

## Chapter 2

### Applying budget transparency in different areas: OECD guidance on topics and resources

*For different institutions or sectors, different standards or guidelines on budget transparency will be of most interest. This chapter allows users to navigate directly to the transparency-related resources available across five key dimensions of (i) government or executive branch (ii) parliament or legislature (iii) independent public institutions, including audit offices and fiscal councils (iv) citizens and civil society organisations and (v) the private sector, including its role in infrastructure and in managing natural resource endowments.*





## Navigating the international standards and guidance

Chapter 2 of the Toolkit uses “signposts” to point you to the established international standards and to additional resources. The table below serves as a key to the abbreviations used.

### Core international standards and reference frameworks on budget and fiscal transparency

#### Official standards / legal instruments

IMF Code

IMF (2014), *The Fiscal Transparency Code*

OECD Budget Principles

OECD (2015) *Recommendation of the Council on Budgetary Governance*

#### Other Core reference materials

GIFT High Level Principles

GIFT (2012), *High-Level Principles on Fiscal Transparency, Participation, and Accountability*

IBP Open Budget Survey

IBP (2017), *Guide to the Open Budget Questionnaire*

OECD Best Practices

OECD (2002), *Best Practices for Budget Transparency*

PEFA

PEFA (2016), *Framework for assessing public financial management*

#### Other key international guidance, tools and professional / technical standards

CPA Benchmarks

Commonwealth Parliamentary Association (2015), *Recommended Benchmarks for Democratic Legislatures*

EITI

EITI (2016), *The EITI Standard 2016*

GIFT Public Participation

GIFT (2015), *Principles of Public Participation in Fiscal Policy*

G20 Open Data

G20 (2015), *G20 anti-corruption Open Data Principles*

IMF GFSM

IMF (2014), *Government Finance Statistics Manual*

IPSAS

IPSASB (2016), *International Public Sector Accounting Standards*

ISSAI

International Organisation of Supreme Audit Institutions, *The International Standards of Supreme Audit Institutions*

Open Data Charter

International Open Data Charter

<http://opendatacharter.net/>

OECD Digital Government

OECD (2014), *Recommendation of the Council on Digital Government Strategies*

OECD IFI Principles

OECD (2014) *Recommendation of the Council on Principles for Independent Fiscal Institutions*

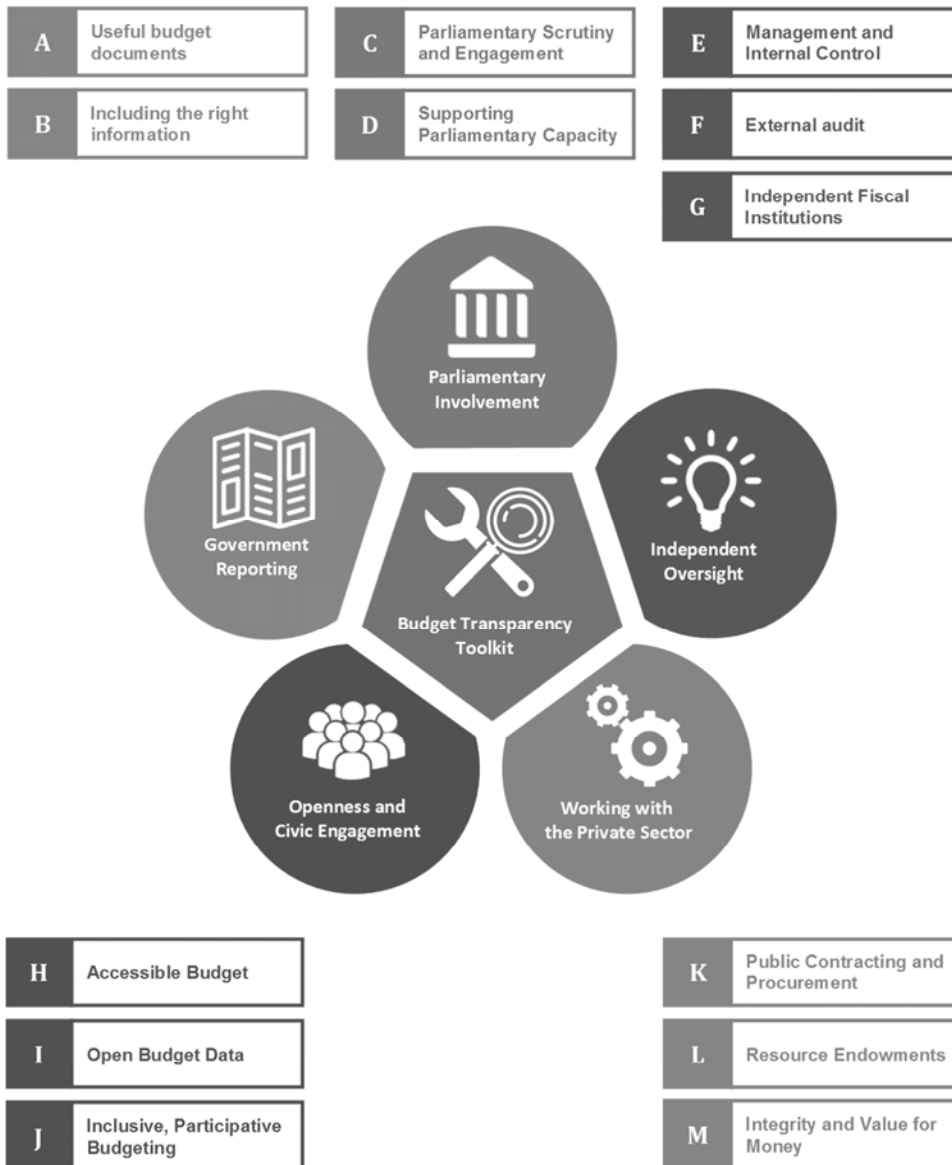
OECD Public Procurement

OECD (2015), *OECD Recommendation of the Council on Public Procurement*




## Multi-dimensional map of Budget Transparency

This Chapter of the Toolkit on Budget Transparency presents alternative ways of finding the budget and fiscal transparency materials of interest to users in particular areas, based on the “multi-dimensional map of budget transparency”.



As you can see from the figure above, a five-fold presentation of budget transparency information is used:

1. The executive branch of government
2. The parliament or legislative branch
3. Independent oversight institutions
4. Citizens and civil society
5. Private sector engagement.

Under each of these dimensions, key topics are presented, drawn from the various international standards and guidance materials, and the specific references are “signposted” directly below, along with some examples of international practice. Each topic also includes  **suggested starting points** which are initial, illustrative orientation aids suggested by the OECD. Naturally, these points are intended to introduce users to selected aspects of the underlying materials, and are not a substitute for consulting the official standards.



## Clear budget information from government

*The public should be presented with high quality financial and non-financial information on past, present, and forecast fiscal activities, performance, fiscal risks, and public assets and liabilities.*

- GIFT High-level Principles on Fiscal Transparency

*Fiscal reports should provide a comprehensive, relevant, timely, and reliable overview of the government's financial position and performance. Budgets and their underlying fiscal forecasts should provide a clear statement of the government's budgetary objectives and policy intentions, and comprehensive, timely, and credible projections of the evolution of the public finances.*

- IMF Code on Fiscal Transparency


*Ensure that budget documents and data are open, transparent and accessible through the availability of clear, factual budget reports which should inform the key stages of policy formulation, consideration and debate, as well as implementation and review.*

- OECD Recommendation on Budgetary Governance







In this section	
<b>A</b>	Providing useful budget-related documents during the annual cycle
<b>B</b>	Including the right financial information in budget-related documents

A	Providing useful budget-related documents during the annual cycle
<p>Official documents should provide a useful overview of the fiscal activities of the public sector in a regular and timely manner, to inform better scrutiny and decision-making throughout the budget cycle. The main budget-related documents are described in this section. Such reports should also be open and accessible, including through the use of digital technologies, as outlined in <i>Openness and civic engagement</i> section, and should include a level of detail (whether specific or aggregate-level) appropriate to the stage of the budget cycle. While the most important elements of such documents are covered in more detail in section B, some of the key features and functions of these reports are outlined in this section.</p>	

**A.1 The pre-budget statement** sets out the budget strategy, by introducing the government’s high-level budget plans for the forthcoming fiscal year. By promoting awareness and debate on the budget aggregates, the implications of maintaining existing policies, and interactions with the broader economy, it sets expectations for the budget and paves the way for an informed scrutiny of the actual budget.


 **Suggested starting points** are that the pre-budget report should:

- be published at least one month before the executive’s **budget proposal** is tabled
- state the government’s broad fiscal policy intentions for the budget, as well as ...
- ... macroeconomic assumptions and forecast levels of revenue, expenditure and fiscal balance and public debt.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>France:</b> The Preparatory Budget Report (<i>Rapport préparatoire au débat d’orientation budgétaire, DOFP</i>) is presented to the parliament before June 30th each year. It is an important milestone prior to the submission of the Budget Bill to the parliament later in the fiscal year. The DOFP announces to the parliament the main changes to the government’s economic and fiscal policies, expected path of the State’s finances for the next fiscal year and sets provisional ceilings on public expenditure.</p>	 OECD Budget Principles 4
	 IBP Open Budget Survey Q54-58
	 OECD Budget Principles 1.2
	 PEFA PI-5, 9, 14-17




**A.2** The executive's **budget proposal (or draft budget)** is a comprehensive document (or set of documents) that specifies the government's plans for the forthcoming year, and is submitted by the government to parliament for approval. The budget is a key instrument of public policy, and so it is appropriate that this document is clear and accessible, and that it receive thorough, meaningful scrutiny by public and parliament.

 **Suggested starting points** are that the budget proposal should:



- be submitted in good time to allow for proper review by parliament (see **C.3**)
- show the government's objectives for fiscal policy, and priorities for expenditure and revenue policy, in the year ahead and over the medium term
- use internationally-recognised standards of revenues and expenditures
- describe the cost and assessed impact of all new policy measures (see also **J.2**).

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Iceland:</b> Regulations provide that the executive's budget proposal must be submitted to the Legislature more than three months before the beginning of the fiscal year, until the second Tuesday of September.</p>	<p><b>IMF Code</b> → 1.3.1, 2.1.3, 2.2.2, 2.3.1</p>
<p><b>Tunisia:</b> The Finance Organic Law provides that the executive's annual Finance Act (FA) shall include the annual financial forecasts, appropriate money for public policies, and includes a series of legal provisions such as new taxes, changes in entitlement programmes, or general provisions for exerting fiscal discipline over ministries and other public bodies. It shall also link the annual financial forecasts to the Economic and Social Development Plan and the budget.</p>	<p><b>OECD Budget Principles</b> → 4</p> <p><b>IBP Open Budget Survey</b> → Q 1-52</p> <p><b>OECD Best Practices</b> → 1.1</p>
	<p><b>PEFA</b> → PI-4, 5, 8, 9, 14-17</p>


**A.3 The approved budget** is the budget as formally adopted by parliament, and is the definitive point of reference for the raising of revenues and allocating, and accounting for, public funds. Most countries recognise, in their laws and/or constitutions, the importance of the approved budget in creating a legal basis for levying of taxes and the allocation of public funds.

 **Suggested starting points** are that the approved budget should:



- be published as soon as it is approved by the legislature
- have legal effect before the start of the budget year
- include the same level of detail as the executive’s **budget proposal** to help in identifying all significant deviations from it.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>United Kingdom:</b> The annual budget is presented to the House of Commons by the Chancellor of the Exchequer, and is debated for several days. Tax-raising “Ways and Means Resolutions” must be approved by the House, and all budget-related tax measures are subsequently included in a Finance Bill which is passed like any other legislation. Expenditure measures are authorised initially by “Supply Resolutions”, which give only provisional authorisation for expenditure and are then followed by the Supply &amp; Appropriation Bill.</p>	<table border="0"> <tr> <td data-bbox="810 946 1157 989">IMF Code</td> <td data-bbox="1181 946 1380 989">2.2.2</td> </tr> <tr> <td data-bbox="810 1010 1157 1053">OECD Budget Principles</td> <td data-bbox="1181 1010 1380 1053">4</td> </tr> <tr> <td data-bbox="810 1074 1157 1117">IBP Open Budget Survey</td> <td data-bbox="1181 1074 1380 1117">Q 59-63</td> </tr> <tr> <td data-bbox="810 1138 1157 1181">OECD Best Practices</td> <td data-bbox="1181 1138 1380 1181">1.1</td> </tr> <tr> <td data-bbox="810 1202 1157 1244">PEFA</td> <td data-bbox="1181 1202 1380 1244">PI-9, 17, 18</td> </tr> </table>	IMF Code	2.2.2	OECD Budget Principles	4	IBP Open Budget Survey	Q 59-63	OECD Best Practices	1.1	PEFA	PI-9, 17, 18
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
**A.4 The supplementary budget** contains proposed amendments to the main annual budget. Such a mechanism should be used to authorise significant additions or changed allocations which were not foreseen at the time of the original budget and appropriations.

 **Suggested starting points** are that the supplementary budget should:



- put forward all proposed amendments at the same time
- include an explanation of the basis for the supplementary budget measures
- show the effect (if any) on fiscal policy objectives
- be authorised by the parliament prior to the expenditures being incurred.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>								
<p><b>Sweden:</b> The Government can revise the central government budget by proposing an increase to an agency's budget for unanticipated needs in connection with the Spring Fiscal Policy Bill and the Budget Bill in September. Revised budget increases are usually offset by reducing budgets for other agencies by a corresponding amount or by borrowing from next year's appropriation. In Sweden, supplementary budgets are relatively small and are typically used for technical adjustments rather than new policy.</p>	<table> <tr> <td data-bbox="805 853 1145 900">IMF Code</td> <td data-bbox="1193 849 1251 874">2.4.2</td> </tr> <tr> <td data-bbox="805 963 1145 1010">OECD Budget Principles</td> <td data-bbox="1193 953 1235 978">5, 7</td> </tr> <tr> <td data-bbox="805 1070 1145 1117">IBP Open Budget Survey</td> <td data-bbox="1193 1059 1315 1085">Q 115-117</td> </tr> <tr> <td data-bbox="805 1176 1145 1223">PEFA</td> <td data-bbox="1193 1166 1385 1221">PI-1, 2, 3, 15, 18, 21</td> </tr> </table>	IMF Code	2.4.2	OECD Budget Principles	5, 7	IBP Open Budget Survey	Q 115-117	PEFA	PI-1, 2, 3, 15, 18, 21
IMF Code	2.4.2								
OECD Budget Principles	5, 7								
IBP Open Budget Survey	Q 115-117								
PEFA	PI-1, 2, 3, 15, 18, 21								


**A.5 Pre-execution budget profiles or cash-flow forecasts** show how budget expenditures and revenues are projected to arise over the course of the year in broad terms, and provide a useful benchmark for in-year monitoring. Preparing useful budget profiles or cash-flow forecasts requires careful attention to seasonal factors, expected once-off events and other factors that can lead to large fluctuations in revenues and expenditures.

 **Suggested starting points** are that these budget profiles or forecasts should:



- be published close to, or ideally before, the start of the budget year
- allow for early identification of budgetary overruns /underspends and other risks.

<p> <b>Examples from around the world</b></p> <p><b>Ireland:</b> The Department of Finance publishes monthly profiles of expenditures and revenues at the start of each year and these profiles form an important point of reference for monthly reporting to the public on budgeting execution.</p>	<p> <b>International Standards and Guidance</b></p> <table border="0"> <tr> <td data-bbox="807 795 1145 842">OECD Budget Principles</td> <td data-bbox="1193 806 1209 832">7</td> </tr> <tr> <td data-bbox="807 863 1145 910">OECD Best Practices</td> <td data-bbox="1193 874 1225 900">1.3</td> </tr> <tr> <td data-bbox="807 932 1145 978">PEFA</td> <td data-bbox="1193 942 1257 968">PI-21</td> </tr> </table>	OECD Budget Principles	7	OECD Best Practices	1.3	PEFA	PI-21
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OECD Best Practices	1.3						
PEFA	PI-21						


**A.6 In-year budget execution reports** provide a snapshot of the budget's implementation during the budget year, and signal to the government (and to the public) the need to take corrective action where appropriate.

 **Suggested starting points** are that the budget execution reports should:



- be published quarterly or (ideally) monthly, shortly after the end of each period
- include a short commentary to assist in interpreting the report, especially explanations of any significant divergences from the corresponding budget profiles.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>United States:</b> Monthly budget execution reports show monthly obligations reported by agencies. Two versions are prepared and available, one showing a breakdown by agency and bureau, the other one sorting information by appropriations sub-committee. Additional to the information referring to the previous month, the reports show cumulative obligations for previous quarters of the fiscal year and historical obligations reported in the previous fiscal year when available.</p>	<table> <tr> <td data-bbox="815 783 1150 825">IMF Code</td> <td data-bbox="1193 793 1394 825">1.2.1, 1.3.1, 1.4.31</td> </tr> <tr> <td data-bbox="815 846 1150 889">OECD Budget Principles</td> <td data-bbox="1193 857 1209 889">7</td> </tr> <tr> <td data-bbox="815 910 1150 953">IBP Open Budget Survey</td> <td data-bbox="1193 921 1283 953">Q 68-75</td> </tr> <tr> <td data-bbox="815 974 1150 1017">OECD Best Practices</td> <td data-bbox="1193 985 1230 1017">1.3</td> </tr> <tr> <td data-bbox="815 1038 1150 1081">PEFA</td> <td data-bbox="1193 1049 1257 1081">PI-28</td> </tr> </table>	IMF Code	1.2.1, 1.3.1, 1.4.31	OECD Budget Principles	7	IBP Open Budget Survey	Q 68-75	OECD Best Practices	1.3	PEFA	PI-28
IMF Code	1.2.1, 1.3.1, 1.4.31										
OECD Budget Principles	7										
IBP Open Budget Survey	Q 68-75										
OECD Best Practices	1.3										
PEFA	PI-28										


**A.7 The mid-year implementation report** is an analysis of the budget’s effects provided about halfway through the budget year and provides a comprehensive update on the implementation of the budget. In addition to its use for budget oversight, the mid-year report can also yield useful insights which can inform the pre-budget deliberations for the following year.

 **Suggested starting points** are that the mid-year implementation report should:



- be published within six weeks of mid-year
- include an updated forecast of the budget outcomes for the budget year
- report on the expected budget impact of any revisions to economic assumptions, and of any government policy decisions that may have been taken earlier that year.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>								
<p><b>Sri Lanka:</b> The mid-year implementation report (Mid-Year Fiscal Position Report) is required by its Fiscal Management Act to present an evaluation against the government’s fiscal strategy. The report is required to be placed in parliament within two weeks from its date of release. It reviews the performance of government revenue, expenditures, cash-flow operations and borrowings for the first four months of the relevant year. The report also provides updated information relating to macroeconomic performance, government debt, balance of payments and credit.</p>	<table border="0"> <tr> <td data-bbox="810 953 1150 1002">OECD Budget Principles</td> <td data-bbox="1193 959 1209 987">7</td> </tr> <tr> <td data-bbox="810 1038 1150 1087">IBP Open Budget Survey</td> <td data-bbox="1193 1038 1283 1066">Q 76-83</td> </tr> <tr> <td data-bbox="810 1123 1150 1172">OECD Best Practices</td> <td data-bbox="1193 1123 1230 1151">1.4</td> </tr> <tr> <td data-bbox="810 1208 1150 1257">PEFA</td> <td data-bbox="1193 1193 1283 1221">PI-9, 27</td> </tr> </table>	OECD Budget Principles	7	IBP Open Budget Survey	Q 76-83	OECD Best Practices	1.4	PEFA	PI-9, 27
OECD Budget Principles	7								
IBP Open Budget Survey	Q 76-83								
OECD Best Practices	1.4								
PEFA	PI-9, 27								


**A.8 Year-end reporting** is essential for accountability, both for reporting on actual budget execution during the year (budget execution reports) and for illustrating the situation of the government’s accounts at the end of the fiscal year (financial statements). These reports are normally submitted for audit by the Supreme Audit Institution (see F.2).

 **Suggested starting points** are that year-end reporting should:



- be released within six months of the end of the fiscal year
- be presented in a way that corresponds with the format of the approved budget
- ideally, present financial statements on an accrual basis.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>												
<p><b>United Kingdom:</b> In the year-end report, the government undertakes a more detailed evaluation of an individual ministry’s spending programme (Spending Review) including assessing what the government spent over the last few years in terms of trends, productivity and value.</p>	<table> <tr> <td data-bbox="815 938 1155 981">IMF Code</td> <td data-bbox="1193 906 1326 995">1.1.2, 1.1.3, 1.2.2, 1.4.2, 1.4.3</td> </tr> <tr> <td data-bbox="815 1012 1155 1055">OECD Budget Principles</td> <td data-bbox="1193 1034 1209 1066">7</td> </tr> <tr> <td data-bbox="815 1072 1155 1115">IBP Open Budget Survey</td> <td data-bbox="1193 1083 1286 1115">Q 84-96</td> </tr> <tr> <td data-bbox="815 1132 1155 1174">OECD Best Practices</td> <td data-bbox="1193 1153 1230 1185">1.5</td> </tr> <tr> <td data-bbox="815 1191 1155 1234">PEFA</td> <td data-bbox="1193 1210 1326 1242">PI-6, 10, 29</td> </tr> <tr> <td data-bbox="815 1251 1155 1293">IPSAS</td> <td></td> </tr> </table>	IMF Code	1.1.2, 1.1.3, 1.2.2, 1.4.2, 1.4.3	OECD Budget Principles	7	IBP Open Budget Survey	Q 84-96	OECD Best Practices	1.5	PEFA	PI-6, 10, 29	IPSAS	
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**A.9 The long-term report** assesses the long-term sustainability of public finances and government policies. The report shows the projections of the evolution of the public finances over the long term, particularly in light of projected demographic changes and (for some countries) the continued availability of natural resource endowments such as oil, natural gas or mineral ores. In addition to long-term sustainability, this report can also contribute to national debate on the issue of inter-generational equity - i.e. how the burden of taxation and the enjoyment of benefits, are over a long time period across multiple generations.


 **Suggested starting points** are that the long-term report should:

- be produced at least every three to five years
- use internationally-comparable indicators of long-term sustainability
- ideally, suggest near-term (2-5 years) as well as longer-term policy messages.







 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>								
<p><b>Australia:</b> Budget estimates include estimates for the current year, the Budget year plus 3 forward years. There is a legislative requirement on government to also publish, at intervals of no longer than 5 years, an intergenerational report that outlines long term (40 years) fiscal projections.</p>	<table> <tr> <td data-bbox="807 1008 1150 1055">IMF Code</td> <td data-bbox="1190 1008 1246 1040">3.1.3</td> </tr> <tr> <td data-bbox="807 1072 1150 1119">OECD Budget Principles</td> <td data-bbox="1190 1072 1206 1104">9</td> </tr> <tr> <td data-bbox="807 1136 1150 1183">OECD Best Practices</td> <td data-bbox="1190 1136 1230 1168">1.7</td> </tr> <tr> <td data-bbox="807 1200 1150 1247">IPSAS</td> <td></td> </tr> </table>	IMF Code	3.1.3	OECD Budget Principles	9	OECD Best Practices	1.7	IPSAS	
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**A.10 Reporting on fiscal risk** provides an overall assessment of the range and scale of factors which have the potential to blow the public finances off course. Such reporting, if integrated alongside the annual economic and fiscal documentation, can provide a good sense of how robust and resilient the public finances are, thus informing the national debate about the appropriate budgetary strategy and whether there are sufficient safety mechanisms in place.


 **Suggested starting points** are that reporting on fiscal risk should:

- accompany the economic and fiscal documentation each year
- outline the government strategies to manage and mitigate various types of risk
- to the extent possible, provide an indicative quantification or measure of fiscal risks
- ideally, be presented in a single, comprehensive annual fiscal risk report.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Latvia:</b> The Ministry of Finance maintains and updates a comprehensive Register of fiscal risks, defines the amount of fiscal safety reserve and is responsible for the co-ordination and oversight of the management process.</p>	 IMF Code 3.1, 3.2
<p><b>Philippines:</b> The Development Budget Coordination Committee releases an annual Fiscal Risk Statement which provides a comprehensive view of the country's exposure to fiscal risks emanating from fiscal projections and out-turns, public debt, and contingent liabilities associated with the financial sector, PPPs, local government units and natural disasters.</p>	 OECD Budget Principles 9  OECD Best Practices 2.1  PEFA PI-5, 9, 10, 13, 14, 15

<b>B</b>	<b>Including the right financial information in budget-related documents</b>
<p>The quality and comprehensiveness of financial information contained in the various budget-related documents are essential for transparency, accountability and good governance. While the various budgetary reports fulfil a range of different functions, taken as a whole the documents should provide insights into the various factors that are relevant for budgetary decision making.</p>	


**B.1 Institutional coverage** – The annual authorisation of expenditure by the parliament is provided for a limited range of bodies (the “budgetary entities”, including central government ministries, departments, specialised boards, commissions or agencies). Government may in addition report the financial position and performance of the central government, general government or public sector as a whole in the budget documentation and/or year-end financial reporting (see **A.8**). A wide institutional coverage provides a more complete picture of the country’s overall fiscal position, facilitates comprehensive analysis of public finances, and reduces the incentives for governments to use some entities for off-budget fiscal activity.

 **Suggested starting points** in considering the institutional coverage of budget-related documents are:



- “central government” coverage provides a budgetary perspective useful to countries with significant executive agencies and extra-budgetary funds
- “general government” coverage (i.e. including also sub-national governments and/or special funds such as social security funds) provides a more comprehensive and internationally-comparable statistical overview
- a broader “public sector” (also called “whole of government”) perspective, while complex to implement, is useful to monitor the financial obligations and risks created by state-controlled corporations.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>European Union:</b> Member states of the EU present their public finances on a “general government” basis for the purposes of multi-lateral surveillance under the Stability and Growth Pact, even where they may use different approaches for purely national purposes. This allows for comparison of public deficit and debt figures on a cross-country basis, even though the various countries have very different unitary, federal and confederal budget systems.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #444; color: white; padding: 5px;">IMF Code</td> <td style="padding: 5px;">1.1.1, 2.1.1</td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px;">OECD Budget Principles</td> <td style="padding: 5px;">6 (b)</td> </tr> <tr> <td style="background-color: #ccc; padding: 5px;">PEFA</td> <td style="padding: 5px;">PI-4, 5, 6, 9, 10</td> </tr> <tr> <td style="background-color: #ccc; padding: 5px;">IMF GFSM</td> <td></td> </tr> <tr> <td style="background-color: #ccc; padding: 5px;">IPSAS</td> <td></td> </tr> </table>	IMF Code	1.1.1, 2.1.1	OECD Budget Principles	6 (b)	PEFA	PI-4, 5, 6, 9, 10	IMF GFSM		IPSAS	
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
**B.2** The **quality, reliability and comparability** of budget information are crucial, if the documents are to provide a sound basis for decision-making, scrutiny and accountability. There is extensive international guidance and standardisation of rules and procedures dealing with these matters.

 **Suggested starting points** are that the budget information should:



- use consistent accounting policies for all documents, explaining any changes
- be consistent also in format from year to year, and from report to report
- use international standards for financial and fiscal statistics
- be subject to internal controls (see section **E**) and independent audit (section **F**).

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>								
<p><b>Australia:</b> The Final Budget Outcome is the government's key ex post accountability document and is published within 3 months of year-end, using the same basis as the budget and the mid-year update, both as regards flows (revenues, expenditures and balances) and stocks (net debt and net financial worth). All fiscal information is based on common reporting standards largely in line with SFSM 2011 standards, with any departures from these standards clearly explained.</p>	<table border="0"> <tr> <td data-bbox="801 910 1145 974">IMF Code</td> <td data-bbox="1171 910 1406 942">1.3, 1.4</td> </tr> <tr> <td data-bbox="801 985 1145 1049">OECD Budget Principles</td> <td data-bbox="1171 985 1406 1017">6.10 (c)-(e)</td> </tr> <tr> <td data-bbox="801 1059 1145 1123">OECD Best Practices</td> <td data-bbox="1171 1059 1406 1091">3.1-3.3</td> </tr> <tr> <td data-bbox="801 1134 1145 1198">PEFA</td> <td data-bbox="1171 1134 1406 1198">PI-4, 26, 29, 30</td> </tr> </table>	IMF Code	1.3, 1.4	OECD Budget Principles	6.10 (c)-(e)	OECD Best Practices	3.1-3.3	PEFA	PI-4, 26, 29, 30
IMF Code	1.3, 1.4								
OECD Budget Principles	6.10 (c)-(e)								
OECD Best Practices	3.1-3.3								
PEFA	PI-4, 26, 29, 30								


**B.3 Comprehensiveness of information** – Budget-related documents should show the full range of information relevant for fiscal decision-making and accountability. Again, there are extensive international standards and guidance materials in this area.

 **Suggested starting points** are that the budget-related documents should:








- show all key economic assumptions, as well as sensitivity analyses
- account for all expenditures and revenues, including those of extra-budgetary funds
- include information on tax expenditures
- present a balance sheet of assets and liabilities, financial and (ideally) non-financial
- present a medium-term (3-5 year) perspective on budgetary forecasts and plans.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>Finland:</b> Budget documents disclose key macroeconomic and macro-fiscal forecasts in a comprehensive fashion. The Fiscal Plan, Economic Survey, Economic Bulletin explain the macroeconomic variables on which the fiscal forecasts are based as well as their underlying assumptions.</p>	<table border="0"> <tr> <td data-bbox="801 953 1145 1008">IMF Code</td> <td data-bbox="1171 944 1374 1008">1.1.2, 1.1.3, 1.1.4, 2.1.2, 2.1.3</td> </tr> <tr> <td data-bbox="801 1029 1145 1081">OECD Budget Principles</td> <td data-bbox="1171 1023 1267 1059">6 (a)-(d)</td> </tr> <tr> <td data-bbox="801 1102 1145 1153">IBP Open Budget Survey</td> <td data-bbox="1171 1072 1401 1166">Q 7-8, 11-12, 15-16, 33, 39-40, 45, 48, 58, 95</td> </tr> <tr> <td data-bbox="801 1174 1145 1225">OECD Best Practices</td> <td data-bbox="1171 1178 1251 1215">2.1-2.6</td> </tr> <tr> <td data-bbox="801 1247 1145 1298">PEFA</td> <td data-bbox="1171 1242 1401 1306">PI-5, 6, 9, 10, 12-16, 28-29</td> </tr> </table>	IMF Code	1.1.2, 1.1.3, 1.1.4, 2.1.2, 2.1.3	OECD Budget Principles	6 (a)-(d)	IBP Open Budget Survey	Q 7-8, 11-12, 15-16, 33, 39-40, 45, 48, 58, 95	OECD Best Practices	2.1-2.6	PEFA	PI-5, 6, 9, 10, 12-16, 28-29
IMF Code	1.1.2, 1.1.3, 1.1.4, 2.1.2, 2.1.3										
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IBP Open Budget Survey	Q 7-8, 11-12, 15-16, 33, 39-40, 45, 48, 58, 95										
OECD Best Practices	2.1-2.6										
PEFA	PI-5, 6, 9, 10, 12-16, 28-29										

**B.4 Policy relevance of budget information** – Budget documents should be clear and transparent in showing how financial allocations are aligned with, and supportive of, the policy priorities of government. As the budget is an important tool of overall public policy, such information is useful for parliamentarians and for the wider public in holding the government to account for budgetary choices.

 **Suggested starting points** are that the budget information should:

- show performance information (e.g. outputs, targets, results) for key policy areas
- use a standard format for performance reporting, across different policy areas
- show linkages with higher-level strategic and outcome goals of government
- show the impacts of budget decisions on different groups and sectors (see **J.2**).

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Austria:</b> Each policy area (programme) in the budget shows between 3 and 5 performance targets, at least one of which relates to gender.</p>	 IMF Code 2.3
<p><b>United States:</b> Each Federal Agency produces a variety of performance goals and objectives: Some of these are classed as Agency Priority Goals, which are a key focus of leadership action and accountability. See <a href="http://www.performance.gov">www.performance.gov</a></p>	 OECD Budget Principles 4(d), 8
	 IBP Open Budget Survey Q36, 47-52, 92-94
	 OECD Best Practices 1.1
	 PEFA PI-8, 15, 16

## Further guidance

IFAC/CIPFA (2014), *International Framework: Good Governance in the Public Sector*, International Federation of Accountants / The Chartered Institute of Public Finance and Accountancy, [www.ifac.org/publications-resources/international-framework-good-governance-public-sector](http://www.ifac.org/publications-resources/international-framework-good-governance-public-sector)

IFAC (2015), “*Risk Management and Internal Control*”, International Federation of Accountants, [www.ifac.org/publications-resources/bolt-built](http://www.ifac.org/publications-resources/bolt-built)

INTOSAI, ISSAI 100 (2013), “*Fundamental Principles of Public-Sector Auditing*”, the International Organisation of Supreme Audit Institutions, [www.intosai.org/issai-executive-summaries/view/article/issai-100-fundamental-principles-of-public-sector-auditing.html](http://www.intosai.org/issai-executive-summaries/view/article/issai-100-fundamental-principles-of-public-sector-auditing.html)

INTOSAI, ISSAI 400 (2013), “*Fundamental Principles of Compliance Auditing*”, the International Organisation of Supreme Audit Institutions, [www.intosai.org/issai-executive-summaries/view/article/issai-400-fundamental-principles-of-compliance-auditing.html](http://www.intosai.org/issai-executive-summaries/view/article/issai-400-fundamental-principles-of-compliance-auditing.html)

IPSASB (2013), *International Public Sector Accounting Standards 32* (Service Concession Arrangements), International Public Sector Accounting Standard Board, [www.ifac.org/system/files/publications/files/B8%20IPSAS\\_32.pdf](http://www.ifac.org/system/files/publications/files/B8%20IPSAS_32.pdf)

IPSASB (2017), Recommended Practice Guideline 3, *Reporting on the Long-Term Sustainability of an Entity’s Finances*, [www.ifac.org/publications-resources/recommended-practice-guideline-3](http://www.ifac.org/publications-resources/recommended-practice-guideline-3)

OECD (2013), *Brazil’s Supreme Audit Institution: The Audit of the Consolidated Year-end Government Report*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264188112-en>



## Parliamentary scrutiny and engagement

*The legislature should be provided with the authority, resources, and information required to effectively hold the executive to account for the use of public resources.*

- GIFT High-Level Principles on Fiscal Transparency

*The national parliament has a fundamental role in authorising budget decisions and in holding government to account. Countries should offer opportunities for the parliament and its committees to engage with the budget process at all key stages of the budget cycle, both ex ante and ex post as appropriate.*

- OECD Recommendation on Budgetary Governance


*Parliament should have the opportunity and the resources to effectively examine any fiscal report that it deems necessary.*

- OECD Best Practices on Budget Transparency



In this section	
<b>C</b>	Benefiting from parliamentary engagement and scrutiny
<b>D</b>	Supporting parliamentary capacity

<b>C</b>	<b>Benefiting from parliamentary engagement and scrutiny</b>
<p>Parliaments’ “power of the purse” is a cornerstone of democratic governance. Parliaments play a formal role in scrutiny and authorisation of the executive’s budget proposal and holding the executive to account, on behalf of citizens, for its decisions and for policy execution. In modern public governance, there are a range of opportunities where the budget cycle can benefit from the distinct democratic legitimacy of parliamentary input.</p>	

**C.1 Parliamentary committees** are a useful forum for focused, in-depth scrutiny and effective engagement with the budgetary process. Committee members build up specialised knowledge of budget-related topics, and the committees themselves can sustain an informed “accountability dialogue” with government ministries and agencies throughout the annual budget cycle, and from year to year. In addition to serving as key democratic forums in their own right, parliamentary committees may also benefit from inputs directly from citizens, civil society bodies and independent experts, who can contribute to an inclusive, informed parliamentary discussion on budget-related issues.


 **Suggested starting points** are that parliamentary committees should:

- include sector-specific committees for detailed scrutiny in particular areas
- maintain a budget/finance committee to consider the executive’s budget proposal
- maintain a finance/public accounts committee to engage with the issues raised in the reports of the Supreme Audit Institution including the year-end reporting
- provide for coherence and continuity of approach among the various committees
- consider allowing for structured, transparent inputs from citizens and civil society.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>Germany:</b> The Bundestag’s Budget Committee has a strong and active role in scrutinising the government’s draft budget. The committee sends “rapporteurs”, along with representatives from the Supreme Audit Institution, into each ministry to discuss proposed spending allocations. This allows for a strong feedback loop from audit into the budget deliberations. The rapporteurs are responsible for this portfolio for the full electoral term, allowing them to develop expertise. The committee can propose amendments to the draft budget and place conditions on the execution of particular budget lines.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #d9e1f2; padding: 5px;"><b>IBP Open Budget Survey</b></td> <td style="padding: 5px;">Q 112-114, 118</td> </tr> <tr> <td style="background-color: #d9e1f2; padding: 5px;"><b>PEFA</b></td> <td style="padding: 5px;">PI – 18, 31</td> </tr> <tr> <td style="background-color: #d9e1f2; padding: 5px;"><b>CPA Benchmarks</b></td> <td></td> </tr> </table>	<b>IBP Open Budget Survey</b>	Q 112-114, 118	<b>PEFA</b>	PI – 18, 31	<b>CPA Benchmarks</b>	
<b>IBP Open Budget Survey</b>	Q 112-114, 118						
<b>PEFA</b>	PI – 18, 31						
<b>CPA Benchmarks</b>							




**C.2 *Ex ante* parliamentary engagement** allows parliamentarians' views on issues of fiscal and budgetary policy to inform the budget formulation process. In this way, the executive's budget proposal (A.2) can reflect the input and priorities of the legislature, which is particularly relevant for countries where the parliament lacks significant powers to amend the draft budget.

 **Suggested starting points** are that *ex ante* parliamentary engagement should:



- be informed by the government's **pre-budget statement (A.1)** on fiscal policy intentions and potential budgetary options
- be conducted in a realistic manner that takes account of overall fiscal constraints
- provide opportunities for public input through mechanisms such as public hearings, where national legal frameworks allow for this
- result in clear policy priorities and considerations from parliament to the executive.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>Sweden:</b> In Sweden the annual budget process is divided into two distinct phases, with a Spring Fiscal Policy Bill in April setting down broad aggregates for fiscal policy development, followed by a government Budget Bill in the autumn specifying allocations for the budget year ahead. The Spring Fiscal Policy Bill provides for parliamentary debate on fiscal policy in general terms. The main budgetary aggregates are voted on in a single spring vote.</p>	<table border="0"> <tr> <td data-bbox="805 953 1145 1002">OECD Budget Principles</td> <td data-bbox="1171 966 1278 998">5(a), 5(b)</td> </tr> <tr> <td data-bbox="805 1055 1145 1104">IBP Open Budget Survey</td> <td data-bbox="1171 1068 1347 1100">Q 107, 136-138</td> </tr> <tr> <td data-bbox="805 1157 1145 1206">PEFA</td> <td data-bbox="1171 1168 1278 1200">PI-17, 18</td> </tr> </table>	OECD Budget Principles	5(a), 5(b)	IBP Open Budget Survey	Q 107, 136-138	PEFA	PI-17, 18
OECD Budget Principles	5(a), 5(b)						
IBP Open Budget Survey	Q 107, 136-138						
PEFA	PI-17, 18						


**C.3 Parliamentary approval of the budget** is a fundamental element of democratic accountability and oversight. Approval by the legislature confers democratic legitimacy on the levying of taxation and on the appropriation and use of public funds; at other phases of the budget cycle, the parliament can follow through on its accountability role based upon the approved budget allocations.

 **Suggested starting points** are that parliamentary approval should:



- be based on public parliamentary debate of the government’s budget proposal
- allow enough time for the parliament to undertake in-depth scrutiny – three months is a useful benchmark, although the quality and depth of review are important
- ideally, take account of how the executive has responded to the policy priorities and considerations from the *ex ante* parliamentary engagement phase
- take place prior to the start of the fiscal year.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>Denmark:</b> The finance bill for the next fiscal year must be submitted to the Danish Parliament not later than four months before the beginning of that fiscal year (Article 45 of the Constitution). The finance bill has to be passed before the end of the calendar year.</p>	<table border="0"> <tr> <td data-bbox="790 1059 1129 1108">IMF Code</td> <td data-bbox="1155 1059 1347 1093">2.2.1, 2.2.2, 2.4.2</td> </tr> <tr> <td data-bbox="790 1119 1129 1168">IBP Open Budget Survey</td> <td data-bbox="1155 1119 1273 1153">Q 108-111</td> </tr> <tr> <td data-bbox="790 1178 1129 1227">OECD Best Practices</td> <td data-bbox="1155 1178 1193 1212">1.1</td> </tr> <tr> <td data-bbox="790 1238 1129 1287">PEFA</td> <td data-bbox="1155 1238 1276 1278">PI – 17, 18</td> </tr> <tr> <td data-bbox="790 1298 1129 1347">CPA Benchmarks</td> <td data-bbox="1155 1298 1193 1332">7.2</td> </tr> </table>	IMF Code	2.2.1, 2.2.2, 2.4.2	IBP Open Budget Survey	Q 108-111	OECD Best Practices	1.1	PEFA	PI – 17, 18	CPA Benchmarks	7.2
IMF Code	2.2.1, 2.2.2, 2.4.2										
IBP Open Budget Survey	Q 108-111										
OECD Best Practices	1.1										
PEFA	PI – 17, 18										
CPA Benchmarks	7.2										

**C.4 Parliamentary scrutiny of budget execution and outturn** ensures that public funds are being/have been used for the purposes intended, and that policies are achieving their intended results. Careful monitoring of budget execution helps to underpin public confidence and trust in the use of public funds, and to guard against corruption, mismanagement and waste.


 **Suggested starting points** are that parliamentary scrutiny in this area should:

- make use of regular in-year/mid-year reports (see **A.6** and **A.7** above)
- require new prior parliamentary approval of significant in-year budget reallocations
- review the external audit report (see **F.2**) and other reports provided by the Supreme Audit Institution and publish recommendations for action
- ensure that the issues raised during scrutiny inform the subsequent budgetary cycle.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>Austria:</b> The Austrian Parliament decides on financial resources and on results (outcomes and outputs) as a part of annual budget bill. The Parliament also assesses the performance reports of government, reflecting critically on performance information and using it to ensure a more strategic budget debate.</p>	<table border="0"> <tr> <td data-bbox="807 1027 1150 1076">IMF Code</td> <td data-bbox="1171 1027 1230 1059">2.4.2</td> </tr> <tr> <td data-bbox="807 1102 1150 1151">IBP Open Budget Survey</td> <td data-bbox="1171 1102 1347 1134">Q 114-118, 139</td> </tr> <tr> <td data-bbox="807 1176 1150 1225">OECD Best Practices</td> <td data-bbox="1171 1176 1214 1208">3.3</td> </tr> <tr> <td data-bbox="807 1251 1150 1300">PEFA</td> <td data-bbox="1171 1251 1289 1283">PI - 30, 31</td> </tr> <tr> <td data-bbox="807 1325 1150 1374">CPA Benchmarks</td> <td data-bbox="1171 1325 1230 1357">7.2.3</td> </tr> </table>	IMF Code	2.4.2	IBP Open Budget Survey	Q 114-118, 139	OECD Best Practices	3.3	PEFA	PI - 30, 31	CPA Benchmarks	7.2.3
IMF Code	2.4.2										
IBP Open Budget Survey	Q 114-118, 139										
OECD Best Practices	3.3										
PEFA	PI - 30, 31										
CPA Benchmarks	7.2.3										

<b>D</b>	<b>Supporting parliamentary capacity</b>
<p>In order to undertake budget scrutiny and oversight effectively, parliaments need to be equipped to engage in a professional manner with the financial and policy-related issues that are presented during the budgetary cycle.</p>	


**D.1 Specialist analytical and research resources**, such as in-house research services and budget units within parliaments, can promote a more informed engagement between the legislature and the executive. This is particularly important in the budgetary area, since budget-related documents can be highly complex and detailed, and the parliament must rely on specialist support to fulfil its mandate in budget approval and accountability.

 **Suggested starting points** are that such analytical and research resources should:

- provide technical, expert and non-partisan analysis of budgetary reports
- have full, timely access to fiscal and budget-related information from the executive
- consider augmenting specialist capacity through establishing an independent, clearly-mandated Parliamentary Budget Office (PBO, see G.1).

<p> <b>Examples from around the world</b></p> <p><b>United Kingdom:</b> The UK Parliament and some of the devolved regional legislatures have established in-house technical units to support budget scrutiny and enhance transparency. For example, the Scottish Parliament, helped by its Financial Scrutiny Unit (FSU), negotiated with the executive to speed up the provision of detailed budget information for all portfolios, in order to enable effective oversight. In addition to providing in-depth technical analysis of the budget figures, the FSU has worked to simplify presentation of budget information.</p> <p><b>PBOs</b> have been established in several countries around the world, including Australia, Austria, Canada, Italy, Korea, and the United States.</p>	<p> <b>International Standards and Guidance</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid gray; background-color: #d9e1f2; padding: 5px; text-align: center;">GIFT High Level Principles</td> <td style="padding: 5px; text-align: right;">8</td> </tr> <tr> <td style="border: 1px solid gray; background-color: #d9e1f2; padding: 5px; text-align: center;">IBP Open Budget Survey</td> <td style="padding: 5px; text-align: right;">Q 103</td> </tr> <tr> <td style="border: 1px solid gray; background-color: #d9e1f2; padding: 5px; text-align: center;">OECD IFI Principles</td> <td style="padding: 5px; text-align: right;">1-22</td> </tr> </table>	GIFT High Level Principles	8	IBP Open Budget Survey	Q 103	OECD IFI Principles	1-22
GIFT High Level Principles	8						
IBP Open Budget Survey	Q 103						
OECD IFI Principles	1-22						

**D.2 Continuing Professional Development (CPD) of parliamentarians** on budgetary matters recognises that scrutiny of overall public spending, taxation and asset and liability management is a complex, demanding task of professional public representatives. For staff of government ministries and agencies, who deal in-depth with the budget cycle and documents each year, the process is usually familiar. For parliamentarians who have a broader range of issues to address, and who may have less familiarity with the budget process, additional support is needed. Careful attention should be paid to equipping parliamentarians with the knowledge and skills they need to engage effectively with the budgetary documentation and to input their views to the overall process.

 **Suggested starting points** are that budget-related CPD for parliamentarians should:

- include induction training for parliamentarians, committee members and chairs
- cover domestic and international aspects of budgetary scrutiny and oversight.



#### Examples from around the world

**United States:** Since 1972, the US House of Representatives leadership have offered a training programme for incoming US representatives hosted by the Harvard Institute of Politics at The Kennedy School. It provides intensive seminars on major public policy issues such as foreign policy, health care and the Federal budget, led by prominent scholars and practitioners representing viewpoints from across the political spectrum.



#### International Standards and Guidance

OECD Budget Principles

10 (a)

## Further guidance

- Anderson, B. (2009), "The changing role of parliament in the budget process", *OECD Journal on Budgeting*, Vol. 9/1. <http://dx.doi.org/10.1787/budget-v9-art2-en>
- Inter-Parliamentary Union (2008), "Evaluating parliament: A self-assessment toolkit for parliaments", [www.ipu.org/pdf/publications/self-e.pdf](http://www.ipu.org/pdf/publications/self-e.pdf)
- L'Assemblée parlementaire de la Francophonie (2009), *La réalité démocratique des Parlements: Quels critères d'évaluation?* Texte adopté lors de la XXXVème Session de l'APF (Paris, juillet 2009)
- McGee, D. (2002), *The Overseers: Public Accounts Committees and Public Spending*, Pluto Press, London.
- McGee, D. (2007), *The Budget Process: A Parliamentary Imperative*, Pluto Press, London.
- Posner, P. and Park Chung-Keun (2007), "Role of the Legislature in the Budget Process: Recent Trends and Innovations", *OECD Journal on Budgeting*, Vol. 7/3. <http://dx.doi.org/10.1787/budget-v7-art15-en>
- Schick, A. (2002), "Can National Legislatures Regain an Effective Voice in Budget Policy?", *OECD Journal on Budgeting*, Vol. 1/3. <http://dx.doi.org/10.1787/budget-v1-art15-en>
- Stapenhurst, R., R. Pelizzo, and K. Jacobs (2014), *Following the Money: Comparing Parliamentary Public Accounts Committees*, Pluto Press, London.
- Stapenhurst, R. et al. (2008), *Legislative Oversight and Budgeting: A World Perspective*, The International Bank for Reconstruction and Development/The World Bank, <https://openknowledge.worldbank.org/handle/10986/6547>
- von Trapp, L. and J. Jacques (2011), "Committee Structures for Budget Approval and Oversight", 3rd Annual Meeting of OECD Parliamentary Budget Officials, [www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/SBO\(2011\)6&doclanguage=en](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/SBO(2011)6&doclanguage=en)



## Independent oversight and control

*The Supreme Audit Institution should have statutory independence from the executive, and the mandate, access to information, and appropriate resources to audit and report publicly on the raising and commitment of public funds.*

- GIFT High-Level Principles on Fiscal Transparency

*Promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit*

- OECD Recommendation on Budgetary Governance


*The credibility of national budgeting – including the professional objectivity of economic forecasting, adherence to fiscal rules, longer-term sustainability and handling of fiscal risks – may also be supported through independent fiscal institutions or other structured, institutional processes for allowing impartial scrutiny of, and input to, government budgeting*

- OECD Recommendation on Budgetary Governance



In this section	
<b>E</b>	Management and internal control of public money
<b>F</b>	Supporting the role of the Supreme Audit Institution (SAI)
<b>G</b>	An effective role for Independent Fiscal Institutions (IFIs)

<b>E</b>	<b>Management and internal control of public money</b>
<p>The government needs to command credibility and trust in how it raises and spends public funds, and in its dealings with the private sector. Clear standards for managing public money, and regular audits to ensure that these standards are being upheld, are the basic tools for maintaining integrity and public trust.</p>	

**E.1 Standards and Procedures for Managing Public Money** set out explicitly the standards of probity and personal responsibilities of all officials in the government charged with managing public funds.


 **Suggested starting points** are that the standards and procedures should:

- apply across all public entities and at all levels of government
- specify the distinct procedures and duties at various stages of public financial management, including revenue administration and collection, orders and payments, payment terms and control of outstanding balances
- be subject to internal audit (see E.2) and external audit (see F)
- be openly available for the general public as well as for all government suppliers.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>Ireland:</b> The Public Financial Procedures is a comprehensive, authoritative and publicly-accessible manual of rules and procedures governing the use and control of public funds. The manual is also a central point of reference for the Comptroller &amp; Auditor General (C&amp;AG) in its functions as the supreme audit institution.</p>	<table> <tr> <td style="background-color: #444; color: white; padding: 5px;">OECD Budget Principles</td> <td style="padding: 5px;">7(b)</td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px;">OECD Best Practices</td> <td style="padding: 5px;">3.2</td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px;">PEFA</td> <td style="padding: 5px;">PI – 19, 20, 22, 23, 25, 27, 30</td> </tr> </table>	OECD Budget Principles	7(b)	OECD Best Practices	3.2	PEFA	PI – 19, 20, 22, 23, 25, 27, 30
OECD Budget Principles	7(b)						
OECD Best Practices	3.2						
PEFA	PI – 19, 20, 22, 23, 25, 27, 30						



**E.2 Internal audit procedures** are essential for guarding public funds from misuse, fraud and waste. Financial inspectors and internal auditors also play an important role in helping to improve overall levels of organisational effectiveness.

 **Suggested starting points** are that internal audit procedures should:

- operate independently, in line with professional audit standards
- undertake regular audits of the main financial processes and main spending and revenue units
- if appropriate in national circumstances, communicate their recommendations to all relevant stakeholders, including the relevant public managers, the finance ministry and the external auditor.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>	
<p><b>United Kingdom:</b> It is government policy that all departments should have professional finance directors and the finance director is responsible for leadership of financial responsibilities within the organisation. The finance director should maintain strong and effective policies to control and manage use of resources in the organisation's activities.</p>	 OECD Best Practices	3.2
	 PEFA	PI – 19, 26
	 GIFT Public Participation	XII

<b>F</b>	<b>Supporting the role of the Supreme Audit Institution (SAI)</b>
<p>Supreme audit institutions (SAIs) should be instituted in a way that allows them to undertake independent, regular and high-quality audits. SAIs should be entrusted with providing assurance on the compliance of government expenditure with the applicable laws, regulations and rules; auditing the year-end financial report of the Government; and, increasingly, assessing the efficiency and effectiveness of public policies and programmes.</p>	


**F.1 Core principles of Supreme Audit Institution (SAI) establishment and governance** are laid down in the International Standards of SAIs (ISSAIs) as adopted by INTOSAI (the International Organisation of SAIs). These core principles cover auditing precepts, SAI independence as well as practical guidance for conduct of audit. SAIs should be instituted in a way that allows them to operate in compliance with the standards.

 **Suggested starting points** in considering such core issues are that SAIs should:



- be granted assured and stable financial and human resources, and unrestricted access to information in order to perform their audit mandate
- maintain documented, public procedures and codes to underpin their professional standards (e.g. ethics and audit manuals)
- engage with a variety of stakeholders (including parliament, media and civil society) and provide relevant, timely information on their work programme and findings
- ideally, elevate findings on cross-cutting issues to provide insight on efficiency, effectiveness, sustainability and integrity in public expenditure across government.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>												
<p><b>Brazil:</b> Brazil's Supreme Audit Institution (the TCU) is constitutionally mandated to audit the performance and Accounts of the Federal Executive. The accounts are judged on elements of regularity and performance. The TCU also uses surveys, research and informational sessions with external stakeholders as a means of strengthening audit proceedings. TCU's guidance for auditors is based on international standards and linked to the multi-annual strategic plans of the institution.</p>	<table border="0"> <tr> <td style="background-color: #444; color: white; padding: 5px;">IMF Code</td> <td style="padding: 5px;">1.4.2</td> </tr> <tr> <td style="background-color: #666; color: white; padding: 5px;">IBP Open Budget Survey</td> <td style="padding: 5px;">Q 119-122, 124, 140-142</td> </tr> <tr> <td style="background-color: #888; color: white; padding: 5px;">OECD Best Practices</td> <td style="padding: 5px;">3.3</td> </tr> <tr> <td style="background-color: #aaa; color: white; padding: 5px;">PEFA</td> <td style="padding: 5px;">PI – 30, 31</td> </tr> <tr> <td style="background-color: #ccc; color: white; padding: 5px;">OECD Public Procurement</td> <td style="padding: 5px;">XII</td> </tr> <tr> <td style="background-color: #eee; color: white; padding: 5px;">ISSAI</td> <td style="padding: 5px;">1, 10</td> </tr> </table>	IMF Code	1.4.2	IBP Open Budget Survey	Q 119-122, 124, 140-142	OECD Best Practices	3.3	PEFA	PI – 30, 31	OECD Public Procurement	XII	ISSAI	1, 10
IMF Code	1.4.2												
IBP Open Budget Survey	Q 119-122, 124, 140-142												
OECD Best Practices	3.3												
PEFA	PI – 30, 31												
OECD Public Procurement	XII												
ISSAI	1, 10												

**F.2 The external audit report** provides an independent and authoritative review of the **year-end reporting (see A.8)** of both budget execution and of financial statements by the SAI. This mainly shows whether the government's reporting is accurate and reliable, and indicates whether the government has complied with financial management laws and regulations. This report can also yield important messages for policy-makers, parliamentarians and the public regarding issues of corruption, fraud, mismanagement and wastefulness of resources.


 **Suggested starting points** for the external audit report are that it should:

- be conducted using generally accepted / ISSAI auditing practices
- be submitted to parliament as soon as practicable after the year-end reporting (**A.8**)
- ideally, include audit of reported performance information.






 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>								
<p><b>France:</b> The French Court of Audit performs annually <i>i)</i> a review of the year-end budget execution report, <i>ii)</i> an audit of the accrual financial statements according to ISSAI standards, and <i>iii)</i> comment on the performance achieved by each ministry over the year, including a review of key performance indicators for each public policy programme.</p>	<table border="0"> <tr> <td data-bbox="801 946 1141 989">IMF Code</td> <td data-bbox="1173 946 1406 989">1.4.2</td> </tr> <tr> <td data-bbox="801 1042 1141 1085">OECD Budget Principles</td> <td data-bbox="1173 1042 1406 1085">10</td> </tr> </table>	IMF Code	1.4.2	OECD Budget Principles	10				
IMF Code	1.4.2								
OECD Budget Principles	10								
<p><b>Austria:</b> The Austrian Court of Audit is an independent federal body that acts at the state, regional, and municipal levels. The Court of Audit annually audits the financial statements of federal government, and presents a report to the National Council. This report is submitted in two parts: <i>i)</i> the first part before the summer, to analyse the budget execution by chapters and inform the parliamentary debate on the MTEF; <i>ii)</i> the second and final part in autumn, to present the findings of the financial audit.</p>	<table border="0"> <tr> <td data-bbox="801 1149 1141 1191">IBP Open Budget Survey</td> <td data-bbox="1173 1149 1406 1191">Q AR2, 97</td> </tr> <tr> <td data-bbox="801 1244 1141 1287">OECD Best Practices</td> <td data-bbox="1173 1244 1406 1287">3.3</td> </tr> <tr> <td data-bbox="801 1340 1141 1383">PEFA</td> <td data-bbox="1173 1340 1406 1383">PI – 5, 8, 9, 30</td> </tr> <tr> <td data-bbox="801 1436 1141 1478">ISSAI</td> <td data-bbox="1173 1436 1406 1478">12, 100, 400</td> </tr> </table>	IBP Open Budget Survey	Q AR2, 97	OECD Best Practices	3.3	PEFA	PI – 5, 8, 9, 30	ISSAI	12, 100, 400
IBP Open Budget Survey	Q AR2, 97								
OECD Best Practices	3.3								
PEFA	PI – 5, 8, 9, 30								
ISSAI	12, 100, 400								

<b>G</b>	<b>An effective role for Independent Fiscal Institutions (IFIs)</b>
<p>Many countries have established Independent Fiscal Institutions (independent parliamentary budget offices and fiscal councils) which can improve the objectivity of macroeconomic and budgetary forecasting, and enhance fiscal discipline through a ‘watchdog’ role in the national fiscal framework. IFIs can also promote greater fiscal transparency and accountability by raising the quality of national public debate on fiscal policy.</p>	

**G.1 Design of an IFI** must take account of country-specific circumstances, including constitutional roles and cultural traditions, so that the IFI can fit within the institutional budgetary “architecture” in a useful and impactful way, which underpins public confidence in the quality and professionalism of budgetary decision-making. While IFIs therefore vary in structure and function across countries, there are some common core principles to be observed.

 **Suggested starting points** in designing IFIs are that they should:



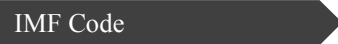


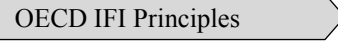
- be independent, non-partisan and equipped with professional expertise
- have a clear and well-defined legal mandate
- have assured and stable levels of resources, sufficient to meet their mandate
- have full and timely access to budget-related information from the executive
- conduct their work and operations with full public transparency.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Ireland:</b> Under its founding legislation, the Irish Fiscal Advisory Council receives its funding directly from the central treasury fund each year, rather than via annual appropriations.</p> <p><a href="http://www.fiscalcouncil.ie">www.fiscalcouncil.ie</a></p> <p><b>United Kingdom:</b> The Office of Budget Responsibility, whose tasks include preparing official macroeconomic forecasts and assessing compliance with fiscal targets, publishes online all its work and underlying methodologies.</p> <p><a href="http://budgetresponsibility.org.uk">budgetresponsibility.org.uk</a></p>	<div style="margin-bottom: 10px;">  <b>IMF Code</b> 2.4.1         </div> <div style="margin-bottom: 10px;">  <b>IBP Open Budget Survey</b> Q 103         </div> <div>  <b>OECD IFI Principles</b> 1.22         </div>

**G.2 Tasks and functions of IFIs** should be selected to enhance the overall quality of budget-related decision-making and debate. The precise role of an IFI varies from country to country, and there is no single standard model for such an institution. There is, however, much international experience and guidance to draw upon when considering suitable roles for an IFI. It should also be noted that some countries have more than one institution with complementary roles – for example, a parliamentary budget office which provides budgetary analysis to the legislature (see **Section D.1** above) together with a fiscal council tasked with assessing government forecasts and monitoring fiscal rules.

 **Suggested starting points** in considering appropriate functions for IFIs include:

- assessing, endorsing, or producing official macroeconomic and/or fiscal forecasts
- analysing budgets and fiscal plans, and monitoring compliance with fiscal rules
- evaluating the mid- and long-term sustainability of public finances
- providing cost estimates for proposed policy measures.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Sweden:</b> The Swedish Fiscal Policy Council was established in 2007. Its mandate includes assessing <i>a</i>) whether fiscal and economic policy objectives are achieved; <i>b</i>) consistency of fiscal policy with long-term sustainability; <i>c</i>) the fiscal policy stance in relation to the economic cycle and <i>d</i>) effects on distribution of welfare. It also promotes public debate on economic policy.</p> <p><a href="http://www.finanspolitiskaradet.com">www.finanspolitiskaradet.com</a></p>	<p> IMF Code 2.4.1</p> <p> OECD Budget Principles 10</p>
<p><b>Netherlands:</b> The CPB Netherlands Bureau for Economic Policy Analysis was established in 1945. It is responsible for the official government forecasts of economic and fiscal developments. Forecasting, costing of policy proposals and research are CPB's major functions.</p> <p><a href="http://www.cpb.nl">www.cpb.nl</a></p>	<p> IBP Open Budget Survey Q 104-105</p> <p> OECD IFI Principles 1.22</p>

## Further guidance

Hagemann, R. (2011), "How Can Fiscal Councils Strengthen Fiscal Performance?", *OECD Journal: Economic Studies*, Vol. 2011/1. [http://dx.doi.org/10.1787/eco\\_studies-2011-5kg2d3gx4d5c](http://dx.doi.org/10.1787/eco_studies-2011-5kg2d3gx4d5c)

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IMF (2013), *The Functions and Impact of Fiscal Councils*, International Monetary Fund, Washington D.C. [www.imf.org/external/np/pp/eng/2013/071613.pdf](http://www.imf.org/external/np/pp/eng/2013/071613.pdf)

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Kopits, G. (2011), "Independent Fiscal Institutions: Developing Good Practices", *OECD Journal on Budgeting*, Vol. 11/3. <http://dx.doi.org/10.1787/budget-11-5kg3pdgcpn42>

OECD (2011), *Good Practices in Supporting Supreme Audit Institutions*, Paris, [www.oecd.org/dac/effectiveness/Final%20SAI%20Good%20Practice%20Note.pdf](http://www.oecd.org/dac/effectiveness/Final%20SAI%20Good%20Practice%20Note.pdf)

von Trapp, L., I. Lienert and J. Wehner (2016), "Principles for independent fiscal institutions and case studies", *OECD Journal on Budgeting*, Vol. 15/2. <http://dx.doi.org/10.1787/budget-15-5jm2795tv625>

OECD (2016), *Supreme Audit Institutions and Good Governance: Oversight, Insight and Foresight*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264263871-en>



## Openness and civic engagement

*Citizens should have the right and all non-state actors, should have effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies.*

- GIFT High Level Principles on Fiscal Transparency

*Provide for an inclusive, participative and realistic debate on budgetary choices, by facilitating the engagement of parliaments, citizens and civil society organisations in a realistic debate about key priorities, trade-offs, opportunity costs and value for money*

- OECD Recommendation on Budgetary Governance


*The government provides citizens with an accessible summary of the implications of budget policies and an opportunity to participate in budget deliberations.*

- IMF Code on Fiscal Transparency



In this section	
<b>H</b>	Making the budget information accessible to the public
<b>I</b>	Using open data to support budget transparency
<b>J</b>	Making the budget more inclusive and participative

<b>H</b>	<b>Making the budget information accessible to the public</b>
<p>Budget documents and data can often be very dense, complex, and hard for ordinary citizens – or indeed for parliamentarians and budget practitioners – to understand and use. Making budget documents and information easy for people to access and understand, during all phases of the budget process, helps to ensure public understanding, thus increasing the quality of overall public discussion and parliamentary debate, and underpinning trust in government.</p>	

**H.1 Presenting key budget information in a clear manner**, that can be understood easily by the public and by civil-society stakeholders, goes to the heart of budget transparency. Without clear information about where money is going and for what purposes, it is more difficult for the government to generate support and understanding for its policy decisions or to be held accountable. Careful attention should therefore be paid to the presentation and communication of budget-related information.

 **Suggested starting points** in presenting budget information clearly include:

- presenting budget tables and ‘headline’ figures as simply and directly as possible, in a format that is consistent from year to year and from document to document
- including a high-level summary of all budget policy measures and their impacts
- putting abstract numbers into perspective with user-friendly graphics and charts.







 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>United States:</b> The Office of Management and Budget (OMB) provides Analytical Perspectives of budget which contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective. It also supplies Historical Tables which provide a wide range of data on Federal Government finances and Economic Assumptions from the 1970s.</p>	<table border="0"> <tr> <td style="background-color: #808080; color: white; padding: 5px;">IMF Code</td> <td style="padding: 5px;">2.3.3</td> </tr> <tr> <td style="background-color: #808080; color: white; padding: 5px;">OECD Budget Principles</td> <td style="padding: 5px;">4</td> </tr> <tr> <td style="background-color: #808080; color: white; padding: 5px;">IBP Open Budget Survey</td> <td style="padding: 5px;">Q GQ1d</td> </tr> <tr> <td style="background-color: #808080; color: white; padding: 5px;">OECD Best Practices</td> <td style="padding: 5px;">3.4</td> </tr> <tr> <td style="background-color: #808080; color: white; padding: 5px;">PEFA</td> <td style="padding: 5px;">PI - 9</td> </tr> </table>	IMF Code	2.3.3	OECD Budget Principles	4	IBP Open Budget Survey	Q GQ1d	OECD Best Practices	3.4	PEFA	PI - 9
IMF Code	2.3.3										
OECD Budget Principles	4										
IBP Open Budget Survey	Q GQ1d										
OECD Best Practices	3.4										
PEFA	PI - 9										



**H.2 Publishing a citizen’s budget** along with the actual public budget improves citizen’s understanding of government policies and increases the transparency of policy-making. A citizen’s budget is a simpler, less technical version of a government’s budget specifically designed to present key information to the public, by summarising key content from the budget document in a user-friendly way. The essential components of a useful citizen’s budget include expenditure and revenue totals, main budget policy initiatives and key macroeconomic forecasts. Ideally, citizen-friendly documents should be produced for all key publications linked to the budget cycle (e.g. year-end reports, audit reports, mid-term budget reports).


**S** **Suggested starting points** regarding the development of a citizen’s budget include:

- consulting citizens in advance, to design it around their needs and information gaps
- using clear, simple language and illustrations, to engage people of different ages, interests and levels of literacy
- using it to help citizens find fuller details within the main budget documentation
- producing it in a timely manner, with or soon after the main budget documentation
- communicating and disseminating it widely to reach its intended audience.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Ghana:</b> was one of the first African countries to publish a citizen’s budget in 2006. Today, the ministry of finance runs a special Citizens’ Budget website (<a href="http://myghanabudget.org/">http://myghanabudget.org/</a>) and the 2016 Citizen’s Budget was translated into seven local languages.</p>	 IMF Code 2.3.3
<p><b>Mexico:</b> The Mexican Ministry of Finance publishes a citizen’s budget annually since 2010. Since 2014, a citizen’s version of the year-end report and the executive proposal are published as well. The citizen’s budget is prepared in collaboration with CSOs.</p>	 OECD Budget Principles 4
	 IBP Open Budget Survey Q 64-67
	 PEFA PI - 9

<b>I</b>	<b>Using open data to support budget transparency</b>
<p>Making budget data publicly available in open digital form provides citizens and civil-society organisations with a valuable resource to analyse, evaluate and participate in public budgeting. Open budget data enables the public to understand and engage with the budgetary process and policy-making and to contribute new and innovative perspectives.</p>	

**I.1 Open data should meet minimum standards of form and nature, which are of fundamental importance in determining who can use the data and in which ways. To ensure compatibility for a broad range of uses, open data should allow users to compare, combine and follow the connections among different data sets.**

 **Suggested starting points** are that the open data should be:



- published in machine readable, preferably open-source formats on the internet
- disaggregated, editable, reusable, comparable and inter-operable
- bulk-downloadable to allow for use in research and analysis
- accompanied with information on data source, time of publication and licensing
- maintained over the long term (historical data) with appropriate version tracking.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>United States:</b> All US federal government budget data are now machine-readable in “raw” format, and publicly available on <a href="http://USAspending.gov">USAspending.gov</a></p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #555; color: white; padding: 5px;"><b>OECD Budget Principles</b></td> <td style="padding: 5px;">4</td> </tr> <tr> <td style="background-color: #555; color: white; padding: 5px;"><b>IBP Open Budget Survey</b></td> <td style="padding: 5px;">Q PBS5, EBP5, EB5, IYR5, MYR5, YER5, AR5, GQ1b-2c</td> </tr> <tr> <td style="background-color: #ccc; padding: 5px;"><b>Open Data Charter</b></td> <td style="padding: 5px;">Principle 1-4</td> </tr> </table>	<b>OECD Budget Principles</b>	4	<b>IBP Open Budget Survey</b>	Q PBS5, EBP5, EB5, IYR5, MYR5, YER5, AR5, GQ1b-2c	<b>Open Data Charter</b>	Principle 1-4
<b>OECD Budget Principles</b>	4						
<b>IBP Open Budget Survey</b>	Q PBS5, EBP5, EB5, IYR5, MYR5, YER5, AR5, GQ1b-2c						
<b>Open Data Charter</b>	Principle 1-4						


**I.2 Access to open budget data** is essential if it is to meet its potential of contributing to broad public understanding and enriching the quality of analysis and debate on budget issues. Lowering access barriers depends on careful attention to how the data is presented. Ideally, all budget data should be “open by default” so that the data can be used in a routine manner for the purposes of scrutiny, accountability and public debate.

➤ **Suggested starting points** regarding access to open budget data are that it should be:





- freely available without access fees or the need to register
- available on one integrated portal that allows for user-defined dynamic queries
- provided in a regular and timely manner to sustain public engagement
- linked to data-visualisation tools to help get the most value and use from the data.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>Bolivia:</b> The ministry of finance publishes detailed budget information from an information system (SIGMA - <i>Sistema Integrado de Gestión y Modernización Administrativa</i>) since 2000. The website allows for dynamic queries, downloads in various formats, timestamps, and historic data.</p>	<table border="0"> <tr> <td data-bbox="774 983 1125 1032">G20 Open Data</td> <td data-bbox="1141 983 1428 1032">Principle 1-4</td> </tr> <tr> <td data-bbox="774 1064 1125 1112">Open Data Charter</td> <td data-bbox="1141 1064 1428 1112">Principle 1-4</td> </tr> <tr> <td data-bbox="774 1144 1125 1193">OECD Digital Government</td> <td data-bbox="1141 1144 1428 1193">II. 1, 2, 3</td> </tr> </table>	G20 Open Data	Principle 1-4	Open Data Charter	Principle 1-4	OECD Digital Government	II. 1, 2, 3
G20 Open Data	Principle 1-4						
Open Data Charter	Principle 1-4						
OECD Digital Government	II. 1, 2, 3						

### I.3 Integrating open budget data portals with existing portals, and making them compliant with existing legislation and regulations, broadens the reach and the impact of the data.


 **Suggested starting points** are the open budget data portals should be:

- protected according to privacy and data protection laws
- published directly from the underlying financial management information system (FMIS), with a description of the underlying data available on the open data portal
- using common metadata and vocabularies, allowing international comparisons.



 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Brazil:</b> The website of the ministry of finance is a centralised source of information. It provides extensive information and links to public finance sites such as the ‘integrated planning and budgeting system’, and the ‘budget execution reports’ that are published from the FMIS. A ‘citizen information service’, a ‘transparency portal’ and the ‘get smart in public money’ programme create accessibility and encourage public participation.</p>	<p> <b>OECD Budget Principles</b> 4</p> <p> <b>OECD Digital Government</b> 10, 11</p>

<b>J</b>	<b>Making the budget more inclusive and participative</b>
<p>While proposing and implementing the budget are the legal duty of the executive, strengthening the involvement and participation of citizens and civil society can increase responsiveness, efficiency, impact and trust. Naturally, it is important that such approaches should be compatible with national legal frameworks and should complement, and not undermine, well-functioning processes of representative democracy. Heightened citizen engagement also reduces opportunities for corruption and strengthens the culture of open democracy.</p>	


**J.1 Opportunities for participative approaches across the budget cycle** and with different institutions should be developed, through introducing open, innovative and responsible approaches. As a general principle, participative approaches should aim to complement established legal and constitutional mandates, and so designed to enhance the effectiveness of policy-making and accountability at each stage.

 **Suggested starting points** regarding opportunities for participative approaches are:



- timely consultative processes during the budget cycle should be considered, taking into account the knowledge, interests and capacities of citizens
- enhance parliamentary engagement and consultation with citizens during the phases of the policy and budget cycle where parliament is most actively involved
- Supreme Audit Institutions (SAIs) can benefit from the feedback of people and groups who receive public services, to gain insights into the quality of budget execution and the design of audit programmes.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>Ireland:</b> The National Economic Dialogue is a pre-budget consultative forum which brings together the various civil society and parliamentary stakeholders to discuss priorities for the October budget. The forum is held in June, after the government has determined (from its spring budget semester) the level of “fiscal space” available in the coming year, and before line ministries have submitted budget proposals. The Forum is moderated by an independent chairperson and all of its sessions are held in public.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #444; color: white; padding: 5px;">IMF Code</td> <td style="padding: 5px;">2.3.3</td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px;">OECD Budget Principles</td> <td style="padding: 5px;">5</td> </tr> <tr> <td style="background-color: #ccc; padding: 5px;">GIFT Public Participation</td> <td style="padding: 5px;">Principle 10</td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px;">IBP Open Budget Survey</td> <td style="padding: 5px;">Q 66, 125, 12-128, 130, 134-137, 139, 140, 142</td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px;">PEFA</td> <td style="padding: 5px;">PI – 17, 18, 30, 31</td> </tr> </table>	IMF Code	2.3.3	OECD Budget Principles	5	GIFT Public Participation	Principle 10	IBP Open Budget Survey	Q 66, 125, 12-128, 130, 134-137, 139, 140, 142	PEFA	PI – 17, 18, 30, 31
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IBP Open Budget Survey	Q 66, 125, 12-128, 130, 134-137, 139, 140, 142										
PEFA	PI – 17, 18, 30, 31										

**J.2 Realistic and informed public participation is necessary to ensure that the public can form an overview of budget design, results and impacts, and to set the basis for a productive and meaningful engagement with other stakeholders in the budget process.**

 **Suggested starting points** to support realistic and informed participation are:



- information on budgetary constraints, policy costings, opportunity costs and policy trade-offs, as well as contributions to major policy goals and cross-sectoral issues
- effects on income and wellbeing classified by income groups and household types
- impacts on different groups in society, in particular the vulnerable or marginalised
- ideally, multi-dimensional impacts of policy options, including e.g. economic, social and environmental impacts, as well as effects on gender equality; noting that such impact assessments may also be provided through more general government reporting, rather than through budget-specific reports.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>										
<p><b>Korea:</b> Six mechanisms are used that span the entire budget cycle. During the budget formulation stage, 1) formalised open discussions for the public are held 2) representatives from the Ministry of Finance hold meetings with local government officials and citizens 3) a fiscal policy advisory council” reviews and finalises the budget, and 4) an assembly expert hearing is conducted. During the implementation stage, 5) a budget waste reporting centre” can be used by citizens to report any suspected misuse or waste of public funding. In the auditing stage, 6) citizens have the opportunity to make suggestions to the board of audit and inspection on which public entity operations or expenditures to audit.</p>	<table border="0"> <tr> <td data-bbox="807 1068 1152 1110">IMF Code</td> <td data-bbox="1171 1068 1409 1110">2.3.3</td> </tr> <tr> <td data-bbox="807 1166 1152 1208">OECD Budget Principles</td> <td data-bbox="1171 1166 1409 1208">5</td> </tr> <tr> <td data-bbox="807 1264 1152 1306">IBP Open Budget Survey</td> <td data-bbox="1171 1264 1409 1306">Q 36, 52, 94</td> </tr> <tr> <td data-bbox="807 1361 1152 1404">GIFT Public Participation</td> <td data-bbox="1171 1361 1409 1404">Principle 6</td> </tr> <tr> <td data-bbox="807 1459 1152 1502">G20 Open Data</td> <td data-bbox="1171 1459 1409 1502">Principle 5</td> </tr> </table>	IMF Code	2.3.3	OECD Budget Principles	5	IBP Open Budget Survey	Q 36, 52, 94	GIFT Public Participation	Principle 6	G20 Open Data	Principle 5
IMF Code	2.3.3										
OECD Budget Principles	5										
IBP Open Budget Survey	Q 36, 52, 94										
GIFT Public Participation	Principle 6										
G20 Open Data	Principle 5										

**J.3 Designing a participation process** should aim to demonstrate its usefulness and relevance for budget policy-making, thus helping to sustain the approach across policy cycles and different administrations. It is helpful if the legal framework allows for, and supports, an orderly and transparent approach to public participation.

 **Suggested starting points** regarding the design of a participation process include:

- publishing clear objectives, scope and process of public engagement in budgeting
- tailoring methods of engagement that are best suited to the various participants
- using a mix of mechanisms, proportionate to the nature of the issue concerned
- allowing enough time for the results from participation to impact on budget policy
- following up and giving citizens timely feedback about progress and results
- making sure that the most vulnerable parts of the population are included.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>				
<p><b>Philippines:</b> established the Budget Partnership Agreement (BPA) as a mechanism for CSO engagement with national government agencies in drafting budget proposals. This instrument is only one of many introduced in the Philippines to make budgeting more participative. A public participation score of 67 in the 2015 Open Budget Survey acknowledges these efforts.</p>	<table> <tr> <td data-bbox="804 1087 1142 1134">GIFT High Level Principles</td> <td data-bbox="1174 1081 1326 1115">1, 2, 4, 6, 7, 8</td> </tr> <tr> <td data-bbox="804 1221 1142 1268">IBP Open Budget Survey</td> <td data-bbox="1174 1215 1362 1278">Q 126, 129, 131-133, 138, 141</td> </tr> </table>	GIFT High Level Principles	1, 2, 4, 6, 7, 8	IBP Open Budget Survey	Q 126, 129, 131-133, 138, 141
GIFT High Level Principles	1, 2, 4, 6, 7, 8				
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## Promoting integrity with the private sector

*“The Government sector should be clearly defined and identified for the purposes of reporting, transparency, and accountability, and government financial relationships with the private sector should be disclosed, conducted in an open manner, and follow clear rules and procedures.”*

- GIFT High Level Principle 6

*“Ensure an adequate degree of transparency of the public procurement system in all stages of the procurement cycle [...] and support integration of public procurement into overall public finance management, budgeting and services delivery processes”*

- OECD Recommendation on Public Procurement 2015

*“There is emerging evidence that open contracting can save governments money and time, prevent corruption and fraud, create a better business environment, boost small businesses, and help deliver better goods and services to citizens.”*

- Open Contracting Partnership (OCP) Strategy 2015 | 2018


*“We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.”*

- 4<sup>th</sup> EITI-Principle





In this section	
<b>K</b>	Opening up public contracting and procurement
<b>L</b>	Accounting for revenues and expenditures in resource endowments
<b>M</b>	Managing infrastructure investment for integrity, value for money and transparency

<b>K</b>	<b>Opening up public contracting and procurement</b>
<p>Making public contracting and procurement open creates transparency, enables participation, increases access to government contracts, and improves value for money. It involves the entire contracting cycle from planning to closing of a contract. The kind and amount of information disclosed needs to be comprehensive, subject to data security and privacy regulations.</p>	

**K.1 Making the entire public procurement cycle open** allows a fair and equitable treatment for potential suppliers. By increasing competition and enabling participation, it contributes to getting better value for money. Increased transparency reduces the risk of collusion and corruption.

 **Suggested starting points** are that the principle of openness should apply to:




- the public procurement system (institutional frameworks, regulations, procedures)
- open and competitive tender
- the full set of bidding documents, evaluation reports, and contract documents
- the performance of the public procurement system (monitoring results, data)
- associated risks, assets, and liabilities of the government related to the contract
- integration of procurement processes with public financial management.

<p> <b>Examples from around the world</b></p> <p><b>Mexico:</b> the procurement information system (Compranet) for goods, services, leasing and public works, publishes information such as annual procurement programmes, tender procedures, contract awards history and formal complaints.</p> <p><b>Peru:</b> The information system on public works allows the tracking of public works according to different filters (stage, contractor, invested amount, and others). It informs the public about state contracts and provides the citizens with the opportunity to monitor their execution.</p>	<p> <b>International Standards and Guidance</b></p> <p> PEFA PI - 24</p> <p> OECD Public Procurement II</p>
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**K.2 Using e-procurement tools** increases accessibility to, and fairness of government contracting. The digital approach increases efficiency and effectiveness of public procurement through standardisation of the process and more competition. It is helpful to have legislation, regulation and policy in place that allow or mandate the use of electronic methods and instruments for public procurement.

➤ **Suggested starting points** regarding effective e-procurement solutions include:



- consistent coverage of the public procurement cycle across all levels of government
- a user-friendly approach, with tools that are easy to understand and use
- systems that ensure privacy, security of data and authentication, and fair treatment
- integration with existing systems such as financial management information system
- capacity development for users (government agencies and bidders/suppliers)
- clear communication to promote awareness and acceptance among users.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Korea:</b> The fully integrated, end-to-end e-procurement system called KONEPS is mandatory for all public organisations. It includes a Fingerprint Recognition e-Bidding system to mitigate the risk of illegal practices. The system reduced transaction costs and increased participation in public tenders.</p> <p><b>Ukraine:</b> the e-procurement system ProZorro was launched in 2015. It has been developed by a public private partnership based on the Open Contracting Data Standard. It has been estimated to have saved USD 1.5 million of public funds in the first three month of piloting.</p>	 <b>OECD Public Procurement</b> I, II, IV

**K.3 Fostering realistic and effective stakeholder participation** in the public procurement system enables more dialogue and control and thereby decreases risk. A participative approach also helps to reduce opportunities for fraud and corruption. Some general approaches to promoting a participative approach in budget-related policy-making, including a supportive legal and regulatory framework, are set out in section J of this Toolkit


 **Suggested starting points** regarding participative approaches in this area include:

- a consultative process when formulating changes to the public procurement system (e.g. amending laws and regulations)
- regular dialogues with suppliers and business operations to present public procurement objectives and to ensure a correct understanding of markets
- a transparent and independent mechanism for resolving substantive disputes
- consider drawing on civil society mechanisms for monitoring the integrity of public procurement.



<p> <b>Examples from around the world</b></p> <p><b>United Kingdom:</b> Debriefing discussions are held within a maximum of 15 days after the contract award. The sessions are chaired by senior procurement personnel who have been involved in the procurement. The debriefing covers: an open explanation of the procurement selection and evaluation process; the strengths and weaknesses of the supplier’s bid; and a description of the supplier’s views on the process. A note of the meeting is made for the record.</p>	<p> <b>International Standards and Guidance</b></p> <table border="0"> <tr> <td data-bbox="810 1119 1155 1166">OECD Budget Principles</td> <td data-bbox="1193 1119 1209 1144">5</td> </tr> <tr> <td data-bbox="810 1229 1155 1276">PEFA</td> <td data-bbox="1193 1229 1273 1255">PI - 24</td> </tr> <tr> <td data-bbox="810 1349 1155 1395">OECD Public Procurement</td> <td data-bbox="1193 1349 1257 1374">II, VI</td> </tr> </table>	OECD Budget Principles	5	PEFA	PI - 24	OECD Public Procurement	II, VI
OECD Budget Principles	5						
PEFA	PI - 24						
OECD Public Procurement	II, VI						

<b>L</b>	<b>Accounting for revenues and expenditures in resource endowments</b>
<p>Transparency in the extractive sector is of special relevance, because in resource-rich countries this sector can generate a significant share of all public revenues. At the same time the technical complexity and involvement of only a limited number of companies and government agencies poses a high integrity risk. Related issues of sustainability and inter-generational equity can also benefit from increased transparency.</p>	


**L.1 Fully reflecting public extractive sector revenues in budget-related documents** contributes to full transparency, public participation and monitoring. Given the particular vulnerabilities to corruption in the extractive sector, there is a particular onus for the principles of openness and budget transparency to be applied with rigour.

 **Suggested starting points** are that the budget-related documents should detail clearly:



- resource revenues such as profit taxes, royalties, dividends, fees, and concessions
- government receipts of company resource revenue payments (see also **L.3**)
- finances and operations of any Natural Resources Funds and any public corporations engaged in resource extraction or sale
- the non-resource fiscal balance as well as the overall balance
- estimates and forecasts on resource asset worth and resource revenue development
- risks associated with resource revenues and the volatility of the sector.

<p> <b>Examples from around the world</b></p> <p><b>Norway</b> complies with the EITI standard since 2011. In addition to publishing an annual EITI-report, it makes the EITI data available on the government data transparency portal. Also, the Norwegian central bank (Norges Bank) annually and quarterly publishes reports providing information about the fund used to administrate the resource revenues. It includes information about transfers to and from the budget, market trends, returns on investments and income, trends regarding risk exposure, and administrative costs.</p>	<p> <b>International Standards and Guidance</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #444; color: white; padding: 5px; text-align: center;">IMF Code</td> <td style="padding: 5px; text-align: right;">Pillar IV and 3.2.6</td> </tr> <tr> <td style="background-color: #ccc; padding: 5px; text-align: center;">EITI</td> <td></td> </tr> <tr> <td style="background-color: #444; color: white; padding: 5px; text-align: center;">PEFA</td> <td style="padding: 5px; text-align: right;">PI – 3, 6, 9, 12, 20, 28, 29</td> </tr> </table>	IMF Code	Pillar IV and 3.2.6	EITI		PEFA	PI – 3, 6, 9, 12, 20, 28, 29
IMF Code	Pillar IV and 3.2.6						
EITI							
PEFA	PI – 3, 6, 9, 12, 20, 28, 29						


**L.2 Reporting how the money is used** helps in the monitoring of financial flows thus making mismanagement and corruption easier to detect. This reporting should take place in the context of the regular budget-related documentation throughout the year.

 **Suggested starting points** are that details should be provided on:


- how resource revenues are managed (on- or off-budget)
- resource revenue-sharing and/or expenditures for special resource-related programmes or sub-national government
- costs of ‘quasi-fiscal activities’ (e.g. large public infrastructure developments) conducted by state-owned resource companies
- the balance, flows, development and investment policies and operations of special designated funds, where these are used to manage resource revenues.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>Colombia:</b> <i>MapaRegalias</i> is an online information system that uses visualisation to make it possible to trace the use of royalties from resource extraction. It gives citizens the opportunity to be informed about the revenue and how it is allocated between different levels of governments and institutions. Citizens can use the tool to monitor the progress of investment projects financed by royalties.</p>	<table border="0"> <tr> <td data-bbox="805 925 1141 968">IMF Code</td> <td data-bbox="1173 932 1252 959">Pillar 4</td> </tr> <tr> <td data-bbox="805 1025 1157 1068">EITI</td> <td></td> </tr> <tr> <td data-bbox="805 1125 1141 1168">PEFA</td> <td data-bbox="1173 1134 1316 1161">PI – 6, 19, 20</td> </tr> </table>	IMF Code	Pillar 4	EITI		PEFA	PI – 6, 19, 20
IMF Code	Pillar 4						
EITI							
PEFA	PI – 6, 19, 20						

**L.3 Complying with specialised international standards for resource endowments** contributes to budget transparency with respect to resource revenues and expenditures and increases international credibility and trust.

 **Suggested starting points** for international compliance include transparency about:

- the fiscal regime governing the extractive sector
- the level and nature of state participation in the extractive sector
- state-owned company production entitlement
- social and economic spending, to allow stakeholders to assess whether the extractive sector is leading to desirable social and economic impacts and outcomes
- published verification of government receipts of company resource revenue payments against reported company payments to government.



 <b>International Standards and Guidance</b>	
IMF Code	Pillar 4
EITI	2.7

<b>M</b>	<b>Managing infrastructure investment for integrity, value for money and transparency</b>
<p>Due to their large scale, technical complexity and large number of stakeholders, infrastructure projects are vulnerable to corruption, collusion and mismanagement. In order to minimise fiscal risks and to ensure the integrity of the investment process, infrastructure needs to be managed in a transparent and effective manner, ensuring integrity, promoting transparent delivery choices and disclosing relevant data to the public.</p>	

**M.1 Map corruption entry points at each stage of the project procurement** to facilitate a strategic and thought-through approach to managing the corruption, waste and rent-seeking risks.

 **Suggested starting points** in guarding against corruption in this area are:


- selection of projects clearly based on identified needs and the public interest
- estimations of costs and benefits that are credible and evidence-based
- fair, effective and non-discriminatory standards to qualify for tendering bids
- mechanisms to underpin accountability and value for money in evaluation of bids
- audit checks of the project at various stages, e.g. by the supreme audit institution
- post-project evaluation to assess realisation of expected benefits.

<p> <b>Examples from around the world</b></p> <p><b>United Kingdom:</b> The “Gateway” process of the UK examines infrastructure projects at five critical stages (gateways) of their lifecycle. Each gateway needs to be cleared before the project can proceed to the next stage. The gateway reviews focuses on <i>1) strategic assessment, 2) business justification, 3) delivery strategy, 4) investment decision, 5) readiness for service, and 6) operations review and benefit realisation.</i> This process helps to assess the progress and success as well as potential risks of the project.</p>	<p> <b>International Standards and Guidance</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #555; color: white; padding: 5px;">IMF Code</td> <td style="text-align: right; padding: 5px;">2.1.4</td> </tr> <tr> <td style="background-color: #555; color: white; padding: 5px;">OECD Budget Principles</td> <td style="text-align: right; padding: 5px;">3</td> </tr> <tr> <td style="background-color: #555; color: white; padding: 5px;">PEFA</td> <td style="text-align: right; padding: 5px;">PI – 11, 12, 24, 30</td> </tr> </table>	IMF Code	2.1.4	OECD Budget Principles	3	PEFA	PI – 11, 12, 24, 30
IMF Code	2.1.4						
OECD Budget Principles	3						
PEFA	PI – 11, 12, 24, 30						








**M.2 Infrastructure assets must be affordable and represent value for money.**


Making sure that the asset delivers more benefits than costs provides some evidence of transparent and efficient delivery choices. For all infrastructure projects this also entails ensuring that there is an on-going competitive market, thereby facilitating competitive bidding for the contract. When comparing various forms of infrastructure delivery (e.g. private finance/concessions versus traditional public works) a set of principles and methodologies should ensure that the most cost-effective option is chosen. The project approval body (whether central budget authority, line ministry or agency) must make sure that users are willing and able to pay and/or that the medium term budget envelope has sufficient fiscal space to finance the asset.

 **Suggested starting points** to ensure value for money in this area include:



- establishing clear, objective standards and methods for comparing various alternative delivery/financing options – e.g. a ‘public sector comparator’
- centralised professional scrutiny (e.g. within the Ministry of Finance) of all projects with respect to affordability and value for money
- a stable competitive market for infrastructure assets with competitive bidding and effective procurement (see section **K**)
- Cost-Benefit Analysis (CBA) of all infrastructure projects on a sound, uniform basis, identifying all prospective economic, social and environmental impacts, and consulting the affected public.

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>
<p><b>Germany:</b> The guidelines for “Economic feasibility analysis for public-private partnership projects” (2006) set out a multi-stage standards to ensure compliance with the principle of efficiency in the public administration. These phases are <i>i</i>) requirement specification, financing and efficiency components of the project, <i>ii</i>) PPP-aptitude test, <i>iii</i>) establishment of the reference project for the Public Sector Comparator (PSC), preliminary economic feasibility examination.</p>	 IMF Code 2.1.4
	 OECD Budget Principles 6
	 PEFA PI - 11

**M.3. The proactive disclosure of relevant data** including key budget data to the public in a timely and accessible fashion, enhances transparency, competition, confidence and value for money in the procurement and delivery of infrastructure projects.

 **Suggested starting points** regarding proactive disclosure in this area, subject to clear national rules regarding disclosure of commercially-sensitive or otherwise confidential data, include:

- basic project information, contract dates and deadlines, links to all contract documents, and contact details of relevant parties
- the project appraisal and independent review of appraisal
- details on the assessed total and year-by-year project costs, listing of risks with information on who bears the risk, evaluation of procurement options, and financial information
- potential government support in the form of guarantees, grants, service payments, land leases, asset transfers, and revenue shares
- tariffs and pricing, events of default and termination payments, and renegotiations
- performance information, project monitoring details and details on disposable assets
- all payments, revenues, liabilities, contingent liabilities, and commitments are clearly incorporated in the budget documentation and the year-end reporting (A.8).

 <b>Examples from around the world</b>	 <b>International Standards and Guidance</b>						
<p><b>British Columbia (Canada):</b> With the 2012 updated policy for Procurement Related Disclosure for Public Private Partnerships, British Columbia offers guidance on proactive disclosure. This guidance recommends for example, requests for qualifications (RFQ) documents through a project website or through a link to the B.C. bid website, as well as the number (but not names) of parties who respond to the RFQ. Furthermore the disclosure of names and numbers of parties that are short-listed at RFQ stage are recommended, as well as the disclosure of the preferred proponent when evaluation is advanced.</p>	<table border="0"> <tr> <td data-bbox="805 1364 1145 1406">IMF Code</td> <td data-bbox="1171 1364 1230 1385">2.1.4</td> </tr> <tr> <td data-bbox="805 1502 1145 1544">OECD Budget Principles</td> <td data-bbox="1171 1502 1187 1523">6</td> </tr> <tr> <td data-bbox="805 1640 1145 1683">PEFA</td> <td data-bbox="1171 1630 1369 1693">PI – 5, 6, 8, 9, 11, 12, 29</td> </tr> </table>	IMF Code	2.1.4	OECD Budget Principles	6	PEFA	PI – 5, 6, 8, 9, 11, 12, 29
IMF Code	2.1.4						
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PEFA	PI – 5, 6, 8, 9, 11, 12, 29						

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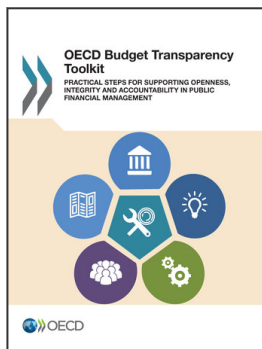
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## Annex: Transparency throughout the budget cycle

	Government	Parliament	Independent Oversight	Civil Society	Private Sector
Entire cycle	<p><b>B.1-2</b> Including the right financial information in budget-related documents</p>	<p><b>C.1</b> Parliamentary committees</p> <p><b>D.1-2</b> Supporting parliamentary capacity</p>	<p><b>G.1</b> IFI engagement in the budget process</p>	<p><b>H.1</b> Presenting key budget information in a clear manner</p> <p><b>I.</b> Using open data to support budget transparency</p> <p><b>J.</b> Making the budget more inclusive and participative</p>	<p><b>L.3</b> Complying with the Extractive Industries Transparency Initiative (EITI) standard</p> <p><b>M.</b> Managing infrastructure investment for integrity, value for money and transparency</p>
Budget Formulation	<p><b>A.1</b> The pre-budget statement</p> <p><b>A.2</b> The budget proposal</p>	<p><b>C.2</b> Ex-ante parliamentary engagement</p>			<p><b>L.1</b> Reflecting public extractive sector revenues in the budget</p>

Budget Approval	A.3 The approved budget	C.3 Parliamentary approval of the budget		H.2 Publishing a citizen's budget	
Budget Execution	A.4 The supplementary budget A.5 Pre-execution budget profiles A.6 In-year budget execution reports A.7 The mid-year implementation report		E. Management and internal control of public money		K. Opening up public contracting and procurement
Budget Review	A.8 Year-end reporting A.9 The long-term report A.10 Reporting on fiscal risk	C.4 Parliamentary scrutiny of budget execution and outturn	F. Supporting the role of the Supreme Audit Institution (SAI)		L.2 Reporting how the money is used



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