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

September 28, 2007

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This Guide to the Open Budget Questionnaire provides additional information and instructions for researchers who are responding to the questions. 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 non-government researchers to understand and apply selected international good practice benchmarks involving budget transparency and accountability to the practices they observe in their countries. Second, the questionnaire is intended to link civil society research efforts on budget transparency across countries, with the intention of leveraging individual efforts in each country to draw international attention to the importance of the issue.

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, understandable and timely budget information is essential for the informed participation of civil society in the budget process. The questionnaire is specifically intended to help researchers identify what information is publicly available, its timeliness during each of the four stages of the budget process, as well as any information gaps.

This focus on public access to information gives this questionnaire its distinctive character. The Open Budget Questionnaire, however, addresses only a very limited set of topics related to the larger issues of effective public financial management, citizen participation and accountability. The Open Budget Questionnaire is therefore intended to complement rather than replace other research related to budget transparency. 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 budget year for effective and meaningful citizen participation. This is due to the fact that such measures are especially difficult topics to evaluate and rank 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, or the transparency and accountability of different levels of government, both of which are 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 operationalize some important basic principles 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 action being taken by the executive.

Unity. All proposed annual expenditures, revenues to be raised and other government financial activities should be presented to the legislature in one single 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 documents should be issued 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, for presenting it to the legislature for debate, for executing the budget, and for presenting its final accounts to the public and to the Supreme Audit Institution. Timely and regular reporting on each of these four phases of the budget process is essential. The legislature and Supreme Audit Institution also have important roles to play in acting in a timely manner during the budget year, especially related to approval of the annual budget and to review of final accounts.

Specificity. The description of every budget item should result in a clear overview of the government’s expenditure. The descriptions provided for budget items should not be so highly aggregated (presented as grand totals) that they are vague, 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 wide variety of audiences that make up the legislature and public.

Publicity. All of a country’s citizens should have the right, as individuals or in association in the form of civil society organizations, to make and express judgments on the country’s budget. This requires that budget documents be widely available. This is especially the case 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 drawn between the government’s policies, plans, budget inputs and performance outputs. The explanation accompanying the budget should communicate clearly the aims of the budget in terms of inputs, objectives to be achieved and measurable results.

Other Useful Tools for Budget Transparency Research

We suggest that researchers review the links on the Open Budget Index page (www.openbudgetindex.org/tools.htm) for other useful links and tools to assist focusing any other additional budget transparency research they might be considering. This website contains other work in the area of fiscal transparency and accountability that may be of interest. The 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.\textsuperscript{1} Beyond these international institutions, private sector analysts and civil society organizations have also developed their own methodologies for assessing budget transparency.\textsuperscript{2}

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

**Structure of the Questionnaire**

The \textit{Open Budget Questionnaire} includes three sections. The first section of the questionnaire contains a series of four tables that seek to examine the availability and distribution 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. These documents will then be used to answer many of the questions in the second and third sections of the questionnaire. The second and third sections of the questionnaire contain a total of 123 questions, grouped into two main categories: the executive’s budget proposal and the budget process.

Section Two. The second section deals with documents that are issued during the legislature’s consideration of the budget process. This section seeks to assess the types of information that are provided in the executive’s budget proposal, as well additional information that would assist in monitoring and analyzing the information in the budget. The executive’s budget proposal merits this special section because this is the document that frequently is subject to the most scrutiny and debate during the course of the budget year. Many of the good practices (or lack of good practices) found in this document or set of documents are carried through and reflected in the budget documents that are issued later in the year. For example, if a country adopts the good practice in the executive’s budget proposal of providing highly detailed reporting about its expenditures using classifications 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, and provide similar information in its in-year report and year-end report.

Section Three. The third section assesses the openness of the four phases of the budget process, examining 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 inclusionary and accountable. For example, these practices include the holding of open public hearings to promote discussion and debate on the budget. And once the budget is approved, the


\textsuperscript{2} See, for example, Briseida Lavielle, Mariana Perez, and Helena Hofbauer, \textit{Latin America Index of Budget Transparency: A Comparison of 10 Countries}, 2003; Alta Folscher, \textit{Budget Transparency and Participation: Five African Case Studies}, IDASA, 2002; and eStandards Forum, “Assessments of Adherence to Fiscal Transparency Standards” at \url{http://www.estandardsforum.com}.
public should have access to detailed and regular monthly or quarterly reporting on expenditures made, revenues collected and debt incurred.

General Information About the Questionnaire

The Open Budget Questionnaire is designed to be completed by a nongovernmental researcher, or a team of nongovernmental researchers working together, in order to produce and submit to IBP a single set of responses for each country. The questionnaire contains a series of questions that seek to determine whether certain types of information are provided to the public in a country, and whether certain activities occur during the budget process. The questions should be answered based on empirical research, and researchers should provide evidence about why they have selected a particular answer by including a reference or comment under each question. The questionnaire will then be reviewed by two anonymous peer reviewers to enhance public confidence that the results produced by a single researcher or research group are not subject to potential bias. At the request of the researcher, a third set of peer review comments provided by the government maybe included.

Four further points are of note:

- **The questionnaire focuses on the activities of central government and does not address the role of state and local government.** Given that the nature of intergovernmental relations can vary significantly from country to country, the format of this questionnaire did not seem well suited to investigating these relationships. Researchers who want to examine 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 that do refer to a legal provision state this clearly in the question. These questions are Questions 63, 80, 116, and 117.) The vast majority of questions should be answered based on the actual practice in your country.)

This focus on what occurs in practice recognizes that, in some cases, well-intentioned budget laws are not put into practice 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 the process of guaranteeing accountable budgeting.

- Unless stated otherwise, in examining various budget-related reports, the questionnaire is concerned with those reports 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 page11)
Please use the electronic version of the questionnaire that is provided to you by IBP. Please 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. These interviews will be necessary to obtain the information for the following:

- **Section One**: Tables 2, 3, and 4. These tables require that the researcher state if a document is not available to the public, if it is not produced, or produced for internal purposes. In order to complete these tables, an interview with an official from the appropriate ministry will be needed to determine if a document is not produced or produced only for internal purposes.

- Similarly, Questions 69, 79, 120, and 123 in Section Three of the questionnaire explore information that members of the legislature should receive. These questions will likely require an interview with a legislature or a staff member of the legislature. Please see Section Two of this Guide, “Citations and References for Answers” for further details about interviewing government officials.
Section One: The Availability of Budget Documents

This section of the questionnaire examines the availability of budget documents. From the perspective of civil society budget groups, the public availability of such documents is essential, as only then can these documents help inform the public about the budget and facilitate an inclusive 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 asks about the key budget documents used in the questionnaire. These documents include: the pre-budget statement, the budget summary, the executive’s budget proposal, supporting budget documents, the citizens budget, the enacted budget, in-year reports, the mid-year review, the year-end report, and audit report. These are discussed in more detail below.

Key Budget Documents Used in the Study

The questionnaire in Section One requires researchers to identify and classify their country’s budget documents according to the four phases of the budget cycle. The documents identified in Section One must then be used to answer the appropriate corresponding questions in Sections Two and Three (see table below).

<table>
<thead>
<tr>
<th>Section One</th>
<th>Questions</th>
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<tbody>
<tr>
<td>Executive’s Budget Proposal</td>
<td>1-55</td>
</tr>
<tr>
<td>Pre-Budget Statement</td>
<td>71-73</td>
</tr>
<tr>
<td>Enacted Budget</td>
<td>81</td>
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<tr>
<td>In-Year Reports</td>
<td>82-91</td>
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<tr>
<td>Mid-Year Review</td>
<td>92-95</td>
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<tr>
<td>Year-End Report</td>
<td>101-110</td>
</tr>
<tr>
<td>Auditors Report</td>
<td>111-113, 115</td>
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</tbody>
</table>

You 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 issued to 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.)

• PHASE ONE: DRAFTING OF THE EXECUTIVE’S BUDGET PROPOSAL

The Pre-Budget Statement

The Pre-Budget Statement is sometimes also known as the Pre-Budget Report. This document should be made available to the public by the executive one month or so prior to the introduction of the executive’s budget proposal in the legislature. It is intended to disclose the parameters in which the executive will form its budget proposal -- specifically, total expenditures, total revenues expected and debt to be incurred during the upcoming budget year. It is generally
not a document that presents highly detailed information (such detailed information is generally presented several weeks or months later in the draft budget itself.) The OECD Best Practices contains a description of the contents of a Pre-Budget Statement.

In some countries, the Ministry of Finance issues a schedule of important dates and deadlines for ministries or subnational government that it will use in formulating the executive’s budget proposal. This schedule for formulating the budget 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 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, please draw your 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 version of the budget to answer Questions 1-55 related to the executive’s budget proposal. The questions in this section are attempting to evaluate the information that is available to the public while the 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 of the document, please choose the answer “d,” for all 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 budget document, so that they can be used to inform the debate on the budget before it is enacted by the legislature. Please do not use information that the executive or the Central Bank may release at other times of the budget year when completing Questions 1-55 related to the executive’s budget proposal.

- *Medium Term Expenditure Frameworks and National Development Plans.* Documents providing multi-year projections (such as multi-year planning 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).
Prior Year Data in the executive’s budget proposal. Please do not use information from documents that are issued during other stages of the budget cycle (in-year reports, 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 regarding 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.” (This may impact Questions 18-34.)

PHASE THREE: BUDGET EXECUTION

Enacted Budget

After debating the executive’s budget, the legislature typically enacts some form of a budget or appropriation. Question 81 in the questionnaire covers the contents of the enacted budget. In this 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. Please do not use the enacted budget to answer Questions 1-55 related to the executive’s budget proposal.

In-Year Reports

These are sometimes also referred to as Monthly Reports or Quarterly Reports. Please 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 them, in addition to the Ministry of Finance. In some cases, revenue collection agencies issue their own separate reports.

Mid-Year Review

The Mid-Year Review is sometimes also referred to as the Mid-Year Report. The mid-year review 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. 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 should not serve as a substitute. If there is no separate mid-review in your country, please mark “d” to all the questions relating to the mid-year review to indicate that there is no mid-year review available to the public in your country. (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, unlike the audit reports described below. The year-end report is covered by Questions 101-110 and should not be confused with the auditor’s report described below.

**Auditors Report**

Please use the annual report issued by the Supreme Audit Institution attesting to the government’s year-end final accounts to answer questions regarding the auditor’s report. This document should be issued by Supreme Audit Institution, and not the executive. It is covered by Questions 111-113, 115.

**Table 1. Budget Year of Documents Used in Completing the Questionnaire**

For Table One, the researcher 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.”

<table>
<thead>
<tr>
<th>On What Year's Budget Should Responses to the Questionnaire Be Based?</th>
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</thead>
<tbody>
<tr>
<td>The questions in Section Two and Three of the questionnaire asks a range of questions about different budget-related documents and different aspects of the budget process. Unless stated otherwise, each question should apply to the most recently released version of the document being referred to or the most recent part of the budget process that has occurred. Thus the questionnaire will apply to several different budget years.</td>
</tr>
<tr>
<td>For instance, assume that the questionnaire is being completed in the first month of fiscal year 2005, and the budget covering that year has been considered by the legislature and enacted into law. In this case, the researcher should use the 2005 budget for questions related to the executive’s budget proposal and the process of formulating, debating and adopting the budget; fiscal year 2005 would be considered the budget year (BY).</td>
</tr>
<tr>
<td>Because fiscal year 2005 has just started, however, questions related to the monitoring of the budget through in-year reports would have to apply to reports issued with regard to the 2004 budget, because that is the most recent budget for which in-year monitoring reports have been produced. Furthermore, although fiscal year 2004 is completed in this example, final year-end or audit reports will likely not have been released for that year. Thus questions concerning these issues would have to apply to the 2003 budget, or earlier budgets depending on how delayed such reports are.</td>
</tr>
<tr>
<td>Note that the most recently applicable budget year may differ from the last time a particular document was released or a particular aspect of the budget process was completed. In the example above, for instance, questions about the “pre-budget statement” would apply to fiscal year 2005. If no pre-budget statement was released for fiscal year 2005, then that fact should guide your responses, even if a pre-budget had been released in some prior year. If, on the other hand, a pre-budget statement was not released for fiscal year 2005 because of some legitimate, one-time event (such as an election), it is permissible to use the pre-budget for fiscal year 2004 as the basis for answering questions about the pre-budget statement.</td>
</tr>
</tbody>
</table>
When are Documents Considered “Publicly Available”?

IMPORTANT: For those questions intended to evaluate the contents of budget documents, you may use only publicly available budget documents to answer these questions.

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.

The table below lists the questions that must be answer using publicly available budget documents:

<table>
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</tbody>
</table>

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

1.) documents that are not produced at all;

2.) documents that are produced for internal purposes only and are not made available to the public;

3.) documents that are produced, and are made available to the general public either free of charge or for a minimal fee, but only if a member of the general public requests the particular document from the government office; and

4.) documents that are produced, and distributed to the general public either free of charge or for a minimal fee, such that the public can access the documents though means other than requesting them directly from the executive (for instance, on the Internet or from 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:
- Documents made available on the Internet (even if they are only available on the Internet) should be considered as publicly available for purposes of responding to the questionnaire.

- A document that is available only through subscription to a specialized bulletin or publication issued by the executive should be considered as \textit{not} available to the public, unless this bulletin is easily assessable 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 authority that issues the document it should not be considered as publicly available. For example, if it is not possible to obtain an audit report from the Supreme Audit Institution, but it may be available upon request to a legislator, then the document should be considered as \textit{not} publicly available. Similarly, documents that the executive provides to the legislature, but which are not available to the general public through a request to the executive, should be considered as \textit{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 for the purposes of this study. A document that is available to only certain individuals or members of the public, while it is refused to others who request it, should not be considered as meeting the conditions for a publicly available document. 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. If this is the case in your country, the documents may not be considered as available to the public. Please consider conducting a test as described below to gather evidence of the denial or refusals of requests for budget documents.

\textbf{IMPORTANT: If you 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 of documents. Record the experiences of requestors who were denied documents, including 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 for a refusal of the documents. This information can be very valuable evidence to be presented to the public with the research results and to advocate for the adoption of clear procedures in law that require that officials make documents public.

If you have questions about how this definition regarding publicly available documents might apply in your country, please contact us.
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. For those documents not posted in the Internet please indicate one of the three 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,
d.) produced and distributed to the public.

For each document, please enter “Yes” into one square “a”, “b” “c” or “d.” Please do not enter “Yes” for more than one box “a” “b” “c” or “d”.

The bottom part of the chart should only be completed for documents that are distributed to the public (that is, if the response in the upper table was “d”). This part assesses the timeliness of the distribution, how widely they are distributed, and whether the executive actively promotes them with the media and public.

Questions 1-2 concern timing 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 the document’s availability. For example, Question 3 asks if there is a delay in a document’s release to the public relative after 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 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, on the scale of a newspaper distribution).

Questions 7-8 Question 7 focuses on reaching 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 may 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 document. 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 portray the executive’s budget proposals for the current 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 are typically 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 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 budget includes information that helps explain the relationship between the budget estimates and government’s policy goals. The questions are important for those who are interested in monitoring the budget’s impact, particularly outputs and outcomes. These questions explore whether discussions of budget proposals are informative and understandable. These issues are important if the executive wishes to facilitate a broader debate and a more inclusive budget process.
Additional Key Information for Budget Analysis & 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. The responses of “c” is a 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 open and transparent 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 there do not exist standardized “best practices.” The questionnaire therefore attempts to set reasonable goals in these areas.

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 takes the form of the “a” response representing that “extensive information” was presented and that the information included “both a narrative discussion and quantitative estimates.” A narrative discussion, in this case, is intended to explain and offer appropriate context to 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, such 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 “b”) 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.

**Not Applicable Responses**

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 is provided.

*Please use this response sparingly, and choose it only after closely reviewing the applicability of all other responses.* For the purpose of numeric scoring the questionnaire, marking a question “e” not applicable/other causes it to be dropped and omitted from consideration. IBP staff will therefore contact you to discuss all questions marked not applicable during the vetting process.

*For all answers marked not applicable please provide a brief explanation in the “Comment” section as to why you 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 available to the public. As such, the answers to the questions should be based on publicly available information. Please do not answer questions based on information that you may have special access to through contacts in the executive, or from a document that might have been provided to you by a friendly parliamentarian. 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.”

- Executive’s Budget Proposal…………………………...Questions 1-55
- Pre-Budget Statement…………………………………Questions 71-73
- Enacted Budget…………………………………………Question 81
- In-Year Reports…………………………………………Questions 82-91
- Mid-Year Review………………………………………Questions 92-95
- Year-End Report………………………………………..Questions 101-110
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 are asking researchers to cite a source or reference when answering Questions 1-123 in Sections Two and Three in the questionnaire. This is intended to enhance the confidence of the media and other users in the results.

Briefly cite a source or provide a short comment (which may be as short as one sentence or one paragraph, as appropriate) for 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.

When answering questions that ask about the availability of certain types of information, it is acceptable that the citation involves no more than one sentence providing the title of the budget document and location within the document from which you have drawn your answer. (This might include the page number, section, title and number of a table, etc.) Please be sure to include the Internet page for the document in your citation if the document is posted on the web.

Please also keep in mind that this is an international initiative and many of the readers of your questionnaire may not be familiar with the details of the budget process in your country, or may not be aware of important persons or actors on the budget scene. Therefore, please spell out the titles of documents, avoid or explain any specialized terminology that might be used in your country, and explain to the reader special conditions that might have influenced your 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:

  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, entitled "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 entitled, “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, you may choose to provide a citation that might give some insight to the reader about why you chose 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, entitled, “The Consolidated Budget of the Public Sector for 2004, and the Multi-Year Budget Projections.” Detailed information by economic classification is generally only provided for high-profile expenditure programs of interest to international donors.*

If the document in question or information is not available to the public, you 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, you may wish to provide an example to strengthen the credibility of your answers. An example can also give insight to readers about why you selected a particular answer. Your example will be greatly enhanced and strengthened by making it specific, and by providing concrete details (dates, names, actions) about the subject you are describing:

*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.*
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 30th, 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 only lasted from July 3-8.

IMPORTANT NOTE FOR THOSE RESEARCHERS IN COUNTRIES WHERE THE OPEN BUDGET QUESTIONNAIRE WAS COMPLETED IN 2006: Please provide in the comment section an explanation for a change in the responses from last year question. This explanation might be very brief, such as:

“The answer selected demonstrates an improvement [deterioration] in performance from the 2006 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, if it is not produced, or produced for internal purposes. In order to complete these tables, an interview with an official from the appropriate ministry will be needed to determine if a document is not produced or produced only for internal purposes.

Similarly, Questions 69, 79, 120, and 123 explore the information that members of the legislature receive. These questions will likely require an interview with a legislator or a staff member of the legislature. Please ensure that you interview and gain the perspective of legislators who are not members of the ruling party or ruling coalition in your country to obtain answers to these questions. Failure to provide information to opposition parties should be grounds for low scores on this series of questions, and should be noted in the “Comments” section. You may also choose to use the comment section to note any significant political parties that have been excluded from access to budget information or the budget debate. (This might be due to denial of access to the parliament itself because of lack of free and fair conditions for standing for parliamentary elections, or through other conditions such as arbitrary denial or withdrawal of political party registration.)
The identification of the officials that you interview for the purposes of completing the question will greatly strengthen the credibility of your citations when you present the research to the public. However, it is not obligatory for you to identify the officials that you interview by name in the questionnaire. (In some countries, it will not be possible to obtain an on the record interview with an official, and they will only grant the interview on the condition that their names not be published.)

Nevertheless, if possible, you should try to identify officials interviewed with as much specificity as possible. For example, include 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 was given to you during the interview. (Please note that it is good practice to make and keep dated notes of all your interviews.)

Peer Review

After you have completed and submitted the questionnaire, IBP staff will review it and discuss any issues with you that might indicate that answers were chosen using assumptions that were not consistent with how answers were chosen in other countries. 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. IBP will also seek the comments of the country’s government to include as a third set of peer review comments, upon the request of the research organization.

Once peer reviewers have completed their work, we will be in touch with you to again to further discuss any needed reconciliation of answers. As part of this process, we may ask you to write a further elaboration of your answer choice. We expect this elaboration to be brief and not to exceed four paragraphs in length per question.
Explanations to Questions 1-66

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, by functional classification, and by economic classification.

Each of these classification systems has different advantages. For instance, expenditure by administrative unit indicates which government entity (department, ministry, or agency) will have responsibility 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. 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 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 where expenditures are not broken out by function, making it impossible to identify other functional allocations (such as 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 of this term can vary from country to country. However, for the purposes of answering the questionnaire, please 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 broken down into smaller, more detailed units, but are not.

A note for francophone countries: “Program” level detail is sometimes referred to as le plan comptable or le plan comptable detaille. (These data are then 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, BY+2). Sometimes referred to as a Medium Term Expenditure Framework, 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 multi-year 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 multi-year 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 are generally 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 a sales tax or a value-added tax. 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.4

Questions 7-8 assess the degree to which the individual sources of tax revenues and non-tax revenues are shown separately 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 cannot be paid for with 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 it is domestic or external debt. All of these factors give an indication of the potential vulnerability of the country’s debt position, and ultimately whether the cost of servicing the debt is affordable.

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4 For more detail on social contributions, see IMF GFS Manual 2001.
Questions 14-15 ask about the macroeconomic assumptions that underlie the revenue and expenditure estimates in the budget. 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.

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\(^5\) See Organization for Economic Cooperation and Development, “Best Practices for Budget Transparency,” 2001, [http://www.oecd.org/dataoecd/33/13/1905258.pdf](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).
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 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. Similarly, activities that can have a significant impact on the budget (such as payment arrears and contingent liabilities) are sometimes 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 a narrative discussion that indicates the public policy purpose, duration, and intended beneficiaries of these activities, and quantitative estimates should also be included wherever possible. 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. These best practices must be met for the “a” response.

Please exercise caution with the questions in this section if your country does not engage in the activities listed below. If this is the case in your country, then the appropriate response should be “e” *not applicable/other* and an explanation should be provided. For example, if your 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” *not applicable/other* and you 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 sometimes 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. 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 which 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, that 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, they may involve the executive’s circumvention of the regular legislative approval process for expenditures. This may take place if the executive were to issue an informal order to an entity of government, such as public commercial enterprise, to provide the executive with goods and services whose funding had not been authorized by the legislature.

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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.*
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.

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.” 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.

Questions 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 The adjoining page gives an example of 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 mark "a" if the value of non-financial assets is not provided, but substantial information on the assets themselves from the financial register is provided in the budget documents.

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Notes to the Forecast Financial Statements

| NOTE 13: Property, Plant and Equipment |

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<tr>
<td>Land (valuation)</td>
<td>9,509</td>
<td>6,891</td>
<td>9,684</td>
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<td>Properties intended for sale (valuation)</td>
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<td>491</td>
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<td>Buildings (valuation)</td>
<td>18,138</td>
<td>18,731</td>
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<td>22,444</td>
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<td>Electricity distribution network (valuation)</td>
<td>2,409</td>
<td>2,466</td>
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<td>Electricity generation assets (valuation)</td>
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<td>Aircraft (ex SME) (valuation)</td>
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<td>1,594</td>
<td>2,880</td>
<td>3,415</td>
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<td>State highways (valuation)</td>
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<td>13,612</td>
<td>14,259</td>
<td>14,892</td>
<td>15,535</td>
<td>16,264</td>
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<td>Specialist military equipment (valuation)</td>
<td>2,780</td>
<td>3,038</td>
<td>3,082</td>
<td>3,710</td>
<td>3,970</td>
<td>4,014</td>
<td>4,089</td>
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<td>Other plant and equipment (cost)</td>
<td>8,402</td>
<td>9,805</td>
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<td>Other assets (valuation)</td>
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<td>5,365</td>
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<td>Total Gross Carrying Value</td>
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<td>67,825</td>
<td>70,132</td>
<td>76,982</td>
<td>81,588</td>
<td>85,417</td>
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<table>
<thead>
<tr>
<th>Accumulated Depreciation</th>
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<tr>
<td>Buildings</td>
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<td>Electricity distribution network</td>
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<td>Aircraft (ex SME) (valuation)</td>
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<td>State highways</td>
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<td>Specialist military equipment</td>
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<td>Other plant and equipment</td>
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<td>Total Accumulated Depreciation</td>
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<tr>
<th>Net Carrying Value</th>
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<tr>
<td>Land (valuation)</td>
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<tr>
<td>Properties intended for sale (valuation)</td>
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<td>Buildings (valuation)</td>
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<tr>
<td>Electricity distribution network (valuation)</td>
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<tr>
<td>Electricity generation assets (valuation)</td>
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<tr>
<td>Aircraft (ex SME) (valuation)</td>
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<tr>
<td>State highways (valuation)</td>
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<tr>
<td>Specialist military equipment (valuation)</td>
</tr>
<tr>
<td>Other plant and equipment (cost)</td>
</tr>
<tr>
<td>Other assets (valuation)</td>
</tr>
<tr>
<td>Total Net Carrying Value</td>
</tr>
</tbody>
</table>

By Holding

| Freehold assets | 57,357 | 55,810 | 59,429 | 63,751 | 66,810 | 67,993 | 68,946 |
| Leasehold assets | 583   | 384   | 365   | 341   | 318   | 318   | 318   |
| Net carrying value | 57,940 | 56,194 | 59,794 | 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. 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, repaying this debt affects the government’s ability to afford other activities. Thus a discussion and estimates of these arrears are important.

Please exercise caution in answering this question if expenditure arrears are not a significant problem in your country. If expenditure arrears do not represent a significant problem in your country, please mark “e” not applicable.

Public expenditure management laws and regulations will frequently allow for reasonable delays (for example, 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 the question. If you are unsure if expenditure arrears represent a significant problem in your 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, other state-owned commercial enterprises, sub-national 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 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.” Meeting or exceeding these criteria is consistent with an “a” response.

Question 43 addresses future liabilities, which generate expenditures as a result of government commitments that, unlike contingent liabilities, are not dependent on a certain event occurring but rather are virtually certain to occur at some future point. A typical liability involves the government’s obligation to pay pension benefits or cover 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.

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**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, which would allow goods received as in-kind aid to be sold and thereby converted into cash) rather than with, for instance, 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 in the tax code. Tax preferences often have the same impact on public policy as an expenditure program does. 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 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 of all tax expenditures (not just new proposals) affecting revenues in the budget documents.

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 specified purposes.

Please exercise caution in answering this question *if your country does not engage in earmarking of revenue*. If revenue is *not earmarked* or the practice is disallowed by law or regulation, please mark “e” not applicable.

**Questions 47** concerns secret or confidential information. Please base your answer to this question on the assumption that it is intended to refer to all secret expenditure anywhere that it may appear in 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 Supreme Audit Institution.*)
Please mark the “d” response if you are not able to calculate the percentage of secret expenditure, and provide a brief explanation of why calculating a percentage is difficult given the information that is provided (or not provided) in the budget documents of your country.

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

This subcategory explores additional information that should be provided in the budget or supporting documentation to help legislators and the public better understand the proposals in the budget and their envisaged 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.**  

**The Mental Health Strategy**

*The Government’s Mental Health Strategy consists of three documents:*

- *Looking Forward: Strategic Directions for Mental Health (1994)*
- *Te Tahuhu – 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 Tahuhu – 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 Tahuhu – 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 Tahuhu – 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 Tahuhu – 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 Tahuhu – 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 Basic non-financial data should reflect information directly related to
expenditures — for instance, in education, non-financial data could include the number of
schools, the number of teachers, and the number of students; 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 such as the number of its beneficiaries or number of persons employed in providing
the service.

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.**

### 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.

<table>
<thead>
<tr>
<th>Subprogramme</th>
<th>Output</th>
<th>Measure/Indicator</th>
<th>Target</th>
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<tbody>
<tr>
<td>Management Support Services</td>
<td>Decentralisation of functions and delegation of authority to provincial offices and labour centres</td>
<td>Phase 2 integrated business strategy rolled out</td>
<td>April 2007</td>
</tr>
<tr>
<td>Employment Services</td>
<td>A single, improved and integrated employment services system is rolled out to ensure improved access to employment services</td>
<td>Phase 1 implemented; Phase 2 developed and implemented; Number of unemployed people trained and placed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of trainees who receive accredited training; Placement rate for accredited trainees</td>
<td>By April 2007; By March 2008; 90 000 unemployed people trained; 26% of trainees accredited; 70% of accredited trainees placed</td>
</tr>
<tr>
<td>Inspection and Enforcement Services</td>
<td>Employment equity implementation and enforcement mechanisms</td>
<td>Director-general review system implemented; targeting critical sectors for substantive compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Turnaround time for employment equity designated employers to be inspected for procedural compliance following a complaint</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compliance award system implemented; Inspection and enforcement strategy implemented</td>
<td>By March 2008; Within 90 days; By March 2008; By April 2008</td>
</tr>
<tr>
<td>Labour Market Information and Statistics</td>
<td>Labour market information and statistics: collected, collated, analysed and disseminated to various stakeholders</td>
<td>Frequency of trend analysis, including performance review reports; Job placement verification, including impact assessment study</td>
<td>Quarterly reports; By March 2008</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>Integration of occupational health and safety and compensation competencies across government</td>
<td>Institutional framework for integration of occupational health and safety competencies finalised</td>
<td>By March 2008</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legislation promulgated and act implemented</td>
<td>By March 2008</td>
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</tbody>
</table>
**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 directly address the immediate needs of the poor, such as through cash assistance or 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 & 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 the previous Questions 1-55, the questions in this section ask about information that is generally available to the public. *The information to answer the 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” answer 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 that are not associated with the budget. Please answer these questions on the assumption that the information may be made available from any source provided by the executive.

The table below provides an example of tax burden analysis drawn from budget documents produced in the UK. This example shows a table, with accompanying explanatory text. The explanatory text shown below is excerpt from a longer narrative explaining the analysis. To read the full narrative that was provided in the budget documents, please see here: [http://www.hmrc.gov.uk/stats/income_tax/income-tax-intro.pdf](http://www.hmrc.gov.uk/stats/income_tax/income-tax-intro.pdf)
### 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. Any conditions associated with these funds can, therefore, 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 on 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 you are aware that documents that contain conditionalities are being withheld from the public, such as IMF Letters of Intent, please 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 that the World Bank retract ‘sensitive information’ from the Country Assistance Strategy, this is grounds for a “c” answer. Please mark “e” not applicable if your country does not receive assistance from IFIs or regional development banks.

For the purposes of responding to Question 58 on IFI conditionality, please assume that it refers to disclosure of conditionality that arises from 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 you include consideration of the European Union or regional development banks when answering this question, please state this in the comment section.

If you need assistance or guidance about potential documents that are being withheld in your country, consider consulting with the representative for your region at the Bank Information Center, a non-governmental 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 population. 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 one place. In some countries, this summary is presented in the form of a budget speech by the minister.

Question 61 asks whether the budget has been popularized in a “citizen’s budget” format. A citizen’s budget can take many forms, but its distinguishing feature is that it is designed to reach and be understood by the as large a segment of the population as possible.

Questions 62 asks about whether the budget documentation attempts to de-mystify 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 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. For example, these could include 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 in practice could undermine the ability to access information. 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, please mark the answer “c” and note this in the comment section. Please mark the “d” answer if a law exists, but it does not include the right to access budget information, or if no law has been adopted.
Questions 64-65 asks about the ability of the public to obtain in practice highly disaggregated data that would be useful for monitoring specific activities or projects, for example, through 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, the “highly disaggregated” financial information on expenditures that it asks about refers to 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 the program known as “hospitals.” For example, 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 regarding specific programs or projects that may be useful for monitoring and expenditure tracking. This non-financial information could, for example, including information on 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 indicating 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** is dominated by the executive’s preparation of the 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 budget after it has been submitted. 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, such as by holding consultations or releasing a pre-budget statement.

- **Legislative Approval of the Budget** 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 are an important means to scrutinize the budget and bring to light key issues.

- **Executive’s Implementation of the Budget** 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 assessing the progress of the economy and the budget, requesting any adjustments to the original budget, and providing updated estimate of expenditures and revenues.

- **Executive’s Year End Report and the Supreme Audit Institution** 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.

Unless specified otherwise, the questions are concerned with how the various aspects of the budget process are conducted in practice, rather than on which activities are legally required. Also, the most recently applicable budget cycle should be used for purposes of answering these questions (see box on page 5). The instructions regarding citations, and interviews with government officials described in Section Two of this Guide apply equally to the questions in this section.
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 release date of the budget.\footnote{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.} 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, please answer the question using a more normal year as the basis for responding to the question.

Question 67 asks about the executive’s \textit{internal} timetable for preparing the budget. Such a timetable is particularly important for the executive’s own management of the budget preparation process, to ensure that the views of the different departments and agencies are taken into account. The question asks whether such an internal timetable is released to the public, in keeping with the questionnaire’s theme of open budgets.

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

Question 69 explores whether the executive seeks the views of a wide range of legislators. The question is intended to capture the range of differing views the executive seeks, and thus for the purposes of answering the question, the consultations may be either public or private, 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 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 budget priorities in its budget proposal. Therefore, please do not answer this question on the basis of consultations that may be held every three to five years as part of the development of a Poverty Reduction Strategy Paper or National Development Plan. Such consultations are, of course, very important. However, we believe that there should in addition also be the opportunity for the public to engage in discussions annually on the priorities in the budget for that year.

If your country held consultations on a PRSP or National Development Plan during the formulation period for the budget year you are examining, please mention this in the comment section.

**Questions 71-73** cover the executive’s release of a pre-budget statement or report. The pre-budget statement encourages debate on the budget and how it affects the economy. Ideally, the pre-budget document 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. It 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. The budget itself, according to the OECD, should be presented to the legislature at least three months prior to the beginning of the fiscal year. Thus, a pre-budget statement should be published 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 should also highlight at least the aggregate levels of revenue, expenditure, deficit or surplus, and debt.

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.

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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.
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 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 are typically 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 purposes of answering these questions, members of the executive 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. Please base your answer 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 anywhere that it 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 Supreme Audit Institution.

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, and thus basically is only able to approve or reject the budget as a whole.

Question 81 establishes the amount of detail that is provided in the enacted budget relating to expenditures. Detailed information can bolster the ability of the legislature to hold the executive accountable for achieving the priorities implicit in the budget’s funding priorities.
In-Year Reports

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, the reports are issued individually by each administrative unit, 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 all expenditures are covered by these in-year reports. At issue is whether some expenditures are not disclosed to the public. For instance, this may be due to administrative units that 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.

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

Questions 92-95 cover mid-year reviews, which provide a more detailed explanation of the state of the budget than the regular in-year reports. A comprehensive review of the implementation of the budget’s execution six months into the budget year is considered necessary to ensure that programs are being implemented effectively and to identify any emerging problems. 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; issues such as
cost increases due to inflation or unexpected events should also 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. An in-year report issued at six months should not substitute for a mid-year review, and you should mark “d” for all questions related to the mid-year if it is not issued in your 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 re-estimate. 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 shifting of funds takes place 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 is worded to ask 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 sub-departments, 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. Please mark the “d” answer if in your country the executive is given authorization 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

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Economic and technical reestimates refer to changes in projected expenditures due to factors beyond the control of policymakers. An economic reestimate occurs when economic factors affect spending or revenues. For instance, it would be considered an economic reestimate 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 reestimate would reflect the effects of non-economic factors, such as unexpectedly severe weather that has an impact on subsidies to farmers.
funding levels (response “a”). Another alternative (response “b”) is to have the executive 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. Your answer would be greatly strengthened by citing specific examples of reported instances of irregularities in the comment section.

Open and competitive procurement procedures should be designed to achieve good value for money and minimize the risk of corruption and patronage. For example, the results of bidding must be made public. 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 Supreme Audit Institution. 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. 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 large supplemental budgets can be an indication of poor budgeting practices. Routine supplemental requests undermine planning within ministries and agencies. They also interfere with open and public debate on allocation of resources among budget categories, since in theory this should occur as the legislature reviews the executive’s budget proposal each year.

Question 100 covers contingency funds that are included in a budget but without a specific, identified purpose. On the one hand, such funds could be used as a cushion to cover

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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.

15 Such contingency funds should be distinguished from funds that are included in the budget for a specific purpose and their expenditure is contingent on a specific event occurring.
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. (Please answer the question assuming the legislature is in session. If different rules apply when the legislature is not in session please note this in comments section).

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

**Questions 101-110** cover the executive’s year-end reports, which are key accountability documents. In many countries, one year-end report is issued 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.

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 that were presented 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. They should also include non-financial performance information.

**Questions 111-123** explore practices associated with the Supreme Audit Institution. 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 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/). And 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).

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 annual attestation audit reports include an executive summary. Audit reports can be fairly technical documents, and an executive summary of the report’s finding can help make the report more accessible to the media and the public.

Question 114 covers the manner in which the head or senior members of the Supreme Audit Institution may be removed from office. (For the purposes of answering this question, a

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16 The Supreme Audit Institution is a vital institution to hold 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.
procedure, such as a criminal proceeding, meets the test of answer “a.” That is, a criminal proceeding may be initiated by the executive, but the final consent of a member of the judiciary — a judge — is necessary to render a verdict of wrong-doing 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 Supreme Audit Institution’s legal mandate to undertake other types of audits in addition to its annual attestation audits. The question is intended 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, SAI also may wish to undertake other types of audits. Question 116 is intended to cover 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 allow 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 answer “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 Supreme Audit Institution 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 audits is under the control of the executive, rather than of the Supreme Audit Institution.

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 Question is intended to establish what 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 This question is intended to evaluate whether or not the Supreme Audit Institution maintains designated staff with the expertise to undertake audits of the security sector. For purposes of answering the question, please assume that the security sector includes the defense forces, police and intelligence services. Please base your answer to this question on staffing levels, and not based on whether or not in practice the SAI actually conducts audits of the security sector.

Question 119 This question seeks to measure the commitment of an SAI to foster 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 that have been suggested by members of the public based on complaints and suggestions received by the SAI. The SAI may create formal mechanisms for receiving information from the public — through its website, through hotlines, and through offices (and persons) designated for collecting such information from the public. You 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 ten and 100) suggestions or complaints from the public then mark the question “b.” If the SAI maintains channels of communication but these are almost never used by the public then mark the question “c.”

Questions 120-123 assess the SAI’s interaction with the legislature and the implementations of its recommendations. 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 you may have to interview members of the legislature or their staffs to obtain a response for this question.