Budget Practices and Procedures Survey
GLOSSARY OF TERMS

Accountability
The existence of an obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.

Agencies
Government unit(s) that has/have been given some autonomy and/or independence from the Line Ministries to which they report. It/they may be subject to a completely or partially different set of management and financial rules. The term agency in the questionnaire excludes public corporations.

Aid flows
Aid flows for the purposes of the questionnaire refer to all concessional flows (grants and loans) to the government sector for the economic development and welfare of developing countries, including both official development assistance (ODA), flows from development finance institutions such as the World and African Development Banks, and flows from private sector foundations or NGOs.

Aid management
For the purposes of the questionnaire aid management refers to the institutional arrangements in government to coordinate external assistance across government, including setting aid policies, the co-approval or approval of agreements, monitoring and evaluation of flows and coordination of development partners.

Aid modalities
Aid modalities describe a way of delivering Official Development Assistance. Different modalities are defined according to how funds are managed and disbursed. Examples include project aid, programme aid, budget support and pooled funds.

Allocation
The designation of funds in the Budget to a government programme or organisation.

Allotments / budget releases
Allotments or budget releases refer to the practice of apportioning an appropriation during the fiscal year, placing limits on the commitments and/or payment orders that can be raised against the appropriation within a period. This is used as a form of in-year expenditure control against available cash.

Appropriation
An allocation of funds in the Budget authorised by an act of parliament.
Appropriation classification
Appropriation classification is the expenditure classification used by government in the appropriation act/budget law. Most governments use multidimensional classification systems to plan and report expenditure, and reflect expenditure against several in the executive budget proposal, but not all are used in the appropriation act. The classifications used in the appropriation act are also usually layered, namely resources are appropriated first to an administrative unit of government, and then by economic item or programme. The main appropriation classification refers to the highest level of appropriation used in the appropriation act.

Audit report
The Audit Report is issued by a country’s External Auditor / Supreme Audit Institution (SAI) and attests to the government’s year-end final accounts.

Balance sheet items
According to the IMF GFS handbook, a balance sheet is the statement of the values of the assets owned at a specific time and the financial claims, or liabilities, held by other units against the owner of those assets. The balance sheet items for assets include financial and non-financial assets.

Budget
A comprehensive statement of Government financial plans which include expenditures, revenues, deficit or surplus and debt. The budget is the Government’s main economic policy document, demonstrating how the Government plans to use public resources to meet policy goals.

Budget Calendar
A calendar indicating the key dates in the process of preparing and approving the budget. These would include the date the budget circular is issued, time period for discussing estimates with the ministries and departments, the date the executive budget is submitted to the legislature, legislative review including dates for budget hearings, and the date the budget appropriations bill should be passed by the legislature. There may be other important steps in the process, which vary by country.

Budget Circular
A document/memorandum issued by the Central Budget Authority to guide line ministries/agencies in the preparations of their initial budget proposals/budget estimates. A budget circular, for instance, may contain information or guidance on medium-term or annual expenditure ceilings, the documentation to be submitted with budget proposals etc.

Budget Cycle
The budget life cycle refers to the major events or stages of the budgetary decision-making process, as well as the implementation and ex-post review of those decisions over time. Specifically, the budget cycle has four stages: formulation (which includes planning), approval, execution, and audit.
**Budget execution law**
The Budget Execution Law (Loi de Règlement) consists of an annual report on the budget execution. As a legal document, the Budget Execution Law typically ratifies in-year modifications to appropriations made by the government within its legal powers, increases budget appropriations that were overspent for justifiable reasons beyond the control of the government, and cancels unspent budget appropriations that are not being carried over.

**Budget preparation**
Budget preparation refers to budget cycle processes that take place before the executive budget proposal is submitted to the legislature.

**Central Bank**
A Central Bank or Reserve Bank is an institution that manages a state's currency, money supply, and interest rates. Central banks also usually oversee the commercial banking system of their respective countries.

**Central Budget Authority (CBA)**
The Central Budget Authority (CBA) is a public entity, or several co-ordinated entities, located at the central/national/federal level of government, which is responsible budget formulation and oversight. In many countries, the CBA is often part/division/unit found within the Ministry of Finance/Economy. Specific responsibilities vary by country, but generally, the CBA is responsible for formulating budget proposals, conducting budget negotiations with line ministries and agencies, allocating or reallocating funds, ensuring compliance with the budget laws and at times conducting performance evaluations and/or efficiency reviews. While this Authority may monitor budget execution, it may not necessarily undertake the treasury function of disbursing public funds. Lastly, a very important role of the Central Budget Authority is monitoring and maintaining aggregate/national fiscal discipline.

**Central / Federal Government**
Central government is often called federal or national government, depending on the country. For purposes of this questionnaire, the central government consists of the institutional units controlled and financed at the central level plus those NPIs (non-profit institutions) that are controlled and mainly financed by central government. The political authority of central government extends over the entire national territory and the national economy, and central government has therefore the authority to impose taxes on all residents and non-resident units engaged in economic activities within the country.

**Citizen’s budget**
A citizens’ guide to the budget is defined here as an easy-to-understand summary of the main features of the annual budget as presented to the legislature. It should be a self-contained document that explains what is in the annual budget proposals and what their effects are expected to be. While containing links or references to more detailed documents, the guide should not require readers to refer to them, or to know their contents, in order to understand the guide.
**Civil service/civil servants**
Those branches of the public service that are not legislative, judicial, or military and in which employment is usually based on competitive examination. Civil service and public service are often used interchangeably. Civil servants are those employed generally under the General Employment Framework for government workers (e.g. a framework that sets forth the responsibilities and conditions of employment including salary ranges, benefits, holidays/leave, code of conduct, etc.).

**Concessional loans**
Loans below market rates

**Convergence Targets**
Fiscal convergence targets are the targets posed in inter- or intra-country agreements to discipline and/or align fiscal policy.

**Contingent liabilities**
Contingent liabilities are liabilities whose budgetary impact is dependent on future events which may or may not occur. Common examples include government loan guarantees, government insurance programmes, and legal claims against the government.

**Debt sustainability analysis**
A study of a country’s medium- to long-term debt situation. In particular, its ability to meet its debt obligations without requiring debt relief or accumulating arrears.

**Effectiveness**
The extent to which a policy, programme and/or organisation’s previously stated objectives or targets have been met.

**Efficiency**
Measuring efficiency aims to examine whether policies, programmes, and/or organisations are achieving the maximum output from a given level of resources (inputs). Determining whether greater “value for money” or efficiency has been achieved however, requires an assessment against a standard of what optimal efficiency is/should be.

**Executive**
Central/federal government organisations located in the Executive branch of government. This includes the Prime Minister/President, the Cabinet, line ministries and their agencies.

**Executive budget proposal**
The Executive’s Budget Proposal is developed by the CBA following negotiations and initial estimations provided by line ministries/agencies and is presented for the Legislature to review, amend and approve. The nature of the Executive’s Budget Proposal can vary from country to country: sometimes it is a single document, and sometimes it is a collection of multiple documents. For the purposes of this survey, respondents should answer according to the main Executive’s Budget Proposal, as well as any supporting budget documents that the executive may provide to the public (International Budget Partnership definition).
**Expenditure**
The term refers to Government spending (or outlays) made to fulfil a Government obligation, through a payment or promise of a future payment.

**External Auditor/Supreme Audit Institution**
An External Auditor/Supreme Audit Institution is the national agency responsible for the external audit of government revenue and spending. The legal mandates, reporting relationships, and institutional arrangements of Supreme Audit Institutions vary, reflecting different governance systems and government policies.

**Financial assets**
Financial assets consist of domestic and foreign financial assets (currency and deposits; securities other than shares; loans; shares and other equity; insurance technical reserves; financial derivatives; other accounts receivable and monetary gold and SDRs).

**Fiscal rule (numerical)**
A fiscal rule is defined as a quantitative hard constraint on a fiscal aggregate, which is used to determine budgetary policy and disciplines budget implementation.

**Fiscal sensitivity analysis**
Fiscal sensitivity analysis estimates the fiscal effects of alternative macro-economic assumptions, including for the following variables: GDP growth, inflation, oil or other commodity prices, aid inflows, exchange rate, or interest rate.

**Fiscal year**
The fiscal year is the regular annual budget and accounting period for which provision of revenue and expenditure is made, and for which accounts are presented, excluding any complementary period during which the books may be kept open after the beginning of the following fiscal year.

**General Government sector**
The general government sector consists of all government units and all resident nonmarket not-for profit institutions (e.g. arms-length agencies) that are controlled by government units.

**Inputs**
Measures of the units of labour, capital, goods and services (or the costs of such units) utilised by government organisations or government-financed organisations to produce public goods and services.

**Internal Audit**
Internal audit is an objective appraisal function within an organisation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. For the purpose of the Survey, internal audit refers to audits done by units that are not independent from the executive. There are two main forms of internal audit, pre-audit of government transactions and risk-based internal regulatory audits.
Liabilities
Liabilities comprise domestic and foreign liabilities including currency and deposits; securities other than shares; loans; shares and other equity (public corporations only); insurance technical reserves; financial derivatives; and other accounts payable.

Line item
A line item is an appropriation that is itemised on a separate line in a budget. In public budgeting it refers to the lowest or most detailed level where a political sanction of spending (i.e. an appropriation) is given in law. The lower the level, the more restrained the executive is regarding reallocating spending.

Line Ministries
Central government organisations responsible for designing and implementing policies in line with wider Government policies, and for the direction of Agencies/Executive Units under their authority. Line Ministries may be called Departments in some countries, and have responsibility for their own budget portfolios although they must report to CBAs and are subject to their review.

Mandatory Spending
Public expenditure that is governed by formulas or criteria set forth in authorising legislation, rather than by periodic appropriations alone. Includes certain kinds of entitlement spending in many countries.

Medium term budget framework
A medium term budget framework integrates fiscal policy and budgeting over the medium-term by linking a system of aggregate fiscal forecasting to a disciplined process of maintaining detailed medium-term budget estimates by ministries reflecting existing government policies.

Medium term fiscal framework
A fiscal framework comprises standing requirements to commit to, report against, and be held accountable for a set of inter-linked medium-term aggregate fiscal objectives, such as debt limits, surplus targets or deficit ceilings, or broad expenditure limits.

Medium term expenditure framework
A framework for integrating fiscal policy and budgeting over the medium-term by linking a system of aggregate fiscal forecasting to a disciplined process of maintaining detailed medium-term budget estimates by ministries reflecting existing government policies. Forward estimates of expenditures become the basis of budget negotiations in the years following the budget and the forward estimates are reconciled with final outcomes in fiscal outcome reports. (IMF). Estimates for revenues and expenditures can be linked to government objectives and economic forecasts.

Mid-year report
The mid-year report provides a comprehensive update on the implementation of the budget, including an updated forecast of the budget outcome for the current fiscal year and, at least, the following two fiscal years. The report may contain additionally the economic assumptions underlying the budget as well as a comprehensive discussion of the government’s financial assets and liabilities, non-financial assets, employee pension obligations and contingent liabilities. See also year-end report.
**National medium term strategic document**
A national medium term strategic document is a high level document to guide planning and resource allocation across government. It is generally informed by the electoral mandate and takes into account national strategic priorities within changing global and domestic conditions.

**Non-financial assets**
Nonfinancial assets are all economic assets other than financial assets and can be classified into fixed assets (buildings and structures; machinery and equipment; other fixed assets); inventories (strategic stocks; other inventories); valuables; and non-produced assets (land; subsoil assets; other naturally occurring assets; intangible non-produced assets).

**Non-Governmental Organisations (NGOs)**
An organisation created by natural or legal persons that operates independently from any government. The term originated from the United Nations (UN), and is normally used to refer to organisations that do not form part of the government and are not conventional for-profit business. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organisation. The term is usually applied only to organisations that pursue some wider social aim that has political aspects, but that are not overtly political organisations such as political parties.

**Off-budget expenditure**
Off-budget expenditure is expenditure undertaken by general government units that is not authorised by the annual appropriation law.

**Official internal rules**
Official internal rules are issued by the executive branch of government to regulate its internal affairs. Official internal rules can be distinguished from subordinate regulations insofar as they are lower order legal instruments, such as administrative instructions, issued under delegated executive authority by public officials.

**Outcomes**
Outcomes reflect the intended and/or unintended results of government actions (e.g. policies, programmes and other activities). Examples of outcomes include the change in student test scores following an increase in hours taught, the change in the incidence of a disease following an immunisation programme, or the change in income inequality following the introduction of a new welfare payment. Outcomes are a broader performance metric than outputs, and are harder to measure since generally factors outside of the governments’ intervention also play a role in influencing outcomes.

**Outputs**
Outputs are defined as goods and services produced and/or provided by Government (or government financed) organisations. These measures are derived from the direct measurement of output volume with due regard to appropriate quality. Some examples include: teaching hours delivered, immunisations provided or welfare benefits paid. Outputs tend to be easier to measure than outcomes.
**Payment arrear**
A payment arrear (for goods and services) is an unpaid invoice, received by a spending ministry that has verified the delivery of ordered goods from a supplier, for which no payment has been made by the date specified in the supplier’s invoice (the definition is slightly different for salary and debt payments).

**Performance Targets**
Performance targets refer to specific and measurable outputs or outcomes that are set ex-ante with the goal of being achieved by a Government policies, programmes and/or organizations within a pre-specified amount of time. Performance, as measured against performance targets, compares the initial output/outcome goals set with those actually achieved.

**Policy**
A Government policy is a decision determined by the government to (i) address socio-economic challenges in a country (or in the case of foreign policy, in the country’s relations with other countries) and usually also decisions about (ii) how these challenges will be addressed. Policies are Governments’ main tools for guiding action, and are typically expressed in laws/regulations, official policy statements or guidelines, and institutions which then result in programmes and specific initiatives financed and/or conducted by government organizations to address these challenges. In addition to foreign policy (e.g. rules for governing a Government’s relations with other countries), Governments enact fiscal policy (e.g. rules for governing a Government’s actions with respect to aggregate levels of revenue and spending), monetary policy (e.g. rules for governing a Government’s influence over money market and credit conditions), as well as environmental policy and social policy (among others).

**Pre-audit**
Pre-audit is an examination of vouchers, contracts, payment orders etc, in order to substantiate a transaction or series of transactions before they are paid for and recorded.

**Pre-budget report**
A pre-budget report serves to encourage debate on the budget aggregates and how they interact with the economy. As such, it also serves to create appropriate expectations for the budget itself. Such reports state the government’s long-term economic and fiscal policy objectives and the government’s economic and fiscal policy intentions for the forthcoming budget year(s).

**Primary legislation**
Primary legislation is law made by the legislative branch of government. Also referred to as principal legislation or primary law.

**Programme**
A programme is a coherent grouping of activities that are designed to fulfil a set of common policy objectives. A government programme can consist of several initiatives and address multiple policies simultaneously, though both the initiatives and policies are likely to be closely related. An example of a programme in the Education Sector is Basic Education. This programme addresses several (but related) policy goals such as providing access to quality primary and secondary education; improving the quality of education through better skilled staff; and providing relevant and appropriate curriculum.
Public Private Partnerships (PPPs)
Arrangements whereby the private sector provides infrastructure assets and services that traditionally have been provided by government, such as hospitals, schools, prisons, roads, bridges, tunnels, railways, and water and sanitation plants.

Reallocation
Also referred to as Virement. A movement of funds from one account/line-item/programme to another, which can be limited by formal rules. To prevent misuse, Government organisations must normally seek authorisation to make such transfers.

Reserve Fund
Also called a planning margin or a contingency reserve. A separate appropriated fund or a budget provision set aside within the fiscal framework, to meet unforeseen and unavoidable requirements that may arise during the budget year, like natural disasters or armed conflict.

Revenue Authority
A Revenue Authority is a government agency responsible for collecting government revenue, including taxes and sometimes non-tax revenue. Depending on the jurisdiction the Revenue Authority may be charged with tax collection, investigation of tax evasion and/or carrying out tax audits.

Risk-based audit
Risk-based audit is an internal methodology which is primarily focused on the inherent risk involved in the activities or system and provides assurance that risk is being managed within the defined risk appetite level of the organisation.

Sector Strategy
A policy framework for the medium-term (usually 3 – 5 years), which has been adopted by a government as a plan of action for a particular area of the economy or society.

Social security funds
Social security funds are social insurance programmes covering the community as a whole or large sections of the community that are imposed and controlled by a government unit. Social security fund expenditures are often, but not necessarily appropriated outside of the main appropriation law.

Subordinate regulations/Secondary legislation
Subordinate regulations are regulations that can be approved by the head of government, by an individual Minister or by the Cabinet - that is, by an authority other than the legislature. Note that many subordinate regulations are susceptible to disallowance by the legislature. Subordinate regulations are also referred to as “secondary legislation” or “subordinate legislation”. They are distinguished from primary legislation and official internal rules.

Supplementary Budget
It contains the proposed amendments to the main annual budget. This is the mechanism with which the Government seeks legislative approval for spending that differs from the original budget and appropriations. Supplementary budgets are given legal force through adjustment or supplemental appropriations. Supplementary budgets are also referred to as revised or adjustment budgets.
**Tax expenditures**

Tax expenditures are revenues forgone as a result of selective provisions in the tax code. They may include exemptions from the tax base, allowances deducted from gross income, tax credits deducted from tax liability, tax rate reductions, and tax deferrals (such as accelerated depreciation).

**Year-end report**

The year-end report is the government’s key accountability document. The year-end report shows compliance with the level of revenue and expenditures authorised by Parliament in the budget. Any in-year adjustments to the original budget may also be shown. Additionally, the year-end report, or related documents, may include non-financial performance information, including a comparison of performance targets and actual results achieved where practicable. Finally, the year-end report often contains a comprehensive discussion of the government’s financial assets and financial liabilities, non-financial assets, and employee pension obligations. The year-end report may be issued as a single consolidated report for the entire government, or individual ministries and agencies may issue separate reports. This report or series of reports is issued by the executive and should not be confused with the Audit Report issued by the Supreme Audit Institution.