



Budget and Actual Comparison Statement

Enhancing Financial Control and Management

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Statement of Comparison of Budget and Actual

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Background of Budget Statements Preparations

- In accordance with the State Corporations Act (Cap 446) Section 11 and 12, State Corporations are required to prepare and submit their respective Corporation'/Entity's Annual Estimates of Revenue and Expenditure (budget proposals) to the line Ministry and The National Treasury for approval.
- **PFM Act 81 (2) (f)** - *A statement of the national government entity's performance against predetermined objectives should be included in the Financial Statements.*

Background of Budget Statements Preparations

- ***PFM Act 68 (2) (i)*** *Accounting officer of a National Government Entity shall submit the estimates of a public entity which is a state corporation to the Cabinet Secretary responsible for that state corporation who, after approving it, shall forward it to the Cabinet Secretary.*

Background of Budget Statements Preparations

- Estimates of Revenue and Expenditure of the respective State Corporations and other Government entities should be based on the relevant budget proposals submitted to the line Ministry, Department and Agencies (MDAs) for and broad fiscal parameters.

Background of Budget Statements Preparations

- Public Finance Management Act, 2012, Section 38 (1) (b) (i), requires that the National Government Annual Estimates of Revenue and Expenditure shall include ***a list of all entities that are to receive funds appropriated from the budget of the National Government.***

IPSAS 24 Requirements

Budget and Actual Comparison Statement

- As clearly highlighted in the PFM Act 81 (2) (f) in relation to annual reporting requirements ALL National Government Entities should prepare a ***statement of Performance against the Predetermined Objectives.***
- ***This applies to all GOE, whether reporting under IFRS or IPSAS reporting frameworks.***
- ***To benchmark IPSAS 24 – Budget Vs Actual Comparison should be used.***

IPSAS 24 – Budget – Key requirements and clauses

- ***Detailed discussion of the Standard as well as the application of the same.***
- ***Practical examples and reconciliation.***

IPSAS 24 – Presentation of Budget Information in Financial Statements

IPSAS 24 Presentation of Budget Information in Financial Statements

Objective

- To ensure that public sector entities ***discharge their accountability obligations and enhance the transparency of their financial statements by demonstrating compliance with the approved budget*** for which they are held ***publicly accountable*** and, where the budget and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results.

IPSAS 24 Presentation of Budget Information in Financial Statements

- IPSAS 24 applies to public sector entities, ***other than GBEs***, that are required or elect to ***make publicly available their approved budget***.
- Original budget is the initial ***approved budget*** for the budget period.
- ***Approved budget*** means the expenditure authority derived from laws, appropriation bills, government ordinances, and other decisions related to the anticipated revenue or receipts for the budgetary period.

IPSAS 24 Presentation of Budget Information in Financial Statements

- Final budget is the ***original budget adjusted*** for all reserves, carry over amounts, transfers, allocations, supplemental appropriations, and other authorised legislative, or similar authority, changes applicable to the budget period

IPSAS 24 Presentation of Budget Information in Financial Statements

- An entity shall present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis.

IPSAS 24 Presentation of Budget Information in Financial Statements

- An entity shall present a comparison of the budget amounts ***either as a separate additional financial statement or as additional budget columns*** in the financial statements currently presented in accordance with IPSAS.
- The comparison of budget and actual amounts shall present separately for each level of legislative oversight:
 - The original and final budget amounts
 - The actual amounts on a comparable basis

IPSAS 24 Presentation of Budget Information in Financial Statements

- By way of note disclosure, ***an explanation of material differences between the budget and actual amounts, unless such explanation is included in other public documents*** issued in ***conjunction*** with the financial statements and a cross reference to those documents is made in the notes.

IPSAS 24 Presentation of Budget Information in Financial Statements

- An entity shall present an explanation of whether ***changes between the original and final budget*** are a consequence of reallocations within the budget, or of other factors:
- By way of note disclosure in the financial statements
- In a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements

IPSAS 24 Presentation of Budget Information in Financial Statements

- All comparisons of budget and actual amounts shall be presented on a ***comparable basis to the budget.***
- An entity shall explain in notes to the financial statements the ***budgetary basis and classification basis adopted in the approved budget, the period of the approved budget, and the entities included in the approved budget.***

IPSAS 24 Presentation of Budget Information in Financial Statements

- An entity shall identify in notes to the financial statements the ***entities included in the approved budget.***
- The actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are ***not prepared on a comparable basis, be reconciled*** to the following actual amounts presented in the financial statements, identifying separately any basis, timing, and entity differences:

IPSAS 24 Presentation of Budget Information in Financial Statements

- If the ***accrual basis is adopted*** for the budget, total revenues, total expenses and net cash flows from operating activities, investing activities, and financing activities
- If a basis ***other than the accrual basis*** is adopted for the budget, net cash flows from operating activities, investing activities, and financing activities

IPSAS 24 Presentation of Budget Information in Financial Statements

- The reconciliation shall be disclosed on the ***face*** of the statement of comparison of budget and actual amounts or in the ***notes to the financial statements.***

IPSAS 24 Presentation of Budget Information in Financial Statements

	Operating	Financing	Investing	Total
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	X	X	X	X
Basis Differences	X	X	X	X
Timing Differences	-	-	-	-
Entity Differences	X	X	X	X
Actual Amount in the Statement of Cash Flows	X	X	X	X

(This reconciliation could be included on the face of the Statement of Comparison of Budget and Actual Amounts or as a note disclosure.)

Deloitte Q&A

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