



Phases of the Budgetary Process



What is a local budget?





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A local budget is the working plan of a local self-government denoted in numbers.

What does “budgetary process” mean?



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- **Budgetary process is the division of a local government's resources (money) in accordance with local needs and constraints.**



Function of a Local Budget

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- *Managing the local economy*
 - *Balancing different priorities*
 - *Choosing right combinations of resources*
 - *Controlling local executive government*
 - *Registering accounts*
 - *Encouraging political debates*

Phases of the Budgetary Process

- **Accounting and elaborating budget project (draft) by executive**
- **Discussion, revision, and approval by Sakrebulo**
- **On-going monitoring**
- **Implementation and evaluation**



Important Elements of the Budgetary Process

- *Process Participants (Internal and External)*
- *Strategic Planning*



“Internal” Participants of the Budgetary Process



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- **Government (“Gangeoba”)**
 - **Central government/Ministry of Finance**
 - **Government (“Gangeoba”) departments and municipal enterprises**
 - **Sakrebulo**

Role and Responsibility

- **Governor (Gangebeli): Generally monitors the process and pays attention to budget implementation.**
- **Ministry of Finance: Coordinates the budgetary process, checks budget projects (draft), helps Governor and Mayor in monitoring budget implementation.**

Executive Competences in the Budgetary Process

- **Budgetary process coordination**
- **Budgetary process management**
- **Budgetary process control**

Budgetary Process Coordination

- **To work out budgetary process calendar**
- **To create forms and charts connected with the budgetary process**
- **To support departments in defining their own business indicators**
- **To deliver instructions to department managers on how to fill out budgetary demand forms correctly**
- **To check the correctness of received data**
- **To prepare information for counting the income portion of the budget**
- **To coordinate the budgetary process, appoint meetings**

Budgetary Process Management

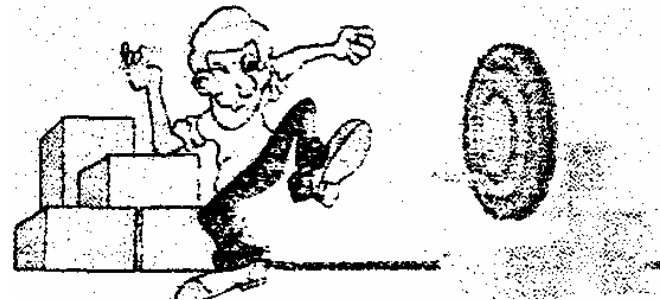
- **To develop recommendations for separate departments, showing if their budgetary demands increase or decrease.**
- **To discuss demand packages represented by departments and ensure that the recommended changes were implemented.**
- **To define budget priorities for the current fiscal year**
- **To balance the budget**
- **To prepare explanations and recommendations for Sakrebulo members.**

Budgetary Process Control

- **Ensures that local authorities do not exceed their power through dynamic analysis of income and expenditures**
- **Discusses budgetary cash flow demands among departments**
- **Updates information about budget implementation**
- **Accounts to higher authorities**
- **Monitors local service budgetary monitoring**

Service Managers

- **Prepare necessary expenditure accounts**
- **Define the kinds of major services**
- **Define clear budgetary demands**



Sakrebulo

- **Defines budget priorities**
- **Interacts with the population**
- **Facilitates information exchange**
- **Approves budget**
- **Implements programs that are defined with budget**
- **Ensures support to approved budget**

The Process of Budget Preparation

- **Budgetary demand presentation**
- **The stages of budget preparation**



Budget Format

- **Classified (Operational) Budget**
- **Program Budget**

Classified Budget: Sanitary Service, Trash Utilization Department

<i>Article</i>	<i>Amount</i>
● Salary	10,000
● Bonus and Preferences	38,400
● Daily Amount	2,250
● taxes	8,500
● Health Care Fund	6,000
● Office Expenses	5,500
● Fuel	3,500
● Car Repair	4,000
● Substitute Parts	6,000
● Wheels	3,000
● Means of Production	4,300
	Total 91,450

Program Budget: Sanitary Service

Trash Utilization Expenses

<i>Article</i>	<i>Amount</i>
● Staff Wages	61,150
● Contracts	4,000
● Materials and Inventory	16,800
● Operational Expenses	9,500
	Total 91,450
Business statistics	
● Gathering in Week	5,000
● Total Trash (tons)	9,375
● Cost of gathering a ton trash	9.75
● Cost of carrying out (per action)	35
● Per household	18.28%
● Average gathering	80%

Example of Budgetary Calendar (Fiscal Year starts January 1)

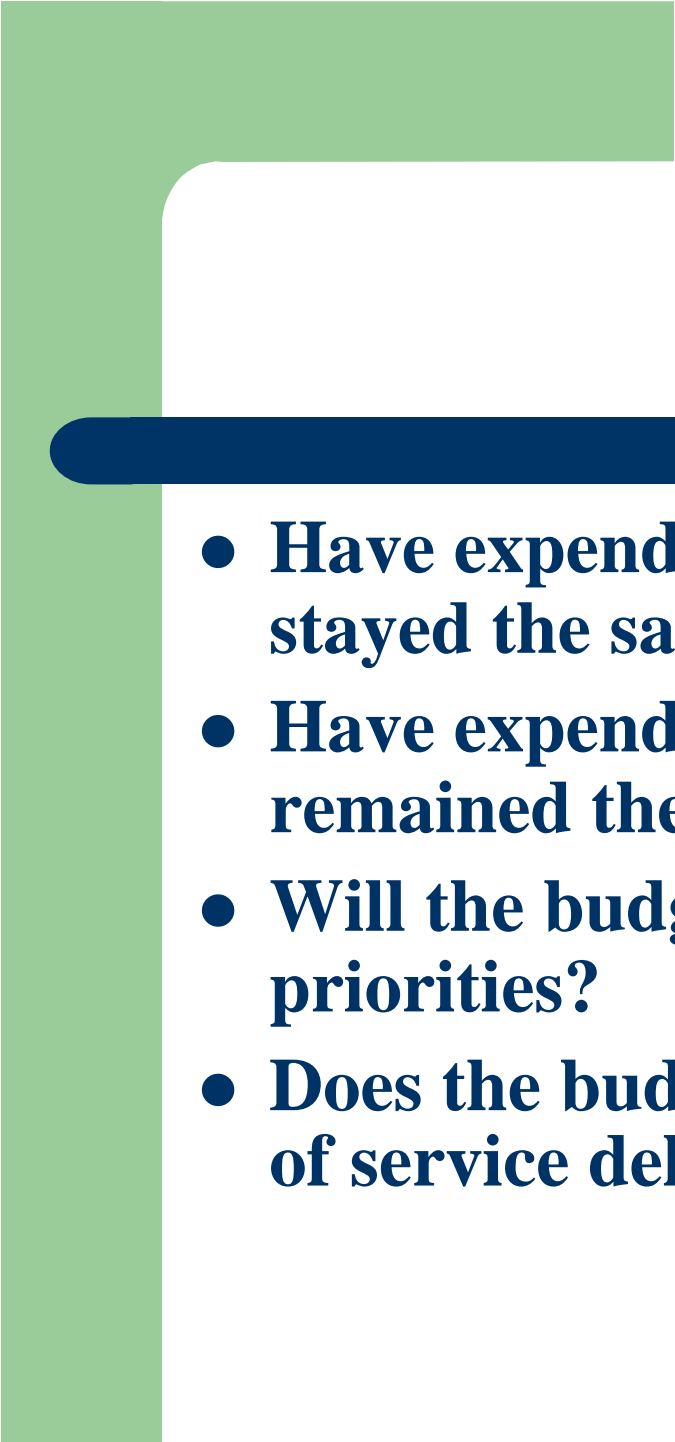

<u>Deadline</u>	<u>Task Description</u>	<u>Implementer</u>
August 15	Financial office and executive discuss next year budget priorities	Mayor/Governor; Financial Office
August 20-25	First public hearing	Mayor/Governor; Sakrebulo
August 25	Budgetary policies are defined and signed	Financial Department, Mayor/Governor
September 1	Budget calendar is prepared	Financial Department
September 1	Budgetary forms are printed and ready to deliver	Financial Department
September 15	Financial information for each department (current and last year's) is on special forms. Budgetary demand form and budgetary policy document will be sent to departments with executive's official letter	Financial Department
October 1	Forms are filled out and returned to financial department	Departments/Directors
November 1	a. Budgetary demands are summed	Financial Department
	b. Budgetary demands are analyzed and corrected	Financial Department
	c. Expenditure plan is prepared	Financial Department
	d. Income forecast prepared	Financial Department
November 20	Mayor/Governor discuss and approve the program	Mayor/Governor
November 25	a. Budget presentation to Sakrebulo	Sakrebulo
	b. Preparing major part of budget for population	Financial Department
	c. Announcing public hearing	Financial Department
November 30	Committee hearing	Sakrebulo
December 8	Holding public hearing	Government/Sakrebulo
December 24	Budget discussion meeting announcement	Financial Department
December 31	Budget discussion	Government/Sakrebulo
January 1	Beginning of new fiscal year	

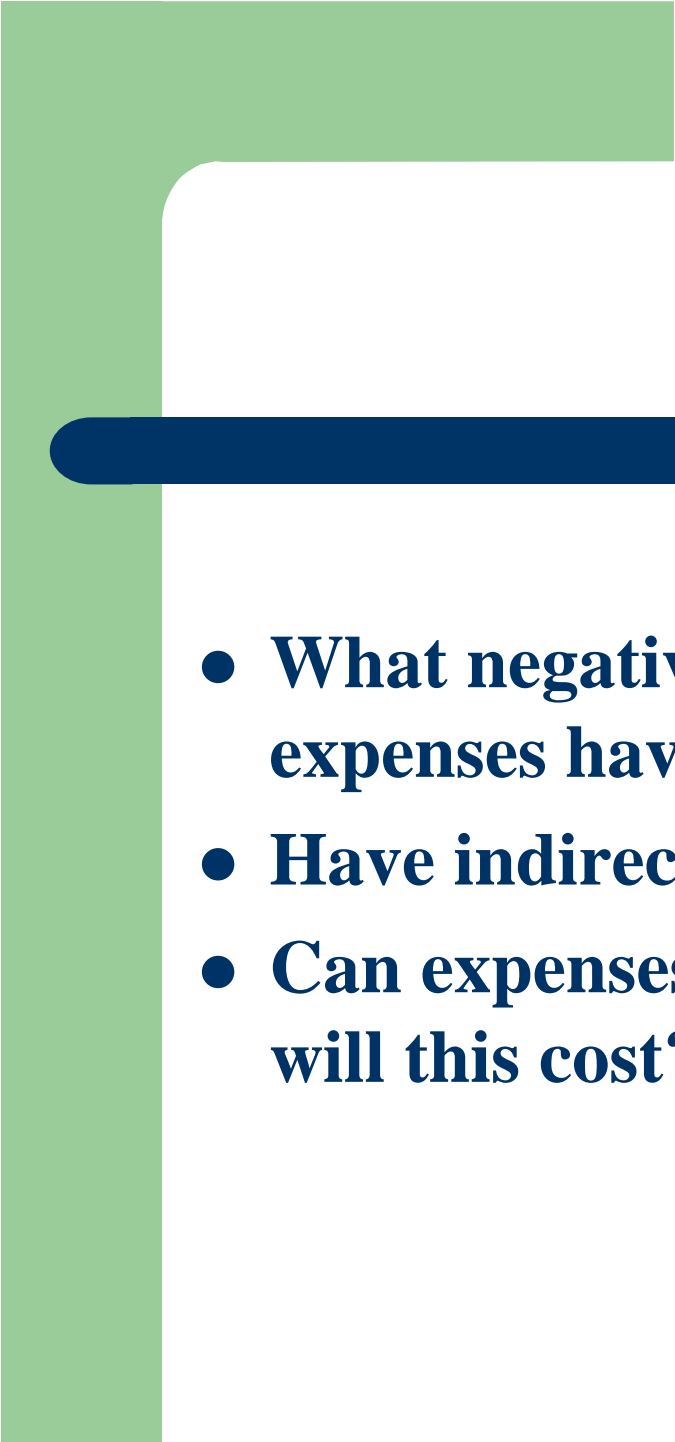

Income Forecast

- Financial Office prepares draft version
- The draft version is sent to the Government (Gamageoba), departments, and services
- The information is received from the Ministry of Finance



How does a Sakrebulo member act?

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- **Have expenditures increased, decreased or stayed the same?**
 - **Have expenditures increased while the service remained the same?**
 - **Will the budget draft version meet municipal priorities?**
 - **Does the budget denote the most effective ways of service delivery?**

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- **What negative impact can reducing Sakrebulo expenses have?**
 - **Have indirect expenses increased or not?**
 - **Can expenses be reduced? How? How much will this cost?**

Make Sure:

- **Every existing expense is necessary and unnecessary expenses have been cut**
- **Services have not duplicated**
- **Indirect expenses are foreseen**
- **The best alternative of supplying service is chosen**
- **Service quality has improved**

Budget Presentation to Sakrebulo

- **Makes correcting budget possible**
- **Give enough time for debates**
- **A second public hearing would be better**

Conclusion

- *Sakrebulo approves the budget*

