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CIVIL RESOURCE DEVELOPMENT AND DOCUMENTATION CENTER

GUIDE TO THE QUESTIONNAIRE ON STATE BUDGET TRANSPARENCY IN NIGERIA

AN EXPLANATION OF THE QUESTIONS AND THE RESPONSE OPTIONS

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GUIDE TO THE QUESTIONNAIRE ON STATE BUDGET TRANSPARENCY IN NIGERIA:

An Explanation of the Questions and Response Options

Overview of the Questionnaire

Principles of the Budget Process

The *Questionnaire on State Budget Transparency in Nigeria* has two broad purposes. First, it is designed to assist nongovernmental researchers in understanding selected good practice benchmarks for budget transparency and accountability and applying them to the practices they observe in their states. Second, it applies a common methodology across states to make possible comparisons between them. The results of these comparisons are intended to draw country-wide attention to the importance of open and accountable government budgets in Nigeria.

This questionnaire is based on the following principles regarding the budget process that are based on guidelines developed by the *International Monetary Fund*, the *Organization for Economic Cooperation and Development*, the *International Budget Partnership* and the *International Organization for Supreme Audit Institutions*.

- *Periodicity*: The state executive should adhere to regular deadlines in an annual calendar for drafting the budget, presenting it to the state assembly for debate, executing the budget, and presenting its final accounts to the public and to the state auditor-general. Timely and regular reporting on each of these four phases of the budget process is essential. It also is important for the state assembly and state auditor-general to perform their critical roles in a timely manner throughout the budget year, especially when it comes to debating and approving the annual budget and reviewing the final accounts.
- *Publicity*: All of a state's citizens should have the right, as individuals or in association in the form of civil society organizations (CSOs), to make and express judgments on the state's budget. This requires that budget documents be widely available. This is especially important for the State Executive's Budget Proposal, which should be available to citizens *before* it is adopted by the start assembly.

Important Points of Clarification

Before commencing with completing this questionnaire, researchers should note the following points of clarification:

- *The questionnaire does not focus on the activities of the central government.* Because the questionnaire was designed to measure budget transparency and accountability at the state level in Nigeria, the central government's role or activities should not be reflected in your responses.
- *The questionnaire is only concerned with those budget documents that are made available to the public.* Please answer all questions in sections one, two and three based on publicly available budget documents.
- *The questions are intended to apply to the most recently completed part of the budget process covered by the question.* As a result, the questionnaire will apply only to budget documents for 2018, 2017 and 2016 (see box on page 4).
- *Documents used to respond to questions for one key document cannot be used to respond to questions regarding another key document.* For instance, the State Budget Appropriation Law that is issued during the budget enactment phase cannot be used to respond to questions about the draft estimates issued during the budget formulation phase. Similarly, even though the Accountant-General's Report is issued during the budget execution phase, it still cannot be used to answer questions about the Quarterly Report.

The Questionnaire in a Nutshell:

This questionnaire includes four main sections: **Public Availability of Key Budget Documents; Public Participation in the Budget Process; Public Availability of Procurement Information;** as well as the **Legal Framework for Access to Budget Information and Fiscal Responsibility.** Details of these main sections are summarized below:

1. **Section One on Public Availability of Key Budget Documents (Questions 1-31):**
The first section deals with the public availability of key budget documents that the state executive and the state auditor general should release to the public at each stage of the budget process. In this section, tables 1 and 2 allow researchers to determine the key budget documents to be used in completing the questionnaire. They require the researcher to identify each of the key budget documents that a state government issues (or fails to issue) during each of the four phases of the budget process.

These questions are grouped into categories based on the budget document that they refer to:

- A. State Budget Call Circular

- B. The Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP)
- C. State Draft Budget Estimates
- D. State Appropriation Law (enacted by the state assembly).
- E. State Approved Budget Estimates
- F. Implementation Reports: State Quarterly Report, State Mid-Year Review and the State Accountant General's Report (issued by the executive branch).
- G. State Auditor General's Report (issued by the State Auditor General).

Each of these documents must be used to respond to only the corresponding questions below for the budget year(s) specified for each of them.

Key Budget Document	Corresponding Questions	Fiscal Year the Budget Document was Released
State Budget Call Circular and Calendar	(1-4)	2018
State Draft Budget Estimates	(5-14)	2018
State Appropriation Law and State Approved Budget Estimates	(15-23)	2018
State Citizens Budget	(24-25)	2018
State Quarterly Report	(26-27)	2017
State Mid-Year Review	(28)	2017
State Accountant General's Report.	(29)	2016
State Auditor General's Report	(30-31)	2016

2. **Section Two on Public Participation in the Budget Process (Questions 32-44):** This section includes questions that gauge whether the executive, state assembly and the state auditor general have created avenues to ensure the participation of the public during all stages of the budget process.

3. **Section Three on Procurement (Questions 45-59):** Questions in this section assess whether procurement information at the state level is publicly available.

4. **Section Four on Legal Framework on Access to Budget Information and Fiscal Responsibility (Questions 59-70):** Questions in this section assess the availability of legal provisions ensuring the public availability of budget documents.

STRUCTURE OF RESPONSES TO THE QUESTIONS

Nearly all questions have four possible responses, as well as “not applicable/other.” In general, the first response (letter “A”) is the most positive answer, reflecting best practice for the subject matter of that question. The second response (letter “B”) is intended to reflect good practice. A response of “C” reflects poor or weak practice, while the fourth response (letter “D”) is the most negative.

For the purposes of numeric scoring of the responses, an “A” response is scored as 100 percent, “B” is scored as 67 percent, “C” is scored as 33 percent, and “D” is scored as 0 percent. Responses of “E” (not applicable/other) are not considered in the scoring.

A typical structure for the responses to the questions is that the “A” response indicates that “extensive information” was presented in the applicable document and that the information included “both a narrative discussion and quantitative estimates.” A narrative discussion here is intended to explain and offer appropriate contextual information for the quantitative estimates; while the quantitative estimates, in the form of tables and charts, would be expected to offer additional detail to the narrative discussion. Thus, you should choose an “A” response for a situation in which all of the information that one could reasonably expect to be provided has been provided.

Responses “B” and “C” attempt to capture those situations in which only a portion of the information is provided. In this regard, “B” should be considered a positive response, in that most of the desired information is made available, although some details are lacking. The phrase “some details” is intended to cover those situations, for instance, where the narrative discussion is not comprehensive or the quantitative estimates are not sufficiently detailed, or both. But, despite these shortcomings, the information provided still gives a good sense of the issue and is sufficient to allow civil society groups to undertake serious analyses and engage meaningfully in the budget debate.

In contrast to the “B” response, the “C” response applies when the information provided “lacks important details.” This is considered a negative response because, unlike instances in which a “B” response applies, the information provided is insufficient to give a good sense of the issue or facilitate meaningful analyses. The “C” response is, of course, a step above the “D” response, which applies when no information is provided.

Answers Responded as “Not Applicable”

Although the questions and responses were drafted to apply to all States in all situations, there may be occasions when they do not apply to the particular circumstances in a state. For these situations, the “E” (not applicable/other) response should be used. Researchers should use this response sparingly, and choose it only after closely reviewing the applicability of all other responses. For the purpose of numerically scoring the questionnaire, an “E” (not applicable/other) response results in the applicable question being dropped from consideration and omitted from the numerical score.

For all answers marked not applicable researchers should provide a brief explanation in the “Comment” section as to why they believe the answer choices provided are not applicable, or why another response would be more appropriate.

Answers Involving Documents that Are Not Available to the Public

The *Questionnaire on State Budget Transparency in Nigeria* is specifically intended to evaluate information on the state government’s budget that is available to the public. As such, the answers to the questions should be based only on publicly available information. Researchers should *not* answer questions based on information that they may have unique access to through, for example, contacts in the executive, or from a document that might have been provided by a friendly legislator. If no information is available to the public, as a general rule the answer should be marked “D.”

The Freedom of Information Act of 2011 gives Nigerians the ability to request any document. Therefore, this study will use the Federal Freedom of Information Act as the basis of request of budget documents. State government officials have 7 working days to respond to the request as per the Federal Freedom of Information Act. If a state government does not respond to the request within this time, the document is not available to the public.

Moreover, if a document is not available to the public, then all the questions regarding that document should be marked “D” For example, if a Mid-Year Review is not made available to the public, then *all* questions about the Mid-Year Review must be marked “D”

Citations and References

The release of cross-state results will attract national and international attention and spur a public debate on the issue of budget transparency in Nigeria. In order to enhance the confidence of all users in the integrity of the cross-state results, we ask researchers to cite a source or reference when answering all questions. State Supervisors and Regional Consultants must make sure that all responses that requires citation(s) bear them.

Briefly cite a source or provide a short comment (which may be as short as one sentence or one paragraph, as appropriate) for answers to each question. The citation or comment should reference the title and portion of the budget document from which you have drawn your answer, or it should describe the conditions that led you to select a particular answer. Please keep all citations and comments as brief as possible.

Citations Drawn from Interviews with Government Officials

Interviews with officials in the state executive branch and the state assembly will be necessary to complete some portions of the questionnaire. Tables 1 and 2 of the questionnaire require that the researcher state if a document is: not available to the public, not produced, or produced for internal purposes only and not released to the public. In order to complete these tables, an interview with an official from the appropriate ministry will be needed to determine whether a document is not produced or produced for internal purposes only.

Similarly, question 29 will likely require an interview with a representative or staff member from the state assembly and questions 30 will require an interview with an official at the state Auditor General's Office.

Researchers should try to identify all of the officials that they interview for the purposes of completing the questionnaire in order to strengthen the credibility of their citations when the research is released to the public. However, it is not obligatory for researchers to identify the officials interviewed by name in the questionnaire though that is preferable.

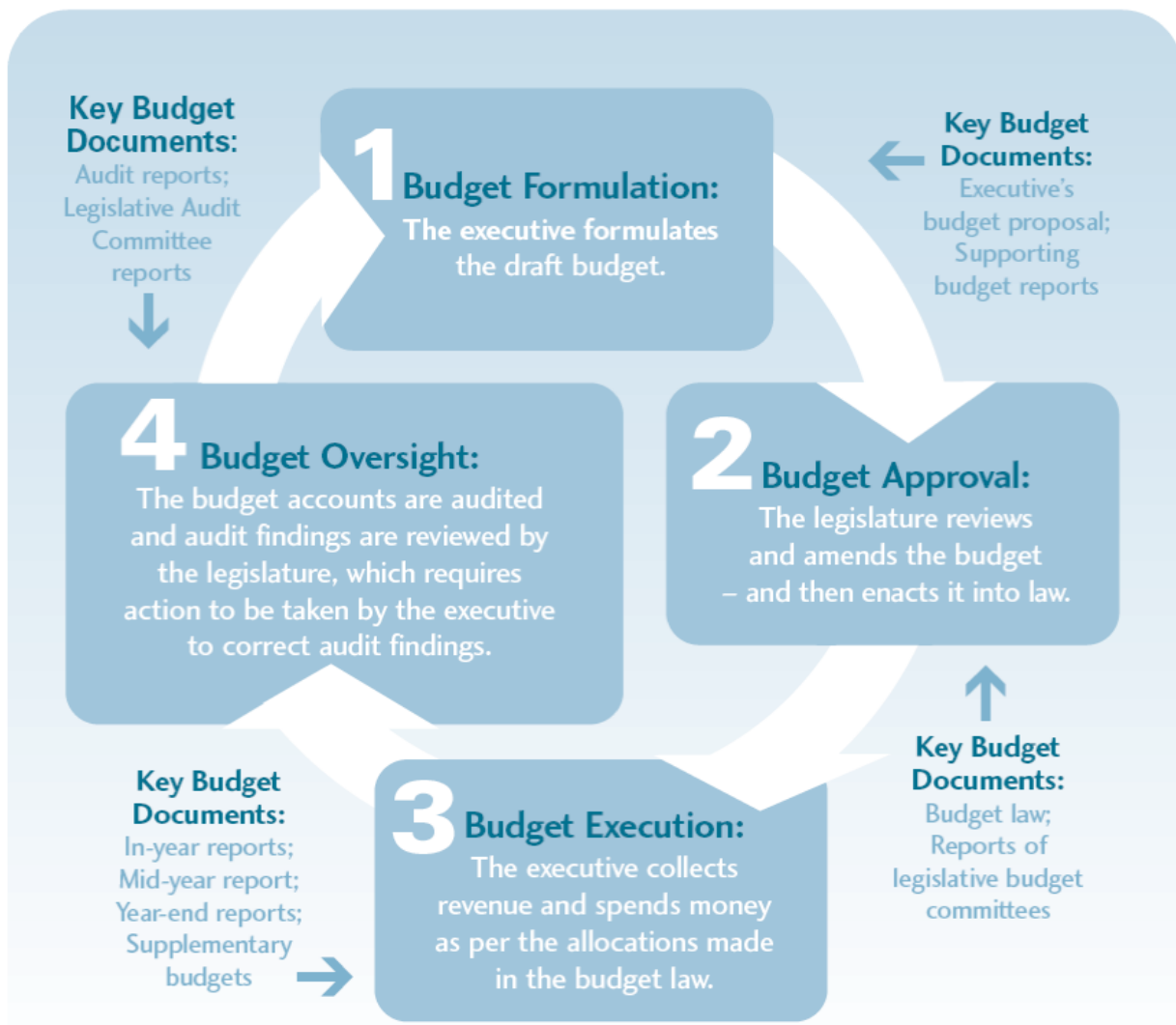
Nevertheless, if possible, researchers should try to identify officials interviewed with as much specificity as possible. For example, they should include as much of the following as possible: the name of the official, his or her title, the ministry or agency, and the date of the interview, in addition to the pertinent information that came out of the interview. (Please note that it is good practice to make and keep dated notes of all interviews.)

INTRODUCTION TO THE BUDGET PROCESS AND KEY BUDGET DOCUMENTS

Nigeria's fiscal year begins on January 1 and ends on December 31. The state budget process consists of four main phases: 1) **Formulation**, when the budget proposal is drafted by the executive branch of government; 2) **Approval**, when the budget is debated and approved by the state assembly; 3) **Execution**, when the budget's plans for generating revenues and spending are implemented; and 4) **Evaluation and Audit**, when funds spent are assessed for compliance and, ideally, for performance.

The diagram below indicates which of the key budget documents should be produced at each stage of the budget process.

Diagram 1: Four Stages of the Budget Process



Source: “Our Money, Our Responsibility: A Citizen’s Guide to Budget Monitoring” International Budget Partnership

At each phase of the budget process, state governments should make information available in the key budget documents presented in Diagram 1.

Budget Formulation Phase

The state executive branch of government is responsible for formulating the budget. Typically, the budget office in the Ministry of Finance, Ministry of Budget or any nomenclature a particular State uses coordinates the process, requesting information from individual Ministries, Department and Agencies (MDAs) of Government and proposing the trade-offs necessary to fit competing government priorities into the budget’s revenue and expenditure totals. Formulation can last from a few weeks to several months, depending on the level of involvement by each ministry and the amount of negotiation that occurs.

The State Budget Call Circular outlines the calendar to determine the budget for the upcoming fiscal year. This document is sent to state MDAs, parastatal companies, and other key stakeholders to determine their individual budgets. State government determine the priorities for the upcoming year and these are reflected in the budget call circular. Similar to the Pre-Budget Statement that central governments are supposed to produce as per the OECD's Best Practices on Budget Transparency, the budget call circulars are meant to generate discussion before the State Draft Budget Estimates. This document should be made available by September 2017 at the latest.

The State Draft Budget Estimates presents the executive's detailed declaration of the policies and priorities it wants to pursue in the upcoming budget year, including specific allocations to each ministry and agency. It should be submitted to the state assembly at least three months prior to the start of the fiscal year to allow for proper review. Therefore, for the 2018 fiscal year the executive in each state should have submitted the proposed budget to the state assembly by November 2017 at the latest.

The draft budget should be made available to the public when it is first Presented to the State Assembly or, at a minimum, before the State Assembly approves it, in order for the public to have an opportunity to influence the final budget. **In no case should the proposed budget be withheld until after the state assembly completes its deliberations and approves the final budget.**

In cases where the State Assembly was unable to complete its deliberations on the proposed budget before January 1, 2018 (the start of the budget year), in order for the State Draft Budget Estimates to be considered publicly available the public should have had access to it **before** it was approved. For example, if the State Budget Appropriation Law ended up being passed on March 3, 2018 the State Executive's Budget Proposal would only be considered publicly available if it was released *before* this date.

Budget Approval Phase

In the second stage of the budget cycle, the state executive's budget is presented to the State Assembly for consideration (which may include hearings in various committees) and eventual adoption.

After debating the proposed budget, the State Assembly typically enacts some form of a budget or appropriation. The budget should be enacted prior to the start of the fiscal year. The **State Budget Appropriation Law** should then be made publicly available, as it is the legal document that authorizes the state executive to implement the policy measures the budget contains.

Budget Execution Phase

Budget execution begins when the state government initiates expenditures as contained in the budget. In practice, however, budgets are not always implemented in the exact form in which they were approved: funding levels are not always adhered to, and authorized funds are not always spent for the purposes for which they were authorized. Deviations between planned and actual expenditures can occur for legitimate reasons, such as explicit changes in policy or in reaction to changing economic conditions. However, deviations can also occur for negative reasons, including poor financial management, unauthorized expenditures, inefficiency, and fraud.

There are three budget implementation reports that Nigeria's state governments should publish during the fiscal year while implementing the budget. First, the state executive should issue Quarterly Reports (**In-Year Reports**) on revenues collected, expenditures made, and debt incurred. These allow the public to monitor whether the government is spending as much as promised on key sectors, as well as whether these funds are reaching the targeted institutions and beneficiaries. Second, the state executive should publish a **Mid-Year Review** to discuss any changes in economic assumptions that affect approved budget policies. For example, an unexpected change in the price of oil and gas can lead to huge revenue windfalls or shortfalls for the states. Third, the state executive should issue an **Accountant General's Report (Year-End Report)** summarizing the situation at the end of the fiscal year. The Accountant General's Report should include an update on progress in achieving the policy goals in the State Budget Appropriation Law.

Budget Evaluation and Audit Phase

The last stage in the budget cycle includes a number of activities that aim to measure whether public resources have been used effectively and efficiently. Ideally, the state executive branch should report on its fiscal activities to the legislature and the public. Expenditures should also be subjected to regular review by an independent and professional body, i.e. the State Auditor General. The findings of the State Auditor General included in the Audit Report should be submitted to the state assembly, which is responsible for holding the executive accountable for its budget execution practices.

The State Auditor General's Report should cover all activities undertaken by the state executive. Since this report should be issued within 12 months of the end of the fiscal year, only the State Auditor General Reports for fiscal year 2016 can be used to respond to questions 30-31.

How to Determine Whether a Budget Document is "Publicly Available?"

For those questions intended to evaluate the contents of budget documents, researchers may use only publicly available budget documents for their answers. Publicly available budget documents are defined as those documents which any and all citizens might be able to obtain through a request to the public authority issuing the document.

For the purposes of the questionnaire, budget documents and reports that are produced by the state executive or other entities, such as the state auditor general, are classified into the following four categories:

1. Documents that are not produced at all.
2. Documents that are produced but are either for internal purposes only and so not made available to the public, or are made available to the public but not within a specified timeframe
3. Documents that are produced and made available to the general public either free of charge or for a minimal fee, but only upon request from the relevant government office.
4. Documents that are produced and distributed to the general public either free of charge or for a minimal fee, and in such a way that the public can access the documents through means other than requesting them directly from the executive (for instance, the documents may be posted on the Internet or kept in a public library)

For purposes of responding to the questions, a document should only be considered as “publicly available” in the case of either “3” or “4” above.

A substantial number of countries around the world do not have clearly defined procedures in law for ensuring the simultaneous release of public documents to all interested parties. As mentioned above, we define publicly available information as that information which any and all citizens might be able to obtain through a request to the public authority issuing the document. This means that for the purposes of responding to the questionnaire:

- Documents made available on the Internet (even if this is the only place they are available) should be considered as publicly available.
- A document that is available only through subscription to a specialized bulletin or publication issued by the executive should be considered as *not* available to the public, unless this bulletin is easily accessible to the general public either free of charge, through the payment of a minimal subscription fee, or through sources such as public libraries.
- If a document is not available from the issuing authority, it should be considered as *not* publicly available. For example, if it is not possible to obtain an audit report from the state auditor general, but it may be available upon request to a representative of the state assembly, then the document should be considered as *not* publicly available. Similarly, documents that the executive provides to the legislature but does not make available to the general public upon request to the executive, should be considered as *not* available to the public.
- A document must be available to any and all members of the general public who requests it to be considered as publicly available. There is a sample request letter that would be used to solicit the budget documents from state governments. As alluded to earlier, this study will use the Federal Freedom of Information Act as a basis for requesting budget documents. State governments have 7 days to respond to these information requests (as per the Federal Freedom of Information Act). A document that is available to only certain individuals or members of the public but is refused to others, who request it, should be considered as *not* publicly available. For example, in some states only those who maintain friendly relations with government officials may obtain

documents, while requests by general citizens or selected civil society organizations are refused.

Budget Documents	Release Dates for ‘Publicly Available Documents’
State Budget Call Circular	Ideally should be released five months before the fiscal year (July) but no later than three months before the start of the fiscal year (September).
State Draft Budget Estimates	Ideally should be released at the same time as it is presented to the State House of Assembly (SHoA). Ideally, it should be released while the legislature is still considering it. In no case would a proposal that is released after the legislature’s discussions about the budget have ended be considered as “publicly available”.
Medium Term Expenditure Framework (MTEF) and Volume and Votes for the State Draft Budget Estimates	Must be released at or about the same time as the State Draft Budget Estimates (see above).
State Budget Appropriation Law	Must be released no later than three months after the budget is approved by the state assembly.
State Approved Budget Estimates	Should be released once the Budget has been approved.
State Citizens Budget	<ol style="list-style-type: none"> a. If it is a simplified version of the State Draft Budget Estimates it must be released at the same time as a “publicly available” State Draft Budget Estimates. b. If it is a simplified version of the Appropriation Law, it must be released at the same time as a “publicly available” the Enacted Budget.
State Quarterly Report	Must be released no later than three months after the reporting period.
State Mid-Year Review	Must be released no later than three months after the reporting period.
State Accountant General’s Report	Must be released no later than nine (9) months after the end of the fiscal year (the reporting period)
State Auditor General’s Report	Must be released no later than twelve (12) months after the end of the fiscal year (the reporting period).

Budget Documents	Release Dates for 'Publicly Available Documents'
Public Accounts Committee (PAC)	PAC is expected to scrutinise the Auditor General Report and come up with their findings including rewards and punishments. The Constitution places no time on this but that should be done before the next Auditor General's Report comes to the floor of the House.

SECTION ONE: PUBLIC AVAILABILITY OF KEY BUDGET DOCUMENTS

Section 1A: State Budget Call Circular and Budget Calendar

Question 1: This question seeks to determine whether state governments produce a Budget Call Circular at all. Good public financial management practice requires governments at all levels to start the budget formulation process and issues a Budget Call Circular. While timeliness is an important aspect of public availability, it is also important to determine whether state governments are able to produce the document. As mentioned earlier, the Budget Call Circular should be produced before the State Draft Budget Estimates are produced and made publicly available. The document should be produced at most by September of the preceding fiscal year.

Question 2 and 3: Question 2 is on the timeliness of the Budget Call Circular while question 3 looks at if the Budget Call Circular is released to the public. Budget Call Circulars are meant to start the budget discussions; therefore, the document should be released as soon as the state government starts budget discussion several months before the start of the fiscal year. The document should be made publicly available at the same time that it is produced which is answer "A." The document should be available at the very latest a month before the State Draft Budget Estimates, which is answer "C". The document is not considered available if it is not produced and publicly available before the State Draft Budget Estimates are presented to the State House of Assembly.

Question 4: asks about the state executive's *internal calendar* for preparing the budget. Such a calendar is particularly important for the executive's management of the budget preparation process, in order to ensure that it accounts for the views of the different departments and agencies. The question asks whether the executive releases to the public such an internal timetable, in keeping with the questionnaire's theme of open budgets, and whether the executive adheres to the dates in this timetable.

Section 1B: State Draft Budget Estimates

Explanations to Questions 5-14

Question 5: State Draft Budget Estimates should be formulated several months before the start of the fiscal year. This question asks about good Public Financial Management (PFM) practices in the state.

Question 6: This question deals with two important issues regarding the timing of the Executive's Budget Proposal's release-both to the State Assembly and to the Public. As per international best practices, the budget proposal should be submitted to the State Assembly at least 3 months in advance of the beginning of the budget year so that there is sufficient time to review and debate the budget. The budget proposal should also be made available to the public when it is first presented to the legislature or, at a minimum, *before* the state assembly approves it, in order for the public to have an opportunity to influence the final budget. **In no case should the proposed budget be withheld until after the state assembly completes its deliberations and approves the final budget.**

If the State Draft Budget Estimates for 2018 was submitted to the State Assembly in October 2017 and it was immediately made publicly available, the response to this question would be 'A'.

If the executive's budget proposal was submitted to the State Assembly and released to the public by the third week of November the response to this question would be 'B'. If it was submitted and released after the third week of November then the response would be 'C'.

Finally, regardless of when the budget proposal was submitted to the state assembly, if it was only released to the public *after the budget was enacted* or if it has not been released at all the response would be 'D'.

In cases in which the state assembly was unable to complete its deliberations on the proposed budget before January 1, 2018, the public must have had access to the Executive's Budget Proposal before it was approved in order for this document to be considered publicly available.

Please do not use the State Budget Appropriation Law or State Approved Budget Estimates to answer questions in section 1 B related to the State Draft Budget Estimates. The questions in this section are intended to evaluate the information that is available to the public while the proposed budget is under consideration by the State Assembly, *before* the State Assembly approves or enacts the budget. If the Executive's Budget Proposal is not available to the public prior to the legislature's approval, researchers should choose the answer "D" for all of questions 5-14.

Questions 7 - 11 are related to expenditures. Questions 7-9 look at some of the basic ways that total expenditures included in the budget can be organized or classified: by administrative unit, functional classification, and economic classification.

Each of these classification systems has different advantages. For instance, reporting expenditure by administrative unit indicates which government entity (department, ministry, or agency) will be responsible for spending the funds and, ultimately, will be held accountable for their use.

Functional classifications indicate the programmatic purpose or objective for which the funds will be used, such as health, education, or defense. Economic classification provides information on the nature of the expenditure, such as whether funds are being used to pay for wages and salaries, capital projects, or social assistance benefits.

To answer “A” for these questions, all expenditures covered in the budget would have to be organized by one of the classification systems. In contrast, the “B” response would apply if a significant portion of expenditures were not properly classified. For instance, the “B” response would be appropriate if expenditures for some of the major functions, such as education and health, are identified separately, but there is a large residual portion of the total budgeted expenditure that is not classified by function. This would make it impossible to identify other functional allocations, such as that for housing or transportation, with precision.

Question 10 asks about expenditures for individual “programs.” For the purposes of answering the questionnaire, researchers should take the term “program” to refer to *any level of detail below an administrative unit, such as a ministry or department*. For example, the State Ministry of Health’s budget could be broken down into several subgroups, such as “primary health care,” “hospitals,” or “administration.” For the purposes of answering the question, these breakdowns should be considered as programs even when they could be, but are not, broken down into smaller, more detailed units.

Question 11 asks about whether expenditures for each state are classified by local government areas, gender, age or senatorial zone. If all expenditures are classified by local government areas the response would be ‘A’. Out of the total expected proposed expenditure for the state, if more than two-thirds of this expenditure is classified by local government councils the response would be ‘B’. If, out of the total expected proposed expenditure for the state, less than two-thirds of this expenditure is classified by local government councils the response would be ‘C’.

Question 12 concerns internally generated revenue such tax revenues and government revenue not generated from taxes such as transfers from the Federation Account. Taxes are compulsory transfers that result from government exercising its sovereign power. Examples of tax revenues include value added tax and stamp duties. If all sources of revenues are identified individually the response is “A”. If only an aggregate total is presented for revenues or if no sources of revenues are identified individually the response is “D”. In order to determine the responses for “C” and “D” the researcher should add up the amount of each source of revenue that is presented and then divide them by the total aggregate of the

revenue. This will allow the researcher to calculate whether the sources of tax revenue presented account for less than two-thirds of the total revenue or more than two-thirds.

Question 13 & 14 asks whether the budget reflects performance targets directly related to expenditures—for instance, in an education program, targets could include the number of teachers trained or the increase in enrollment rate; and for a social security program, the data could reflect the number of beneficiaries. Good public financial management exhorts all governments to link policy outcomes with the budget. Expenditures should be tied to a specific purpose. The budget should disclose not only the amount of money that is being expended on a program but also other information including the targets for each program to analyze it. This information helps to contribute poverty reduction by explaining what the state government intends to achieve with programs in the fiscal year.

Section 1 C: State Appropriation Law and Approved Budget Estimates

Explanations to Questions 15-23

Question 15 asks about good public financial management practice of approving the budget before the start of the fiscal year.

Question 16 refers to the timeliness of the release of the Enacted Budget or State Budget Appropriation Law when it is approved by the State Assembly. To respond to this question the researcher should not only know when the State Budget Appropriation Law was approved by the State Assembly, but also when it was made publicly available (either on the internet or distributed to the public official gazette). If the State Budget Appropriation Law is not disseminated to the public through either of these sources, the researcher should check with the relevant Ministry officials whether they distributed copies of the 2018 Budget Law to public libraries, and if they did so, on what date they distribute this document to the libraries.

If the Enacted Budget was released to the public more than 3 months after its approval by the State Assembly then it is not considered to be publicly available and the response shall therefore be “D”.

Questions 17-23 are related to expenditures in the State Appropriation Law and Approved Budget Estimates. Questions 17-23 look at some of the basic ways that total expenditures included in the budget can be organized or classified: by administrative unit, functional classification, economic classification and by programs. Questions 21 and 22 seek to find if the state is IPSAS compliant and how the state line items in the budget are presented. Some states items are lumped without proper disaggregation for easy comprehension. The question introduced is to know states that are practicing such lumping in budget items.

Section 1 D: State Citizens Budget

Explanation to Questions 24-25

Question 24 asks whether the budget has been popularized in a Citizens Budget format. A Citizens Budget can take many forms, but its distinguishing feature is that it is designed to reach and be understood by as large a segment of the population as possible. If the Citizens Budget is a simplified version of the State Executive's Budget Proposal, it is considered publicly available if it is released at the same time as the Executive's Budget Proposal. If the Citizens Budget is a simplified version of the State Budget Appropriation Law, it is considered publicly available if it is released at the same time as the State Budget Appropriation Law.

The International Budget Partnership developed *The Power of Making It Simple: A Government Guide to Developing Citizens Budgets* to help governments at all levels understand the importance of the Citizens Budget and what its contents should be. This guide states that Citizens Budget should contain the following six topics: five topics: 1) budget process, 2) revenue collection, 3) priority spending and allocations, 4) sector specific information and targeted programs, 5) contact information for follow up by citizens and 6) macroeconomic assumptions. All topics are relevant at the state level except macroeconomic assumptions, therefore, state Citizens Budget should contain the first five of the six mentioned topics.

Citizens Budgets with all 5 topics discussed receive an "A" answer. States that have a Citizens Budget with at least 3 out of the 5 topics discussed receive a "B" answer" while states that a have a Citizens Budget with at least 2 out of the 5 receive a "C" answer.

Question 25 looks at the formats of the Citizens Budget. IBP in its *The Power of Making It Simple: A Government Guide to Developing Citizens Budgets* also documents the varieties of Citizens Budgets around the world. It could be in form of a radio program, street theatre, television program, comic strip, etc. The Chilean MOF publishes both a document and does a 5-minute video that is posted on YouTube. State governments should publish the Citizens Budget not only in a document format but also other accessible formats like a television program on state television channels and a radio program.

Those states that produce a Citizens Budget in at least three different formats would receive answer "A." States publishing a Citizens Budget in two different formats receives a "B." Those states publishing one version of the document would receive a "C."

Section 1 E: Implementation Reports including the State Executive's Quarterly Reports, the State Mid-Year Review and the State Accountant-General's Report

Explanations to Questions 26-29

Question 26 and 27 refer to the production and timeliness of the release of the State Quarterly Report by the state executive branch. The researcher should use the most recent Quarterly Report to respond to this question (preferably a quarterly report for 2017).

For example, if the researcher uses the first State Quarterly Report for January-March 2017 then if it is released before April 31 2017 the response would be "A"; if it is released after April 31 but before May 2017 the response would be "B" and if it were released after May 31 but before June 30 the response would be "C". If the release date is after June 30 then this report is not considered as publicly available as per this survey methodology and the response would be "D". Similarly, if this report is not released to the public at all the response would be "D" as well.

Question 28 is about the State Mid-Year Review. The Mid-Year Review is considered to be publicly available if it is released within 3 months after the reporting period has ended. Researchers should check whether a Mid-Year Review was released during the 2017 fiscal year.

In order to ensure that programs are being implemented effectively and to identify any emerging problems, it is necessary to conduct a Mid-Year Review of the implementation of the budget's execution six months into the budget year

*It is important to distinguish a Mid-Year Review from a Quarterly Report issued at six months into the budget year. A Quarterly Report issued at six months should **not** substitute for a Mid-Year Review, and researchers should mark "d" for all questions related to the Mid-Year Review if it is not issued in their state.*

A Quarterly Report typically records actual expenditure and revenue to-date but does not include a discussion of how these trends will affect the estimates of full-year expenditure. The Mid-Year Review should offer updated projections of expenditures and revenues for the full fiscal year. Revised estimates in the Mid-Year Review should reflect both economic and technical changes as well as new policy proposals, including the reallocation of funds between administrative units, with a comprehensive explanation for any estimate adjustments. Similarly, the Mid-Year Review should include a revised economic forecast for the full fiscal year, taking into account actual economic performance to date and new projections for the remainder of the year.

Question 29 asks about the State Accountant General's Report (Year-End Report). This report should consolidate information on the expenditures of administrative units,

revenue collections, and debt. It should cover all of the major items included in the budget, explaining differences between the original estimates (as amended by the state assembly during the year) and actual outcomes for expenditure, revenue and debt.

In order to be considered publicly available, the State Accountant General's Report should be released with a delay of no longer than nine (9) months after the end of the reporting period. If this report is not publicly available 2016, an earlier State Accountant General's Report cannot be used to respond to this Survey.

Section 1 E: The State Auditor General's Report

Explanations to Questions 30-31

Once expenditures have been completed and all transactions have been recorded, the state executive prepares an annual report that shows the total expenditures incurred by the state agencies during the year. The State Auditor General's office verifies these expenditures for accuracy.

In order to be considered publicly available by State Budget Transparency Survey (SBTS) methodology, the Audit Report must be released within twelve (12) months after the end of the fiscal year. Therefore, if the State Auditor General's Report is not available for 2016 the response to questions 30 will be "D."

Question 30 seeks to look whether good Public Financial Management (PFM) practice is compiled in the state. The Lima Declaration on Auditing Precepts of INTOSAI states that Auditor Generals should provide a report on the execution of the budget on an annual basis.

Question 31 seeks to know when the Auditor General's Report got to the State House of Assembly (SHoA).

SECTION TWO: PUBLIC PARTICIPATION IN THE BUDGET PROCESS¹

Questions (32-44) Public Engagement during Budget Formulation:

Question 32 seeks to determine whether a legal framework (law, regulation, formal procedure, policy) exist exhorting the state governor to engage with the public in the budget formulation process. Legal frameworks are the basis to ensure that public participation is

¹ These questions are based on the International Budget Partnership's Open Budget Survey at www.openbudgetindex.org and the United States Government Financial Officer's Association's 2009 brief "Public Participation in Planning, Budgeting, and Performance Management" at <http://www.gfoa.org/downloads/PublicParticipationbudget.pdf>.

implemented. Citizens can cite a law to exhort the governor to involve the public in the budget formulation process. Laws, however, do not mean that there is actual compliance.

State Budget Committees are meant to include a wide variety of members to give different perspectives on a variety of topics to be included in the budget. These committees can include private citizens, academics and members of public or private research institutes (if the research they produce is substantially free of government control or interference), private sector and representatives of civil society organizations, community-based organizations, trade unions, vulnerable groups, youth groups, churches or religious organizations, or other types of associations. These committees should be involved in budget planning discussions. When public inputs on the budget are included in budget allocations, budgets become more legitimate.

Answer “A” should be selected when a law exists and establishes the membership of State Budget Committee members that is representative of wide variety of stakeholders in the state. When a participation law does exist, but only a few members are a part of the meeting process answer “B” should be selected. While a law may not exist, state governors can have an informal policy or practice to involve the public in the budget formulation process. In this case, answer “C” should be chosen. When no legal framework exists or informal procedure exists, answer “D” should be chosen.

Question 33 examines whether the state executive holds regular annual consultations with the public during the formulation process. State governors shouldn’t just have State Budget Committees described earlier just to comply with a legal requirement. These committees should be accessible to all citizens so that a wide range of citizens are able to provide inputs. State Budget Committees can have used numerous mechanisms for eliciting public input. Common methods for soliciting information include the following:

- Surveys, either in person or via mail, phone, or Internet.
- Focus groups
- Interviews
- Comment (or point of service) cards
- Public meetings, such as public hearings, “Town Hall” meetings, and community vision sessions

Budgets can be confusing and State Budget Committees can help bridge this “literacy” gap by providing guidance to citizens who wish to be solicit inputs in the budget formulation process. The State Budget Call Circulars can serve as a background document for these State Budget Committees to ensure that their inputs are used in a timely manner. States should receive an “A” answer when these conditions are met.

State Budget Committees may have some mechanisms to solicit the public’s input; however, the public is not engaged in providing inputs. When this occurs, the answer should

be “B.” When State Budget Committees exist along with the aforementioned mechanisms exist, but they are not designed in a manner to be accessible the answer should be “C”. For States where no State Budget Committees exist, the answer should be “D.”

The intention of the question is to explore if consultations that the state executive may hold are regular consultations on an *annual* basis that contribute to its crafting of the priorities included in its budget proposal.

Question 34 asks whether the state executive holds annual consultations with the public regarding budgeting for vulnerable groups for the upcoming budget. These vulnerable groups include women’s groups, youth, persons with disabilities, the elderly, etc. The purpose of specifically indentifying these groups is to address inequalities among these groups. To adequately address the inequalities, these groups can provide systematic examination of budget programs and policies and provide suggestions on how to improve. These meetings should not be on a once a year basis. Given the specific needs of the constituencies, state governments can benefit from extensive consultations with these groups. Answer “A” should be chosen when extensive consultations are held with a variety of these constituencies. When some key constituencies are excluded, answer “B” should be chosen. If such a meeting is a onetime occurrence, the answer is a “C.”

Question 35. Articulating the purpose for conducting a public participation process is critical because the purpose becomes the foundation for deciding who to involve, how to select them, what activities they will be involved in, what information will be collected, and how the state government will use the information. Consequently, determining the purpose should be the first step in designing a participation effort. State governments *should not* initiate public participation processes without establishing a tangible purpose or objectives, nor is it sufficient to create a public participation process simply because it is a best practice or because other governments have done so.

Purposes may include one or more of the following, or individual state governments may identify other purposes for involving the public:

- To improve performance by better understanding what the public wants and expects from the state government;
- To adjust services and service levels more closely to citizens’ preferences;
- To establish performance measures that incorporate the public’s perspective;
- To differentiate among the expectations of various local government areas in policy and service design;
- To understand public priorities in planning, budgeting, and managing services;
- To establish long term strategies to provide for a fiscally sustainable future for the jurisdiction;
- To ensure that capital investment decisions, such as the location of infrastructure elements, are informed by public input;
- To provide information to the public about a government’s services and results.

Question 36. State governments should systematically collect, maintain, monitor, and analyze information gained from public involvement activities, maintain contact information on individuals and groups that wish to be kept informed, and use multiple communication mechanisms to ensure that those involved or interested in the process are notified of opportunities for additional feedback and of decisions made based on the public involvement process. Most importantly, state executives should explain how public involvement has made a difference in plans, budgets, and performance, and gather public feedback on how successful the process has been through the public's eyes.

(Question 37-39) Public Engagement during Budget Enactment:

Questions 37-39 review opportunities for public participation in the budget debate while the State Assembly is discussing the budget during committee hearings. If the State Assembly does not organize public hearings on the budget the responses to both questions would be "D". For question 34 members of the executive invited to speak at these hearings may include the relevant government officials. Members of the public invited to speak at such hearings could include any individual, organization, or association independent of state government.

For question 38 as in case of the state executive, the state assembly should also compile reports that include all written testimony presented at the hearings. These reports should include how both the state executive(s) contributed and members of the public engaged in the budget debate, and how the state assembly incorporated their testimonies in their decision making regarding the budget.

(Questions 40-42) Public Engagement during Budget Execution:

Question 40 asks about the ability of the public to obtain in practice highly disaggregated data that would be useful for monitoring specific activities or projects, using for example, expenditure tracking.

Researchers may recall that question 10 asked about the availability of information in the budget documents about expenditure "programs," which referred to *any level of detail below an administrative unit, such as a ministry or department*.

This question asks about the availability to the public of even more detailed information than program-level detail. For example, the State Ministry of Health's budget could be broken down into several "programs," such as "hospitals," "primary health care," or "administration." This question asks if it is possible in practice to obtain even more detailed information about, for example, the program known as "hospitals." This detail might include a list of all hospitals receiving funding, and the amount of funding each will receive. This level of detail is usually not provided in a state's budget documents, and frequently must be requested from a state ministry or agency.

Question 41 is similar to question 32 but asks about whether State Budget Committees also solicit inputs during the execution phase. The mechanisms are similar to that in the execution phase.

Question 42 is similar to question 39 but on budget execution.

(Questions 43-44) Public Engagement during Audit

Question 43 seeks to measure the commitment of the State Auditor General to public participation in influencing the audit agenda. Every year, the State Auditor General may typically undertake audits on a sample of agencies, projects, and programs in the state. While deciding its audit agenda, the state auditor general may seek to focus its attention on at least some agencies, programs, or projects based on complaints and suggestions from the public. The Auditor General may create formal mechanisms for receiving information from the public—through its website, hotlines, and offices (and persons) designated to collecting such information from the public.

Social audits are conducted by civil society to ensure that public funds are spent efficiently and with a purpose. State auditors' general shouldn't limit the interaction with the public with just a complaint mechanism. Auditor Generals in provinces in Colombia train civil society to be social auditors and use the audit findings in the annual report.

Question 44 asks whether relevant committees of the state assembly publicly discuss the findings of the State Auditor General's report. Generally, the Public Accounts Committee has this responsibility, but other committees may also have specific responsibilities.

SECTION THREE: PUBLIC AVAILABILITY OF PROCUREMENT INFORMATION

Introduction to the Public Procurement Process

Procurement is the acquisition of goods or commodities by a government ministry or agency's procurement department. This simply means the purchase of goods from suppliers at the lowest possible cost. The best way to do this is to let the suppliers compete with each other so that the expenses of the government are kept at a minimum.

Procurement usually involves a bidding process in which the bidders or sellers quote their prices and which accepts the lowest possible bid. This is the most efficient and cost-effective method of procuring goods or services if the quality of the goods meets the government department's requirement.

The process of procurement usually begins when the government procurement department starts to search the market for bidders. After identifying the suppliers, a request for bids, proposals, quotes, and information can be made. However, direct contact with bidders can also be made instead of advertising the above requests.

After selecting the suitable bidders, a quality check is essential in order to confirm the suitability of the goods in question. The next step would be negotiation of the terms,

conditions, quality, and delivery schedules. Logistics and payment are the next two important processes that determine the safe delivery and the payoff of goods.

The whole process of procurement should be carried out in compliance with the existing laws.

Questions (45-59) Transparency in Public Procurement:

Question 45 - 47 are based on the need to have transparency about public procurement regulations. The public should have access to state procurement laws, offices and council as provided by the law and procedures to determine whether they apply to all government entities or whether they exclude agencies or parts of the public expenditure (e.g. autonomous agencies or state-owned enterprises) and whether these exclusions are made by law or can be made administratively and not subject to public oversight.

Question 48 asks whether the state has a Tenders Board, a regulatory body in charge of all aspects of procurement from the drafting of the guidance documents to the independent procurement complaint review body that manages disputes or complaints raised in the procurement processes. This body should publish execution reports of procurement projects. Publicly available guidance documents for potential bidders promote competition and increase confidence in the procurement system. Potential contractors are more willing to participate when they are familiar with the tender documents and their interpretation. Guidance documents should contain a set of standard and mandatory clauses and templates that will help the formulation of the tender documents.

State Tenders Boards should not only make guidance documents available but also use various mediums to publish potential contracts such as an online portal, tender board gazette, etc.

Question 49 ask on the regularity of inviting stakeholders including Civil Society Organisations (CSOs) during bid opening.

Question 50. Tender documents should also be publicly available in order for suppliers to understand clearly what is requested from them and how the tendering process is to be carried out. The information in tender documents enables the submission of responsive tenders/proposals and establishes the basis of a transparent evaluation and award process.

Evaluation criteria for the procurement award should be pre-disclosed to the public. The decision criteria for the award should be based on awarding the lowest price evaluated tender. Criteria should be complete and they should not be vague so as to ensure that there is little room for subjective interpretation of the criteria by the evaluator and that the procurement process is fair and transparent.

Questions 51. Public opening of tenders is a means of increasing transparency to an open tendering exercise. Opening immediately after the deadline for submission of tenders diminishes the possibility of loss or alteration of proposals or submissions. During this process, the names and addresses of the bidders and the tender prices (and any withdrawals

or modifications to tenders duly submitted), and those of any alternative offers requested or permitted are read aloud and recorded.

Questions 52. In addition to the contracts that have been awarded, public information about winning tenders should also include the justification for why a specific contractor was awarded the tender in contrast to others.

Public access to procurement information enables interested parties to be better informed as to the consistency and fairness of the process and it creates a basis for social audit by increased stakeholders. This information should be easy to find, comprehensive and user friendly providing information of relevance. A dedicated website can be created for this purpose where agencies can duly post information on procurement in a timely manner.

Questions 53-54. Question 53 asks whether a independent procurement complaint review body exists. Questions 53 and 54 assess whether there is publicly available information regarding the procurement review process and dispute resolution mechanisms. This should include information regarding the procedures whereby complaints can be submitted to the procurement department or a separate complaint review entity. Information regarding the functioning of the procurement review system, e.g. number of cases filed, the average time for arbitration and the number of cases closed should also be accessible to the public.

Question 55-59 ask about public access to regular information on contracts for community projects. State officials should provide a list of all awarded contracts, the amount of payment made to each contractor and the percentage of payment to each contractor of the total amount. This is important because the public can monitor and vouch for which projects are satisfactory or which have not even begun and help the state government hold contractors accountable for their work. For instance, if a community is informed that a school will be built in their area within a specified timeframe, and no construction has begun even though the contractor has been paid 80 percent of the total amount, the members of that community can bring this to the attention to the relevant public officials who can bring the contractor to task.

SECTION FOUR: LEGAL FRAMEWORKS (ACCESS TO INFORMATION AND FISCAL RESPONSIBILITY)

Question 60. Freedom of Information laws are for the most part generic in nature and expansive. The International Budget Partnership analyzed the transparency and participation clauses in public finance laws in over 80 countries. While the study finds that there are many public finance laws around the world that have transparency clauses, there is no concrete language specifying that budget documents should be publicly available. This question asks whether there are specific provisions ensuring the publication of budget documents.

Question 61. Access to Information is an integral part to good governance. A Freedom of Information law provides the legal basis for citizens to request government information. Legal frameworks, however, do not always guarantee compliance with the law. Freedom of Information laws should have strong, concrete provisions on what is of public domain, how to request information and what recourses are available when access is denied. This question is

designed to address not only whether there is an Access to Information provision in the state, but whether the law is drafted to have strong mechanisms to ensure the applicability of the law.

Question 62. Right2Info.org explains the need for an oversight body for an Access to Information law: 1) promoting the right to information; 2) “protect the right of access to information by reducing the potential bottle-necks in the application of the law and the appeals process that can, over time, reduce confidence in the right of access to information;” 3) knowledge of how the mechanism works; 4) enforce mechanisms when information is denied; 5) collect information on the application of the law. This question focuses on the second and fourth aspect.

Question 63. Fiscal responsibility laws impose a number of requirements such as maximum deficit, debt or expenditure growth rule, fiscal transparency provisions and greater accountability. By their nature, these laws can also increase fiscal transparency in states. This question asks whether such a law exists in the state.

Question 64-65. These questions seek to ask whether the states have been up and doing on provisions of such legal requirement (Fiscal Responsibility Law).

Questions 66-67 seek to ask on the modernity of the state’s Audit law. This is important because evidence have shown that most states audit functions are guided by the colonial Audit Law of 1958. This is absurd with the development in technology and changes observed all over the world in auditing including forensic audit.

Questions 68-69 seek to ask if the Public Accounts Committee of the States Houses of Assemblies are up and doing in producing reports based on the Auditor General’s Report. The PAC report is necessary as it provides for sanctions/punishments as well as rewards where necessary for those who violated or abide with the financial principles of the state.

Questions 70 seeks to ask if the financial regulations/instructions have been revised the way it ought to because of the realities on ground. International best practice suggest that Financial Regulations/Instructions should be reviewed at least every ten years but encourages states to review that in every five years if they can to accommodate the provisions of new laws passed by the legislature.