



Government of the Punjab
BUDGET TRANSPARENCY REVIEW 2014



Government of the Punjab
BUDGET TRANSPARENCY REVIEW 2014

LIST OF ABBREVIATIONS

BTR	Budget Transparency Review (this report)
FD	Finance Department
IBP	International Budget Partnership
OAKF	Omar Asghar Khan Foundation
OBI	Open Budget Index
OBS	Open Budget Survey
PEFA	Public Expenditure and Financial Accountability
PI	Performance Indicator
RTI	Right to Information
SNG	Sub-National Governance Programme

PREFACE

The Open Budget Survey (OBS) is conducted in over 100 countries every 2 years by the International Budget Partnership – www.internationalbudget.org. The survey assesses the public availability of budget information and other budgeting practices that contribute to an accountable and responsive public finance system in countries around the world. The majority of the OBS questions assess what occurs in practice, rather than what is required by law.

This Budget Transparency Review (BTR) uses the OBS methodology to assess the contents and timely release of eight key budget documents in Punjab. These are documents that all governments should issue at different points in the budget cycle, according to generally accepted good practice criteria for public financial management. Many of these criteria are drawn from those developed by multilateral organisations, such as the International Monetary Fund's Code of Good Practices on Fiscal Transparency, the Organization for Economic Co-operation and Development's (OECD) Best Practices for Fiscal Transparency, and the International Organization of Supreme Auditing Institutions' (INTOSAI) Lima Declaration of Guidelines on Auditing Precepts. The strength of such guidelines lies in their universal applicability to different budget systems around the world and to countries with different income levels. The OBS methodology covers additional topics of importance to civil society and proponents of good governance, including the extent to which the public can participate during each phase of the budget process, factors related to legislative strength and the role of the country's independent national audit office (also known as the 'supreme audit institution').

The BTR 2014 for Punjab was a collaborative research process in which the Sub-National Governance (SNG) programme worked with the Omar Asghar Khan Foundation (OAKF) and Finance Department, Government of the Punjab. The objectives were to benchmark transparency and accountability of budget information in Punjab, and provide recommendations to improve the quality and accessibility of budget information.

The recommendations in this report are those of the SNG programme alone. Any errors or omissions are the responsibility of the SNG programme.

TABLE OF CONTENTS

Introduction	07
Background	08
Approach and Methodology	10
Findings	11
Budget Documentation	11
Budget Process	16
Comparison with PEFA	18
RTI Legislation	21
Next Steps	25
Annexes	26

INTRODUCTION

The purpose of this study is to:

- i. Conduct a baseline assessment of the transparency and accessibility of the budget of the Government of Punjab based on international good practice
- ii. Identify areas of potential reform which if implemented would improve budget transparency and accessibility
- iii. Build the capacity of the Government, in particular the Finance Department (FD) to assess and strengthen budget transparency and
- iv. Provide a basis for the FD to respond to the requirements of recent RTI legislation for the province.

The study is referred to as the Budget Transparency Review (BTR) in the remainder of this report.

The first two objectives of the BTR revolve around the results of a budget transparency questionnaire adapted from the International Budget Partnership's (IBP) Open Budget Survey (OBS). The last two objectives look to integrate the assessment with the Government's agenda for public financial management (PFM) reform and integrate this with the requirements of provincial RTI legislation.

This report is divided into seven sections. Following this introduction, in Section 2 we outline the background to the study and in Section 3 the approach and methodology to the assessment:

- Section 4 presents the findings of the transparency and accessibility assessment for budget documentation and budget process separately, and provides recommendations on how the content and accessibility of the budget can be improved.
- Section 5 provides a comparison of these findings with the most recent PEFA PFM assessment for similar indicators conducted in 2012.
- Section 6 provides an overview for the relevance of this analysis for responding to RTI legislation. The report concludes with next steps. Detailed annexes including the full budget transparency and accessibility questionnaire are attached.

This report was led by Faisal Rashid of the SNG Punjab Programme with analytical support from Phillip Reviere. The contribution of the Finance Department, Punjab and the Omar Asghar Khan Foundation (OAKF) Pakistan, without whom this report would not have been possible, is gratefully acknowledged.

BACKGROUND

One of the key dimensions of an open and orderly PFM system is that comprehensive fiscal and budget information is accessible to the public. There are different ways in which countries develop institutional mechanisms to guarantee that fiscal information is publicly available and opportunities exist for different actors to engage with the budget process. There is recognition that budget transparency brings a wide array of benefits, from extended focus on social sector spending and reduced corruption to increased scrutiny of executive action and better prioritisation of public investment.

The Government of Punjab launched the Sub-National Governance (SNG) Programme in 2013 with financial support of the UK Department for International Development. The SNG Programme supports efforts to bolster the demand-side of PFM reform, paying particular attention to ways of engaging stakeholders, from legislators to citizens throughout the policy, planning, budgeting and management cycle. With transparency a key area of programme focus, the Budget Transparency Review provides a baseline against which to measure progress and anchor activities in this area to internationally recognised standards.

THE OPEN BUDGET SURVEY

The most comprehensive and well recognised assessment of budget transparency and accessibility internationally is the Open Budget Survey (OBS), a national level survey conducted every two years by the International Budget Partnership (www.internationalbudget.org).

The OBS uses internationally accepted criteria to assess each country's budget transparency developed by multilateral organizations such as the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD) and the International Organization of Supreme Audit Institutions (INTOSAI). The survey is based on 125 questions covering budget documentation (95 questions) and budget process (30 questions).

The scores for 95 of the 125 OBS questions are used to calculate a composite score and ranking of each surveyed country's relative budget transparency. These scores constitute the Open Budget Index (OBI). The most recent OBI was published in 2012 and covered 100 countries.

The OBI covers the four main stages of the budget process: budget formulation, budget approval, budget execution and audit, in order to assess the public availability of budget information. A country's OBI score reflects the transparency, timeliness and comprehensiveness of the information in eight key budget

documents. Access in relation to these budget documents most commonly takes the form of a) being available online, or b) available upon request to the relevant ministry. The budget documents assessed are:

Pre-Budget Statement (PBS)	Provides information that links policies to budgets and sets forth the boundaries that will define the budget proposal
Executive's Budget Proposal (EBP)	Presents the government plans to raise revenues and spend revenues to support its priorities, thus transforming policy goals into action
Enacted Budget (EB)	The legal instrument authorizing the executive to raise revenues, make expenditures, and incur debt
Citizens Budget (CB)	A nontechnical presentation to enable broad public understanding and accountability of the government's plans
In-Year Reports (IYRs)	Periodic measures of trends, which allow for comparisons and adjustments
Mid-Year Review (MYR)	An overview of the budget's effects at the midpoint of a budget year
Year-End Report (YER)	Information comparing the actual budget outlay related to the Enacted Budget
Audit Report (AR)	Independent evaluation of the government's accounts by the country's supreme audit institution.

A summary of Pakistan's OBI score with a regional comparison is provided in Annex 1. In 2012, Pakistan's OBI score was 58 out of 100. This is higher than the average of 43 for all countries surveyed and comparable with the regional average (Nepal scored 44, Sri Lanka 46, Bangladesh 58, and India 68).

Pakistan's OBI score indicates that the government provides the public with only some information on the national government's budget and financial activities during the course of the budget year. This makes it challenging for the public to hold the government to account for its use of public money. The 2012 survey concludes that the Government of Pakistan has the potential to greatly expand budget transparency with some short and medium term measures, which could be undertaken at little or no cost to the government.

In addition to the 95 questions which make up the OBI, the Open Budget Survey asks a further 30 questions which relate to opportunities for public participation in the budget process, and to the roles played by the legislatures and supreme audit institutions in budget formulation and oversight.

The OBS is not conducted at sub-national level, although in principle it could be as the budgetary processes of sub-national governments are very similar to those of national governments and the transparency and accessibility issues are the same.

This BTR takes the OBS methodology and has applied it to the budget process and documents of the Government of Punjab. The review has been undertaken as a joint exercise between the SNG Programme and the OAKF Pakistan who undertake the national-level survey every two years in Pakistan in collaboration with IBP.

APPROACH AND METHODOLOGY

The Punjab Budget Transparency Review took place between January and March, 2014. The OBS survey was assessed for application at sub-national level, by 1) assessing the IBP's international sub-national pilot studies and 2) assessing in detail the Survey questionnaire and assessment guidelines. The scores in the BTR reflect performance at the time of the review.

While the OBS is currently only conducted at national level, the IBP has undertaken sub-national pilot studies in a number of countries, which ranged from the slightly adapted to a heavily adapted OBS. The sub-national pilot studies encountered the following four challenges:

- Budget information not available to the public
- Budget documents not in an understandable form
- Legislation discrepancies between central and sub-national governments
- Problematic data collection

These challenges were felt to be surmountable for this review due to SNG Programme's access to the relevant budget documents, the active support of the Finance Department of the Government of Punjab, OAKF's institutional knowledge of the OBS methodology and review process, and the inherent linkages between federal and provincial government PFM systems.

The BTR questionnaire used in this assessment has only minimal changes from IBP's national OBS methodology. The BTR uses the same questions and scoring methodology as the OBS. The BTR questionnaire uses 94 out of the 95 questions in the IBP survey for the budget transparency review (one question is deemed not applicable at sub-national level) and 26 out of the 30 questions in the IBP survey for the budget process review (again, excluding questions not relevant to sub-national levels). The OBS expresses transparency and process scores as a percentage ('X' out of 100) to enable a clearer assessment against good practice standards. The BTR adopts this approach to reporting.

Annex 2 provides the completed BTR questionnaire for Punjab. Annex 3 provides further information on the OBI methodology. Annex 4 provides note on application of the OBI methodology at sub-national level in Pakistan.

FINDINGS

The findings of the BTR are divided into two main sections: a) budget documentation, which reflects the budget formulation, approval, execution and audit report stages, and b) the budget process, which assesses public engagement in the budget process, and the involvement of the legislature and Supreme Audit Institution in the budget process.

For budget documentation, Punjab overall score is 55/100

This score indicates that the government provides the public with some information on the provincial government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money. The score could be improved by producing and making publicly available documents that currently do not exist, as well as expanding the breadth of information in budget documents that are currently provided. This score is comparable with the Government of Pakistan's score of 58/100 in the OBI Survey of 2012.

For budget process, Punjab overall score is 31/100

Improvements in the scoring would come from enhancing public engagement in the budget process as well as increasing the power of the legislature in the budget process.

Action in the following areas could significantly improve these scores:

- Budget documentation: issue a pre-budget statement; improve the quality of information in existing budget documents, issue multi-year estimates as part of budget documentation, produce a Citizens Budget; produce and issue mid-year and year-end budget reports.
- Budget Process: legislative strengthening; public engagement in the budget process.

BUDGET DOCUMENTATION

There are 95 questions covering budget documentation in the Open Budget Index. For the Punjab BTR, 94 questions of the 95 were answered, with an overall score of 51.3 out of 94, which equates to 55 out of 100. The Government of Pakistan, by comparison, scores 58 in the latest national-level OBI published in 2012, which is slightly above the regional average in South Asia of 55.5.

The following table provides an overview of the key budget documents used in this section and their availability.

Table 1: Budget Documents Used to Complete the Questionnaire

Budget Document	
Pre-Budget Statement (PBS)	Not publicly available/not produced
Executive's Budget Proposal (EBP)	2013/2014
Supporting Budget Documents to EBP	2013/2014
Citizens Budget (CB)	Not publicly available/not produced
Enacted Budget (EB)	2013/2014
In-Year Reports (IYR)	2012/2013
Mid-Year Review (MYR)	Not publicly available/not produced
Year-End Report (YER)	Not publicly available/not produced
Audit Report (AR)	2012/2013

Pre-Budget Statement (Questions 60-62). Overall score is 0/3

A Pre-Budget Statement creates appropriate expectations for the budget itself by gearing the government's policy goals with the resources it has at its disposal in alignment with the budget's fiscal framework. Good 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. Early issuance of pre-budget statements helps with involvement of citizens in the budgeting process. Best practice requires the executive to present the budget proposal to the legislature at least four months prior to the beginning of the fiscal year.

In Punjab, the Finance Minister's Budget Speech, along with other informal statements made by the Chief Minister and Finance Minister, serves as a Pre-Budget Statement. However, as the Budget Speech is released with the Executive's Budget Proposal and

not before, it is not sufficient to count as a Pre-Budget Statement and this is reflected in the score.

Recommendation:

Produce a public version of the Pre-Budget Statement, which could take elements of the Finance Minister's Budget Speech and the Budget White Paper. To be issued at least one month before the budget proposal.

Executive's Budget Proposal (Questions 1-58). Overall score is 40.3/58

The Annual Budget Statement serves as the Executive's Budget Proposal, which is a document that illustrates the government's detailed plans in terms of policy priorities and budgets for different ministries and agencies, thus transforming policy goals into action. Supporting documentation includes the White Paper, Estimates of Receipts, Demands for Grants (Dev & Non-Dev), the Annual Development Program and the Supplementary Budget Statement.

Overall there are strong fundamental elements of the budget, but more qualitative substance is required. In most areas the required information is presented, but in some areas it lacks important details. Some information required for a higher score is not presented (e.g. non-financial assets, arrears) and in other areas the information is not comprehensively presented across expenditure programmes (e.g. performance indicators and targets).

This score is analysed in further detail in the sections below.

Estimates for the Budget Year and Beyond (Questions 1-17). Overall score is 11.33/17

Information on estimates for the budget year and future budget years allows for an overview of the expenditures and revenues of the government. This section assesses the thoroughness of classification of expenditures and revenues, the level of detail of expenditures and revenues, estimates of expenditures and revenues, provincial government debt, macroeconomic forecasts and assumptions and the impact of policy proposals on expenditures and revenues.

There are high marks in the transparency of presentation of expenditures, revenues, debt, and the impact of policy proposals on expenditures and revenues. However, the score is limited due to lack of detailed multi-year estimates of aggregate expenditure and aggregate revenue, as well as some limitation to the data on total provincial government debt and macroeconomic assumptions and forecasts.

Recommendation:

Include multi-year estimates of aggregate expenditure and aggregate revenue, enhance the data on total provincial government debt as well as macroeconomic assumptions & forecasts.

Estimates for Years Prior to the Budget Year (Questions 18-34). Overall score is 16/17

Prior-year information is an important benchmark for assessing the proposals for the upcoming budget year. This section looks at the thoroughness of the classification (functional and economic) of expenditures, the level of detail of expenditures, the amount of level of detail and accuracy of prior-year expenditure and revenue data, and prior-year information provided for debt of government.

Clear and concise information is presented for a variety of revenues, expenditures and debt, including for prior years. There is, however, a lack of prior-year estimates on aggregate expenditures in preceding years.

Additional Information Needed for a Comprehensive Executives Budget Proposal (Questions 35-47). Overall score is 8.33/13

This section looks at elements that are required to make the government's budget more complete.

Punjab presents the necessary data but there is a lack of detail required for high scoring. The government does present information of a high standard on intergovernmental transfers, quasi-fiscal activities, contingent liabilities, future liabilities, earmarked revenues, and secret items. However, there is little

to no information on extra-budgetary funds, public corporations, financial assets, nonfinancial assets, expenditure arrears, sources of donor assistance, and tax expenditures.

Recommendation:

Include information on extra-budgetary funds, public corporations, financial assets, nonfinancial assets, expenditure arrears, sources of donor assistance, and tax expenditures.

Budget Narrative & Performance Monitoring (Questions 48-55). Overall score is 3.66/8

This section looks for a clear descriptive link between policy goals and the budget, as well as non-financial data and performance indicators associated with budget proposals. There remain mixed scores, due to a lack of more qualitative information.

The link between government policy goals and proposed budget show high levels of accountability, although the information on nonfinancial data for expenditure programs lacks some details. Additionally, while performance indicators are present throughout the budget documents, there are shortcomings. One of the primary drawbacks is that the majority of indicators presented measure output rather than performance. Finally, the details linking policies to the most impoverished populations in the province require improvement.

Recommendation:

Expand upon nonfinancial data for expenditure programs, enhance performance indicators and strengthen the details linking policies to the most impoverished populations in the province.

Executive's Formulation of the Budget (Questions 56-58). Overall score is 1/3

Questions in this section of the assessment look at the openness of the executive when announcing and releasing the budget. Announcing the date of release of the budget with reasonable advanced notice, is a basic requirement of openness. More advance warning enables legislatures and others monitoring the budget process to prepare for the budget debate

Overall there are mixed scores. Whilst the release date of the budget is set in permanent law, the timetable for release is not publicly available.

Recommendation:

Make the timetable for budget release publicly available.

Enacted Budget (Question 101). Overall score is 1/1

The Enacted Budget is the legal document that allows the executive to implement the measures in the budget. It is issued by the legislature after approval. This question assesses the level of detail related to expenditures that is provided in the Enacted Budget.

In Punjab, the Enacted Budget is the unchanged Executive's Budget Proposal. In this case, full marks are awarded as the Enacted Budget reflects program-level detail.

Citizens Budget (Questions 109-112). Overall score is 0/4

A Citizens Budget can take many forms and is defined as a nontechnical document that can be used by the majority of the population to understand the purpose and focus of the annual budget. IBP defines a Citizens Budget as including the following:

- 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.

Good practice would dictate an adherence to the above six elements. At the time of the review, the government did not produce a Citizens Budget and this is reflected in score.¹

Recommendation:

Produce a Citizens Budget along the above criteria, using elements of the Budget White Paper. To be released with the budget documentation.

¹: Punjab produced its first Citizens Budget in June 2014 shortly after completion of this review.

In-Year Reports (Questions 63-64, 66-71). Overall score is 6/8

In-Year Reports are intended to show the progress in implementing the budget. Best practice would see the government publishing these reports on a monthly basis. In-Year Reports allow for increased accountability per administrative unit and generally show actual expenditures according to these respective units. In Punjab, Monthly Civil Accounts are available online which serve this purpose.

These Civil Accounts reflect clear and concise information available on actual expenditures, comparisons for all expenditures, actual revenue, and comparisons for all actual revenue. There are, however, lower marks on actual borrowing, and government debt due to a lack of information.

Recommendation:

Present more information on actual borrowing and government debt.

Mid-Year Review (Questions: 73-76). Overall score is 0/4

The Mid-Year Review is a more detailed report for the first six months of the year (including revenues, expenditures, and debt), reassessing the economic assumptions upon which the budget was initially drafted and adjusts the budget figures for the rest of the fiscal year.

There is no document that is applicable for the Mid-Year Review in Punjab and this is reflected in the score.

Recommendation:

Produce a Mid-Year Review using the 6th month Monthly Civil Account and adding a narrative discussion.

Year-End Report (Questions 77-86). Overall score is 0/10

The Year-End Report may be a stand-alone document or may be included in larger documents. It shows the situation of the government's accounts at the end of the fiscal year, and often gives an assessment of the progress made towards achieving the government policy goals.

In Punjab, yearly Appropriation Accounts serve as Year-End Reports. At the time of this review, the Appropriation Accounts for 2012-2013 had not been released.

Recommendation:

Improve the institutional cohesion and organisation that would allow the Appropriation Accounts to be released (as they are required) within 6 months of the end of the fiscal year.

Audit Report (Questions 87-89, 91, 95, 108). Overall score is 4/6

Audits concern reports that the supreme audit institution produces which evaluate the financial performance of the government in the previous budget year, these may concern non-financial aspects of the government's performance as well. In Pakistan, the Auditor General of Pakistan serves this role for federal and provincial governments. Upon request, these may be obtained from the Auditor General's office.

Overall, audits were performed and had high scores in auditing of expenditures and inclusion of executive summaries. Scores were lower in the areas of release of audits, auditing of extra-budgetary funds and availability of report on

the steps needed for remedial action. One question has been marked as not applicable at sub-national level (question 96 relates to matters of national-security).

Recommendation:

Improve the timeliness, reach and extent of audits to be both more efficient (released earlier) and encompassing (assessing extra-budgetary funds and steps needed for remedial action). Remedial action could include enhancing transparency of actions taken by the executive, this could include publishing an annual report on budget implementation.

BUDGET PROCESS

Of the remaining 30 questions from the national level OBS, 26 of them have been used in this assessment to evaluate public engagement in the budget process and strength of the supreme audit institution. Of the four questions excluded from the BTR, one was considered not applicable and thus was not answered, two are relevant to In-Year Reports (but not included in the budget documentation process) and the final question is not relevant to either budget documentation or budget process.

Overall, for the budget process, Punjab scores 8 out of 26, or 31 out of 100.

Public Engagement in the Budget Process (Questions 114-125). Overall score is 0/12

Public engagement looks at the meaningful opportunities for civil society and citizens to actively

participate in budget decision making and monitoring. The assessment looks at whether there is a legal requirement for public consultation (there is not) and whether the government has established formal mechanisms to determine the public's perspective on budget execution. It also looks at whether there are formal hearings on the medium term fiscal framework. It looks at whether the government publishes reports on the purpose and outcome of public engagement in the budget process.

For this section, Punjab received no marks due to an absence of public engagement from the budgeting process.

Recommendation:

Improve the formal and informal tools and mechanisms that allow for the executive to engage with the public.

Strength of the Legislature (Questions 59, 97-100, 102-105, 107). Overall score is 4.33/10

Strength of Legislature looks at the authority and capacity of formal institutions to provide sustained and systematic oversight.

Punjab scores highly for the executive holding extensive consultation with legislature, the authority of the legislature to amend the Executive's Budget Proposal, and the legislature's scrutiny of audit reports. There are mixed scores for formal debate of the budget policy prior to its tabling, how far in advance the budget is received by legislature and the input required from the legislature for fund shifting. Punjab scores nil for the legislature having internal capacity for budget analysis,

the restrictions placed on the executive for fund shifting, the restrictions on the executive for its use of funds, and the approval of supplemental budgets by the legislature.

Recommendation:

à Enhance the capacity and strength of the legislature for budget oversight.

Strength of the Supreme Audit Institution (Questions 90, 92-94). Overall score is 3.67/4

The Supreme Audit Institution is the second institution that has formal budget oversight functions, generally it is a body independent of the executive that scrutinizes the usage of public funds. In the case of Punjab, the Auditor General of Pakistan has extensive oversight, resulting in high marks in the categories of its discretion and limitations.

COMPARISON WITH PEFA

This section compares the BTR scoring of the preceding section with similar budget transparency indicators in the Public Expenditure and Financial Accountability (PEFA) 2012 report for Punjab.

There are five PEFA indicators that cover transparency and accessibility of the budget: (i) PI-6, comprehensiveness of information included in budget documentation, (ii) PI-10, public access to key fiscal information, (iii) PI-24, quality and timeliness of in year budget reports, (iv) PI-25, quality and timeliness of annual financial statements and (v) PI-26, scope, nature and follow-up of external audit.

The OBS and PEFA assessments both rely on the same principles that are considered necessary for sound public financial management according to IMF and OECD best practices. The assessment methodology is the same for both the OBS and PEFA, namely expert assessment and review backed by evidence. However, while the focus of PEFA is on the system performance, the focus of the OBS is on the public availability of budget information outputs in the form of budget documents and reports. The whole focus of the OBS is on budget transparency and accessibility, with a more in-depth assessment over 125 questions, compared with PEFA which focuses on PFM system performance as a whole and limits its coverage of transparency issues to 5 high-level indicators.

PI-6 Comprehensiveness of information included in budget documentation

PI-6 looks at the annual budget documentation as submitted to the legislature for scrutiny and approval and the subsequent capacity to allow for a complete picture of the provincial government fiscal forecasts, budget proposals and out-turn of the previous years. The PEFA score here is an A.

PEFA Indicator	Score	BTR Questions	Score
PI-6	A	1-34	27.33/34

There is consistency in the scoring of PEFA and the BTR, although the lower scoring for BTR is due to the more specific nature of the 34 questions, compared to 9 in PEFA.

PI-10 Public access to key fiscal information

Public access to key fiscal information looks at whether information on fiscal plans, positions and performance of the government is easily accessible to the general public.

PEFA Indicator	Score	BTR Questions	Score
PI-10	B	1-58, 63-64, 66-71, 77-86, 87-89, 91, 95-96, 108	50.3/82

Both PEFA and BTR report similar scores on public access to key fiscal information, as reflected in the fact that of the five outlined budget documents, only the Year-End Report was not publicly available on time.

PI-24 Quality and timeliness of in year budget reports

PI-24 focuses on the ability to produce in-year reports from the accounting systems on all aspects of the budget.

PEFA Indicator	Score	BTR Questions	Score
PI-24	C+		
<i>Dimension (i):</i> Scope of reports in coverage and compatibility budget estimates	C	N/A	N/A
<i>Dimension (ii):</i> Timeliness of the issue of reports	A	63	1/1
<i>Dimension (iii):</i> Quality of information	B	N/A	N/A

PEFA PI-24 has been compared with the BTR questions relating to quality and timeliness of in-year budget reports. The PEFA assessment looks at whether budget information 'is available both to the department of finance (and Cabinet), to monitor performance... and to ministries, departments and agencies for managing the affairs for which they are accountable'. The OBS by comparison, assesses the extent to which this information is publicly available. The PEFA assessment awards marks for the existence of in-year reports but the BTR does not because they are not available to the public. Additionally, the two PEFA dimensions covering qualitative elements are not covered in the BTR. As such, it is difficult to make a meaningful comparison between PEFA and the BTR for this aspect of budget documentation.

PI-25 Quality and timeliness of annual financial statements

Under this indicator PEFA looks at the ability to produce on-time comprehensive annual financial statements on all aspects of the budget.

PEFA Indicator	Score	BTR Questions	Score
PI-25	C+	77-86	0/10
<i>Dimension (i):</i> Completeness of financial statements	C		
<i>Dimension (ii):</i> Timeliness of submission of the financial statements	A		
<i>Dimension (iii):</i> Accounting standards used	C		

As with PI-24, the difference in scoring between PEFA and the BTR for this section (due to Year-End Reports not being released to the public) means that a meaningful comparison between the two assessments cannot be made.

PI-26 Scope, nature and follow-up of external audit

The following indicator looks at the scope/coverage of the audit, adherence to appropriate auditing standards including independence of the external audit institution, focus on significant and systemic PFM issues in its reports and performance of the full range of financial audit.

PEFA Indicator	Score	BTR Questions	Score
PI-26	B	87, 88, 95	2.33/3
<i>Dimension (i):</i> Scope/nature of audit performed	B	88	1/1
<i>Dimension (ii):</i> Timeliness of submission of audit reports to legislature	B	87	0.66/1
<i>Dimension (iii):</i> Evidence of follow up on audit recommendations	B	95	0.66/1

The PEFA and BTR report similar scores for the scope, nature and follow-up of external audit.

RTI LEGISLATION

The Punjab Transparency and Right to Information (RTI) Ordinance 2013 acknowledges the right of citizens to hold the government accountable by exercising their right to information as well as requiring the Government to proactively disclose information in an easily accessible manner. Any citizen of Pakistan may access any information held by a public body [of the Government]. Additionally it is stipulated that certain information must be proactively disclosed by a public body, including “budget of the public body including details of all proposed and actual expenditures.”

Section 4 above benchmarks of the quality of budget documentation and processes from the point of view of citizen engagement and public disclosure. At present, Punjab is complying with the RTI Ordinance (except for the delayed release of the Year-End Reports). This indicates a commitment to disclosing budget information to its citizens. The BTR highlights documents that can be improved and areas where additional documents should be produced to meet good practice standards in transparency and accessibility.

The following table provides a summary analysis of the Punjab law, with a special focus on the disclosure of information on public budgets and transparency.

Focus	Punjab
What types of government documents can be accessed?	Any information held by a public body, including any memo, book, design, map, contract, representation, pamphlet, brochure, order, notification, document, plans, letter, report etc.
Who can request information?	Any citizen of Pakistan A legal entity, like an NGO, etc., can also access information
Does the requester need a justification for the information required?	No. The requester is not required to state any reason for demanding information.
How can the documents be accessed?	Process of filing requests for information is easy and cost effective. An applicant may make an application to a public information officer on an information request form or on plain paper. The public information officer must acknowledge receipt of the application.
What is the cost of filing a request?	There is no fee for filing an information request. But actual costs of reproducing and sending the information to the applicant will be charged.
Who is responsible for responding to public requests for information?	A public body within 60 days of the commencement of this Act will designate and notify as many officers as public information officers in all administrative units or offices under it, as may be necessary.

Focus	Punjab
<p>What steps will the government take to respond to information requests?</p>	<p>The public information officer is required to respond to each application as soon as possible, but definitely within 14 working days. However, there is provision for a maximum extension of another 14 days – if the volume of information required merits extra time.</p> <p>The government is bound by law to assist the requester in identifying the information s/he needs and also in preparing the written request.</p> <p>The government will also ensure that the request is forwarded to the relevant public body.</p>
<p>What recourse does the requester have in case of non-compliance?</p>	<p>A Punjab Information Commission will be set up. It may conduct an inquiry on its own accord or on a public complaint and may direct a public body to disclose information to the applicant.</p> <p>Requester(s) can also complain directly with the head of the public body in case s/he is dissatisfied with the information provided. The requester need not go through the Commission.</p>
<p>What is the composition of an Information Commission to be set up under this law?</p>	<p>The Commission shall consist of not more than three Information Commissioners to be appointed from amongst the following:</p> <p>(a) A person who has been or is qualified to be a Judge of the High Court.</p> <p>(b) A person who is or has been in the service of Pakistan in basic scale 21 or equivalent.</p> <p>(c) a person from civil society having a degree based on sixteen years of education from a recognized institution and experience of not less than fifteen years in the field of mass communication, academic or right to information.</p>
<p>Is there a timeframe specified for establishing the Information Commission?</p>	<p>No timeframe is mentioned.</p>
<p>What timeframe is proposed for responding to complaints?</p>	<p>The Commission will decide a complaint within 30 days of its receipt or within 60 days, if it has reasonable and recorded reasons for the delay.</p>
<p>Are there stipulations that ensure proactive disclosure of information?</p>	<p>Yes. Proactive disclosure by public bodies is required.</p>

Focus	Punjab
<p>What information does the law stipulate is to be proactively disclosed by a public body?</p>	<p>The following information is to be proactively provided:</p> <ul style="list-style-type: none"> (a) Particulars of the public body, its functions and duties; (b) Powers and functions of its officers and employees. (c) Norms and criteria set by the public body for the discharge of its functions. (d) Acts, Ordinances, rules, regulations, notifications, circulars and other legal instruments being enforced, issued or used by the public body in the discharge of its functions. (e) a statement of categories of information being held by the public body; (f) A description of its decision-making processes and any opportunities for the public to provide input into or be consulted about decisions; (g) A directory of its officers and employees with their respective remuneration, perks and privileges. (h) Budget of the public body including details of all proposed and actual expenditures; (i) amount of subsidy and details of beneficiaries if the public body provides any subsidy; (j) Particulars of the recipients of concessions, permits or authorizations granted by the public body. (k) Facilities available with the public body for obtaining information held by it. (l) Name, designation and other particulars of the public information officer of the public body. (m) Any other information that the Government may notify in the official Gazette.
<p>How is the government required to maintain and index information</p>	<p>A public body shall maintain information relating to the body in an easily accessible form. It shall, within the time prescribed by the Commission for any special or general categories of information, computerize or maintain in electronic form the information to enable–</p> <ul style="list-style-type: none"> (a) Easy retrieval of information. (b) Easy and authorized electronic access of information by an applicant.
<p>How will the Information Commission be funded?</p>	<p>The Government shall allocate adequate funds to the Commission to enable it to establish a secretariat, hire the requisite staff to conduct its business properly, and promote access to information among the public, public servants and civil society.</p>

Focus	Punjab
Is there any requirement to report performance against this law?	The law stipulates that each public body will publish in electronic or other form an annual report of its activities under this Act by 31st August each year. The government will place these before the provincial assembly. Details of reporting and its public availability are to be prescribed under rules and regulations. It will be publicly available free of charge.
Is classified information included under the purview of the law?	Yes. Exempted documents will be made public after 50 years.
Does the government have any plans to proactively enable citizens to benefit from the law?	The law states that the Information commission will develop user-friendly handbooks, in Urdu and English. They will be in popular form and will provide assistance in requesting information.

NEXT STEPS

This report has been subject to review by and discussion with the Finance Department, Government of Punjab.

A meeting was held with the Department, in July 2014 to discuss the findings and recommendations of the BTR. The scope for improvement in the budget transparency score was noted and areas of potential improvement were discussed, especially in the areas of the pre-budget statement, performance monitoring, a Citizens Budget, and mid- and year-end reports.

The Government of Punjab published a Citizens Budget in June 2014, shortly after the completion of the BTR, and has therefore started to improve budget transparency from the baseline recorded in this report.

The SNG Programme aims to support further improvements in the Government of Punjab's budget transparency and accessibility scores with the aim of reaching 63/100, defined as 'substantial transparency', by the year 2017.

ANNEXES

1. PAKISTAN OBI 2012
2. PUNJAB BTR QUESTIONNAIRE 2014
3. OBI METHODOLOGY
4. BRIEFING NOTE ON OBI QUESTIONNAIRE

58

OPEN BUDGET INDEX SCORE
— OUT OF 100 —

PAKISTAN

Provides some information to the public in its budget documents during the year.



How does Pakistan compare to its neighbors in South Asia?

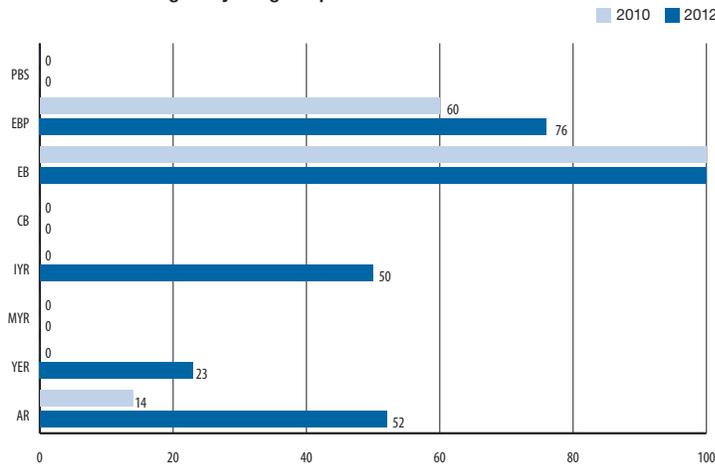


81-100	Extensive
61-80	Substantial
41-60	Some
21-40	Minimal
0-20	Scant or None

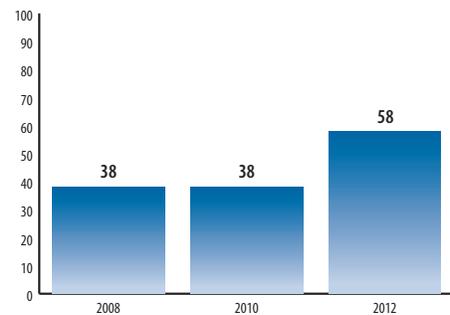
What are each of the eight key budget documents, and does the public have access to them?

Document	Description of Document	Publication Status
PBS	Pre-Budget Statement: Provides information that links government policies and budgets and typically sets forth the broad parameters that will define the budget proposal that is presented to the legislature.	Produced for Internal Use
EBP	Executive's Budget Proposal: Presents the government plans to raise revenues through taxes and other sources and spend these monies to support its priorities, thus transforming policy goals into action.	Published
EB	Enacted Budget: The legal instrument authorizing the executive to raise revenues, make expenditures, and incur debt.	Published
CB	Citizens Budget: A nontechnical presentation to enable broad public understanding of a government's plans for raising revenues and spending public funds in order to achieve policy goals.	Not Produced
IYR	In-Year Reports: Periodic (monthly or quarterly) measures of the trends in actual revenues, expenditures, and debt, which allow for comparisons with the budget figures and adjustments.	Published
MYR	Mid-Year Review: An overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies.	Not Produced
YER	Year-End Report: Information comparing the actual budget execution relative to the Enacted Budget.	Published
AR	Audit Report: Independent evaluation of the government's accounts by the country's supreme audit institution. It typically assesses whether the executive has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts of its revenues and expenses are accurate and provide a reliable picture of the fiscal situation.	Published

From Zero to 100: Has Pakistan increased the amount of information it makes available in the eight key budget reports?



OBI scores over three Surveys



Open Budget Index

The **Open Budget Survey** assesses whether the central government in each country surveyed makes eight key budget documents available to the public, as well as whether the data contained in these documents is comprehensive, timely, and useful. The Survey uses internationally accepted criteria to assess each country's budget transparency developed by multilateral organizations, such as the International Monetary Fund (IMF), the Organization for Economic

Co-operation and Development (OECD), and the International Organization of Supreme Audit Institutions (INTOSAI).

The scores on 95 of the 125 Open Budget Survey questions are used to calculate objective scores and rankings of each surveyed country's relative transparency. These composite scores constitute the Open Budget Index (OBI), the world's only independent and comparative measure of budget transparency.

Pakistan's score is 58 out of 100, which is higher than the average score of 43 for all the 100 countries surveyed but is lower than the score of Pakistan's neighbors India and Afghanistan. Pakistan's score indicates that the government provides the public with only some information on the national government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

Pakistan's OBI 2012 score of 58 out of 100 has increased significantly from its score of 38 out of 100 on the OBI 2010.

The Open Budget Index is composed of subscores for each of the eight key budget documents assessed in the Survey. These subscores represent the average of the scores received on a set of questions in the Survey that measure the public availability of and amount of information in the documents. The subscores are comparable across all of the countries included in the Survey.

Recommendations

Pakistan's score on the Open Budget Index has increased from 38 in 2010 to 58 in 2012. However, with a score of 58 out of 100 on the Open Budget Index 2012, the government of Pakistan has the potential to greatly expand budget transparency by introducing a number of short-term and medium-term measures, some of which can be achieved at almost no cost to the government.

The International Budget Partnership recommends that Pakistan undertake the following steps to improve budget transparency:

- Publish a Pre-Budget Statement, which it currently produces for internal use (detailed guidance on the contents of this document can be found in this guidebook: <http://bit.ly/QGzHv8>). As per the Open Budget Survey 2012, 47 countries publish a Pre-Budget Statement, including Pakistan's neighbor Afghanistan. Links to the budget documents published by these countries can be accessed from the IBP's

website <http://bit.ly/P8NPOV>.

- Produce and publish a Mid-Year Review and Citizens Budget (detailed guidance on the contents of these documents can be found in these guidebooks: <http://bit.ly/QGzHv8> and <http://bit.ly/QGzFmJ>). As per the Open Budget Survey 2012, 29 countries publish a Mid-Year Review, including its neighbors Bangladesh, India, and Nepal; and 26 countries publish a Citizens Budget, including its neighbors Afghanistan and India. Links to the budget documents published by these countries can be accessed from the IBP's website: <http://bit.ly/P8NPOV>.

- Increase the comprehensiveness of the Executive's Budget Proposal, specifically by focusing on providing information on the following areas:
 - anticipated revenues for at least two years beyond the budget year (see question 9 of the Open Budget Questionnaire);
 - data on the total government debt outstanding for the budget year and on the composition of government debt (such as interest rates on the debt, maturity profile of the debt, currency denomination of the debt, or whether it is domestic or external debt) for the budget year (see questions 11 and 13 of the Open Budget Questionnaire);
 - macroeconomic forecasts and assumptions used in developing the budget (see questions 14-15 of the Open Budget Questionnaire);
 - on how new policy proposals (as distinct from existing policies) affect revenues, nonfinancial data, performance indicators, and performance targets for expenditure programs (see questions 17, 51, 52, and 54); and
 - financial and nonfinancial assets held by the government, future liabilities, and tax expenditures (see questions 39, 40, 43, and 45 of the Open Budget Questionnaire).
- Increase the comprehensiveness of In-Year Reports by comparing actual year-to-date expenditures and revenues with either the original estimate for that period (based on the enacted budget) or the same period in the previous year and presenting information related to the composition of government debt (see questions 66, 69, and 71 of the Open Budget Questionnaire).
- Increase the comprehensiveness of the Year-End Reports by explaining the differences between the enacted levels and the actual outcomes for revenues; differences between the original macro-

economic forecast, original estimates of nonfinancial data, original performance indicators, and enacted levels of funds intended to benefit the poor and their actual outcomes, along with actual outcomes for extra-budgetary funds (see questions 80-86 of the Open Budget Questionnaire).

- Increase the quality of the Audit Reports by releasing audited accounts to the public six months or less after the end of the fiscal year, by auditing and releasing all expenditures within two years after the end of the fiscal year, and by having a comprehensive report that regularly tracks actions taken by the executive to address audit recommendations (see questions 87-88 and 108 in the Open Budget Questionnaire).

Strength of Legislatures and Supreme Audit Institutions in Budget Oversight

The Open Budget Survey examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAIs). These institutions play a critical role — often enshrined in national constitutions — in planning and overseeing the implementation of national budgets.

The Open Budget Survey assesses whether legislatures provide effective budget oversight by measuring performance on 11 indicators, including: consultations with the executive prior to the tabling in the legislature of the draft budget, research capacity, formal debate on overall budget policy, time available to discuss and approve the

budget, legal authority to amend the budget proposal, approval of shifts in expenditure budget and excess revenues collected, supplemental budget powers, authority to approve use of contingency funds, and scrutiny of audit reports.

The Open Budget Survey assesses whether supreme audit institutions are empowered to provide effective budget oversight by using the following four indicators: authority to remove the head of the supreme audit institution, legal power to audit public finances, financial resources available, and availability of skilled audit personnel.

Recommendations

The International Budget Partnership recommends that Pakistan undertake the following actions to improve budget oversight:

- The legislature should formally debate the overall budget policy prior to the tabling of the Executive's Budget Proposal; the executive should provide the legislature with the Executive's Budget Proposal at least six weeks, but ideally three months, prior to the start of the budget year; the executive seek approval from the legislature prior to shifting funds between administrative units and prior to using funds from supplemental budgets, contingency funds, and excess revenues (see questions 98, 99, 102, and 104-106 of the Open Budget Questionnaire).

Pakistan is an average performer in South Asia in terms of budget oversight and engagement

Country	Legislative Strength	SAI Strength	Public Engagement
Afghanistan	Moderate	Strong	Weak
Bangladesh	Moderate	Strong	Weak
India	Strong	Strong	Weak
Nepal	Moderate	Strong	Weak
Pakistan	Moderate	Strong	Weak
Sri Lanka	Moderate	Moderate	Weak

Strong: average score above 66 of 100; **Moderate:** average score between 34 and 66; **Weak:** average score below 34

Opportunities for Public Participation

Research and advocacy experience of civil society over the past 15 years has demonstrated that transparency by itself is insufficient for improving governance. Transparency along with opportunities for public participation in budgeting can maximize the positive outcomes associated with open budgeting. Therefore, the Open Budget Survey assesses opportunities available to the public to participate in national budget decision-making processes. Such opportunities can be provided throughout the budget cycle by the executive, legislature, and supreme audit institution.

Based on these indicators, the Open Budget Survey 2012 finds that opportunities for public participation in the budget process in Pakistan are limited.

Recommendations

The International Budget Partnership recommends that Pakistan expand public engagement in budgeting after considering the Open Budget Survey indicators on which the country performs poorly (see table below and questions 114-125 in the Open Budget Questionnaire).

Pakistan has much room to improve public participation

Requirement	Finding
Process Followed Before Consultation	
Formal requirement for public participation (Q114)	Exists but is weak
Articulation of purposes for public participation (Q115)	Exists but is weak
Communication by the SAI of audit findings beyond publication of audit reports (Q124)	Does not exist
Process of Consultation	
Mechanisms developed by the executive for participation during budget planning (Q116)	Does not exist
Public hearings in the legislature on macroeconomic budget framework (Q119)	Exists but could be improved
Public hearings in the legislature on individual agency budgets (Q120)	Does not exist
Opportunities in the legislature for testimonials by the public during budget hearings (Q121)	Does not exist
Mechanisms developed by the executive for participation during budget execution (Q117)	Does not exist
Mechanisms developed by the SAI for participation in audit agenda (Q123)	Does not exist
Process Followed After Consultation	
Feedback by the executive on use of inputs provided by the public (Q118)	Does not exist
Release by the legislature of reports on budget hearings (Q122)	Does not exist
Feedback by the SAI on use of inputs provided by the public (Q125)	Does not exist

Description of Survey, Methodology, Reliability, and Researcher Contact Information

The Open Budget Survey is a fact-based research instrument that uses easily observable phenomena to assess what occurs in practice. The research conclusions are typically supported by citations and comments, including reference to a budget document, a law, or other public document; a public statement by a government official; or comments from a face-to-face interview with a government official or other knowledgeable party. The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by two anonymous experts who also have no association with government. In addition, the IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results. The entire research process for 2012 took over 18 months between July 2011 and December 2012 and involved approximately 400 experts.

The Open Budget Survey provides a reliable source of data on national budget transparency practices for governments, development practitioners, the media, and citizens. Current users of the Survey results include the Open Government Partnership, Collaborative Africa Budget Reform Initiative, INTOSAI, the World Bank in its Worldwide Governance Indicators, and a number of bilateral aid agencies and international and regional multilateral bodies. The publication of the Open Budget Survey 2012 has reinforced the Survey's preeminent position as a global data repository on budget transparency, participation, and accountability.

Research to complete this country's Open Budget Survey was undertaken by Syeda Mehr Kanwal, Hassan Ali Khan & Shah Faisal, Omar Asghar Khan Foundation, 2-B, Parbat Road, F-7/3, Islamabad, Pakistan, hali@oakdf.org.pk; sfaisal@oakdf.org.pk.

The Pakistani government has provided its comments on the draft Open Budget Questionnaire results for the country.



Sub-National Governance Programme
in cooperation with the Omar Asghar Khan Development Foundation

**Government of Punjab: Budget Transparency
Review Questionnaire**

(based on the International Budget Partnership's Open Budget Survey)

Version Date: 09 April 2014

Table of Contents

Section One: The Availability of Budget Documents	3
Table 1. Budget Year of Documents Used to Complete the Questionnaire	4
Table 2. Key Budget Documents Used (Full Titles, Availability, and Internet URLs/Addresses)	4
Table 3. Distribution of Documents Related to the Formulation Phase	6
Table 4. Distribution of Documents during Approval, Execution, and Audit Phase	6
Section Two: The Executive’s Budget Proposal	8
Estimates for the Budget Year and Beyond	9
Estimates for Years Prior to the Budget Year	21
Additional Information Needed for a Comprehensive Executive’s Budget Proposal	33
The Budget Narrative & Performance Monitoring	44
Section Three: The Budget Process	50
Executive’s Formulation of the Budget	51
Budget Execution Phase	56
In-Year Reports	56
Mid-Year Review	63
Year-End Reporting	66
Audit Phase and the Supreme Audit Institution	73
Section Four: Strength of the Legislature	82
Section Five: Citizens Budget and Public Engagement in the Budget Process	94
The Citizens Budget	95
Public Engagement in the Budget Process	99
Executive: Public Engagement During Budget Formulation and Execution	99
Legislature: Public Engagement During Budget Enactment	104
Supreme Audit Institutions: Public Engagement During Audit	108

Section One:
The Availability of Budget Documents

Table 1 Budget Year of Documents Used to Complete the Questionnaire

In order to answer the questions in Sections 2-5 of the questionnaire, only publicly available documents can be used.

A budget document is considered publicly available when any and all members of the public can obtain a copy of the document through a request to the public authority that issues the document.

For the purposes of the questionnaire, budget documents are classified into the following four categories:

1. Documents not produced
2. Documents produced but only for internal purposes, and not available to the public
3. Documents produced and available to the public, but only upon request from the relevant government officer
4. Documents produced and distributed to the public widely and proactively, i.e., individuals have access to the documents without having to request them directly from the executive (e.g., Internet or public library)

Budget Document	Budget Year Used
Pre-Budget Statement (PBS)	Not produced
Executive's Budget Proposal (EBP)	2013/2014
Supporting Budget Documents to EBP	2013/2014
Citizens Budget (CB)	Not produced
Enacted Budget (EB)	2013/2014
In-Year Reports (IYR)	2012/2013
Mid-Year Review (MYR)	Not produced
Year-End Report (YER)	Not produced
Audit Report (AR)	2012/2013

Table 2 Key Budget Documents Used (Full Titles, Availability, and Internet URLs/Addresses)

For all publicly available documents that will be cited in Sections 2-5 of this questionnaire, provide the following information:

1. Full title
2. Date the document was made available to the public
3. How the document is made available to the public
4. Internet URL/address, if applicable

If the document is not publicly available, indicate one of these two answers: "Not Produced" or "Produced but Not Available to the Public," according to what applies.

Budget Document	1) Full Title, 2) Date, 3) Availability, 4) Internet URL/Address
Pre-Budget Statement (PBS)	Not produced
Executive's Budget Proposal (EBP)	1) GoP Annual Budget Statement 2013-2014, 2) 2013?, 3)

ANNEXURE 2

	Online, 4) http://punjab.gov.pk/?q=system/files/ABS.pdf
Supporting EBP document 1	1) GoP White Paper 2013-2014, 2) 17 June, 2013, 3) Online, 4) http://punjab.gov.pk/system/files/White_Paper_2013-14.pdf
Supporting EBP document 2	1) Estimates of Receipts, 2) 2013?, 3) Online, 4) http://punjab.gov.pk/?q=system/files/Receipt.pdf
Supporting EBP document 3	1) Estimates of Charged Expenditure and Demands for Grants (Non-Development) (Two Volumes), 2) 2013?, 3) Online, 4) http://punjab.gov.pk/?q=system/files/Non-Development%20Vol-I%202013-14.pdf http://punjab.gov.pk/?q=system/files/Non-Development%20Vol-II%202013-14.pdf
Supporting EBP document 4	1) Estimates of Charged Expenditure and Demands for Grants (Development) (Two Volumes), 2) 2013?, 3) Online, 4) http://punjab.gov.pk/?q=system/files/Development%20Vol-I%202013-14.pdf http://punjab.gov.pk/?q=system/files/Development%20Vol-II%202013-14.pdf
Supporting EBP document 5	1) Medium Term Development Framework 2013-2016 Annual Development Programme 2013-2014, 2) 2013?, 3) Online, 4) http://punjab.gov.pk/?q=system/files/ADP.pdf
Supporting EBP document 6	1) Finance Minister's Budget Speech 2013-2014, 2) 2013?, 3) Online, 4) http://punjab.gov.pk/?q=system/files/BS.pdf
Citizens Budget (CB)	Not produced
Enacted Budget (EB)	1) GoP Annual Budget Statement 2013-2014, 2) 2013?, 3) Online, 4) http://punjab.gov.pk/?q=system/files/ABS.pdf
In-Year Reports (IYR)	1) Monthly Civil Accounts (Database) 2013-2014, 2) 2012-2013, 3) Online, 4) http://punjab.gov.pk/monthly_civil_accounts
Mid-Year Review (MYR)	Not produced
Year-End Report (YER)	Not produced
Audit Report (AR)	1) Audit Reports 2013-2014 (various sectors), 2) 2013?, 3) Upon request, 4) N/A

Table 3
Distribution of Documents Related to the Formulation Phase

In this table, there are four options presented 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). For each document, record either ‘Yes’, ‘No’, or ‘N/A’ in the cells to indicate whether the statement applies or does not apply to the document.

Table 3: Distribution of Documents Related to the Formulation Phase					
	Pre-Budget Statement	Executive’s Budget Proposal			Citizens Budget
		Main Document	Supporting Document 1	Supporting Document 2	
A. Not produced, even for internal purposes					Y
B. Produced for internal purposes but not made available to the public					
C. Produced and made available to the public, but only on request					
D. Produced and widely and proactively distributed to the public	Y	Y	Y	Y	

Table 4
Distribution of Documents Related to Approval, Execution, and Audit Phases

In this table, there are four options presented in rows A, B, C, and D for describing the status and availability of the relevant documents (Enacted Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report). For each document, record either ‘Yes’, ‘No’, or ‘N/A’ in the cells to indicate whether the statement applies or does not apply to the document.

Table 4: Distribution of Documents Related to the Formulation Phase					
	Enacted Budget	In-Year Reports	Mid-Year Review	Year-End Report	Audit Report
A. Not produced, even for internal purposes			Y	Y	
B. Produced					

ANNEXURE 2

for internal purposes but not made available to the public					
C. Produced and made available to the public, but only on request					Y
D. Produced and widely and proactively distributed to the public	Y	Y			

Section Two:
The Executive's Budget Proposal

Estimates for the Budget Year and Beyond

Guidelines for Question 1:

Expenditures can be organised according to the following classifications: administrative unit, function, and economic category (a fourth, more detailed, categorisation is by individual program). 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, held accountable for their use – it answers the question “who spends the money?”

To answer “a,” all expenditures covered in the budget would have to be organised by such a classification system.

1. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)?

- a.** All expenditures are classified by administrative unit.
- b. Expenditures are classified by administrative unit, but expenditures for some small units are not presented separately.
- c. Expenditures are classified by administrative unit, but those for a significant number of units are not presented separately.
- d. No expenditures classified by administrative unit are presented.
- e. Not applicable/other (please comment).

Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II

Comment:

Review Comment: Citation changed upon review

Guidelines for Question 2:

Functional classification indicates the programmatic purpose, sector, or objective for which the funds will be used, such as health, education, To answer “a,” all expenditures covered in the budget have to be organised by such a classification system that is consistent with international standards. In contrast, the “c” response would apply if a significant portion of expenditures are not classified according to international standards. For instance, the “c” response would be appropriate if expenditures are presented separately for some of the major functions, such as education and health, but a large residual

portion of the total budgeted expenditure is not classified by function. This would make it impossible to identify other functional allocations, such as that for housing or transportation, with precision.

2. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the budget year by functional classification?

- a. All expenditures are presented by functional classification, and the categorisation is compatible with international standards.
- b. All expenditures are presented by functional classification, but the categorisation is not compatible with international standards.
- c. Some, but not all, expenditures are presented by functional classification.
- d. No expenditures classified by function are presented.
- e. Not applicable/other (please comment)

Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II
Comment:
Review Comment: Citation changed upon review.

Guidelines for Question 3:

Economic classification provides information on the nature of the expenditure, such as whether funds are being used to pay for wages and salaries, capital projects, or social assistance benefits. To answer “a,” all expenditures covered in the budget have to be organised by such a classification system that is consistent with international standards. In contrast, the “c” response would apply if a significant portion of expenditures are not classified according to international standards. For instance, the “c” response would be appropriate if expenditures are presented separately for some of the major economic purposes, such as wages and benefits, but a large residual portion of the total budgeted expenditure is not classified by function. This would make it impossible to identify other economic allocations, such as that for capital outlay, with precision.

3. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the budget year that are presented by economic classification?

- a. All expenditures are presented by economic classification, and the categorisation is compatible with international standards.
- b. All expenditures are presented by economic classification, but the categorisation is not compatible with international standards.

- c. Some, but not all, expenditures are presented by economic classification.
- d. No expenditures classified by economic classification are presented.
- e. Not applicable/other (please comment).

Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II

Comment:

Review Comment: Citation changed upon review

Guidelines for Question 4:

There is no standard definition for the term “program,” and the meaning can vary from country to country. 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.” These subgroups should be considered programs even when they could be, but are not, broken down into smaller, more detailed units.

4. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for individual programs for the budget year?

- a. Program-level data are presented for all expenditures.
- b. Program-level data are presented for at least two-thirds of, but not all, expenditures.
- c. Program-level data are presented, but for less than two-thirds of expenditures.
- d. No program-level data are presented.
- e. Not applicable/other (please comment).

Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II

Comment:
Review Comment: Citation changed upon review

Guidelines for Question 5:

Because the effects of budget decisions affect the parameters of future budgets, it is useful to estimate revenues and expenditures for multi-year periods, understanding that these estimates might be revised as circumstances change. Sometimes referred to as a Medium Term Expenditure Framework (MTEF), a three-year period is generally considered an appropriate horizon for budgeting and planning.

- 5. In the Executive’s Budget Proposal or any supporting budget documentation are estimates of the aggregate level of expenditure presented for a multi-year period (at least two years beyond the budget year)?**
- a. Yes, multi-year estimates of aggregate expenditure are presented.
 - b. No, multi-year estimates of aggregate expenditure are not presented.
 - c. Not applicable/other (please comment).

Citation: The Medium Term Fiscal Framework does report on multi-year estimates of aggregate expenditure, however it has not been released to the public as it is pending approval
Comment:
Review Comment: Change to B, as this refers to MTFF.

Guidelines for Question 6:

There is no standard definition for the term “program,” and the meaning can vary from country to country. 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.” These subgroups should be considered programs even when they could be, but are not, broken down into smaller, more detailed units.

6. In the Executive’s Budget Proposal or any supporting budget documentation is more detail in addition to the aggregate level presented for expenditure estimates that cover a multi-year period (for at least two years beyond the budget year)?

- a. Yes, multi-year expenditure estimates are presented for all individual programs, and for one or more expenditure classification (such as functional, economic, or administrative).
- b. Yes, multi-year estimates are presented for one or more expenditure classification (such as functional, economic, or administrative), but only for some individual programs.
- c. Yes, multi-year estimates are presented, but only for a portion of one or more of the expenditure classifications (such as some functions, or some administrative units) and/or for only some individual programs.
- d. No, multi-year estimates are presented for aggregate expenditure only, or they are not presented at all.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment: Change to D (same as Question 5).

Guidelines for Questions 7 and 8:

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 countries are taxes 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. Note that 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.

Questions 7-8 assess the degree to which the individual sources of tax and non-tax revenues are disaggregated in the budget. Particularly because different revenues have different characteristics, including who bears the burden of paying the tax and how collections are affected by economic conditions, it is important that estimates for revenues be disaggregated and displayed based on their sources.

7. Does the Executive’s Budget Proposal or any supporting budget documentation identify the different sources of tax revenue for the budget year?

- a. All sources of tax revenue are identified individually.
- b. Sources of tax revenue amounting to at least two-thirds of but not all tax revenues are identified individually.
- c. Sources of tax revenue amounting to less than two-thirds of all tax revenues are identified individually.
- d. No sources of tax revenue are identified individually.
- e. Not applicable/other (please comment).

Citation: Estimates of Receipts pg 1-17 (summary), ABS pg 2-9
Comment:
Review Comment: Citation changed upon review.

8. Does the Executive’s Budget Proposal or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?

- a. All sources of non-tax revenue are identified individually.
- b. Sources of non-tax revenue amounting to at least two-thirds of, but not all, non-tax revenue are identified individually.
- c. Sources of non-tax revenue amounting to less than two-thirds of all non-tax revenue are identified individually.
- d. No sources of non-tax revenue are identified individually.
- e. Not applicable/other (please comment).

Citation: Estimates of Receipts pg I8-64, ABS 10-22
--

Comment:
Review Comment: Citation changed upon review.

Guidelines for Questions 9 and 10:

The level of disaggregation is not considered in this question. As long as the Executive’s Budget Proposal presents revenue estimates for at least two years following the budget year in question, an “a” answer is appropriate. However, in question 10, in order to assign an “a” answer, revenue estimates must be reported by individual source for at least two years following the budget year in question.

- 9. In the Executive’s Budget Proposal or any supporting budget documentation are estimates of the aggregate level of revenue presented for a multi-year period (at least two years beyond the budget year)?**
- a. Yes, multi-year estimates of aggregate revenue are presented.
 - b. No, multi-year estimates of aggregate revenue are not presented.
 - c. Not applicable/other (please comment).

Citation:
Comment:
Review Comment: Change to B, same as question 5.

- 10. In the Executive’s Budget Proposal or any supporting budget documentation is more detail in addition to the aggregate level presented for revenue estimates that cover a multi-year period (for at least two years beyond the budget year)?**
- a. Yes, multi-year revenue estimates are presented for individual sources of revenue, and by revenue classification (such as tax and non-tax).
 - b. Yes, multi-year estimates are presented by revenue classification (such as tax and

non-tax), but only for some individual sources of revenue.

- c. Yes, multi-year estimates are presented, but only for some individual sources of revenue.
- d. No, multi-year estimates are presented for aggregate revenue only, or they are not presented at all.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment: Change to D. Refer to Question 5.

Guidelines for Question 11:

The budget should reflect the total size of the provincial government 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. By showing the debt estimates both at the beginning and at the end of the year it is possible to have an idea of whether the country will face a deficit or surplus during budget execution, i.e., if it's planning to borrow and how much.

11. Does the Executive's Budget Proposal or any supporting budget documentation present data on the total provincial government debt outstanding for the budget year?

- a. Yes, the data reflect the outstanding debt both at the start of the budget year and at the end of the budget year (and thereby reflect the net borrowing requirement of the budget).
- b. Yes, the data reflect the outstanding debt at the end of the budget year.
- c. Yes, the data reflect the outstanding debt at the start of the budget year.
- d. No, data on the outstanding debt are not presented.
- e. Not applicable/other (please comment).

Citation: White Paper, page iii (executive summary) & 77-81
Comment:
Review Comment: Citation changed upon review.

Guidelines for Question 12:

The amount of interest that is paid to service this debt should be clearly stated in the budget. Presenting an aggregate debt figure would not provide a clear picture of exactly what the government owes and what it has to repay year by year. Note also that both functional and economic classifications of expenditure require interest payments to be shown separately

12. Does the Executive’s Budget Proposal or any supporting budget documentation present interest payments on the debt for the budget year?

- a. Yes, interest payments on the debt are presented.
- b. No, interest payments on the debt are not presented.
- c. Not applicable/other (please comment).

Citation: Annual Budget Statement pages 30 & 48, White Paper page 41
Comment:
Review Comment: Citatio changed upon review.

Guidelines for Question 13:

Examples of information related to the composition of government debt are: interest rates that apply to the different instruments, length of maturity of the various instruments, currency in which debts are denominated, and distinction between domestic and external debt. All of these factors give an indication of the potential vulnerability of the provincial government's debt position, and ultimately whether the cost of servicing (i.e., paying off) the debt is affordable.

13. Does the Executive's Budget Proposal or any supporting budget documentation present information related to the composition of provincial government debt (such as interest rates on the debt, maturity profile of the debt, currency denomination of the debt, or whether it is domestic or external debt) for the budget year?

- a. Yes, extensive information related to the composition of government debt is presented.
- b. Yes, key additional information is presented, but some details are excluded.
- c. Yes, some additional information is presented, but it lacks important details.
- d. No, additional information related to the composition of government debt is not presented.
- e. Not applicable/other (please comment)

Citation: White Paper pages 41 & 77-81
Comment:
Review Comment: Citation changed upon review

Guidelines for Question 14:

Defining which economic assumptions are "key" may vary. For example, many if not all provinces are affected by changes in the price of oil and other commodities; therefore, in their budget assumptions they should account for the world market prices of those commodities because, whether a province is a buyer or seller, a significant variation in the price of those commodities will affect expenditure or revenue, respectively. In general, the key economic assumptions should include at least estimates of GDP growth, inflation rates, interest rates, and unemployment rates.

14. Does the Executive's Budget Proposal or any supporting budget documentation present the macroeconomic forecast upon which the budget projections are based?

- a. Yes, an extensive discussion of the macroeconomic forecast is presented, and key assumptions (for such factors as inflation, real GDP growth, unemployment rate, and

interest rates) are stated explicitly.

- b. Yes, the macro economic forecast is discussed and most of the key assumptions are stated explicitly, but some details are excluded.
- c. Yes, there is some discussion of the macroeconomic forecast (and/or the presentation of key assumptions), but it lacks important details.
- d. No, information related to the macroeconomic forecast is not presented.
- e. Not applicable/other (please comment).

<p>Citation: Budget Speech pages number 2-3 & 28, White Paper pages 4-5 and Executive Summary</p>
<p>Comment: The budget speech makes references to certain macroeconomics indicators, but does not explicitly mention many details.</p>
<p>Review Comment: Citation changed upon review.</p>

Guidelines for Question 15:

Assessing the impact on the budget of different macroeconomic assumptions is often referred to as a “sensitivity analysis.” An analyst can use sensitivity analysis to estimate the effect on the budget of possible changes in some of the macroeconomic assumptions during budget execution: for instance, what would happen to revenue collection if GDP growth were slower than assumed in the budget proposal? Or what would happen to expenditure if inflation were higher than estimated?

15. Does the Executive’s Budget Proposal or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget (including impacts on expenditures, revenues, and debt)?

- a. Yes, extensive information on the impact of macroeconomic assumptions on the budget is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting the impact of the major macroeconomic assumptions, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on the impact of different macroeconomic assumptions on the budget is not presented.
- e. Not applicable/other (please comment).

Citation: White paper pages 80 to 81
Comment:
Review Comment: Change to B.

Guidelines for Questions 16 and 17:

In any given year, most of the expenditures and revenues in the budget reflect the continuation of existing policies. However, much of the attention during the budget debate is focused on new proposals — whether they call for eliminating an existing program, introducing a new one, or changing an existing program at the margins. Typically, these new proposals are accompanied by an increase, a decrease, or a shift in expenditures or revenues. Because these changes may have different impacts on people’s lives, the budget proposal must present sufficient detail about new policies and their budgetary impact.

16. Does the Executive’s Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how policy proposals, as distinct from existing policies, affect expenditures?

- a. Yes, extensive information on the impact of policy proposals on expenditures is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting the impact of key policy proposals on expenditures, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on the impact of policy proposals on expenditures is not presented.
- e. Not applicable/other (please comment).

Citation: White paper pages 27 to 43 and 67 to 69 and Budget Speech
Comment:

Review Comment: Citation changed upon review

17. Does the Executive’s Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how policy proposals, as distinct from existing policies, affect revenues?

- a. Yes, extensive information on the impact of policy proposals on revenues is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting the impact of key policy proposals on revenues, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on the impact of policy proposals on revenues is not presented.
- e. Not applicable/other (please comment).

Citation: White paper pages 1 to 26 and Budget speech 29 to 30

Comment:

Review Comment: Citation changed upon review

Estimates for Years Prior to the Budget Year

Guidelines for Questions 18-21:

Prior-year information, in formats comparable to those in the upcoming budget year (BY), constitutes an important benchmark for assessing the proposals for the upcoming budget year. Questions 18-21 parallel questions 1-4 but look at the presentation of expenditure data for the year prior to the budget year (questions 1-4 look at BY only).

18. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by administrative unit (that is, by ministry, department, or agency)?

- a. All expenditures are classified by administrative unit for BY-1.

- b. Expenditures are classified by administrative unit for BY-1, but some small units are not shown separately.
- c. Expenditures are classified by administrative unit for BY-1, but a significant number of units are not shown separately.
- d. No expenditures classified by administrative unit are presented for BY-1.
- e. Not applicable/other (please comment).

<p>Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II</p>
<p>Comment:</p>
<p>Review Comment: Citation changed upon review</p>

19. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by functional classification?

- a. All expenditures are classified by functional classification for BY-1, and the categorisation is compatible with international standards.
- b. All expenditures are classified by functional classification for BY-1, but the categorisation is not compatible with international standards.
- c. Some, but not all, expenditures are classified by function for BY-1.
- d. No expenditures classified by function are presented for BY-1.
- e. Not applicable/other (please comment).

<p>Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II (Function wise summary is provided before the details for each grant in these documents), Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II</p>
<p>Comment: Unclear whether this should be a) or b), given the mention of ‘international standards’</p>

Review Comment: As per international standard, A is acceptable. Citation changed upon review.

20. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by economic classification?

- a. All expenditures are classified by economic classification for BY-1, and the categorisation is compatible with international standards.
- b. All expenditures are classified by economic classification for BY-1, but the categorisation is not compatible with international standards.
- c. Some, but not all, expenditures are classified by economic classification for BY-1.
- d. No expenditures classified by economic classification are presented for BY-1.
- e. Not applicable/other (please comment).

Citation: Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II

Comment:

Review Comment: Citation changed upon review.

21. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?

- a. Program-level expenditure data are presented for all expenditures for BY-1.
- b. Program-level expenditure data are presented for at least two-thirds of, but not all, expenditures for BY-1.
- c. Program-level expenditure data are presented, but for less than two-thirds of expenditures for BY-1.
- d. No program-level expenditure data are presented for BY-1.
- e. Not applicable/other (please comment).

<p>Citation: ABS pg 52 to 57, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II, MTFD, White Paper pages 49 to 69</p>
<p>Comment:</p>
<p>Review Comment: Citation changed upon review.</p>

Guidelines for Question 22:

Questions 22-26 assess the amount of, level of detail, and accuracy of prior-year expenditure data. Typically, when the budget proposal is submitted, the year prior to the upcoming budget year (BY) has not been completed, so the executive will provide estimates of the anticipated outcome for BY-2. The soundness of these prior-year estimates is directly related to the degree to which they have been updated to reflect actual expenditures to date and anticipated changes in macroeconomic, caseload, and other relevant factors for the remainder of the year.

22. In the Executive’s Budget Proposal or any supporting budget documentation, how many months of data on actual expenditures are reflected in the expenditure estimates of the year prior to the budget year (BY-1)?

- a. All BY-1 estimates have been updated from the original enacted levels to reflect six or more months of actual expenditure.
- b. All BY-1 estimates have been updated from the original enacted levels but reflect less than six months of actual expenditure.
- c. Some BY-1 estimates have been updated from the original enacted levels to reflect actual expenditure.
- d. The BY-1 estimates have not been updated from the original enacted levels, or no BY-1 estimates are presented.
- e. Not applicable/other (please comment).

<p>Citation: ABS pg 25-68. Estimates of Charged Expenditure and Demand for Grants (Current Expenditure) Vol-I & Vol-II, Estimates of Charged Expenditure and Demand for Grants (Development) Vol-I & Vol-II, White Paper pages 27 to 69</p>
<p>Comment:</p>

Review Comment: Citation changed upon review

Guidelines for Question 23:

The budget year proposals are based in large part on the prior years' budgets and will affect decisions in future years' budgets, so the Executive's Budget Proposal should present a multi-year picture of revenues and expenditures. For an appropriate time series of data, it is recommended at least two years prior to the budget year and two years beyond the budget year, for a total of at least five years.

23. In the Executive's Budget Proposal or any supporting budget documentation are estimates of the aggregate level of expenditure presented for more than one year prior to the budget year (that is, BY-2 and prior years)?

- a. Yes, such prior-year estimates of aggregate expenditure are presented.
- b. No, such prior-year estimates of aggregate expenditure are not presented.
- c. Not applicable/other (please comment).

Citation: ABS pg 25-57

Comment:

Review Comment: Citation changed upon review.

Guidelines for Question 24:

While question 23 asks only about aggregate data, this question delves into the level of detail in which estimates are presented. The more detail that is provided, the higher the answer for this question should be (for example, "a" can be selected if all expenditures are classified according to at least one classification system).

24. Does the Executive's Budget Proposal or any supporting budget documentation present more detail in addition to the aggregate level for expenditure estimates that cover more than one year prior to the budget year (that is, BY-2 and prior years)?

- a. Yes, such prior-year expenditure estimates are presented for all individual programs, and for one or more expenditure classification (such as functional, economic, or administrative).
- b. Yes, such prior-year estimates are presented for one or more expenditure classification (such as functional, economic, or administrative), but only for some individual programs.
- c. Yes, such prior-year estimates are presented, but only for a portion of one or more of

the expenditure classifications (such as some functions, or some administrative units) and/or for only some individual programs.

- d. No, such prior-year estimates are presented for aggregate expenditure only, or they are not presented at all.
- e. Not applicable/other (please comment).

Citation: ABS pg 25-57

Comment: The national level response refers to the national economic survey, which does not exist on the provincial level.

Review Comment: Citation changed upon review.

Guidelines for Question 25:

For planning purposes, budget data that represent actual revenues and expenditures are better than even the most carefully derived estimates. Therefore, the answer to this question will be higher when the prior year for which actuals are reported is closer to the budget year. In most cases, the most recent year for which budget data on actual revenues expenditures are available will be BY-2, as BY-1 is generally not yet finished when the budget proposal is drafted. So a government that has updated all its expenditure data for BY-2 with what was actually implemented, as opposed to estimated data, shows very good public financial management practice (hence “a” would be the appropriate answer for this question).

25. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes?

- a. Two years prior to the budget year (BY-2).
- b. Three years prior to the budget year (BY-3).
- c. Before BY-3.
- d. No actual data for all expenditures are presented in the budget or supporting budget documentation.

e. Not applicable/other (please comment)

Citation: ABS pg 25-57
Comment:
Review Comment: Citation changed upon review.

Guidelines for Question 26:

Prior-year data should be classified and presented in formats that are comparable to the budget-year estimates to ensure that year-to-year comparisons are meaningful. For instance, if the budget proposes shifting responsibility for a particular program from one administrative unit to another — such as shifting responsibility for the training of nurses from the health department to the education department — the prior-year figures must be adjusted to reflect this change before year-to-year comparisons of administrative budgets can be made.

26. Are the expenditure estimates for the years prior to the budget year adjusted as needed to be comparable with the budget-year estimates in terms of classification and presentation?

- a. Yes, prior-year data are always adjusted to be comparable to the budget year data.
- b. Yes, in most cases, prior-year data are adjusted to be comparable.
- c. Yes, in some cases, prior-year data are adjusted to be comparable, but significant deviations between prior-year and budget-year classifications exist.
- d. No, prior-year data are not adjusted to be comparable, or no prior-year estimates are presented.
- e. Not applicable/other (please comment).

Citation: Annual Budget Statement. Demand for Grants (all documents)
Comment:

Review Comment: Previous year budgets, according to legislature, cannot be adjusted. Suggest D.

Guidelines for Questions 27-32:

Questions 27-32 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

27. Does the Executive’s Budget Proposal or any supporting budget documentation identify the different sources of tax revenue for the year preceding the budget year (BY-1)?

- a. All tax revenues are identified individually for BY-1.
- b. Tax revenues amounting to at least two-thirds of, but not all, tax revenue for BY-1 are identified individually.
- c. Tax revenues amounting to less than two-thirds of all tax revenues for BY-1 are identified individually.
- d. No tax revenues are identified individually for BY-1.
- e. Not applicable/other (please comment).

Citation: ABS pages 3-5, Estimate of receipts pages 1-17

Comment:

Review Comment: Citation changed upon review.

28. Does the Executive’s Budget Proposal or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of goods and services) for the year preceding the budget year (BY-1)?

- a. All non-tax revenues are identified individually for BY-1.
- b. Non-tax revenues amounting to at least two-thirds of, but not all, non-tax revenue for BY-1 are identified individually.
- c. Non-tax revenues amounting to less than two-thirds of all non-tax revenues for BY-1 are identified individually.
- d. No non-tax revenues are identified individually for BY-1.

e. Not applicable/other (please comment).

<p>Citation: ABS pages 10-22, Estimate of receipts pages 18-64</p>
<p>Comment:</p>
<p>Review Comment: Citation changed upon review.</p>

29. In the Executive’s Budget Proposal or any supporting budget documentation, how many months of data on actual revenues are reflected in the revenue estimates of the year prior to the budget year (BY-1)?

- a. All BY-1 estimates have been updated from the original estimates to reflect six or more months of actual revenue collections.
- b. All BY-1 estimates have been updated from the original estimates but reflect less than six months of actual revenue collections.
- c. Some BY-1 estimates have not been updated from the original estimates to reflect actual revenue collections.
- d. The BY-1 estimates have not been updated from the original estimates, or no BY-1 estimates are presented.
- e. Not applicable/other (please comment).

<p>Citation: ABS pages 2-22, Estimates of receipts pages 1-64</p>
<p>Comment:</p>
<p>Review Comment: Citation changed upon review.</p>

30. In the Executive’s Budget Proposal or any supporting budget documentation are estimates of the aggregate level of revenues presented for more than one year prior to the budget year (that is, BY-2 and prior years)?

- a. Yes, such prior-year estimates of aggregate revenue are presented.
- b. No, such prior-year estimates of aggregate revenue are not presented.
- c. Not applicable/other (please comment).

Citation: Annual Budget Statement, pages 2-24.
Comment:
Review Comment:

31. In the Executive’s Budget Proposal or any supporting budget documentation is more detail in addition to the aggregate level presented for revenue estimates for more than one year prior to the budget year (that is, BY-2 and prior years)?

- a.** Yes, such prior-year revenue estimates are presented for individual sources of revenue, and by revenue classification (such as tax and non-tax).
- b. Yes, such prior-year estimates are presented by revenue classification (such as tax and non-tax), but only for some individual sources of revenue.
- c. Yes, such prior-year estimates are presented, but only for some individual sources of revenue.
- d. No, such prior-year estimates are presented for aggregate revenue only, or they are not presented at all.
- e. Not applicable/other (please comment).

Citation: Annual Budget Statement, pages 2-24.
Comment:
Review Comment:

32. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes?

- a.** Two years prior to the budget year (BY-2).
- b. Three years prior to the budget year (BY-3).
- c. Before BY-3.
- d. No actual data for all revenues are presented in the budget or supporting budget documentation.
- e. Not applicable/other (please comment).

Citation: ABS pages 2-24
Comment:
Review Comment: Citation changed upon review.

Guidelines for Questions 33 and 34:

Questions 33 and 34 ask about prior-year information provided for debt of government, rather than expenditures or revenues.

33. Does the Executive’s Budget Proposal or any supporting budget documentation present information related to the provincial government debt for the year preceding the budget year?

- a. Yes, extensive information is presented on the level and composition of government debt for the year preceding the budget year.
- b. Yes, information on the level of debt is presented, but some important details about the composition of the debt are excluded.
- c. Yes, but only information on the level of debt is presented.
- d. No, information related to the government debt for BY-1 is not presented.
- e. Not applicable/other (please comment).

Citation: ABS pages 23-24, White paper pages 77-81
Comment:
Review Comment: Citation changed upon review.

34. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?

- a. Two years prior to the budget year (BY-2).
- b. Three years prior to the budget year (BY-3).
- c. Before BY-3.
- d. No actual data for government debt are presented in the budget or supporting budget documentation.
- e. Not applicable/other (please comment).

Citation: ABS pages 23-24
Comment:
Review Comment: Citation changed upon review.

Additional Information Needed for a Comprehensive Executive Budget’s Proposal

Guidelines for Question 35:

Most governments administer funds outside the annual budgets, often referred to as extra-budgetary funds. For example, large pension or social security programs set up as extra-budgetary funds, where the revenues collected and the benefits paid are recorded in a separate fund outside the budget. Extra-budgetary funds can range in size and scope, but information related to them must be made available for a comprehensive understanding of the government’s true fiscal position. Another example of the use of extra-budgetary funds is hydrocarbon/mineral resources, where revenues from producing and selling those resources are channeled through systems outside the annual budget. In some cases, the separation engendered by an extra-budgetary fund serves a legitimate political purpose, and the finances and activities of these funds are well documented. In other cases, however, this structure is used for obfuscation, and little or nothing is known about a fund’s finances and activities.

35. Does the Executive’s Budget Proposal or any supporting budget documentation present information on extra-budgetary funds for at least the budget year?

- a. Yes, extensive information on extra-budgetary funds is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key extra-budgetary funds, but some details are excluded.

- c. Yes, some information is presented, but it lacks important details.
- d. No, information on extra-budgetary funds is not presented.
- e. Not applicable/other (please comment).

Citation: White Paper pages 82-87
Comment:
Review Comment: Citaiton changed upon review.

Guidelines for Question 36:

In many cases, the government supports the provision of a good or service by a lower level of government through an intergovernmental transfer of funds. This is necessary because, independent from the level of administrative decentralization that exists, the capacity for revenue collection of a local government is unlikely to be sufficient to pay for all its expenses. However, because the activity is not being undertaken by an administrative unit of the central government, it is unlikely to receive the same level of review in the budget. Thus it is important to include in the budget proposal a statement that explicitly indicates the amount and purposes of these transfers.

36. Does the Executive’s Budget Proposal or any supporting budget documentation present information on intergovernmental transfers for at least the budget year?

- a. Yes, extensive information on intergovernmental transfers is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key intergovernmental transfers, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on intergovernmental transfers is not presented.
- e. Not applicable/other (please comment).

<p>Citation: ABS pg 3, 5, 26, 30, Estimates of expenditure (Non-Development) Vol-II pages 1009, 1010, 1011, 1012, Estimates of expenditure (Development) Vol-I pages 27 and 29, White Paper Pages 53-54</p>
<p>Comment: There are doubts whether this question is suitable to the provincial scale, and – as such – further review is required.</p>
<p>Review Comment: Suggest A, upon further review.</p>

37. Does the Executive’s Budget Proposal or any supporting budget documentation present information on transfers to public corporations for at least the budget year?

- a. Yes, extensive information on transfers to public corporations is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key transfers to public corporations, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on transfers to public corporations is not presented.
- e. Not applicable/other (please comment).

<p>Citation: ABS pg 48, White paper page VII (executive summary), 42, Estimates of expenditure (Development) Vol II page 351-363, Estimates of expenditure (Non-Development) Vol-II pages 1267 to 1271</p>
<p>Comment:</p>
<p>Review Comment: Citation changed upon review.</p>

Guidelines for Question 38:

The term “quasi-fiscal activities” refers to a broad range of activities that are fiscal in character and should be carried out through the regular budget process but are not. For example, a quasi-fiscal activity could be a requirement that, instead of providing a direct subsidy through the appropriation

process, a public financial institution provides an indirect subsidy through loans at below-market rates for particular activities, or that an enterprise provide goods or services at prices below commercial rates to certain individuals or groups. If not clearly included in the government's financial reports, quasi-fiscal activities are a particular type of extra-budgetary transaction.

38. Does the Executive's Budget Proposal or any supporting budget documentation present information on quasi-fiscal activities for at least the budget year?

- a. Yes, extensive information on quasi-fiscal activities is presented, including both a narrative discussion and, where possible, quantitative estimates.
- b. Yes, information is presented, highlighting key quasi-fiscal activities, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on quasi-fiscal activities is not presented.
- e. Not applicable/other (please comment).

Citation: Current Budget Vol II 989, White paper pg 17-18
Comment: Punjab Alleviation Project.
Review Comment: Citation changed upon review, as well as answer to A.

Guidelines for Question 39:

Financial assets should be classified by major type, reflecting their nature, and historical information on defaults for each type of asset should be included in budget documents.

39. Does the Executive's Budget Proposal or any supporting budget documentation present information on financial assets held by the government?

- a. Yes, extensive information on financial assets is presented, including a listing of the assets, a discussion of their purpose, and an estimate of their market value.
- b. Yes, information is presented, highlighting key information, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on financial assets is not presented.

- e. Not applicable/other (please comment).

Citation: ABS White paper pg 17-18 and 71 to 75, Estimates of expenditure (non Development) Vol II pg 1266
Comment:
Review Comment: Citation changed upon review.

Guidelines for Question 40:

The valuation of public nonfinancial assets is problematic, especially in countries that do not practice accrual accounting. In these cases it is considered acceptable to provide summary information in budget documents from a country's register of assets. An "a" response can be selected if substantial information on the assets themselves from the financial register is provided in the budget documents, although the value of nonfinancial assets is not provided.

40. Does the Executive's Budget Proposal or any supporting budget documentation present information on nonfinancial assets held by the government?

- a. Yes, extensive information on nonfinancial assets is presented, including a listing of the assets and, where possible, an estimate of their market value.
- b. Yes, information is presented, highlighting key information, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No information on nonfinancial assets is presented.
- e. Not applicable/other (please comment).

Citation:
Comment: No explicit mention.

Review Comment:

Guidelines for Question 41:

Expenditure arrears arise when government has entered into a commitment to spend funds but has not made the payment when it is due. Though equivalent to borrowing, this liability is often not recorded in the budget, making it difficult to assess fully a government's financial position. Moreover, the obligation to repay this debt affects the government's ability to afford other activities. This is why a discussion and estimate of arrears are important.

If expenditure arrears do not represent a significant problem in your province, please mark "e": however, please exercise caution in answering this question. Public expenditure management laws and regulations often will allow for reasonable delays, perhaps 30 or 60 days, in the routine payment of invoices due. Expenditure arrears impacting a small percentage of expenditure due to contractual disputes should not be considered a significant problem for the purpose of answering this question.

41. Does the Executive's Budget Proposal or any supporting budget documentation present information on expenditure arrears for at least the budget year?

- a. Yes, extensive information on expenditure arrears is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key expenditure arrears, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on expenditure arrears is not presented.
- e. Not applicable/other (please comment).

Citation: White Paper, page 17.

Comment:

Review Comment: Suggest change to d.

Guidelines for Question 42:

Contingent liabilities are recognized under a cash accounting method only when the contingent event occurs and the payment is made. An example of such liabilities is the case of loans guaranteed by the government, which can include loans to state-owned banks and other state-owned commercial

enterprises, district, and private enterprises. Under such guarantees, government will only make a payment if the borrower defaults. Thus a key issue for making quantitative estimates of these liabilities is assessing the likelihood of the contingency occurring.

In the budget, “[w]here feasible, the total amount of contingent liabilities should be disclosed and classified by major category reflecting their nature; historical information on defaults for each category should be disclosed where available. In cases where contingent liabilities cannot be quantified, they should be listed and described.” Meeting or exceeding these criteria will support an “a” response to this question.

42. Does the Executive’s Budget Proposal or any supporting budget documentation present information on contingent liabilities (such as government loan guarantees)?

- a. Yes, extensive information on contingent liabilities is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key contingent liabilities, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on contingent liabilities is not presented.
- e. Not applicable/other (please comment).

Citation: White Paper pg 82 to 87
Comment:
Review Comment: Citation changed upon review.

Guidelines for Question 43:

Future liabilities are the result of government commitments that, unlike contingent liabilities, are virtually certain to occur at some future point, thus incurring an expenditure. A typical example consists of government obligations to pay pension benefits or cover health care costs of future retirees. Under a cash accounting system, only current payments associated with such obligations are recognized in the budget. To capture the future impact on the budget of these liabilities, a separate statement is required.

43. Does the Executive’s Budget Proposal or any supporting budget documentation present information on future liabilities?

- a. Yes, extensive information on future liabilities is presented, including both a narrative discussion and quantitative estimates.

- b. Yes, information is presented, highlighting key future liabilities, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on future liabilities is not presented.
- e. Not applicable/other (please comment).

Citation: White Paper pg 77 to 87
Comment:
Review Comment: Citation changed upon review

Guidelines for Question 44:

Donor 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, thereby converting them into cash) rather than with in-kind aid like advisors from a donor country providing technical assistance.

44. Does the Executive’s Budget Proposal or any supporting budget documentation provide details on the sources of donor assistance, both financial and in-kind?

- a. All sources of donor assistance are identified individually.
- b. At least two-thirds of, but not all, sources of donor assistance are identified individually.
- c. Less than two-thirds of sources of donor assistance are identified individually.
- d. No sources of donor assistance are identified individually.
- e. Not applicable/other (please comment).

Citation: ABS pg 23-24 White paper page 24-26, Estimate of receipts pages 64 to 74
Comment:
Review Comment: Not all in-kind donor assistance is identified.

Guidelines for Question 45:

Tax expenditures arise as a result of exceptions or other tax preferences for specified entities, individuals, or activities in the tax code. Tax expenditures often have the same impact on public policy, and budgets, as providing direct subsidies, benefits, or goods and services. For example, encouraging a company to engage in more research through a special tax break is technically different from subsidising it directly through the expenditure side of the budget, but it still constitutes a cost in terms of foregone revenues. However, expenditure items that require annual authorization are likely to receive more scrutiny than tax breaks that are a permanent feature of the tax code.

For an “a” response, a tax expenditure statement should be provided that details the amount, purpose, duration, and beneficiaries of each tax preference.

Note that this question covers not only the disclosure of new tax expenditures proposed for the budget year but also the disclosure of all of the tax expenditures contained in existing tax law. Therefore, an “a” response would indicate that there is a complete discussion in the budget documents of all tax expenditures (not just new proposals) affecting revenues.

45. Does the Executive’s Budget Proposal or any supporting budget documentation present information on tax expenditures for at least the budget year?

- a. Yes, extensive information on tax expenditures is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key tax expenditures, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on tax expenditures is not presented.
- e. Not applicable/other (please comment).

Citation: White paper pages 1-26
Comment:
Review Comment: Citation changed upon review.

Guidelines for Question 46:

Earmarked revenues are revenues that may only be used for a specific purpose, e.g., revenues from a tax on cigarettes that can only be used for anti-smoking programs. This information is important in determining which revenues are available to fund the government’s general expenses, and which revenues are reserved for particular purposes. Response “e” can be selected only if revenue is not earmarked or the practice is disallowed by law or regulation.

46. Does the Executive’s Budget Proposal or any supporting budget documentation identify all earmarked revenues?

- a. All earmarked revenues are identified individually.
- b. At least two-thirds of, but not all, earmarked revenues are identified individually.
- c. Less than two-thirds of earmarked revenues are identified individually.
- d. No earmarked revenues are identified individually.
- e. Not applicable/other (please comment).

Citation: ABS pages 8 and 9
Comment: Some mention of Zakat and other funds.
Review Comment: The earmarked revenues are known as ‘cess’ in government terminology and are mentioned in budget book. Cess is a tax levied for a specific purpose.

Guidelines for Question 47:

The answer to this question should be based on the assumption that the question refers to all secret expenditure that may impact the budget. The question is not intended to refer exclusively to military or intelligence-related expenditure. These two categories have only been cited in the question as examples because they are generally considered the only two categories of expenditure in which information on a very limited number of items may be legitimately withheld from the public. Details for the majority of military expenditure should be disclosed to the public, and all details relating to military expenditure should be disclosed to appropriate legislators and the supreme audit institution.

Response “d” applies if the information provided in the budget proposal does not allow one to calculate the percentage of the budget that is composed of secret expenditure. In this case, the Comment section should include a brief explanation of why calculating this percentage is difficult.

47. What percentage of expenditure in the budget year is dedicated to spending on secret items?

- a. One percent or less of expenditure is dedicated to secret items.
- b. Three percent or less, but more than one percent, of expenditure is dedicated to secret items.
- c. Eight percent or less, but more than three percent, of expenditure is dedicated to secret items.
- d. More than eight percent of expenditure is dedicated to secret items, or the percentage is not available to the public.
- e. Not applicable/other (please comment).

Citation: Estimates of expenditure (Non-development) Volume 1 page 318
Comment: No information.
Review Comment: Less than 1%.

The Budget Narrative & Performance Monitoring

Guidelines for Questions 48 and 49:

The budget is the executive’s main policy document, the culmination of the executive’s planning and budgeting processes. Therefore, it should include a clear description of the link between policy goals and the budget, i.e., an explicit explanation of how the government’s policy goals are reflected in its

budget choices, including both a narrative discussion and quantitative estimates.

48. Does the Executive’s Budget Proposal or any supporting budget documentation explain how the proposed budget is linked to government’s stated policy goals, by administrative unit or functional category, for the budget year?

- a. Yes, extensive information on the link between the budget and the government’s stated policy goals, by administrative unit or functional category, is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting the link between major policy goals and the budget, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on the link between the budget and the government’s stated policy goals is not presented.
- e. Not applicable/other (please comment).

Citation: White paper pages 27-43 and 49-69, ABS pages 22-57, MTDF
Comment:
Review Comment: Citation changed upon review

49. Does the Executive’s Budget Proposal or any supporting budget documentation explain how the proposed budget is linked to government’s stated policy goals for a multi-year period (for at least two years beyond the budget year)?

- a. Yes, extensive information on the link between the budget and the government’s stated policy goals over a multi-year period is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting the major policy goals, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on the link between the budget and the government’s stated policy goals over a multi-year period is not presented.
- e. Not applicable/other (please comment).

Citation: Medium Term Development Framework
Comment:
Review Comment: Only one year is used. Less than 1/3 of the budget.

Guidelines for Questions 50 and 51:

Questions 50-55 examine nonfinancial data and performance indicators associated with budget proposals. Questions 50 and 51 ask whether for each program, nonfinancial data is provided and linked with expenditure information. For instance, in education, nonfinancial data could include the number of schools, teachers, and students; and for a social security program, the data could reflect the number of beneficiaries. Basically, the budget should disclose not only the amount of money that is being expended on a program but also other information needed to analyze it.

50. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data, such as the number of beneficiaries, for expenditure programs?

- a. Nonfinancial data are presented for all programs.
- b. Nonfinancial data are presented for programs representing at least two-thirds of, but not all, expenditures.
- c. Nonfinancial data are presented for programs representing less than two-thirds of expenditure.
- d. No nonfinancial data are presented.
- e. Not applicable/other (please comment).

Citation: White paper pages 27-43 and 49-69, ABS pages 22-57, MTDF
Comment:
Review Comment: Changed to C upon review, citation also amended.

51. Are the nonfinancial data presented useful for assessing how an expenditure program is performing?

- a. The nonfinancial data are very useful for assessing program performance.
- b. The nonfinancial data are mostly useful for assessing program performance.
- c. The nonfinancial data are somewhat useful for assessing program performance.
- d. No nonfinancial data are provided or they are not useful for assessing program performance.
- e. Not applicable/other (please comment)

Citation: White paper pages 27-43 and 49-69, ABS pages 22-57, MTDF
Comment:
Review Comment: Citation changed upon review.

Guidelines for Questions 52-54:

Questions 52-54 examine performance indicators, which are used to assess progress toward policy goals. (See also Guidelines for Question 50.) In order to assess the success of a given policy,

expenditure data are not sufficient: all the allocated money might have been spent according to plan, but has it delivered the results that the policy was aiming to achieve? In order to measure this, performance indicators can be useful because they set the targets that a certain policy (with which a budgetary expenditure is associated) is expected to meet.

52. Does the Executive’s Budget Proposal or any supporting budget documentation contain performance indicators for expenditure programs?

- a. Performance indicators are presented for all programs.
- b. Performance indicators are presented for programs representing at least two-thirds of, but not all, expenditures.
- c. Performance indicators are presented for programs representing less than two-thirds of expenditures.
- d. No performance indicators are presented.
- e. Not applicable/other (please comment).

Citation: Medium Term Development Framework
Comment:
Review Comment:

53. Are the performance indicators sufficiently well designed, such that one can assess whether there has been progress toward meeting policy goals?

- a. All performance indicators are well designed.
- b. Most performance indicators are well designed.
- c. Some performance indicators are well designed, but most are not.
- d. No programs have performance indicators, or they are not well designed.
- e. Not applicable/other (please comment).

Citation: Medium Term Development Framework
Comment: Performance indicators are not announced, rather output indicators are mentioned.
Review Comment:

54. Are performance indicators used in conjunction with performance targets presented in the Executive’s Budget Proposal or any supporting budget documentation?

- a. All performance indicators are used in conjunction with performance targets.
- b. Most performance indicators are used in conjunction with performance targets.
- c. Some performance indicators are used in conjunction with performance targets, but most are not.
- d. No performance indicators are used in conjunction with performance targets.
- e. Not applicable/other (please comment).

Citation: Medium Term Development Framework
Comment: Same as 53.
Review Comment: Suggestion for improvement of performance indicators relevant to this question for report.

Guidelines for Question 55:

Does the budget highlight policies, both new and existing, that benefit the poorest segments of society? This question is intended to assess only those programs that directly address the immediate needs of the

poor, such as through cash assistance or provision of housing, rather than indirectly. This information is of particular interest to those seeking to bolster provincial government’s commitment to anti-poverty efforts.

55. Does the Executive’s Budget Proposal or any supporting budget documentation present information on policies (both proposals and existing commitments) that are intended to benefit directly the most impoverished populations in the province in at least the budget year?

- a. Yes, extensive information on policies intended to alleviate poverty is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting the impact of key policies intended to alleviate poverty, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on policies intended to alleviate poverty is not presented.
- e. Not applicable/other (please comment).

Citation: MTFD, White paper page 27-43 and 49-69, ABS pages 22-57
Comment:
Review Comment: PFM advisor suggests A.

Section Three:
The Budget Process

Executive's Formulation of the Budget

Guidelines for Question 56:

Announcing the date of release of the budget with reasonable advanced notice, is a basic requirement of openness. More advance warning enables legislatures and others monitoring the budget process to prepare for the budget debate. If — and only if — a particular event, such as an election, delayed the most recent release of the budget beyond the usual release time, those completing the questionnaire should use a more normal year as the basis for responding to this question.

56. How far in advance of the release of the budget is the day of its release known?

- a. The release date is set in permanent law.
- b. The executive announces the release date at least two months in advance.
- c. The executive announces the release date less than two months, but more than two weeks, in advance.
- d. The executive announces the release date two weeks or less before the release, or makes no announcement.
- e. Not applicable/other (please comment).

Citation: Budget Manual 2008 (page 79),
http://finance.punjab.gov.pk/system/files/Revised%20Budget%20Manual%202008_0.pdf

Comment: This question could not be answered and requires further review.

Review Comment: Suggest d.

Guidelines for Questions 57 and 58:

An internal timetable is particularly important for the executive's management of the budget preparation process, in order to ensure that the executive accounts for the views of the different departments and agencies in the proposed budget.

57. Does the executive release to the public its timetable for formulating the Executive's Budget Proposal (that is, a document setting deadlines for submissions from other government entities, such as line ministries or district government, to the Ministry of Finance or whatever provincial government agency is in charge of coordinating the budget's formulation)?

- a. Yes, a detailed timetable is released to the public.
- b. Yes, a timetable is released, but some details are excluded.

- c. Yes, a timetable is released, but it lacks important details.
- d. No, a timetable is not issued to the public.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review.
Review Comment: Suggest d.

58. Does the executive adhere to its timetable for the preparation and release of the budget?

- a. The executive adheres to the dates in its timetable.
- b. The executive adheres to most of the key dates in its timetable.
- c. The executive has difficulty adhering to most of the dates in its timetable.
- d. The executive does not adhere to the dates in its timetable, or it does not release to the public its timetable.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review.
Review Comment: Executive adheres to timetable, but timetable is not released to the public.

Guidelines for Question 59:

Question 59 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 legislative views the executive seeks when formulating the proposed budget, thus, for the purposes of answering this 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 with those from 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 the executive’s own party.

59. Does the executive hold consultations with members of the legislature as part of its process of determining budget priorities?

- a. Yes, the executive holds extensive consultations with a wide range of legislators.
- b. Yes, the executive holds consultations with a range of legislators, but some key members are excluded.
- c. Yes, the executive holds very limited consultations, involving only a few members of the legislature.
- d. No, the executive does not typically consult with members of the legislature as part of the budget preparation process.
- e. Not applicable/other (please comment).

Citation:
Comment: Confirmation/review required.
Review Comment: Suggest a.

Guidelines for Question 60:

The Pre-Budget Statement reflects the culmination of the strategic planning phase of the budget process, in which the executive broadly aligns its policy goals with the resources available under the budget’s fiscal framework. This process establishes the parameters of the budget proposal before detailed program funding decisions are made. 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 the time for debate, therefore, is limited. 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. 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 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 release of the Executive’s Budget Proposal and ideally at least four months prior to the beginning of the fiscal year.

60. When does the executive release a Pre-Budget Statement to the public?

- a. The executive releases a Pre-Budget Statement at least four months in advance of the start of the budget year.
- b. The executive releases a Pre-Budget Statement at least two months (but less than four months) in advance of the start of the budget year.
- c. The executive releases a Pre-Budget Statement, but it is released less than two months before the start of the budget year.
- d. The executive does not release a Pre-Budget Statement.
- e. Not applicable/other (please comment).

Citation:
Comment: While the Finance Minister’s Budget Speech de-facto serves as a Pre-Budget Statement according to the criteria adapted from international standards, this does not equate a Pre-Budget Statement.
Review Comment:

Guidelines for Question 61:

In terms of content, the Pre-Budget Statement should include a statement of the executive’s economic and fiscal policy plans for the forthcoming budget year plus those for at least the following two fiscal years. Such a multi-year framework forms the basis upon which the budget numbers are defined in the Pre-Budget Statement. In terms of macroeconomic parameters, a Pre-Budget Statement should present all key economic assumptions, such as the projected rate of GDP growth, the rate of employment and unemployment, the current account, and the inflation and interest rates. It 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.

61. Does the Pre-Budget Statement describe the provincial government’s macroeconomic and fiscal framework?

- a. Yes, an extensive explanation of the government’s fiscal and macroeconomic policy is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented that highlights key aspects of the fiscal and macroeconomic framework, but some details are excluded.

- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or the executive does not release to the public a Pre-Budget Statement.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 60.
Review Comment:

Guidelines for Question 62:

Although a Pre-Budget Statement is unlikely to include detailed programmatic proposals, it should include a discussion of broad policy priorities, particularly on the expenditure side. The discussion could be organised by sector or by administrative unit.

62. Does the Pre-Budget Statement describe the provincial government’s policies and priorities that will guide the development of detailed estimates for the upcoming budget?

- a. Yes, an extensive explanation of the government’s budget policies and priorities is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key aspects of the government’s budget policies and priorities, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or the executive does not release to the public a Pre-Budget Statement.
- e. Not applicable/other (please comment).

Citation:

Comment: See Question 60.
Review Comment:

Budget Execution Phase In-Year Reports

Guidelines for Question 63:

Questions 63-84 cover the contents and timeliness of reports issued during the year as the budget is being executed. These reports 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 governments, individual administrative units issue the reports individually, while in other governments the information is consolidated into one report, which is typically issued by the Treasury. Either individual reports or one consolidated report is acceptable for responding to these questions.

63. How often does the executive release to the public In-Year Reports on actual expenditure (organised by administrative unit, economic classification, and/or function)?

- a. In-Year Reports on actual expenditure are released at least every month.
- b. In-Year Reports on actual expenditure are released at least every quarter.
- c. In-Year Reports on actual expenditure are released at least semi-annually.
- d. In-Year Reports on actual expenditure are not released.
- e. Not applicable/other (please comment).

Citation: Monthly Civil Accounts
Comment:
Review Comment:

Guidelines for Question 64:

This question examines whether these In-Year Reports cover all expenditures. At issue is whether some expenditures are not disclosed to the public. For instance, some administrative units may be unable to report actual expenditure in a timely manner, in which case these monitoring reports would contain up-to-date information for only a portion of government spending. In countries where individual administrative units issue separate In-Year Reports, these reports cumulatively should report on at least 50 percent of all the government’s actual expenditure to date. This can be verified by aggregating the actual expenditure of those administrative units that have released In-Year Reports and comparing this sum to the aggregate appropriation specified for these units in the Enacted Budget. If the In-Year Reports report on less than 50 percent of the actual expenditures, they are considered to be not available to the public.

64. What share of expenditure is covered by In-Year Reports on actual expenditure (organised by administrative unit, economic classification, and/or function)?

- a. In-Year Reports cover all expenditures.
- b. In-Year Reports cover at least two-thirds, but not all, of expenditures.
- c. In-Year Reports cover less than two-thirds of expenditures.
- d. No In-Year Reports are released to the public.
- e. Not applicable/other (please comment).

Citation: Monthly Civil Accounts.
Comment:
Review Comment:

Guidelines for Question 65:

Ideally, In-Year 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.

65. What is the most detail provided in the In-Year Reports on actual expenditures organised by administrative unit?

- a. The In-Year Reports on actual expenditures organised by administrative unit contain program-level detail.

- b. The In-Year Reports on actual expenditures organised by administrative unit contain departmental totals and some additional details (for instance, subdepartment totals or major programs).
- c. The In-Year Reports on actual expenditures organised by administrative unit contain only departmental totals.
- d. The In-Year Reports on actual expenditures organised by administrative unit are not released to the public, not produced, or contain less information than at least departmental totals.
- e. Not applicable/other (please comment).

Citation: Monthly Civil Accounts
Comment:
Review Comment:

Guidelines for Question 66:

This question covers information comparing actual expenditures with either the estimates that were originally included in the Enacted Budget or actual expenditures for the same period in the previous year. The OECD recommends that the reports contain the total year-to-date expenditures in a format that allows for a comparison with the budget's forecast expenditures (based on enacted levels) for the same period.

66. Do the In-Year Reports released to the public compare actual year-to-date expenditures with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

- a. Yes, comparisons are made for all expenditures.
- b. Yes, comparisons are made for at least two-thirds of, but not all, expenditures.
- c. Yes, but comparisons are made for less than two-thirds of expenditures.
- d. No, comparisons are not made, or no In-Year Reports are released to the public.
- e. Not applicable/other (please comment).

Citation: Monthly Civil Accounts
Comment: No comparisons made.
Review Comment: Suggest a.

Guidelines for Questions 67-69:

Questions 67-69 parallel the previous questions but address revenues rather than expenditures. These revenue questions focus on individual sources of revenues.

67. How often does the executive release to the public In-Year Reports on actual revenue collections by source of revenue?

- a.** In-Year Reports on actual revenue collections by source of revenue are released at least every month.
- b. In-Year Reports on actual revenue collections are released at least every quarter.
- c. In-Year Reports on actual revenue collections are released at least semi-annually.
- d. In-Year Reports on actual revenue collections by source of revenue are not released.
- e. Not applicable/other (please comment).

Citation: Monthly Receipt Accounts
Comment:
Review Comment:

68. What share of revenue is covered by the In-Year Reports on actual revenue collections?

- a. In-Year Reports cover the actual revenue collections of all sources of revenue.
- b. In-Year Reports cover the actual revenue collections of at least two-thirds of, but not all, sources of revenue.
- c. In-Year Reports cover actual revenue collections of less than two-thirds of revenue sources.
- d. In-Year Reports on actual revenue collections are not released to the public.
- e. Not applicable/other (please comment).

Citation: Monthly Receipt Accounts
Comment:
Review Comment: Citation changed upon review

69. Do the In-Year Reports released to the public compare actual year-to-date revenue collections with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

- a. Yes, comparisons are made for all revenue sources.
- b. Yes, comparisons are made for at least two-thirds of, but not all, revenue sources.
- c. Yes, but comparisons are made for less than two-thirds of revenue sources.
- d. No, comparisons are not made, or no In-Year Reports are released to the public.
- e. Not applicable/other (please comment).

Citation: Monthly Civil Accounts.
--

Comment: No comparisons made.
Review Comment: A suggested upon review.

Guidelines for Questions 70-72:

Questions 70-72 parallel the previous questions in this section but address borrowing.

70. Does the executive release to the public In-Year Reports on actual borrowing?

- a. Yes, In-Year Reports on actual borrowing are released at least every month.
- b. Yes, In-Year Reports on actual borrowing are released at least every quarter.
- c. Yes, In-Year Reports on actual borrowing are released at least semi-annually.
- d. No, In-Year Reports on actual borrowing are not released.
- e. Not applicable/other (please comment).

Citation: Civil Accounts
Comment:
Review Comment: In the summary reports (in this case civil accounts) actual borrowing is not included, though it is used internally in the government.

71. Do In-Year Reports released to the public on actual borrowing present information related to the composition of government debt (such as interest rates on the debt, maturity profile of the debt, and currency denomination of the debt) for the budget year?

- a. Yes, extensive information related to the composition of government debt is presented.
- b. Yes, key additional information is presented, but some details are excluded.

- c. Yes, some additional information is presented, but it lacks important details.
- d. No, additional information related to the composition of government debt is not presented, or such In-Year Reports on borrowing are not released.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment: Suggest d.

72. For In-Year Reports on actual expenditure released to the public by the executive, how much time typically elapses between the end of the reporting period and when the reports are released (e.g., are quarterly reports released less than four weeks after the end of the quarter)?

- a. Reports are released one month or less after the end of the period.
- b. Reports are released two months or less (but more than one month) after the end of the period.
- c. Reports are released more than two months after the end of the period.
- d. In-year Reports are not released.
- e. Not applicable/other (please comment).

Citation: Monthly Civil Accounts
Comment: Unclear when released.

Review Comment: Monthly reports are released on the fifteenth of the following month.

Mid-Year Review

Guidelines for Question 73:

Questions 73-76 cover the Mid-Year Review, which provides a more detailed explanation of the state of the budget six months into the budget year than that in 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 such issues as cost increases due to inflation or unexpected events should also be identified and appropriate counter-measures proposed. The public release of a Mid-Year Review is intended to promote accountability and sound management. It is important to distinguish a Mid-Year Review from an In-Year Report issued at six months 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 province. An In-Year Report typically records actual expenditure and revenue to-date but does not include a discussion of how these trends will affect the estimates of full-year expenditure or some of the other detailed analysis of budget execution that is typically found in a Mid-Year Review. The Mid-Year Review should offer updated projections of expenditures and revenues for the full fiscal year. Revised estimates in the Mid-Year Review should reflect both economic and technical changes as well as new policy proposals, including the reallocation of funds between administrative units, with a comprehensive explanation for any estimate adjustments. Similarly, the Mid-Year Review should include a revised economic forecast for the full fiscal year, taking into account actual economic performance to date and new projections for the remainder of the year.

73. Does the executive release to the public a Mid-Year Review of the budget that discusses the changes in economic outlook since the budget was enacted?

- a. Yes, the Mid-Year Review includes an extensive discussion of the economy that includes a revised forecast for the full fiscal year and its effects on the budget.
- b. Yes, the Mid-Year Review includes a discussion of the economy, but it lacks some details.
- c. Yes, the Mid-Year Review includes a discussion of the economy, but it lacks important details.
- d. No, the Mid-Year Review does not include a discussion of the economy, or the executive does not release a Mid-Year Review of the budget.
- e. Not applicable/other (please comment).

Citation:
Comment: A Mid-year Review is not released.
Review Comment:

74. Does the executive release to the public a Mid-Year Review of the budget that includes updated expenditure estimates for the budget year underway?

- a. Yes, the Mid-Year Review includes updated expenditure estimates for the full fiscal year, providing extensive information on why estimates have changed from the original enacted levels.
- b. Yes, the Mid-Year Review includes updated estimates of expenditure, but some details on why estimates have changed are not provided.
- c. Yes, the Mid-Year Review includes updated estimates of expenditure, but important details on why estimates have changed are not provided.
- d. No, the Mid-Year Review does not include updated expenditure estimates for the budget year, or the executive does not release a Mid-Year Review of the budget.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

75. What is the most detail provided in the Mid-Year Review for expenditures?

- a. The Mid-Year Review includes program-level detail for expenditures.
- b. The Mid-Year Review includes departmental totals (or functional totals) and some additional details (for instance, sub department totals or major programs).
- c. The Mid-Year Review includes only departmental totals (or functional totals).
- d. The Mid-Year Review includes less information than departmental totals (or functional totals) for expenditures, or the executive does not release a Mid-Year Review of the budget.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

76. Does the executive release to the public a Mid-Year Review of the budget that includes updated revenue estimates for the budget year underway?

- a. Yes, the Mid-Year Review includes updated revenue estimates for the full fiscal year, providing extensive information on why estimates have changed from the original enacted levels.
- b. Yes, the Mid-Year Review includes updated estimates of revenue, but some details on why estimates have changed are not provided.
- c. Yes, the Mid-Year Review includes updated estimates of revenue, but important details on why estimates have changed are not provided.
- d. No, the Mid-Year Review does not include updated revenue estimates for the budget year, or the executive does not release a Mid-Year Review of the budget.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

Year-End Reporting

Guidelines for Questions 77-86:

Questions 77-86 cover the executive's Year-End Reports, which are key accountability documents. In many countries, the executive issues one Year-End Report that consolidates information on the expenditures of administrative units, revenue collections, and debt. In other countries, individual administrative units issue their own Year-End Reports. Similarly, Year-End Reports may be stand-alone documents or may be included in larger documents, such as the Executive's Budget Proposal. The form of the report is less important than its content. It is recommended 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, macroeconomic assumptions. These reports also should include nonfinancial performance information.

77. How long after the end of the budget year does the executive release to the public a Year-End Report that discusses the budget's actual outcome for the year?

- a. The Year-End Report is released six months or less after the end of the fiscal year.
- b. The Year-End Report is released 12 months or less (but more than six months) after the end of the fiscal year.
- c. The Year-End Report is released more than 12 months after the end of the fiscal year.
- d. The executive does not release a Year-End Report.
- e. Not applicable/other (please comment).

Citation:

Comment: GoPb releases yearly Appropriation Accounts which serve as Year-End Reports. At the time of this study (February 2014), the 2012-2013 Appropriation Account had still not been released. The Accountant General is required to do this in 6 months, at the time of writing (10 months) this had not occurred.

Review Comment: Agree that Appropriation Accounts are the equivalent of Year-End Reports. These exist, but as of now have not been published yet. Suggestion will be to speed up publication process.

78. In the Year-End Report have the data on the actual outcomes been audited?

- a. Yes, all data on actual outcomes have been audited.
- b. At least two-thirds, but not all, of the data on actual outcomes have been audited.
- c. Less than two-thirds of the data on actual outcomes have been audited.
- d. None of the data on actual outcomes has been audited, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:

Comment: See Question 77.

Review Comment: Cannot audit report that has not yet been published

79. Does the Year-End Report explain the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

80. What level of detail is the focus of the explanation of the differences between the enacted levels and the actual outcome for expenditures presented in the Year-End Report?

- a. The explanation of the differences between the enacted expenditure levels and the actual outcome focuses on the program level.
- b. The explanation focuses on departmental totals (or functional totals) or some lower level of detail (but not the program level in all cases).
- c. The explanation focuses on a higher level of aggregation than departmental totals (or functional totals).
- d. No explanation of the differences is provided, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

81. Does the Year-End Report explain the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

82. Does the Year-End Report explain the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

83. Does the Year-End Report explain the differences between the original estimates of nonfinancial data and the actual outcome?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

84. Does the Year-End Report explain the differences between the original performance indicators and the actual outcome?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

85. Does the Year-End Report explain the differences between the enacted level of funds intended to benefit directly the most impoverished populations of the province and the actual outcome?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 77.
Review Comment:

86. Does the Year-End Report present the actual outcome for extra-budgetary funds?

- a. Yes, extensive information on the actual outcome for extra-budgetary funds is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key issues, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information is not presented on extra-budgetary funds, or a Year-End Report is not released.
- e. Not applicable/other (please comment).

Citation:

Comment: See Question 77

Review Comment:

Audit Phase and the Supreme Audit Institution

Guidelines for Questions 87 and 88:

Question 87 and those that follow explore practices associated with the supreme audit institution (SAI). Questions 87, 88, 89, and 91 cover the annual attestation audit of the final accounts that the SAI performs 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)) clearly states that the auditor’s annual attestation report should be published and be available to the public. (The Lima Declaration is available on the Internet at [http://www.intosai.org/en/portal/documents/intosai/general/lima declaration/](http://www.intosai.org/en/portal/documents/intosai/general/lima%20declaration/)). According to best practices, the SAI should complete these audits within six months of the end of the budget year for administrative units (that is, ministries, departments, or agencies). In order to be considered publicly available, the Audit Report must be released within two years of the end of the fiscal year in question. Questions 87-88 look at the timeliness of the annual Audit Report. In some countries, such audits are produced only with substantial time lags, which significantly lessen the usefulness of the reports.

87. How long after the end of the fiscal year are the final annual expenditures of provincial departments audited and the results of the audits (except for secret programs) released to the public?

- a. Final audited accounts are released to the public six months or less after the end of the fiscal year.
- b. Final audited accounts are released 12 months or less (but more than six months) after the end of the fiscal year.
- c. Final audit accounts are released more than 12 months, but within 24 months, of the end of the fiscal year.
- d. Final audited accounts are not completed within 24 months after the end of the fiscal year, or they are not released to the public.
- e. Not applicable/other (please comment).

Citation: Regularity Audit Reports
Comment:
Review Comment: Suggest change to b.

88. Two years after the end of a fiscal year, what percentage of annual expenditures has been audited and included in (except for secret programs) the Audit Report(s) released to the public?

- a. All expenditures have been audited and the Audit Report(s) released to the public.
- b. Expenditures representing at least two-thirds of, but not all, expenditure have been audited and the Audit Report(s) released to the public.
- c. Expenditures representing less than two-thirds of expenditure has been audited and the Audit Report(s) released to the public.
- d. No expenditures have been audited, the reports have not been released to the public or were released more than 24 months after the end of the fiscal year.
- e. Not applicable/other (please comment).

Citation: Regularity Audit Reports
Comment: Also on average it seems 30% of expenditures are audited.
Review Comment:

Guidelines for Question 89:

This question 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 findings can help make it more accessible to the media and the public.

89. Does the annual Audit Report(s) that is released to the public include an executive summary?

- a. The annual Audit Report(s) includes one or more executive summaries summarizing the report's content.
- b. No, the Audit Report(s) does not include an executive summary, or such reports are not released to the public, or were released more than 24 months after the end of the fiscal year.
- c. Not applicable/other (please comment).

Citation: Regularity Audit Reports
Comment:
Review Comment:

Guidelines for Question 90:

This question covers the manner in which the head or senior members of the SAI 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 — or a judge — is necessary to render a verdict of wrongdoing that may lead to the removal of the head of the SAI from office.) The *Lima Declaration of Guidelines on Auditing Precepts* lays out a number of best practices relating to SAIs, including other with 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/.

90. Must a branch of government other than the executive (such as the legislature or the judiciary) give final consent before the head of the supreme audit institution (SAI) can be removed from office?

- a. Yes, the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before he or she is removed.
- b. No, the executive may remove the head of the SAI without the final consent of the judiciary or legislature.

c. Not applicable/other (please comment).

Citation: Constitution of Pakistan, 1937, Article 168 (5)
Comment: The answer to this question has been taken directly from the national survey, there are questions regarding the suitability of supreme audit institution (SAI) questions, these may be removed upon review.
Review Comment: Decision regarding inclusion of SAI to be taken at a later date.

Guidelines for Question 91:

Although technically outside the budget, extra-budgetary funds are governmental in nature and thus should be subject to the same audit requirement as other government programs.

91. Does the supreme audit institution (SAI) release to the public audits of extra-budgetary funds?

- a. Yes, the SAI releases to the public audits of all extra-budgetary funds.
- b. Yes, the SAI releases audits representing at least two-thirds of, but not all, extra-budgetary funds.
- c. Yes, the SAI releases audits representing less than two-thirds of all extra-budgetary funds.
- d. No, the SAI does not release to the public audits of extra-budgetary funds, or it does not audit such funds, or such a report was released more than 24 months after the end of the fiscal year.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 90.
Review Comment:

Guidelines for Question 92:

The question intends to explore the scope of the SAI's investigative powers in law, rather than what it might choose to audit in practice. Therefore, it is asking whether the SAI 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, SAIs also may wish to undertake other types of audits. These can include audits that are triggered by reports of irregularities in a specific program, or those relating to procurement or privatization. In some countries, the SAI's legal mandate does not permit it to audit joint ventures or other public-private arrangements, which limits its ability to audit revenues or publicly guaranteed debt. In yet other countries, the SAI may not be able to undertake audits other than financial audits. For example, it may not be 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.

General Note: Answers "c" or "d" should be chosen if the SAI is in anyway restricted in law from auditing the above. The answer "c" or "d" should also be chosen if the SAI 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 SAI 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 that of the SAI. Consultation with the Lima Declaration may be useful in answering this question as its provisions serve to define the appropriate scope of an SAI's legal mandate and jurisdiction. It is available on the Internet at http://www.intosai.org/en/portal/documents/intosai/general/limaundmexikodeclaration/lima_declaration/.

92. Beyond the established year-end attestation audits, does the supreme audit institution (SAI) have the discretion in law to undertake those audits it may wish to?

- a. The SAI has full discretion to decide which audits it wishes to undertake.
- b. The SAI has significant discretion, but faces some limitations.
- c. The SAI has some discretion, but faces considerable limitations.
- d. The SAI has no discretion to decide which audits it wishes to undertake.
- e. Not applicable/other (please comment).

Citation:

Comment: See Question 90.

Review Comment:

Guidelines for Question 93:

Another measure of the independence from the executive needed to ensure objectivity in auditing of government budgets is the extent to which the budget of the SAI is determined by those other than the executive, and whether it has adequate resources to fulfill its mandate.

93. Who determines the budget of the supreme audit institution (SAI)?

- a. The budget of the SAI is determined by the legislature or judiciary (or some independent body), and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
- b. The budget of the SAI is determined by the executive, and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
- c. The budget of the SAI is determined by the legislature or judiciary (or some independent body), but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.
- d. The budget of the SAI is determined by the executive, but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 90
Review Comment:

Guidelines for Question 94:

For the purposes of answering the question, assume that the security sector includes the defense forces, police, and intelligence services. Answers should be based on staffing levels, and not on whether or not in practice the SAI actually conducts audits of the security sector.

94. Does the supreme audit institution (SAI) employ designated staff to undertake audits of the central government agencies pertaining to the security sector (police, intelligence services)?

- a. The SAI employs designated staff, and the staffing levels are broadly consistent with the resources the SAI needs to fulfill its mandate.
- b. The SAI employs designated staff, but the staffing levels are a cause of some constraints to the SAI in fulfilling its mandate.
- c. The SAI employs designated staff, but the staffing levels pose a significant constraint on the SAI in fulfilling its mandate.
- d. The SAI does not employ designated staff for auditing of the security sector, or does not undertake audits of the security sector.
- e. Not applicable/other (please comment).

Citation:

Comment: See Question 90.

Review Comment:

Guidelines for Question 95:

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 and 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 SAI's recommendations stemming from its audits.

95. Does the executive make available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action?

- a. Yes, the executive reports publicly on what steps it has taken to address audit findings.
- b. Yes, the executive reports publicly on most audit findings.

- c. Yes, the executive reports publicly on some audit findings.
- d. No, the executive does not report on steps it has taken to address audit findings.
- e. Not applicable/other (please comment)

Citation: Regularity Audit Reports.
Comment:
Review Comment:

Guidelines for Question 96:

This question covers audits of programs that might not be released to the public due to national security concerns. Because the public does not receive information on such secret programs, it is essential that legislators receive this information, including all Audit Reports. Supreme audit institutions should have staff members with security clearances that permit them access to all information related to secret expenditures. *Please note that researchers may have to interview members of the legislature or their staff members to obtain a response for this question.*

96. Are Audit Reports of the annual accounts of the security sector (police, intelligence services) and other secret programs provided to the legislature (or relevant committee)?

- a. Yes, legislators are provided with detailed Audit Reports related to the security sector and other secret programs.
- b. Yes, legislators are provided Audit Reports on secret items, but some details are excluded.
- c. Yes, legislators are provided Audit Reports on secret items, but they lack important details.
- d. No, legislators are not provided Audit Reports on secret items, or secret programs are not audited (please specify).

e. Not applicable/other (please comment).

Citation:
Comment: See Question 90.
Review Comment:

Section Four:
The Strength of the Legislature

Guidelines for Question 97:

In order for the legislature to provide adequate review of the Executive's Budget Proposal prior to enactment and to fulfill its oversight role, it must have the ability to analyze the budget itself or have access to independent research capacity for such analyses.

97. Does the legislature have internal capacity to conduct budget analyses or access to independent research capacity for such analyses?

- a. Yes, there is a specialized budget research office/unit attached to the legislature, and it has sufficient staffing, resources, and analytical capacity to carry out its tasks.
- b. Yes, there is a specialized budget research office, but its staffing and other resources, including adequate funding, are insufficient to carry out its tasks.
- c. No, there is no specialized office attached to the legislature, but there is an external research body which can perform budget analyses.
- d. No, the legislature has neither internal capacity nor access to independent research capacity for budget analyses.
- e. Not applicable/other (please comment).

Citation:

Comment: This question could not be answered and requires further review

Review Comment: Suggest d.

Guidelines for Question 98:

Prior to discussing the Executive's Budget Proposal for the coming year, the legislature should be 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 aggregates. A number of countries conduct a pre-budget debate in the legislature about six months before the start of the upcoming budget year (BY, 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.

98. Does the legislature formally debate the overall budget policy prior to the tabling of the Executive's Budget Proposal?

- a. Yes, there is a formal pre-budget policy debate in the legislature prior to the tabling

of the Executive's Budget Proposal, and there are mechanisms in place to make sure that proposed changes that result from the debate are incorporated into the budget proposal.

- b. Yes, there is a formal pre-budget policy debate in the legislature prior to the tabling of the Executive's Budget Proposal, but the executive is not obliged to make any changes in proposed policies as a result of the debate.
- c. There is no formal pre-budget policy debate, but legislators discuss specific policies in committee sessions prior to the introduction of the Executive's Budget Proposal.
- d. There is no formal discussion of the overall budget policy, neither before nor following the tabling of the Executive's Budget Proposal.
- e. Not applicable/other (please comment).

Citation: Rule 137 of Rules of Procedure of Punjab Assembly, http://www.pap.gov.pk/index.php/rop/details/en/31
Comment: This question could not be answered and requires further review
Review Comment: B suggested, citation added upon review.

Guidelines for Question 99:

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. For the purposes of responding to this question, if — and only 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 the response.

99. How far in advance of the start of the budget year does the legislature receive the Executive's Budget Proposal?

- a. The legislature receives the Executive's Budget Proposal at least three months before the start of the budget year.
- b. The legislature receives the Executive's Budget Proposal at least six weeks, but less than three months, before the start of the budget year.
- c. The legislature receives the Executive's Budget Proposal less than six weeks before the start of the budget year.
- d. The legislature does not receive the Executive's Budget Proposal before the start of the budget year.

- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Legislature receives the proposal in the month of June i.e. less than a month before start of the financial year. Suggest C.

Guidelines for Question 100:

This question 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 across countries. 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, for instance, the legislature can 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. In these cases, the legislature is essentially able to only approve or reject the budget as a whole.

100. Does the legislature have the authority in law to amend the Executive’s Budget Proposal?

- a. Yes, the legislature has unlimited authority in law to amend the Executive’s Budget Proposal.
- b. Yes, the legislature has authority in law to amend the Executive’s Budget Proposal, with some limitations.
- c. Yes, the legislature has authority in law to amend the Executive’s Budget Proposal, but its authority is very limited.
- d. No, the legislature does not have any authority in law to amend the Executive’s Budget Proposal.
- e. Not applicable/other (please comment).

Citation: Sub-Article 2 of Article 122 of Constitution of Islamic Republic of Pakistan, 1973.
Comment: This question could not be answered and requires further review
Review Comment: Suggest a. Citation required

Guidelines for Question 101:

This question assesses the level of detail related to expenditures that is 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.

101. What is the highest level of detail provided for appropriations (expenditure budget) in the Enacted Budget approved by the legislature?

- a.** The Enacted Budget includes program-level detail.
- b. The Enacted Budget includes information on administrative units and some additional details (for instance, sub department totals or major programs).
- c. The Enacted Budget includes details only for administrative units.
- d. The Enacted Budget includes less information than that for administrative units (same as departmental totals, but maybe clearer) or the Enacted Budget is not released to the public.
- e. Not applicable/other (please comment).

Citation: Annual Budget Statement.
Comment:
Review Comment: Change citation

Guidelines for Questions 102 and 103:

In some cases, 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 102 asks about shifts between administrative units (ministries, departments, or agencies), although in some cases 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 103 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. Answer “d” if legislative approval for shifts is not required, 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 nondiscretionary 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 102). 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.

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 103, 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.

102. Is the executive required by law or regulation to seek input from the legislature when it shifts funds between administrative units that receive explicit funding through the annual budget?

- a. Yes, the executive must seek *ex ante* approval from the legislature before shifting funds between administrative units.
- b. Yes, the executive must give prior notification to the legislature before shifting funds, giving the legislature an opportunity to block or modify the proposed adjustment within a predetermined timeframe, beyond which the shift of funds occurs without legislative approval.
- c. Yes, the executive must seek legislative *ex post* approval, after the shift of funds has been implemented.
- d. No, the executive can shift funds between administrative units without seeking input from the legislature, or the amount of funds it can shift without legislative approval under the law is significantly large enough as to undermine public scrutiny and accountability (please describe arrangements below).
- e. Not applicable/other (please comment).

Citation: Article 124 of Constitution of Islamic Republic of Pakistan, 1973
Comment: This question could not be answered and requires further review
Review Comment: Suggest c. Citation required.

Guidelines for Questions 103:

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 lines. 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 minister of finance, the chief minister or cabinet 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.

103. Is the executive required to seek input from the legislature when it shifts funds between line items (except when the amounts are below a certain minimal level specified in law or regulation)?

- a. The executive is required to obtain legislative approval for every shift of funds between budget lines.
- b. The executive is required to obtain legislative approval for most shifts between budget lines, but there are legal provisions that delegate power to the government to decide on the extent to which spending ministries can shift funds within the detailed budget.
- c. Only shifts between a few large categories of appropriations require prior legislative approval, but the legislature is given the opportunity to block or modify other proposed adjustments that do not require prior approval.
- d. The executive can shift funds between line items without any restrictions.
- e. Not applicable/other (please comment).

Citation: Article 124 of Constitution of Islamic Republic of Pakistan, 1973
Comment: This question could not be answered and requires further review
Review Comment: Suggest d. Citation if possible

Guidelines for Question 104:

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 countries, 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 be spent at the executive’s 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 country 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.

104. What legal or regulatory restrictions are in place on the executive’s discretion to spend excess revenue that may become available during the budget execution period?

- a. When actual revenues are higher than projected in the Enacted Budget, the executive is required by law or regulation to submit a supplementary budget to the legislature for approval prior to spending the funds.
- b. When actual revenues are higher than projected in the Enacted Budget, the executive has been authorized by the legislature to spend them only on specified items (e.g., to reduce the public debt).
- c. When actual revenues are higher than projected in the Enacted Budget, the executive is required by law or regulations to secure legislative approval to spend the funds, but in practice it uses various means to bypass this requirement (e.g., through an off-budget fund).

d. When actual revenues are higher than projected in the Enacted Budget, there are no legal or regulatory restrictions on the executive's use of the funds.

e. Not applicable/other (please comment).

Citation: Article 124 of Constitution of Islamic Republic of Pakistan, 1973
Comment: This question could not be answered and requires further review
Review Comment: Suggest d. Citation if possible

Guidelines for Question 105:

The ability of the legislature to oversee the executive's management of public resources depends not only on its authority to amend and approve the budget but also on its authority to review and approve or reject supplemental budget requests. This authority carries the most weight when the executive must have legislative approval for supplemental budgets prior to any expenditures above the level in the Enacted Budget.

105. When does the legislature typically approve supplemental budgets?

a. Supplemental budgets are approved before the funds are expended.

b. Supplemental budgets are approved after the funds are expended, or the executive implements supplemental budgets without ever receiving approval from the legislature (please specify).

c. Not applicable/other (please comment).

Citation: Article 124 of Constitution of Islamic Republic of Pakistan, 1973
Comment: This question could not be answered and requires further review

Review Comment: Suggest b. Supplemental budget are approved after expenditures are made

Guidelines for Question 106:

This question covers contingency funds that are included in a budget but without a specific, identified purpose. On the one hand, such funds could be used as a cushion to cover unforeseen expenditures, representing a prudent budget practice. On the other hand, they could reflect a pool of funds for the executive to spend at its discretion, undermining legislative oversight. In general, the amount of contingency funds should be limited to a small percentage of total spending. Moreover, the amounts involved and the purpose for which they are to be used should be identified by the executive and approved by the legislature before any funds are spent.

(General Note: answer the question under the assumption that the legislature is in session. If different rules apply when the legislature is not in session, this should be noted in the Comment section).

106. When does the legislature approve the expenditure of contingency funds or other funds for which no specific purpose was identified in the Enacted Budget?

- a. Expenditures are approved before the funds are spent, or contingency funds or other funds with no specific purposes are not included in the Enacted Budget.
- b. Expenditures are approved after the funds are spent, but before the end of the fiscal year.
- c. Expenditures are approved after the end of the fiscal year, for example, in the next Enacted Budget.
- d. Such expenditure takes place without legislative approval.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest e (no contingency funds in provincial budgets)

Guidelines for Questions 107 and 108:

A key constitutional role of the legislature in almost all countries is to oversee the government's management of public resources. Questions 107 and 108 assess the ability of the legislature to review and act on the findings and recommendations in audit reports of the government's budget execution.

107. Does a committee of the legislature view and scrutinize the audit reports?

- a. Yes, all audit reports are scrutinized.
- b. Yes, most audit reports are scrutinized.
- c. Yes, some audit reports are scrutinized.
- d. No, audit reports are not scrutinized.
- e. Not applicable/other (please comment).

<p>Citation: Article 171 of Constitution of Islamic Republic of Pakistan, 1973 & Chapter XVII-Committee of Rules of Procedures of Punjab Assebmly http://www.pap.gov.pk/index.php/rop/details/en/32</p>
<p>Comment: This question could not be answered and requires further review</p>
<p>Review Comment: Suggest a (Public Accounts Committee). Citation required.</p>

108. Does either the supreme audit institution or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?

- a. Yes, a comprehensive report is released regularly that tracks actions taken by the executive to address audit recommendations.
- b. Yes, a report is released, covering key audit recommendations, but some details are excluded.
- c. Yes, a report is released, but it lacks important details.
- d. No, a report is not produced, or it is prepared for internal purposes only (please specify).
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

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

The Citizens Budget

Guidelines for Question 109:

A Citizens Budget can take many forms, but its distinguishing feature is that it is designed to reach and be understood by as large a segment of the population as possible. 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 6). If the Citizens Budget is not released or does not contain at least one of these six elements, response “d” must be selected.

109. What is the most detail provided by the Citizens Budget?

- a. The Citizens Budget includes information on all the following six topics: 1) budget process, 2) revenue collection, 3) priority spending and allocations, 4) sector specific information and targeted programs, 5) contact information for follow up by citizens; and 6) economic assumptions.
- b. The Citizens Budget includes information on at least four of the six topics described above.
- c. The Citizens Budget includes information on at least two of the six topics described above.
- d. The Citizens Budget is not sufficiently detailed (it includes at most one of the six topics described above), or a Citizens Budget is not published (non-existent).
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

Guidelines for Question 110:

Citizens Budgets 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 communication, 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.

110. How is the Citizens Budget disseminated to the public?

- a. A Citizens Budget is disseminated widely through a combination of at least three different appropriate tools and media (such as the Internet, billboards, radio programs, newspapers, etc.).
- b. A Citizens Budget is published by using at least two, but less than three, means of dissemination, but no other dissemination efforts are undertaken by the executive.
- c. A Citizens Budget is disseminated only by using one means.
- d. A Citizens Budget is not published.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

Guidelines for Question 111:

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 does consult 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.

111. Are the public’s priorities on budget information taken into consideration by the executive while drafting the Citizens Budget?

- a. The executive widely consults with the public, with many different stakeholders and using many different means, to identify its informational requirements prior to publishing a Citizens Budget.
- b. The executive undertakes consultations with the different stakeholders to identify its informational requirements prior to publishing a Citizens Budget, but it uses a single means.
- c. The executive undertakes limited consultations with the public, i.e., one set of experts, to identify its informational requirements prior to publishing a Citizens Budget.
- d. The executive does not consult with the citizens before publishing a Citizens Budget, or a Citizens Budget is not published.
- e. Not Applicable/other (please comment).

Citation:
Comment:
Review Comment:

Guidelines for Question 112:

While the Citizens Budget was initially conceived 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 that a Citizens Budget is 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.

112. Are Citizens Budgets published throughout the budget process?

- a. Citizens Budgets are published at each of the four stages of the budget process (budget formulation, enactment, execution, and audit).
- b. Citizens Budgets are published for at least two of the four stages of the budget process.

- c. Citizens Budgets are published for at least one stage of the budget process.
- d. A Citizens Budget is not published.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

Guidelines for Question 113:

A very preliminary step that precedes the release of a Citizens Budget is the provision of a glossary with clearly presented, detailed definitions of the budget terms used in the document.

113. Does the executive make available to the public accessible, nontechnical definitions of terms used in the budget and other budget-related documents (for instance, in a glossary)?

- a. Yes, clear and detailed definitions of budget terms are provided.
- b. Yes, definitions are provided, but some details are excluded.
- c. Yes, some definitions are provided, but it lacks important details.
- d. No, definitions are not provided.
- e. Not applicable/other (please comment).

Citation:
Comment:
Review Comment:

Public Engagement in the Budget Process

Executive: Public Engagement during Budget Formulation and Execution

Guidelines for Question 114:

Legal frameworks provide the strongest guarantee that individuals and communities can participate in the budget formulation and execution processes implemented by the executive. They also can enable sustained public engagement processes and prevent them from being applied arbitrarily in certain periods and withdrawn in others at the executive’s discretion. 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 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. Note the distinction between “c” and “d” responses. 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 engage with the public during some stage of the budget process. 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.

114. Is the executive formally required to engage with the public during the budget process?

- a. Yes, a law, a regulation, or a formal procedural obligation requires the executive to engage with the public during both the budget formulation and the budget execution processes.
- b. Yes, a law, a regulation, or a formal procedural obligation requires the executive to engage with the public during one of either the budget formulation or the budget execution processes but not both.
- c. No, no formal requirement exists requiring the executive to engage with the public during either the budget formulation or execution processes, but informal procedures exist to enable the public to engage with the budget formulation or execution processes.
- d. No, no formal requirement exists and the executive does not engage with the public during the budget process.

e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

Guidelines for Question 115:

Every time the executive implements a public consultation mechanism, it should clearly disclose to the public, with due advance notice, the purpose of such consultations. Establishing the purpose will guide decisions about who 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):

- 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.

115. Does the executive clearly, and in a timely manner, articulate its purpose for engaging the public during the budget formulation and execution processes?

- a. Yes, the executive clearly identifies what it hopes to achieve from its public engagement mechanisms during the budget process and publicizes this information well in advance of each public engagement.
- b. Yes, the executive identifies what it hopes to achieve from each of its public engagement mechanisms and publicizes this information well in advance of each public engagement, but some of the stated objectives are vague; or the executive identifies what it hopes to achieve from some but not all of its public engagement

mechanisms and publicizes this information well in advance of the public engagement.

- c. Yes, the executive identifies and publicizes what it hopes to achieve from some of its public engagement mechanisms, but this information is not provided to the public in a timely manner prior to the engagement process.
- d.** No, the executive does not identify the purposes for engaging the public during the budget process, or the executive does not engage with the public during the budget process.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

Guidelines for Question 116:

The executive and its agencies may solicit information for general purposes, such as strategic planning, or may solicit 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 organised 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 country 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.

116. Has the executive established practical and accessible mechanisms to identify the public’s perspective on budget priorities?

- a. Yes, the executive has established appropriate mechanisms to identify the public’s perspective on budget priorities, and these mechanisms are accessible in practice to a majority of the public.
- b. Yes, the executive has established appropriate mechanisms to identify the public’s perspective on budget priorities, but these mechanisms are accessible in practice only to some but not to a majority of the public.
- c. Yes, the executive has established some mechanisms to identify the public’s perspective on budget priorities, but these mechanisms are not effective or practical or are not accessible in practice to a majority of the public.
- d. No, the executive has not established any mechanisms to identify the public’s perspective on budget priorities.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

Guidelines for Question 117:

See Guidelines for Question 116, but rather than referring to the budget formulation phase, this question applies to budget execution. The mechanisms for public engagement in the formulation phase might change for execution, but the requirement for them to be adequate and effective remains valid.

117. Has the executive established practical and accessible mechanisms to identify the public’s perspective on budget execution?

- a. Yes, the executive has established appropriate mechanisms to identify the public’s perspective on budget execution, and these mechanisms are accessible in practice to a majority of the public.
- b. Yes, the executive has established appropriate mechanisms to identify the public’s perspective on budget execution, and these mechanisms are accessible in practice to some but not to a majority of the public.
- c. Yes, the executive has established some mechanisms to identify the public’s perspective on budget execution, but these mechanisms are not effective or practical or are not accessible in practice to the public.
- d. No, the executive has not established any mechanisms to identify the public’s perspective on budget execution.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

Guidelines for Question 118:

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 to

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 118 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.

118. Does the executive provide formal, detailed feedback to the public on how its inputs have been used to develop budget plans and improve budget execution?

- a. Yes, the executive issues extensive, detailed reports on the inputs and comments it received from the public and how it used this information to develop its budget plans and improve budget execution.
- b. Yes, the executive issues extensive, detailed reports on the inputs and comments it received from the public and how it used this information either to develop its budget plans or improve budget execution but not both.
- c. Yes, the executive issues only limited reports that provide inadequate feedback on how it has used inputs from the public to develop its budget plans or to improve budget execution.
- d. No, the executive does not issue reports on the inputs it received from the public through public consultations, or it does not engage with the public during the budget process.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

Legislature: Public Engagement during Budget Enactment

Guidelines for Questions 119-122:

Questions 119-122 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 representatives 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.

119. Does a legislative committee (or committees) hold public hearings on the macroeconomic and fiscal framework presented in the budget in which testimony from the executive branch and the public is heard?

- a. Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony is heard from the executive branch and a wide range of constituencies.
- b. Yes, public hearings are held in which testimony is heard from the executive branch and some constituencies.
- c. Yes, public hearings are held in which testimony from the executive branch is heard, but no testimony from the public is heard.
- d. No, public hearings are not held on the macroeconomic and fiscal framework in which testimony from the executive branch and the public is heard.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

120. Do legislative committees hold public hearings on the individual budgets of provincial government administrative units (i.e., ministries, departments, and agencies) in which testimony from the executive branch is heard?

- a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the executive branch is heard.
- b. Yes, public hearings are held, covering key administrative units, in which testimony from the executive branch is heard.

- c. Yes, a limited number of public hearings are held in which testimony from the executive branch is heard.
- d. No, public hearings are not held on the budgets of administrative units in which testimony from the executive branch is heard.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review
Review Comment: Suggest d.

121. Does a legislative committee (or committees) hold public hearings on the individual budgets of provincial government administrative units (i.e., ministries, departments, and agencies) in which testimony from the public is heard?

- a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the public is heard.
- b. Yes, public hearings are held, covering key administrative units, in which testimony from the public is heard.
- c. Yes, a limited number of public hearings are held in which testimony from the public is heard.
- d. No, public hearings are not held on the budgets of administrative units in which testimony from the public is heard.
- e. Not applicable/other (please comment).

Citation:
Comment: This question could not be answered and requires further review

Review Comment: Suggest d.

122. Do the legislative committees that hold public hearings release reports to the public on these hearings?

- a. Yes, the committees release very informative reports, which include all written and spoken testimony presented at the hearings.
- b. Yes, the committees release reports, but some details are excluded.
- c. Yes, the committees release reports, but they are not very informative.
- d. No, the committees do not release reports, or do not hold public hearings.
- e. Not applicable/other (please comment).

Citation:

Comment: This question could not be answered and requires further review

Review Comment: Suggest d.

Supreme Audit Institutions: Public Engagement During Audit

Guidelines for Question 123:

When deciding its audit agenda, the supreme audit institution (SAI) 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 SAI may create formal mechanisms, such setting up a website, hotline, or office (or assigning staff to liaise with the public). In addition to seeking public input to determine its audit agenda, the SAI 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.

123. Does the supreme audit institution (SAI) maintain formal mechanisms through which the public can participate in the audit process?

- a. Yes, the SAI has established accessible mechanisms for public engagement through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited) and can participate in audit investigations (as respondents, witnesses, etc.).
- b. Yes, the SAI has established accessible mechanisms for public engagement through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited) or can participate in audit investigations (as respondents, witnesses, etc.), but the SAI has not established mechanisms that enable the public to participate in both processes.
- c. Yes, the SAI has established some mechanisms for public engagement through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited) and/or participate in audit investigations (as respondents, witnesses, etc.), but these mechanisms are not accessible in practice to a majority of the public.
- d. No, the SAI does not maintain any formal mechanisms of communication with the public.
- e. Not applicable.

Citation:
Comment: The answer to this question has been taken directly from the national survey, there are questions regarding the suitability of supreme audit institution (SAI) questions, these may be removed upon review.

<p>Review Comment:</p>

Guidelines for Question 124:

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 supreme audit institution (SAI) 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 multiple languages used in the country).

124. Does the SAI maintain any communication with the public regarding its audit reports beyond simply making these reports publicly available?

- a. Yes, in addition to publishing audit reports, the SAI maintains other mechanisms of communication to make the public aware of audit findings (such as maintaining an office that regularly conducts outreach activities to publicize previously released audit findings).
- b. No, the SAI does not maintain any formal mechanisms of communication with the public beyond publishing audit reports.
- c. Not applicable/other (please comment).

<p>Citation:</p>
<p>Comment: See Question 123.</p>
<p>Review Comment:</p>

Guidelines for Question 125:

This question is very similar to question 118 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 118.

125. Does the supreme audit institution (SAI) provide formal, detailed feedback to the public on how their inputs have been used to determine its audit program or in audit reports?

- a. Yes, the SAI issues extensive, detailed reports on the inputs it received from the public through public consultations and provides feedback on how the SAI has used these inputs to develop its audit program or its audit reports.
- b. Yes, the SAI issues reports on the inputs it received from the public through public consultations and provides limited feedback on how the SAI has used these inputs to develop its audit program or its audit reports.
- c. Yes, the SAI issues reports on the inputs it received from the public through public consultations, but these reports provide no feedback on how the SAI has used these inputs to develop its audit program or its audit reports.
- d. No, the SAI does not issue reports on the inputs it received from the public through public consultations or provide any feedback on how the SAI has used these inputs to develop its audit program or its audit reports.
- e. Not applicable/other (please comment).

Citation:
Comment: See Question 123.
Review Comment:



METHODOLOGY

Section 1: Implementing the Open Budget Survey 2012 and Calculating the Open Budget Index

The Open Budget Survey assesses the public availability of budget information and other budgeting practices that contribute to an accountable and responsive public finance system in countries around the world. The majority of the Survey questions assess what occurs in practice, rather than what is required by law.

The Survey assesses the contents and timely release of eight key budget documents that all countries should issue at different points in the budget process, according to generally accepted good practice criteria for public financial management. Many of these criteria are drawn from those developed by multilateral organizations, such as the International Monetary Fund's (IMF) *Code of Good Practices on Fiscal Transparency*, the Organization for Economic Co-operation and Development's (OECD) *Best Practices for Fiscal Transparency*, and the International Organization of Supreme Auditing Institutions' (INTOSAI) *Lima Declaration of Guidelines on Auditing Precepts*. The strength of such guidelines lies in their universal applicability to different budget systems around the world and to countries with different income levels. The Open Budget Survey covers additional topics of importance to civil society and proponents of good governance, including the extent to which the public can participate during each phase of the budget process, factors related to legislative strength and the role of the country's independent national audit office (also known as the "supreme audit institution").

The Open Budget Survey 2012 was a collaborative research process in which the IBP worked with civil society partners in 100 countries over the past two years. The 100 countries assessed in what is the fourth round of the Survey (earlier rounds were in 2006, 2008, and 2010) were selected to produce a sample that is representative across regions and income levels.

The Open Budget Questionnaire

The results for each country in the 2012 Survey are based on the 125-question questionnaire that is completed by one researcher or group of researchers within an organization from the country. Almost all of the researchers responsible for completing the Open Budget Questionnaire belong to either academic institutions or civil society organizations. Though the mandates and areas of interest of the research groups vary widely, all have a common interest in promoting transparent and responsive budgeting



practices in their countries. Most of the researchers belong to organizations with a significant focus on budget issues.

Most of the 125 2012 Survey questions require researchers to choose from five responses. Responses “a” or “b” describe a situation or condition that represents good practice regarding the type of budget information (or budget practice) that the question assesses, with “a” indicating that the standard is fully met. Response “c” corresponds to minimal efforts to attain the relevant standard, while a “d” indicates that the standard is not met at all. An “e” response indicates that the standard is not applicable, for example when an OECD country is asked about the foreign aid it receives. Some questions, however, only have three possible responses: “a” (standard met), “b” (standard not met), or “c” (not applicable). Researchers are required to provide adequate evidence for each of their responses, and to supplement their answers with comments, clarifications, and links to relevant documentation. Once completed, the questionnaire responses are quantified. For the questions with five response options, an “a” receives a numeric score of 100, a “b” receives 67, “c” answers get 33, and “d” responses are scored 0. Questions receiving an “e” are not counted as part of the country’s aggregated scores. For the questions with three response options, the scores are 100 for an “a” response, 0 for a “b,” and “c” responses are not included in the aggregated score.

The research process

The researchers began collecting data for the 2012 Survey in August 2011 and completed the questionnaire for their country by December 2011. The Open Budget Survey 2012 assesses only events, activities, or developments that occurred up to 31 December 2011; any actions occurring after this date are not accounted for in the 2012 Survey results. All responses to the Survey questions are supported by evidence, such as citations from budget documents; the country’s laws; or interviews with government officials, legislators, or experts on the country’s budget process.

Throughout the research process, IBP staff members assisted the researchers in following the Survey methodology, particularly the guidelines for answering Survey questions. (See the *Guide to the Open Budget Questionnaire* at: <http://bit.ly/Wf4hdB>.)

Upon completion, IBP staff members analyzed and discussed each questionnaire with the individual researchers over a three- to six-month period. The IBP analysis sought to ensure that all questions were answered in a manner that was internally consistent for each country, as well as consistent across countries. The answers were also cross-checked against published budget documents and reports on fiscal transparency issued by international institutions, such as the IMF, World Bank, and the OECD.



The questionnaires were then reviewed by two anonymous peer reviewers who have substantial working knowledge of the budget systems in the relevant country. The peer reviewers, who were not associated with the government of the country they reviewed, were identified through searches of bibliographies, professional contacts, the Internet, and past IBP conference records.

IBP staff members reviewed peer reviewer comments to ensure that they were consistent with the study's methodology. Any peer reviewer comments that were inconsistent were removed, and the remaining comments then were shared with researchers. Researchers responded to comments from peer reviewers and their government, if applicable, and IBP editors refereed any conflicting answers in order to ensure the consistency of assumptions across countries in selecting answers.

The IBP also invited the governments of 95 of the countries surveyed to comment on the draft Survey results. The decision to invite a government to comment on the draft results was made after consulting with the relevant research organization responsible for the Survey. The IBP made a major effort to encourage governments to comment on the draft results; many governments that did not initially respond to IBP letters were contacted on five or six separate occasions. Of the 95 governments contacted by the IBP, 41 commented on the Survey results for their country. These comments can be seen in their entirety in the relevant questionnaires at <http://internationalbudget.org/what-wedo/open-budget-survey/country-info/>.

The Open Budget Index

The Open Budget Index (OBI) assigns each country a score from 0 to 100 based on the simple average of the numerical value of each of the responses to the 95 questions in the questionnaire that assess the public availability of budget information. A country's OBI score reflects the timeliness and comprehensiveness of publicly available budget information in the eight key budget documents.

Survey measures for oversight institutions and public participation

Of the 30 Survey questions that are not used to calculate the OBI, the majority assess the oversight capacity of legislatures and supreme audit institutions (SAIs), as well as the opportunities for public engagement during the budget process. To gain an overall sense of the "strength" of each of these institutions and the level to which governments include the public in budget decision making and monitoring, the responses to the questions on each — legislatures, SAIs, and public participation — were averaged. These measures should be used as indicative data only, as the dataset of questions on the legislature, the SAI, and public participation are not as comprehensive as that on public access to information.



Three of the 30 non-OBI questions are not included in any of the overall indicators. Two questions (65 and 72) on In-Year Reports have been added over subsequent rounds of the Survey, so they have not been included in the OBI calculation in order to maintain comparability across time. The response to a question (113) on whether the executive publishes accessible and nontechnical definitions of terms used in the budget and other budget-related documents is also not included in the Open Budget Index.

Section 2: What Is New in the 2012 Open Budget Questionnaire, and What Are the Implications?

The structure of the 2012 Open Budget Questionnaire is different than that used in previous rounds. The IBP has added and deleted a number of questions, although the overall number of questions has only gone up to 125 questions in this round from 123 in previous rounds. The Open Budget Questionnaire is now composed of five sections, two more than earlier rounds.

Most of the changes made to the Open Budget Questionnaire deepen the Survey's assessment of the relative strength of the legislature and supreme audit institution and public engagement in budget processes. As described in detail below, the questions used to calculate the Open Budget Index were for the most part unchanged and, therefore, the indices are comparable across all four rounds.

Sections 1 and 2 are essentially the same as in prior rounds, describing the key budget documents used to complete the questionnaire and assessing the public availability and comprehensiveness of the Executive's Budget Proposal and its supporting documents. Given its importance in presenting the government's priorities and plans for raising and spending public funds in the coming year and in establishing the agenda for the budget debate, the Survey places particular emphasis on the proposed budget.

Section 3 evaluates the public availability and comprehensiveness of key budget reports throughout the budget process. The questions on legislative strength that had been included in this section in previous rounds were moved to two new sections; however, though the remaining questions have been renumbered, the wording and order are unchanged.

Section 4 was added to the 2012 Survey and is composed of questions that measure the strength of the legislature and supreme audit institution. It includes questions that were part of the Survey in previous rounds, as well as new questions that look at various factors like whether there is an established research body that can provide the legislature with analysis and guidance on budget matters; whether there are legislative pre-budget debates; the procedures for shifting funds, not only between administrative units but also between



individual line items; and the procedures in place for when additional revenue is raised during the budget year.

Section 5 is also a new section, and it includes 12 questions on public engagement in the budget process. Some of these questions (those on legislative public hearings, for example) had been in different sections of the questionnaire in previous rounds, but there are a substantial number of new questions, as well. Other questions in this section assess the presence of legal requirements, mechanisms, and feedback procedures for public engagement with the executive, legislature, and supreme audit institution. Finally, section 5 also includes four questions on the Citizens Budget, three more than in prior Survey questionnaires. This deeper attention to Citizens Budgets reflects the growing recognition of the importance of this document as a key element of budget transparency in a given country.

The Open Budget Index Measures the Timely Release of Information Throughout the Budget Process

Budget Document	Release Deadlines for "Publicly Available" Documents	2012 Survey Question Numbers	Number of questions per document in the OBI
Pre-Budget Statement (PBS)	Must be released at least one month before the Executive's Budget Proposal is submitted to the legislature for consideration.	60-62	3
Executive's Budget Proposal (EBP)	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 before it is approved. In no case would a proposal released after the legislature has approved it be considered "publicly available."	1-58	58
Supporting documents for the EBP	Must be released at or about the same time of the Executive's Budget Proposal (see above).	1-58	58
Enacted Budget (EB)	Must be released no later than three months after the budget is approved by the legislature.	101	1
Citizens Budget (CB)	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. If it is a simplified version of the Enacted Budget, it must be released at the same time as a "publicly available" Enacted Budget.	109-112	4
In-Year Reports (IYRs)	Must be released no later than three months after the reporting period ends.	63-64, 66-71	8
Mid-Year Review (MYR)	Must be released no later than three months after the reporting period ends.	73-76	4
Year-End Report (YER)	Must be released no later than two years after the end of the fiscal year (the reporting period).	77-86	10
Audit Report (AR)	Must be released no later than two years after the end of the fiscal year (the reporting period).	87-89, 91, 95-96, 108	7

Summary of the Changes in the 2012 Open Budget Questionnaire

- Twelve questions were excluded from the 2012 Survey: 56-60, 63-65, 70, 79, 97, and 99. (Note that these are the question numbers from the 2010 Open Budget Questionnaire.) None of these questions was used in the calculation of the Open Budget Index, or other indicators from the Survey.
- Two questions were modified: 109 and 123. (Note that these were questions 61 and 119, respectively, in the 2010 Open Budget Questionnaire.)

- Fourteen questions were added: 97-98, 103-104, 110-112, 114-118, and 124-125. These have been used in defining indicators for public engagement and legislative strength

Implications of changes for the Open Budget Index and other indicators

Citizens Budget

The increase from one to four in the number of questions on the Citizens Budget is the only change in the 2012 Open Budget Questionnaire that affects the calculation of the Open Budget Index. Instead of being calculated from 92 questions, as in previous rounds, the OBI 2012 is based on 95 questions. In addition to asking whether or not the government produces and publishes a Citizens Budget, the new questions assess the extent to which the public was engaged in developing the document, how the document is disseminated, and whether a Citizens Budget is produced for every phase of the budget process.

The new questions increase the variance in performance with regard to Citizens Budgets, which could result in OBI 2012 scores that are higher or lower than they would have been without the changes. So can you still compare the OBI 2012 with the indices from earlier rounds of the Survey? Ideally, to ensure comparability the IBP would have been able to find answers for the new questions for the three previous rounds and recalculate the respective OBI scores. However, there was insufficient information available to do this in a rigorous way, so the Open Budget Indices for the 2006, 2008, and 2010 rounds were not updated.

To assess the extent to which the new questions affect countries' OBI 2012 scores, and thus how comparable 2012 scores are to those from prior rounds of the Survey, the IBP calculated both a 92-question Open Budget Index 2012 and the actual OBI 2012 (with all 95 questions) and compared the scores. The results showed that the new questions generally had little effect on OBI 2012 scores; thus retaining the ability to compare scores over the four rounds of the Survey.

1. In 71 of the 100 countries surveyed, the OBI 2012 scores calculated using 95 questions are lower than those based on 92 questions. However, in over two thirds of the countries surveyed (68) the difference is no greater than one point. A three-point decrease is observed for three countries: the United States, Germany, and Spain — all high performers.
2. The relative rankings change only a little with the “new” (95 question) and “old” OBI calculation: the correlations between scores and rankings, using the new and old methods, are extremely high (0.9998 and 0.9992, respectively), thus suggesting that the changes in the questionnaire had a very small impact on the evaluation of budget transparency at both the global level and within individual countries.



Strength of the Legislature

The changes to the 2012 Survey's indicators on legislative strength do not affect the calculation of the Open Budget Index. These changes include four new questions that were added to the Survey questionnaire from previous rounds. Further, existing questions were revised to obtain a more accurate and comprehensive assessment of the role of legislatures during the budget process, and of the effectiveness of their oversight of government policies. Finally, four questions that were used to assess the strength of legislative

The Open Budget Survey Evaluates Oversight Actors and Practices

Indicator Measured	2012 Survey Question Numbers	Number of Questions per Indicator
Public Engagement in the Budget Process	114-125	12
Strength of the Legislature	59, 97-100, 102-107	11
Strength of the Supreme Audit Institution	90, 92-94	4

oversight in previous rounds of the Open Budget Survey are now being used to assess opportunities for public participation in budgets. While the responses to existing questions are comparable over time, the addition of the new questions on the legislature means that the average scores for the strength of this institution across the different Survey rounds are not comparable.

Strength of the Supreme Audit Institution

Only four indicators have been used to assess the strength of the supreme audit institution:

- authority to remove the head of supreme audit institution (question 90);
- legal power to audit public finances (question 92);
- financial resources available to the SAI and the authority to determine its own budget (question 93); and
- availability of skilled audit personnel (question 94).

In previous Surveys the SAI strength indicator was composed of a greater number of questions. These questions are still included in the 2012 Survey (questions 87, 90, 92-96, 107-108, and 123): however, some are now used to construct the indicators for public engagement, comprehensiveness of the audit report, and legislative strength. Because of these changes, the 2012 scores for the strength of the SAI are not comparable to those of earlier Survey rounds.

Public Engagement in the Budget Process

Finally, a set of 12 indicators was created to assess the extent to which the executive, legislature, and supreme audit institution engage the public in the budget process



(questions 114-125). Some of these questions (119-123) were included in previous rounds of the Survey, though one was revised to better explain what was being assessed (123), while others remained the same (119-122). Seven are completely new (114-118, and 124-125).

Section 3: Weighting the Relative Importance of Key Budget Documents and Implications on Scores

As mentioned above, each country's OBI 2012 score is calculated from a subset of 95 Survey questions. Though each of the eight key budget documents assessed may have a different number of questions related to it, the OBI score is a simple average of all 95 questions. In calculating the OBI scores, no method of explicit weighting was used to offset the disproportionate influence of documents that have more questions about them on the Survey.

Though using a simple average is clear, it implicitly considers certain budget documents as more important than others. In particular, 58 of the 95 OBI questions assess the public availability and comprehensiveness of the Executive's Budget Proposal, and thus are key determinants of a country's overall OBI score. In contrast, the Enacted Budget and the Citizens Budget are the focus of only one and four questions, respectively.

This implicit weighting is not without justification. From a civil society perspective, the Executive's Budget Proposal is the most important budget document, as it lays out the government's budget policy objectives and plans for the upcoming year. Access to this information is critical for civil society to influence budget debates prior to approval of the final budget. However, the IBP used several alternative methods for calculating the OBI 2012 to assess the degree to which the current calculation method may bias the OBI results. What these tests found was that the OBI rankings of the countries largely remained consistent regardless of weighting method.

Do You Have Questions?

This annex presents a basic description of the methodology used in producing the Open Budget Survey 2012, including a summary of changes made to the Survey and their impact on results and comparability across the four rounds. We also have tried to address some methodological questions in fairly nontechnical terms. If you have more technical questions about the Open Budget Survey, or would like more details on any aspect of the methodology, please contact the IBP at info@internationalbudget.org.



Briefing Note on OBI Questionnaire

Version date: 12 January 2014

1. National Open Budget Survey

The Open Budget Survey assesses budget transparency, participation and oversight. It consists of 125 questions; 95 of the questions deal directly with the public availability and comprehensiveness of the eight key budget documents that governments should publish at various points of the budget cycle, the remaining 30 questions relate to opportunities for public participation in the budget process, and to the roles played by legislatures and supreme audit institutions in budget formulation and oversight.

2. National Open Budget Index Questionnaire

The Open Budget Index is a ranking that uses the 95 questions that deal with budget transparency. The OBI measures whether governments make eight key budget documents at different moments of the budget cycle available to the public in a timely and way and assesses the level of detail in the information in each document.

The budget cycle stages and corresponding budget documents are illustrated in the following table:

Budget Cycle Stage	Budget document
Budget Formulation	<i>Pre-Budget Statement (PBS)</i>
	<i>Executive's Budget Proposal (EBP)</i>
	<i>Supporting EBP documents</i>
Budget Approval	<i>Enacted Budget (EB)</i>
Not Applicable	<i>Citizen's Budget (CB)</i>
Budget Execution	<i>In-Year Reports (IYRs)</i>
	<i>Mid-Year Review (MYR)</i>

	<i>Year-End Report (YER)</i>
Audit	<i>Audit Report (AR)</i>

The following table breaks down the entire Open Budget Survey by questions, and their corresponding budget document/indicator. The shaded-in sections are part of the OBI.

2012 Survey Question Numbers	Number of questions	Budget document/Indicator
1-58	58	<i>Executive's Budget Proposal (EPB)</i>
59	1	Strength of Legislature
60-62	3	<i>Pre-Budget Statement (PBS)</i>
63-64	2	<i>In-Year Reports (IYRs)</i>
65	1	<i>Not included in any overall indicator</i>
66-71	6	<i>In-Year Reports (IYRs)</i>
72	1	<i>Not Included in any overall indicator</i>
73-76	4	<i>Mid-Year Review (MYR)</i>
77-86	10	<i>Year-End Report (YER)</i>
87-89	3	<i>Audit Report (AR)</i>
90	1	<i>Strength of the Supreme Audit Institution</i>
91	1	<i>Audit Report (AR)</i>
92-94	3	<i>Strength of the Supreme Audit Institution</i>
95-96	2	<i>Audit Report (AR)</i>
97-100	4	<i>Strength of the Legislature</i>

101	1	Enacted Budget (EB)
102-107	6	Strength of the Legislature
108	1	Audit Report (AR)
109-112	4	Citizens Budget (CB)
113	1	Not included in any overall indicator
114-125	12	Public Engagement in the Budget Process

The summary of the above table according to budget document/indicators is as follows:

Budget document/Indicator	2012 Survey Question Numbers	Number of questions
Pre-Budget Statement (PBS)	60-62	3
Executive's Budget Proposal (EBP)	1-58	58
Enacted Budget (EB)	101	1
Citizens Budget (CB)	109-112	4
In-Year Reports (IYRs)	63-64, 66-71	8
Mid-Year Review (MYR)	73-76	4
Year-End Report (YER)	77-86	10
Audit Report (AR)	87-89, 91, 95-96, 108	7
<i>Open Budget Index</i>	1-58, 60-64, 66-71, 73-89, 91, 95-96, 101, 108-112	95
Public Engagement in the Budget Process	114-125	12
Strength of the Legislature	59, 97-100, 102-107	11
Strength of the Supreme Audit Institution	90, 92-94	4

Not included in any overall indicator	65, 72, 113	3
<i>Non-Open Budget Index</i>	59, 65, 72, 90, 92-94, 97-100, 102-107, 113-125	30

