



REPUBLIC OF TURKEY  
Ministry of Finance  
Strategy Development Department

# General Administrative Framework

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# Public Finance Management Process

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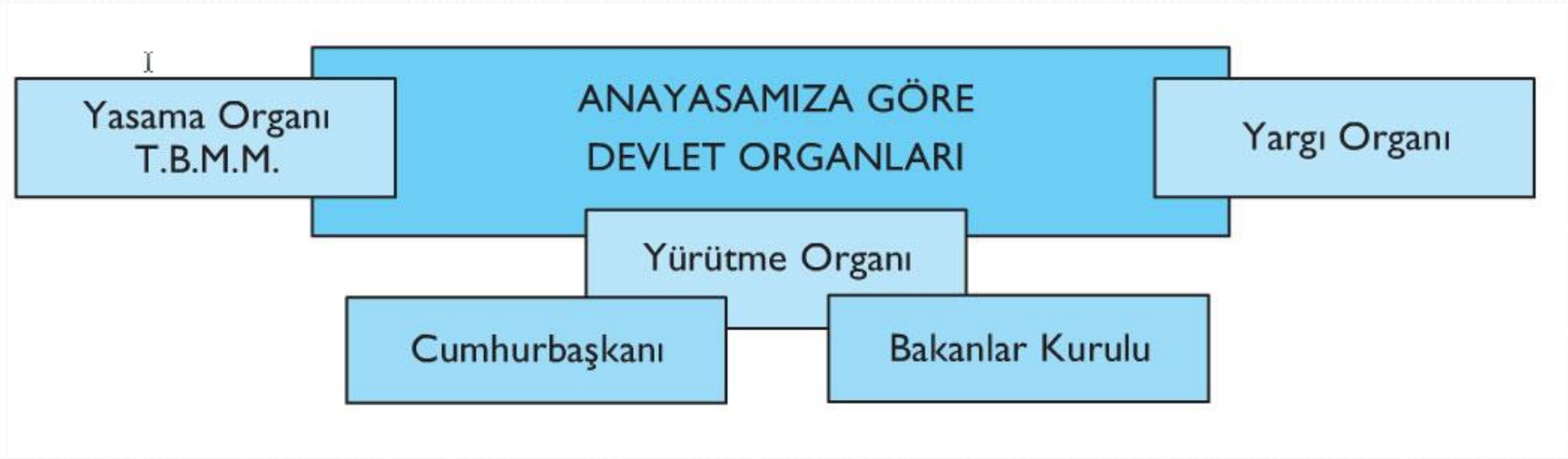
19.11.2013



# Plan

- Turkey's Administrative Framework
- Central and provincial institutions
- Organization and functions of the MoF
- Reform of Public Finance Management and Law no. 5018
- Public Finance Management Process and its Actors
- Budget Process

# State Structure



Legislator – the Great National  
Assembly of Turkey

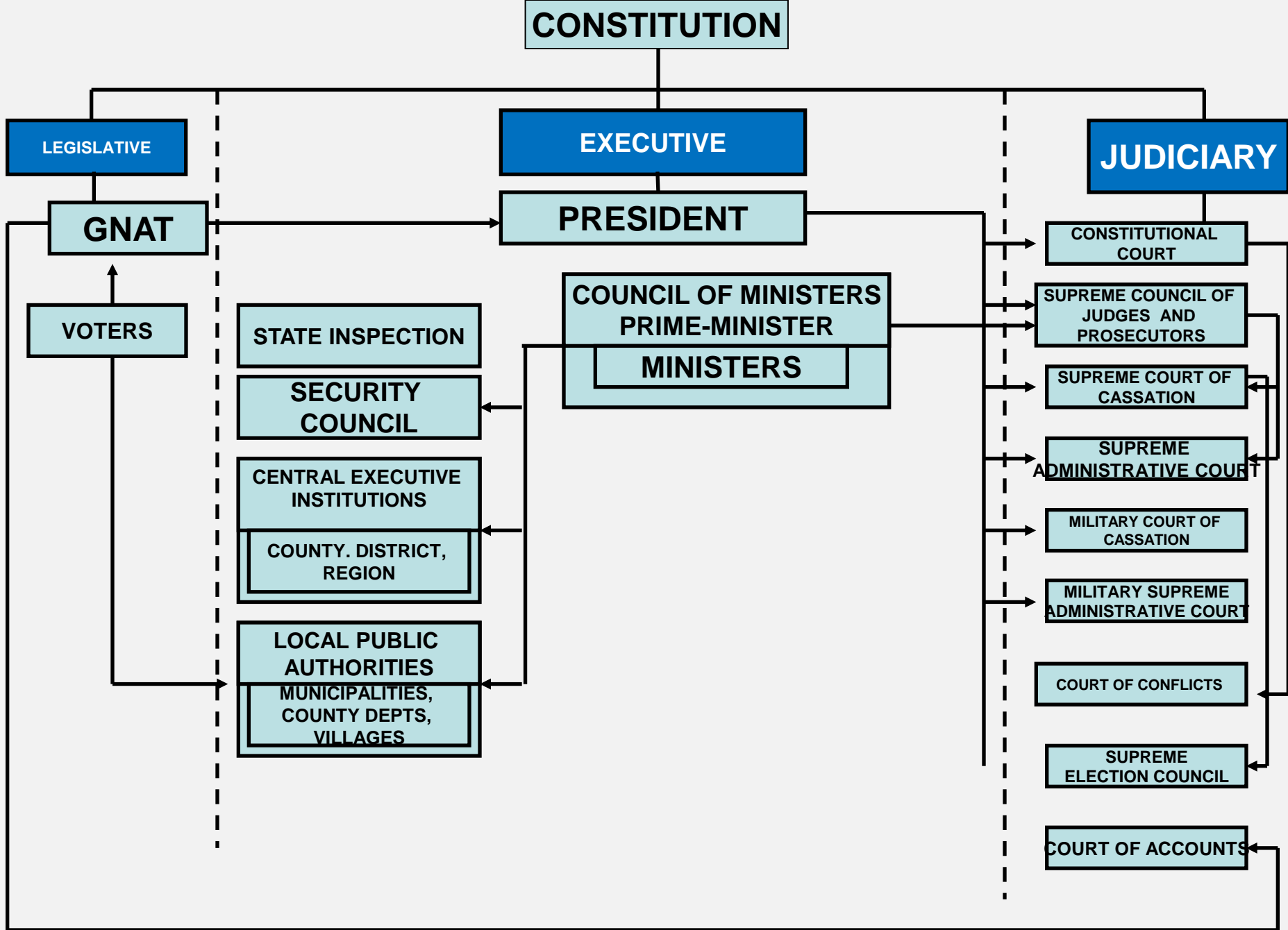
Constitutional Public Entities

Judiciary

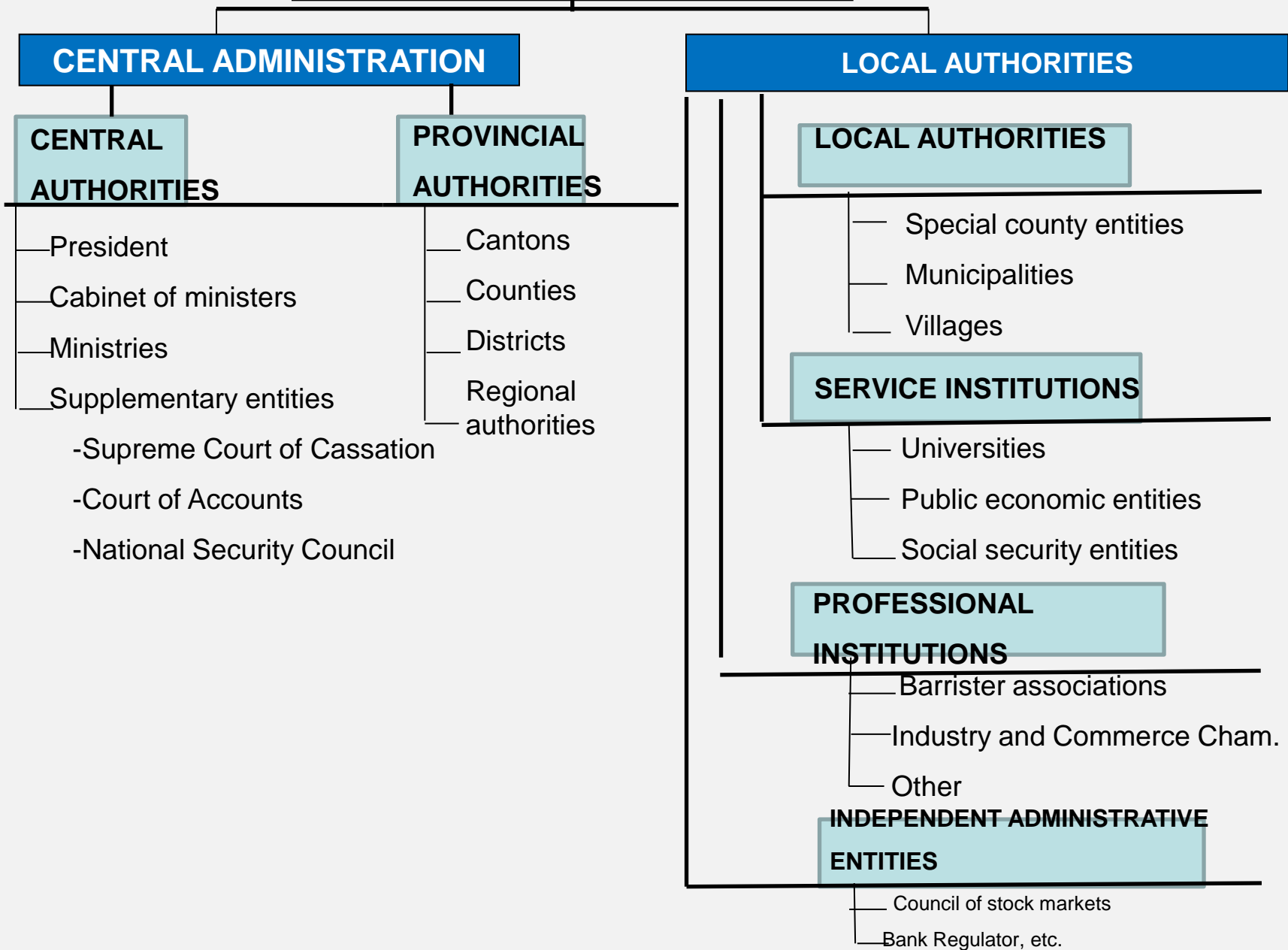
Executive Authority

President

Council of Ministers



# ADMINISTRATIVE FRAMEWORK OF THE REPUBLIC OF TURKEY



# General Administrative Framework

## Central Government

- Central Government satisfies general needs of the whole society.
  - Justice, defence, security, social insurance, national education, finance, treasury, etc.
- They are a public legal entity.
- Decisions are made at the central level and are implemented by central authorities.
- State incomes are collected by central authority and resources are shared between central and local authorities according to their needs.
- To perform its functions, Central administration has organizational structures in the center (capital) and in the province.

## Local Authorities

- Local public authorities satisfy general needs at the local level.
  - Transport, environment protection, cleaning services, development, healthcare, social assistance, etc.
- They are independent legal entities, with their own budget and resources.
- Executive decisions are made outside the central framework and are hierarchically subordinate to the center. They are controlled by the central authorities just within the legislation.
- They are autonomous in terms of the specific public services they render.
- Local public authorities have their own decision-making and executive bodies and respective own incomes. At the same time, they receive a share of the general budget.



# Relations between Center and Province

## Administration

**Central Structure**

- Minister
- First Deputy Minister
- General Director

**POLICY  
RULES  
RESOURCES  
CONTROL**



**RESULTS  
REPORT**

**PROVINCIAL FRAMEWORK  
(81 COUNTIES, 892 DISTRICTS)**

- Appointed (Governor, District Leader)
- Elected (Mayors)

**SERVICES**



**CITIZENS**





# Tasks and Functions of the Ministry of Finance

1. Development, management and financial control of budget
2. Development /improvement/ income policy
3. Accounting, reports and control of data on incomes and expenditures
4. Management, procurement, marketing and rent-out of public property and real estate
5. Public services and legal consulting and examination
6. Prevention of money laundering
7. Financial issues and control, inspection and audit in taxation



# **Public Financial Management and Budget Processes**

# Reforms in Public Financial Management

- Reforms in public financial management are undertaken to pursue the following three main goals:
  - To enhance budget discipline and required elements of the system,
  - To identify strategic priorities and allocate adequate public resources in conformity with these priorities
  - To improve performance of public sector
- How ?
  - by controlling public resources;
  - by planning allocated resources;
  - by managing resources.

# Law no. 5018 On Public Financial Management and Control

- Law no. 5018 was adopted on 10 December 2003 and came into effect in 2006.

# Key Concepts

- Model of responsible governance
- Efficient, cost-effective and productive use of resources
- Strategic planning
- Performance-based budget development
- Budgeting for many years
- Reporting
- Financial openness
- Accounting based on distinction of expenditures /revenues of future periods
- Internal control
- Internal inspection
- Meaningful /external/ audit

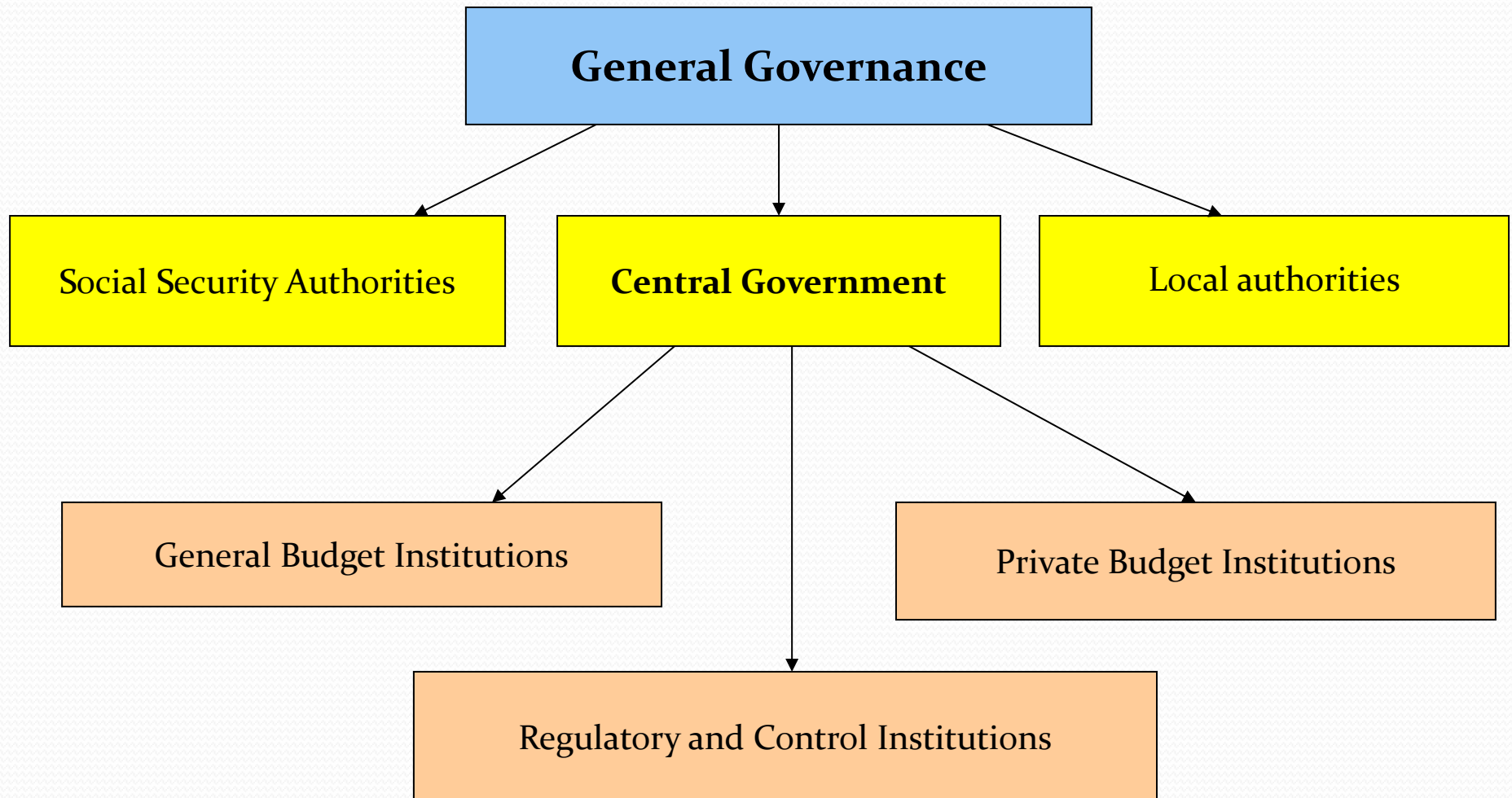
# Goals of Law no. 5018

Law no. 5018 On Public Financial Management and Control pursues the following goal:

- To ensure discipline in public financial management system;
- To enhance reporting and transparency;
- To ensure efficiency, productivity and cost-effectiveness in use of public resources;
- To eliminate dispersion in the system;
- To build public financial management and control system that corresponds to international standards and EU norms.



# Scope of Law by Entities



# Scope of Law from the Point of View of Financial Management and Budget

- The practice of making a general and a supplementary budget is stopped to give way to development of central authorities' budget, which will include budgets of entities supported from the General Budget, entities supported from private budget, as well as regulatory and control institutions
- Public entities under general governance are subordinate to one general system of financial management and control
- Budgets are prepared for three years
- All revenues and expenditures of each entity are shown in the budget

# Budget Scope

PUBLIC ENTITIES UNDER  
GENERAL GOVERNMENT

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graph TD; A[PUBLIC ENTITIES UNDER GENERAL GOVERNMENT] --> B[CENTRAL BUDGET]; A --> C[SOCIAL INSURANCE INSTITUTIONS]; A --> D[LOCAL PUBLIC AUTHORITIES]; B --> E[GENERAL BUDGET (Ministries)]; B --> F[PRIVATE BUDGET (Subordinate institutions)]; B --> G[REGULATORY, CONTROLLING INSTITUTIONS (Respective institutions)];
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CENTRAL BUDGET

SOCIAL INSURANCE  
INSTITUTIONS

LOCAL PUBLIC  
AUTHORITIES

GENERAL BUDGET  
(Ministries)

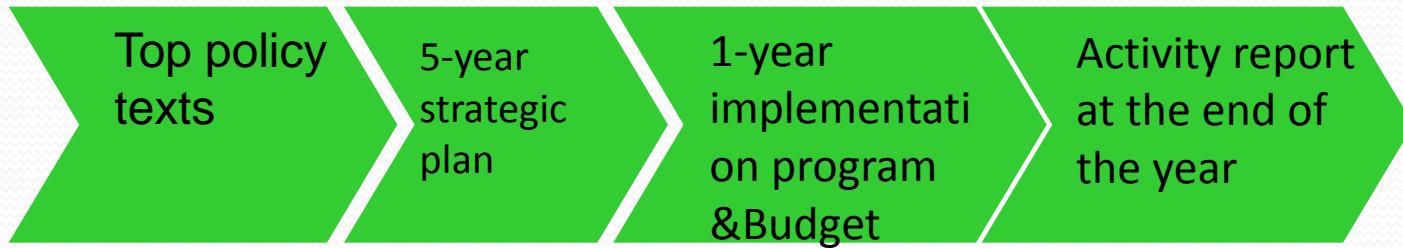
PRIVATE BUDGET  
(Subordinate institutions)

REGULATORY,  
CONTROLLING  
INSTITUTIONS  
(Respective institutions)

# The Scope of Law from the Point of View of Activities and Operations

- Structure and functions of public financial management
- Development and implementation of public budgets
- Accounting and reporting on all financial operations
- Financial control

# Finance Management Process

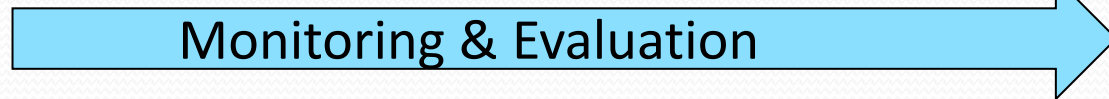


Policy development

Harmonization

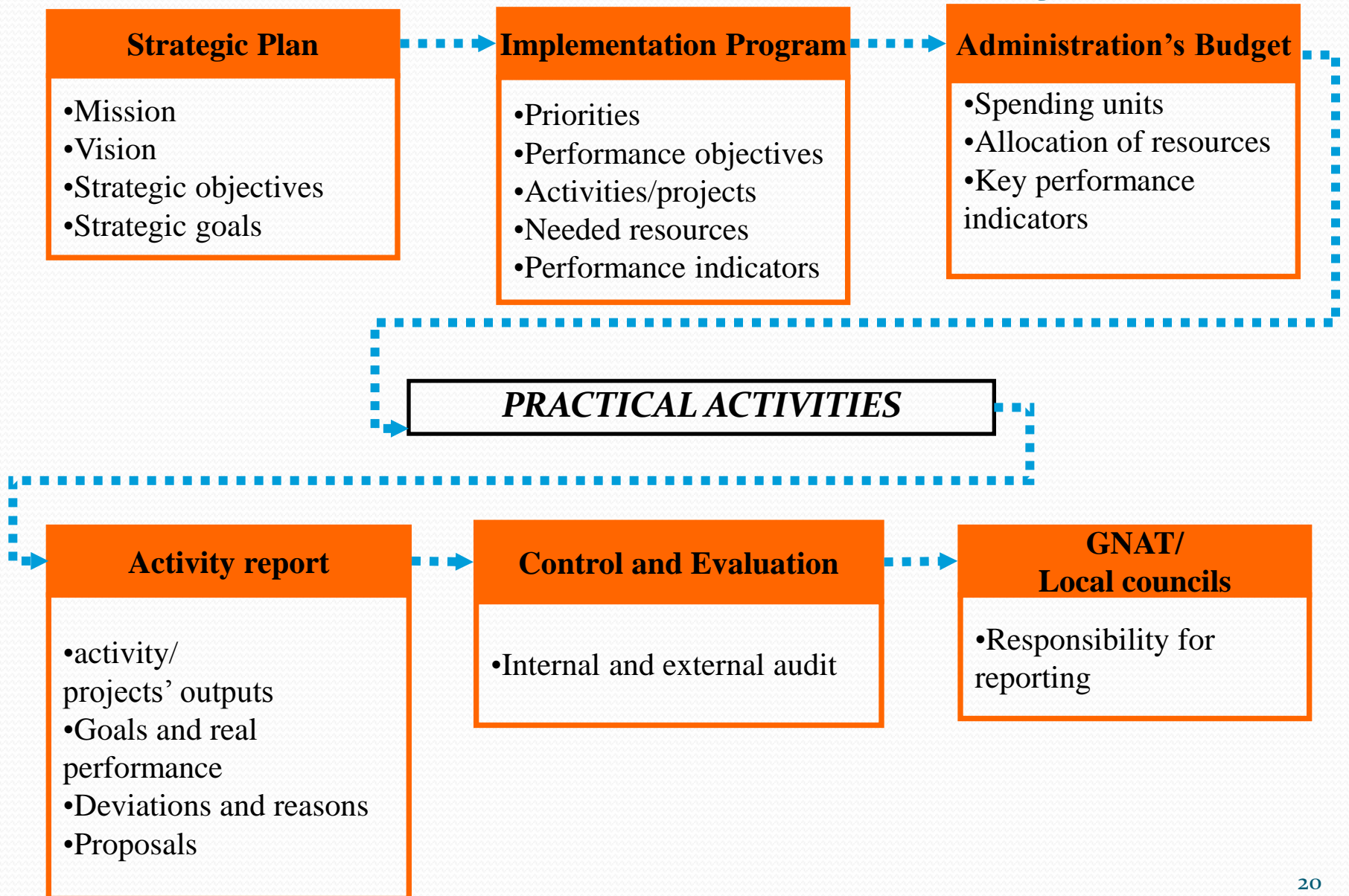
Budget ceilings and prioritization

Strategy implementation



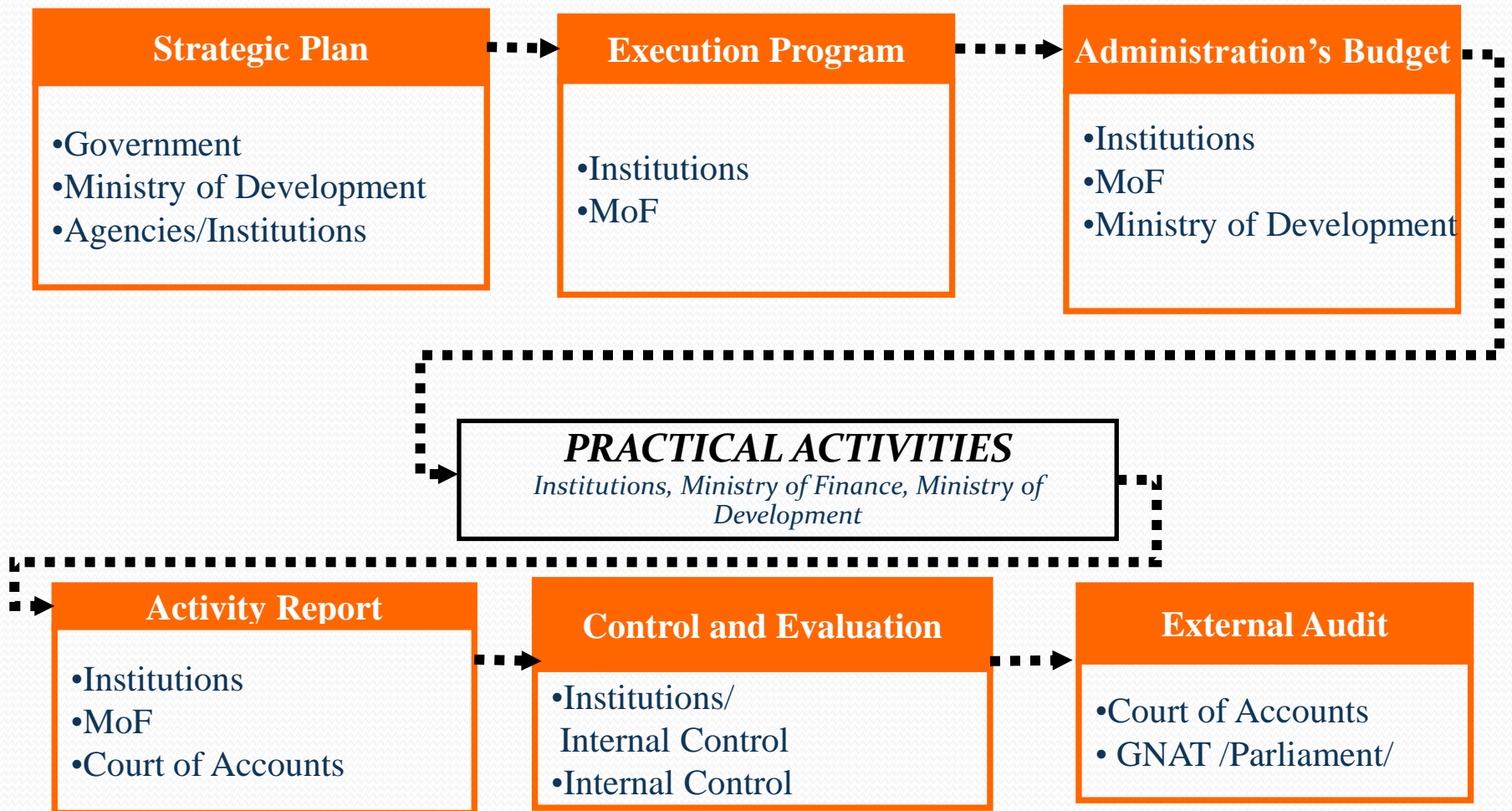
/Performance/ activities

# Functions of the Public Finance System

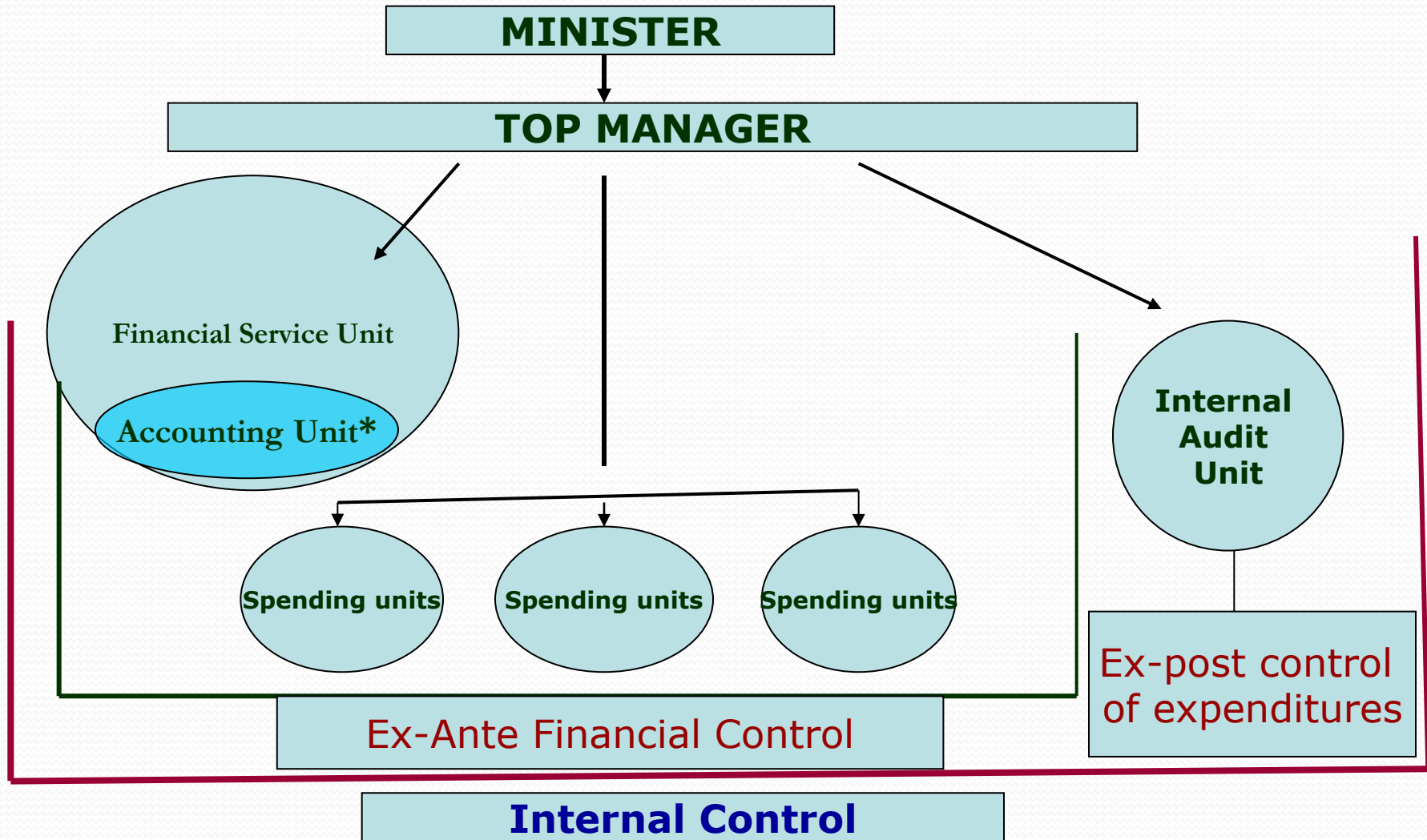




# Public Finance Management Actors

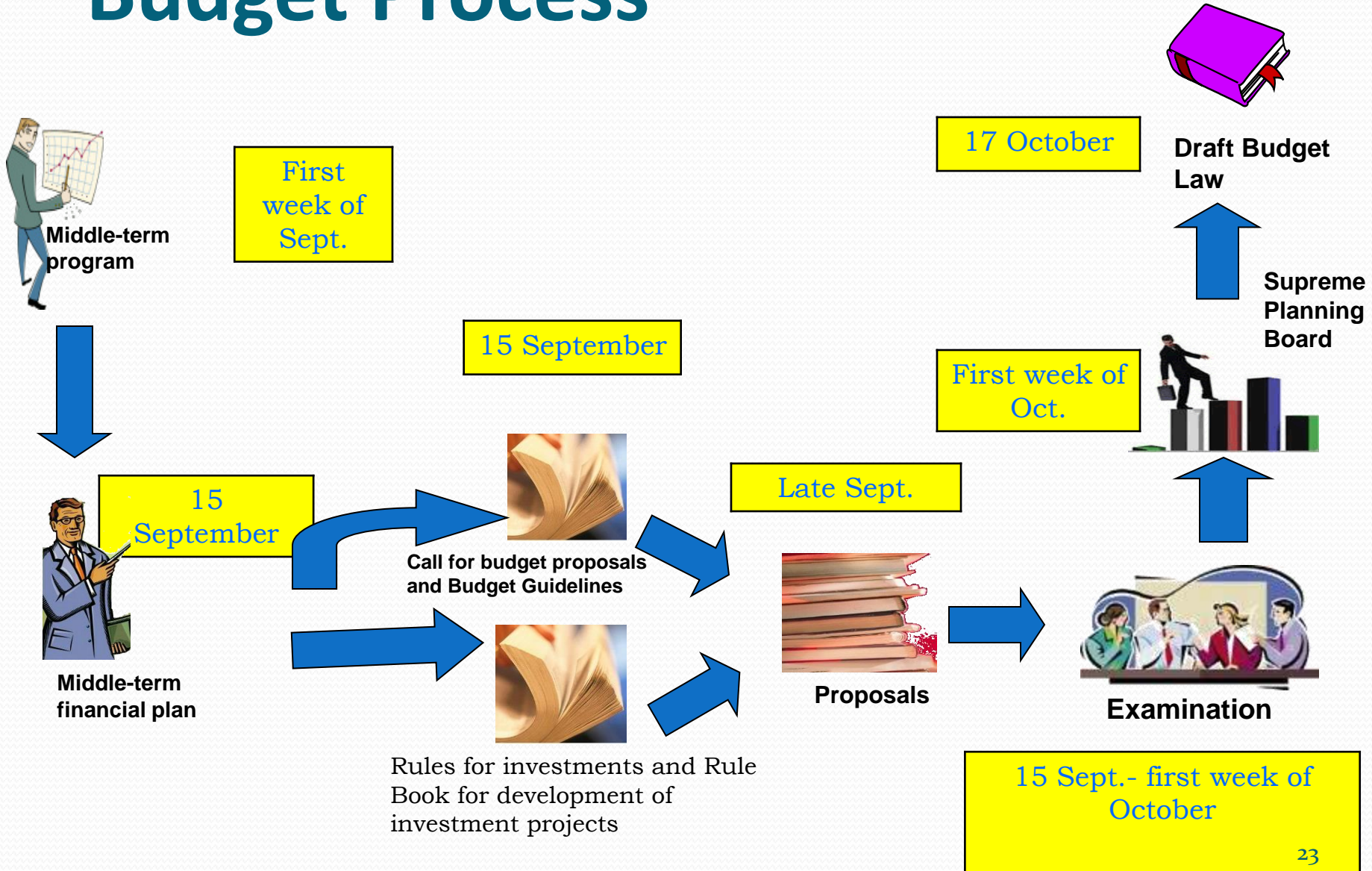


# Financial Management and Internal Control Framework



\*Accounting services to public entities of the general budget are offered by the MoF.

# Budget Process





**Thank you for attention**