

Chapter 10

The Role of Parliament in Budget Process



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10.1 Introduction

As is known, parliaments or congresses are one of the three main powers in a democracy and the checks and balances in a government are crucial to control the governmental branches. Developments in public finance history since the Magna Carta brought the notion power of the purse in the limelight and made the budgets one of the most important mediums for the legislation to control the execution branch of the governments. The budget process consists of various stages such as social demands, determination of the major policy priorities, legislation, execution, auditing, and control. Participation of the parliament in the budget process is normally concentrated on two of these stages which are the examination and approval of budget bill and the auditing of the public accounts (Yılmaz and Biçer 2010). Within this context, legislation reflects the whole society's preferences and makes governments more accountable via power of the purse.

Since budgets are technical documents as well as being political, parliaments should be eligible to scrutinize those documents and should play an active role in budget process. Otherwise, budgets reflect the preferences of the execution branch of the government and more particularly the preferences of bureaucrats rather than people's (Lienert 2013). For this reason, the legislature's active engagement in the budget process is of utmost importance for good governance and fiscal transparency. If budgets are debated and approved by legislation, they are more likely to be owned by the most (Lienert 2010).

In practice, however, there are two main problems related to legislation's involvement in the budget process. One of these problems is the budget illiteracy of the deputies to scrutinize budgets since the budgeting systems are getting more complicated in modern governmental systems (Posner and Park 2007). The other one is that

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deputies represent their own electorates and they may try to increase funds for their constituencies rather than ensuring fiscal discipline and seeking for the whole society's well-being (Lienert 2013). Therefore, the legislation may favor ensuring fiscal discipline or neglects discipline at the expense of increased budget deficit (Schick 2002).

Yet, OECD asserts that even if the general view is that the strong parliaments undermine fiscal discipline, the experiences of OECD member countries show that legislative supervision through committee reviews, plenary debates, parliamentary questions, and interpellations in budget process is essential for establishing and maintaining fiscal discipline (OECD 2014). Even if legislative activity in budget process creates some risks for fiscal discipline, those risks cannot be considered as a reason to inactivate legislatures. Furthermore, there are various ways—such as limiting the legislative amendments, setting process rules, providing qualified information, and establishing nonpartisan budget offices—to reduce the risks arising from legislative engagement in budget process. Overall, enhancing the activeness of legislatures and setting institutional rules that optimize its role can help to create better budgetary outcomes (Fölscher 2006).

In Turkey, the Grand National Assembly of Turkey (GNAT) uses the legislative power on behalf of Turkish Nation¹ and the role of the GNAT in budget process is mainly defined both in the Constitution of 1982 and Law no. 5018.² Constitution of the Republic of Turkey was ratified through referendum of the Turkish People on November 7th in 1982 and was amended several times since then. The last amendment was made through the referendum of April 16, 2017.

The major change made through the 2017 referendum was transition of the governmental system from parliamentary to the presidential which was put into effect after the elections of June 24, 2018. Another significant amendment made through the referendum—that affects the role of the parliament in budget process—was the amendment to the articles 161, 162, 163, and 164 which used to regulate the budget preparation and implementation, debate on the budget, principles governing budgetary amendments and final accounts. Those four articles were consolidated in article 161. According to the amended article 161 the Plan and Budget Committee (PBC) is still the only parliamentary committee identified in the Constitution but the provision on the structure of the Committee has been repealed.

The details related to public financial management system including budget process had been regulated by Law no. 1050³ which was enacted in 1927. On the other hand, Law no. 1050 was repealed by Law no. 5018 that was enacted in 2003 and fully put into effect in 2006. The medium-term expenditure framework, multiyear budgeting, strategic planning, performance-based budgeting, accountability, and transparency were all introduced through Law no. 5018. It has been amended several times since then, and the last amendment was made in 2018 in accordance with the Constitutional amendment.

¹Constitution of the Republic of Turkey, Article 7.

²Public Financial Management and Control Law.

³General Accounting Law.

This study aims to examine the role of the GNAT in budget process including budget calendar, budgetary documents submitted to the Parliament by the President of the Republic and the tools of legislative oversight within the context of transition of the governmental system.

10.2 Legislative Oversight in Different Governmental Systems

One of the main functions of legislatures is overseeing the executive branch through monitoring and scrutinizing its policy implementations to ensure transparency and hold the governments accountable. On the other hand, legislative oversight differs from country to country in line with the constitutional and institutional structure as well as the legitimacy of the legislature (The World Bank 2002). Therefore, it can be said that the oversight function of a legislature mainly depends on the governmental system of a country which determines the relationship between executive and legislative branches. However, there is no one type of parliamentary or presidential system. In general, parliamentary systems are mainly grouped into as Westminster-style parliaments and others while the presidential systems are grouped as presidential and semi-presidential systems.

Presidential and parliamentary systems both aim at efficient management of government even if the philosophy behind them and the structure of the organization they have adopted differ from each other. The main difference of these two systems is the formation of government. In parliamentary systems the government is formed from among the members of the parliament, while president and legislature are elected separately in presidential systems. Therefore, contrary to the parliamentary systems, the head of executive is independent from legislature in presidential systems. Additionally, the structure of the government is fragmented in parliamentary systems since the governments consist of head of government, cabinet, and the head of state (a monarch or a parliamentary elected president in republics). However, in presidential systems, there is only one president who is the head of both government and state (Puig 2002). On the other hand, the semi-presidential systems differ from these two governmental systems since it is a mix of them that includes a directly elected fix term president and a prime minister and cabinet. In the countries with semi-presidential systems; president, prime minister, and cabinet are all subject to legislative oversight (Elgie 2011).

Another characteristic difference between parliamentary and presidential systems is the relationship between the executive and legislative branches. In parliamentary systems, the executive branch needs legislative confidence to stay in office. On the other hand, “the terms of the chief executive and of the assembly are fixed, and not subject to mutual confidence” in presidential systems (Carey 2008). But this separation is also ambiguous since parliamentary systems also differ from each other.

For instance, executive power is concentrated in one party and cabinet in Westminster-style parliaments. Even if it is expected that the parliament can remove the cabinet, in practice, it is not the case. Since the leaders of the majority party are generally the members of cabinet, it is commonly supported by the majority and stays in office (Lijphart 2012).

Generally in presidential systems, legislatures are more influential when compared to parliamentary systems in determination of taxes and expenditures because of the strong separation of powers. However, political context is an important determinant on the activeness of legislatures in both systems depending on the distribution of members among political parties (Fölscher 2006). There are several factors that influence the role of legislature in the budget process, such as political and electoral system, legislature's formal power, political environment, and the budget literacy of the parliament (Johnson and Staphenurst 2008). For example, strong separation of power between the executive and legislature in presidential systems may create conflict or improve the quality of oversight through decreasing the collusion experienced in parliamentary systems (Desposato 2008).

As is mentioned above Turkey has transformed its governmental system from parliamentary to presidential. Since the differences between governmental systems affect the legislative oversight function of parliaments, it is important to examine the constitutional amendments made through the latest referendum. For this reason, legislative oversight in Turkey will be examined in consideration of those amendments.

10.3 Legislative Oversight in Turkey

As is mentioned above parliaments are one of the three main powers of a democracy. They consist of equal members representing the electorate and their major function is controlling the executive branch of the governments. To perform this oversight function, parliaments use several tools such as ombudsmen, committees of inquiry, auditing institutions, specialized parliamentary committees, public hearings, interpellations, and procedures for questioning ministers in many ways (Damgaard 2000).

In Turkey, the tools of legislative oversight are defined and regulated in both Constitution and some other laws. While the Constitution regulates the establishment of the Institution of the Ombudsperson, ways of obtaining information and supervision by the GNAT, the Turkish Court of Accounts (TCA), PBC and legislative budget process; the organization of the Ombudsperson Institution, the organization, authorization and duties of the TCA and the details of the budget process are regulated in other special laws.

As is regulated in the Constitution and other various laws, Turkey has various legislative oversight tools such as ombudsperson, parliamentary inquiry, general debate, parliamentary investigation, and written question. In addition to those, Turkey has a budget committee to carry out both ex-ante and ex-post oversight that is supported

by the TCA. Therefore, in this section, the tools used by the GNAT to perform its oversight function will be examined.

Ombudsperson

As is known, “an ombudsperson is a person who heads a constitutional or statutory public institution that handles complaints from the public regarding the decisions, actions or omissions of the public administration” and in the countries that adopt the parliamentary model, ombudspersons are appointed by legislature (Yamamoto 2007). According to the International Ombudsman Institute (IOI), the best practices have several features:

- An independent ombudsman institution should be introduced that has a legal basis,
- The ombudsman should be appointed by the parliament, preferably through the election that require a qualified majority,
- The ombudsman should not be removed before the end of the term appointed for, except in the case of incapacity, misconduct, or other good cause,
- Ombudsman positions should have fixed mandates that is not shorter than five years,
- The ombudsman should have the power to cooperate with any individual and institution to receive support in his or her investigations and the institutions should be able to access to all service users and should be available for all,
- The ombudsman should examine the legality and compliance, promote human rights and good administration and should be able to make recommendations as well as having the power to enforce those recommendations,
- The ombudsman should submit annual reports to the parliament that should be discussed at Plenary or at a Committee,
- The Ombudsman may be appointed on a renewable, fixed-term basis but “the IOI has adopted a formal policy encouraging a public, staged approach to the management of the renewal of mandate” (IOI 2017).

In Turkey, the Institution of the Ombudsperson is introduced through the constitutional amendment made in 2010. According to the article 74 of the Constitution, the Institution is established under the organization of GNAT and the duty of the Institution is to consider the complaints about the public administrations. The Chief Ombudsperson is elected by the GNAT for a term of four years by secret ballot. Three ballots can be held for the election of the Chief Ombudsperson and in the first two ballots qualified majority (two-thirds) of the total members is required. If the qualified majority cannot be constituted in first two ballots, the majority of the total members are required in the third ballot (GNAT 1982).

Also, the code 6328⁴ was enacted in 2012 to establish the Institution of Ombudsperson that indicates any authority or person cannot issue orders, instructions, or give advice to Chief Ombudsperson or ombudspersons related to their duties. The ombudsperson can request any information related to the issue under examination or investigation and the institutions have to submit that information within 30 days following the date of request. On the other hand, the Chief Ombudsperson can be

⁴Law On the Ombudsperson Institution.

removed from the office if he or she no longer holds the qualifications that required to be elected. Also the Chief Ombudsperson can be removed from the office in the case of a sentence or restriction which would damage the eligibility to be elected. According to the code 6328, the Institution prepares a report about its activities and recommendations at the end of every calendar year and submits it to a joint commission which is comprised of the members of the Petition Committee and the Human Rights Inquiry Committee of the GNAT. The commission discusses this report and prepares another report—which includes a summary of the previous report and the commission’s own views and convictions—to be submitted to the Plenary (GNAT 2012).

Therefore, the model adopted by Turkey is the parliamentary ombudsperson model in which the chief ombudsperson is appointed by the parliament. Additionally, the system adopted by the code 6328 is in line with the IOI best practices, except for the term of office which is four years.

General Legislative Oversight Tools

Generally, the other tools of legislative oversight are regulated in the article 98 of the Constitution. According to the article, the GNAT performs its oversight function by means of parliamentary inquiry, general debate, parliamentary investigation, and written question. In this regard, the GNAT may carry out an examination to obtain information on a particular subject which is called parliamentary inquiry. General debate is defined as the consideration of a particular subject related to the community and the State activities at the Plenary. In addition, absolute majority of the GNAT may table a motion requesting the investigation of Vice Presidents of the Republic and ministers on allegations of perpetration of a crime regarding their duties which is called parliamentary investigation.⁵ And finally, members of the GNAT can ask questions in written form to the Vice Presidents of the Republic and ministers which have to be answered no later than 15 days (GNAT 1982).

In the article 98, the Constitution also indicates that the form of presentation, content, and scope of parliamentary inquiry, general debate and written question, and the procedures for answering, debating and inquiring them are regulated by the Rules of Procedure of the GNAT. Besides, relating to the supervision of President of the Republic, the article 105 regulates that absolute majority of the GNAT may table a motion requesting the investigation of President of the Republic on allegations of a crime (GNAT 1982). On the other hand, the article 99 was repealed through the amendment in 2017 which used to regulate the censure⁶ as a tool of legislative oversight.

Budget Committee and Plenary Sessions

Role of the GNAT in the budget process is particularly determined in the article 161. In accordance with the Constitution, the expenditures of the State and of public

⁵Article 106.

⁶The question used to be asked by the members of the GNAT to the prime minister or one of the ministers on a specific issue that had to be negotiated in the Plenary and at the end of negotiations members of the parliament could request an investigation or vote of confidence.

corporations (except for the state-owned enterprises) are determined by annual budgets. And the fiscal year,⁷ processes related to the preparation, implementation, and control of the central government budgets and procedures for investments, works and services which take more than one year are regulated in the law. Also, provisions which are not related to budget cannot be included in budget laws. The main regulations in the constitution related to ex-ante legislative oversight in the budget process are listed in the table below including previous situation (Table 10.1).

However, there is an important restriction on the budgetary amendments made by the legislation that the members of the parliament may express their opinions in the

Table 10.1 Legislative Budget Process

Before constitutional amendment	After constitutional amendment
The budget bills are submitted to the GNAT by the Council of Ministers at least 75 days before the beginning of the fiscal year	The budget bills are submitted to the GNAT by the President of the Republic at least 75 days before the beginning of the fiscal year
The budget bills are debated and approved at the PBC within 55 days. According to the Constitution the PBC used to consist of <u>40 deputies, 25 of them were from the ruling party and the remaining 15 deputies were from the opponent parties</u>	The budget bills are debated and approved at the PBC within 55 days. Since the article relating to structure of the PBC is repealed from the Constitution, the number of the members of the Committee is determined in line with the Rules of Procedure of the GNAT. Therefore, the number of the members of the parliamentary committees is determined in the Plenary and the distribution of the seats between the ruling and opponent parties in the Committee is determined according to percentage of their seats in the Plenary. For now, the PBC has <u>30, 15 of them are from the ruling party and the other 15 are from the opponent parties</u>
The budget bills approved by the PBC are submitted to the Plenary for further debate and adopted by the Plenary before the beginning of the fiscal year. Therefore, the Plenary has 20 days to debate and adopt the budget bills. Budget bills used to be <u>voted by functions</u> of each institution	The budget bills approved by the PBC are submitted to the Plenary for further debate and adopted by the Plenary before the beginning of the fiscal year. Therefore, the Plenary has 20 days to debate and adopt the budget bills. Budget bills are <u>voted on institutional bases</u> in current situation
If budget laws cannot be put into force on the 1st of January, ^a provisional budget laws used to be enacted which did not used to long more than six months	If budget laws cannot be put into force on the 1st of January, provisional budget laws are enacted. If the provisional budget law cannot be enacted either, previous year's budget will be implemented with an increase depending on the revaluation rate until the budget law is adopted

Source: Derived from the Constitution of 1982 (GNAT 1982)

^aThe beginning of the fiscal year according to the code 5018

⁷The calendar year is considered as the fiscal year in the Law no. 5018.

Plenary on budgets of public administrations but they cannot propose amendments that increase expenditures or reduce revenues (GNAT 1982). Therefore, even if the PBC has the legal power to amend the budgets without any restrictions, in terms of the Plenary it can be said that there is an institutional arrangement made through the Constitution to reduce the risks arising from legislative activity in the budget process.

Wehner conducted a study to calculate an index to assess the power of the purse that is the sum of powers, reversion, flexibility, time, committees, and research. Those variables can be explained as formal amendment power of legislatures, occurrence of legislative amendments, reversionary budgets, executive flexibility in the budget implementation process, budget and audit committees, a dedicated legislative budget unit and the time allocated to budget negotiations. According to the study, even if there is a high recognition of the importance of the power of the purse constitutionally, the financial scrutiny level of the legislative bodies differs widely from country to country. For example, USA has the highest score (88.9) and the legislative bodies of Hungary (66.7), Sweden (65.3), Norway (61.1), and Switzerland (61.1) follow US Congress. On the other hand, Ireland (16.7), France (18.1), Greece (19.4), United Kingdom (20.8), and Australia (20.8) have the lowest scores. Turkey's score (36.1) is at the middle such as Poland (37.5), Iceland (38.9), Finland (38.9) Portugal (38.9), and Spain (38.9). According to Wehner's study, the main problems related to Turkey's score are the high level of executive flexibility during budget execution and lack of capacity of the legislature (Wehner 2010).

The process for the ex-post legislative oversight of the GNAT through the final accounts bill is also determined in the article 161 of the Constitution. In that vein, the central government final accounts bill is submitted to the GNAT by the President of the Republic within six months of the end of fiscal year. Additionally, the TCA has to submit its statement of general conformity to the GNAT within 75 days of the submission of the final accounts bill. The final accounts bill is debated and adopted in the same procedure as the budget bill in both the PBC and Plenary (GNAT 1982). As is seen, there is not a separate committee which is responsible for the final account bills. Thereby, the GNAT can evaluate the budget bill, the previous year's realizations, and the statement of general conformity of the TCA at the same time that may affect the quality of debates negatively because of the time limit.

On the other hand, even if there is a dedicated parliamentary budget committee to scrutiny the budget and final account bills, the GNAT does not have an independent analytic budget unit such as a parliamentary budget office that provides information to the parliament to eliminate the domination of the budget information by the executive branch. Those parliamentary offices can perform independent economic forecasts, prepare expenditure and revenue projections, analyze the executive's budget proposals in medium term. Budget offices can also analyze policy proposals, prepare options for spending cuts based on program effectiveness and efficiency, and make long-term analyses. Indeed, there are several benefits in establishing this kind of units such as simplification of the complexity, promoting transparency and accountability, enhancing credibility, improving budget process, providing information to both majority and minority groups in the parliament, and providing rapid responses to budget inquiries from the legislature (Anderson 2008). For instance, in the US, the

Congressional Budget Office (CBO) assists to Congress in budget process through preparation of analysis and estimations related to economy and budget. The CBO also presents options and alternatives to the Congress to consider in decision-making process (Shaw 2016). Considering the strong role of US Congress in budget process, it can be said that the CBO is an important unit that facilitates the Congress's work in this process.

The Court of Accounts

The TCA is responsible for auditing revenues, expenditures, and the assets of the public administrations financed by the central government budget and social security institutions as well as taking final decisions on the accounts and acts of the responsible officials on behalf of the GNAT. Auditing and taking final decision on the accounts and activities of local administrations are also under the responsibility of the TCA (GNAT 1982). The purposes of the ex-post external audit carried out by the TCA are stated as auditing of the financial activities, decisions and transactions of public administrations in terms of their compliance with the laws, institutional goals, objectives and plans, and reporting the audit results to the GNAT (GNAT 2003).

The Law no. 6085⁸—enacted in 2010—regulates establishment of the TCA and repealed the previous law on the organization of TCA which was enacted in 1967. According to the Law no. 6085⁹, public administrations within the scope of general government,¹⁰ companies that use public sources, off-budget funds, special accounts, accounts and transactions of international institutions and organizations,¹¹ borrowing, lending, repayments, grants, treasury guarantees, treasury receivables, cash management, domestic and foreign resources and funds (including European Union funds) are subject to TCA audit. The TCA also carries out performance audit which is described as “measurement of results of activities with respect to objectives and indicators determined by public administrations within the framework of accountability” (GNAT 2010). On the other hand, International Organization of Supreme Audit Institutions (INTOSAI)—the TCA is a member of it—describes performance auditing as “an independent, objective and reliable examination of whether government undertakings, systems, operations, programs, activities or organizations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement” (INTOSAI 2013). Therefore, the definition made in the Law no. 6085 is narrower than the definition made by INTOSAI.

Performance audits carried out by national audit offices produce performance information that can lead a political consideration through the procedural obligations that makes ministers or committees of legislature to respond those reports. However, it is not guaranteed that those obligations create a substantive impact but at least they can lead a kind of formal consideration and reply (Pollitt 2006). Since the

⁸Law on the Court of Accounts.

⁹Article 4.

¹⁰Includes public administrations within the scope of central government, social security institutions and local governments.

¹¹Within the framework of the principles set out in the relevant treaty or agreement.

performance auditing carried out by supreme audit institutions such as the TCA serves the legislature rather than executive, it can facilitate the role of parliaments in budget process and increase accountability (Robinson 2011). Therefore, considering the performance audits in a broader scope and increasing the capacity of TCA in this area are important to enhance the quality of legislative oversight.

10.4 Budgetary Actors and Budget Preparation Process

Budget preparation and implementation process in Turkey is determined both in the Constitution and the Law no. 5018. On the other hand, the budgetary actors within the government and their roles have changed because of the transition of the governmental system. Therefore, it is important to apprehend the budgetary actors for a good understanding of the budget cycle.

Before the constitutional amendment, Ministry of Finance used to be responsible for the current budget and overall preparation and implementation process while the Ministry of Development used to prepare investment budget and annual public investment programs. Also, there was a division in the preparation process of the medium-term expenditure framework in which the Ministry of Development used to be responsible for the preparation of medium-term programs (MTP), while the Ministry of Finance used to be responsible for the preparation of medium-term fiscal plans (MTFP). Additionally, the Undersecretariat of Treasury used to be responsible for the debt and cash management. Therefore, there was a fragmented structure within the executive budgeting process in which current budget, investment budget and debt-cash management used to be carried out separately by three main governmental bodies.

After the constitutional amendment, the Ministry of Development is abolished and the Presidency of Strategy and Budget (PSB) is established under the Presidency of the Republic. According to the Presidential Decree on Organization of the Presidency of Strategy and Budget, this newly established body is jointly responsible for the preparation and implementation of both mid-term expenditure framework and budget with the Ministry of Treasury and Finance¹² (Presidential Decree 2018a, b). As a result, the number of the budgetary actors in the budget preparation process is reduced to two bodies instead of three. One is the PSB and the other is the Ministry of Treasury and Finance.

As is mentioned above, the budget preparation and implementation process in Turkey is defined both in the Constitution and the Law no. 5018. According to the Law, the President of the Republic¹³ is responsible for the preparation of the budget bill and the coordination among the governmental bodies. As it is clear in

¹²The Undersecretariat of Treasury and Ministry of Finance are united under the Ministry of Treasury and Finance through the Presidential Decree after the constitutional amendment.

¹³The PSB is the responsible institution to coordinate the budget process on behalf of the Presidency of the Republic.

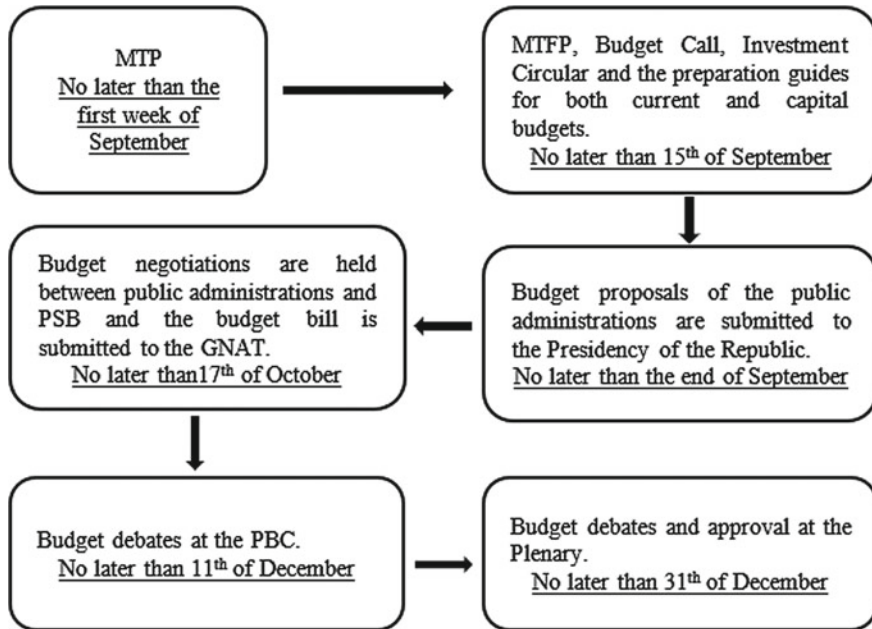


Fig. 10.1 Budget Calendar Source: Derived from the Constitution of 1982 and the Law No. 5018, (GNAT 1982; GNAT 2003)

the Fig. 10.1, budget preparation process starts with the approval and publication of the MTP by the Presidency of the Republic at the end of first week of September at the latest. The MTP is the main document in the multiyear budgeting process that is important to establish a linkage between the policies adopted in the development plans and budgets. Therefore, the MTP includes macroeconomic policies, principles, and basic macroeconomic figures as targets and indicators in accordance with the five-year development plans, institutional strategic plans and the requirements of general economic conditions of the Country (Fig. 10.1).

After the publication of the MTP, MTFP is prepared and published by the President of the Republic no later than 15th of September which has to be consistent with the MTP and includes budget deficit and targeted borrowing, total revenue, and expenditure estimations for the budget year and the following two years, as well as the institutional ceilings within the scope of central government budget. In addition to this, the budget call and the budget preparation guide, the investment circular and the investment program preparation guide are prepared and published by the Presidency of the Republic at the same time with the MTFP.

The PBC has 55 days to debate the budget and final account bills. The budget deliberation agenda is declared by the Presidency of the Committee and debates are held with the participation of the Committee members from the ruling and opposition parties and the representatives of the TCA, GNAT, PSB, and line ministries. The

representatives of the TCA, GNAT, PSB, and line ministries attend to the Committee meetings to explain technical issues related to budget and final account bills if requested by the Committee members. At the end of the Committee meetings, budget and final account bills are voted on institutional bases.

Following the approval of the PBC, the budget and final account bills are submitted to the Plenary. Plenary has 20 days to debate budget and final account bills since they have to be approved and published before the beginning of the fiscal year. As is noted above, while the PBC has a right to amend budget bills without restrictions, the Plenary cannot propose amendments that increase expenditures or reduce revenues.

As is clear in the budget calendar, the budget preparation process starts with the publication of the MTP by the President of the Republic no later than first week of September and ends by December 31 at the latest. The whole budget process including both executive and legislative branches takes almost four months in which legislature has only 75 days that is quite short in comparison with the other OECD countries and does not allow the legislature to scrutinize the medium-term framework and budget in detail. For example, in Canada, even if there is no legal basis for the budget calendar, the budget process starts with the submission of forecasts to the Cabinet by the Department of Finance about 12 months before the beginning of the fiscal year.¹⁴ The parliamentary budget process is held in two stages: pre-budget consultation and approval. The consultation process begins in September or October and ends in early December. Even if there is not a legal deadline to submit the budget to the parliament, in practice it is submitted about one month before the beginning of the fiscal year and traditionally it is approved in late June—after the beginning of fiscal year—as is inherited from United Kingdom (Lienert and Jung 2004). Therefore, the whole budget process in Canada takes more than one year which is quite longer than the Turkish budget preparation process.

10.5 Budgetary Documents Submitted to the Parliament

According to the Law no. 5018, budgets are prepared and implemented in line with the classification system adopted by the Presidency of the Republic that is also in accordance with the international standards and shows the institutional, functional, and economic results. Therefore, the Analytical Budget Classification (ABC) is introduced in 2004 that includes institutional, functional, source of financing and economic classifications of expenditures, and the economic classification of revenues. The estimations for expenditures are demonstrated in Appropriation Schedule (Schedule A) and the estimations for revenues are demonstrated in the Revenue Schedule (Schedule B) in line with the ABC. Also, there are other schedules which are submitted to the GNAT as a part of budget bill and show the details, procedures, and principles related to the budget such as Schedule C that includes the list of laws on public revenues and ensures pre-authorization to the executive to collect revenues.

¹⁴Fiscal year starts on the 1th of April.

In addition to this, government administrations have to prepare performance programs in accordance with their five-year strategic plans and submit them to the GNAT as a requirement of the performance-based budgeting system described in the Law no. 5018. Institutional performance programs include performance targets and indicators as well as cost of activities and projects of the administrations. The institutions also have to submit their accountability reports to the GNAT that shows the results of their activities. Therefore, the information flow to the GNAT is ensured through the Schedules within the budget bills, final account bills, performance programs, accountability reports, and the other supplementary documents listed in the Law no. 5018.

The documents have to be submitted to the GNAT as supplements of the budget bills are listed below:

- Budget justification including MTFP,
- Annual economic report,
- List and estimations of tax expenditures (tax exemptions, exceptions, reductions, etc.),
- Public debt management report,
- Last two years' budget realizations and next two years' revenue and expenditure estimations of the institutions within the scope of general government,
- Budget estimations for the local governments and social security institutions,
- List of the institutions funded through the central management budget which are not within the scope of central government (GNAT 2003).

As is mentioned before, in Turkey, public administrations within the scope of central government prepare performance programs in line with their strategic plans and budgets and submit them to the GNAT. Performance programs and budgets are submitted to the GNAT separately and the budget classification (ABC) does not include a program classification. Therefore, at the moment, incremental and line-item budgeting is applied in Turkey (Çatak and Çilingir 2010). Traditional line-item budgeting serves to the prioritization of expenditures only in a limited manner. On the contrary, program-based budgeting provides information on costs and benefits of different programs to meet public needs that facilitates decision-making processes (Robinson 2013).

As a result of lack of program structure and submission of the performance programs as a separate document from the budgets, performance information is rarely considered in the budget debates both at the PBC and Plenary which could increase the quality of the budget debates and assist the legislature in budget decision-making, if it was considered frequently. For this reason, Turkey has been working to adopt program-based performance budgeting system since 2012. A Draft Program Structure and Justification Guide was prepared first in 2014, revised in 2017 and shared with the government administrations and public. Also, one of the “policies and measures” expressed in the MTP (2019–2021) is the introduction of program-based performance budgeting that enhances the effectiveness in the use of public resources and increases transparency and accountability (Presidential Decree 2018a, b). In addition

to this, in the Annual Program of Presidency of Republic, it is stated that program-based classification studies will be completed at the end of December in 2019 and the budget for the fiscal year 2020 will be prepared in line with program-based classification (PSB 2018). Therefore, it can be said that establishment of the program structure is adopted at the highest level of the government and a significant step is taken in 2020 to increase the use of performance information in budget decision-making processes. As a result, in 2020 budget, program structures—including programs-subprograms and activities—for the administrations in the scope of central government budget are prepared in cooperation with budgetary authorities and line ministries; approved by the President of Republic and included in performance programs. And the program classification will be fully adopted in budget law as of 2021.

10.6 Conclusion

As is known Turkey has transmitted its governmental system from parliamentary to presidential through the referendum in 2017. This transition affected the legislative oversight function of the GNAT as well as government's administrative structure. Even if the budget calendar did not change, the structure of the budgetary actors and the PBC has changed dramatically. Budget bills are submitted to the GNAT by the President of the Republic instead of Council of Ministers, and the number of administrative actors within the budget process is decreased from three to two. Additionally, since the article related to constitutional structure of PBC was repealed, the number of members and the distribution of the seats among the ruling and opponent parties have changed in accordance with the constitutional amendments. The main purpose of the constitutional amendments is to empower the GNAT in the budget process through the governmental system transition, since according to literature legislatures are seen more powerful in presidential systems.

Furthermore, in Turkey, program structure is approved by the President of Republic and included in performance programs in 2020 and it will be fully adopted in budget laws as of 2021. It is expected to simplify the budget bills to increase the understanding of the budgets by both public and the GNAT and enhance the use of performance information in both executive and legislative budget processes through the adoption of the program classification.

On the other hand, the budget calendar is still quite short in both executive and legislative phases, and it does not allow for detailed examinations of the institutional budget proposals by the budgetary actors and the scrutiny of the budget bills by the GNAT. Also, the lack of an independent budget office within the GNAT that can support legislative oversight process through detailed examination of the executive's budget is an important drawback in terms of the role of the GNAT in budget process. In addition to this, there is not a separate committee in the GNAT that is responsible for the final account bill and the final account bills are debated in the same process with the budget bills. Therefore, in general, final account bills are shadowed by the budget bills because of the time limit.

In conclusion, Turkey has transmitted its executive and legislative structures tremendously through the constitutional amendment, and it is expected that this transition is going to enhance the power of the GNAT in terms of legislative oversight and contribute the checks and balances which is sine qua non in a democracy. However, there are some steps that should be taken to enhance the legislative activity in budget process. At first, the budget calendar should be longer to provide enough time to the GNAT to scrutinize the budget bills. Secondly, an independent budget office within the GNAT should be established which can increase the budget literacy of the parliament and support the PBC in budget process.

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