

GUIDE TO THE QUESTIONNAIRE ON SUB NATIONAL BUDGET TRANSPARENCY

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RESEARCH ON SUBNATIONAL BUDGET TRANSPARENCY IN ARGENTINA

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STRUCTURE OF THE QUESTIONNAIRE

The Questionnaire on sub national budget transparency includes three sections. **The first section is for internal use of researchers at CIPPEC** whereas **the second and the third section are designed to be used in interviews with key players of the budget process** at the sub national level.

The **first section** starts with four tables that allow researchers to examine and map the availability and dissemination of provincial key budget documents. This section requires the researcher to identify each of the key budget documents that a provincial government 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 23 questions included in the first section below the four tables mentioned above. These questions are grouped into two main categories: the Executive's Budget Proposal Contents and Intergovernmental Fiscal Relations. 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 deserves significant attention because it is the expression of how the government intends to raise and spend funds to achieve its economic and social policy goals. As such, it is frequently subject to a high level of scrutiny and debate during Legislative discussion, where usually only small changes are made, and hence is the blueprint for the Approved Budget, which is then scrutinized along the budget year and once it is completely executed. .

The **second section** of the questionnaire intends to collect information that allows an evaluation of the actual, not just the formal, budget process in the province. While the first section is based exclusively on publicly available documentation, the second and third section, although they focus on objective criteria, they allow capturing the perception of the real dynamics of the budget process. This section of the questionnaire assesses the level of transparency of the four phases of the budget process. The questions in this section deal with both the Executive's Proposal as well as the Approved Budget that should be available to the public during each of the phases. It has specific questions on the actual 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. Also, the section contains questions on the availability, accessibility and timeliness of detailed and regular monthly or quarterly reporting on expenditures.

The **third section** of the questionnaire addresses a crucial element to understand and assess sub national budget transparency: the intergovernmental fiscal transfers from central government to sub national governments and some questions on the transfers from the sub national governments to local ones. In particular, the questions of this section of the questionnaire focus on the different existing types of fiscal transfers and rationales for their allocation and use, the accountability for the management of the funds and the transparency in the mechanisms to obtain financial assistance from the central government.

QUESTIONNAIRE SUMMARY

Section One: The Availability of Budget Documents

- A. Budget Year of Documents Used in Completing the Questionnaire
- B. Key Budget Documents Used: Full Titles and Internet Links
- C. Distribution of Documents Related to the Executive's Budget Proposal
- D. Distribution of Enacted Budget and Other Reports
- E. Executive's Budget Proposal Contents

- F. Intergovernmental Fiscal Relations
- G. Executive's Year-end Report and the Supreme Audit Institution

Section Two: The Budget Process

- H. Executive's Formulation of the Budget
- I. Legislative Approval of the Budget
- J. Executive's Implementation of the Budget. Deviations
- K. Year-end Report and the Supreme Audit Institution

Section Three: The Intergovernmental Fiscal Transfers

- L. Types of Transfers and Rationales for Their Use
 - Automatic transfers: Tax sharing system (*Coparticipación*) and other automatic transfers
 - Non automatic transfers: Specific-purpose grant programs and unconditional grants
 - Other mechanisms of financial aid from central government

HOW TO ANSWER THE QUESTIONNAIRE

General instructions to answer the questionnaire

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 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

This Questionnaire is specifically intended to evaluate information on the provincial governments' budgets that are 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.”

Citations and references

All questions for section 1 must be cited with a source or a short reference. The citation or comment should reference the title and portion of the budget document from which the researcher has drawn the answer, or it should describe the conditions that led him/her to select a particular answer.

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. 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.

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.

Section One: The Availability and contents of Budget Documents

Budget Year of Documents Used in Completing the Questionnaire

For Table 1 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”. 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.

Assume that the fiscal year being considered is 2010. In this case, the researcher should use the 2010 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 2010 would be considered the budget year (BY).

However, if the fiscal year 2010 has just started, questions related to monitoring the budget through In-Year Reports would have to apply to reports issued on the 2009 budget, because that is the most recent budget for which these reports have been produced. Furthermore, although fiscal year 2009 is completed in this example, final Year-End or Audit Reports for that year would not have been released yet in most provinces. Thus answers to questions concerning these documents would have to refer to the 2008 or the 2007 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”).

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.”

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”). 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.

Enacted provincial budget

Questions 1-19 focus on the following issues regarding the enacted provincial budget:

- **Comprehensiveness:** 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.
- **Estimates for the Budget Year and beyond** examines the types of expenditure, revenue, and debt estimates used in the budget documentation and the macroeconomic assumptions that underlie the budget.

Intergovernmental Fiscal Relations

Questions 20-25 focus on the following issues regarding the enacted provincial budget:

- **Comprehensiveness:** some questions examine how clearly and well identified are the different kinds of intergovernmental transfers in the enacted provincial budget.
- **Equality and fairness:** other questions focus on the provincial management of funds, checking the publicity of formulas to distribute funds to municipalities which would enable a control of the fairness in the geographic distribution of expenditures within the province.

Executive’s Year-end Report and the Supreme Audit Institution

Questions 26-29 focus on the following issues regarding the Executive’s Year-end Report and the Supreme Audit Institution:

- **Timeliness:** examines the delay in the deliverance of the Executive’s Year-end Report and in the delivery of the Audit Report.
- **Comprehensiveness:** examines the percentage of the total provincial budget that is audited and whether any extra budgetary funds are audited as well.

Sections Two & Three: the actual Budget Process & the Intergovernmental Fiscal Transfers

The questions in Section Two 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.

Instructions regarding interviews

Interviews with officials in the Executive and Legislative branches will be necessary to complete sections 2 & 3 of the questionnaire. It is essential to interview legislators who are and who are not members of the ruling party or coalition in their province, to understand different perspectives. 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.

Sections 2 & 3 of the questionnaire should be answered by at least:

- One member of the Executive branch (ideally a Director of Budget at the Ministry of Finance/Economy)
- Two relevant members of the Legislature (ideally, members of the Budget & Finance Commission -one of the ruling party and one who represents the opposition).

In addition, interviewing members of the provincial civil society might be advisable in order to secure the avoidance of bias and the quality of information. Some questions regarding the actual budget process of the province might be asked to one of the following:

- A local NGO specialist or academic that monitors the provincial budget
- A local economic journalist
- A trade union member (in the sectors of education, health or other).

Issues raised in sections 2 & 3

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.

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 Supreme Audit Institution. This is a very important stage of the budget process and a special focus is put on a) timeliness of deliverance of the final audited report and b) independence and objectivity in the expedition of the audited report by an external and independent institution.

Intergovernmental Fiscal Transfers

This category examines the different types of intergovernmental transfers and the rationale for their use:

- Automatic transfers or tax sharing system (*Coparticipación*) and other automatic transfers
- Non automatic transfers: Specific-purpose grant programs and unconditional grants
- Other mechanisms of financial aid form central government