

B	Clear rules exist for in-year budget adjustments by the executive, and are adhered to in most instances. Extensive administrative reallocations may be permitted.
C	Clear rules exist which may be adhered to in some instances OR they may allow extensive administrative reallocation as well as expansion of total expenditure.
D	Performance is less than required for a C score.

Coverage

BCG.

Time period

Dimension 18.1, 18.2 and 18.4: Last completed fiscal year.

Dimension 18.3: Last three completed fiscal years.

Measurement guidance

In most countries, the government’s authority to spend is awarded by the legislature, through its passage of the annual budget law. If the legislature does not rigorously examine and debate the law, its power is not being effectively exercised, and the government’s accountability to the electorate is undermined. Assessment of legislative scrutiny and debate of the annual budget law is informed by the consideration of several factors, including the scope of the scrutiny, the internal procedures for scrutiny and debate, and the time allowed for that process.

Dimension 18.1 assesses the scope of legislative scrutiny. Such scrutiny should cover review of fiscal policies, medium-term fiscal forecasts, and medium-term priorities as well as the specific details of expenditure and revenue estimates. In certain jurisdictions, the review may be undertaken in two or more stages, possibly involving a gap between review of medium-term aspects and review of the details of estimates for the next fiscal year. In the absence of a legislature that performs legislative scrutiny functions, this dimension would score D because the requirements for a C score would not be met.

Dimension 18.2 assesses the extent to which review procedures are established and adhered to. This includes public consultation arrangements, internal organizational and committee arrangements, technical support, and negotiation procedures. The existence and timing of relevant procedures should be verifiable by reference to records of legislative sessions and decisions. Adequacy of the budget documentation made available to the legislature is covered by PI-5.

Dimension 18.3 assesses the timeliness of the scrutiny process in terms of the legislature’s ability to approve the budget before the start of the new fiscal year. The deadline is important so that budgetary units know at the beginning of the fiscal year what resources they will have at their disposal for service delivery. The time available for scrutiny is largely determined by the timing of the submission of the executive’s budget proposals to the legislature, as assessed in PI-17. The narrative of the assessment should specify the actual time that legislature has spent in reviewing the budget proposal.

Dimension 18.4 assesses arrangements made to consider in-year budget amendments requiring legislative approval. Such amendments constitute a common feature of annual budget processes. To avoid undermining the credibility of the original budget, any authorization of amendments by the executive must adhere to clearly defined rules. Further guidance on the application of such rules is included in the PEFA Handbook.