Budget process

• Budgeting is done through a series of meetings and events usually called the budget cycle. Budget process, Cycle or Calendar – defines the formal steps and procedures the Government undertakes to prepare and have the budget approved prior to implementation.

• The Budget cycle includes stages in making decisions about the budget, implementing and assessing those decisions.
The steps are categorised in 4 levels:

Level 1: This involves all Government line Ministries, other Spending Agencies, Sector Working Groups, and Donors, Civil Society organizations - determine specific spending needs and associated allocations and outputs;

Level 2: Central Coordination Level at MFPED that brings together resources i.e domestic revenues, development assistance, debt and broad expenditure allocations in a consistent Fiscal Framework

Level 3: Executive Policy Formulation and Approval by Cabinet

Level 4: Legislative Approval Level at Parliament
Budget process

The Budget cycle involves four stages:

a. Drafting/ Design by technocrats
b. Legislation/ Approval by councilors
c. Execution/ Implementation by sectors e.g. education
d. Audit / Evaluation by auditors
Drafting-October-April

Key activities
• Issue the 1st Draft Budget Call Circular (BCC) 15th Oct
• Consultations with Local Governments (LGs) Oct - Nov
• Sector Working Group (SWG) Consultations Sept - Nov
• Submission of Sectoral Budget Framework Papers (SBFPs) and detailed Budget Estimates by Accounting Officers to MFPED 15th Nov
• Submission of the National Budget Framework Paper (NBFP) to Cabinet End of Dec
• Submission of the National Budget Framework Paper (NBFP) with the Preliminary detailed Estimates to Parliament 15th Jan
• Submission of Semi-Annual Performance Reports by MDAs to MFPED End of Jan
• Approval of the NBFP by Parliament 20th Feb
• Submission of Final Detailed Budget Estimates by MDAs to MFPED End of Feb
• Appointment of Accounting Officers -June
Legislative phase-April-May

- Discussion and Approval of the budget by:
  Committee on Budget
- Scrutiny of Ministerial Policy Statements by Parliamentary committees (see next slide for committees)
- Compilation of report by the Committee on Budget
- Presentation of Budget Committee report to the August house
- Approval by the entire house by 31st May

**Activity Deadlines**
- Submission of the detailed Draft Estimates to Parliament 15th March
- Submission of Ministerial Policy Statements (MPS) to Parliament 1st April
- Finance Bill and Budget Appropriation under the Budget Act 31st May
- Consideration and Approval of the Budget by Parliament 31st May
- **Presentation of the Budget Speech in Parliament** 15th June
Legislative phase-ctd

- Parliamentary committees (http://www.parliament.go.ug)
- Committee on National Economy
- Committee on Commissions, Statutory Authorities and State Enterprises
- The Committee on Science and Technology
- Committee on Defence and Internal Affairs
- Committee on Physical Infrastructure
- Committee on Gender, Labour and Social Development
- Committee on Finance, Planning and Economic Development
- Committee on Social Services
- Committee on Foreign Affairs
- Committee on Presidential Affairs
- Committee on Public Service and Local Government
- Committee on Agriculture, Animal Industry and Fisheries
- Committee on Natural Resources
- Committee on Tourism, Trade and Industry
3. Implementation June-July

- MDA implement the budget
- MFPED releases funds

**Activity Deadlines**
- Budget comes in operation - 1st July
- Repayment of uncommitted funds from the previous financial year into the Consolidated Fund - 5th July
- Re-voting of unspent funds from the previous financial year by Parliament - 31st Aug
- Submission of Annual Budget Performance Reports by MDAs to MFPED - End of July
Release process

a. MoFPED sets cash limits – Government operates a cash budget;
b. Release based on the work plan – submitted by spending agencies (LGs, Central Government votes);
c. Release at a vote level – (appears in the print media);
d. Vote disburses to the spending agencies (cost centres) – Heads of Departments, Projects etc;
e. HoDs, projects releases to the final user or service delivery units.
Auditing July-June

• Done by the Office of Auditor General (http://www.oag.go.ug)
  - Audits expenditure for all MDAs & LGs
  - Produced reports to Parliament
  - Parliament committee discuss and provide recommendations to the Executive for action

• Types of Audits:
  - Financial Audits
  - Special Audits
  - Value for Money Audits
# Key Stages for CSOs

<table>
<thead>
<tr>
<th>Process</th>
<th>Opportunity for CSOs</th>
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</thead>
<tbody>
<tr>
<td>Sectors consult LGs and communicate budget issues to consider during</td>
<td>Influencing the LG budgeting which starts at this stage</td>
</tr>
<tr>
<td>budget</td>
<td>This is a critical stage where CSOs can influence intrasectoral budget allocations.</td>
</tr>
<tr>
<td>Sector working group consultations</td>
<td>CSOs can engage parliamentary committees on the BFPs to ensure that sectors address</td>
</tr>
<tr>
<td>Approval of National Budget Framework Paper (NBFPs) by Parliament</td>
<td>critical concerns of the population.</td>
</tr>
<tr>
<td>Submission of Ministerial Policy Statements (MPSs) to Parliament</td>
<td>Engage parliamentary committees on the MPs.</td>
</tr>
<tr>
<td>Consideration and Approval of the Budget by Parliament</td>
<td>CSOs can influence parliament especially on tax proposals and allocations</td>
</tr>
</tbody>
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Public Finance Management Reforms

• *Integrated Finance Management System (IFMS)*

  IFMS was introduced in 2004 mainly to:
  - improve oversight and internal controls;
  - improve cash management;
  - better commitment & expenditure control; and
  - ensure more efficient and timely transaction processing
1. *Straight Through Processing of Salaries and Pensions (STP) and Electronic Funds Transfer (EFT)*

- STP and EFT system of payment of pension and salaries was introduced to replace the use of cheques in a bid to:
  - eliminate fraudulent behavior;
  - improve liquidity management; and
  - reduce the transaction costs.

- STP was extended to Schools – UPE/USE, and PHC (Health Units)
2. Output Budgeting Tool (OBT)

- Effective FY 2008/09, Gov’t introduced – Output Oriented Budgeting – led to OBT.

- This reform is intended to:
  - Strengthen the link between the budget, results and policy objectives of Government; and
  - To improve allocation and operational efficiency of public expenditure through focusing allocation on sectors that have greatest impact in achieving government policy objectives.
  - Linking Financial allocations with Outputs
Reforms - ctd

4. Quarterly Cash limits and Release/Procurement
   - In 2009/10, MFPED moved to quarterly cash limits and releases are linked to the performance
   - Linking of procurement plans, Work plans and cash limit projections (OBT)

5. Information on Notice Boards
   - Enrolment at school level and staff lists;
   - Releases to various institutions on the notice Boards (Schools, Health Units, District Headquarters);
   - List of Key interventions that will be undertaken in a given FY;
   - Procurement plan
5. Decentralization of the payroll

- Min. of Public Service – responsible for processing payrolls before MoFPED effects salary payment;
- Concern: Accounting Officers (CAOs, TCs, Heads of Institutions at CG) not involved in clearance – Ghost staff.
- Decentralization of payroll and payment:
  - MoPS – process the payment;
  - Acc. Officers – validate the payroll and clear for payment.
  - MoFPED effects payment. AOs are accountable.