Glossary of Key Terms for completing the
2018 OECD Budget Practices and Procedures Survey

**Accountability**
The existence of an obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.

**Agencies**
The unit within a Ministry that has been given some autonomy and/or independence from the Line Ministries to which they report. They may be subject to a completely or partially different set of management and financial rules. The term agency in the questionnaire excludes public corporations.

**Allocation**
The designation of funds in the Budget to a government programme or organisation.

**Approved budget**
Approved budget is the budget as formally adopted by parliament, and is the definitive point of reference for the raising of revenues and allocating, and accounting for, public funds. Generally speaking, the approval takes place before the start of the financial year in question: and so “approved budget” should not be confused with modifications or amendments to the budget (e.g. supplementary budgets) which may arise during the course of the financial year.

**Appropriation**
Appropriation refers to an authorisation made by law or legislative enactment directing payment out of government funds under specified conditions or for specific purposes.

**Budget**
A comprehensive statement of Government financial plans which include expenditures, revenues, deficit or surplus and financing. The budget is the Government’s main economic policy document, demonstrating how the Government plans to use public resources to meet policy goals.
Budget Circular
A document/memorandum issued by the Central Budget Authority to guide line ministries/agencies in the preparations of their initial budget proposals/budget estimates. A budget circular, for instance, may contain information or guidance on automatic productivity cuts, medium-term or annual expenditure ceilings, etc.

Budget Cycle
The budget cycle refers to the major events or stages of the budgetary decision-making process, as well as the implementation and ex-post review of those decisions over time. Specifically, the budget cycle includes three principal stages: formulation (which includes planning), approval, and execution.

Central Budget Authority (CBA)
The Central Budget Authority (CBA) is the ministry, institution or department of the executive (or combination of such bodies), located at the central/national/federal level of government, which is responsible for preparation of the annual public budget and its associated multi-annual processes. In many countries, the CBA is often a part/division/unit found within the Ministry of Finance/Economy. Specific responsibilities vary by country, but generally, the CBA is responsible for formulating budget proposals, conducting budget negotiations with line ministries and agencies, allocating or reallocating funds, ensuring compliance with the budget laws and at times conducting performance evaluations and/or efficiency reviews. While the CBA may monitor budget execution, it may not necessarily undertake the treasury function of disbursing public funds. Lastly, a very important role of the Central Budget Authority is monitoring and maintaining aggregate/national fiscal discipline.

Centre of government
The Centre of Government refers to the administrative structure that serves the Executive (President or Prime minister, and the Cabinet collectively). The Centre of Government has a wide variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/ministry of the Presidency, Council of ministers Office, etc. In many countries the Centre of Government is made up of more than one unit, fulfilling different functions. The role of the Centre of Government is closely linked to the role of the executive branch itself, i.e. to direct the resources of the State (financial, legal, regulatory, even military) to achieve a mission that reflects a political vision and responds to a mandate from citizens. While the Central Budget Authority (CBA) is sometimes regarded as an institution at the centre of government, for the purposes of this Survey, a distinction is drawn between the roles of the CBA (as described in the previous paragraph) and the roles of the Centre of Government as described in this paragraph.

Citizen’s guide
A citizens’ guide is an easy-to-understand summary of the main features of the annual budget or other budget-related documents. It is a user-friendly summary which helps the general reader to make sense of the technical information and avoids technical language. A citizen’s guide is generally a separate document aimed specifically at the general public, and should not be confused with an “executive summary” or “summary of key measures” which is often included by the CBA as a standard part of the budgetary documentation.
Civil service/civil servants
Those branches of the public service that are not legislative, judicial, or military and in which employment is usually based on competitive examination. Civil service and public service are often used interchangeably. Civil servants are those employed generally under the General Employment Framework for government workers (e.g. a framework that sets forth the responsibilities and conditions of employment including salary ranges, benefits, holidays/leave, code of conduct, etc.).

Consolidated mid-year or year-end report
The consolidated mid-year or year-end report shows the aggregate financial and budgetary data of a specific level of government, encompassing the total of controlled entities accountable to the relevant level of government. The consolidated report may include a set of eliminating and consolidating entries on top of the individual reports that are included in the consolidated report.

Contingency reserve fund
A separate fund or a budget provision set aside to meet unforeseen and unavoidable requirements that may arise during the budget year, such as natural disasters and unforeseen expenditure, but not yet decided/announced such as policy reserve.

Contingent liabilities
Contingent liabilities are liabilities whose budgetary impact is dependent on future events which may or may not occur. Common examples include government loan guarantees, government insurance programmes, and legal claims against the government.

Cost–benefit analysis
Cost-benefit analysis is a systematic process for calculating and comparing benefits and costs of a government policy. It has two purposes: a) to determine if it is a sound investment/decision (justification/feasibility); b) to provide a basis for comparing different government policies. It involves comparing the total expected cost of each option against the total expected benefits, to see whether the benefits outweigh the costs, and by how much. Cost-benefit analysis is related to, but distinct from cost-effectiveness analysis. In cost-benefit analysis, benefits and costs are expressed in monetary terms, and are adjusted for the time value of money, so that all flows of benefits and costs over time are expressed on a common basis in terms of their "net present value."

Cost-effectiveness analysis
Cost-effectiveness analysis is a form of economic analysis that compares the relative costs and outcomes (effects) of two or more courses of action. Cost-effectiveness analysis is often used in the field of health services, where it may be inappropriate to monetize health effect. Common measures include “quality-adjusted life years”.

Discretionary spending
Public expenditure that is governed by annual or other periodic appropriations, rather than by formulas or criteria set forth in authorising legislation.

Effectiveness
The extent to which a policy, programme and/or organisation’s previously stated objectives or targets have been met.

**Efficiency**
Measuring efficiency aims to examine whether policies, programmes, and/or organisations are achieving the maximum output from a given level of resources (inputs). Determining whether greater “value for money” or efficiency has been achieved however, requires an assessment against a standard of what optimal efficiency is/should be.

**Executive**
Central/federal government organisations located in the Executive branch of government. This includes the Prime Minister/President, the Cabinet, line ministries and their agencies.

**Executive’s budget proposal**
The Executive’s Budget Proposal is a comprehensive document (or set of documents), developed by the CBA following discussions and negotiations with line ministries/agencies, specifying the government’s proposals for raising revenues and allocating resources in the forthcoming financial year. The budget proposal is submitted to the parliament for review and approval.

**Expenditure**
The term refers to Government spending (or outlays) made to fulfil a Government obligation, through a payment or promise of a future payment.

**Expenditure ceilings**
The term refers to an upper limit on the level of government expenditure, established in the medium-term expenditure framework and/or the annual budget. Ceilings can be set for different areas of expenditure such as overall/total, other aggregate (e.g. programme or sector), organisational and/or other level.

**Fiscal risks**
Fiscal risks are factors that may cause fiscal outcomes to deviate from expectations. Fiscal risks can arise from macroeconomic shocks (e.g. financial sector crisis) or the realisation of contingent liabilities (e.g. guarantees) or other events (e.g. natural disasters).

**Fiscal rule (numerical)**
A numerical fiscal rule refers to a *permanent constraint* on fiscal policy, usually based in legislation. This is distinct from a “fiscal objective”, which is a target that is not legally binding but mandated through political decision or established custom and practice.

**Gender Budgeting**
**Gender budgeting** means the integration of a clear gender perspective within the overall context of the budget process, through the use of special processes and analytical tools, with a view to promoting gender-responsive policies. There is no standard international practice of gender budgeting, and national approaches may employ one or more of the approaches defined below.
- **National / federal gender equality strategy**: A coordinated national strategy setting out high-level priorities and goals in relation to gender equality in the medium and longer-term. (On its own, such a strategy is not a tool/process of gender budgeting; but its presence and use can support the effectiveness of gender budgeting.)

- **Gender resourcing needs assessment**: A qualitative assessment, including views and opinions from stakeholders and civil society representatives, of the extent to which government policies and programmes meet gender equality needs, with a view to identifying priorities for policy action in the budgetary context. May be undertaken as part of a national gender equality strategy, or as a standalone analysis.

- **Gender dimension in performance setting**: Requirements prescribing a systematic linkage between budget-related performance objectives and gender-responsive policies.

- **Gender budget baseline analysis**: An analysis which is periodically conducted to assess how the existing allocation of government expenditures and revenues – as a whole, or in a particular area - contributes (or otherwise) to gender equality. May be undertaken by the central budget authority or by line ministries.

- **Ex ante gender impact assessment of policies**: Assessing budget measures, in advance of their inclusion in the budget, specifically for their impact on gender equality. Such ex ante GIA may be conducted either routinely for all major policies, or selectively (e.g. for policies which are deemed to be most relevant for gender equality issues). These are usually conducted by suitably-qualified staff in individual line ministries.

- **Gender dimension in resource allocation**: Requirements prescribing a balanced approach to the distribution of overall resources between men and women.

- **Gender budget statement**: A statement accompanying the annual budget which may include one or more of the following elements:
  - **General statement (descriptive)**: A statement which outlines the government’s progress in supporting and resourcing high-level priorities and goals in relation to gender equality.
  - **Progress statement (structured narrative)**: A statement which outlines the government’s progress in supporting and resourcing high-level priorities and goals in relation to gender equality, by reference to a standardised and systematic reporting framework e.g. linked to a national/federal gender equality strategy.
  - **Gender allocations report (quantitative)**: A report which clearly identifies the budgetary resources allocated to policies that promote gender equality, and/or allocations that affect women and men differently.
  - **Gender incidence analysis**: An assessment of the budget’s overall impact in promoting gender equality and/or a gender-disaggregated analysis of specific policy measures (both revenue- and expenditure-related).

- **Ex post gender impact assessment of policies**: Assessing budget measures, after their introduction/implementation, specifically for their impact on gender equality. Such ex post GIA may be conducted either routinely for all major policies, or selectively (e.g. for policies which are deemed to be most relevant for gender equality issues). These are usually conducted by suitably-qualified staff in individual line ministries.

- **Gender audit of the budget**: Independent, objective ex post analysis, conducted by a competent authority different from the central budget authority, of the extent to which gender equality is effectively promoted and/or attained through the policies set out in the annual budget.
- **Gender dimension to performance audit**: Routine performance audit includes an independent, objective analysis, of the extent to which a policy or programme contributed to gender equality goals, typically conducted by the Supreme Audit Institution.

- **Audit of gender budgeting systems/processes**: Independent, objective analysis, typically conducted by the Supreme Audit Institution, of the extent to which budget-related systems and processes are effective in promoting gender equality.

- **Gender dimension in spending review**: In the context of a national / “comprehensive” spending review, gender equality is routinely included as a distinct dimension of analysis.

**Golden Rule**
Golden rule is a variation of a balance rule, in which the government is only allowed to borrow to finance investments. The rationale underlying the golden rule is that investments represent future and not current consumption and have the potential to generate future growth.

**Independent Fiscal Institution (IFI)**
A publicly funded, independent body under the statutory authority of the executive or the Legislature which provides non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance. IFIs generally have a forward-looking *ex ante* diagnostic task (in contrast to public audit institutions which perform an equally indispensable *ex post* task).

**Inputs**
Measures of the units of labour, capital, goods and services (or the costs of such units) utilised by government organisations or government-financed organisations to produce public goods and services.

**Institutional coverage**
Countries whose financial statements cover the ministries, public agencies, social security funds, sub-national government, and state owned enterprises (SOEs) are categorized in “public sector”; those that do not include the sub-national government are categorized in “central public sector”; those do not include the SOEs are categorized in “general government”; those that do not include the SOEs and sub-national government, but include the social security funds, are categorized in “central government”; those that cover only the budgetary entities (i.e. ministries and public agencies) are categorized in “budgetary central government”. See below table for a summary.

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**Investment spending**
Investment spending includes gross capital formation and acquisitions, less disposals of non-produced nonfinancial assets. Gross fixed capital formation (also named as fixed investment) is the main component of investment consisting for government, mainly of transport infrastructure but also including infrastructure (e.g. office buildings, housing, schools, hospitals, etc).

**In-year budget execution reports**
In-year budget execution reports provide a snapshot of the budget’s implementation during the budget year, and may signal to the government (and to the public) the need to take corrective action where appropriate.

**Line item**
A line item is an appropriation that is itemised on a separate line in a budget. In public budgeting it refers to the lowest or most detailed level where a legislative approval of spending (i.e. an appropriation) is given in law. The lower the level, the more restrained the executive is regarding reallocating spending.

**Line Ministries**
Central government organisations responsible for designing and implementing policies in line with wider Government policies, and for the direction of Agencies/Executive Units under their authority. Line Ministries may be called Departments in some countries, and have responsibility for their own budget portfolios although they must report to CBAs and are subject to their review.

**Long-term fiscal sustainability report**
Long-term fiscal sustainability report assesses the long-term sustainability of public finances and government policies. The report shows the projections of the evolution of the public finances over the long term, particularly in light of projected demographic changes and (for some countries) the continued availability of natural resource endowments such as oil, natural gas or mineral ores. In addition to long-term sustainability, this report can also contribute to national debate on the issue of inter-generational equity – i.e. how the burden of taxation and the enjoyment of benefits, are shared across multiple generations.

**Mandatory Spending**
Public expenditure that is governed by formulas or criteria set forth in authorising legislation, rather than by periodic appropriations alone. It includes certain kinds of entitlement spending in many OECD countries.

**Medium-term expenditure framework**
A framework for integrating fiscal policy and budgeting over the medium-term (typically over a 3-5 year period). In general terms, this involves systematic linkages between (a) aggregate fiscal forecasting, (b) maintaining detailed medium-term budget estimates reflecting existing government policies, and (c) maintaining compliance with a normative fiscal framework. A key objective of an MTEF is to establish multi-year expenditure ceilings which are effective for the purposes of planning and prioritisation.
**Mid-year implementation report**
The mid-year implementation report is an analysis of the budget’s effects provided about halfway through the budget year and provides a comprehensive update on the implementation of the budget. In addition to its use for budget oversight, the mid-year report can also yield useful insights which can inform the pre-budget deliberations for the following year.

**Non-Governmental Organisations**
An organisation created by natural or legal persons that operates independently from any government. The term originated from the United Nations (UN), and is normally used to refer to organisations that do not form part of the government and are not conventional for-profit business. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organisation. The term is usually applied only to organisations that pursue some wider social aim that has political aspects, but that are not overtly political organisations such as political parties.

**Off-budget expenditure**
Off-budget funds are special funds owned by the government, that are not part of the budget and that receive revenues from earmarked levies, possibly next to other sources such as fees and contributions from the general tax fund. Earmarked levies are different from fees in that they do not reflect the market value of the services that are financed from the revenues. In particular they may be lower or higher in view of social considerations.

**Open Government Data Centralized portal**
Open Government Data centralized portal. The Central/federal Open Government Data central portal (or “one stop shop” portal) corresponds to a single entry point to access government’s data. Access to the data can be provided either directly on the portal or indirectly (redirected to the place where the data is located e.g.: to a ministry’s website).

**Operational spending**
Operational spending incurs in carrying out an organisation’s day-to day activities such as payroll, rent, office supplies and utilities.

**Outcomes**
Outcomes reflect the intended and/or unintended results of government actions (e.g. policies, programmes and other activities). Examples of outcomes include the change in student test scores following an increase in hours taught, the change in the incidence of a disease following an immunisation programme, or the change in income inequality following the introduction of a new welfare payment. Outcomes are a broader performance metric than outputs, and are harder to measure since generally factors outside of the governments’ intervention also play a role in influencing outcomes.
**Outputs**
Outputs are defined as goods and services produced and/or provided by Government (or government financed) organisations. These measures are derived from the direct measurement of output volume with due regard to appropriate quality. Some examples include: teaching hours delivered, immunisations provided or welfare benefits paid. Outputs tend to be easier to measure than outcomes.

**Performance Targets**
Performance targets refer to specific and measureable outputs or outcomes that are set ex-ante with the goal of being achieved by a Government policies, programmes and/or organizations within a prespecified amount of time. Performance, as measured against performance targets, compares the initial output/outcome goals set with those actually achieved.

**Policy**
A Government policy is a decision determined by the government to (i) address socio-economic challenges in a country (or in the case of foreign policy, in the country’s relations with other countries) and usually also decisions about (ii) how these challenges will be addressed. Policies are Governments’ main tools for guiding action, and are typically expressed in laws/regulations, official policy statements or guidelines, and institutions which then result in programmes and specific initiatives financed and/or conducted by government organizations to address these challenges. In addition to foreign policy (e.g. rules for governing a Government’s relations with other countries), Governments enact fiscal policy (e.g. rules for governing a Government’s actions with respect to aggregate levels of revenue and spending), monetary policy (e.g. rules for governing a Government’s influence over money market and credit conditions), as well as environmental policy and social policy (among others).

**Pre-budget fiscal policy statement**
A pre-budget fiscal policy statement sets out the budget strategy, by introducing the government’s high-level budget plans for the forthcoming fiscal year. It serves to encourage debate on the budget aggregates and how they interact with the economy. As such, it also serves to create appropriate expectations for the budget itself. Such reports may also state the government’s long-term economic and fiscal policy objectives in addition to the government’s economic and fiscal policy intentions for the forthcoming budget year(s), and are generally presented at least one month before the executive’s budget proposal.

**Pre-election report**
A pre-election report provides information on the costs of various policy options for addressing key issues that society faces, in order to promote informed and mature public discussion ahead of elections. A pre-election report is usually prepared as a non-partisan objective and independent report.

**Pre-execution budget profiles (or cash-flow forecasts)**
Pre-execution budget profiles show how budget expenditures and revenues are projected to arise over the course of the year, and provide a useful benchmark for in-year monitoring. Preparing useful budget profiles requires careful attention to seasonal factors, expected once-off events and other factors that can lead to fluctuations in revenues and expenditures.
Primary legislation
Regulations which must be approved by the Parliament. Also referred to as principal legislation or primary law.

Programme
A programme is a grouping of Government activities in relation to a specific set of policy objectives. A government programme can consist of one policy measure to address a distinct issue, or several initiatives which address related policies simultaneously.

Public services
Public services are provided by government to its citizens, either directly (through the public sector) or by financing private provision of services.

Quasi-fiscal activity
Quasi-fiscal activities are any activities undertaken by state-owned enterprises at the instruction by the government. They do not pass through the budget directly.

Re allocation
Also referred to as Virement. A movement of funds from one account/line-item/programme to another, which can be limited by formal rules. To prevent misuse, Government organisations must normally seek authorisation to make such transfers.

Report on fiscal risks
Report on fiscal risks provides an overall assessment of the range and scale of factors which have the potential to affect the course of the public finances. Such reporting, if integrated alongside the annual economic and fiscal documentation, can provide a good sense of how robust and resilient the public finances are, thus informing the national debate about the appropriate budgetary strategy and whether there are sufficient safety mechanisms in place.

Rescission
The cancellation of funding previously made available by the Legislature, which may require legislative notification or approval.

Sound fiscal policy
Sound fiscal policy is one which avoids the build-up of large, unsustainable debts, and which uses favourable economic times to build up resilience and buffers against more difficult times, so that the needs of citizens and stakeholders can be addressed in an effective and enduring manner.

Spending Reviews
Spending Reviews are a specific kind of government evaluation, and are commissioned with the specific objective to identify budgetary savings across government. However, they require some specific characteristics in order to fulfil this role. Spending reviews can be used to reduce the deficit and/or to make fiscal space for higher priority programmes either through restructuring or cutting
activities. The OECD Value for Money Project differentiates spending reviews from other types of evaluation through three main characteristics:

1) Spending reviews not only look at programme effectiveness and efficiency under current funding levels, but also examine the consequences for outputs and outcomes of alternative funding levels.
2) The responsibility for the spending review procedure is under the responsibility of either the Ministry of Finance or the Prime Minister’s Office.
3) The follow-up of spending reviews is decided in the budget process.

These three criteria make an explicit link to budgetary decision-making, both in terms of analysis under alternative funding levels (e.g. spending review targets) and in terms of the budgetary process. In recognising that ministries will be reluctant to offer up cuts, there is emphasis on central leadership for both participation and consistency (or fairness). Spending reviews also differ in terms of their assessment criteria, and may also be functional in nature (e.g. focus on operational efficiency) and strategic (e.g. focus both on efficiency and on whether initiatives are aligned with high-level policy priorities).

For purposes of the questionnaire, both functional and strategic spending reviews are to be considered when responding to questions on this issue.

**Subordinate regulations**
Subordinate regulations are regulations that can be approved by the head of government, by an individual Minister or by the Cabinet - that is, by an authority other than the parliament/congress. Note that many subordinate regulations are susceptible to disallowance by the parliament/congress. Subordinate regulations are also referred to as “secondary legislation” or “subordinate legislation”.

**Supplementary Budget**
Supplementary budget contains proposed amendments to the main annual budget. This is the mechanism with which the Government seeks legislative approval for spending that differs from the original budget and appropriations. Supplementary budgets are given legal force through adjustment or supplemental appropriations.

**Supreme Audit Institution (SAI)**
A Supreme Audit Institution is a legally or constitutionally independent institution that receives its mandate from the legislature (Parliament). Its central role is to audit the implementation of the budget of the executive (the government) and to report to Parliament.

**System of National Accounts (SNA)**
The System of National Accounts (SNA) consists of a coherent, consistent and integrated set of macroeconomic accounts; balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules. In 2009, the United Nations Statistical Commission endorsed a revised set of international standards for the compilation of national accounts: the 2008 System of National Accounts, replacing the 1993 version of the SNA. The 2008 SNA retains the basic theoretical framework of its predecessor. However, in line with the mandate of the United
Nations Statistical Commission, the 2008 SNA introduces treatments for new aspects of economies that have come into prominence, elaborates on aspects that have increasingly become the focus of analytical attention and clarifies guidance on a wide range of issues. The changes in the 2008 SNA bring the accounts into line with developments in the economic environment, advances in methodological research and needs of users. At the European Union level, the European System of Accounts (ESA), 1995 was made consistent with the 1993 SNA. Its update called European System of Accounts, 2010 covers the recommendations and clarifications agreed at the international level for the 2008 SNA.

**Top-down budgetary management**

Top-down budgetary management refers to the practice whereby the fiscal targets are determined from the outset of the budgetary process, with annual and multi-annual budgetary policies and priorities subsequently determined in conformity with these overall levels.

**Year-end report**

The year-end report is the government’s key accountability document, both for reporting on actual budget execution during the year (budget execution reports) and for illustrating the situation of the government’s accounts at the end of the fiscal year (financial statements); although both of these functions may also be handled in separate documents. The year-end report shows compliance with the level of revenue and expenditures authorised by Parliament in the budget. Any in-year adjustments to the original budget may also be shown. Additionally, the year-end report, or related documents, may include non-financial performance information, including a comparison of performance targets and actual results achieved where practicable. Finally, the year-end report often contains a comprehensive discussion of the government’s financial assets and financial liabilities, non-financial assets, and employee pension obligations.