

Government budgeting assignment



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GOVERNMENT BUDGETING IN THE PHILIPPINES * BUDGET PRINCIPLES The term “ budget” may be traced back to the Latin word “ bulga”, which literally means bag or purse. Some scholars however seem to favor its deviations from the middle English “ bouget”, meaning bag or wallet. It applied to the leather bag carried by the Chancellor of the Exchequer to parliament and contained the documents explaining the needs and resources of the country. As government changed and developed, the “ budget” took on a much broader meaning. * **GOVERNMENT BUDGETING**

Government budgeting is the critical exercise of allocating revenues and borrowed funds to attain the economic and social goals of the country. It also entails the management of government expenditures in such a way that will create the most economic impact from the production and delivery of goods and services while supporting a healthy fiscal position. * **IMPORTANT**

FEATURES OF GOV'T BUDGET As authorized by prominent authors of public finance, especially professor Buck, the budget, as a financial and work plan, has three features namely: 1. Equilibrium 2. Comprehensiveness 3. Annuality

* **KINDS OF BUDGET**

Administrative budget * It includes the collection and disposition of all funds which belong exclusively to the government. It omits the income and outgo of the so called trust and similar funds administered by the government.

Consolidated Cash Budget * It includes everything shown in the administrative budget. All cash transactions between the government and the public are shown. **National Economic Budget** * It is the type of budget which reflects the impact of the government's taxing and spending activities on the economy. It tabulates the main economic transaction in the following

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major sectors of the economy: consumers, business, international and governmental. Capital Budget- * It provides a vehicle for financial planning over a period of years. It separates financing for capital outlays from current operating expenses. It contributes to financial soundness since there is assurance that funds for needed improvement will be available. Program Budget * It is a means by which a program officials are constantly reminded of the objectives for which they are responsible and by which they can determine progress in terms of money, time, man hours and materials towards these objectives.

This budget provides data not found in traditional budgets. * MAJOR UNITS OF DBM A.) Budget operations service IT COMPRISES SIX OPERATIONAL DIVISIONS AND THREE STAFF UNITS. * The six budget operation divisions instruct advice and assist bureaus and offices in budget preparation and expenditure control. * The budget planning staff studies improvements in The Basic budget System; develop[methods and techniques for adequate budget review; prepares instructions on the submission of agency budget estimates; designs the budget document; and assists in the training of budget examiners. The Legislative service reviews the economic trends and relationships affecting and effected by government income and expenditures; the impact of government fiscal policies on the economic growth of the country and the achievement of a judicial balance between taxation and borrowings. B.) Management service * Conducts continuing studies on effective organization and administration; recommends standards and procedures for adoption by agencies in their management practices for use in training programs and provides technical advice and assistance in the

conduct of training programs. C.) Wage and position classification office Puts into effect the position classification and pay plans provided by Reorganization Plan and modifies and revises these plans as it may deem necessary. D.) National accounting service * Keeps the control books of accounts of the National Government. * CONTENTS OF THE BUDGET The statement of appropriation authorizations shows: 1) total appropriation authorizations available in the past, current, and budget years including the new appropriations, fixed expenditures automatically appropriated, and continuing appropriations of prior years and 2) summary of new appropriations for each year by department and agency.

The total authorizations available * Shows the potential commitment of the government already authorized or estimated for the budget year and the significant when compared with receipts and obligation. New appropriation indicates the total appropriation authorizations enacted or expected to be enacted by the congress during the year. The total new appropriations or estimates * The sum of all amounts appropriated (or estimated to be appropriated for the budget year) from all fund sources.

Where public works appropriations are included, they are listed separately from amounts pertaining to the general appropriation and each group is summarized as Total New Appropriation or Estimates (General-Appropriation) and Total New Appropriation or Estimates (Public Works). Fixed Expenditure Appropriation??? * Are listed any amounts relating to the program which are fixed expenditures chargeable against the general fund from standing annual appropriations. Supplemental Appropriations (Automatically Appropriated) Refers to automatic appropriations authorized by congress

covering periods in excess of one fiscal year and which do not require periodic action by congress. Continuing Appropriations of Prior Years * Shows all available unexpended balances of such appropriations which remain legally available for obligation or unexpended balances of appropriations, the purpose for which has already been completed or accomplished by not as yet reverted to Unappropriated Surplus of the General Fund. CLASSES OF FUNDS FOR BUDGETING PURPOSES General Fund * This fund includes the moneys available for any purpose the legislative body may choose and is composed of all receipts or revenues which are not by law or by contractual agreement applicable to a specific purpose. Special Funds * These are funds created for special purposes or objects and used to defray specific expenditures or classes of expenditures. Fiduciary or Trust Funds These are the government funds which have officially come into the possession of the government or of the government officer as a trustee, agent, or administrator or which have been received as a guarantee for the fulfillment of some obligations. Bond Funds * These are funds the receipts of which come from the proceeds of bonds sold by the government and used for specific purposes such as permanent public improvements. * FISCAL YEARS OF BUDGETARY DATA 1. Past Year (Ex. 2011) 2. Current Year (Ex. 2012) 3. Budget Year (Ex. 2013) * BUDGETARY PROCEDURES

Budgetary Procedures involves the bringing together of estimates covering the multifarious needs of a government, the checking of these estimates against recorded expenditure data, the calculation of the government's income in the light of past experience, the preparation of the budget and supporting measures by the responsible executive or other agency of the

government, the adoption of the budget and the enactment of the bills designed to carry it into operation by the legislative body, and, administrative officers in accordance with the authorizations of the legislative body.

THERE ARE THREE MAJOR PROCESSES OF SOUND BUDGETING 4. The formulation of a money and work plan or budget preparation. 5. The enactment of an appropriations bill to affect this plan, or budget authorization. 6. The execution of this financial plan by the executive and administrative officials, or budget execution. * HISTORICAL BUDGET PRINCIPLES * Publicity ??? The main stages of the budget process, which include executive recommendation, legislative considerations and action, and budget execution, should be made public. Clarity – The budget should be understandable to every citizen. * Comprehensiveness – The budget should contain expenditures and revenues on a gross basis reflecting all governmental activities without exception, and should show the surplus available for debt retirement on the deficit to be met by new revenue legislation borrowing. * Budget Annuity ??? All receipts should be recovered into one general fund for financing all expenditures. * Detailed Specifications – Receipts and appropriations should be express in detailed specification.

Transfer of items should be permitted only in exceptional basis. * Prior Authorization ??? The budget should be submitted, considered, and acted upon in advance of the period during which the expenditures are to be made. * Periodicity ??? Appropriations should be authorized for a definite period of time. * Accuracy ??? Budget estimates should be as accurate as

possible and there should be no "padding" of expenditures estimates or providing for hidden reserves by underestimate revenue.