

8. PARLIAMENT'S BUDGET

8.1 Current Status

8.1.1 To begin involving MPs in the formulation and implementation of Parliament's own budget, the Budget and Finance Committee's decided to review:

- The performance of Parliament's budget for 2001/02, taking into account monthly funding under the cash budget system and extra-budgetary allocations
- Parliament's 2002/03 budget process and the need to involve the Committee in all stages of the process
- Donor support for Parliamentary activities including the FIMTAP program for the Budget and Finance and Public Accounts Committees, the African Capacity Building Initiative, Canadian International Development Agency, and other likely donors
- Any aspects of Parliament's budget that are likely to raise concerns with the Ministry of Finance and Economic Planning, and,
- Preliminary budget targets for 2002/03.

8.1.2 The Committee delegated the responsibility for this review to a Task Force consisting of the Chair and Vice-Chair of the Budget and Finance Committee. It engaged a chartered accountant to assist the Task Force in reviewing procedures, practices, and controls, and in drafting recommendations to the House. The consultant spent several days reviewing accounting procedures. He and the Task Force then met with the Clerk of Parliament together with representatives of the Accounting Department. The Task Force's findings and recommendations are discussed below.

8.2 Parliament's Budget and Cash Budgeting System

8.2.1 The National Assembly's Vote in the national Budget is based upon eight separate programs. The four programs with 95% of this year's Parliamentary budget are Administration and Support (K215 million), Chamber and Liaison (K82 .2 million), Maintenance of the Parliament Building (K15.4 million), and Committee work (K14.7 million). The other four programs are: Parliamentary Contributions for Members, the Parliamentary Service Commission, Subscriptions for International Organizations, and the Parliamentary Press. The 2001/02 Vote included K142 million for Personal Emoluments and K204 million for Other Recurrent Transactions (ORT) for a total of K346 million.

8.2.2 Each year, Parliament's staff prepares the National Assembly's budget based on the projected costs for these eight programs. This is done in coordination with Treasury's ceiling for the National Assembly. However, in preparing their estimates, staff has not sought input from the Budget and Finance Committee or other committees, although the Parliamentary Service Commission does approve the submission made to Treasury.

8.2.3 Parliament is subject to the Cash Budget System and each year, after the House approves the Budget, the Accounting Department submits a month-to-month cash flow request to Treasury for the financial year. This document then forms the basis for Treasury's monthly funding. Under the Cash Budget System, however, there are no guarantees that the allocations will be made in full, and in most months, Treasury cannot forward the full allocation.

8.2.4 When Treasury does not fully fund Parliament's cash flow request, the Government's first priority is to fund Personal Emoluments, and only then, to allocate ORT as funds are available. The exception to this pattern occurs when Parliament is meeting in plenary. During those times, Treasury is likely to fully fund both Personal Emoluments and ORT.

8.2.5 Because of recurring shortfalls in allocations, Parliament created its own Prioritisation Committee, made up of staff from its different departments and chaired by the Deputy Clerk. This body decides how to utilize the allocations received from Treasury. Its spending priorities are as follows:

- Category One, entitlements per Conditions of Service, and payments for utilities and presidential trips that include MPs
- Category Two, office services, procurement, MASM, the superannuating scheme, and International Subscriptions
- Category Three, outstanding debts and personal claims.

8.2.6 Under the cash budgeting system, all transactions are expected to be on a cash basis. Goods and services are to be delivered only after Parliament issues a cheque, based on Treasury's allocation, for purchase. However, Parliament does not always follow this system. As mentioned earlier in this report, Parliament is in arrears to various creditors, and the amount of the arrearage is growing. At the end of March it totalled K24 million, which was K4 million more than in December.

8.2.7 The Budget and Finance Committee believes it should be involved in drafting and implementing the budget. To be effective, the Committee needs to be aware of problems and constraints, and should participate in the prioritisation of allocations received from Treasury.

8.3 Consultant's Review of Parliament's Accounting System

8.3.1 Parliament's Accounting Department is headed by the Principal Finance Officer, and under him are a Senior Finance Officer, Finance Officer, two Senior Accounts Officers, and four Accounts Assistants. When considering the volume of transactions generated by Parliament each year, the Accounts Department is understaffed. Further, it operates under a manual system, as the department has just one computer, and the staff is unfamiliar with computerised accounting systems.

8.3.2 Documents prepared by the Accounting Department are processed at Parliament through the Votes' Ledger. In turn, these are submitted to the Accountant General's Office where they are processed into the national accounts. The

Accountant General's tabulations serve as an audit trail that is returned to Parliament for reconciliation. Unfortunately, the Government's accounting system does not process these transactions on a timely basis. Delays frequently impede the reconciliation of accounts, leading to payment errors.

8.3.3 Committee meetings are a special case under the cash budgeting system. Such activities are part of Parliament's budget, but for a committee to meet, a special request must be made to Treasury for funding during the month in which it is scheduled to convene. The request to Treasury is to increase the amount of ORT funding to ensure that transport and subsistence allowances are paid in full to Committee Members. Committee meetings must be funded in full. Other ORT expenses can be reduced. This also means that whenever a committee meets, the Prioritisation Committee must reduce the percentage of available ORT allocations for other purposes.

8.3.4 The Consultant recommended that Parliament:

- Conduct a review of its accounting system with a goal of instituting a simple, cash-based accounting system using computerized spreadsheet software (e.g., Excel)
- Conduct a thorough review of bank reconciliations to resolve any outstanding issues
- Fill all critical staff vacancies, and,
- Conduct a thorough review of all advances so that Members know the amount of their indebtedness for motor vehicle and personal loans.

8.4 2002 Committee Recommendations (Parliament's Budget)

2002 Committee Recommendation: Parliament's Budget should be drafted and implemented with the full participation of representatives from the Budget and Finance Committee. A Member of the Committee should also be appointed to Parliament's Prioritisation Committee.

2002 Committee Recommendation: Funds for Parliamentary committees should be maintained separately from other programmes and expenditures, and a sub-vote created.

2002 Committee Recommendation: Information concerning any extra-budgetary expenditure should be communicated to the Speaker and the Budget and Finance Committee before any arrearages are incurred.

2002 Committee Recommendation: Parliament should seek donor support for computers and for training staff.