Annual budget legislation and any associated legislation concerned with government revenue raising and expenditure are among the most important pieces of legislation considered by the legislature. It is a central theme in democratic systems of government for control over the raising and spending of public funds to be overseen and approved by the legislature on behalf of the citizens. Whereas the raising of revenue is usually seen as part of the normal legislative process, the spending of funds constitutes a special function. A number of parliaments therefore have separate finance (raising) and budget (spending) committees.

This indicator concerns the role of the legislature in its engagement with the budget process at all stages of the budget cycle before, during and after the passage of the annual budget through the legislature. It is recognized that there are two broad phases to parliamentary consideration of the budget: consideration and approval of the government’s budget (ex-ante review) and monitoring of expenditure (ex-post).

This indicator therefore includes the full parliamentary process for consideration of the budget – its receipt, examination and scrutiny, possible amendment and final approval. The involvement of the legislature does not end once the budget has been approved. The legislature remains informed about, and plays a role in the scrutiny of and control over the budget after it has been passed. The bodies that assist the parliament in this role are the public accounts committee and the supreme audit institution (or however these are referred to in different jurisdictions). These bodies have very detailed roles with regard to budget scrutiny, which are covered in this indicator.

It is also recognized that budgetary knowledge and scrutiny are specialized areas. Parliament needs support in the form of expert assistance to undertake budget scrutiny. This indicator refers to how such expert support can be available to the legislature, and recognizes that this role can also assist civil society with understanding budgetary issues and the impact of such issues on them.

The assessment of the budget indicator comprises the following dimensions:

- 1.8.1 Formulation, examination, amendment and approval
- 1.8.2 Ex-post control
- 1.8.3 Public accounts committee
- 1.8.4 Expert support
- 1.8.5 Supreme audit institution

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1 See also Dimension 1.1.3 Budgetary autonomy, which refers to the role of the legislature in approving its own budget, which may or may not be part of the national budget process.
### Dimension 1.8.1 Formulation, examination and approval

Indicator: 1.8 Budget  
Sub-target: 1 Effective parliament  
Target: 16.6 Effective, accountable and transparent parliament

#### About the dimension

This dimension concerns all aspects of the process for legislative consideration and approval of budgetary legislation, and particularly of the annual budget. It reflects the principle that one of the most important oversight functions of parliament is to exercise control over the expenditure of the executive. The draft budget represents the executive’s statement of priorities and commitments, and can include both revenue and expenditure proposals (although this is not the case in all parliaments). However, only parliament can authorize its approval.

The process of legislative consideration of the budget commences with the formulation of the budget and its presentation to parliament. The budget is then examined and deliberated by the legislature, may be amended as a result of the examination, and is finally approved by the legislature. It should be noted that the parliamentary budget, subject to approval by the legislature, may or may not be part of the national budget process.

In some jurisdictions, the formulation of a budget is largely the responsibility of the executive, and the parliament is, in general, not extensively involved in this part of the process. However, in other jurisdictions, the parliament, as well as civil society actors, have a more substantial role in the process of formulating the budget. This is more desirable, as it enables parliament to influence the shape of the budget, including its impact on different social groups. It also can assist with the ultimate passage of the budget through the legislature. Sufficient time must be allocated for such consultations in the rules and respected in practice.

The primary responsibility for parliament in many jurisdictions commences when the budget is presented to the parliament by the executive. To assist parliament with its consideration of the budget, the budget should be accompanied by detailed information about its measures and its effect on the community (particularly disadvantaged and minority groups), and any long-term trends in the budgetary position of the country. The provision of such information is the responsibility of the executive and its agencies. Parliament is often assisted in its consideration of the budget through the work of its public accounts committee or another specialist committee (see dimension 1.8.3), expert support (dimension 1.8.4) and its supreme audit institution (dimension 1.8.5). The roles of these bodies are described in the aforementioned dimensions and they often constitute an important resource in the consideration of a budget.

A number of approaches are adopted by legislatures in the examination of the budget. These approaches include:

- Debates in the legislature on the budget proposals, both about the general principles and proposals and on the detail of the budget, including expenditure by individual ministries. This can include MPs expressing views about the budget in general, as well as detailed questioning about specific proposals for expenditure.

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2 For more details see Dimension 5.1.4 Gender-responsive budgeting.

3 See also Dimension 3.1.3 Budgetary transparency.
- Consideration of the budget proposals by committees (or a specialist committee). In some jurisdictions, this is referred to as the ‘estimates process’ where the estimated expenditure for each ministry or portfolio is subject to detailed scrutiny and the questioning of ministers and officials by parliamentary committees.

In many legislatures, elements of both approaches are adopted.

These approaches provide MPs with the opportunity to contribute and to be fully engaged in the process of budget examination. They are able to question the details of expenditure, and to ask ministries and officials about budgetary measures. These processes ensure that MPs are able to scrutinize and are fully informed about the budget before considering amendments or voting to approve it (it should be noted that in parliaments that operate in political or caucus groups, consideration and approval take place within and among the groups).

At the stage where detailed consideration is given to the budget, MPs should have the opportunity to propose, debate and vote on amendments. Within constraints that may exist in the laws or rules of procedure of the legislature to limit the rights of individual MPs to propose changes to expenditure (for example, in some jurisdictions, MPs other than those representing the executive cannot propose amendments that would increase taxation or expenditure), any MP should be able to propose amendments to be debated and voted on (it is important to note the different practices in parliaments that operate in political or caucus groups where amendments are proposed and considered at the group level).

Finally, parliament must approve the budget legislation. In bicameral systems, budget legislation is approved by both chambers. It is recognized that there may be constitutional or legislative limits on the role that an upper house may play in the amendment and approval of a budget.

On the basis of a global comparative analysis of parliamentary practices and models in parliamentary development, an aspiring goal for parliaments in the domain of formulation, examination, amendment and approval of the budget would encompass the following:

There is a clearly defined legal framework (constitution, legislation, rules of procedure) for all aspects of the legislature’s consideration and approval of budgetary legislation including the annual budget. The legal framework should provide sufficient time and opportunity for scrutiny, particularly by the opposition, minority parties and independent MPs.

Parliaments and MPs, as well as community and civil society actors are substantively involved in the process of formulating the budget. Thus, parliament is able to influence the budget, including its effect on different social groups. When finalized, the executive presents the draft budget to the parliament along with detailed supporting information from the executive and its agencies to assist MPs with understanding the proposals of the budget.

Constitutional and legislative provisions or rules of procedure of the legislature provide MPs, whether as individuals or as part of a political group, with the opportunity to be engaged in and be informed about the budget, so that they can make decisions and scrutinize and debate the budget.

Constitutional and legislative provisions or rules of procedure of the legislature provide that an MP, whether individually or as part of a political group, can propose amendments to the budget to be debated and voted on. There may be reasonable limits in the rules on the form of the amendments that may be proposed by MPs.
Constitutional and legislative provisions establish that only the legislature can give final approval to budgetary legislation. In the case of bicameral systems, both chambers must approve it, although there may be constitutional or legislative limits on the role of an upper house in such approval. Communication about final budget outcomes should be clear and accessible.

**Assessment**

The dimension is evaluated on the basis of several criteria that should be assessed separately. For each criterion, select one of the six descriptive grades (Non-existent, Poor, Basic, Good, Very good and Excellent) that corresponds best to your parliament, and provide details of the evidence on which the assessment is based.

The evidence for assessment of this dimension might include:
- Specific articles of the constitution, legislation and rules of procedures of the parliament relating to the legislature’s consideration and approval of budgetary legislation
- Information about the involvement of civil society actors, MPs and others in budget formulation
- Statistics on the time spent on budgetary consideration, and the involvement of different groups of MPs, such as opposition, minority-party and independent MPs
- Proposed amendments to budgetary legislation
- Approval of the budget

If relevant, additional comments or examples that support the assessment (such as references to external national, regional or international surveys and reports) can be provided.

**Assessment criterion No. 1: Legal framework for budget consideration by the legislature**

There is evidence of the existence of a legal framework (constitution, legislation, rules of procedure) for all aspects of the legislature’s consideration and approval of the annual budget and other budgetary legislation.

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Evidence for this assessment criterion:

**Assessment criterion No. 2: Formulation and presentation of budget**

There are processes in place that enable the involvement of parliament in the process of budget formulation, regardless of the legally established roles and practices concerning budget formulation (which may vary in different jurisdictions), even if the executive is primarily responsible for the formulation of the budget. When finalized, the budget is presented to the parliament along with detailed supporting information from the executive and its agencies to assist MPs with understanding the budget proposals.

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Indicator 1.8 – Budget

Evidence for this assessment criterion:

Assessment criterion No. 3: Examination of the budget

Constitutional and legislative provisions or rules of procedure of the legislature provide MPs, whether as individuals or as part of a political group, with the opportunity to scrutinize and debate the budget. While approaches to such scrutiny may vary, the rules ensure that all MPs are engaged with and informed about the budget so that they can make a decision about its approval.

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Evidence for this assessment criterion:

Assessment criterion No. 4: Amendments to the budget

Constitutional and legislative provisions or the rules of procedure of the legislature provide that MPs, whether as individuals or as part of a political group, can propose budget amendments to be debated and voted on. The rules may reasonably provide limits on the scope of amendments by MPs. Amendments should be expressed clearly and it should be explicit as to who has proposed them.

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Evidence for this assessment criterion:

Assessment criterion No. 5: Approval of the budget

In line with constitutional and legislative provisions, only the legislature can give final approval to budgetary legislation. In the case of bicameral systems, both chambers must approve the budget, although there may be constitutional or legislative limits on the role of an upper house in its approval.

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Evidence for this assessment criterion:
Assessment criterion No. 6: Budget consideration practices

The practice of the legislature is to allow sufficient time for the proper development of, consultation with experts and civil society actors on, and the consideration, debate, amendment and approval of the budget, taking into account the volume of material and complexity of issues to consider. A deadline for the government to submit the draft budget to parliament is defined by the law, or other legal provisions.

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Evidence for this assessment criterion:

Recommendations for change

Sources and further reading

**Dimension 1.8.2 Ex-post control**

Indicator: 1.8 Budget  
Sub-target: 1 Effective parliament  
Target: 16.6 Effective, accountable and transparent parliament

**About the dimension**

The legislature’s role does not end once the budget has been considered and approved by parliament. After the approval of the budget, it is important for parliament to monitor the efficiency and effectiveness with which the expenditure approved in the budget is implemented, including whether the funds have been spent on the purposes for which they were approved, and whether expenditure has been in line with the allocation of funds. This process of ex-post control is covered in this dimension. The process is important in itself for parliament to be able to monitor and assess budgetary outcomes, and also feeds into parliament’s consideration of the next budget. Dimensions 1.8.3 to 1.8.5 fully cover several important parts of the ex-post control framework exercised by parliament.

This dimension outlines the provisions and processes by which parliament can undertake its role of ex-post control over the budget. The ways in parliament can exercise ex-post control (other than by the means referred to in dimensions 1.8.3 – 1.8.5) include:

- Ensuring transparency from the agencies funded by the budget, by requiring them to report to parliament on the details and outcomes of their budget expenditure in a way that is accessible to the legislature. This reporting closes the loop on parliament’s scrutiny of the budget by ensuring that parliament is fully informed about the outcomes of the expenditure that it has approved. This reporting supports the other forms of scrutiny by parliament referred to below, and supplements the other resources available to parliament through its public accounts committee, expert advice and its supreme audit institution.

- Using the parliament’s committee system to examine the spending of the agencies that fall within each committee’s ambit. One of the specific tasks of committees (or a specialized committee) should be the ex-post scrutiny of agencies within their area of responsibilities. The general scrutiny and review work of committees also may include scrutiny of budgetary outcomes.

- Ensuring that there are rules of procedure provisions that allow for budgetary outcomes to be subject to discussion and debate in the legislature. Particular recognition is given to opportunities for opposition, minority-party and independent MPs.

Ex-post scrutiny becomes a mechanism for parliamentary control of the budget through the legislature’s scrutiny of the outcomes from the previous budget and the use of this information by the legislature in its consideration of the current budget.

On the basis of a global comparative analysis of parliamentary practices and models in parliamentary development, an aspiring goal in the domain of ex-post control would encompass the following:

There are legislative provisions (supported by the rules of procedure of the legislature) requiring transparency of budget-funded agencies to account fully to parliament for their budgetary expenditure and outcomes. This is achieved by regular and comprehensive reporting to parliament.

There are provisions in the rules of procedure of the legislature for committees (or a specialized committee) to inquire systematically into the budgetary expenditure and outcomes of executive agencies for which they have responsibility. Such committees are provided with adequate and expert resources to undertake their work.
There are provisions in the rules of procedure of the legislature to enable discussion and debate of budgetary expenditure and outcomes. These provisions give particular recognition to the role of the opposition, minority parties and independent MPs in this process of ex-post review. Civil society is involved, which ensures that information about the budget is readily accessible to the public.

Assessment

The dimension is evaluated on the basis of several criteria that should be assessed separately. For each criterion, select one of the six descriptive grades (Non-existent, Poor, Basic, Good, Very good and Excellent) that corresponds best to your parliament, and provide details of the evidence on which the assessment is based.

The evidence for assessment of this dimension might include:

- Provisions of legislation or rules of procedure of the parliament requiring transparency and disclosure by publicly-funded agencies about budgetary outcomes through regular reporting to parliament
- Provisions of rules of procedure of the parliament relating to committee scrutiny of the budgetary outcomes of executive agencies
- Reports of committees on budgetary scrutiny of agencies
- Provisions of rules of procedure of the parliament providing for opportunities to debate budgetary outcomes
- Statistics on legislature debates on budgetary outcomes

If relevant, additional comments or examples that support the assessment (such as references to external national, regional or international surveys and reports) can be provided.

Assessment criterion No. 1: Transparency of budget outcomes

There is evidence of legislative provisions (supported by the rules of procedure of the legislature) requiring transparency of budget-funded agencies to account to parliament for their budgetary expenditure and outcomes by reporting fully on both the details of funds expended and the outcomes of the expenditure. This is achieved by regular, comprehensive and accessible reporting to parliament.

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Evidence for this assessment criterion:

Assessment criterion No. 2: Scrutiny by parliamentary committees

There are provisions in the rules of procedure of the legislature for committees (or a specialized committee) to inquire systematically into the budgetary expenditure and outcomes of executive agencies for which they have responsibility. Any committee, parliamentary group or individual MP has a right to receive information that is needed for effective ex-post scrutiny if it is not publicly available. Such committees are provided with adequate and skilled human resources to carry out their scrutiny work.
Indicators for democratic parliaments, based on SDG targets 16.6 and 16.7

Indicator 1.8 – Budget

Assessment criterion No. 3: Debate of budget outcomes

There are provisions in the rules of procedure of the legislature to enable discussion and debate of budgetary expenditure and outcomes. These provisions give particular recognition to the role of the opposition, minority parties and independent MPs, as well as the views of civil society.

Assessment criterion No. 4: Ex-post scrutiny in practice

The practices of the legislature reflect the involvement of committees in budget scrutiny and the debate of budgetary outcomes by the legislature, with wide participation by MPs.

Recommendations for change

Sources and further reading

**Dimension 1.8.3 Public accounts committee**

Indicator: 1.8 Budget  
Sub-target: 1 Effective parliament  
Target: 16.6 Effective, accountable and transparent parliament

**About the dimension**

Although other committees of the parliament may have roles in oversight and scrutiny of the budget (both before and after the passage of the budget through the legislature), there should be a specialized parliamentary committee with responsibility for budgetary oversight in the legislature. Thus, in a legislature’s oversight of budgetary matters, there is a particular role to be played by a public accounts committee (PAC) or, in some jurisdictions, a committee with an equivalent or similar role. A well-functioning PAC can act as an important check on the possibility of fraud and corruption in government. Every legislature is expected to have a PAC or a similar specialized committee. This can be a committee made up of MPs from one chamber or, in some jurisdictions with bicameral legislatures, can be a committee made up of MPs from both chambers. The role of such a committee is even more important in times of emergency (such as the COVID-19 pandemic), as expenditure can be fast-tracked without the full scrutiny of the legislature.

The roles of a PAC include:

- Providing information to assist with formulating and debating the budget
- Post-hoc monitoring of government expenditure
- Examining the financial affairs or performance of any government entity
- Receipt of reports from the supreme audit institution for examination (see dimension 1.8.5)
- Promoting the efficient, effective and corruption-free expenditure of public funds

In undertaking its role, the PAC needs to have authority and powers derived from the constitution, specific legislation and/or the rules of procedure of the legislature, in order to perform its role in the scrutiny of the budget and public expenditure. Such authority and powers include the mandate of the PAC, its power to obtain records and information from government entities in relation to budgetary matters and its membership. The mandate of the PAC should be broad and enable it to fulfil its obligations for budgetary oversight. The PAC should have the authority to require publicly-funded entities to provide it with records and information, so that it can effectively examine their performance. The membership of the PAC should reflect the important role played by the opposition in budget scrutiny. In some jurisdictions, it is stipulated that the chair of the PAC should be a member of the opposition.

On the basis of a global comparative analysis of parliamentary practices and models in parliamentary development, an aspiring goal for parliaments in the domain of public accounts committees would encompass the following:

There is a legal framework (constitution, legislation or rules of procedure of parliament) to establish a PAC (or similar committee) as the primary oversight body of the legislature in relation to budgetary matters and the financial management of publicly-funded entities.

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4 Note that some parliaments may not have a public accounts committee (PAC), but may have a committee that plays an equivalent or similar role to a PAC. In these cases, the reference to a PAC may be interpreted as a committee performing similar roles to a PAC.

5 Note that the PAC may not perform all these roles in some jurisdictions.
By means of constitutional, legislative and/or rules of procedure provisions, a PAC has a broad mandate which enables it to fulfil its obligations for budgetary oversight and the assessment of the performance of budget-funded entities.

Rules of procedure or other provisions require proportional representation of opposition (or minority-party) membership in the PAC and preferably the PAC to be chaired by a member from the opposition or minority parties.

Constitutional, legislative or rules of procedure provisions empower the PAC to require publicly-funded entities to provide records and information about their budgets and performance. Such information should be readily accessible to the legislature.

The PAC is funded and resourced adequately for it to undertake its mandate on behalf of the parliament.

Assessment

The dimension is evaluated on the basis of several criteria that should be assessed separately. For each criterion, select one of the six descriptive grades (Non-existent, Poor, Basic, Good, Very good and Excellent) that corresponds best to your parliament, and provide details of the evidence on which the assessment is based.

The evidence for assessment of this dimension might include:

- Specific provisions of the constitution, legislation or rules of procedure of the parliament or laws that establish a PAC (or similar committee) and grant it authority and powers
- Provisions relating to the mandate and membership of the PAC
- Examples of PAC reports
- Availability of financial and human resources for the PAC to carry out its mandate

If relevant, additional comments or examples that support the assessment (such as references to external national, regional or international surveys and reports) can be provided.

Assessment criterion No. 1: Legal framework for the PAC

There is a legal framework (constitution, legislation or rules of procedure of parliament) to establish a PAC (or a similar committee) as the primary oversight body of the legislature in relation to budgetary matters and financial management oversight.

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Evidence for this assessment criterion:

Assessment criterion No. 2: Mandate of the PAC
By means of constitutional, legislative and/or rules of procedure provisions, the PAC has a broad mandate which enables it to fulfil its obligations for budgetary oversight and the assessment of the performance of budget-funded entities.

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Evidence for this assessment criterion:

**Assessment criterion No. 3: Membership of the PAC**

Rules of procedure or other provisions require proportional representation of opposition (or minority-party) membership in the PAC and preferably that the PAC is chaired by a member from the opposition or minority parties.

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Evidence for this assessment criterion:

**Assessment criterion No. 4: Powers of the PAC to obtain information**

Constitutional, legislative or rules of procedure provisions empower the PAC to require publicly-funded entities to provide records and information about their budgets and performance. Such information should be readily accessible to the legislature.

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**Assessment criterion No. 5: Resources of PAC**

The PAC has sufficient funds and resources to undertake its mandate on behalf of the parliament (for example, the necessary human resources and technical expertise).

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Evidence for this assessment criterion:

Assessment criterion No. 6: Practices of PAC

The practice of the PAC is to perform an active role in the legislature with regard to the scrutiny of the budget, and to support the scrutiny activities of the legislature.

Evidence for this assessment criterion:

Recommendations for change

Sources and further reading

**Dimension 1.8.4 Expert support**

Indicator: 1.8 Budget  
Sub-target: 1 Effective parliament  
Target: 16.6 Effective, accountable and transparent parliaments

**About the dimension**

The scrutiny of the budget and of the financial management and performance of the government is a specialist area in which MPs need expert assistance to enable them to perform their role of scrutiny effectively. If the parliament is to be able to hold the executive to account for the use of public resources, it will need information and expertise to enable it to do so.

There are a variety of ways in which such expert assistance can be provided to the parliament. Dimension 1.8.1 refers to the importance of detailed and transparent information provided by the executive to the parliament about the budget. However, parliament needs its own source of expertise, including for the evaluation of official information about the budget.

A number of parliaments have a well-resourced, independent parliamentary budget office with the expertise to provide parliament with independent commentary and information on the budget. This expertise should include the analysis of current budgets and long-term budgetary trends, and the evaluation of budgetary outcomes. An alternative to an independent budget office, is to have staff with expertise in budgetary analysis and scrutiny within the research support or research service available to the parliament, who will provide information about budgetary matters to MPs. Parliaments may have access to other sources of expertise. However, the important issue is that sufficient autonomous expertise is available to the parliament.

Parliament should also have access to expertise available in the community. Many individuals and community groups have significant expertise and interest in budgetary matters, including those impacted by budgetary decisions. Such expertise can include academics, civil society actors, think tanks and professional associations. Parliament should consider the ways in which it can engage with such individuals and organizations as part of its consideration of the budget. This engagement could be through the work of parliamentary committees, including the PAC, with the political parties or with individual MPs who wish to pursue particular areas of interest. It can provide perspectives on how the budget impacts groups such as women, youth, ethnic groups, people with disabilities, and disadvantaged and other marginalized groups.

On the basis of a global comparative analysis of parliamentary practices and models in parliamentary development, an aspiring goal for parliaments in the domain of expert support would encompass the following:

- There is a legal framework (constitution, legislation or rules of procedure) that establishes a parliamentary budget office or some other form of specialized expertise to provide expert support to the parliament in its role of scrutiny of the budget.
- The parliamentary budget office (or the equivalent form of expert support) has sufficient funding and expertise to advise the parliament on budgetary matters.
Parliament establishes avenues to access external sources of expertise on budgetary matters, such as academics, civil society actors, think tanks and professional associations, particularly in order to gain a perspective of the impact of the budget on marginalized groups.

**Assessment**

The dimension is evaluated on the basis of several criteria that should be assessed separately. For each criterion, select one of the six descriptive grades (Non-existent, Poor, Basic, Good, Very good and Excellent) that corresponds best to your parliament, and provide details of the evidence on which the assessment is based.

The evidence for assessment of this dimension might include:

- Specific provisions of the constitution, legislation or rules of procedure of the parliament establishing a parliamentary budget office or specialized support service
- Resources of a parliamentary budget office or the parliamentary research service in relation to research on budgetary matters
- Reports of the parliamentary budget office or specialized research service
- Contact with external individuals and organizations about budgetary matters

If relevant, additional comments or examples that support the assessment (such as references to external national, regional or international surveys and reports) can be provided.

**Assessment criterion No. 1: Independent parliamentary budget office or equivalent specialized expertise**

There is evidence of the existence of a legal framework (constitution, legislation or rules of procedure of parliament, laws) that establishes a parliamentary budget office or some other form of specialized expertise to provide expert support to the parliament for scrutiny of the budget.

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Evidence for this assessment criterion:

**Assessment criterion No. 2: Resources and expertise**

The parliamentary budget office (or its equivalent form of expert support) has sufficient funding and expertise to advise the parliament on budgetary matters.

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Evidence for this assessment criterion:
Assessment criterion No. 3: Access to external sources of expertise

Parliament establishes avenues to access external sources of expertise on budgetary matters, such as academics, civil society actors, think tanks and professional associations.

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Evidence for this assessment criterion:

Assessment criterion No. 4: Practice regarding expert support

In practice, the legislature demonstrates that expert assistance and advice is available to parliament to support its scrutiny of the budget.

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Evidence for this assessment criterion:

Recommendations for change

Sources and further reading
Dimension 1.8.5 Supreme audit institution

Indicator: 1.8 Budget
Sub-target: 1 Effective parliament
Target: 16.6 Effective, accountable and transparent parliament

About the dimension

A supreme audit institution (SAI)\(^6\) is the body responsible for the auditing of public financial administration and the management of public funds. Thus, the SAI plays a central role in the efficient, effective, transparent and accountable use of the public resources approved by parliament through the annual budget process. The SAI is an important independent source of information about budget outcomes and performance for parliament.

Through its reporting to parliament and the public, the SAI provides information to the community about the use of public funds (that they are being used and managed well) and, consequently, act as a significant check on possible misuse of or corruption in relation to public funds. The SAI has a sufficiently broad mandate, and conducts audits both of the legality and regularity of the accounts of the entities audited, as well as performance audits which examine the efficiency and effectiveness of public entities and programmes. The SAI is therefore an essential body in a democratic system which provides reassurance on accountability, integrity and transparency in the budgetary process.

There are a number of key principles\(^7\) that are central to the operations of an SAI, namely:

- The independence of an SAI. It should be independent of the executive and the entities that it audits, and should have an independent source of funding (budgetary autonomy) and staffing so that it can perform its functions. Its independence should be recognized in the constitution or legislation.
- The independence, integrity and qualifications of the members (and heads) of an SAI, which is linked to the overall independence of the SAI. It is necessary to establish provisions that address such matters with respect to the appointment of members (and heads) of an SAI, as well as restrictions on their removal from office. Such provisions should be laid down in the constitution or legislation.
- The relationship of an SAI to parliament. While the SAI is independent from parliament, it should have a close relationship with parliament, which includes reporting to parliament and working closely with the parliamentary public accounts committee (or a similar committee), and having responsibility for the auditing of the parliament’s expenditures. This relationship should be provided for in the constitution, legislation and/or the rules of procedure of the legislature.
- The powers of an SAI provides it with access to the entities that it audits, and to any records and documents, in an accessible format, to enable it to perform its audit function. It should also have the power to require a response to its findings.
- An SAI is required to report regularly and independently to parliament and the public. It is the public nature of the findings of an SAI that provides the basis for its effectiveness in accountability.

Constitutional or legislative provisions should provide the basis for the existence, functions and powers of an SAI, enabling it to adhere the key principles referred to above.

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\(^6\) Note that different terms are used for ‘SAI’ in other jurisdictions, for example, ‘national audit office’, ‘court of auditors’, ‘audit bureau’ and ‘auditor-general’.

\(^7\) These principles are drawn from International Organization of Supreme Audit Institutions (INTOSAI), ‘INTOSAI-P 10 Mexico Declaration on SAI Independence’ (Endorsed at the XIX INCOSAI in Mexico City, rev. ed. 2019).

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On the basis of a global comparative analysis of parliamentary practices and models in parliamentary development, an aspiring goal for parliaments in the domain of supreme audit institution would encompass the following:

The constitution or legislation provides the legal framework to establish, in the country, an SAI that is independent of the executive and the entities that it audits. Members of the SAI enjoy independence in terms of their appointment to and cessation of office, and are persons of integrity and competence.

There is a legal basis for the SAI to determine the scope of its mandate, and to have access to the funding and expert staff to perform its audit functions.

The SAI has a special relationship with the parliament and this is defined in law or the rules of procedure of the legislature. The SAI reports to the parliament and has a close relationship with the parliament and particularly the parliament’s public accounts committee (or a similar committee).

Legislation grants the SAI the authority to obtain access to the entities that it audits and their records and documents, available in an accessible format, to enable it to undertake its auditing responsibilities. The SAI also has the power to require a response to its findings.

There is a legal requirement for the SAI to report regularly and independently to the parliament and the public.

Assessment

The dimension is evaluated on the basis of several criteria that should be assessed separately. For each criterion, select one of the six descriptive grades (Non-existent, Poor, Basic, Good, Very good and Excellent) that corresponds best to your parliament, and provide details of the evidence on which the assessment is based.

The evidence for assessment of this dimension might include:

- Specific articles of the constitution or legislation which establish an independent SAI, its membership, powers, mandate, resources and reporting requirements
- Information relating to the mandate, resources and powers of the SAI
- Examples of reports of the SAI and its findings

If relevant, additional comments or examples that support the assessment (such as references to external national, regional or international surveys and reports) can be provided.

Assessment criterion No. 1: Constitutional and legal framework for the independence of the SAI

There is evidence of the existence of a legal framework (constitution and legislation) which establishes, in the country, an SAI that is independent of the executive, and which also defines the entities that it audits.

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Evidence for this assessment criterion:
Assessment criterion No. 2: Independence of the members of the SAI

There is evidence of the existence of a legal framework (legislation or rules of procedure) which establishes that SAI members are independent from the executive, including with regard to removal from office, and that they are persons of integrity and competence.

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Evidence for this assessment criterion:

Assessment criterion No. 3: Independence of the resources and mandate of the SAI

There is a legal basis for the SAI to determine the scope of its mandate, and to have access to the funding and expert staff to perform its audit functions.

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Evidence for this assessment criterion:

Assessment criterion No. 4: Relationship to parliament

Law and the rules of procedure of the legislature define the relationship of the SAI to parliament. They establish that the SAI reports to the parliament and has a close relationship with the parliament and particularly the parliament’s public accounts committee (or a similar committee).

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Evidence for this assessment criterion:

Assessment criterion No. 5: Powers of the SAI

Legislation grants the SAI the authority to obtain access to the entities that it audits and their records and documents, in an accessible format, to enable it to undertake its auditing responsibilities. It also grants the SAI the power to require responses to its findings.
Indicator 1.8 – Budget

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Evidence for this assessment criterion:

**Assessment criterion No. 6: Reporting of the SAI**

There is a legal requirement for the SAI to report regularly and independently to parliament and the public.

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Evidence for this assessment criterion:

**Assessment criterion No. 7: Practices of the SAI**

The practices of the SAI demonstrate its independence and that of its members, and the thoroughness of its auditing work and reporting to parliament and the public.

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Evidence for this assessment criterion:

**Recommendations for change**

**Sources and further reading**

- International Organization of Supreme Audit Institutions (INTOSAI), *INTOSAI-P 10 Mexico Declaration on SAI Independence* (Endorsed in 2007 at the XIX INCOSAI in Mexico City, rev. ed. 2019).
• International Organization of Supreme Audit Institutions (INTOSAI), *INTOSAI-P 12 The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens* (Endorsed in 2013, rev. ed. 2019).