on it each year approved annually?
- (e) What procedures are adopted to ensure that the expenditure approved is within the capacity of the department or agency to carry out within the year? Have these measures proved effective in the past (check over the period 1960-65)?

- (f) Describe the Budgetary processes at higher level (e.g. the role of the Minister, Planning Board, Cabinet, and Chief Executive or Prime Minister).
- (g) Describe the Budgeting process in the Legislature. Into what degree of detail does discussion and approval by the Legislature go?

7. The Executive Phase

- (a) When the Budget(s) has received final legal approval, to whom, and by whom and in what form is authority conveyed to incur expenditure and carry out the projects approved therein?
- (b) Is the Budget normally approved, and the necessary authorization to incur expenditure issued, before or at the beginning of the fiscal year to which they relate? If not, what procedure is adopted to authorize and control expenditure in the meantime?
- (c) Describe the system adopted to authorize and control expenditure so as to ensure that it is devoted to the purposes shown and approved in the Budget. Does the Head of each Department or Agency (or other designated officer) actually control all disbursements in respect of expenditure incurred by the Department (subject to the Budget and the general authority of the Ministry of Finance) or are some or all disbursements effected and controlled centrally?
- (d) What procedures are there for authorizing transfers of expenditure between one item in the budget to another?
- (e) Is there any system of regular progress reports on particular forms of expenditure (e.g. plan projects, capital investments, etc.)? If so, please describe it.

- (f) If expenditure which has been approved to be incurred on a particular project in a particular year is not fully spent in that year, is the same authorization (or the unspent balance thereof) automatically extended into subsequent years without further approval, or does the continuation of the project and expenditure thereon require formal inclusion and approval in the Budget(s) for the following year or years.

8. Accounting

- (a) Describe the Accounting System of the Government.
- (b) Are these accounts kept by hand or by mechanical or electronic systems? [Specify type of equipment used.]
- (c) Are the Central Government accounts kept on a CASH or ACCRUALS basis?
- (d) What is the normal time-lag between the end of the financial year and the completion and publication of the accounts for that year?
- (e) Where the Government raises moneys by way of grants or loans, are the funds so raised credited and paid into the general accounts and funds of the Government or are they credited to separate accounts and/or held in separate funds (i.e. in separate bank accounts from other Government funds)?
- (f) Are all expenditures which are financed from such grants or loans shown in the Budget(s) of the Central Government? If not, where are they shown, and how are they estimated in advance, approved, controlled and accounted for?
- (g) Describe the audit system for public accounts. Is the principal Government Auditor independent of the Ministry of Finance? If so, how is he appointed? To whom does he report?

What action is taken on his reports? Are the audit reports on the annual accounts of the government reasonably up-to-date? (What was the last year dealt with?)

9. Trends in Public Finance 1960-65

Please prepare a table showing for each of the years 1960-65:

(i) Expenditure of the Central Government by main headings

[In addition to all normal budgetary expenditure, this should include grants, subsidies, loans and other transfers to local governments and government-owned boards, etc. Expenditure on amortization and capital repayments in respect of public debt should, however, if possible be excluded, but should be taken into account under the "Financial Transactions" item (see (iv) below). Interest payments on Public Debt should, however, be included here as Expenditure. Similarly, any expenditure which is financed from the proceeds of grants or loans should also be included here.]

(ii) Revenues of the Central Government by main headings

This should include all revenues and receipts other than funds received from grants, loans or borrowings, or funds received in trust or on deposit, etc. Funds received as grants, loans or borrowings should be taken into account under "Financial Transactions" (see item (iv) below).

(iii) Surplus or Deficit on Revenue and Expenditure Accounts

[i.e. (i) minus (ii)]

(iv) Financial Transactions of the Government^{1/}(a) External (Foreign) Grants and Loans

- Grants (net)
- Loans and Repayments (net)
- Total external transactions (net)

(b) Internal (Domestic) Borrowing

- Borrowings from the Central Bank (net)
- Other Short-Term Borrowings (up to 1 year)
- Medium and Long-Term Borrowings (1 year and over)

(c) Miscellaneous and extra-budgetary transactions (net)^{2/}(v) Changes in the Cash Balances of the Government

i.e. This should equal (iii) plus or minus the net balance on (iv)

(vi) Net Foreign Debt of the Government at the end of the year

-----0-----

N.B. The figures in this Table should be rounded /e.g. "£10.1 million" rather than "£10,075,694" and so on/. Where final accounts are not available, estimates should be given.

1/ Where the interest and capital repayments (amortization) of public debt are calculated and accounted for separately, the interest should be shown as expenditure under (i), and the capital (amortization) payments under (iv). Where, however, both interest and capital repayments are amalgamated (e.g. as "equated annuities" or as the repayment of Treasury Bills issued at a discount), they should be put together as "Financial transactions" under (iv).

2/ This should include any government receipts and expenditures not covered elsewhere. Depending on local practice it may include such items as:
 (a) funds received in trust or on deposit and reimbursements thereof;
 (b) social security receipts and payments;
 (c) deposits and withdrawals of Government or Post Office Savings Banks, etc.

Where the items involved are large, explanatory footnotes should be given.