



The Changing Role of Parliaments in the Budget Process: Experiences of PUIC Countries and EU Member States

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Experiences of the PUIC Member Countries

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Budget Affidavit and Control

**(Control in modern
concepts of budgets)**

Accounting Responsibility

Transparency

**The effects of committees of
modern concepts**

**Modern techniques of preparing
budgets**

Introduction


The issuance of Act No. (24) of 2000 - which set fourth to divide the committee of the financial and economic affairs into two committees; the first for financial and economic affairs while the second for budgets and closing accounts - resulted in providing the ample time to both committees work in a way that leads to increase the performance efficiency of each of them and to fast achieve the listed topics in the schedule of each of them.

The service years of the budgets and closing accounts committee has witnessed new reform ideas which aimed to improve the efficiency of the control role of the committee in order to minimize the financial violations, wasting, and squandering which have engaged with the public expenditure.



**First:
The Public Reform Procedures
undertaken by the committee in order
to activate its control role:**

1. The committee lets all concerned control and executive authorities to participate in all its meetings regarding the committee deliberation and discussion of the draft budgets and closing accounts of public authorities (Accountability Council (AC), Ministry of Finance (MOF), Council of Civil Service (CCS), ... etc).


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2. Holding special meetings to discuss the estimated military expenditure in each budget and closing account of the financial department of the state in the presence of the representatives of the Ministry of Defense (Military Leaders), the AC, and the MOF.

3. Asking the MOF to restructure the financial system of the state through the following:

- Amending the laws of founding some authorities to match their budgets with their activities.
- Developing the occupational and economic classification of the budget according to the international system of governmental financial statistics.
- Developing and increasing the performance efficiency of the monetary management by applying the unified treasury system in order to legalize the available liquidity.

4. Asking the Minister of Finance to draw a mechanism to collect the government dues balance and estimate the due revenues to save them, and following up their collecting.

5. Deliberating many drafts to amend the provisions of the Decree with Law No. 31 of 1978 regarding the budget preparing & control and preparing the closing account in an aim of:
 - Increasing the performance efficiency of the MOF.
 - Achieving the principle of the budget extension (by inserting all expenses and revenues which are currently outside the budget of the state).


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6. Deliberating and discussing the harmony between the budget's expenses and the objectives of the government work programs and drafts of economic development plan and annual plan.


 7. Studying the financial current status of the state and preparing a report in such regard by the Annual Committee upon the charge of the National Assembly.




Second:

Reform Procedures undertaken by the committee in order to activate its control role (as a pre-control):

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1. Asking the MOF to draw bases of estimating the budget's expenses items which characterize with transparency and clear to be guided with them when estimating the budgets of the public authorities, in an aim of:
 - Conducting correct and efficient estimations.
 - Minimizing the complementary approbations attached with the budget chapters.



2. Decreasing the estimations of some budget items, by the committee, especially those items which are unrelated with the basic activity of such authorities such as special expenses and some transferable expenses. Furthermore, the committee restricts the increasing of the estimation of the items which already have decreased them from the savings of other items.



3. Asking to include the explanatory notes of the draft budgets of various public authorities with the contents of estimated expenses and revenues items, the bases of their estimation, and the reasons for increasing or decreasing of each estimated item in order to enable the committee to judge on the estimation trueness and efficiency.

4. Asking to apply programs budget and evaluating the performance as recommended by the International Monetary Fund regarding the reform efforts in Kuwait.
5. Asking to include the committee's reports about budgets which file to the National Assembly with many recommendations to ensure the sound execution of such budgets.



Third:


The reform procedures undertaken by the committee in order to activate its control role (as a subsequent control):

1. Drawing a proper mechanism by the committee to minimize the repeated remarks of the AC through:


- Replying of the responsible in the authority to the repeated remarks.
- Writing to the concerned authorities to provide it with the replies supported with documents if the committee didn't satisfy with its reply.
- Charging the representatives of the AC to submit studies to clarify the contents of some of their remarks including the defaults and violations in order to clarify their aspects.

2.The committee has recommended with suffixing the internal control department in the auditing committee to the Board of Directors in lieu of subordinating it to the general director in order to ensure its independency, unbiased, and unaffecting on its businesses.

- Determining the names of those responsible and taking the necessary procedures against them.
- Adding new system and regulations, amending the current ones, or amending the regulative legislations.
- Developing the internal control systems.



3. Including the filed committee's reports to the NA about the closing accounts with many necessary recommendations to avoid the defaults' and violations' aspects which concluded from such study of these closing accounts and file them to the government to execute them.




4. Transferring, by the committee, some subjects and violations which content a suspicion of seizure of the public properties to the committee of protecting the public properties in the NA to investigate them and taking the necessary procedures in this regard

5. Asking the public authorities, by the committee, to follow up the unified principles of accounting remedies in the public authorities working in the financial investments to minimize the wrong and mislead accounting practices which are used by some authorities in order to improve the results of their businesses according to the Internationally Recognized Accounting Principles.


6. Asking the MOF to not allow to some public authorities to pay without listed letters of credits through deducting on medium accounts provided such expenses settle by deducting from the budget of the following fiscal year in breaching the provisions of articles of the constitution, decree with law No. 31 of 1978, and principle of annual budget.

7. Activating the pre-control of financial controllers of the MOF.

- Drawing and developing payment disciplines through the circulations of the MOF, and the financial, storage, and administrative regulations for various authorities to strict control on the public properties.
- Increasing the authorities and powers and raising the performance efficiency of the financial controllers and chief accounts.
- Submitting annual performance reports by the financial controllers to the committee of budgets and closing accounts to checkup them during the discussion of the closing accounts of the public authority.



8. Asking to include the explanatory notes of the closing accounts of various public authorities with the contents of actual expenses and revenues items and the reasons of deviating than the estimated.



9. Replacing monetary system (adjusted) with a due system for the expenses and revenues of all public authorities to make the results of the closing accounts show the real actual results.

10. Asking the MOF to follow the priorities of using the sources of increasing the estimations of various expenses items according to the following procedure:

- Savings of other items inside the chapter come first.
- The complementary letter of credit of the chapter which includes the required item to be reinforced comes second.
- Drawing a legislation to transfer among chapters or open additional letter of credit comes third.

Recommendations:

Recommendations to develop the preparation of the budget of the state:

First: A project of restructuring the financial system of the state of Kuwait.

Second: A project to transfer the traditional budget of items and chapters into a budget of programs and performance evaluation.

Third: Developing the mechanisms of preparing the budgets of the state by using the economic models to get an index budget and transferring the budget of the state from payment budget to budget of development and concluding some qualitative indices.

Fourth: Benefiting from the automatic development by applying the unified treasury system.

Fifth: Unifying the governmental accounts in the central bank to invest the surplus money.

Conclusion:

According to the view of the Budget Committee in Kuwait NA regarding the necessity of activating the concerns and works of the similar committees in various countries, finding effective means of communications among them to provide a chance to continuous and seasonal exchange of information and data, and using the modern techniques and advanced scientific methods in their works.

Therefore, Budget Committee in Kuwait NA sees the necessity for building modern financial databases, holding seasonal meetings, seminars, and conferences to all similar parliament committees and electronic linkage among them provided such meetings conduct according to schedules which prepare in a deliberative scientific method and their topics address new and modern matters of the budget of the countries, and working to achieve the sustainable development, and the works of such committees are bound with transparency principle.

Furthermore, Budget Committee in Kuwait NA sees the need to follow the modern scientific methods and Internationally Acceptable Accounting & Auditing Principles in all works of various regional and Islamic committees in order to unify the methods and concepts in the similar committees and to ease execution of their duties and evaluating their performance.



Best Regards,

**State of Kuwait
National Assembly**

**Budgets and Closing
Accounts Committee**

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