

# **GUIDE**

## **TO THE QUESTIONNAIRE**

### **ON STATE BUDGET TRANSPARENCY IN NIGERIA**

**AN EXPLANATION OF THE QUESTIONS AND THE RESPONSE OPTIONS**

**February, 2022**

## **GUIDE TO THE QUESTIONNAIRE ON STATES BUDGET TRANSPARENCY IN NIGERIA:**

### **An Explanation of the Questions and Response Options**

#### **Introduction and Overview**

The Nigerian States Budget Transparency Questionnaire has two broad purposes. First, it is designed to assist independent civil society researchers in understanding select international and national good practice benchmarks for budget transparency and accountability and applying these standards to the practices the researchers observe in their various states. Second, by providing a common methodology for investigating budget transparency and accountability, the questionnaire is intended to link civil society research efforts on these issues across Nigerian states. By applying this standard methodology to research in all the states, comparisons across states are possible. By placing each state's performance on internationally accepted standards within a cross-state context, the Nigerian States Budget Transparency Survey draws global/national attention to the importance of open, transparent and accountable state government budgets.

Civil society budget groups have a unique interest in promoting public access to budget information during all phases of the budget cycle. The availability of comprehensive, accessible, useful, and timely budget information is essential for civil society to participate effectively in the budget process. The questionnaire is specifically intended to help researchers identify what and how much information is publicly available during each of the four stages of the budget process, whether it is timely and accessible, and whether there are any information gaps.

This focus on public access to information, as well as opportunities to participate in budget processes, is what makes the questionnaire unique among assessments of state government transparency and accountability. However, the Nigerian States Budget Transparency Questionnaire addresses only a limited set of topics related to the larger issues of effective public financial management, public participation, and accountability. Thus the Open Budget Questionnaire is intended to complement rather than replace other research related to these issues. CIRDDOC strongly encourages researchers to develop their own state-specific research as a way to highlight and draw attention to important issues in their state.

Though the 2022 Nigerian States Budget Transparency Questionnaire has been revised to include more questions on participation, this is an area that CIRDDOC will deepen the assessment of in future rounds of the Survey. There are some areas the questionnaire does not examine at all, including the legal and administrative framework for public expenditure management within states, or the transparency and accountability of local government levels of government. These are both highly important issues but are difficult to capture across different types of budget systems in a way that allows for comparisons between states.

#### **Important Principles Related to Budget Transparency and Accountability**

Notwithstanding its limitations, the questionnaire does attempt to capture and make operational some important basic principles and standards, or norms, related to transparent and accountable budgeting systems and practices. These include:

- *Prior authorization:* The legislature should authorize measures involving expenditure, revenue collection, and debt prior to the executive taking action.
- *Unity:* All proposed annual expenditures, revenues, and other government financial activities should be presented to the legislature in one consolidated presentation, the Executive's Budget Proposal. (Although in practice in some of the states studied, this consolidated presentation takes the form of a primary document, with several supporting documents.)
- *Comprehensiveness:* Not only should the state government disclose its financial activities in its annual budget proposal but it also should issue documents at other times during the budget year to provide a comprehensive, updated picture of the state government's actions.
- *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.
- *Specificity:* The description of every budget item should result in a clear overview of the state government's expenditure plans. The descriptions and figures provided for budget items should not be so highly aggregated (presented as grand totals) that they do not give a clear picture of the government's intentions, and this information should be presented according to internationally-accepted classification systems to avoid obfuscation.
- *Legality:* All expenditures and activities should be in keeping with the law. Where the law does not adhere or promote basic principles of transparency and accountability, civil society should make recommendations to amend it.
- *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 state 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 Subnational (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 2022, 2021 and 2020.*
- *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.*

### Other Useful Tools for Budget Transparency Research

We suggest that researchers visit the Open Budget Initiative on the IBP website (<http://www.openbudgetindex.org>) for other useful links and tools that can help focus additional budget transparency research they might be considering.

In addition, the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Cooperation and Development (OECD) have developed comprehensive questionnaires and diagnostic tools for examining fiscal transparency, public expenditure management, and budget practices and procedures.<sup>1</sup> Beyond these international institutions, private sector analysts and civil society organizations also have developed their own methodologies for assessing budget transparency.<sup>2</sup>

Taken together, these various instruments highlight the breadth and complexity of budget transparency. The Nigerian States Budget Transparency *Questionnaire* is intended to supplement these various efforts, primarily emphasizing issues related to public access to information.

### Structure of the Questionnaire

The Nigerian States Budget Transparency *Questionnaire* includes five sections. The first section contains a series of four tables that allow researchers to examine and map the availability and dissemination of a country's key budget documents. This first section requires 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. The researcher then will use these documents to answer many of the 94 questions in the remaining sections of the questionnaire (sections 2-5). These questions are grouped into four categories: the Executive's Budget Proposal, the Budget Process, the Strength of the Legislature, and Public Engagement During the Budget Process.

---

1 For a discussion of World Bank and IMF instruments, see "Assessing Public Expenditure, Procurement, and Financial Accountability: A Review of Diagnostic Instruments," Public Expenditure and Financial Accountability Secretariat, World Bank, April 2003.

2 See, for example, Budget Transparency and Participation: Five African Case Studies, IDASA, 2002; and eStandards Forum, "Assessments of Adherence to Fiscal Transparency Standards" at <http://www.estandardsforum.com>.

The second section of the questionnaire focuses on documents that are issued when the legislature considers the proposed budget. The questions in this section seek to assess the information provided in the Executive's Budget Proposal, as well as any accompanying information that would assist the legislature in analyzing and evaluating the proposed budget. The Executive's Budget Proposal merits significant attention because it is the blueprint for how the government will raise and spend funds to realize its economic and social policy goals. As such, it is frequently subject to the most scrutiny and debate during the course of the budget year.

How closely the Executive's Budget Proposal adheres to good practices for presenting budget information is generally carried through and reflected in the other budget documents that are issued throughout the process. For example, if a state government adopts the good practice of providing in the Executive's Budget Proposal a highly detailed classification of its expenditures that include functional, economic, and administrative breakdowns, it is much more likely to be in a position to carry this practice through to its reporting in other phases of the budget cycle, such as that in its In-Year and Year-End Reports.

The third section of the questionnaire assesses the level of transparency within each of the four phases of the budget process. The questions in this section examine both documents that should be available to the public during each of the phases and practices that the executive and the state auditor general can adopt to make the process more accountable. For example, once the budget is approved, the public should have access to detailed and regular monthly or quarterly reporting on expenditures made, revenues collected, and debt incurred.

The fourth section of the questionnaire assesses how strong the legislature is vis-à-vis the executive, during the budget process. For example, one question looks at the degree to which the legislature can amend the budget proposed by the executive, and another asks whether the executive is required to get legislative approval prior to spending unexpected revenue collected during the budget year.

The fifth section focuses on opportunities for public engagement during the budget process — a necessary complement to budget transparency. For access to budget information to contribute to improvements in budget policies, execution, and outcomes, it must be coupled with opportunities for the public to use this information to participate meaningfully in budget decisions and oversight. Although previous versions of the *Nigerian States Budget Transparency Questionnaire* included some questions on this topic, in 2022 the Survey includes an entire section that looks at the processes, mechanisms, and practices the executive, legislature, and state auditor general have in place to make sure that the public is included in the formulation, discussion/approval, execution, and auditing of their state government's budget.

### **General Information About the Questionnaire**

The *Nigerian States Budget Transparency Questionnaire* is designed to be completed by an independent civil society researcher, or a team of such researchers, in order to produce a single set of responses for each participating state. The questionnaire seeks to determine whether a state government provides certain types of information to the public, and whether certain activities occur during the budget process. Answers to the questions must be based on empirical research, and researchers are required to provide evidence about why they have selected a particular answer. This evidence can include references to specific documents, in their entirety or sections/chapters/pages, interviews with public officials, and, under each question, comments provided by researchers, which help explaining why a particular answer option has been selected instead of another.

Once the questionnaire is completed, it will be reviewed by two anonymous peer reviewers who have substantial knowledge of the particular state's budget system and processes to help ensure the validity and objectivity of the results produced by the researcher or research team. At the request of the researcher, a third set of comments provided by the government may be included.

It is important for researchers to note the following:

- *The questionnaire focuses on the activities of a state government and does not address the role of local governments.* Because the questionnaire was designed to measure budget transparency and accountability in a way that would allow for inter state comparisons, it is not well suited to investigate intergovernmental relationships, the nature of which can vary significantly from state to state. Researchers interested in examining intergovernmental fiscal relations in their state may want to consider developing supplementary questions to capture these activities.
- *For the most part, the questionnaire seeks to discover what occurs in practice, rather than what the law requires.* (The small number of questions that do refer to legal provisions state this clearly in the question.) Researchers should answer the vast majority of questions based on the actual practice in their state.

This focus on what occurs in practice recognizes that, in some cases, well-intentioned budget laws are not actually implemented and thus have little impact on the budget process. At the same time, this focus should not be interpreted as minimizing the importance of codifying certain aspects of the budget process; legal requirements for openness and transparency are an essential part of guaranteeing sustained transparent, responsive, accountable, efficient, and effective budgeting.

- *Unless stated otherwise, the questionnaire is concerned with those budget documents that are made available to the public.* Please answer the 94 questions in Sections Two through Five of the questionnaire based on publicly available budget documents.
- *Unless stated otherwise, the questions are intended to apply to the most recently completed part of the budget process covered by the question.* As a result, the questionnaire will likely apply to budgets from several years (see box on page 6). NOTE: For states included in the Nigerian Subnational (States) Budget Transparency Survey 2020, documents which were used to respond to the Nigerian Subnational (States) Budget Transparency Survey 2020 cannot be used to respond to the Nigerian Subnational (States) Budget Transparency Survey 2022.
- *Please use the electronic version of the questionnaire that is provided to you by the CIRDDOC.* Do not transfer the questions into another format or alter the structure of the questionnaire.

### **Interviewing Government Officials**

Interviews with public officials in the executive, the legislature, and the auditor-general's office will be necessary in order to obtain information required for:

- Section One: Tables 2, 3, and 4. These tables require the researcher to determine whether a document is made available to the public, not produced, or produced for internal purposes only. In order to complete these tables, the researcher may need to interview an official from the appropriate ministry.
- Sections Three and Four: Questions 31, 55, 56, and 64. These questions explore whether members of the legislature receive the information they should receive throughout the budget



process, according to international good practice. These questions will likely require an interview with individual legislators or members of their staff. Please see Section Two of this guide, “Citations and References for Answers,” for further details about interviewing government officials.

- Section Five: most of the questions on public engagement (and surely Questions 72, 73, 75, and 76) are likely to require the researcher to both examine publicly available documents and interview officials in order, to capture actual practice of the various institutions in terms of engaging with the public during the various stages of the budget process.

## Section One: The Availability of Budget Documents

From the perspective of civil society budget groups, the public availability of budget documents is essential to providing the public with the information it needs to effectively participate in the budget process. The goal of the questionnaire is to examine the transparency of the budget system, so its primary focus is on key budget documents that should be made available to the public, according to international good practice.

Section One of the questionnaire contains a series of four tables that allow researchers to examine and map the availability and dissemination of a state’s key budget documents, including: the Pre- Budget Statement, Budget Summary, Executive’s Budget Proposal, Supporting Budget Documents, Citizens Budget, Enacted Budget, In-Year Reports, the Mid-Year Review, Year-End Report, and Audit Report.

### Key Budget Documents Used in the Study

In Section One of the questionnaire, researchers are required to identify and classify their state’s budget documents according to the four phases of the budget cycle. The documents identified in this section must be used to answer the corresponding questions in Sections Two and Three as follows:

|                             |                      |
|-----------------------------|----------------------|
| Executive’s Budget Proposal | Questions 7-27       |
| Pre-Budget Statement        | Questions 5-6; 32-34 |
| Citizens Budget             | Question 66-69       |
| Enacted Budget              | Question 59          |
| In-Year Reports             | Questions 35-38      |
| Mid-Year Review             | Questions 39-42      |
| Year-End Report             | Questions 43-47      |
| Audit Report                | Questions 48-54      |

Researchers may not use a document that is issued during one phase of the budget cycle to answer those questions related to another phase. This is because the questionnaire is specifically intended to evaluate the information available to the public during each one of the four

phases of the budget year. For example, In-Year Reports, which are documents that regularly report on the actual revenues and expenditures during budget execution (the third phase of the budget cycle) may not be used to answer questions related to legislative consideration of the Executive's Budget Proposal (the second phase of the budget cycle.) The issue here is whether the public and key oversight institutions (the legislature and Auditor-general) have the information they need, when they need it, to effectively participate in each phase of the budget cycle.

## **PHASE ONE: DRAFTING OF THE EXECUTIVE'S BUDGET PROPOSAL**

### ***Pre-Budget Statement***

The Pre-Budget Statement, sometimes referred to as the Pre-Budget Report, is intended to disclose the parameters of the Executive's Budget Proposal — specifically, total expenditures, forecast for total revenues, and the debt to be incurred during the upcoming budget year.. The executive should make this document available to the public no less than one month prior to the introduction of the Executive's Budget Proposal in the legislature. The Pre-Budget Statement generally does not present highly detailed information (usually such detailed information is presented several weeks or months later in the draft budget itself). The OECD's Best Practices for Budget Transparency contains a description of what the Pre-Budget Statement should contain.

In some states, the Ministry of Finance issues a schedule of important dates and deadlines for ministries that it will use in formulating the Executive's Budget Proposal. This schedule should not be confused with the Pre-Budget Statement.

## **PHASE TWO: LEGISLATIVE CONSIDERATION OF THE BUDGET PROPOSAL**

### ***The Executive's Budget Proposal and Supporting Budget Documents***

The Executive's Budget Proposal should be made available to the public when it is first presented to the legislature or, at a minimum, before the legislature 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 legislature completes its deliberations and approves the final budget. The public must have access to the Executive's Budget Proposal before it is approved in order for this document to be considered publicly available.

The nature of the Executive's Budget Proposal can vary from state to state: sometimes it is a single document, and sometimes it is a collection of multiple documents. For the purposes of answering questions 7-27 in Section Two of the questionnaire, researchers should draw their answers from the main Executive's Budget Proposal, as well as any supporting budget documents that the executive may provide to the public.

These are some important points to remember when identifying the Executive's Budget Proposal and its supporting documents:

- Please do not use the Enacted Budget to answer questions 7-27 related to the Executive's Budget Proposal. 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 legislature, before the legislature approves or enacts the budget. If the Executive's Budget Proposal is not available to the public prior to the legislature's approval, researchers should choose the answer "d" for all of questions 7-27.
- The phrase "supporting budget document" as used in the questionnaire refers to documents that are issued by the executive at the same time or within a few days of the time that it presents its proposal to the legislature. These documents are almost always prepared by the department or agency that coordinated the budget preparation process and releases the budget (such as the Budget office or Ministry of Finance). These documents must be released within a few days of the main Executive's Budget Proposal, so that they can be used to inform the debate on the proposed budget before it is enacted by the



legislature. Researchers should not use information that the executive may release at other times of the budget year when completing questions 7-27.

- Documents providing multi-year projections (such as multi-year national development plans or medium-term expenditure framework documents) can be considered as “supporting budget documents” if there is a direct link with the budget. This would require that these multi-year projections be released annually at the same time as the budget, that they are based on the same macroeconomic assumptions as the budget, and that they reflect the same levels of revenue and expenditure in years in which they overlap. (This may be relevant to questions 17, 18, 21, and 22).

### **PHASE THREE: BUDGET EXECUTION**

#### ***Enacted Budget***

After debating the executive’s proposed budget, the legislature typically enacts some form of a budget or appropriation. In order to be considered publicly available on the Nigerian States Budget Transparency *Questionnaire*, the Enacted Budget must be released to the public no later than three months after the legislature approves it. For the purposes of the questionnaire, the term “Enacted Budget” refers to the document that has been passed by the legislature, and question 59 covers its contents. In some states, the Executive’s Budget Proposal varies significantly from the Enacted Budget, so researchers should not use the Enacted Budget to answer questions 7-27 related to the Executive’s Budget Proposal.

#### ***In-Year Reports***

In-Year Reports are sometimes referred to as Monthly Reports or Quarterly Reports. Researchers should use only the state’s In-Year Reports to answer questions 35-38. In-Year Reports can be issued in the form of one consolidated report for the entire state government, or multiple reports from different agencies. For example, in some cases, revenue collection agencies issue their own separate reports.

A key factor in the public’s ability to play an effective oversight role is having access to timely information. Thus in order to be considered publicly available for the Nigerian States Budget Transparency *Questionnaire*, the In-Year Reports must be released no later than three months after the end of the reporting period.

#### ***Mid-Year Review***

The Mid-Year Review, sometimes referred to as the Mid-Year Report, should contain a comprehensive update on the implementation of the budget, including a review of the economic assumptions underlying the budget and an updated forecast of the budget outcome for the current budget year. To ensure the timeliness and usefulness of the report, it should be released no later than three months after the end of the reporting period. For example, in order for the Mid-Year Review of a state with a January-December fiscal year to be considered publicly available it should cover the months of January-June and be released no later than the end of September.

The OECD’s Best Practices contains a comprehensive description of what the Mid-Year Review should contain. An In-Year Report issued six months into the budget year is not a substitute. If there is no separate Mid-Year Review in their state, researchers should mark “d” to all the questions relating to the Mid-Year Review to indicate that there is no such document available to the public (Questions 39-42).

### **PHASE FOUR: MONITORING AND EVALUATION**

#### ***Year-End Report***

A Year-End Report may be issued as a single consolidated report for the entire government, or individual ministries and agencies may issue separate reports. This report or series of reports is issued by the executive and should not be confused with the Audit Report described below. The Year-End Report is covered by questions 43-47.

To be considered publicly available, Year-End Reports must be released no later than two years after the end of the fiscal year. For example, for a fiscal year that runs from January to December, the state

must release its 2020 Year-End Report no later than the end of December 2022 for it to be considered publicly available on the Nigerian States Budget Transparency *Questionnaire*. Year-End Reports that have been used to answer questions in the Nigerian States Budget Transparency Survey 2020 cannot be used again to answer questions in the Nigerian States Budget Transparency Survey 2022.

### **Audit Report**

The Audit Report is issued by a state's auditor-general's office and attests to the state government's year-end final accounts. Researchers should use this document to answer questions 48-54.

To be considered "publicly available" on the Nigerian States Budget Transparency Survey *Questionnaire*, Audit Reports qualify only if they were released within two years after the end of the fiscal year to which they relate. For example, in order for the 2020 Audit Report of a state with a January -December fiscal year to be considered publicly available it should be released no later than the end of December 2022. Audit Reports that have been used in response to the Nigerian States Budget Transparency Survey 2020 cannot be used to respond to the Nigerian States Budget Transparency Survey 2022.

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

For Table One of the questionnaire, researchers should provide the appropriate year for budget document used, if the document is publicly available. If the document is not publicly available, please state, "Not Available." Please see below for further details on the definition of "publicly available documents."

### **On What Year's Budget Should Responses to the Questionnaire Be Based?**

The questions in Section Two and Three of the questionnaire ask about a range of budget-related documents and different aspects of the budget process. Unless stated otherwise, researchers should refer to the most recently released version of the document for the relevant stage of the budget cycle that is being assessed for the 2022 questionnaire. For example, if the researcher is evaluating the availability and comprehensiveness of documents relating to the Executive's Budget Proposal, he or she must use the documents for the upcoming budget year. Therefore, if the executive has not released its proposal for the upcoming year, researchers should not go back to an earlier fiscal year for which documents should now be available to assess these documents. Documents from an earlier year, which may not have been released until well after the budget was enacted (too late for them to be useful for civil society or the general public to understand what was proposed or influence the final budget policies), cannot be considered publicly available for the purposes of the Nigerian States Budget Transparency Survey 2022. The same is true for documents related to implementation or audit; researchers must assess those documents that should have been made publicly available for the most recent period that falls within the timeline for the release of documents for each phase. Thus answers on the questionnaire will refer to several different budget years.

For instance, assume that the questionnaire is being completed in March 2022 in a state whose fiscal year runs from January to December. Also assume that the budget for that fiscal year (2022) has already been considered by the legislature and enacted into law. In this case, the researcher should use documents related to the 2022 budget for the questions on the Executive's Budget Proposal and the process of formulating, debating, and adopting the budget. For these questions, fiscal year 2022 would be considered the budget year (BY).

However, because fiscal year 2022 has just started, questions related to monitoring the budget through the Mid-Year Review would have to apply to the report issued for the 2021 budget, because that is the most recent budget for which this report has been produced (in March it will be only three months into the 2022 budget year). Furthermore, although fiscal year 2021 is completed in this example, final Year-End or Audit Reports for that year may not have been released yet in most states. Thus answers to questions concerning these documents would have to refer to the 2019 or the 2020 budget, depending on when such reports are released (note: they should be released within two years of the end of the reporting period to qualify as "publicly available" on the States Budget Transparency *Questionnaire*).

Note that state governments may be inconsistent in whether or when they release to the public certain budget-related documents or conduct or complete certain aspects of the budget process. This can make it difficult for researchers to know which fiscal year to refer to in answering questions that correspond to these documents or process issues. In the example above, for instance, questions about the Pre-Budget Statement would apply to fiscal year 2022. If no Pre-Budget Statement was released for fiscal year 2022, then that fact should guide the researcher's responses, even if such a document had been released in some prior year. On the other hand, if – and only if – a Pre-Budget Statement was not released for fiscal year 2022 because of some legitimate, one-time event (e.g., an election), it is permissible to use the fiscal year 2021 Pre-Budget Statement as the basis for answering questions about this document. In these rare instances, researchers should provide the rationale for this choice below their response on the questionnaire.

### **When Are Documents Considered “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 that any and all citizens are 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 executive or other entities, such as the AuditorGeneral, are classified into the following four categories:

1. Documents that are not produced at all.
2. Documents that are produced and made available to the public but not within a specified timeframe, or are produced for internal purposes only and so not made available to the public.
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 “4” above.

A substantial number of states around the country 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 which any and all citizens are 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 publicly available.
- A document that is available only through subscription to a specialized bulletin or publication issued by the executive should be considered 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 not publicly available. For example, if it is not possible to obtain an Audit Report from the AuditorGeneral's office, but it may be available upon request from a legislator, then the document should be considered not publicly available. Similarly, documents that the executive provides to the legislature but does not make available to the general public upon request, should be considered not available to the public.

- A document must be available to all members of the general public who request it to be considered publicly available. A document that is available to only certain individuals or members of the public but is withheld from others who request it, should be considered 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. Researchers should consider conducting a test like the one described below to gather evidence of refusals of requests for budget documents.

If researchers have any doubts about whether a request for a document would be refused, please consider asking other researchers, civil society groups, or members of the public in your state to actually test the availability of documents. Ask them to request the document to establish if there are instances of arbitrary denials. Record the experiences of those making requests who were denied documents, including details on who made the request, the date and time of the request, the name of the official or office where the request was made, and any reasons given for the refusal. This information can be very valuable evidence to be presented to the public along with the research results and to support advocacy calling for the adoption of clear procedures in law that require that officials make documents public.

If researchers have questions about how this definition of publicly available documents might apply in their states, please contact us. The table below presents the timelines for the release of the key budget documents to qualify as publicly available.

| Budget Document             | Release Deadlines for “Publicly Available” Documents   |
|-----------------------------|--|
| Pre-Budget Statement        | Must be released at least one month before the Executive’s Budget Proposal is submitted to the legislature for consideration   |
| Budget Summary              | Must be released before or during the legislature’s deliberations on the Executive’s Budget Proposal, i.e., before the approval of the Enacted Budget.   |
| Executive’s Budget Proposal | Ideally should be released at the same time as it is presented to the legislature. At a minimum, it must be released while the legislature is still considering it and <i>before</i> the legislature approves it. In no case would a proposal that is released after the legislature’s discussions about the budget have ended be considered “publicly available.” |
| Supporting Documents        | Must be released at or about the same time of the Executive’s Budget Proposal (see above).   |
| Enacted Budget              | Must be released no later than three months after the budget is approved by the legislature.   |
| Citizens Budget             | a. If it is a simplified version of the Executive’s Budget Proposal, it must be released at the same time as a “publicly available” Executive’s Budget Proposal.<br>b. If it is a simplified version of the Enacted Budget, it must be released at the same time as a “publicly available” Enacted Budget.   |
| In-Year Reports             | Must be released no later than three months after the reporting period ends.   |
| Mid-Year Review             | Must be released no later than three months after the reporting period ends.   |

| Budget Document | Release Deadlines for “Publicly Available” Documents  |
|-----------------|---|
| Year-End Report | Must be released no later than one year after the end of the fiscal year (the reporting period).  |
| Audit Report    | Must be released no later than 18 months after the end of the fiscal year (the reporting period). |

**Table 2: Key Budget Documents: Titles and Internet Links**

Table 2 requests that the researcher provide the following information, for each document used to complete the questionnaire:

1. Full title
2. Date the document was made available to the public (General Note: this is not necessarily the same date indicated on the document itself)
3. How the document is made available to the public (library, upon request, Internet, etc.)
4. Internet URL/address, if applicable

For those documents not posted in the Internet, researchers must indicate one of the following: “Produced for Internal Use,(PIU)” “Not Produced,(NP)” according to what applies.

It is very important not to confuse one budget document with another when completing the questionnaire. In some states, distinguishing between documents can be a bit difficult, and for the purposes of answering the questions in Sections Two and Three of the questionnaire it is very important not to confuse the documents. Please contact us immediately if you are having trouble.

#### **Tables 3 & 4: Distribution of Documents**

Each of these tables is divided into two parts. Part 1 includes four options in rows A, B, C, and D for describing the status and availability of each of the relevant documents (Pre-Budget Statement, Executive’s Budget Proposal, and Citizens Budget in Table 3, and Enacted Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report in Table 4). This part asks whether a particular document is:

- A) not produced,
- B) produced for internal purposes, but not available to the public,
- C) produced and available to the public, but only on request, or
- D) produced and published online on the state’s official website.

For each document, researchers must record either YES, NO, or NA (not applicable) in the cells to indicate whether the statement applies or does not apply to the document. It is not possible to enter “YES” into more than one cell.

For budget documents that are produced and distributed to the public (i.e., options C and D were selected in Part 1), researchers must complete Part 2 of each table to identify what steps the executive takes to distribute and promote interest in these reports.

Therefore, the bottom part of tables 3 and 4 should only be completed if the response in part 1 of the table was “D” or “C”). In this part of the table researchers report on the timeliness of the distribution, how widely documents are distributed, and whether the executive actively promotes the availability of the documents to the media and public.



## Section Two: The Executive's Budget Proposal

### State Budget Call Circular and Budget Calendar

**Question 1:** This question seeks to determine whether state government produces a Budget Call Circular at all. Good public financial management practice requires governments at all levels to start the budget formulation process with the issuing of a Budget Call Circular. While timeliness is an important aspect of public availability, it is also important to determine whether a state government is 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 3-4 months before the start of the 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.

**Question 5 and 6:** focuses on the government's expenditure policies and priorities in the Pre-Budget Statement, asking whether "core" information related to these policies is presented. These core components include:

- A discussion of expenditure policies and priorities; and
- An estimate of total expenditures.

Although a Pre-Budget Statement is unlikely to include detailed programmatic proposals (such detailed information is typically only presented in the budget itself), it should include a discussion of broad policy priorities and a projection of at least total expenditures associated with these policies for the budget year. The Pre-Budget Statement can include some detail, for instance, estimates provided by any of the three expenditure classifications — by administrative, economic, and functional classifications. To answer "a," the Pre-Budget Statement must present for the upcoming budget year all of the core information related to the government's expenditure policies and priorities as well as some additional information beyond the core elements. To answer "b," the Pre-Budget Statement must present all of the core components noted above for the upcoming budget year. A "c" answer applies if some information related to the government's expenditure policies and priorities is presented, but some of the core pieces of information are not included. Answer "d" applies if no information on the government's expenditure policies and priorities is presented.

### The Executive's Budget Proposal

The first broad category of questions in the Open Budget Questionnaire looks at the information that is provided with regard to the Executive's Budget Proposal upon its submission to the legislature for consideration, and how that information is presented. The Executive's Budget Proposal typically receives more attention — from the legislature, the media, and the public — than any other budget document that the executive regularly releases. This heightened level of attention makes it essential that the Executive's Budget Proposal and any supporting budget documentation are made widely available and provide clear and comprehensive information.

Section Two is divided into five subcategories. The first four subcategories cover information that should be disclosed in the Executive's Budget Proposal or supporting budget documents. The fifth category deals with information that does not necessarily need to be contained in the budget documents themselves but can be very important for analyzing the budget. The subcategories include:

- **Estimates for the Budget Year and Beyond** examines the types of expenditure, revenue, and debt estimates used in the budget documentation to represent the Executive's Budget Proposals for the budget year, and the macroeconomic assumptions that underlie the budget. The subsection also examines the estimates that the executive should present for future budget years.
- **Estimates for Years Prior to the Budget Year** asks a similar set of questions for the years prior to the budget year. These prior-year data are important because they provide a benchmark against which budget proposals can be assessed; looking at trends over time, for instance, can yield insights into the feasibility and sustainability of future budget proposals.
- **Comprehensiveness** looks at a number of specific items that typically are not adequately disclosed to the public, but which should be included in all budgets. The official presentation of the budget can sometimes fail to capture certain fiscal activities, either because they are accounted for outside the budget (such as extra-budgetary funds) or because the accounting methods used in the budget are inadequate (such as a cash accounting system for presenting contingent liabilities). Yet, such items can have a major impact on the government's ability to meet its fiscal and policy goals. Thus specific statements or estimates related to these activities are needed to inform the public about the government's fiscal position.
- **The Budget Narrative and Performance Monitoring** explores the extent to which the executive's proposed budget includes information that helps explain the relationship between the budget estimates and the government's policy goals. The questions are important for those who are interested in monitoring the budget's impact, particularly in terms of outputs and outcomes. These questions explore whether discussions of budget proposals are informative and understandable — important issues if the executive wishes to facilitate a broader debate and a more inclusive budget process.
- **Additional Key Information for Budget Analysis and Monitoring** explores whether information is available that would assist in understanding and analyzing the Executive's Budget Proposal. For example, the questions ask if the executive makes available to the public an analysis on the distribution of the tax burden, and a glossary of terms used in budget documents.

### Structure of Responses to the Questions

Nearly all questions have four possible responses, as well as "not applicable/other." In general, the first response (letter "a") is the most positive answer, reflecting best practice for the subject matter of that question. The second response (letter "b") is intended to reflect good practice. 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.

As mentioned above, the “a” responses to the questions attempt to capture “best practice” when it comes to transparent and accountable budgeting. For the most part, these best practices regarding the timeliness and content of specific budget documents are drawn from the OECD’s Best Practices. However, the questionnaire covers topics in addition to those related to budget documents, and for many of these issues standardized “best practices” do not exist. Therefore, the questionnaire sets reasonable goals in these areas with an eye to establishing standards or norms.

That said, the questionnaire does not assume that countries should engage in “cutting-edge” budget practices. These, for example, might include compliance with all of the standards presented in the IMF’s Government Finance Statistics Manual 2001, such as using accrual accounting or maintaining a balance sheet.

A typical structure for the responses to the questions 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.” To merit an “a” response, the narrative discussion should explain and offer appropriate contextual information for the quantitative estimates; while the quantitative estimates, in the form of tables and charts, should 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 such situations as those in which 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 for giving a good sense of the issue or facilitating meaningful analyses. The “c” response is, of course, a step above the “d” response, which applies when no information is provided.

### **When Does the “Not Applicable” Response Apply?**

Although the States Budget Transparency Survey questions and responses were drafted to apply to virtually all states, there are occasions when they do not correspond to the particular circumstances in a state. For these situations, the “e” (not applicable/other) response should be selected. Researchers should use this response sparingly and choose it only after carefully 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. Note that during the vetting process, CIRDDOC staff members will contact researchers to discuss all questions marked not applicable.

For all questions answered with “not applicable/other,” 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 States Budget Transparency Questionnaire is specifically intended to evaluate information on the State government’s budget that is available to the public. Therefore, 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.”

Moreover, if a document is not available to the public, then all the questions regarding that document should be marked “d.” For example, if the Executive’s Budget Proposal is not made available to the public after it is tabled in the legislature and is only available after the legislature enacts the budget, then all of questions 7-27 should be marked “d.” Similarly, if a Mid-Year Review is not made available to the public, or not within the specified timeframe, then all of questions 39-42 must be marked “d.”

## Citations and References

We expect that the release of the inter state results of the States Budget Transparency Survey 2022 will be a high-profile event that will attract significant scrutiny and spur a national/subnational public debate on the issue of budget transparency. As such, we ask researchers to cite a source or reference when answering questions 1-94 in Sections Two-Five of the questionnaire. This supporting evidence for answers is intended to enhance the confidence of the media and other users in the States Budget Transparency Survey results.

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. Each comment box has unlimited space, but in the new format of the questionnaire there is a maximum number of lines that are visible without scrolling a sidebar on the right of the comment box, and we strongly encourage researchers to keep their comments and citation to the length that does not require using the scroll bar..

Researchers also should keep in mind that this is a national initiative and many of those who might read a state’s questionnaire may not be familiar with the details of the budget process in that state, or of important persons or actors on the budget scene. Therefore, researchers should spell out the titles of documents, avoid or explain any specialized terminology that might be used in their state, and explain to the reader any special conditions that might have influenced their answer, but of which a national audience might not be aware.

- A short citation for a reference to information drawn from a budget document could be one or two sentences long (researchers should include the Internet address/URL for the document cited, if it is posted on the web)
- If the document in question or information is not available to the public, researchers may decide to provide a citation as follows:

*This document is not available to the public.*

OR

*This document is produced for internal purposes but it is not made available to the public.*

- In some instances, researchers may wish to provide an example to strengthen the credibility of their answers. An example also can give insight to readers about why a particular answer was selected. Providing concrete details (dates, names, actions) about examples provided can strengthen their usefulness. For example:

*The deadline for the executive to present its budget proposal to the legislature is established in the Law of Financial Administration (Law No. 24.156). However, the executive rarely complies with this deadline. For example, during the 2010 budget year, the executive was required by the law to submit its proposal by April 30, but it did not make the submission until May 26.*

OR

*There is no legal requirement regarding the deadline for the release of the budget to parliament prior to the beginning of the budget year. This limits the opportunity for advocacy and participation by civil society and the public.*

IMPORTANT NOTE FOR THOSE RESEARCHERS IN STATES WHERE THE STATE BUDGET TRANSPARENCY QUESTIONNAIRE WAS COMPLETED IN 2020: Please provide in the comment section an explanation for a change in the responses from last year's questionnaire. This explanation might be very brief, such as:

*The answer selected demonstrates an improvement [deterioration] in performance from the 2020 round of research.*

OR

*The presentation [or practice] is similar to that in the previous period, but researcher reassessment has led to a change in response.*

Providing such a brief explanation for changes in responses from one period to the next will greatly speed the review time required for the questionnaire. (CIRDDOC staff members intend to contact researchers about each change in response from one research round to the next that lacks an explanation.)

### **Citations for Information from Interviews with Government Officials**

Interviews with officials in the executive and legislative branches will be necessary to complete some portions of the questionnaire. The tables in Section One of the questionnaire require the researcher to state if a document is: 1) not available to the public, 2) not produced, or 3) 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, questions 31, 56, and 64 explore the information that the executive and the State auditor general provide to members of the legislature. These questions will likely require an interview with a legislator or a legislative staff member. Researchers should ensure that they interview legislators who are not members of the ruling party or coalition in their state, both to obtain answers to these questions and to understand their perspective. Failure to provide information to opposition parties should be grounds for low scores on this series of questions and should be noted in the comment section for these questions.

Researchers also may choose to use the comment section to note any significant political parties in their states that have been excluded from access to budget information or the budget debate. (This might be because a lack of free and fair legislative elections denies these parties access to the legislature *itself*, or due to such other conditions as arbitrary denial or withdrawal of political party registration.)

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. This may be especially important when the Survey results are released in states that do not perform well. However, researchers are not required to identify the officials interviewed by name in the questionnaire. (In some states, it will not be possible to obtain an on-the-record interview with an official, and many will only grant the interview on the condition that their names not be published.)

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.)

### **Peer Review**

After the researcher or research team has completed and submitted the questionnaire, CIRDDOC staff members will review it and discuss with researchers any issues that indicate that answers were chosen using assumptions that were not consistent with the States Budget Transparency Survey's methodology. The questionnaire will then be submitted to two anonymous peer reviewers for review. The use of



an anonymous peer review system is intended to increase the confidence of the media and other users that the data is accurate and free of potential bias. Unless the researcher object, CIRDDOC also will seek comments from the state government, which would be included as a third set of peer review comments.

Once the questionnaire has been reviewed, CIRDDOC will contact the researcher or research team to further discuss whether differences between the researcher's answers and those of the peer reviewers need to be reconciled. As part of this process, we may ask researchers to write a further elaboration of their answer choice. We expect this elaboration to be brief and not to exceed four paragraphs in length per question.

#### Explanations to Questions 7-27

In order to be considered "publicly available" for the States Budget Transparency Survey, an Executive's Budget Proposal must be made available to the public when the executive sends it to the legislature for consideration or at some point during the legislative deliberations before it is enacted into a budget law. Supporting budget documents for the Executive's Budget Proposal must be released at about the same time that the proposal is made available.

NOTE: While the Pre-Budget Statement may be released very near the time that the Executive's Budget Proposal is made available, it cannot be counted as a supporting budget document.

#### Estimates for the Budget Year and Beyond (Questions 9-25)

Questions 9-12 are related to expenditures. The first three questions look at some of the basic ways that total expenditures included in the proposed budget can be organized or classified, whether by administrative unit, functional classification, or 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.

Unlike classification by administrative unit, which tends to be unique to each country, the functional and economic classifications have been developed and standardized by international institutions.<sup>3</sup> Cross-country comparisons are facilitated by adherence to these international classification standards.

To answer "a" for these questions, all expenditures covered in the budget would have to be organized by one of the classification systems and, in the case of the functional and economic classifications,

---

<sup>3</sup> For a discussion of these classification systems, see International Monetary Fund, Government Finance Statistics Manual 2001, <http://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>.

would have to be consistent with international standards. In contrast, the "c" response would apply if a significant portion of expenditures were not properly classified. For instance, the "c" response would be appropriate if expenditures for some of the major functions, such as education and health, were identified separately, but a large residual portion of the total budgeted expenditure was not classified by function. This would make it impossible to identify other functional allocations, such as that for housing or transportation, with precision.

Question 12 asks about expenditures for individual "programs." There is no standard definition of the term "program," and the meaning can vary from state to state. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to refer to *any level of detail below an administrative unit, such as a ministry or department*. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care,"

“hospitals,” or “administration.” For the purposes of answering the question, these breakdowns should be considered as programs even when they could be, but are not, broken down into smaller, more detailed units.

Question 17 asks whether estimates of aggregate expenditure in the budget are provided for at least two years beyond the budget year (BY), thereby covering at least a three-year period (BY, BY+1, and BY+2). Sometimes referred to as a Medium Term Expenditure Framework (MTEF), this three-year period is generally considered an appropriate horizon for budgeting and planning.

Question 18 asks about the level of detail that is provided in the budget for these multiyear estimates — that is, whether these estimates are provided for individual programs, for one or more of the expenditure classifications (administrative unit, functional, or economic), or simply for aggregate expenditures. The appropriate response is the one that represents the greatest level of detail for which these multiyear estimates are presented in completeness. For example, if estimates were provided for all functional classifications, but only for some programs, the appropriate answer choice would be “b.”

**Questions 19-22** concern revenues. Revenues generally are separated into two major categories: tax and non-tax revenues. Taxes are compulsory transfers that result from government exercising its sovereign power. The largest sources of tax revenue in some states are taxes on personal and business income and taxes on goods and services, such as sales or value-added taxes. The category of non-tax revenues is more diverse, ranging from grants from international institutions and foreign governments to funds raised through the sale of government-provided goods and services. Some forms of revenue, such as contributions to social security funds, can be considered as either a tax or non-tax revenue depending on the nature of the approach to these contributions.<sup>4</sup>

Questions 19-20 assess the degree to which the individual sources of tax and non-tax revenues are disaggregated in the budget. It is important that estimates for revenues be disaggregated and displayed based on their sources primarily because different revenues have different characteristics, including who bears the burden of paying the tax and how collections are affected by economic conditions.

**Questions 23** focus on state government debt. In general, the budget should reflect the total size of the state government’s debt burden at the start of the fiscal year, as well as the amount of additional borrowing that is required to finance the expenditure proposals in the budget that exceed available revenues. In addition, the budget should clearly state the amount of interest that is paid to service this debt. (The functional and economic classifications of expenditure require interest payments to be shown separately.)

**Questions 14-15** ask about the macroeconomic assumptions that underlie the budget’s revenue and expenditure estimates. Question 14 looks at how comprehensively the budget presents the macroeconomic forecast, asking whether the forecast is discussed and whether the key economic assumptions are explicitly stated. Which economic assumptions are “key” may vary somewhat from country to country; for instance, a country that is heavily dependent on revenues from oil or other commodities

---

<sup>4</sup> For more detail on social contributions, see IMF GFS Manual 2001.

should include its assumptions information about the international price of these commodities.

**Questions 25** ask if the budgetary impacts of new policies proposed in the budget are presented separately, so that they can be distinguished from existing commitments. This is important because, in any given year, most of the expenditures and revenues in the budget reflect the continuation of existing policies. Yet much of the attention during the debate on the budget is focused on new proposals — whether they call for eliminating an existing program, introducing a new program, or changing an existing program at the margin. Typically, these new proposals are accompanied by an increase or a decrease in expenditures or revenues. So a presentation that distinguishes between new and existing policies is important for understanding the budget.

**Additional Information Needed for a Comprehensive Executive's Budget Proposal**

**Question 26** examines the information provided in the budget on donor assistance, both financial and in-kind. Such assistance is considered non-tax revenue, and the sources of this assistance should be explicitly identified. In terms of in-kind assistance, the concern is primarily with the provision of goods (particularly those for which there is a market that would allow goods received as in-kind aid to be sold and thereby converted into cash) rather than with aid like technical assistance in the form of advisers from a donor country.

**The Budget Narrative & Performance Monitoring (Question 27)**

**Question 27** asks whether the budget highlights policies, both new and existing, that benefit the poorest segments of society. This question is intended to assess only those programs that address the immediate needs of the poor directly, such as through cash assistance or provision of housing, rather than indirectly, for example, through a stronger national defense. This information is of particular interest to those seeking to bolster government's commitment to anti-poverty efforts.

**Section Three: The Budget Process**

The second broad category of questions in the *States Budget Transparency Questionnaire* looks at the four phases of the budget process. The first two phases — formulation and approval — culminate in the budget being enacted. It is during these phases that budget priorities are being set, and thus the potential to help shaping the budget is open to civil society. The other two phases — execution and monitoring, and final reports and audits — occur after the budget has been enacted. These latter phases are important because key information is produced that indicates the extent to which agreements made in setting budget priorities are being adhered to and the desired services are being delivered as planned. This information helps to hold government to account and inform the debate on future budgets.

Section Three is divided into four subcategories:

- **Executive's Formulation of the Budget:** this category of questions focuses on the stage in the process when the executive prepares its proposed budget. The budget preparation process is typically a fairly closed exercise, as the executive weighs various policy options in private. A closed formulation process is less troubling if the legislature has sufficient time and authority to debate and amend the proposed budget after receiving it. In a budget process where these legislative powers are limited, though, it is desirable for the executive to communicate with the legislature and the public during the formulation stage, through such means as holding consultations or releasing a Pre-Budget Statement.
- **Executive's Implementation of the Budget:** this category examines In-Year Reporting on the implementation of the budget. In addition to regular monitoring reports, the executive should also release a Mid-Year Review that assesses economic conditions and progress on the budget, requests any adjustments to the original budget, and provides updated estimates of expenditures and revenues.
- **Executive's Year-End Report:** this category examines the reports produced by the executive after the budget year has been completed. These reports should provide data on actual revenues and expenditures that allow an assessment of its budget performance compared to the original budget.
- **Audit Phase and the State AuditorGeneral:** this category examines the role and independence of the state auditor general and its reporting practices once the budget year is over, and the executive has closed the accounts.

Unless specified otherwise, the questions in Section Three are concerned with how the various aspects of the budget process are conducted in practice, rather than on which activities are required by law. Also, the most recently applicable budget cycle should be used for purposes of answering these questions. The instructions regarding citations and interviews with government officials described in Section Two of this Guide apply equally to the questions in this section.

Note that while in previous versions of the *States Budget Transparency Questionnaire*, the legislative approval of the budget was dealt with in this section, it is now been shifted to Section 4, which looks specifically at the strength of the legislature within the budget process.

Explanations to Questions 28-54

### ***Executive's Formulation of the Budget (Questions 28-34)***

**Questions 28-29** determine the extent to which the executive is open about and adheres to deadlines for the presentation of its budget proposal to the legislature. Question 28 addresses a basic requirement of transparency, which is that the executive announce, in advance, the date it will release the budget.<sup>5</sup> More advance warning enables legislatures and others monitoring the budget process to prepare for the budget debate. For the purposes of answering this question, if — and only if — a particular event, such as an election, delayed the most recent release of the budget beyond the usual release time, researchers should use a more normal year as the basis for responding to this question. **Question 29** asks about the executive's *internal* timetable for preparing the budget. Such a timetable 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 focus on transparency of the budgets process.

Question 31 examines the executive's practices for consulting with the legislature during the formulation of its budget proposals. The consultations would likely involve discussions on both broad fiscal issues (such as the size of the deficit) and policy priorities (such as allocations to the different sectors). This question intends to capture the range of differing views, specifically legislative views, the executive seeks when formulating the proposed budget, and thus, for the purposes of answering the question, the consultations may be either public or private, and formal or informal. The "a" response is appropriate only if the executive meets with members of minority parties as well as its own party. The "b" response is appropriate if the executive consults with a more select group of key legislators, such as parliamentary leaders or committee chairs and ranking members; this group must include some minority-party legislators. The "c" response would be appropriate if the executive meets informally with only selected legislators of its own party.

Questions 32-34 cover the executive's release of a Pre-Budget Statement or report, which encourages debate on the proposed budget and how it affects the economy. The Pre-Budget Statement reflects the culmination of the strategic planning phase of the budget process, where the executive broadly aligns its policy goals with the resources available under the budget's fiscal framework, before detailed program funding decisions are made.<sup>6</sup> The statement also creates appropriate expectations for the budget itself, which is particularly important when the budget submission occurs close to the start of the fiscal year and, therefore, the time for debate, is limited.

The OECD states that best practice in this area requires the executive to release its Pre-Budget Statement to the public at least one month prior to submitting its budget proposal to the legislature.

---

<sup>5</sup> Note that the announcement of a specific day is preferred, but announcement of a "no later than" date or "the week of release" is sufficient for responding positively to the question. For instance, the law may state that the budget must be released "no later than February 1" or "during the first week of February." Either of these formulations is sufficient for the "a" response.

<sup>6</sup> The strategic planning phase is often associated with a medium-term expenditure framework, which seeks to link policy, planning, and budgeting. See *Public Expenditure Management Handbook*, World Bank, 1998.

Good practice also requires the executive to present the budget proposal to the legislature at least three months prior to the beginning of the fiscal year. This means that in order to receive an "a" answer on related questions in the States Budget Transparency Survey, the Pre-Budget Statement must be released at least one month prior to the release of the Executive's Budget Proposal and ideally at least four months prior to the beginning of the fiscal year.



Question 33 addresses the appropriate content of the Pre-Budget Statement. It should include a statement of the executive's economic and fiscal policy plans for the forthcoming budget year plus at least the following two fiscal years. In terms of macroeconomic parameters, a Pre-Budget Statement should present all key economic assumptions, such as the projected rate of employment and unemployment, the current account, and the inflation and interest rates. It also should highlight at least the aggregate levels of revenue, expenditure, deficit or surplus, and debt for the budget. When this information is presented and extensive explanations are provided, an "a" answer can be selected.

Question 34 examines the degree to which the Pre-Budget Statement goes beyond providing aggregate fiscal totals and includes a discussion of the executive's policy priorities. Although a Pre-Budget Statement is unlikely to include detailed, programmatic proposals, it should include a discussion of broad policy priorities. The discussion could be organized by sector or by administrative unit.

### ***Executive's Implementation of the Budget (Questions 63-86)***

#### ***In-Year Reports***

In-Year Reports are considered to be publicly available if they are released within three months after the reporting period has ended.

**Questions 35-39** cover the contents and timeliness of reports issued during the year as the budget is being executed. These reports, which the OECD maintains should be issued on a monthly basis, are referred to here as In-Year Reports. They are intended to show the executive's progress in implementing the budget. To ensure that administrative units (ministries, departments, or agencies) are held accountable for their expenditure, these reports should show actual expenditures by administrative unit.

In some states, the administrative units issue the reports individually, while in other states the information is consolidated into one report, which is typically issued by the Budget Office. Either individual reports or one consolidated report is acceptable for responding to these questions.

Question 36 examines the level of detail provided in the In-Year Reports on actual expenditures organized by administrative unit. Ideally, these reports should provide as much detail as possible on actual expenditures of all individual departments and programs within an administrative unit so as to provide the information needed to thoroughly monitor whether the budget is being implemented as intended in the Enacted Budget.

Questions 37-38 parallel the previous questions but address revenues rather than expenditures. These revenue questions focus on individual sources of revenues (such as income taxes, VAT, etc.).

.

#### ***Mid-Year Review***

**Questions 40-42** cover the Mid-Year Review.

The Mid-Year Review is considered to be publicly available if it is released within three months after the reporting period has ended.

This document provides a more detailed explanation of the state of the budget than the regular In-Year Reports. In order to ensure that programs are being implemented effectively and to identify any emerging problems, it is necessary to conduct a comprehensive review of the implementation of the budget's execution six months into the budget year. In addition to covering expenditures and revenues, the Mid-Year Review should also examine year-to-date performance relative to targets set in the budget, and issues, such as cost increases due to inflation or unexpected events, should be identified and appropriate counter-measures proposed, as well. The public release of a Mid-Year Review is intended to promote accountability and sound management.

It is important to distinguish a Mid-Year Review from an In-Year Report issued at six months into the budget year. An In-Year 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. An In-Year Report typically records actual expenditure- and revenue-to-date but does not include a discussion of how these trends will affect the full-year estimates. 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 economic and technical changes, new policy proposals, including the reallocation of funds between administrative units, and a comprehensive explanation for any estimate adjustments.<sup>7</sup> 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.

### ***Executive’s Year-End Report (Questions 43-47)***

**Questions 43-47** cover the executive’s Year-End Reports, which are key accountability documents.

Note that the Year-End Report is considered to be publicly available if released within 18 months after the end of the fiscal year.

In many states, the executive issues one Year-End Report that consolidates information on the expenditures of administrative units, revenue collections, and debt. In other states, individual administrative units issue their own Year-End Reports. Similarly, Year-End Reports may be stand-alone documents or may be included in larger documents, such as the budget. The form of the report is less important than its content.

The OECD recommends that a Year-End Report be released to the public within six months of the end of the fiscal year. The reports should cover all of the major items included in the budget, explaining differences between the original estimates (as amended by the legislature during the year) and actual outcomes for expenditure, revenue, debt, and macroeconomic assumptions. These reports also should include non financial performance information.

### ***Audit Phase and the Supreme Audit Institution (Questions 48-54)***

**Questions 48-54** explore practices associated with the State AuditorGeneral’s Office (AG).<sup>8</sup>

Questions 48-50, cover the annual attestation audit of the final accounts performed by the AG at the end of the year. These audits are sometimes known as “certification of the government accounts.” The Lima Declaration of Guidelines on Auditing Precepts (Chapter VI, Section 16 (1)) makes it clear that the auditor’s annual attestation report should be published and made available to the public.

(The Lima Declaration is available on the Internet at [http://www.intosai.org/en/portal/documents/intosai/general/limaundmexicodeclaration/lima\\_declaration/index.php?article\\_pos=1](http://www.intosai.org/en/portal/documents/intosai/general/limaundmexicodeclaration/lima_declaration/index.php?article_pos=1)). According to OECD best practices, the AG should complete these audits within six months of the end of the budget year for administrative units (that is, ministries, departments, or agencies). In order to be considered publicly available by the States Budget Transparency Survey methodology, the Audit Report must be released within two years after the end of the fiscal year in question.

---

<sup>7</sup> Economic and technical adjustments to estimates refer to changes in projected expenditures due to factors beyond the control of policymakers. An economic estimate adjustment occurs when economic factors affect spending or revenues. For instance, it would be considered an economic estimate adjustment if spending on unemployment insurance benefits increases due to slower-than-expected economic growth, which caused more people to lose their jobs and thus be eligible for benefits. A technical estimate adjustment would reflect the effects of non-economic factors, such as unexpectedly severe weather that has an impact on subsidies to farmers.

<sup>8</sup> The supreme audit institution is a vital institution for holding the executive accountable to the legislature and the public. In its oversight role of the executive’s stewardship of public funds, the SAI in many states performs financial, legislative compliance, or performance audits. Some names by which the SAI is known include: Auditor General, Comptroller and Auditor General, Controller General, or State Inspector. SAIs with “collegial” structures are sometimes known as Boards of Audit, Courts or Chambers of Accounts, or Commissions of Audit.

Questions 48-49 look at the timeliness of the annual Audit Report. In some states, such audits are produced with substantial time lags; this significantly lessens the usefulness of the reports. Question 50 asks whether the annual attestation Audit Report includes an executive summary. The Audit Report can be a fairly technical document, and an executive summary of the report's finding can help make it more accessible to the media and the public.

Question 51 covers the manner in which the head or senior members of the State AuditorGeneral's Office may be removed from office. (For the purposes of answering this question, a procedure, such as a criminal proceeding, meets the test of answer "a." That is, the executive may initiate a criminal proceeding, but the final consent of a member of the judiciary (e.g., a judge) is necessary to render a verdict of wrongdoing that may lead to the removal of the head of the AG from office.) The Lima Declaration of Guidelines on Auditing Precepts lays out a number of best practices relating to AGs, including other measures intended to guarantee the office's independence from the executive. It is available on the Internet at: [http://www.intosai.org/en/portal/documents/intosai/general/limaundmexikodeclaration/lima\\_declaration/index.php?article\\_pos=1](http://www.intosai.org/en/portal/documents/intosai/general/limaundmexikodeclaration/lima_declaration/index.php?article_pos=1).

Question 52 intends to explore the scope of the AG's investigative powers in law, rather than what it might chose to audit in practice. Therefore, it is asking whether the AG has legal mandate to undertake other types of audits in addition to its annual attestation audits.

Annual attestation audits are intended to evaluate the legality and regularity of the government's financial management and accounting. However, AGs also may wish to undertake other types of audits. Question 92 looks at audits other than the annual attestation report, which can include audits that are triggered by reports of irregularities in a specific program, or those relating to procurement or privatization. In some states, the AG's legal mandate does not permit it to audit joint ventures or other public-private arrangements, which limits its ability to audit revenues or publicly-guaranteed debt. In yet other states, the AG may not be able to undertake audits other than financial audits. For example, it may not be allowed to conduct performance or value for money audits, which are intended to examine the performance, economy, efficiency, and effectiveness of public administration. Performance audits can cover not only specific financial operations but also the full range of government activity, including both organizational and administrative systems.

Please note that answers "c" or "d" should be chosen if the institution is in anyway restricted in law from auditing the above. An answer of either "c" or "d" should also be chosen if the institution does not have the legal mandate to review arrangements involving oil saving or stabilization funds, other types of special or extra-budgetary funds, or the ability to audit the parties to commercial projects involving the private sector.

In some cases, the AG retains private accounting firms to undertake audits of state-owned commercial enterprises or private firms involved in joint ventures with the state. The answer "c" or "d" must be chosen if retaining such firms is under the control of the executive, rather than of the AG.

Consultation with the *Lima Declaration* may be useful in answering this question as its provisions serve to define the appropriate scope of an SAI's (AG's) legal mandate and jurisdiction.

Question 53 intends to establish which branch of government determines the budget of the AG's Office, and whether the funding level provided is sufficient to allow the AG to fulfill its mandate. The source and sufficiency of its funding is another important measure of the AG's independence from the executive, which is necessary to ensure its objectivity in auditing of government budgets.

Questions 54 assesses the AG's interaction with the legislature and whether its recommendations are implemented. Question 54 examines whether the executive makes available to the public a report on what steps it has taken to address the AG's audit recommendations/findings that indicate a need for remedial action. The ultimate purposes of audits are to verify that the budget was executed in a manner consistent with existing law and to hold the government accountable for this execution, as well as to improve it in the future. The extent to which audits achieve the latter depends on whether there is adequate and timely follow up on the AG's recommendations stemming from its audits.

## Section Four: Strength of the Legislature

### Explanations for Questions 55-65

**Questions 55-65** look at the role of the legislature during budget approval, execution, and monitoring phases.

Questions 55-56 have been added to the 2022 version of the States Budget Transparency Questionnaire, to make a more comprehensive assessment of the role and strength of the legislature in the budget process.

Question 55 assesses whether the legislature has internal capacity to conduct budget analyses or access to independent research capacity to do so. Access to such analytical capacity is very important for the legislature to provide adequate review of the Executive's Budget Proposal prior to enactment and to fulfill its oversight role.

Question 56 examines whether, prior to discussing the Executive's Budget Proposal for the coming year, the legislature is provided with an opportunity to review the government's primary budget priorities, parameters, and proposals for forthcoming fiscal years, especially those related to the next year's annual budget strategy and main revenue and expenditure aggregates.

A number of states conduct a pre-budget debate in the legislature around six months before the start of the upcoming budget year (BY-1, i.e., the year for which the budget is drafted). There are two main purposes for these hearings: 1) to allow the executive to inform the legislature of its fiscal policy intentions by presenting updated reports on its annual and medium-term budget strategy and policy priorities; and 2) to establish "hard" multi-year fiscal targets or spending ceilings, which the government must adhere to when preparing its detailed spending estimates for the upcoming budget year.

Question 57 covers the timing of the executive's submission of its budget proposal to the legislature. The OECD notes that the Executive's Budget Proposal should be submitted to the legislature far enough in advance to allow the legislature to review it properly, or at least three months prior to the start of the fiscal year. (Note: If the most recent budget submission occurred later than usual as a result of a particular event, such as an election, please use a more normal year as the basis for responding to the question.)

Question 58 covers the legislature's power to amend — as opposed to simply accept or reject the budget proposal presented by the executive. (Note that this question is about legal authority rather than actions the legislature takes in practice.) The legislature's powers to amend the budget can vary substantially. The "a" response is appropriate only if there are no restrictions on the right of the legislature to modify the Executive's Budget Proposal, including changing the size of the proposed deficit or surplus.

The "b" response would be appropriate if, for instance, the legislature is restricted from changing the deficit or surplus, but it still has the power to increase or decrease funding and revenue levels. The more limited "c" response would apply if the legislature can, for instance, only decrease funding levels or increase revenues. Finally, response "d" would apply if the legislature may not make any changes (or only small technical changes), or if amendments must be approved by the executive. Thus the legislature is basically only able to approve or reject the budget as a whole.

Question 59 establishes the amount of detail related to expenditures provided in the Enacted Budget. Detailed information can bolster the ability of the legislature to hold the executive accountable for achieving the priorities implicit in the budget. Note that the Enacted Budget is considered to be publicly available if it is released within three months after it is enacted into law by the legislature.

Question 60-61 refer to the legislature's authority, during budget execution, to monitor and determine whether the executive can alter the level of funding originally proposed and approved in the Enacted Budget.

In some states, the executive has the power in law to adjust funding levels for specific appropriations during the execution of the budget (a practice also known as virement). Question 60 asks about shifts between administrative units (ministries, departments, or agencies), so that the total level of expenditure is unchanged.

Note that in some states the rules for reallocating funds may focus on smaller units, such as programs or departmental offices. These rules typically correspond to the level of detail provided in the Enacted Budget adopted by the legislature. Question 61 asks about such individual line item shifts.

The conditions under which the executive may exercise its discretion under virement should be clearly defined in publicly available regulations or law. In addition, the amount of funds that the executive is allowed to transfer between administrative units should not be so excessive as to undermine the accountability of the executive to the legislature.

Researchers must answer "d" if legislative approval is not required for shifts or if the executive is authorized in law to shift expenditures in amounts considered so excessive as to undermine accountability. Please note in the comment section the amount of funds that the executive is allowed to shift without seeking the approval of the legislature. The definition of "significantly large" may be subject to debate but, given that a substantial amount of total expenditure is non discretionary in the short term, an amount of allowable shifts that is above 3 percent of total budgeted expenditures should be considered as undermining accountability.

As a best practice, there should be clear rules in law or regulation regarding virement, and the executive should be required to seek approval from the legislature before making any adjustments to funding levels (response "a" for question 60). Answer "b" if the executive is required to notify the legislature of funding adjustments in advance, in order for the legislature to have an opportunity to reject or modify such adjustments before they take effect. This represents a lesser constraint on executive power because in the first case, the proposed changes in funding for administrative units could only take effect following approval by the legislature; in the second case, they would take effect unless the legislature takes action to block or modify the proposal.

Budgets across states vary in the level of detail they present, in other words in "the lowest level at which the appropriations are legally binding." Note that in some states, the line item in the budget is for the administrative unit and in others it is for the departmental total. However, in these cases there may be even more disaggregated items, which would not necessarily correspond to an entire departmental total. Question 61 focuses on shifts between such individual line items.

Irrespective of whether the legislature approves appropriations by ministry/agency, program, function, or economic category, the executive may be required to seek legislative approval for changes in: 1) every budget line item; 2) most budget line items; or 3) only a few relatively large categories of appropriations. For question 61, options "a," "b," and "c" refer to the different levels of restriction on executive virement for any of the three types of changes described above. Option "d" must be selected if no legislative approval is needed for any line item shifts.

In question 61, researchers must note the difference between answers "a," "b," and "c." The "a" response is appropriate if the executive is required to obtain legislative approval for shifting funds between each and every budget line. The "b" response would be appropriate if the executive is required to obtain legislative approval for most shifts between budget lines, but there are legal provisions (for example in a Public Finance Act or an Organic Budget Law) that delegate power to the government, i.e., either the Commissioner of finance, the governor, or exco to decide on the extent to which spending ministries can shift funds within detailed budget categories. The answer "c" must be selected if prior legislative approval is required only for shifts between a few large categories of appropriations, e.g., total salaries, non-salary current spending (excluding interest payments), or capital expenditures, but the legislature must



be given an opportunity to block or modify other proposed adjustments outside these categories within a predetermined timeframe, beyond which the shift of funds occurs without approval.

Question 62 asks about the procedures adopted in cases when additional revenue is collected during budget execution. Good practice requires the legislature to be informed of revenues or expenditures that are not included in the Enacted Budget. For example, if additional revenue is collected unexpectedly during the year, which often happens in oil/mineral-dependent states, and it was not accounted for in the Enacted Budget, there should be a procedure in place to ensure the legislature is notified and has the opportunity, and authority, to approve or reject any proposed use of these “new” funds. If such rules were not in place, the executive might deliberately underestimate revenue in the budget proposal it submits to the legislature, in order to have additional resources to spend at its discretion, with no legislative control.

Response “a” applies if the executive is required by law to seek legislative approval for any additional revenue that is collected during budget execution and was not included in the approved budget, and does so in practice. Option “b” applies if the executive is required by law to spend the excess revenue for a particular purpose, for example, to use it to reduce debt, and does so in practice. In the unlikely event that a state does not have a law requiring legislative approval before spending additional revenue but does so in practice, option “b” applies, as well.

Option “c” should be selected if the executive is required by law to seek legislative approval to spend the additional revenue, but in practice this does not happen. This option should also be selected in the unlikely event in which no legal requirement is in place, but the executive reports on how it spent the additional revenue ex-post, e.g., in the Year-End Report. Option “d” applies if there are no laws or regulations in place that prevent the executive from spending unanticipated revenue at its own discretion.

**Questions 63** cover (non-emergency) supplemental budgets and contingency funds.<sup>9</sup> Question 105 focuses on revisions to the budget (known as supplemental budgets) and their approval by the legislature. Although supplemental budgets are not uncommon in most states, the habitual use of large supplemental budgets can be an indication of poor budgeting practices.

Routine supplemental requests undermine planning within ministries and agencies, and they interfere with open and public debate on allocation of resources among budget categories, since in theory this should occur when the legislature reviews the Executive’s Budget Proposal.

**Questions 64-65** refer to a key constitutional role of the legislature in almost all states, which is that of overseeing the government’s management of public resources. Questions 64 and 65 assess the ability of the legislature to review and act on the findings and recommendations in audit reports of the government’s budget execution, asking whether there is a committee in the legislature that has the specific task of receiving and reviewing the AG’s Audit Reports. Most states have a “Public Accounts Committee” with this responsibility. In some states, the Audit Reports are sent to committees consistent with their oversight responsibilities. Either approach is acceptable for an “a” response.

## Section Five: Citizens Budget and Public Engagement in the Budget Process

Public engagement is a necessary complement to budget transparency. Providing access to budget information is only a first step, and must be accompanied by the provision by all the relevant institutions (the executive, the legislature, and the state auditor general) of opportunities for the public to engage during each of the four phases of the budget process.

At the moment while there is broad international agreement on what budget transparency should be, there is not a similar internationally agreed set of standards around public engagement. This is why the questions included in this section of the States Budget Transparency Questionnaire are extremely relevant: the answers to those questions will constitute a first set of data on what good practices for public engagement exist around the country. Comments and citations for researchers’ answers are essential and must be provided throughout the entire Questionnaire, but even more so in this section because



they will allow the CIRDDOC and its research partners to build a reliable and accurate first set of examples of good practices in public engagement during the budget process.

---

<sup>9</sup> As noted, these questions apply to non-emergency funds. Funds to cover emergencies typically are handled through a separate set of procedures, because there may not be sufficient time to gain the approval of the legislature before the funds need to be spent.

## Explanations to Questions 66-81

### *The Citizens Budget*

**Questions 66-68** look at emerging good practices on the drafting and publication of the Citizens Budget. This type of popular presentation of budget information 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.

Question 66 identifies the main elements that, in terms of content, a Citizens Budget should include. In order to comply with emerging good practice, a Citizens Budget should include all of the following six elements: 1) revenue information; 2) expenditure information, in particular it should identify the priority policies on which the money will be spent; 3) sector specific information and information on the existence of targeted programs for addressing critical challenges (for example, a program to reduce maternal mortality), including the distinction between new and existing ones; 4) a description of the budget process; 5) clear contact information for citizens who want to know more about the budget; and 6) economic assumptions upon which the budget figures are based.

A minimum number of these topics will need to be covered in order to get a “c” (2/6), a “b” (4/6), or an “a” (all six). If the Citizens Budget is not released or does not contain at least one of these six elements, response “d” must be selected.

Question 67 assesses how Citizens Budgets are disseminated. Such documents should be made available to a variety of audiences: therefore, paper versions and Internet posting of a document might not be sufficient. Option “a” should be selected for this question if the executive is using different combinations of creative media tools (three or more) that aim at reaching the majority of the population, including those who otherwise would not have access to such a document or information, and enabling them to learn about the Citizens Budget and its content.

Dissemination would also be pursued at the very local level, so that the coverage is both geographical and by population group (e.g., women, elderly, high income, low income, urban, rural, etc). Option “b” is the appropriate answer if significant dissemination efforts are made through a combination of two means of communications, for instance, posting the Citizens Budget on the executive’s official website and distributing printed copies of such a document. Option “c” would be for cases in which the Citizens Budget is disseminated by using only one means, i.e., a document posted on the executive’s official website, a radio program, the distribution of printed copies.

Question 68 assesses whether the executive consults with the public before drafting the Citizens Budget, to make sure that the content reflects what the public wants to know about the budget. This is relevant because what the public wants to know about the budget might be different from what the executive includes in the technical documents that might be the Executive’s Budget Proposal or the Enacted Budget. Similarly, different perspectives might exist on how the budget should be presented, and this may vary depending on the context. For this reason the executive should consult with the public on the content and presentation of the Citizens Budget.

Examples of mechanisms through which the executive can consult widely with the public include focus groups, social networks, surveys, hotlines, and meetings/events in universities or places where people gather to discuss public issues.

In cases where Citizens Budgets are consistently produced and released, it might be sufficient for the government to provide the public with contact information and feedback opportunities and to use the resulting information to improve how it manages public resources.

Option “b” would apply if the government consults with many different stakeholders but uses only one means for such consultation (e.g., a focus group, a survey, a hotline, etc.).

Option “c” should be selected if the government consults with a number of civil society organizations but only with a set of experts it selects. Option “d” applies the executive seeks no feedback from civil society or the broader public.

Question 68 asks whether Citizens Budgets are produced at each of the four phases of the budget process. While the Citizens Budget was initially conceived of as a simplified version of the Executive’s Budget Proposal or the Enacted Budget, good practice is evolving and suggests that Citizens Budgets should be produced for each of the key budget documents that are produced throughout the four phases of the budget process. While it is recognized that it may be unreasonable to expect a Citizens Budget to be produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a Citizens Budget for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle.

Question 69 asks about whether the budget documentation attempts to demystify budget language and budget processes by including nontechnical definitions of budget terms (for instance, in a glossary): a very preliminary step that precedes the release of a Citizens Budget would be the provision of a glossary with clearly presented, detailed definitions of the budget terms used in the document(s).

### ***Public Engagement in the Budget Process***

#### ***Executive: Public Engagement During Budget Formulation and Execution***

**Questions 70-74** ask about the emerging practices for the executive to engage with the public during budget formulation and execution.

Question 70 assesses whether frameworks are in place to provide the strongest guarantee that individuals and communities can participate in the budget formulation and execution processes implemented by the executive. Legal frameworks can also enable sustained public engagement processes and prevent them from being applied arbitrarily in certain periods and withdrawn in others at the executive’s discretion.

Researchers should note the distinction between “a” and “b” responses: If the executive is required by a law, regulation, or formal procedural obligations to engage with the public during both the budget formulation and execution phases, the “a” response should be selected. If the executive is required by a law, regulation, or formal policy to engage with the public during either the budget formulation phase or the budget execution phase, the “b” response should be selected.

Response “c” applies if there are no formal requirements for the executive to engage with the public during the process, but nonetheless the executive does so during some stage of the budget process. Finally, option “d” applies if there are no formal requirements for the executive to engage with the public during the budget process, and in practice the executive does not engage with the public in any of the stages of the budget process.

Question 71 asks whether, before implementing a public consultation mechanism the executive discloses to the public the purpose of such consultations and does so in a clear manner and with due advance notice. Establishing the purpose of the consultation will guide decisions about whom to involve, how to select participants, what activities they will be involved in, what information will be shared or collected, and how the executive will use the collected information, thereby managing the public’s expectations.

Example of “purposes” may include the following (individual executive agencies may identify other purposes than those stated below):

- identifying services and service levels that meet the public’s preferences;
- improving efficiency and effectiveness and reducing wastage and corruption in the delivery of government services;
- establishing long-term strategies to provide for a fiscally sustainable future; or
- ensuring that capital investment decisions, such as the location of infrastructure elements, are informed by public input.

Answer “a” should be selected if the executive provides adequate notice of its proposed consultations and makes adequate information available in advance so that the public can engage in an informed and prepared manner. A “b” answer applies if the government provides some level of notifications but, while provided in a timely manner, the notifications either do not provide adequate information or they are provided for some but not all public engagement processes. If the executive does not provide this information to the public in all instances or does not provide it in a timely manner, a “c” answer should be selected.

**Questions 72-73** investigate what mechanisms were put in place by the executive or its agencies to solicit information from the public during budget formulation and execution, respectively. Note that public consultations can be undertaken to solicit information for general purposes, such as strategic planning, or targeted input on specific projects, plans, or initiatives.

Unless there is a compelling reason to target only certain segments of the public, public engagement approaches should allow and encourage broad-based engagement.

Examples of mechanisms used by governments for soliciting public input include: • surveys, either in person or via mail, phone, or Internet;

- focus groups;
- interviews;
- comment (or point of service) cards;
- technical inputs from specialized members of the public or of organized civil society; and • public meetings, such as public hearings, “Town Hall” meetings, and community vision sessions.

In cases when limited time and resources are a constraint or the executive is unable to engage with all members of the public, public engagement can be limited to specific segments of the public so long as those segments are identified transparently and without discrimination. For example, one method is to create standing lists of individuals and civil society organizations interested in a variety of different budget issues in order to contact these individuals and organizations when their issue(s) arise. Those parties interested in being included on such standing lists should receive clear and timely information on how they can join the lists, and there should be no discrimination or exclusions in compiling such lists.

Another possible mechanism is to create standing advisory groups on a variety of specific topics. Such advisory groups should include civil society members that operate in different parts of the state and not just organizations based in the capital city. The members of these advisory groups would be required to reach out to those individuals and organizations engaged on these topics to identify their positions, in order to represent their concerns to the advisory group and the executive.

Response “a” should be selected if the executive has created adequate and appropriate mechanisms for public engagement that are accessible and widely publicized in practice to a majority of citizens (or those in specific demographic groups as appropriate for various consultation opportunities). This may

require different government agencies to create their own mechanisms for public engagement in order to make these opportunities widely accessible to different segments of the public.

Response “b” should be selected if practical and well-designed mechanisms for public engagement are established but are either not accessible or not widely publicized to a majority of citizens (or to the targeted demographic groups). Response “c” should be selected if the executive has created some forms of public engagement but they are not sufficiently well designed to be meaningful or accessible to the public (or to the targeted demographic groups). Typically this is when the executive has made only a token effort at public engagement with poorly designed and inaccessible engagement mechanisms.

**Question 74** asks whether the executive provides formal, detailed feedback to the public on how its inputs have been used. People who engage with the executive on determining the annual budget and in budget execution processes want to know what was done with their input and whether they affected the final budget decisions or contributed to stronger policies and better service delivery. It is only when the executive provides such feedback that it becomes accountable and responsive to the public. Therefore, the executive should systematically collect, maintain, monitor, and evaluate information gained from public involvement activities. The executive should also maintain contact information for individuals and groups that want to be involved in specific budget issues, and it should use multiple communication mechanisms to ensure that those that want to be involved are notified of opportunities to engage in and decisions regarding these issues.

The executive should explain to those who participated in its public engagement mechanisms, and the broader public, how this engagement has informed budget plans and execution. It also should gather feedback on the public’s perception of how successful these processes and their outcomes have been. This type of engagement is particularly important for those members of the public who put effort into participating. There may be certain legitimate situations in which the executive may choose to withhold the identity of a person providing inputs on the budget, for instance, if the safety of the person is of concern (e.g., such situations may arise over corruption complaints).

An answer “a” should be selected for question 74 if the executive issues extensive, detailed reports on the inputs it received from the public and how it used this input to develop its budget plans and improve budget execution. The answer “b” should be selected if such reports are issued on either budget planning or budget execution consultations but not both. A “c” answer should be selected if the reports are vague and do not clearly identify what inputs were received and how these inputs were used by the executive.

### ***Legislature: Public Engagement During Budget Enactment***

**Questions 75-78** examine the legislature’s practices regarding legislative hearings on various aspects of the budget. The questions focus on committee hearings because they typically are more substantive than debates that involve the entire legislature. Hearings may be considered public if members of the press and public are free to attend them, or if the hearings are broadcast in a medium that is easily accessible to the majority of the population, such as radio or television. Please mark the “d” response for these questions if hearings are held but do not meet either of these two conditions.

Members of the executive who are invited to testify at these hearings may include the head or staff members of the central bank. Members of the public who are invited to testify at such hearings could include any individual, organization, or association independent of national government.

Members of the public can include private citizens; academics and members of public or private research institutes (if the research they produce is substantially free of government control or interference); and representatives of civil society organizations, community-based organizations, trade unions, churches or religious organizations, or other types of associations.

### ***State Auditor General: Public Engagement During Audit***

**Questions 79-81** seek to measure the commitment of the AuditorGeneral's Office to have the public engage in its audit activities.

When deciding its audit agenda, the AuditorGeneral (AG) may undertake audits on a sample of agencies, projects, and programs in the country, and such selection could be based on complaints and suggestions from members of the public. To receive such suggestions, the AG may create formal mechanisms, such setting up a website, hotline, or office (or assigning staff to liaise with the public). Question 79 focuses on this issue.

In addition to seeking public input to determine its audit agenda, the AG may wish to provide formal opportunities for the public and civil society organizations to participate in the actual audit investigations, as witnesses or respondents.

Response "a" should be selected if practicably accessible and widely publicized mechanisms are in place to enable the public to both help determine the audit agenda and participate in formal audit investigations. Response "b" should be selected if such mechanisms exist in practice, but only either to enable members of the public to help determining the audit agenda or to participate in the audit investigations (i.e., the public does not have the opportunity to do both). Response "c" should be selected if such mechanisms exist but are not accessible to a majority of the public.

Question 80 assesses the extent to which the AG maintains communications with the public regarding its audit reports. Merely publishing audit reports does not ensure that the findings from these reports will be properly understood by the public or will even come to the public's attention. To help ensure that the public becomes aware of its audit findings, the AG could create mechanisms to conduct regular outreach to specific individuals and civil society organizations about audit findings. Examples could include:

- creating a public information office;
- developing a media strategy to cover audit findings;
- organizing town hall meetings and other public hearings on audit findings; or
- issuing simple summaries of audit reports (the audit equivalent of Citizens Budgets) that can be easily understood by citizens (extra points for publishing these summaries in local languages used in the states).

Question 81 is very similar to question 74 in that it seeks to determine the level to which the supreme audit institution provides the public with information on the input into the audit process provided by the public and on whether, and how, that input influenced audits or the audit process. For further guidance on answering this question, please refer to the guidelines for question 74.

## **Public Procurement Process and Public Engagement in the Budget Process**

### **Explanations for Questions 82-94**

#### 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 (82-91) Transparency in Public Procurement:*

**Question 82 - 91** 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 83** asks whether the state has a Public Procurement Bureau/Office, 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.

The Bureau /office 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 84** asks whether the state has inaugurated a Public Procurement Council in line with the provisions of the Public Procurement Law (PPL) with both Private sector and Civil Society Representatives as members.

**Question 85-86.** 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.

**Question 87** ask on the regularity of inviting stakeholders including Civil Society Organisations (CSOs) during bid opening.

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 88.** 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 89-90.** Question 89 asks whether a independent procurement complaint review body exists. Questions 89 and 90 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 91** 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.

**Question 92-94** ask about the existence of any state laws governing public financial management and auditing. These may include a public finance act, a section of the constitution, or an organic budget law or laws and government practices as they relate to issues of transparency and citizens' access to budget and non-budget information and asks researchers to list any laws regulating access to information, transparency, or citizens' participation. Access to Information is an integral part to good governance.

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. These questions are designed to address not only whether there are these legal provisions in the state, but whether the laws are drafted to have strong mechanisms to ensure the applicability of the laws.

