



Overview of Budgetary Cycle

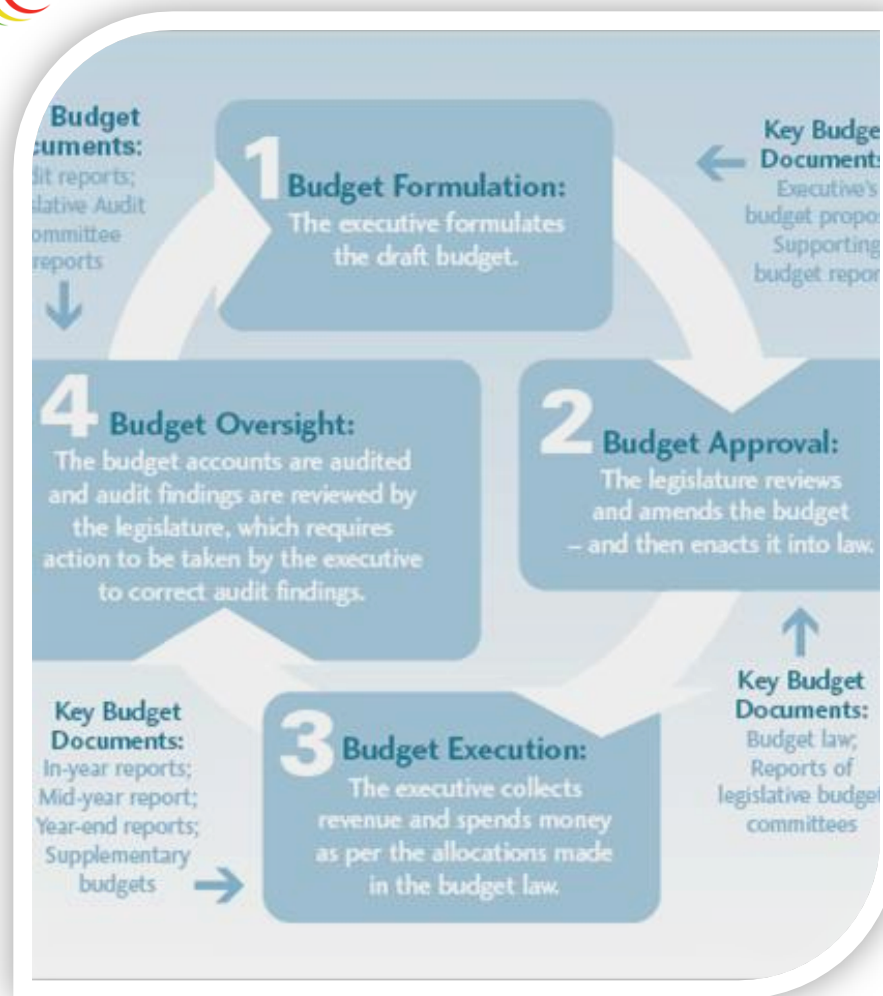


Port of Spain, Trinidad and Tobago
5 February, 2014
9:30 – 10:30

Roles of Legislatures and Legislative Committees



- Pass Legislation
 - Brief overview of legislative process
 - Legislative committees
- Budget Approval
 - Estimates process
 - Finance committees
 - Rejection of budget by legislature is a confidence matter
- Budget Oversight
 - Principally through the PAC
 - Review Auditor General's regularity and value-for-money audit reports



Parliamentary Oversight: Roles and Responsibilities

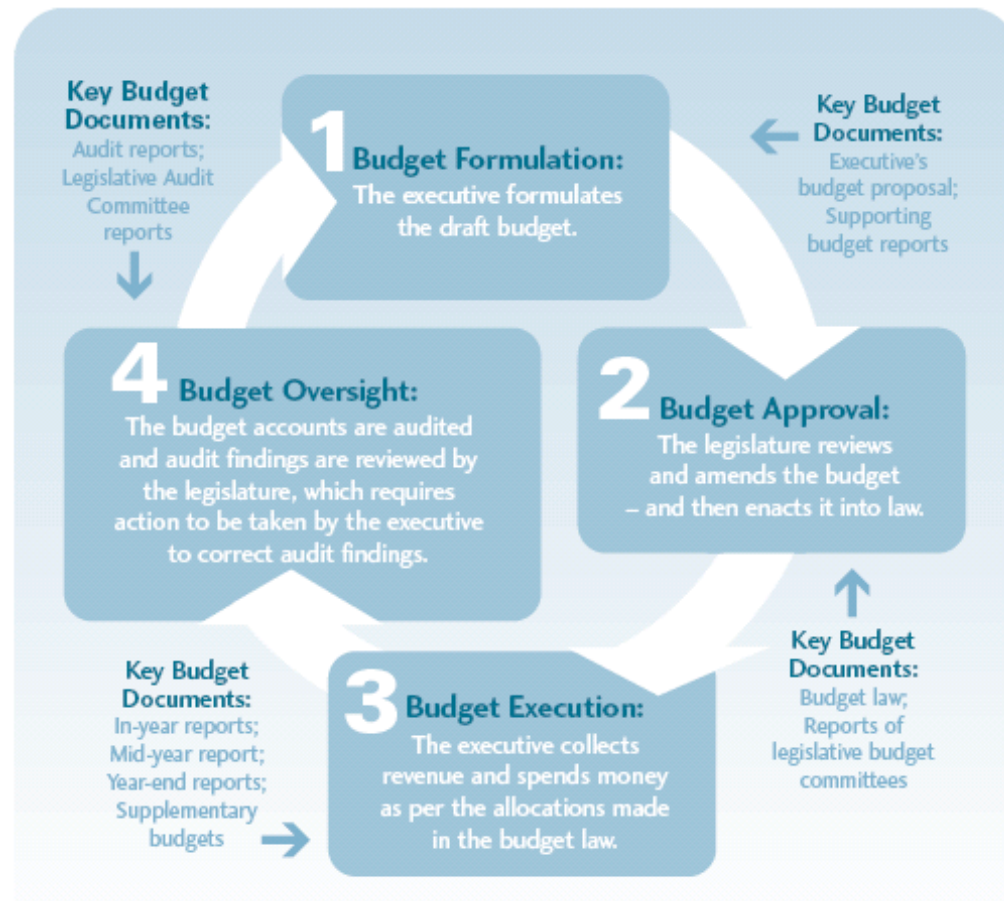


“Parliamentary control of the public purse is fundamental to responsible government. Granting government the authority to spend is one of Parliament’s principal functions, founded on two basic principles:

- The government may not raise money through taxation without Parliament’s approval
- The government may not spend money except for purposes authorized by Parliament”

Source: Examining Public Spending. Estimates Review:
A Guide for Parliamentarians. Office of the Auditor General of Canada, 2012

Budget Cycle in the Westminster System



Ex post

Ex ante

Source: <http://www.internationalbudget.org/resources/expenditure/Chart2.bmp>

Ex Ante Scrutiny in Parliamentary Systems I



- Legislatures in parliamentary systems play a less significant role in budget formulation and examination than those in presidential systems*
- This is owed in part to the fact that:
 - Government formulates budget
 - Defeat of budget is a confidence vote—reduces incentives to amend budgetary estimates

*See citation, slide 11

Ex Ante Scrutiny in Parliamentary Systems II



- “Spending information in the estimates tends to be highly aggregated into overall amounts, so the level of detail sought by parliamentarians about particular programs is often not available” **
- Performance information/annual business plan not available to support questioning
- Process can become politicized (i.e. embarrass the minister vs. effective scrutiny)
- Absence of staff support to help legislatures interpret the estimates

**Library of Parliament (Canada): A Guide to the Estimates, 2010

Ex Ante Scrutiny in Parliamentary Systems III



- *“The estimates arrive in a binder the size of a Manhattan phone book and in a format that is almost impossible to understand by anyone other than a forensic accountant”.*
- *“No one can deny the information has been presented as required but a massive dump of data is of no value to MP’s without interpretation and MP’s haven’t got a prayer of making sense of this material. I’m the chair of the committee and a six term veteran and I can barely figure it out”*
- *The Committee gets a one hour meeting with the Minister to question him or her on billions of dollars in program spending before being required to vote on the estimates and report back to the House”*

*--Pat Martin, MP, House of Commons
(Canada)*



Ex Ante Scrutiny in Parliamentary Systems IV



The budgetary estimates can be reviewed in one or more of the following ways:

- In committee of the whole
- Each sectoral committee conducts their own hearings
- A dedicated “estimates committee” holds its own hearings

Ex Ante Scrutiny in Parliamentary Systems V



Participants at the 2012 ParlAmericas workshop recommended that training be provided to parliamentarians on scrutinizing the budgetary estimates



Ex Post Scrutiny in Parliamentary Systems I



Legislative scrutiny of public accounts is more common in parliamentary legislatures than presidential systems: *

- With the Auditor-General's report, Parliament can exercise its budget oversight functions more effectively
- It is crucial that Parliament be empowered to scrutinize the audit report and be able to propose appropriate corrective action
- It is thus important that there be close links between the AG's office and Parliament

*Source: The Legislature and the Budget.
Rick Stapenhurst, World Bank, 2004



Ex Post Scrutiny in Parliamentary Systems II: The Public Accounts Committee



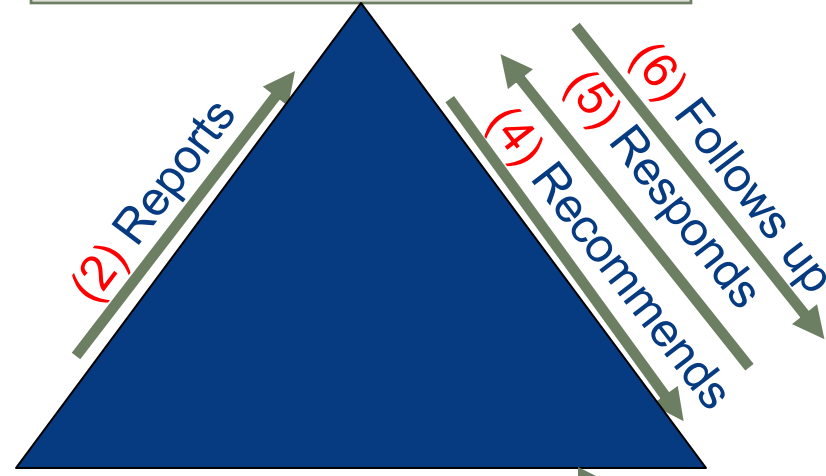
Most parliaments have a PAC tasked to:

- Examine the Auditor-General's reports that highlight whether:
 - The government keeping proper accounts and records, and presenting its financial information fairly
 - Spending by government departments is for the purposes intended by Parliament
 - Resources are being managed with due regard for economy, efficiency and effectiveness and accountability requirements are being met reasonably.
 - Investigate irregularities reported by calling permanent secretaries and other witnesses
- Endorse the Auditor General's recommendations
- Recommend corrective action to rectify any problems identified
- Conduct follow up hearings to ensure that recommendations have been implemented

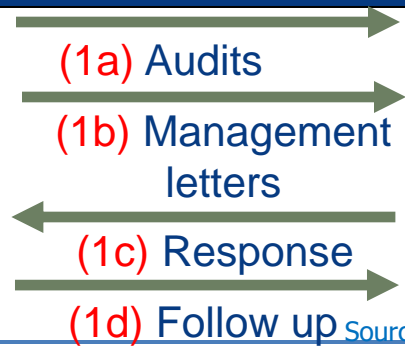
Ex Post Scrutiny in Parliamentary Systems III: Ex Post Scrutiny: PAC-Auditor General Relationship



Parliament/Legislature
(3) PAC hearings



Auditor General



Departments/
Agencies/
enterprises

Source: CCAF-FCVI Inc. Training for Oversight Committees

Ex Post Scrutiny in Parliamentary Systems IV:



Participants at the 2012 ParlAmericas workshop recommended that:

- A study should identify the benchmarks in the region regarding the effectiveness of the PACs and establish outcome-oriented indicators on the functioning of PACs.
- A study should be conducted to identify an alternate committee structure to the PAC and address issues related to this new alternate body, such as its independence, its mandate and operating procedures, the appointment process, constitutional and legal changes required in order to allow non-elected officials to serve, and measures to assure non-partisanship and transparency.
- Identify and allocate resources to the four active PACs in the Caribbean region (the four active PACs were identified as Jamaica, Trinidad and Tobago, Guyana and Bermuda).
- Select one or two countries (other than those with active PACs) as pilots to strengthen their PACs .
- Pass a regional resolution on strengthening PACs.

Questions?

