BUDGETING IN THE PUBLIC SECTOR..

A well-known American student of the budgetary process, Aaron Wildavsky, once said that budgeting is about translating financial resources into human purposes. The challenge to parliament is to ensure that this really happens. The budget is a document in its simplest form that contains the financial plans of the government for upcoming periods. It is a comprehensive statement of priorities and the most important economic policy tool of the national government. The budget is also an accountability tool for parliament. Components of the budget Revenues and expenditures are the main components of the budget. The balance between these components may be a deficit or a surplus. The appropriate size of the deficit is fairly contentious, although the conventional deficit is widely accepted as an indicator of overall fiscal health. However, it is possible that at certain times there is a higher deficit or a lower deficit without a change in government policy, as revenues and expenditures are sensitive to economic developments that are hard to forecast accurately. Whether the deficit is considered too high for a particular economy depends on a range of factors; there is no single overall standard. There are attempts for budgeting to move away from being an annualised process towards a time horizon that is more medium term. This is done by introducing medium-term budgeting frameworks and, in some instances, more long-term reporting requirements that aim to capture the fiscal effects of demographic trends, for instance. Medium-term frameworks have become important components of budget systems in the industrialized countries and increasingly of those of developing countries.

PSA requires annual estimation of revenue and expenditure so that the principle source of revenue is identified and the application of such revenue is also identified according to various voters ahead of time in order to allow timely and relevant decisions to be debated by policy makers on behalf of citizens. It also requires that budgets be base on the strategic plans guided by the sector in question as identified by the stakeholders such as parliament or local councils.

The budget statement reflects the funds available to a given sector, where such funds come from and how they are apportioned amongst functions.
In other words, budgeting [provides an estimated revenue and expenditure.

The budget process involves several steps which depend on whether the budget process is for the central government o the local governments.

The main purpose of the budget (budgeting) is to:

1. Help in increasing the production of goods and services so that the average standard of living improves rapidly and poverty is correspondingly reduced (economic growth).
2. Macroeconomic Management – promote economic order and stability by encouraging competitive efficiency and controlling inflation (macroeconomic management).
3. Provide services which are vital to our country and which only Government can do best, namely, security, law and order, infrastructure and disease control (service delivery).
4. To guide action
5. Planning
6. Coordination
7. Communication
8. Motivation

9. Control
10. Performance evaluation
11. Clarification of authority and responsibility

THE LEGAL FRAMEWORK FOR THE BUDGET PROCESS

The Legal framework for the budget process is enshrined in the Uganda Constitution 1995, the Local Government Act 1997, the Budget Act 2001 and the Public Finance and Accountability Act 2003.

Articles 155 – 158, Chapter 9 of the Constitution of the Republic of Uganda 1995 provide the legal basis for the preparation and approval of the national budget. Articles 190 – 197 on the other hand provide for the finances of the Local Governments.

The Local Government Act, Cap 243 provides the legal basis for local government budget process. This is supported by the Local Government Financial and Accounting Regulations 2007.

The Budget Act, 2001 on the other hand provides for and regulates the budget procedure. It explicitly spells out the roles of Parliament, Executive as well as other stakeholders and stipulates the budget calendar and the requisite documentation.

The Public Finance and Accountability Act 2003 provides for the development of fiscal policy framework, regulation of public financial management, prescribes the responsibilities of persons entrusted with financial management and provides for public borrowing, audit of Government accounts, state enterprises and other authorities of state.

The Budget Process

The budget is prepared through an open and transparent and widely participatory process. The objective of the consultative process is to solicit the views of all stakeholders in the preparation of the Budget and consequently ensure that the national budget reflects the views, aspirations and priorities of all stakeholders.

The budget process is undertaken at the following four key levels:

- i. The Ministry of Finance, Planning and Economic Development (MFPED),
- ii. Sector Working Groups, Line Ministries and Local Governments,
- iii. Cabinet, and
- iv. Parliament.

According to the Budget Cycle, the budget process starts in September each year and has six key stages, namely:

- I. Setting the macro-economic Framework
- II. Setting National Priorities and Sector Ceilings
- III. Budget Consultations (Political and Technical)

IV. Preparation of the Budget Estimates
V. Budget Implementation
VI. Budget Monitoring and Evaluation.

Good Governance in the Budget Process
Our budget process may be judged on the four pillars of good governance in public sector management:

I. Accountability – capacity to call public officers to task for their actions
II. Transparency – low cost access to relevant information
III. Predictability – laws and regulations that are clear, know in advance, and uniformly and effectively enforced, and
IV. Participation – general consensus, supply reliable information and provide a reality check for Government actions.

CENTRAL GOVERNMENT'S BUDGET PROCESS.

Budget preparation is a very participatory process involving many stages and, many stakeholders within and outside Government.

Determining the Resource Envelop

The Directorate of Economic affairs within the Ministry is responsible for determining the resources envelop in consultation with other Government institutions such as URA and Bank of Uganda.

The budget resource envelope for the medium term is derived from projected domestic revenues (tax and non tax), plus external financing (grants and loans), plus non – bank savings, minus monies required for debt servicing and domestic arrears repayment and plus or minus non bank borrowings /savings. Fiscal policy must be consistent with monetary policy projections/target on money supply growth, private sector credit and foreign reserves which determine Government borrowing or saving.

Domestic tax revenue is projected basing on:

- Past trends,
- Efficiency gains,
- Growth in volumes of imports,
- Profits of corporations,
- Elasticity of tax heads,
- Growth in real monetary GDP, and
- Changes in prices.

Setting National Priorities and Sector Ceilings
Once the resource envelop has been determined, the broad allocations of Government resources between sectors is then determined based on:

I. Priorities which have a direct bearing on poverty and growth;
II. The party manifesto, and;
III. Constraints faced during implementation.

The Sector Ceilings for Government of Uganda (GOU) resources are set as follows:

1) The current financial year is used as a base;
2) All one – off expenditures undertaken in the previous year are deducted from the sector ceiling and made available for reallocation to identified priorities;
3) The projected additional resources over and above the current year's resource envelope are then allocated among the policy priorities with the higher priority areas and commitments receiving the first call on these resources.

This then becomes the basis for the preparation of the indicative MTEF which details the respective sector ceilings. These indicative ceilings are given to the sectors in October under a Budget Call Circular. These are revised in March after the submission of Sector Budget Framework Paper (BFP), in May after receiving comments from Parliament on the National BFP and finally in June just before reading the budget.

Budget Consultations

a) Cabinet Retreat (October)

The Budget process commences with a Cabinet Retreat held during the month of October. The retreat provides an opportunity for the Minister to present the Budget Strategy Paper that spells out the major economic developments and re-casts Government priorities that need to be addressed in the following year.

The retreat is meant to guide on the following:

1) The Budget Strategy and priorities for the following financial year;
2) The Indicative Medium Term Fiscal Framework (MTFF) and Medium Term Expenditure Framework (MTEF); and
3) Budget implementation issues for the current financial year.

b) First Budget Call Circular (October)

Once Cabinet has approved the Budget Strategy and Priorities, the agreed MTEF is communicated to sectors in October through the First Budget Call Circular. The main objective of the Circular is to communicate the budget strategy for the following financial year and request Sectors to prepare and submit their Budget Framework Papers (BFP).

The specific objectives of the Circular are to:

i. Communicate the Budget Strategy, Priorities and Indicative 5 year Medium Term Expenditure ceilings, the first year of which is the basis for financial allocations of the expenditure estimates for the next financial year;
ii. Emphasize the policy and administrative guidelines for the development of the budget for the coming financial year; and
iii. Request the Sectors to prepare their Budget Framework Papers, clearly linking sector ceilings to sector priorities and their vote functions.

c) Local Government Workshops (October/November)

The Local Governments' Budgets and Plans form an integral part of the National Budget. A series of local government consultative workshops are held to launch the preparation of the Local Government Budget Framework Papers (LGBFPs). The workshops which are facilitated by the

Ministry together with representatives from relevant sectors are attended by political leaders and heads of departments from the local governments. The purpose of these workshops is to:

i. Disseminate Government priorities for the next financial year;

ii. Disseminate the Indicative Planning figures for Central Government transfers to local governments;

iii. Identify and discuss policy issues which affect the operations of local governments.

Each District and Municipal Local Government prepares a Local Government Budget Framework Paper (LGBFP). The LGBFPs are guided by the long term Local Government Development Plans as well as any emerging issues and priorities of the communities within the Local Government. Different departments in each Local Government contribute to the LGBPF, just as they do contribute to the preparation of their budget estimates. The consultations enable the development of a report which summarizes the key issues that affect service delivery in the local governments. The consultations also are the basis for preparation of LGBFPs, which all Local Governments submit to the Ministry of Finance and inform the National Budget Framework Paper. Each District and Municipal Local Government prepares a Local Government Budget Framework Paper (LGBFP).

d) First Budget Consultative Workshop (October/November)

The first Budget Consultative Workshop is held to officially launch the beginning of the budget preparation process. The key participants at this workshop include Cabinet Ministers, Members of Parliament, technical officials from the Central Agencies, Local Government Officials, Development Partners and Civil Society and Private Sector Organizations.

The specific objectives of the Workshop are to:

i. Communicate the economic outlook for the country and the challenges encountered in budget execution.

ii. Discuss the Budget Strategy and Priorities in light of the poverty eradication targets.

iii. Discuss the Medium term Expenditure Framework; and

iv. Disseminate the Budget Guidelines for the preparation of the Budget for the following Financial Year.

e) Sector Working Group Consultations (December)

Government introduced the Sector – Wide Approach (SWAp) to planning in 1999/2000. Each sector is required to set – up a Sector Working Group composed of key stakeholders to coordinate the planning process. After the national budget consultative meeting, each Sector Working Group organizes discussions with spending agencies within the sector and agree on sector priorities ad the financing required. Each Sector Working Group is made up of representatives from all Ministries within the sector, the Ministry of Finance, Planning and Economic Development, Departments and Agencies within the sector, representatives from civil society and the private sector, Local Government representatives of the development partners.

Sectors in 2008/2009 Financial Year included:

i. Accountability

ii. Agriculture

iii. Education
iv. Energy and Mineral Development
v. Health
vi. Information and Technology
vii. Justice Law and Order
viii. Lands, Housing and Urban Development
ix. Legislature
x. Public Administration
xi. Public Sector Management
xii. Social Development
xiii. Tourism, Trade and Industry
xiv. Water and Environment
xv. Works and Transport
xvi. Security

An example of the membership of a SWG is the Agriculture Sector. The SWG is composed of representatives from, among others;

1) Ministry of Agriculture, Animal Industry and Fisheries
2) Ministry of Finance, Planning and Economic Development
3) Ministry of Water and Environment
4) National Agricultural Research Organization (NARO)
5) National Agricultural Advisory Services (NAADS)
6) Cotton Development Organization (CDO)
7) Uganda Coffee Development Authority (UCDO)
8) Uganda National Farmers' federation (UNFF)
9) CARE Uganda (NGO)
10) Action Aid Uganda (NGO)
11) Environment Alert (CSO)
12) Agriculture Funding Donors
13) Faculty of Agriculture, Makerere University.

Each sector Budget Framework Paper spells out the following for the financial year and the medium term:

I. Sector Objectives
II. Past performance and future plans, including the outputs each Government institution intends to achieve with its resources.
III. Proposed expenditure allocations setting out major expenditure areas, and highlighting major changes to resource allocations and key funding priorities.

Key Challenges

As part of the budget reforms, in 2008/2009, Output – Oriented Budgeting (OOB) was introduced as a means of relating budget allocations to outputs. Sectors identified their core vote functions and budgeted for them accordingly. Vote functions also enable Government to show what spending institutions have done with past expenditures, and what they intend to achieve with future budgetary allocations. This is intended to enhance both transparency in the allocations of funds, and accountability in the use of scarce budgetary resources.

f) Inter – Ministerial Consultative Meetings (February)

Inter – ministerial consultative meetings take place between Sector Ministers and the Minister. These meetings are held to discuss sector budget priorities and allocations at the political level and to resolve any outstanding policy issues.

g) Mid – term Expenditure Review (March)

The main objective of the review is to assess the half budget performance with a view of identifying areas that need corrective actions to enhance the efficiency and effectiveness of delivery of public services. A workshop of key stakeholders is held to discuss the half year budget performance report and agree on the way forward.

h) Consultation within East African Community (May)

In line with the programme for achieving deeper economic and political integration in EAC, the National Budgets of Partner States are read on the same day by 15th June. The Ministers of Finance hold annual pre – budget and post budget consultations with the view to harmonize tax policies, monetary and relevant fiscal affairs.

Preparation of the Budget Estimates

a) National Budget Framework Paper

According to Section 4 (1) and (2) of the Budget Act 2001, the President shall cause to be prepared and laid before Parliament, by 1st of April, a three years macroeconomic plan and programmes for the economic and social development, and indicative preliminary revenue and expenditure framework of Government for the following financial year. To fulfill this requirement, the Ministry prepares the National Budget Framework Paper. This is consolidated from the Sectors' and Local Governments' BFPs.

Specifically the BFP highlights:

I. Government's macroeconomic policies, recent macroeconomic performance and future plans, and

II. Government's priorities and how resources have been allocated to achieve the national objectives.

b) Background to the Budget

Each year and prior to the Budget Speech, the Ministry of Finance, Planning and Economic Development publishes the Background to the Budget (BTTB), which presents both a retrospective context for the budget of the coming Fiscal year. The BTTB provides background information on the factors that influence key budgetary decisions during a current financial year, together with a comprehensive report on the effects of such decisions on the Ugandan economy and the Government's quest to eradicate poverty.

c) Budget Estimates (End of May)

The procedure for preparation and consolidation of the Budget Estimates is as follows:

I. Votes receive ceilings from the Sector Working group

II. Votes set priorities derived from the Sector Investment Plan

III. Accounting officers set programmes (departments) cost their activities based on the chart of accounts

IV. The programme budgets are consolidated into the Vote budget.

According to Section 5 (1) of the Budget Act 2001, all spending agencies must submit their Budget estimates for the following year by 15th February each year.

Presentation and Approval of the Budget

a) Cabinet Approval of National BFP (By March 30th)
The National BFP is the document in which Government specifies its policy stance for the following year. The Minister submits the draft Budget Framework Paper to Cabinet on the Government strategy for the next financial year.
The BFP spells out the major national priorities and how the resources have been allocated to achieve the national objectives. It incorporates the inputs of the consultative process and covers, among others, sector inputs specifying sector priorities for the year, and in view of the resource constraints, proposes the necessary trade – offs which Cabinet endorses before the national Budget Framework Paper is submitted to Parliament.
b) Parliamentary Approval of National BFP (By 15th May)
In line with Section 4 (i) of the Budget Act 2001, The National BFP is submitted to Parliament by 1st of April. This is followed by discussions of the BFP by Sessional Committees of Parliament which submit their reports to the Parliamentary Budget Committee by the 25th of April. Between 1st April and 25th April, there is a lot of consultation between the different Committees of Parliament, spending agencies and the Ministry. When these consultations are complete, Parliament consolidates their recommendations and submits them to His Excellency the President by 1st of May for consideration.
c) Budgets of Statutory Bodies (By April 30)
In line with Section 5 of the Budget Act 2001, Heads of Self Accounting Bodies are required to submit their budget estimates of revenue and expenditure to the Ministry on behalf of the President, during the budget preparation stage. These estimates are laid before Parliament by the Minister during the presentation of the budget without any amendments.
d) Cabinet Approval of the Budget (Early June)
The Minister holds consultations with His Excellency the President in the process of finalizing the Budget Speech. During the consultations, the recommendations of the Parliament on the budget are discussed and the President gives his input into the budget.
This is followed by a final cabinet meeting at which the Minister presents the budget proposals for the following Fiscal Year, the revenue measures and the draft Budget Speech. Once discussed and endorsed by Cabinet, the Budget Speech is ready for Presentation to Parliament.
e) Presentation of the Budget Speech (By June 15)
The Minister presents the Budget Speech at a seating of Parliament by the 15th day of June in accordance with Article 155 (1) of the Constitution and the Budget Act 2001. It is an agreed practice that the Budgets of the five East African Community (EAC) countries are read on the same day.
The Budget Speech is presented to Parliament by the Minister of Finance on behalf of His Excellency the President. The Budget Speech articulates:

I. Highlights of Economic and Fiscal Performance in and the Outlook for Financial year.
II. Emerging Trends in the domestic, regional and international economy.
III. Strategy for expanding Employment and Growth Opportunities.
IV. Proposed Taxation Measures and the way forward.

The presentation of the Budget Speech in Uganda is covered live by the electronic media, signifying the fact that the budget belongs to all Ugandans. The Budget Speech is made available to the print media who reproduce it in different languages and different news papers across the country.

f) Report of loans and Grants (By June 15)

In line with the Budget Act 2001 (13), the Minister on behalf of the President presents to Parliament a report of the total indebtedness of the State in the financial year showing the following:

i. The total principle and sources of loans
ii. The accumulated interest on each loan
iii. The status of servicing and repayment of each loan and debt
iv. The utilization and performance of each loan including the extent to which the objectives of the loan or debt have been met.

g) Ministerial Policy Statements (By June 30)

In line with Section 6 (1) of the Budget Act 2001 every Ministry is expected to prepare and submit a Ministerial Policy Statement each financial year with detailed information on the planned expenditure and outputs for the following financial year to Parliament. The Ministerial Policy Statements forms the basis for Parliament's scrutiny and debate of the budget of each Ministry and provides a link between the Ministry's strategic priorities and the proposed Budget allocations.

h) Vote on Account (By June 30)

In line with Article 154 (4) of the Constitution, once the Budget Speech has been read, the Ministry of Finance prepares the Vote on Account for Parliamentary approval that allows public spending of up to one third of the budget before the budget is approved by Parliament.

i) Parliamentary Sessional Committee Discussions (August 31)

The Parliamentary Sessional Committees scrutinize the Ministerial Policy Statements Vis a vis the proposed budget allocations and the National BFP. The Chairperson of each Committee presents a report to the Plenary of Parliament.

j) Approval of Budget Estimates (By September 30)

Once Parliament has concluded debate on the budget and their concerns incorporated, the Minister thereafter seeks the appropriation and approval of the Budget Estimates through the Appropriation Bill. The Parliamentary Budget Committee scrutinizes the Bill and presents a report to the Plenary of Parliament for discussion. The Bill must be passed into law by 30th September as per the Budget Act.

NOTE:

For local governments, before the budget process begins, they must first have an over view of the budget frame work papers through work shops. The concept of the budget frame work papers was initiated by the ministry of finance as a link between the government (central) and local government budgetary process.

The purpose of such papers is to assist local governments improve the efficiency, transparency, accountability in planning and budgeting for the use of public resources.

After the discussion of the budget frame work papers (BFWPs) at cabinet level, it is important to have regional local governments BFWPs workshops in the ministry of finance and other line ministries, officials meet the local governments' leaders and civil servants.

During such workshops, the following should take place;

1. Local governments should receive the feedback on the LGBFWPs for the previous financial year to note key areas required for improvement.
2. The minister of finance introduces any new policies and strategies regarding financial management.
3. Indicative figures are communicated to the local government. After the BFWPs, the local governments follow a model cycle called the local government budget cycle.

-Budget implementation
-budget monitoring and evaluation

LOCAL GOVERNMENT BUDGET PROCESS.

a) Budget proposal. The budget proposal originates from the budget committee of its essentials for. At this stage, detailed activities and their costs are worked out with assistance of technical departments. Targets to be achieved for each activity are also set.
b) Budget conference. The councils hold budget conferences aimed at reviewing the performance and agreeing on the priorities. The budget conference should be attended by all stakeholders.
c) Identification and costing of priority programmes and activities. This is done by the budget desk.
d) Review of the costed sectorial priorities. The executive committees, the chief of executive, the C.F.O (chief finance officer) or accountants and Heads of department review the costed sectorial priorities for consistency with the national priority programmes, development objectives etc.

Note

The executive committee then authorizes the preparation of the draft budget after incorporating the adjustments and after which the draft is circulated to councilors and civil servants.

e) Presentation of the budget to the council. It is the responsibility of the chair-person or his designated representative to present the budget to the council.
f) Scrutiny of the budget proposal by the standing committees of the council. The various standing committees of the council scrutinize the budget proposals and make recommendations to the council.
g) Budget approval. A council receives debates with recommendations made by the various standing committees for consolidation and adoption. Finally the council approves the budget with or without recommendations.
h) Signing of the budget. The chair person of the council signs the approved budget estimates on behalf of the council. After signing, the budget becomes a legal public document that provides the chief executive of the local government that authority to collect revenue and incur expenditure.
i) Budget implementation and monitoring.

j) Budget evaluation.

Approaches to budgeting.

Budgeting can be more difficult, since the objectives of a public sector organization may not be quantifiable. For example, a private organization may want to increase profit this may be reflected by increasing selling price or units.
Objectives are not quantifiable so the output.
The approaches used in public sector budgeting are zero based and incremental budgeting.

1. Incremental budgeting approach

The current year's budget is prepared by taking the previous year's budget as the base.
The previous year's budget will then be adjusted for inflation and planned increases to get the current year's budget.

Merits of incremental budgeting

- Budget preparation is easy
- Less preparation time is required
- Doesn't require experts to formulate
- It reduces the level of conflict and the question of what should be included and why.

Demerits of incremental budgeting

- Assumes that previous years' activities and costs are still needed.
- No justification of current costs
- No incentive to reduce costs
- Performance targets may not be challenging since they are based on past performance.
- Discourages innovation and creativity ie it creates inertia and stagnation of managers. They become complacent.

2. Zero based budgeting (ZBB).

After World war two when money was tighter than ever, problems of incremental budgeting began to give rise to a feeling that change was needed. Zero based budgeting emerged first in the public sector in the 1960's in the US.
Budgeting starts from zero, with no reference being made to prior budgets or perfomance. (Scratch) Every expense in a department is reviewed comprehensively and justified compared to incremental where they are just approved.

Questions such as these are asked:

- Is the activity really necessary?
- What happens if it ceases?
- What are other ways of carrying out the activity?
- How much should the activity cost?
- Do the benefits match the cost?

Stages in zero based budgeting.

- Analyze the cost of the activity
- State its purpose

- Identify alternative ways of achieving the purpose
- Assess consequences of not performing the activity

ADVANATGES

- Efficient allocation of resources
- Responds to changes in environment
- challenges the status quo and encourages the change
- Inefficient and obsolete activities are removed and wasteful spending is curbed.
- Is not biased as it doesn't assume the previous year's allocation.
- Motivates staff for all-inclusive management.
- It focuses more on value for money (inputs Vs outputs).

DIS ADVANTAGES

- Process of identifying and costing alternatives massively wastes time.
- Ranking alternatives may be difficult since quantitative measures may not be considered only.
- Institutional managers may not have the skills to construct decision packages.

3. PPBS (PLANNING PROGRAMMING BUDGETING SYSTEM)

Under this system, resources are allocated according to available program. This is very common in NGOs. The overall objectives are first established, after which CBA is made such that allocation is made basing on the value of different programs. It involves placing the programs and attaching the costs that would be incurred and benefits to be derived from the programs.

ADVANTAGES

- Provide information on the objectives of the orgn
- Concentrates on the long term benefit.
- Provides information on the impact of the existing and alternative programs and the associated costs.
- Enables resource allocation.
- It enables the authorities to evaluate programs in order to determine their efficiency and effectiveness.
- The overlapping programs are prevented.

DIS ADV.

- Information needed is not always available
- It is difficult to define objectives and to measure output of a service eg social service.
- It is difficult to determine costs.
- It requires a lot of time and technical personnel
- Public sector activities are not easily quantifiable and hence difficult to measure performance.

Challenges of budgeting in the public sector.

- Increasing challenge to adhere to budget calendar

- Fragmentation of policies and plans such as National Planning Authority, Manifesto – Prosperity for all and unrealistic targets
- Funds do not reach the intended parties eg Karamoja iron sheets, PDM cash
- Failure to adhere to Commitment Control Process leading to accumulation of arrears (budget indiscipline).
- Budget slack (supplementaries/ miscellaneous)
- Demotivating if not achieved
- Inflexibility. The budget is used as a whipping stick in a sick organization.
- Spend or lose attitude in order to exhaust the vote.

PUBLIC EXPENDITURE

These are expenditures made by entities of the public sector. According to Adam Smith , they are;-

- Defense expenditure
- Commercial expenditure
- Development expenditure

The aim is to achieve economic goals like growth, stability, equity and efficiency by influencing income distribution, resource allocation and national product composition. They include:-

a) **RECURRENT EXPENDITURE**. These are day-today expenditures of government eg salaries, medical etc. They are of a recurring nature.
b) **CAPITAL/DEVELOPMENT EXPENDITURES**. These are heavily capitalized and on long term project eg Dam construction, bridges, universities, etc
c) **CLASSIFIED EXPENDITURES**. the expenses and commitments incurred by an authorized agency for the collection and dissemination of information related to national security interests and includes the cost of procurement and maintenance of the related assets;
d) **STATUTORY EXPENDITURE**. means expenditure charged on the Consolidated Fund by the Constitution or by an Act of Parliament, but does not include the expenditure of money appropriated or granted by an Appropriation Act or a Supplementary Appropriation Act;

PURPOSE OF PUBLIC EXPENDITURE.

- PRINCIPLE of maximum social benefit
- Canon of economy- money should be spent economically.
- Canon of elasticity
- No adverse effect on production and distribution
- Principle of surplus- expenditure should be less than income
- Canon of productivity
- Canon of equitable distribution
- Canon of sanction- public spending should not be made without sanction
- Neutrality
- Certainty

Qn. What is the role of parliament in budgeting?