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DFP's Review of Financial Process: considerations for improving the budget process

This paper seeks to draw together a number of recommendations made by the Committee for Finance and Personnel during the previous mandate of the Assembly with good practice guidance with a view to informing the present Committee's input to the Department of Finance and Personnel's Review of Financial Process.

List of recommendations

Recommendation 1: a budget calendar for future processes should be specified in advance. The calendar should allow for adequate consultation, and it should be adhered to.

Recommendation 2: the future budget process should include a strategic phase, perhaps in the spring preceding the production of a draft budget, to allow the Assembly to debate both revenue measures and spending priorities.

Recommendation 3: the future budget process should include a formal stage for reconsideration of the budget in light of emerging spending pressures or policy reorientation, with the aim of informing in-year reallocations and considering developments that might affect allocations across years.

Recommendation 4: future budgetary documentation should include a more detailed breakdown of expenditure plans, including linkages between expenditure and performance outcomes. Documentation should be produced in good time to facilitate informed debates at all stages of the timetable developed under recommendation 1.

Recommendation 5: the framework for a new budget process should be set out in primary legislation, with additional detail included in regulations or the Assembly's Standing Orders as appropriate.

1. Background

The Department of Finance and Personnel (DFP) is undertaking a Review of Financial Process on behalf of the Executive. The Terms of Reference for the Review are attached at Appendix 1.

At paragraph 7. of the Terms of Reference, DFP states that:

...the overall aim of the review is to examine and make recommendations on the options to create a single coherent financial framework that is effective, efficient and transparent and enhances scrutiny by and accountability to the Assembly, taking into account the needs of the Assembly.

The purpose of this Briefing Paper is to aid the Committee for Finance and Personnel's ("the Committee") discussion of what the needs of the Assembly are. Some recommendations about the shape of future the financial process are made, drawing on best practice guidance and the reports of the previous Committee. It builds upon detailed research that was presented to the previous Committee.¹

2. Elements of a future financial process

The previous Committee, in its *Third Report on the Inquiry into the Role of the Northern Ireland Assembly in Scrutinising the Executive's Budget and Expenditure*² made the following recommendation:

While the Committee and DFP are agreed on the benefit of early and more structured engagement between executive departments and Assembly committees, members believe that this will only happen in the context of a formal agreement between the Assembly and Executive on a regularised budget process, which includes clearly defined pre-draft Budget stages that provide for early Assembly input, irrespective of whether an annual or multi-year budget cycle is followed. The Committee is also of the view that the provision of formal opportunities for the Assembly to influence budgetary matters early in the process would help facilitate the potential streamlining of the latter stages in the budget and estimates process, including the associated plenary debates. The Committee recommends that the successor CFP works to address this matter early in the next mandate, in liaison with DFP and possibly as part of a co-ordinated Assembly input to the Executive's forthcoming Review of the Financial Process, the outcome of which is to be reported to the Assembly early in 2012.

¹ In particular, Assembly Research Paper 45/10 'Considerations for reform of the budget process in Northern Ireland' available online at: <http://www.niassembly.gov.uk/researchandlibrary/2010/4510.pdf>

² http://archive.niassembly.gov.uk/finance/2007mandate/reports/report_61_10_11R.htm#3

There are two distinct elements to this recommendation. The first is that formal agreement is needed on a regularised, or structured, budget process. The second element is in relation to an early formal stage within that process to give the Assembly the opportunity to influence ministers' thinking and to enhance effective scrutiny.

The value of scrutiny

Public scrutiny is an essential part of ensuring that government remains effective and accountable. Scrutiny has been defined as:

...the activity by one elected or appointed organisation or office examining and monitoring all or part of the activity of a public sector body with the aim of improving the quality of public services. A public sector body is one that carries out public functions or spends public money. Scrutiny ensures that executives are held accountable for their decisions, that their decision-making process is clear and accessible to the public and that there are opportunities for the public and their representatives to influence and improve public policy.³

The Centre for Public Scrutiny⁴ identifies four principles to help people understand the most important aspects of scrutiny. Good scrutiny:

- provides 'critical friend' challenge to executive policy-makers and decision-makers;
- enables the voice and concerns of the public and its communities;
- is carried out by 'independent minded governors' who lead and own the scrutiny process; and,
- drives improvement in public services.

So, from a theoretical perspective, it is in the interests - not only of the Assembly but also of the general public and of the Executive - to have financial processes that enable scrutiny.

In addition, scrutiny is an essential element of good practice as identified by the International Monetary Fund (IMF) *Manual on fiscal transparency* which states:

The legislative and judicial branches [of the state] should play an active role in ensuring the availability and integrity of fiscal information. This would include having an active committee of the legislature to oversee the

³ Centre for Public Scrutiny 'Introduction to scrutiny' available online at: <http://www.cfps.org.uk/introduction-to-scrutiny> (accessed 16 June 2011)

⁴ The Centre for Public Scrutiny was created to help those who look at the effectiveness of public services. It is an independent not-for-profit company set up originally by the Improvement and Development Agency for Local Government, and incorporated as an independent organisation in 2003 by the Local Government Association, Chartered Institute of Public Finance and Accountancy and the Democratic Health Network of the Local Government Information Unit (see <http://www.cfps.org.uk/about-us>) (accessed 16 June 2011)

conduct of fiscal policy and to facilitate civil society input into budget deliberations (e.g., through receiving public submissions).⁵

Indeed, at a time when it seems highly probable that increased fiscal powers will devolved to Northern Ireland - over corporate taxation, in particular, but also perhaps other minor instruments such as Air Passenger Duty - IMF good practice suggests scrutiny and transparency are even more important in these circumstances:

Fiscal transparency of subnational levels of government and in relationships between levels of government is especially important where countries are devolving fiscal responsibilities.⁶

It may be argued, therefore, that the development of and adherence to improved financial processes would support the Executive's case for the devolution of increased fiscal powers.

2.1. A regularised budget process: timetable

One of the significant criticisms levelled at the Executive by Assembly committees in respect of the Budget 2010 process (which set allocations for departments for 2011-15) was that insufficient time was allocated for consultation – both with statutory committees and the wider public.⁷

Part of the cause of this problem was the timing of the UK Government's *Spending Review 2010* which was only announced in October. Nevertheless, the previous Committee was of the view that:

Given that departments had ample opportunity to prepare spending and savings plans, and to examine additional revenue-raising options, since June 2010, the Committee considers that the Executive should have been in a position to agree and publish the draft Budget 2011-15 sooner, following the UK Spending Review announcement on 20 October 2010.⁸

Provision of, and adherence to, an agreed budget timetable may have helped considerably in overcoming these difficulties. The IMF *Code of good practices on fiscal transparency* states that:

⁵IMF (2007) 'Manual on Fiscal Transparency' available online at: <http://www.imf.org/external/np/pp/2007/eng/101907m.pdf> (accessed 16 June 2011) (see paragraph 41)

⁶ IMF (2007) 'Manual on Fiscal Transparency' <http://www.imf.org/external/np/pp/2007/eng/101907m.pdf> (accessed 16 June 2011) (see paragraph 44)

⁷ See section 1 of Assembly Research Briefing Note 04/11 'Draft Budget 2011-15' for more detail on good consultation practice: <http://www.niassembly.gov.uk/researchandlibrary/2011/0411.pdf> (pages 3-5)

⁸ CFP (2011) 'Report on the Executive's Draft Budget 2011-15: Volume 1' available online at: http://archive.niassembly.gov.uk/finance/2007mandate/reports/Report_44_09_10R_vol1.html#3 (see Key Conclusion and Recommendation 4.)

A budget calendar should be specified and adhered to. Adequate time should be allowed for the draft budget to be considered by the legislature.⁹

In this context, the Committee may also wish to note the comments made by the previous Committee in its *Third Report on the Inquiry into the Role of the Northern Ireland Assembly in Scrutinising the Executive's Budget and Expenditure*. It observed that both it and DFP were in agreement in regard to a more structured engagement between statutory committees and departments. It did, however, argue that:

While the Committee and DFP are agreed on the benefit of early and more structured engagement between executive departments and Assembly committees, members believe that this will only happen in the context of a formal agreement between the Assembly and Executive on a regularised budget process, which includes clearly defined pre-draft Budget stages that provide for early Assembly input [...]. The Committee is also of the view that the provision of formal opportunities for the Assembly to influence budgetary matters early in the process would help facilitate the potential streamlining of the latter stages in the budget and estimates process, including the associated plenary debates.¹⁰

So, whilst the previous Committee was agreed that elements of simplifying the latter stages of the budget process (particularly in relation to plenary stages) would be beneficial, it was also clear that this would be assisted by formal opportunities for scrutiny in the earlier stages of a regularised process.

Recommendation 1: a budget calendar for future processes should be specified in advance. The calendar should allow for adequate consultation, and it should be adhered to.

2.2. A regularised budget process: pre-draft budget scrutiny

The following extract from the previous Committee's *Third Report on the Inquiry into the Role of the Northern Ireland Assembly in Scrutinising the Executive's Budget and Expenditure* highlights the importance it placed both on engagement between departments and their respective committees and the impact the lack of engagement had on those committees' ability to contribute constructively to expenditure plans:

In its Report on the Review of 2010-11 Spending Plans for NI Departments, published in March 2010, the Committee noted that a number of other Assembly statutory committees had expressed dissatisfaction with regard to the provision of information on the plans for their respective departments. The Committee was strongly critical with regard to the lack of meaningful

⁹ IMF (2007) 'Code of good practices on fiscal transparency' available online at: <http://www.imf.org/external/np/pp/2007/eng/051507c.pdf> (accessed 13 June 2011) (see 2.1.1)

¹⁰ http://archive.niassembly.gov.uk/finance/2007mandate/reports/report_61_10_11R.htm#3

engagement between departments and their respective Assembly committees. The Committee was disappointed to note that the same issues have again arisen in the recent draft Budget 2011-15 process, when seven out of the other eleven committees, in addition to the Chairpersons' Liaison Group, expressed some degree of dissatisfaction with regard to the level of engagement on spending and savings plans for their respective departments. Given the repeated failure by a majority of executive departments to meet the needs of their Assembly scrutiny committees in terms of the provision of appropriate and timely information on budgetary proposals, the Committee believes that the Assembly's potential in contributing constructively to the development of Executive budgets and to overseeing the subsequent delivery of the Executive's strategic spending priorities can be fully realised only if the Assembly takes decisive steps to establish stronger procedures and processes for exercising its role in this regard.¹¹

A contributing factor to this difficulty was the compressed timetable referred to above in section 2.1. The inclusion of a formal stage prior to the development of the draft budget could mitigate the exclusion of the Assembly from the budgetary process. By the time the Executive has agreed its draft budget, the ability of the Assembly to exert any influence is severely constrained.

A recent Technical Note and Manual published by the IMF notes that:

*For promoting good governance and fiscal transparency, **the legislature's active engagement in the budget process is essential**. When fiscal policies and medium-term budgetary objectives are debated in parliament, budget strategies and policies are "owned" more widely.¹² [emphasis added]*

For these reasons, good practice indicates that:

The legislature should be provided with an opportunity for a pre-budget review of the government's main budget orientations and proposals for the upcoming fiscal years, especially the next year's annual budget strategy and main aggregates.¹³

The main fiscal aggregates in Northern Ireland are largely set by the UK Government through spending reviews. But there are revenue-raising options open to the Executive (the regional rate, water charging, and – potentially in future – corporation tax, for example) and these could be debated prior to draft budget stage to help increase the Assembly's 'ownership'.

¹¹ http://archive.niassembly.gov.uk/finance/2007mandate/reports/report_61_10_11R.htm#3

¹² IMF (2010) 'Role of the legislature in the budget process' available online at: <http://blog-pfm.imf.org/files/fad-technical-manual-9.pdf> (see page 1)

¹³ IMF (2010) 'Role of the legislature in the budget process' available online at: <http://blog-pfm.imf.org/files/fad-technical-manual-9.pdf> (see page 3)

Secondly, discussion of ‘budget strategy’ or the spending priorities for the upcoming budget – in terms of which programmatic areas (be it health, education or roads) the draft budget should focus on – could help streamline debates at the draft budget stage. It could help shift the focus from the broad decisions about departmental allocations to the more specific issues of how resources should be allocated *within* programme areas.

Such an opportunity is provided in the Scottish budget process through a ‘strategic budget scrutiny’ phase – though the Committee may wish to note that the formal ‘Stage 1’ which previously considered spending strategy did have its problems.¹⁴

In Wales, a different model again was used whereby the Finance Minister invited subject committees to express their views on priorities for the Welsh Assembly Government’s expenditure in the coming financial years. This stage of the process took place in June and July to inform development of the draft budget for the autumn. Following the changes to the governance of Wales (the separation of the Executive from the legislature – previously Ministers also sat on subject committees), this process has changed once more, and may be subject to further change.¹⁵

Nevertheless, pre-budget debates do form part of the fiscal picture in a number of other countries – such as France, Sweden and Brazil, for example.

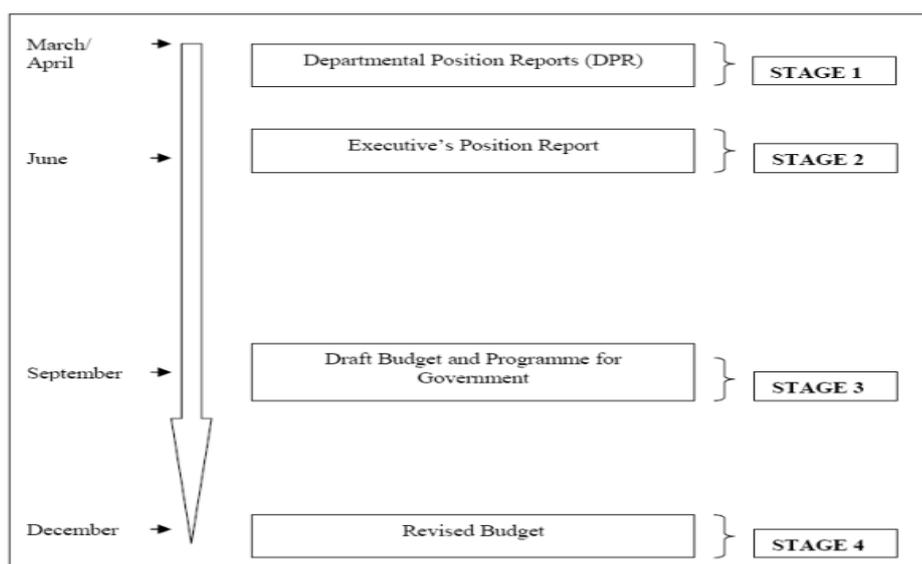
Recommendation 2: the future budget process should include a strategic phase, perhaps in the spring preceding the production of a draft budget, to allow the Assembly to debate both revenue measures and spending priorities.

2.3. A regularised budget process: strategic review

In the earlier years of devolution, the budget process was formally structured and there were two formal stages (Departmental Position Reports and Executive’s Position Report) that preceded the introduction of a draft budget to the Assembly (see figure 1 below). In the Budget 2010 process which set departmental allocations for 2011-15, these stages did not occur.

¹⁴ <http://www.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-05.htm>

¹⁵ Source: communication with National Assembly for Wales researcher.

Figure 1: The budget process used in the Northern Ireland Assembly's first mandate

The case for a regularised process

The Executive's previous budget set expenditure plans for 2008-11. During the execution of these plans two notable events occurred. Firstly, the Executive undertook a 'strategic stocktake', the outcome of which was reported to the Assembly by the then Minister of Finance and Personnel, Nigel Dodds, in January 2009. He stated that:

...the Executive agreed in March 2008 that there would be little to be gained from commissioning a comprehensive local Budget process for 2008-09. However, it was recognised that Northern Ireland Departments would have emerging financial issues of which early sight would be useful when considering the strategic approach to the 2009-2010 in-year process. therefore, the executive agreed to conduct a strategic stocktake of the Budget position for forward years in order to allow Departments to review progress against their three-year plans to date.¹⁶

The outcome of the strategic stocktake resulted in a number of reallocations between departments to help meet anticipated expenditure pressures for the second and third years of the three-year budget.

The second event was the Executive's 'review of spending plans' which began in summer 2009 "in light of changing circumstances and the emerging pressures facing the Executive for the 2010-11 financial year."¹⁷ This resulted in revised spending plans being agreed by the Assembly in spring 2010 which altered once more the allocations for 2010-11.

¹⁶ Official Report, 20 January 2009, available online at: <http://www.niassembly.gov.uk/record/reports2008/090120.pdf> (see page 300)

¹⁷ <http://www.northernireland.gov.uk/index/work-of-the-executive/programme-for-government-and-budget-v1.htm>

The fact that the three-year budget for 2008-11 had to be re-opened on two subsequent occasions for reconsideration is offered as evidence that, after the Executive gains agreement to a multi-year budget, a formal stage should be included in a future process in which strategic budgetary issues may be re-considered by the Assembly during execution of the plan. This stage would be over and above what can be addressed through the process of in-year monitoring.

This suggestion is underpinned by the IMF *Code of good practices on fiscal transparency* which states that:

*A timely mid-year report on budget developments should be presented to the legislature.*¹⁸

Following this good practice on transparency in budgeting would allow for the regularisation of the situation that developed under the 2008-11 budget in a seemingly ad-hoc manner. Including a formal stage in the budget cycle would facilitate the Assembly's statutory committees' planning of forward work programmes. Time could be scheduled in advance for scrutinising such a mid-year report.

Assuming the Executive continues to produce multi-year budgets, a formal mid-year phase could be used annually to inform the prioritisation of monitoring round allocations. At present there seems to be little to link the re-allocations made in-year with particular policy priorities. If such a link does exist, this stage might be used to allow the Executive to articulate the linkage.

In addition, this in-year strategic review stage may be helpful for informing decisions for distributing carried over allocations under the new Budget Exchange scheme that has replaced End-Year Flexibility. More detail on the scheme will be required before it's possible to assess how that mechanism could be incorporated.

The IMF *Code of good practices on fiscal transparency* states that:

*Supplementary revenue and expenditure proposals during the fiscal year should be presented to the legislature in a manner consistent with the original budget presentation.*¹⁹

The recommendation is made below that budget documentation should show a clearer link between spending plans and intended outcomes – an extension of this approach, taking into account the good practice recommendation would be that documentation for monitoring rounds would follow the same pattern. Linking in-year monitoring to policy priorities would help in this regard.

¹⁸ IMF (2007) 'Code of good practices on fiscal transparency' available online at: <http://www.imf.org/external/np/pp/2007/eng/051507c.pdf> (accessed 13 June 2011) (see 2.2.2)

¹⁹ IMF (2007) 'Code of good practices on fiscal transparency' available online at: <http://www.imf.org/external/np/pp/2007/eng/051507c.pdf> (accessed 13 June 2011) (see 2.2.3)

Recommendation 3: the future budget process should include a formal stage for reconsideration of the budget in light of emerging spending pressures or policy reorientation, with the aim of informing in-year reallocations and considering developments that might affect allocations across years.

2.4. A regularised budget process: information

For the two budgetary phases suggested above to be effective, there is a need for the Executive to provide financial information to underpin the Assembly's consideration and scrutiny. This shown in the section quoted in section 2.3 from a report of the previous Committee.

The need for transparent published information is acknowledged in the TOR for DFP's Review of Financial Process. The intentions outlined in meetings with officials have focused on improving the alignment between various Executive publications (budgets, estimates and accounts and so on) and improvements in the level of detail provided – particularly in relation to expenditure headings.

A move to more detailed information would be a step towards better practice. The IMF *Code of good practices on fiscal transparency* states that:

*A description of major expenditure and revenue measures, **and their contribution to policy objectives**, should be provided.²⁰[emphasis added]*

Such an approach was in fact recommended by DFP in its *Review of Northern Ireland Executive Budget 2008-11 Process*:

(1) An exercise should be conducted at the start of the next Budget process to seek to determine the level of public expenditure underpinning actions to deliver each Public Service Agreement in the Programme for Government (PfG). *One of the constraints identified in scrutinising the draft Budget proposals and PfG was the absence of a link between the two documents. This information would provide a baseline position against which spending proposals could be compared. Ideally this should go further in terms of the funding allocated for the objectives within each PSA.*

In terms of detail, a comparison between the budgetary information provided to the Northern Ireland Assembly and the National Assembly for Wales is instructive.

For example, in the Executive's *Final Budget 2011-15* the expenditure allocated to the Department of Health, Social Services and Public Safety for 'personal social services' was included in a single budget line. By 2014-15, the total allocation under this line is

²⁰IMF (2007) 'Code of good practices on fiscal transparency' available online at: <http://www.imf.org/external/np/pp/2007/eng/051507c.pdf> (accessed 13 June 2011) (see 2.1.3)

£923.6m – not far below £1 billion – without any further detail provided in the budget document.²¹

The spending plans for health and social services in Wales for the next three years, however, were provided to a greater level of detail. The ‘social services’ line is broken down to:

- Children’s Social Services;
- Adult & Older People;
- Social Services Strategy;
- Care Council for Wales; and
- Older People Commissioner.²²

Whilst this breakdown does not link specifically to objectives, at the very least it is much clearer where certain blocks of overall expenditure are allocated. This example shows how the transparency of the budget documentation could be improved through a simple measure.

If such an approach is what is recommended for Northern Ireland, it is possible to see there is likely to be an improvement. But there is still a gap between those more detailed expenditure headings and the description of their ‘contribution to policy objectives’ suggested by good practice.

A link between expenditure plans and Programme for Government Public Service Agreements or related objectives as suggested by the DFP *Review of Northern Ireland Executive Budget 2008-11 Process* would take this much further and may be more helpful to Assembly Committees. It would also be facilitated by the implementation of recommendation 2 above as the draft budget would have to demonstrate how it implements those priorities debated at that ‘budget strategy’ phase. Therefore, the linkage would be incorporated from the start.

Recommendation 4: future budgetary documentation should include a more detailed breakdown of expenditure plans, including linkages between expenditure and performance outcomes. Documentation should be produced in good time to facilitate informed debates at all stages of the timetable developed under recommendation 1.

3. Implementation of a future financial process

A number of the previous Committee’s reports highlighted – and indeed criticised – departments and the Executive for a failure to engage meaningfully with the Assembly’s statutory committees. In particular, a number of committees were critical of

²¹NI Executive (2011) ‘Final Budget 2011-15’ available online at: http://www.northernireland.gov.uk/revised_budget_website_version.pdf (see page 79)

²²<http://wales.gov.uk/docs/finance/report/110201megen.pdf> (see page 2)

the information they were provided in relation to their respective departments' spending priorities and plans.

One means of overcoming some of these difficulties would be to give the future budget process a statutory footing. Such an approach is supported by good practice guidance. The Technical Note and Manual published by the IMF cited above notes that:

The various budget rules, procedures, limitations and requirements of both the legislature and the executive are spelt out in constitutions, laws, regulations and informal practices. Constitutional rules or budget system laws are useful when they lay out principles for good budget practice. However, there is danger in overloading budget systems laws, by including detailed provisions that take away budget flexibility that is needed by the executive in preparing and executing annual budgets.²³

For these reasons, good practice states that legislatures should:

- *Include budget principles and procedures in budget system laws, especially when needed to implement constitutional requirements.*
- *Avoid overloading laws, including the constitution, with detailed budget rules, delegating details to the executive's regulations.²⁴*

This good practice guidance suggests therefore that the overall budget and financial process should be established in statute, but that some of the detail should be left subordinate legislation, or to the Assembly's Standing Orders.

In relation to Standing Orders, however, there is a note of caution. Whilst good practice suggest these *should* be used for formalising a legislature's internal rules for organisational arrangements for budget approval and review, the Assembly should:

Avoid using such regulations [i.e. Standing Orders] as substitutes for general budget procedures and restrictions that should be in law, not internal parliamentary regulations.²⁵

So, whilst Standing Orders may be used to frame how the Assembly conducts budget scrutiny internally, they should not be relied upon to establish the principal stages or timing of a future process.

Recommendation 5: the framework for a new budget process should be set out in primary legislation, with additional detail included in regulations or the Assembly's Standing Orders as appropriate.

²³ IMF (2010) 'Role of the legislature in the budget process' available online at: <http://blog-pfm.imf.org/files/fad-technical-manual-9.pdf> (see page 19)

²⁴ IMF (2010) 'Role of the legislature in the budget process' available online at: <http://blog-pfm.imf.org/files/fad-technical-manual-9.pdf> (see page 20)

²⁵ IMF (2010) 'Role of the legislature in the budget process' available online at: <http://blog-pfm.imf.org/files/fad-technical-manual-9.pdf> (see page 20)

Appendix 1: DFP Review of Financial Process TOR

REVIEW OF FINANCIAL PROCESS IN NORTHERN IRELAND

TERMS OF REFERENCE

Background

1. The Northern Ireland Executive's public revenue and expenditure process takes place in the context of the wider UK control and management framework and includes:-
 - the Budget public expenditure planning process (called 'The Budget' with its links to the Programme for Government and ISNI) prior to the start of the new financial cycle,
 - the In-year monitoring rounds revising the Budget plans,
 - the Rates legislative process,
 - the legislative process (known as the Estimates and Budget Bill) for the appropriation of all departmental resources at the beginning and before the end of each financial year, and
 - the publication of Departmental Resource Accounts following the close of the financial year.
2. The current process has existed in Northern Ireland for a considerable time and is based on the Westminster model. However, HM Treasury has now instigated significant reform of its budgetary/accountability process – most notably the move to Clear Line of Sight (CLOS) presentation. In this context, the current financial process may not best serve the Northern Ireland devolved administration and it is time to consider whether a more appropriate model should be introduced.
3. The various components of the process serve different purposes and have developed over the years in individual directions resulting in significant misalignment between Budgets, Estimates and Accounts.
4. Thus, while based on the same basic dataset, the figurework in Budgets, Estimates and Accounts, although reconcilable, does not meet the Assembly's expectations in relation to transparency.
5. In addition to this, revenue in the form of the Rates legislation is handled in a separate process.
6. Presentation of basically the same information to the Assembly for approval and lengthy debate during the Budget process and again in the Main Estimates (some months later) leads to confusion and may be perceived as inefficient and a poor use of Assembly time.

Aim of the Review

7. Against this background, the overall aim of the review is to examine and make recommendations on the options to create a single coherent financial framework that is effective, efficient and transparent and enhances scrutiny by and accountability to the Assembly, taking into account the needs of the Assembly.

Strategic Objectives of the Review

8. The strategic objectives of the review are:-
- To align the Budget, the Estimates and the Accounts as far as practicable to improve transparency, and
 - To synchronize the presentation of the Budget, the Estimates/departmental expenditure plans, the Budget Bills, the Rates legislation and the Accounts in order to create a single co-ordinated public revenue and expenditure process.

Methodology and Timeline

9. The review will:-

Key Actions	Ongoing to:
consider the controls voted by the Assembly with a view to better alignment between Budgets and Estimates	31 March 2011
identify and examine all misalignments between Budgets, Estimates and Accounts and consider options for maximum alignment	30 April 2011
review and redesign the current Estimates with a view to transparency with the Budget and Accounts	31 May 2011
consult with Rating Policy Division on alignment of the Rates Order with expenditure plans	30 June 2011
scope the practicalities and risks of presenting Estimates and the related Budget Bill as the final stage of the Budget process - identify proposals to manage the risk	30 June 2011
seek legal advice from the Attorney General and the DSO in relation to legislative implications and consult with First Legislative Counsel	31 July 2011
seek evidence from Departments and key stakeholders on alignment (in particular on inclusion of NDPBs within departmental accounting boundary), on Assembly controls and on revised Estimates	30 September 2011
consult with the Executive Services Directorate	31 October 2011
consult with the Northern Ireland Audit Office	31 November 2011
consult with the Committee for Finance and Personnel and the Public Accounts Committee on the Estimates, Assembly controls and alignment	beginning December 2011

Key Actions	Ongoing to:
Recommendations	
report to the Finance Minister with recommendations	31 December 2011
recommendations to the Executive for agreement	mid January 2012
Action Plan to the Executive for agreement	28 February 2012
report to the Assembly	31 March 2012
Implementation	
issue guidance and project timetable to departments	30 April 2012
draft legislation and introduce in Assembly	30 June 2012
adjustments to DFP database (and Account NI) to accommodate changes	Autumn 2012
Legislative process complete	March 2013
dry run 2012-13 Estimates with NDPBs within departmental accounting boundary	March 2013
dry run 2012-13 Resource Accounts prepared (and audited) with NDPBs within departmental accounting boundary	December 2013/January 2014
refinement of 2013-14 Estimates and Accounts (aiming for faster closing)	March 2014 & September 2014
Implementation – 2014-15 Estimates (inc NDPBs) 2015-16 Estimates as Final Budget 2014-15 Resource Accounts (inc NDPBs)	June 2014 December 2014 June/July 2015

Review Team

- The review team will consist of a small number of officials in the Public Spending Directorate and Accountability and Financial Management Division, reporting to the Budget Director and the Treasury Officer of Accounts, as appropriate.