SIGMA
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Organisational structure of budget management

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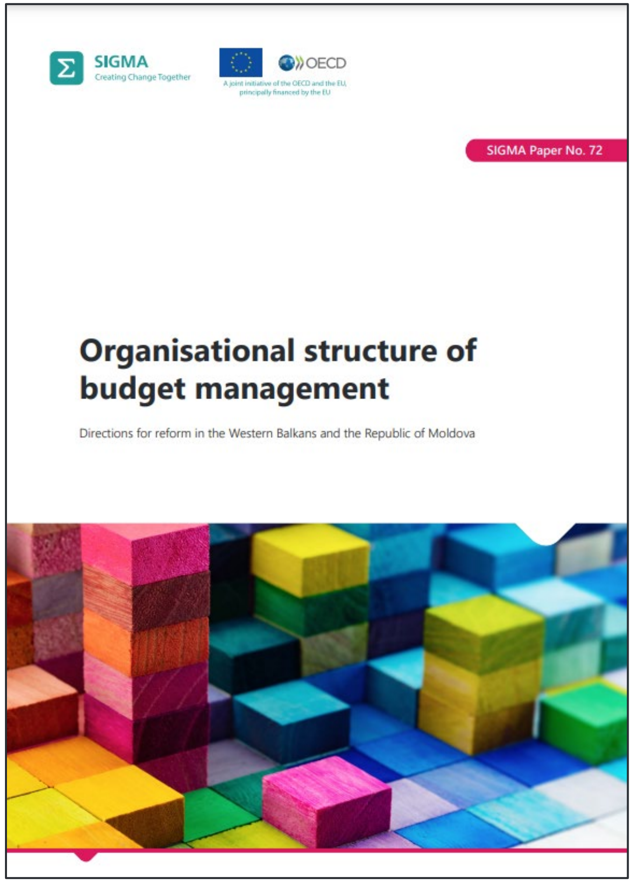
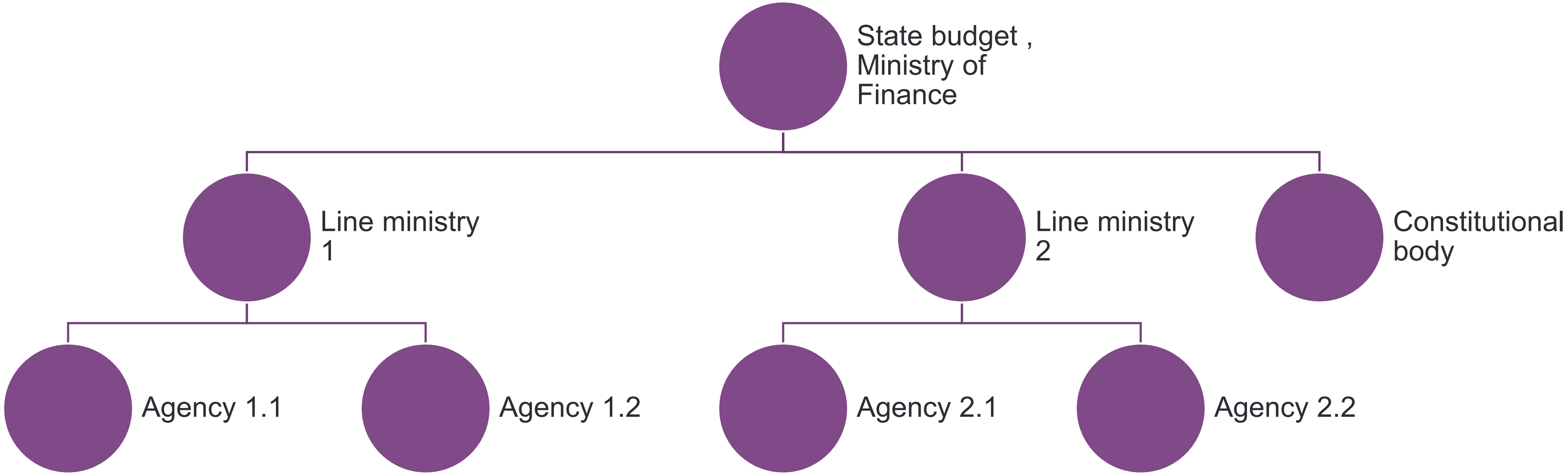


https://www.oecd.org/en/publications/organisational-structure-of-budget-management_5fd31556-en.html

What is the administrative budget classification



- Hierarchy of first level budget organisation (FLBO) and second level budget organisation (SLBO)
- FLBO = Budget organisation who is in direct contact with the Ministry of Finance regarding matters of budget management (allocation, execution, reporting)
- Serves to “identify the responsibilities” for the main blocks of public expenditures and for day–to–day administration of the budget
- No international standard.

Number and types of FLBOs in the analysed EU Member States

	EU good practice (five countries)
Total FLBOs	17.6
Non-executive branches of government	3.6
Parliament, president/monarch	1.8
Judiciary	0.6
Oversight bodies	1.2
The executive branch	14
Ministries and the CoG	13.8
Regulatory agencies	-
Implementing agencies	0.2
Professional institutions	-
Administrative units	-
Social insurance funds	-

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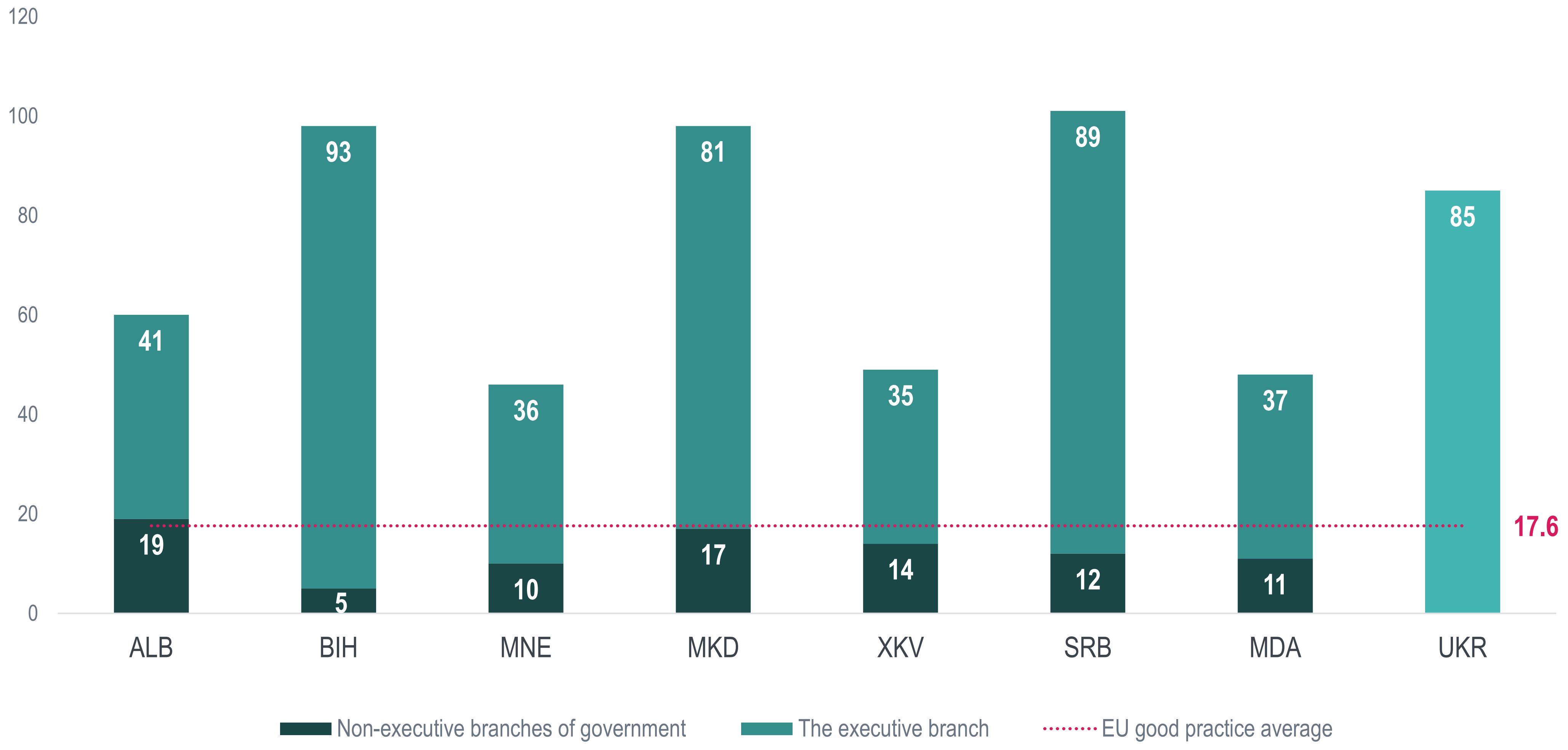
Number and types of FLBOs in the analysed EU Member States

	EU good practice	EU Accession countries
Total FLBOs	17.6	71
Non-executive branches of government	3.6	14
Parliament, president/monarch	1.8	2
Judiciary	0.6	2
Oversight bodies	1.2	10
The executive branch	14	57
Ministries and the CoG	13.8	18
Regulatory agencies	-	3
Implementing agencies	0.2	16
Professional institutions	-	7
Administrative units	-	11
Social insurance funds	-	2

Number of first level budget users in EU accession countries



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Examples of FLBOs in the Executive branch

Regulatory agencies	Regulatory Authority of Electronic and Postal Communications, Energy Regulatory Office, Water Services Regulatory Authority, Railway Regulatory Authority, Minerals and Mines Independent Commission, Competition Authority, Civil Aviation Authority
Implementing agencies	National Agency for Food Safety, Medicines and Medical Devices Agency, National Anti-Doping Agency, Land Relations and Cadastre Agency, Privatisation Agency, Property Comparison and Verification Agency, Air Navigation Service Agency
Professional institutions	Universities, Scientific councils, Intellectual Property Institute, Geological Institute, Geodetic Institute, Hydrometeorological Institute
Administrative units	Information Technologies and E-Administration Office, Public Investment Management Office, Media Office
Social insurance, public funds	Health Insurance Fund, Pension and Disability Insurance Fund, Employment Fund

What are the (negative) consequences of high number of first-level budget users?

High number of FLBOs

- It reduces **ministerial accountability** for the performance of the sector
- It gives the Ministry of Finance **undue influence** on sectoral policy results
- It **diverts attention away of the Ministry of Finance** from the fiscal strategic policy issues that are under its mandate
- It inhibits **EFFECTIVE use** of advanced public finance management instruments:
  - Performance-based budgeting
  - Medium-term budgeting
  - Spending reviews
  - Internal audit
  - Budget execution reporting

Common reasons for high level of first level budget users

Factors behind the number of FLBOs

- Incomplete normative frameworks
- Safeguarding independence with FLBO status
- Budget organisations’ quest for status
- The quest for control by Ministries of Finance

Thank you for your attention

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