

Are the government
officials good
stewards of public
funds? assignment



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BET is a fundamental precondition for accountability and public articulation in governance processes. Representatives of civil society and social organizations in our country have long been demanding of the government to initiate budget formulation from the district level to make the national budget a democratic and pro-poor one. The government has also promised to decentralized the authority to district level but has yet to initiate the process. The Washington-based Open Budget Initiative is a global watchdog of budgets of different countries of the world.

The Open Budget Index (OBI), prepared with the help of local partners, provides ratings of the openness of budget materials of different entries. The Department of Development Studies of the University of Dacha was the local partner for OBI for the Bangladesh budget for the fiscal year 2010-11. The Index assesses the availability of key budget documents, the quantity of information they provide, and the timeliness of their dissemination to citizens in order to provide reliable information on each country's commitment to budget transparency and accountability. Published reports, only 20 of the 94 countries included in the 2010 Open Budget Survey had OBI scores above 60 and can be characterized as providing their citizens Ninth enough budget data to enable them to develop a comprehensive analysis and understanding of their national budgets. About one-third of the countries (33) provide some information and scored between 41 and 60. In a plurality of countries (91), the amount of information provided was acutely inadequate. Of these, 19 countries provided minimal information and scored between 21 and 40), and 22 countries provided little to no budget information and scored 20 or less.

The 22 countries are: Algeria, Bolivia, Burbank Fast, Cambodia, Cameroon, Chad, China, Democratic Republic of Congo, Dominican Republic, Equatorial Guiana, Fiji, Honduras, Iraq, Gorky Republic, Niger, Nigeria, Rwanda, SAA Tome e Principle, Senegal, Saudi Arabia, Sudan, and Vietnam. Only 17 of the countries surveyed provided comprehensive budget information on policies intended to alleviate poverty. 41 countries provided no information on extra-budgetary funds in their budget proposals even though extra-budgetary funds account for nearly 40 per cent of central government's expenditures in transitional and developing countries.

In 52 countries, the legislature had no power to prevent the executive from moving funds between administrative units. Legislatures in only 26 countries provided the public with formal opportunities to provide testimony during budget discussions. In 35 countries, all discussions about the budget between the legislature and executive, including hearings, were entirely closed to the public, including the media, and no public record of such meetings was subsequently provided. Bangladesh scored 39, 42 and 48 in 2006, 2008 and 2009 respectively.

Bangladesh performance indicates that the government provided only some information to the public in its budget documents. Bangladesh would greatly strengthen public accountability by producing and publishing pre-budget statements, citizens' budgets, mid-year reviews and year-end reports, and empowering the audit institutions to publish summaries of audit reports. Ere government enacted a law titled ' Public Money and Budget Management Act 2009'. As per clause 15(4) of the law, the finance minister shall place a quarterly report before parliament explaining the budget status effective <https://assignbuster.com/are-the-government-officials-good-stewards-of-public-funds-assignment/>

from FYI 2009-2010. Woo quarterly reports have already been published. These reforms have apparently increased transparency of the budget and this will hopefully improve Bangladesh core in the next Open Budget Survey. In terms of adequacy and availability of eight key budget documents, Bangladesh now publishes only three documents -executive's budget proposal, enacted budget and in-year reports. A non-transparent budget can neither be properly analyzed nor can its Implementation be effectively monitored. Transparency allows citizens to provide development plans in accordance with budgetary allocations.

There is no practice of disclosure of information about implementation of the budget and the administration can transfer fund from one account to another account and equalize such actions through ' approval' of supplementary budget at the end of the Ere parliament and civil society must have the opportunity to influence the budget and assess whether the government executed what it planned. Ere control over government finances is complicated in part by the exclusion of the local governments from fiscal management system.

The central government has full control over the administration in all tiers causing weak administrative capacity at the local levels. Moreover, the structure of intergovernmental fiscal relations in Bangladesh has served to discourage local governments from raising their own venues. The situation has aggravated due to recent amendment of laws giving more authority to the law makers over supervision and policy matters of piazzas. Ere authority of local governments are shared by law makers, bureaucrats and local public representatives making the process almost ineffective.

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Under these circumstances, the opportunities for duplication of responsibilities and unclear assignment of authority and revenue income and expenditures make the development function difficult and complex.

Decentralization of government has become a popular strategy based on the premise that lower levels of government can better respond to local demands and needs at lower cost. A proper decentralization may introduce new legislation regarding tax sharing and intergovernmental transfers to address complex authorities and inequalities in development programmed.

The effectiveness of this strategy critically depends on the ability of citizens to hold local government officials accountable. The more decentralized the revenue and spending decisions, the more important it becomes to ensure that lower levels of government also follow good practices on fiscal transparency under direct supervision of local governments. The Constitution of Bangladesh defines the roles of the executive, legislative, and judicial branches of the government clearly.

Articles 81-92 of the Constitution lay down the basic principles of fiscal management and Articles 127-132 the role of the Comptroller and Auditor-General (C&AG). The Additional Functions Act of 1974 (as amended in 1975 and 1983) allocates the accounting function to the C&AG. The accounting function has now been transferred to the Finance Division of the Ministry of Finance. However, in practice, the relationship between the different branches of government, particularly between the executive and legislature, is widely seen as confrontational.

Non-financial public corporations provide non-commercial services, usually by being domestic consumers). These non-financial public corporations have also been required to provide social services. These non-commercial activities may be financed by cross-subordination between different groups of consumers and/or by incurring losses that are financed from the budget or by borrowing. There are three categories of the prices of electricity, gas and water based on domestic, commercial and industrial consumer segments.

In some instances, certain non-financial public corporations may charge excessive prices and transfer the supernormal profits to other corporations or to the budget. This practice confuses the fiscal responsibilities of government and the commercial role of non-financial public corporations, makes relationships between government and non-financial public corporations nontransparent, and creates difficulties in holding managers of non-financial public corporations accountable for their performance. The government remains heavily involved in commercial and financial sectors of the economy and provide support to the enterprise sector through a complex nexus of direct subsidies and quasi-fiscal activities of non-financial public enterprises and the nationalized commercial banks. Lack of clarity in reporting either direct or indirect support to enterprises makes it difficult to assess either the industry policy or the sustainability of fiscal policy.

In addition to lack of transparency in reporting, the lack of clarity of managerial roles between commercial activity and provision of subsidized services or goods to the public is a major factor contributing to widely acknowledged failures of management, corruption, and poor industrial relations in these sectors. The fiscal powers of the executive, legislative, and

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Judicial branches of the government should be well defined. The powers and limits of each branch with respect to changes in the budget during the fiscal year should be clearly specified in the legal framework.

The draft budget submitted by the executive to the legislature as well as the final budget approved by the legislature should be made public to enable the people to hold each branch accountable for its part in the budget process. The parliament should play an active role in ensuring the availability and credibility of fiscal information. This would include having an active committee of the legislature to oversee the conduct of fiscal policy and to facilitate civil society input into budget deliberations. The relationship between the government and public corporations should be based on clear arrangements. Fiscal transparency requires that the financial relationships between the government and public corporations be clearly stated. In particular, because public corporations are owned in whole or in part by the government, there would be clear expectations of how profit transfers or dividend payments to the government will be determined. The annual reports of the public corporations should provide details on total profit, retained earnings, any other uses of profit, and in the annual budget documentation.

For purposes of fiscal transparency, all payments by public corporations, including taxes, royalties, dividends, or profits, should be reported in the annual report of the corporations as well as in budget documentation. Any payments in kind should be valued at their market value in the budget.

Conversely, if the government makes transfers to the public corporation, they should be included in the annual budget. Again, both the budget and <https://assignbuster.com/are-the-government-officials-good-stewards-of-public-funds-assignment/>

the annual reports of the corporations should identify transfers from the government to the corporation.

For instance, financial or commercial institutions may be asked to undertake lending at subsidized rates, the subsidy component representing a loss to the institution. However, if the government directly subsidizes the activity, it should appear as subsidy in the government's budget and the policy cost should be transparent. Government should be well defined. The responsibilities of different levels of government and the relationship between them should be clearly specified. The relationship between the government and public corporations should be based on clear arrangements.

Government's relationship with the private sector should be conducted in an open manner, following clear rules and procedures. There should be clear and open legal, regulatory and administrative framework for fiscal management. The collection, commitment, and use of public funds should be governed by comprehensive budget, tax, and other public finance laws, regulations, ND administrative procedures. Laws and regulations related to the collection of tax and non-tax revenues, and the criteria guiding administrative discretion in their application, should be accessible, clear, and understandable.

There should be clear procedures for budget execution, monitoring, and reporting. Ere accounting system should provide a reliable basis for tracking revenues, commitments, payments, arrears, liabilities, and assets. A timely midyear report on budget developments should be presented to the legislature. More frequent updates, which should be at least quarterly,

should be published. Supplementary revenue and expenditure proposals during the fiscal year should be presented to the legislature in a manner consistent with the original budget presentation.

Audited final accounts and audit reports, including reconciliation with the approved budget, should be presented to the legislature and published within a year. The public should be provided with comprehensive information on past, current, and projected fiscal activities and on major fiscal risks. The government should publish a periodic report on long-term public finances. Fiscal information should be presented in a way that facilitates policy analysis and promotes accountability. A clear and simple summary guide to the budget should be widely distributed at the time of the annual budget. There is a month gap between them: the pre-budget statement, which presents the assumptions used in developing the budget, such as the expected revenue, expenditure, and debt levels, and the broad allocations among sectors; and the executive's budget proposal, which presents the government's detailed declaration of the policies and priorities it intends to pursue in the upcoming financial year, including the specific allocations to be made to each ministry and agency. All Ministries should hold pre-budget consultative meetings with their stakeholders.