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‘ Instructor’s Name’

- Describe the basic Public Budgeting System outlined by the instructor in class. Be sure your outline details how information, justification, and examination all play an important role in the development of a public budget.

Public Budgeting System involves, defining the goals that are aimed to be achieved through the process, and allocating the necessary resources to achieve those goals. It is an act of balancing the fund allocation among various public sector needs, and deciding how much to spend on each such programs.

The crucial first phase of the budgeting process is the gathering of information. The information might be both technical and political in nature. The collection of relevant data and assembling it, so that meaningful information might be derived from it to make decisions, is crucial in the Public Budgeting process.

The next step involves examining, how in the past the resources have been utilized, and what were the expenditures incurred in this process. Based on these data, a future course of action is charted out for the approaching budget cycle, and the budget is prepared. A budget is a document that explains the financial overview of the organization and its future proposals. It is a prospective document, which is based on forecasts and anticipates the future. It provides an explanation about the present condition of the organization, delineates the informal sequence that will lead to certain results, and divulges the preferences and priorities of the budget maker. Budgeting involves a lot of choice making and information processing, and it

is used to make the public administrators accountable to the general public. So the expenditures proposed in the budget should be properly justified. For the process of justification, the expenditures can be divided into base, discretionary and mandatory.

Mandatory expenditures are required by law and do not warrant any justification. Base expenditures are essential costs which cannot be avoided, and are easy to justify. Discretionary expenditures are those, which are not essential but will improve the efficiency of operations, and are the toughest to justify.

Justification is the key factor that determines the success of a department's budget, and it should be written down along with the budget proposal, which might improve the chances of the budget approval. Thus, budgeting systems involves organizing information, scrutinizing them, making decisions, creating a proposal and justify it.

- Outline the Budget System (Process), as detailed in this class. Describe the Four Budget Cycle Phases, as well as the players involved. Your answer should include discussion on the impacts (internal and external) on the process.

Budget preparation consists of three components - budget calendar, budget development manual and meetings. A budget calendar is a nine month timeframe during which the proposed budget will be implemented. The budget development manual is developed by the CEO or the City manager. Then intense meetings are conducted to discuss and fine-tune the proposed budget.

The budget cycle consists of four phases - preparation and submission,

approval, execution, and audit and evaluation. The preparation and submission of the budget, is usually done by the OMB (Office of Management and Budget) for federal budgets, and the city manager for the Municipal budgets. The past and future objectives are evaluated during this phase, and the desired results and the required resources for it are determined.

The approval of this budget is done by the legislative bodies such as the Congress and State Legislators, city/school councils, and other governing bodies. Once the budget is approved it becomes a legally binding document. The next phase is the implementation of the prepared budget. It involves adjusting the expenditure levels to the preplanned levels, and is reviewed through Financial Status reports.

The budget process ends with the auditing and evaluation stage. This is done through the General Accounting office or through preparing a Comprehensive Annual Financial Report. This process aims at ensuring that the budget was executed honestly, and through legally accepted measures. There are various factors that impact a Budgeting system. The external factors that might affect the budget include clients (their opinions and goals), the prevailing political climate, the availability and accuracy of information, and time and resources constraints. The internal factors include the end fighting, lack of adequate information and lack of focus.