BUDGETS OF PARLIAMENTS

— WHAT ARE THE PROCEDURES INVOLVED?
— HOW ARE THEY CONTROLLED?
FOREWORD

This second comparative study in the collection "National Parliaments" covers two aspects of the financial status of parliaments.

Firstly, it explains which bodies inside or outside a parliament/chamber are involved in drawing up and establishing parliamentary budget.

Secondly, it examines whether and, where appropriate, to what extent national auditing offices may scrutinize a parliament's (and political groups) expenditure policy.

As this comparative study would not have been possible without the full cooperation of the national parliaments under the aegis of the European Centre for Parliamentary Research and Documentation, the work of the Centre is acknowledged on the first page.

Klaus POEHLE
Director
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1. APPROVAL PROCEDURE

q. 1.1 Who submits to each National Parliament the latter's draft budget?

BELGIUM

Sénat
Ch. des représentants
The Budget and Finance Ministers. See note 1.
The Accounts Committee. See note 2.

DENMARK

Folketing
Government as part of the overall budget.

FEDERAL REP. OF GERMANY

Bundesrat
Bundestag
Government as part of the overall budget. See note 3
Government as part of the overall budget. See note 4

GREECE

Voulí ton Ellinon
The final draft of the budget is submitted to Parliament for debate by the President of Parliament (Rule 120(4) of Parliament's Rules of Procedure).

SPAIN

Senado
Congreso de los Diputados
Government as part of the overall budget.

FRANCE

Sénat
Assemblée Nationale
Government as part of the overall budget.
Finance Committee. See note 6.

IRELAND

Díreachtas
Government as part of the overall budget.

ITALY

Senato della Repubblica
The President's office, with a report from the Senato Quaestors.

Camera dei Deputati
The College of Quaestors.

LUXEMBOURG

Chambre des Députés
Government as part of the overall budget.

NETHERLANDS

Eerste Kamer
Tweede Kamer
Bureau of the Chamber.
PORTUGAL

Assembleia da Republica  The administrative council.

UNITED KINGDOM

House of Lords  Government as part of the overall budget. The House of Lords estimate forms part of the annual overall presentation to the House of Commons of the financial requirements of the government. See note 8.

Q. 1.2 What other bodies are involved in preparing the plenary decision?

BELGIUM

Sénat
The college of Quaestors, the Senate Bureau. See note 1.

Ch. des Représentants
The Finance Committee. See note 2.

DENMARK

Folketing
The Budget Committee.

FEDERAL REP. OF GERMANY

Bundesrat
Committees. See note 3.

Bundestag
The Budget Committee; Ältestenrat is to be consulted. See note 4.

GREECE

Vouli ton Ellinon

SPAIN

Senado
The Budget Committee.

Congreso de los Diputados
The Budget Committee.

FRANCE

Sénat
The Finance Committee.

Assemblée Nationale
The Quaestors, the Common Credits Committee.

IRELAND

Oireachtas
None

ITALY

Senato della Repubblica
The Budget Committee.

Camera dei Deputati
None.

LUXEMBOURG

Chambre des Députés
The Budget Committee.

NETHERLANDS

Eerste Kamer
Standing Committee for the Interior.

Tweede Kamer
Standing Committee for the Interior.

PORTUGAL

Assembleia da Republica
One or more special committees dealing with parliamentary organisation.
Treasurer agreement to the estimate follows its consideration and approval by the H of L Finance Committee, a sub-committee of the H of Lords' Offices Committee (a body of members appointed to deal with the organisation of the H of L). See note 9.
Q. 1.3 On the basis of whose proposals does the plenary take its decision?

BELGIUM
Sénat The Senate Bureau. See note 1.
Ch. des Représentants The Finance Committee. See note 2.

DENMARK
Folketing The Government, the Budget Committee.

FEDERAL REP. OF GERMANY
Bundesrat Committees. See note 3.
Bundestag The Budget Committee.

GREECE
Vouli ton Ellinon The Financial Affairs Committee.

SPAIN
Senado The Budget Committee.
Congreso de los Diputados The Budget Committee.

FRANCE
Sénat The Budget Committee.
Assemblée Nationale The Common Supply Committee, the Finance Committee. See note 6.

IRELAND
Díreachtas The Government.

ITALY
Senato della Repubblica The President of Parliament or a parliamentary body.
Camera dei Deputati The President of Parliament or a parliamentary body.

LUXEMBOURG
Chambre des Députés The Budget Committee.

NETHERLANDS
Eerste Kamer Standing Committee for the Interior.
Tweede Kamer Standing Committee for the Interior.
PORTUGAL
Assembleia da Republica The Administrative Council.

UNITED KINGDOM
House of Lords Proposals for public spending are made by the Government.
House of Commons The Government, Mr Speaker. See note 9.
Q. 1.4 In making its decision, is the plenary bound by a framework laid down by the government, or can the government cut the budget at a later stage?

**BELGIUM**

Sénat

The Senate's budget is not at all so bound and there is no possibility for the government to reduce the Senate's budget.

Ch. des Représentants

Not bound. Parl. enjoys unlimited budgetary authority.

**DENMARK**

Folketing

Not bound. Later cuts possible.

**FEDERAL REP. OF GERMANY**

Bundesrat and Bundestag

Not bound. Later cuts possible (A. 113 German Constitution), but never made in practice. See notes 3 and 4.

**GREECE**

Vouli ton Ellinon

Parliament enjoys unrestricted competence in respect of the budget (Rule 120 (?)).

**SPAIN**

Senado

Bound.

Congreso de los Diputados

Bound. See note 5.

**FRANCE**

Sénat

Bound.

Assemblée Nationale

(No reply given to this question)

**IRELAND**

Oireachtas

Later cuts possible.

**ITALY**

Senato della Repubblica

Not bound.

Camera dei Deputati

Not bound. Parliament enjoys unrestricted budgetary authority.

**LUXEMBOURG**

Chambre des Députés

Parliament enjoys unrestricted budgetary authority.

**NETHERLANDS**

Eerste Kamer

See note 7.

Tweede Kamer

See note 7.
<table>
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<tr>
<th>Country</th>
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<td>Parliament enjoys unrestricted budgetary authority.</td>
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<td>UNITED KINGDOM</td>
<td></td>
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<tr>
<td>House of Lords</td>
<td>Once its estimate is approved, the House of Lords would, within an agreed ambit, enjoy unrestricted control of the monies granted to it.</td>
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Q. 2.1 Who audits Parliament's accounts?

BELGIUM

Sénat
The College of the Senate's Quaestors, the Court of Auditors. See note 1.

Ch. des Représentants
A parliamentary committee alone. See note 2.

DENMARK

Folketing
The auditors of Parliament.

FEDERAL REP. OF GERMANY

Bundesrat
The Court of Auditors.

Bundestag
The Court of Auditors.

GREECE

Vouli ton Ellinon
Parliamentary expenditure is audited by the Court of Auditors.

SPAIN

Senado
Nobody.

Congreso de los Diputados
The Congress Bureau.

FRANCE

Sénat
A parliamentary committee alone.

Assemblée Nationale
A special committee charged with verifying and auditing the accounts. See note 6.

IRELAND

Oireachtas
The Comptroller and Auditor General.

ITALY

Senato della Repubblica
Nobody.

Camera dei Deputati
A parliamentary committee alone.

LUXEMBOURG

Chambre des Députés
A parliamentary committee submits its conclusions to the Chamber which then adopts a resolution which it registers with the Court of Auditors.

NETHERLANDS

Eerste Kamer and Tweede Kamer
- Central Accountancy Service of Ministry of Finance (on a random basis).
- Court of Accounts.
- Theoretically, the Standing Committee on Accounts could debate on findings of the Court of Accounts.
PORTUGAL

Assembleia da Republica  The Assembly itself.

UNITED KINGDOM

House of Lords  The National Audit Office. See note 8.
House of Commons  The National Audit Office. See note 9.
Q. 2.2 Are some parts of the budget exempt from auditing (e.g. official representation fund)?

<table>
<thead>
<tr>
<th>Country</th>
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| Belgium                  | **Sénat**
                          | All the Senate's accounts are audited by the College of Quaestors.      |
|                          | **Ch. des Représentants**                                               | No.                                                                     |
| Denmark                  | **Folketing**                                                           | No.                                                                     |
| Federal Republic of Germany | **Bundesrat**                                                          | No.                                                                     |
|                          | **Bundestag**                                                           | No.                                                                     |
| Greece                   | **Vouli ton Ellinon**                                                  | No.                                                                     |
| Spain                    | **Senado**                                                             | (No reply given.)                                                      |
|                          | **Congreso de los Diputados**                                          | No.                                                                     |
| France                   | **Sénat**                                                              | No.                                                                     |
|                          | **Assemblée Nationale**                                                | No.                                                                     |
| Ireland                  | **Oireachtas**                                                         | No.                                                                     |
| Italy                    | **Senato della Repubblica**                                           | (No reply given.)                                                      |
|                          | **Camera dei Deputati**                                               | No.                                                                     |
| Luxembourg               | **Chambre des Députés**                                               | No.                                                                     |
| Netherlands              | **Eerste Kamer**                                                       | No.                                                                     |
|                          | **Tweede Kamer**                                                       | No.                                                                     |
| Portugal                 | **Assembleia da Republica**                                           | No.                                                                     |
| United Kingdom           | **House of Lords**                                                    | No.                                                                     |
|                          | **House of Commons**                                                  | No.                                                                     |
Who audits the accounts of political groups?

**Belgium**
- **Sénat**
  - Each group audits its own accounts in which manner they choose. See note 1. A parliamentary committee.

**Denmark**
- **Folketing**
  - Nobody.

**Federal Rep. of Germany**
- **Bundestag**
  - The Court of Auditors.
- **Bundesrat**
  - Not concerned (no political groups).

**Greece**
- **Vouli ton Ellinon**
  - The political parties are financed from the state budget and not from Parliament's budget. The balance sheets are audited by the all-party committee chaired by the President of Parliament (Law no 1443/1984).

**Spain**
- **Senado**
  - Nobody.
- **Congreso de los Diputados**
  - The Congress Bureau.

**France**
- **Sénat**
  - Nobody.
- **Assemblée Nationale**
  - Each group decides its own practice.

**Ireland**
- **Oireachtas**
  - Nobody.

**Italy**
- **Senato della Repubblica**
  - The 'auditors of the accounts' nominated by the Presidents of the two Chambers.
- **Camera dei Deputati**
  - The 'auditors of the accounts' nominated by the Presidents of the two Chambers.

**Luxembourg**
- **Chambre des Députés**
  - The political group itself.

**Netherlands**
- **Eerste Kamer and Tweede Kamer**
  - Political groups. Others: The Court of Accounts to verify that the Chambers have rightly applied legislation concerning allowances to political groups for personnel and material expenses.
PORTUGAL

Assembleia da Republica

Nobody.

UNITED KINGDOM

House of Lords

With the exception of monies voted by Parliament towards their expenses, political groups make their own arrangement for auditing.

House of Commons

Bodies chosen by the parliamentary parties.
Q. 2.4/2.5 Does the Court of Auditors also have the right, if necessary, to audit the accounts of parliamentary committees dealing with internal parliamentary organisation? If so what is the earliest date at which such an audition can begin?

BELGIUM

Sénat The Court of Auditors has no right of interfere in the internal organisation of the Senate.
Ch. des Représentants No.

DENMARK

Folketing Yes, when money is first disbursed.

FEDERAL REP. OF GERMANY

Bundesrat and Bundestag In the view of the Court of Auditors the answer is yes, the earliest date being when a definite plan is adopted. The matter is disputed however.

GREECE

Vouli ton Ellinon Yes. This audit forms part of the general auditing of expenditure relating to the organisation and functioning of Parliament's services.

SPAIN

Senado No.
Congreso de los Diputados No.

FRANCE

Sénat No.
Assemblée Nationale No.

IRELAND

Oireachtas Yes (the Comptroller and Auditor General). When money is first disbursed.

ITALY

Senato della Repubblica No.
Camera dei Deputati No.

LUXEMBOURG

Chambre des Députés No.

NETHERLANDS

Eerste Kamer No. (See note 7)
Tweede Kamer No. (See note 7).
The national audit office has the right to examine any accounts involving the use of public money and the process of annual audit can begin at any time after monies voted by Parliament are available.

Yes. When money is first disbursed. See note 9.
Note 1

BELGIUM — Sénat

1. Approval Procedure

1.1 The Senate's draft budget is drawn up by the Senate's College of Quaestors. The draft is decided during June of the year preceding the budgetary year. At the beginning of July the total sum anticipated for the Senate's budget is communicated to the Budget and Finance Ministers so that they can add it to the allowance budget.

The allowances budget comprises the allowances for the King and royal family, for the Senate, for the Chamber of Representatives, for local and regional councils, for the Court of Arbitration and for the Court of Auditors. The allowances budget is deposited alternatively with the Chamber of Representatives or with the Senate.

1.2 Each of the two Assemblies examines only its own budget and refrains from discussing the budget of the other. In the case of the Senate it is the College of Quaestors which submits to the Senate Office a report on the expenditure of the last financial year and the anticipated budget for the new financial year.

After examining this report the Senate Office sends it, with potential amendments, to all the Senators.

1.3 It is on the basis of this report presented by the Senate Bureau that the Senate, in full assembly, discusses the budget and approves it with any necessary amendments. Proposals for amendments can come only from members of the Senate and not from the Government.

2. Auditing of the accounts

2.1 The auditing of the Senate's accounts is done by the College of Quaestors of the Senate. Furthermore the College of Quaestors asks the Court of Auditors every year to verify the accuracy of the account records, it being understood that the court abstains from giving any opinion on the merits of the Senate's expenditure.

2.3 The political groups in the Senate receive grants out of the Senate's budget calculated on a pro-rata basis according to the number of members in each group.
BELGIUM - Chambre des Représentants

1. **Approval procedure**

1.1-1.3 The draft budget of the Chamber, including the budget for the political groups, like the accounts are drawn up by the College of Quaestors, decided by the accounts committee and then incorporated as such (a total sum) in the allowances budget.

The Government then deposits the allowances budget with the Chamber Bureau, without power to alter the total decided by the accounts committee.

The draft budget is examined by the finance committee and the basis of its report is discussed and voted on in full assembly.

2. **Auditing of the accounts**

2.1 It is to be noted that the Court of Auditors is an organ of the Chamber, which nominates its members. This explains why the Court of Auditors does not audit the accounts of the Chamber.
The Bundesrat has very little influence on the budget law and the establishment of the budget (the budget bill does not require Bundesrat consent). Its influence on the establishment of its own budget is correspondingly limited. Its Presidium draws up the estimates; Paragraph 29(3) of the Federal Budget Regulations applies accordingly. There is no provision for its subsequent consultation, in particular by the influential Bundestag Committee on Budgets, but the latter does take greater account of proposals from other fiscal bodies than of those from the Federal Government or its own house. The Bundesrat plenary decision is prepared by proposals from the committees, which the Finance Committee sets against its own proposals and puts to the plenary, so that what is more of a declaratory decision may be taken.
1.1 All federal ministries and bodies – including the Bundestag – submit their budget estimates to the Federal Minister of Finance. The Bundestag estimates are drawn up by its Council of Elders. On a proposal from the Federal Minister of Finance, the Federal Government decides on the general budget to be introduced. Departures from the Bundestag estimates must be indicated in the budget bill. (Paragraph 29(3) of the Federal Budget Regulations).

1.2 The Bundestag budget is discussed by the Committee on Budgets. The Council of Elders must be consulted, other committees may deliver opinions.

1.3 Under the Basic Law, final responsibility for a balanced general budget rests with the Federal Government. It can refuse to give its overall consent to bills voted on by the legislative bodies – including the annual budget law containing the budget – which exceed the expenditure proposed by the Federal Government (Article 113 of the Basic Law). The very existence of this mechanism exerts a moderating influence.
SPAIN - Congreso de los Diputados

1. Approval procedure

1.4 By virtue of Article 134, 5th paragraph of the Spanish Constitution, a later reduction of the budget is possible only if one has as meaning by "reduction" the fact that the Government dispenses a sum less than that contained in the budget adopted by the Chambers. In effect this Article establishes that once the State's general budget has been adopted, the Government can put forward proposals for legislation implying increases in public expenditure or even decreases in receipts during the same budgetary year. It follows therefore that the Government can at all times limit or reduce the total sum of expenditure which it had originally envisaged for the financial year and which the finance law had authorised it to spend, without the need for specific parliamentary authorisation.

As concerns the "budgetary authority of Parliament", it is not unlimited because the Constitution established two fundamental limitations:

1) By virtue of Article 134, 6th paragraph, during the discussion on the draft budget (that is to say, the draft finance law), every legal proposition or amendment envisaging an increase in supplies (in other words, expenditure), or even a decrease in receipts, must have the agreement of the Government before it can be put forward.

2) The finance law cannot (Article 134, 7th paragraph) establish new taxes unless they have been provided for as such in a "substantive" or "material" fiscal law. The rate, the basis or other elements of existing taxes can however be modified (this happens regularly).
1. **Preparation of the budget**

The principle is the separation of powers and the financial autonomy of the assemblies.

The Quaestors are charged with the preparation of the budget. Under their authority the department of financial affairs centralises the credit requests of the President and the departments. The draft budget decided by the Quaestors is submitted to the Common Committee of Supply, created by the order of 17 November 1958. This Committee is composed of Quaestors of the two Assemblies (3 from the Assembly, 3 from the Senate). It confers under the presidency of a President from the Court of Auditors, nominated by the first president of that body, who also designates two advisors to have the function of "rapporteurs".

The Common Committee decides the budgetary proposals for each assembly towards the end of June. Its president passes them to the Minister of Finance who includes the credits requested with no power of modification, in the draft budgetary legislation under the heading of common charges.

The sums are examined, as all the supplies asked for by the Government, by the Finance Committee, which proposes their adoption to the National Assembly; the Senate has the same procedure. It is the tradition that one Assembly does not discuss the credits of the other and that the Finance Committee does not examine in detail the supplies proposed for its own Assembly.

The Common Committee does not concern itself with the execution of the budget.

2. **Auditing of the accounts**

2.1 At the end of the financial year (the 15th of April following the year in which it was started), the Quaestors submit the accounts for the old financial year to a special committee charged with verifying and auditing the accounts. This Committee is made up of 15 deputys nominated every year in proportion to the size of each group as at the start of the ordinary session for April.

If the Committee approves the accounts it acquits the Quaestors and discharges the Treasurer; if it does not, it reports back to the Assembly (Article 14, Rule 1 of the regulation).
1. Approval procedure

The budget of each of the Chambers is prepared by its Bureau, presented to the Chamber, examined, debated, eventually amended, and voted as if it was a chapter of the state budget. Once accepted by the Chamber concerned the budget is sent to the Minister of the Interior.

The Minister of the Interior includes the budget of each Chamber together with the budget of the Council of State and the budget of the Court of Accounts in one chapter of the state budget. In the last four years, the Minister, in doing so, has not automatically taken over the draft he received from each of these bodies. He has applied cuts to each of them, similar to the proportional cuts decided for each of the Ministries.

The decision of the government only becomes (officially) known to the bodies concerned on the moment the Minister presents all the chapters of the whole draft-budget to the Second Chamber, on the third Tuesday of September. In the last four years, the Second Chamber has always amended the section of the chapter in which its own budget is included, in order to bring back its own original draft.

The Standing Committee for the Interior plays a role twice in the procedure. First, it publishes a report (containing remarks and questions) on the draft presented by the Bureau. Later on, it publishes a report, again containing remarks and questions, on the chapter of the state budget concerning the Chambers and other high, independent institutions. The whole dual procedure is also valid in the First Chamber, who misses however the possibility to amend.

Until now, the government has never tried to make cuts in the budget of the Chambers later in the year. On the contrary, both Chambers have sometimes exceeded the budget as it was voted by them. In such situations, an additional budget for the going year (or even the last year) is drafted by the Bureau or even by the Minister of the Interior himself. This would happen for instance when the extra-expenses are the result of the automatic application of legislation on the salaries and pensions of (former-)members.

2. Auditing of the accounts

The accounts of both Chambers are audited in the same way as all accounts of Ministries: first by the Central Accountancy service of the Ministry of Finance (on a random basis) and then by the Court of Accounts. No part of the budget is exempt from auditing. None of the Standing Committees is involved in the auditing, unless very indirectly. The Standing Committee on the Accounts examines and debates the annual report of the Court of Accounts and could, theoretically, also debate whatever the Court of Accounts has to say on the accounts of one of the Chambers.

The accounts of the political groups are not examined by the Court of Accounts, nor by any other organ outside the political groups. However, the Court of Accounts would examine the question whether each of the Chambers has rightly applied the legislation concerning allowances to political groups for personnel and material expenses.
UNITED KINGDOM – House of Lords

1. Approval Procedure

1.1 Funds to meet the expenses of the House of Lords are met out of the moneys provided by Parliament (1) by way of Supply grant.

The Submission of the supply estimate for the House of Lords to Parliament (1) is a matter for the Treasury (acting on behalf of the Crown). The House of Lords estimate forms part of the annual overall presentation to the House of Commons of the financial requirements of the Government.

(1) In relation to financial control "Parliament" means the House of Commons.

2. Auditing of the accounts

2.1 The Comptroller and Auditor General is responsible to Parliament in all that pertains to the collection, handling and disposal of public moneys. As Auditor General he heads the National Audit Office whose staff are responsible to him for the auditing of all public accounts including those relating to Parliament.
UNITED KINGDOM - House of Commons

1. Approval procedure

1.1 The Parliament and Privy Council: House of Commons and Parliament and Privy Council: House of Lords draft budgets are submitted to the House of Commons only as part of the Government's total draft budget in the form of Estimates Class XX, Votes 7 and 8 respectively. The Estimates are usually laid before the House of Commons in March for the financial year beginning 1st April the same year. Votes on Account are passed to provide provisional budgetary authority for government spending, and Supplementary Estimates may be presented by the Government.

The House of Commons: Administration draft budget (Estimate, Class XXA, Vote 1) is submitted to the House of Commons only by Mr. Speaker on behalf of the House of Commons Commission. The other exception to the general rule that Estimates are presented by the Government is the National Audit Office, which may be compared to the Court of Auditors, whose Estimate is laid by the Chairman of the Public Accounts Commission.

The House of Commons Commission is a body established by legislation which comprises Mr. Speaker, the Leader of the House (who is a Government Minister), a Member nominated by the Leader of the Opposition and three other Members, nominated by a motion of the House of Commons, none of whom may be a Minister of the Crown.

1.2 The Parliament and Privy Council: House of Commons draft budget may reflect the decisions of Select Committees which are established from time to time to consider the pay and allowances of Members.

The Parliament and Privy Council: House of Lords draft budget will usually be drawn up after consultation with the House of Lords Select Committee on House of Lords Offices.

The House of Commons: Administration draft budget may reflect the result of consultation on some items between the House of Commons Commission and the Select Committee on House of Commons (Services) or the House of Commons Liaison Committee (which includes all the Chairmen of Select Committees).

No formal report is required from any body in preparing the plenary decision after the Estimates are laid before the House of Commons.


It is possible for any Member of the House of Commons to propose a reduction in the Estimates.

It is not possible for the House of Commons to increase the draft budget by a vote. The Estimate may be increased only by the submission of a Supplementary Estimate by the appropriate authority - i.e. the Government or the House of Commons Commission - and its subsequent approval by resolution of the House of Commons.
1.4 Subject to the restriction on motions to increase budgets mentioned in Note 1.3, the House of Commons enjoys unrestricted budgetary authority. The House of Lords has no budgetary authority. Its role is limited to pro-forma approval of the Consolidated Fund Bill by which authority is given to spend the total sums in the Estimates.

2. **Auditing of the accounts**


2.4/2.5 The National Audit Office is only responsible for the audit of public money. In the case of political parties, its only responsibility is to examine that any payments due have been properly made by the appropriate public authorities. Any Committee of either House of Parliament is subject to audit, but informal groups of Members which do not receive public funds are not subject to any official financial scrutiny.