

**Hungary: Report on the Observance of Standards and Codes—Data Module—
Substantive Update on Government Finance Statistics, Response by the Authorities,
and Detailed Assessment Using the Data Quality Assessment Framework**

This Report on the Observance of Standards and Codes on Data Module provides a substantive update on the assessment of government finance statistics for **Hungary** and was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **June 28, 2004**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of **Hungary** or the Executive Board of the IMF.

The response by the Authorities on this report, and the Detailed Assessment Using the Data Quality Assessment Framework (DQAF) are also included.

The policy of publication of staff reports and other documents by the IMF allows for the deletion of market-sensitive information.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623 7430 • Telefax: (202) 623 7201
E-mail: publications@imf.org • Internet: <http://www.imf.org>

Price: \$15.00 a copy

**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND

HUNGARY

**Report on the Observance of Standards and Codes (ROSC)—Data Module—
Substantive Update on the Government Finance Statistics**

Prepared by the Statistics Department

Approved by Carol S. Carson and Michael C. Deppler

June 28, 2004

The Report on the Observance of Standards and Codes (ROSC) data module provides a substantive update on the assessment of Hungary's government finance statistics (GFS) against the Special Data Dissemination Standard (SDDS), complemented by an assessment of data quality based on the IMF's Data Quality Assessment Framework (July 2003 DQAF). The DQAF lays out internationally accepted practices in statistics, ranging from good governance in data producing agencies to practices specific to datasets.

This report is based on information provided prior to and during a staff mission from January 15–30, 2004 and publicly available information. The mission was undertaken by Alberto F. Jiménez de Lucio, senior economist, STA.

Contents	Page
Acronyms	3
Executive Summary	4
I. Assessment by Dimension of Data Quality	6
0. Prerequisites of quality	6
1. Assurances of integrity	6
2. Methodological soundness	7
3. Accuracy and reliability	8
4. Serviceability	8
5. Accessibility	8
II. Recommendations	9

ACRONYMS

ÁKK	Government Debt Management Agency Ltd
EU	European Union
EUR	IMF European Department
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual on Government Finance Statistics, 1986</i>
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
<i>GFSY 2003</i>	<i>Government Finance Statistics Yearbook 2003</i>
<i>GFSY</i>	<i>Government Finance Statistics Yearbook</i>
IMF	International Monetary Fund
July 2003 DQAF	Data Quality Assessment Framework, July 2003 version
MOF	Ministry of Finance
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
STA	IMF Statistics Department

EXECUTIVE SUMMARY

A substantive update of the government finance statistics (GFS) dataset of the Report on the Observance of Standards and Codes (ROSC) Data Module was conducted in the context of the 2004 Article IV consultation mission for Hungary. The original ROSC Data Module for Hungary was conducted during January 22–30, 2001. At that time, a preliminary version of the July 2001 Data Quality Assessment Framework developed by the International Monetary Fund (IMF)'s Statistics Department (STA) was used to conduct the assessment of the GFS. The resulting report, detailed assessments, and letter from the authorities are currently posted on the Internet website of the IMF. Afterwards, two factual updates of the ROSC Data Module have been undertaken by the IMF's European Department, which are also posted on the IMF's Internet website.

The substantive update of the GFS dataset involved a re-assessment of the statistics, using the July 2003 Data Quality Assessment Framework (July 2003 DQAF). The new version of the DQAF is a more precise and, as a result, more exacting standard. Thus, its ratings are not directly comparable to the ratings assigned using the earlier version of the DQAF. This summary and attached report are based on information provided prior to and during a staff mission from January 15–30, 2004, as well as publicly available information. The mission expresses its appreciation for the excellent cooperation received from the authorities and staff of the Ministry of Finance (MOF) and the Government Debt Management Agency Ltd.

Overall, significant improvements in addressing the shortcomings identified in the original ROSC Data Module have been made. These improvements relate mainly to the institutional coverage of general government, consolidation of data, and reconciliation of the deficit and financing of central government. It should also be noted that significant progress has been made towards the adoption of the *Government Finance Statistics Manual 2001 (GFSM 2001)* framework. The two key areas where improvement is still needed are the compilation and dissemination of subannual fiscal statistics following international guidelines, and the dissemination of metadata.

More specifically, the institutional coverage of general government has been broadened to conform with the *GFSM 2001* definition, by including extrabudgetary units that are not part of Hungary's so called "legal government". Efforts to improve consolidation and reconciliation of the deficit and financing have resulted in nearly full consolidation and a small remaining discrepancy between above the line and below the line figures. Finally, significant progress has been made towards adoption of the *GFSM 2001* framework in connection with the country's accession to the European Union (EU), however, no formal decision to adopt the new framework has yet been taken.

It should be noted that the MOF compiles two general types of fiscal statistics: budget execution data and GFS. The budget execution data, contained in a monthly monitoring report and in the final accounts, are disseminated nationally. However, the GFS reported to STA are not disseminated nationally, while the GFS reported to the EU are only partially

disseminated. Therefore, the focus of the assessment is on the budget execution data, although the GFS reported to international organizations are discussed.

The main findings of the substantive update are summarized below following the structure of the July 2003 DQAF, and include a set of recommendations to achieve further improvements in Hungary's fiscal statistics. The attached document provides a detailed assessment of fiscal statistics that presents its conclusions in a standardized summary table with qualitative ratings, using a four-part scale.

I. ASSESSMENT BY DIMENSION OF DATA QUALITY

0. Prerequisites of quality

The legal and institutional environment clearly assigns the responsibility for the compilation and dissemination of fiscal statistics to the Ministry of Finance (MOF). However, it does not establish a specific obligation for the MOF to disseminate statistics to the general public. The task of compiling and disseminating budget execution data and government finance statistics (GFS) on the central government and general government operations, is assigned to the Directorate of Fiscal and Financial Policy Affairs of the MOF, while the task of compiling and disseminating data on the central government debt is assigned to the Planning Department of the Government Debt Management Agency Ltd. (ÁKK). Staff resources are adequate to perform current tasks, but would be insufficient to implement the recommendations below. Computing resources, physical facilities and financing are commensurate with statistical programs. The resources used to compile budget execution data and GFS are not measured.

The budget execution data and the GFS reported to international organizations are generally relevant, as they meet the requirements of the Act on Public Finance and the various international standards, respectively. However, there is no systematic consultation with users. Finally, on other quality management, both the management and staff of the MOF firmly believe that the quality of budget execution data and statistics depends on the quality of the source data and compilation procedures, and make continuous efforts to improve them.

1. Assurances of integrity

The MOF and the ÁKK exhibit professionalism in the performance of their functions. The Act on Public Finance and the Act on Statistics support the compilation of budget execution data and GFS on an impartial basis and according to technical criteria. Recruitment is conducted through a competitive process, based on the qualifications for the position being filled. Descriptions of main developments are provided together with budget execution data, and the ministry holds meetings to brief the press and Parliament.

Transparency is evidenced by making available to the public the legislation containing the terms and conditions under which budget execution data are compiled and disseminated. Early access by senior government officials to budget execution data is not communicated to the public, but is known to be necessary during the preparation of the final accounts. There is no internal government access prior to the release of statistics reported to international organizations. Major methodological changes are described in legislation and in notes included in the corresponding reports when they are introduced. The ethical standards guiding the compilation and dissemination of budget execution data and GFS are enshrined in the Act on the Legal Status of Civil Servants and the “Code of Ethics for Civil Servants.”

2. Methodological soundness

The concepts and definitions used to compile budget execution data generally follow the guidelines of *A Manual on Government Finance Statistics, 1986 (GFSM 1986)*, while the GFS reported for publication in the *Government Finance Statistics Yearbook 2003 (GFSY 2003)* follow the guidelines of the *Government Finance Statistics Manual 2001 (GFSM 2001)*. A formal “migration path” from the *GFSM 1986* framework to the *GFSM 2001* framework has not yet been adopted. However, significant progress has been made to this effect in connection with the country’s accession to the European Union (EU): the coverage of legal government has been expanded to comply with the *European System of Accounts 1995* definition of general government (and thereby with the *GFSM 2001*), accrual (cash adjusted) data is being compiled annually, a balance sheet of non-financial assets is being prepared, and balance sheets of financial assets and liabilities have been compiled (including other economic flows). The compilers of statistics expressed interest in moving to accrual accounting and adopting the *GFSM 2001* framework.

The institutional scope of the monthly and annual budget execution data for central government and general government generally follows international guidelines, except for the exclusion of certain extrabudgetary institutions, which because of their characteristics are classified as institutional units of the general government for statistical purposes. The institutional scope of the statistics reported for publication in *GFSY 2003* is in conformity with the guidelines of the *GFSM 2001*. The monthly budget execution data for central government provide limited detail in national format (there are no detailed tables for revenues, expenditures, and financing), whereas the annual budget execution data for general government and its subsectors provide substantially more detail, but do not fully follow internationally accepted standards. The GFS reported for publication in the IMF’s *Government Finance Statistics Yearbook (GFSY)* have in the past followed the *GFSM 1986* guidelines and beginning in 2003 the *GFSM 2001* guidelines, and have included the recommended level of detail.

In terms of classification/sectorization, institutional sectors are generally defined in accordance with the *System of National Accounts 1993* (and thereby with the *GFSM 2001*). Annual budget execution data are provided separately for all subsectors and for consolidated general government. The monthly budget execution data for central government provide only summary data using a national classification, there are no tables with an economic classification of revenues and expenditures, or a functional classification of expenditures. The annual budget execution data for general government and its subsectors provide a summary table in national classification, as well as tables for the economic classification of revenues and expenditures, and for the functional classification of expenditures, following *GFSM 1986* classification guidelines. Tables for financing are provided separately in the final accounts in national classification, but financing data are not directly linked to the above the line deficit. A debt table for central government following a national classification by instrument is also disseminated separately. The GFS reported for publication in the IMF’s *GFSY* have included the classifications recommended by *GFSM 1986* and more recently *GFSM 2001*.

The basis for recording transactions is a cash flow basis. Transactions are recorded at the time money flows in or out of the Treasury single account, according to the corresponding bank statement. Amounts denominated in foreign currency are converted to national currency using the daily average exchange rate from the National Bank of Hungary. All transactions are generally shown on a gross basis, except for short term government securities.

3. Accuracy and reliability

Comprehensive and timely source data covering the full range of economic stocks and flows are provided from administrative systems for all levels of government. A comprehensive register of all legal government units is kept and regularly updated by the Treasury. Source data allows for basic consolidation, but not full consolidation. All central and local government units follow a unified accounting system, that includes a detailed chart of accounts. Information published under financial accountability arrangements (the final accounts) can be easily reconciled with GFS, though they have different scope.

Source data are assessed and validated with other accounting or administrative records that allow for verification of their accuracy; however, the resulting statistical outputs are not assessed and validated with similar data published by other institutions. Data are compiled following sound statistical techniques. Monthly and annual budget execution data and GFS are essentially final when first disseminated, as preliminary annual data is based on final reports from budget units (it becomes officially final when Parliament approves the final accounts). Revisions are few and usually associated with corrections. Thus, no revision studies are conducted.

4. Serviceability

The periodicity and timeliness of fiscal statistics meet or exceed the Special Data Dissemination Standard (SDDS) requirements. There is consistency in budget execution data and GFS within the dataset, except for a statistical discrepancy between the above the line and below the line data, that has become relatively small due to reconciliation efforts. The sum of monthly data does not equal the annual data, as there are small differences due to year-end adjustments. Budget execution data and GFS are largely consistent with national accounts statistics, balance of payments data, and financial and debt data, as common sources are generally used. Revision policy and practice are well known, as the dissemination of preliminary and final data follows a regular schedule.

5. Accessibility

Data accessibility is satisfactory. The presentation of annual budget execution data follows the guidelines established by the Act on Public Finance. Commentaries on current-period developments are included with both monthly and annual budget execution data. The GFS reported for publication in the *GFSY* have included all the standard components prescribed by the manuals. The budget execution data and SDDS related statistics are released

simultaneously to the general public, according to the corresponding advance release schedule. The availability of statistics not routinely disseminated is not publicized.

Metadata¹ accessibility needs to be improved. No comprehensive sources and methods document is published. Information is only available from published legislation, not methodological notes posted on the MOF's Internet website. Differences from international standards are not annotated. The SDDS base page metadata and summary methodology statements are updated regularly. Limited general use information about public sector statistics, and no specialized use information is made available to the public. Assistance to users could also be improved. Users interested in obtaining information usually send letters or an e-mail to the MOF. Contact persons for the SDDS data categories are provided on the Dissemination Standards Bulletin Board. Finally, a catalogue of the statistical products and services by the MOF is not available.

II. RECOMMENDATIONS

- Adopt the *GFSM 2001* framework for compilation and dissemination of budget execution data (in addition to the administrative presentation) and GFS.
- Compile and disseminate GFS for general government and its subsectors quarterly, using the *GFSM 2001* framework.
- Compile and disseminate GFS for central government monthly, using the *GFSM 2001* framework. In the meantime, compile and disseminate GFS for budgetary central government using the *GFSM 1986* framework (i.e., publish the full set of tables recommended for revenues, expenditures and financing).
- Disseminate on the MOF's Internet website the GFS reported to the IMF for publication in the *International Financial Statistics* and *GFSY*, as well as the information reported to the EU.
- Seek feedback from users of budget execution data and GFS on a regular basis.
- Disseminate a detailed technical description of concepts, sources and methods used in the compilation of budget execution data and GFS. Annotate differences from international standards.
- Continue efforts to achieve full consolidation of budget execution data and GFS, and to reconcile the deficit with financing.

¹ Metadata is a general term used to refer to information about the data compiled and disseminated (e.g., coverage, sources, concepts, classifications, etc.).

- Increase the staff resources assigned to compilation and dissemination of budget execution data and GFS.

INTERNATIONAL MONETARY FUND

HUNGARY

**Report on the Observance of Standards and Codes (ROSC)—Data Module—
Substantive Update on the Government Finance Statistics**

Response by the Authorities

June 28, 2004

The Ministry of Finance broadly agrees with the comprehensive assessment of Hungary's government finance statistics prepared by the IMF mission that visited Budapest in January 2004. Regarding your recommendations, we would like to highlight, that despite of the sparing measures of the budget, we intend to allocate sufficient staff in order to:

- accelerate the adoption of *GFSM 2001* framework for compilation and dissemination of budget execution data and GFS (statistical legal government, accrual accounting, and elimination of financial transactions).
- compile these data quarterly (the quarterly compilation can start on an experimental basis in the second quarter of 2004, and officially perhaps from the first quarter of 2005).
- compile these data monthly for the central government. It is suitable for the economic classification, but for functional classification the sub annual data is not available. To achieve this goal the budget presentation and the treasury information system needs a radical reform.

The publication of statistical data compiled for international organizations is resolvable, however the publication of international standards, and the publications of the differences between these standards and the official national public finance data needs additional effort in interpretation of existence of different datasets.

The high priority in our programme is the reconciliation of deficit and financing both annually and sub annually.

INTERNATIONAL MONETARY FUND

HUNGARY

Detailed Assessment Using the Data Quality Assessment Framework (DQAF July 2003)

Prepared by the Statistics Department

Approved by Carol S. Carson and Michael C. Deppler

June 28, 2004

This document contains a detailed assessment of the elements and indicators that underlie the data quality dimensions discussed in the Substantive Update to Hungary's Government Finance Statistics Report on the Observance of Standards and Codes (ROSC)—Data Module.

	Page
Contents	
Acronyms.....	3
Detailed Assessment Using the Data Quality Assessment Framework (DQAF).....	4
0. Prerequisites of quality	4
1. Assurances of integrity	10
2. Methodological soundness.....	13
3. Accuracy and reliability	19
4. Serviceability	24
5. Accessibility.....	27
Table	
I. DQAF (July 2003):—Summary of Results for Government Finance Statistics	30

ACRONYMS

ÁKK	Government Debt Management Agency Ltd.
CSO	Central Statistical Office
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
<i>ESA 95</i>	<i>European System of Accounts 1995</i>
EU	European Union
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual on Government Finance Statistics, 1986</i>
<i>GFSM 2001</i>	<i>Government Financial Statistics Manual 2001</i>
<i>GFSY 2003</i>	<i>Government Finance Statistics Yearbook 2003</i>
<i>GFSY</i>	<i>Government Finance Statistics Yearbook</i>
<i>IFS</i>	<i>International Financial Statistics</i>
IMF	International Monetary Fund
MOF	Ministry of Finance
NBH	National Bank of Hungary
SDDS	Special Data Dissemination Standard
Treasury	Hungarian State Treasury

DETAILED ASSESSMENT USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)

The following detailed information on indicators of statistical practices in the area of government finance statistics was gathered from publicly available documents and information provided by the officials. This information, which is organized along the lines of the generic DQAF (see Appendix II), was used to prepare the summary assessment of data quality elements, based on a four-part scale of observance, shown in Hungary's Report on the Observance of Standards and Codes—Data Module.

0. Prerequisites of quality

0.1 *Legal and institutional environment*

— The environment is supportive of statistics

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified

i. The primary responsibility for collecting, processing, and disseminating the statistics is clearly established

The responsibility for collecting, processing and disseminating fiscal statistics is clearly assigned to the Minister of Finance. However, it should be noted concerning dissemination, that the laws mandate the Minister to make certain budgetary information available to Parliament and to meet commitments to international organizations for reporting data, but do not establish an obligation to disseminate statistics to the general public.

The budgetary information is disseminated nationally. However, the government finance statistics (GFS) reported to international organizations are generally not disseminated nationally; although the Ministry of Finance (MOF) intends to begin doing so in the near future. Therefore, the focus of the assessment is on the budgetary information, and more specifically on the budget execution data, contained in the monthly monitoring report and the final accounts.

The compilation and dissemination of budget execution data and GFS are conducted in accordance with the terms and conditions established in the following laws and their implementing regulations: (a) Act XXXVIII of 1992 on Public Finance; (b) Act XLVI of 1993 on Statistics; (c) Act C of 2000 on Accounting; and (d) Act LXIII of 1992 on the Protection of Personal Data and the Disclosure of Information of Public Interest. A recent Act (Act XXIV of 2003) introduced amendments to several of the previous laws and regulations, generally aimed at enhancing the transparency of public finance.

The Act on Public Finance determines the most important rules governing the functioning and control of public finance. It applies to the budgetary central government, extrabudgetary funds, social security funds, and local governments; referred to collectively as the legal government. In Section 48, it states that the Minister of Finance, among other, shall:

(a) determine the content of the public finance information system and make rules governing information provision, in agreement with the President of the Central Statistical Office (CSO); (b) keep records of organizations falling within the scope of legal government (the Hungarian State Treasury (Treasury) keeps the accounts of central government receipts and expenditures, and the Government Debt Management Agency Ltd. (ÁKK) the records of the central government debt); and (c) prepare drafts of the Act on the annual budget and the Act on final accounts, which must be accompanied by a number of specified balance statements and reports (all these documents become public once laid before Parliament). Finally, in Section 114, it states that the balance sheets and budgetary reports produced by the public finance information system must be coordinated with the requirements for the provision of statistics and with the system of national accounts.

The Act on Statistics sets the rules governing the collection, processing and dissemination of statistics. It designates the MOF as an organ of the official statistical service, responsible for the establishment, operation and development of the statistical information system concerning its portfolio. The Act on Accounting establishes the accounting, auditing and reporting system applicable to all units of the legal government. Finally, the Act on Protection of Personal Data and Disclosure of Information of Public Interest establishes in general what information can and should be made public.

The task of compiling and disseminating budget execution data and GFS on the central government and general government operations, is assigned to various divisions of the MOF's Directorate of Fiscal and Financial Policy Affairs: (a) Budgetary and Institutional Informatics, which prepares the draft budget and final accounts; (b) Budgetary General, which prepares a monthly monitoring report on the central government position; (c) Methodology and Statistical of Public Finance, which compiles and reports data to the International Monetary Fund (IMF) for publication in *International Financial Statistics (IFS)* and the *Government Finance Statistics Yearbook (GFSY)*, as well as on the Dissemination Standards Bulletin Board (DSBB); and (d) Financial Policy, which processes financing data and the information received from non-budgetary public corporations. These divisions also contribute jointly to the calculation of the Maastricht deficit.

The task of compiling and disseminating data on the central government debt, among other, is assigned to the ÁKK, a public corporation wholly owned by the state, and whose ownership rights are exercised by the Minister of Finance. Within the ÁKK, it is the Planning Department that is responsible for carrying-out the task.

Working arrangements are consistent with the assignment of responsibility.

0.1.2 Data sharing and coordination among data-producing agencies are adequate

- i. Arrangements or procedures exist to facilitate data sharing and coordination between the agency (agencies) with the primary responsibility for compiling the statistics and other data producing agencies*

Most of the source data for the compilation of budget execution data and GFS are generated within the MOF. Clear procedures are in place to ensure effective and timely flow of source data among the various units of the ministry. Government Decrees 249/2000 and 253/2000 on the implementation of the Act on Accounting provide specific reporting instructions and model tables for all units, and set deadlines for the submission of information. A yearly compilation guide is issued to guide the compilation of reports.

In addition, a yearly Government Decree approves the national statistical data collection program. This program details the information to be provided by one institution to another. A permanent working group composed of the MOF, the CSO and the National Bank of Hungary (NBH), has been established to address issues related to reporting on the European Union's (EU) excessive deficit procedure and other statistical issues related to the general government sector. Finally, arrangements are in place between the Directorate of Fiscal and Financial Policy Affairs, the Treasury and the ÁKK to reconcile financing data.

0.1.3 Individual reporters' data are to be kept confidential and used for statistical purposes only

- i. The confidentiality of individual reporters' data is guaranteed and that guarantee is widely known*

The confidentiality of data reported by individual persons and entities is protected by the Act on Statistics and the Act on the Protection of Personal Data and on the Disclosure of Information of Public Interest. Section 17 (2) of the first Act, states that data which can be related to a natural person or to a legal person may not be made public, while Section 20 states that individual data shall be regarded as private secrets when other rules of law are applied. The second Act provides similar protection.

- ii. Procedures are in place to prevent disclosure of individual reporters' data*

Staff that disclose confidential data are subject to administrative sanctions that include dismissal. Information is aggregated in a manner that no individual data can be identified.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

- i. A law or other formal provision provides for the reporting of information needed to compile the statistics*

The Act on Statistics, in Section 3, designates the MOF as an organ of the official statistical service. As such, it is entitled to collect the data necessary for the compilation and dissemination of statistics associated with the public finance information system. Section 8 states that any natural person and legal person shall be obliged to supply the data requested by an organ of the official statistical service. Furthermore, the Act on Public Finance establishes the obligation of all legal government units to supply the information requested by the MOF. Recent modifications to the Act establish the right of the MOF to collect data from certain entities outside the legal government, that may belong to the general government. Collection activity is consistent with the authority. Penalties for non-compliance in reporting information are not provided for, nevertheless all units comply with their obligation to report information. The civil and public servant laws include general provisions on penalties for not observing existing regulations.

- ii. Other mechanisms are in place to ensure adequate reporting of data for compiling the statistics*

As indicated in 0.1.2 above, reporting guidelines and model tables are provided to all units.

0.2 Resources

— Resources are commensurate with needs of statistical programs

0.2.1 Staff, facilities, computing resources, and financing are commensurate with statistical program.

- i. Staff resources for compiling the statistics are adequate to perform required tasks*

Overall, the number of staff is adequate to perform the tasks associated with annual budget execution data and GFS. However, the number of staff is insufficient to perform the tasks associated with disseminating more frequent and detailed sub-annual budget execution data and GFS, or addressing possible changes in the budgeting system. A recent government resolution mandates staff cutbacks in the government sector. This cost saving measure has an inevitable adverse side-effect on the adequacy of staffing levels. The qualifications of the staff are adequate to perform their assigned tasks. Staff turnover is a concern for the Directorate of Fiscal and Financial Policy Affairs, as new staff have to be trained to perform the functions of departing staff. Salary levels are competitive with other areas of public administration.

- ii. *Computing resources for compiling the statistics are adequate to perform required tasks*

Overall, sufficient resources are allocated to computing technology, both for hardware and software. Each staff member has a computer assigned for his personal use, and additional computers are available for other uses (e.g., maintaining databases). Back-up systems are in place to protect data.

- iii. *Physical facilities and other resources are adequate to perform required tasks*

The office buildings provide adequate working facilities. Air conditioning is being installed at the MOF to enhance staff comfort during the summer months. Office furniture and equipment are adequate to perform required tasks. Transportation arrangements are also adequate.

- iv. *Funding for compiling the statistics is adequate to perform required tasks*

The funding for the identified needs of the statistical program is included in the overall budget of the MOF and is considered secure.

0.2.2 *Measures to ensure efficient use of resources are implemented*

- i. *Management ensures that resources are used efficiently*

Annual reviews of staff performance are conducted within the framework of the Act on the Legal Status of Civil Servants. These annual reviews assess staff performance against their previously agreed tasks. Every two-three years an outside firm is contracted to assess the input-output relationship at the MOF and to recommend measures for improvement. An outside expert has been contracted to work one day a week in the Directorate of Fiscal and Financial Policy Affairs, providing guidance on methodological issues associated with compilation of statistics.

- ii. *Costing and budgeting practices are in place and provide sufficient information to management to make appropriate decisions*

The resources used to compile budget execution data and GFS are not measured periodically. Detailed budgeting procedures are used to allocate resources.

0.3 Relevance

— Statistics cover relevant information on the subject field

0.3.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

i. Specific actions are taken to ensure that current statistics meet needs of data users

Budget execution data are designed to respond to the requirements of the Act on Public Finance, particularly concerning the draft budget and draft final accounts submitted to Parliament. Substantial time and efforts are spent ensuring the quality of the source data and compilation procedures. Likewise, time and efforts are spent ensuring data reported to international organizations meets their various standards (e.g., *European System of Accounts 1995 (ESA 95)* and *Government Finance Statistics Manual 2001 (GFSM 2001)*). No user surveys are conducted. Regular feedback is provided by the State Audit Office, mainly in terms of compliance with existing legislation and regulations. Occasional feedback from other users of the budget execution data and statistics is used to better meet their needs.

ii. Mechanisms are in place to identify new and emerging data requirements

No systematic actions to identify future data requirements by the general public are undertaken. However, the new data requirements associated with EU accession *ESA 95* and *GFSM 2001*, are being evaluated and actions are being taken to prepare to meet them.

0.4 Other quality management

— Quality is a cornerstone of statistical work

0.4.1 Processes are in place to focus on quality

i. There is recognition throughout the organization that quality builds trust and thus is a cornerstone of statistical work

Management firmly believes that the quality of budget execution data and GFS depends on the quality of the source data and compilation procedures. All legal government units follow uniform accounting rules and detailed data reporting guidelines. Training is provided to staff from the units on the accounting and budgeting systems. GFS are compiled according to international guidelines (*ESA 95* and *GFSM 2001*). Finally, the public exposure of the budget execution data and GFS provides a strong incentive to ensure their quality.

0.4.2 Processes are in place to monitor the quality of the statistical program

i. Steps are in place for a systematic monitoring and review of quality

The processes in place to monitor and review quality consist mainly of built-in checks to the software used to process data and reconciliation procedures. Compliance with the existing accounting and data reporting rules and guidelines is closely monitored.

0.4.3 Processes are in place to deal with quality considerations in planning the statistical program

i. In planning the statistical program, quality issues (including implicit and explicit tradeoffs among the dimensions of quality) are considered

Quality improvements identified during ongoing monitoring are taken into account in planning the statistical program. The need to meet established deadlines for the submission of budget execution data and GFS, including the new requirements associated with EU accession, are also a major consideration in planning the statistical program.

1. Assurances of integrity

The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to

1.1 Professionalism

— Statistical policies and practices are guided by professional principles

1.1.1 Statistics are produced on an impartial basis

i. The terms or conditions under which the statistics are produced are in accordance with professional independence

The Act on Statistics states in Section 3 that the head of the organ belonging to an official statistical service shall ensure the independence of the statistical activity, and the objectivity of the statistical information provided.

ii. Professionalism is actively promoted and supported within the organization

Recruitment is conducted through a competitive process based on the qualifications for the position being filled. On the job training is provided to new hires, who must also pass a general civil servant exam before being appointed as one. In addition, a specialized civil servant exam must also be passed. Promotion is partly based on performance and partly on seniority. Participation in relevant international seminars and courses is supported. Finally, staff are encouraged to write articles on their areas of expertise for publication in *Financial Review*, a professional journal of the MOF.

1.1.2 Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations

- i. The choices of data sources and statistical techniques are informed solely by statistical considerations*

The choice of source data and statistical techniques is based exclusively on data and processing requirements.

- ii. Decisions about dissemination are informed solely by statistical considerations*

Decisions to disseminate data are based mainly on legal obligation (Act on Public Finance) and on meeting international data reporting commitments. No statistics, other than budget execution data and SDDS related statistics, are disseminated nationally.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

- i. The data producing agency comments when its statistics are misinterpreted or misused*

The monthly budget execution data are released at a press conference held by the deputy state secretary for fiscal issues, who highlights the main budget developments for the relevant month. Moreover, the report that includes the data also contains text describing the main developments. The discussion in Parliament of the draft bills for the budget and the final accounts (annual budget execution data) includes an extensive explanation by the minister of the corresponding data. In addition, the final accounts document contains text describing the main developments. The Press and Communication Office monitors media coverage and coordinates a response when deemed necessary.

1.2 Transparency

— Statistical policies and practices are transparent

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

- i. Information is available to the public about the terms and conditions under which the statistical series are compiled, and disseminated, including the obligation to compile and disseminate the statistics, the confidentiality of individual reporters' data, and other key features*

The legislation referred to in 0.1.1 above is publicly available. The legislation was originally published in Hungarian in the Official Gazette of the Republic of Hungary, *Magyar Kozlony*. Copies can be purchased in the Gazette shop. The legislation is also available on the Internet websites of the corresponding institutions.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

- i. The public is made aware of internal government access to statistics prior to their release to the public*

Early access to the monthly budget execution data is limited to the deputy state secretary for fiscal issues, who receives the data on the day prior to its release to the public. This early access is not formally communicated to the public, but is known since the deputy state secretary explains the data at the press conference. Early partial access to data on the preliminary final accounts is granted to certain senior government officials involved in their preparation prior to their submission to Parliament, under strict embargo conditions. Again, this early access is not formally communicated to the public, but is known to be part of the process of preparing the final accounts. Finally, there is no internal government access prior to the release of GFS reported to international organizations.

1.2.3 Products of statistical agencies/units are clearly identified as such

- i. Statistical products are clearly identified so that the public is aware of what the data producing agency takes responsibility for*

The identity of the agency responsible for compiling the data released to the public is clearly identified, and the agency requests attribution when its statistics are used or reproduced.

1.2.4 Advanced notice is given of major changes in methodology, source data, and statistical techniques

- i. Users of statistics are made aware in advance of major changes in methodology, source data, and statistical techniques*

Major changes in methodology and source data are usually contained in legislation or are announced when the changes are introduced.

1.3 Ethical standards

— Policies and practices are guided by ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

- i. A clear set of ethical standards has been prepared*

The Act on the Legal Status of Civil Servants (Act XXIII of 1992) regulates the rights, roles and responsibilities of civil servants. The Minister of Interior, who is responsible for implementing the Act, has issued the manual “Code of Ethics for Civil Servants” to familiarize civil servants with their responsibilities under the Act.

- ii. *Staff are made aware of the ethical standards*

The contract for civil servants includes a page which all new hires must sign concerning observance of the Act on Civil Servants.

2. Methodological soundness

The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices

2.1 Concepts and definitions

— Concepts and definitions used are in accord with internationally accepted statistical frameworks

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

- i. *Concepts and definitions used to compile the statistics are in broad conformity with guidelines outlined in the GFSM 1986/2001*

The concepts and definitions used to compile budget execution data for revenues and expenditures generally follow the guidelines of *A Manual on Government Finance Statistics, 1986 (GFSM 1986)*. Two exceptions are discussed below in 2.3.1. The statistics reported for publication in the *Government Finance Statistics Yearbook 2003 (GFSY 2003)* follow the guidelines of the *GFSM 2001*.

A formal “migration path” from the *GFSM 1986* framework to the *GFSM 2001* framework has not been adopted. However, significant progress has been made to this effect in connection with the country’s accession to the EU: the coverage of legal government has been expanded to comply with the *ESA 95* definition of general government (and thereby with *GFSM 2001*), accrual (cash adjusted) is being compiled annually, a balance sheet of non-financial assets is being prepared, and balance sheets of financial assets and liabilities have been compiled (including other economic flows). The compilers of statistics expressed interest in moving to accrual accounting and adopting the *GFSM 2001* framework, as they consider it superior for fiscal policy purposes than the previous framework, and it is significantly aligned with future data requirements linked to EU accession. It should be noted that the progress towards adopting the *GFSM 2001* described above is currently reflected only on GFS, but not in budget execution data.

2.2 Scope

— The scope is in accord with internationally accepted standards, guidelines, or good practices

2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices

i. The scope of the statistics is broadly consistent with guidelines outlined in the GFSM 1986/2001

To facilitate understanding of the coverage of fiscal statistics, the official institutional structure of Hungary's general government sector is set out and explained below.

I. Central Government

1. Budgetary central government

(Parliament, Presidency of the Republic, Constitution Court, Office of Ombudsman, State Audit Office, Law Courts, Office of Public Prosecutors, Prime Minister's Office, Ministries, Economic Competition Office, Central Statistical Office, and the Hungarian Academy of Science)

2. Extrabudgetary funds

- (a) Labour Market Fund
- (b) Central Nuclear Financial Fund
- (c) Research and Technological Innovation Fund
- (d) Flood and Groundwater Protection Indemnity Fund

3. Social Security Funds

- (a) Health Care Fund
- (b) Pension Fund

4. Non-budgetary units (not part of legal government; see below)

- (a) State Privatization and Property Management Co., National Road Construction Co., CASA Co., Participation Management Co., and Government Debt Management Agency Ltd.;
- (b) Non-profit institutions, public foundations and public non-profit corporations (reclassified by CSO as general government units).

II. Local Governments

- (1) Local Governments (3,200 municipalities and 20 county governments);
- (2) Local Minority Governments (1,845)

III. General Government Sector (I+II)

The following definitions related to the institutional coverage of budget execution data are used by the Hungarian authorities:

- Legal government—as defined by the Act on Public Finance covers the budgetary central government, the extrabudgetary funds, the social security funds, and the local governments (I.1, I.2, I.3, and II);
- Central government—covers the budgetary central government, the extrabudgetary funds, and the social security funds (I.1, I.2, and I.3); and,
- Central budget—covers the budgetary central government (I.1)

The legal government as defined by the Public Finance Law differs from the *GFSM 2001* coverage of general government, as the former excludes a number of so called non-budgetary units (extrabudgetary in GFS terms), which because of their characteristics are classified as institutional units of the general government for GFS purposes (I.4.a and I.4.b). The same difference applies to the coverage of central government as defined by the Act on Public Finance and the *GFSM 2001* coverage of central government.

The MOF publishes a monthly monitoring report in Hungarian (“Tájékoztató az államháztartás és egyes alrendszerének 200X. Month havi helyzetéről”), that is issued 15 days after the end of the reference period, and distributed at a press conference where the minister highlights the key budget developments for the month. The report contains the monthly budget execution data, and includes: a summary table with total revenues and expenditures for central government and its subsectors non-consolidated, a summary table for central government debt, two summary tables with a breakdown for revenues and expenditures for budgetary central government, two tables with a breakdown for revenues and expenditures for the social security funds, a few charts, and text explaining the main budget developments during the month. The report is available on hard copy and on the MOF’s Internet website (<http://www.pm.gov.hu/>). A short version of the report is also available in English on the MOF’s Internet website. The MOF does not currently publish a quarterly report, separate from the monthly report for the last month of the quarter.

The ÁKK publishes a monthly report *Government Securities Market*, which is also posted on its Internet website (<http://www.akk.hu/>). The report includes a table on central government debt. The table is usually available eight working days after the end of the reference period, after the MOF’s monthly press conference. The debt is classified by currency and instrument. Annual data for the past nine years and the most recent three months is presented. A similar

table disseminated on its Internet website, presents monthly data on a cumulative basis, and reconciles the opening stock with the closing stock. A chart on the Hungarian government securities held by foreign investors is also posted on the website. The chart allows access to the underlying data, which can be used to classify central government debt by residence. A revamped Internet website will be introduced in February 2004, containing more information on central government financing and debt. It will include a monthly table on the financing of the central government directly linked to its balance.

The MOF prepares annually the final accounts for the central government. These must be submitted to the State Audit Office by June 30 and to Parliament by August 31 of the following year. The final accounts for central government include information for local governments, but the final accounts for local governments are approved by their body of representatives. The final accounts contain the annual budget execution data and include, among other, a summary table on both a cash basis and an accrual (cash adjusted) basis, an economic classification table for revenues and expenditures, and a functional classification table for expenditures. The economic and functional classification tables are available for the legal government and for each of its subsectors. The final accounts also include a table reconciling the legal government deficit with the Maastricht deficit.

In 2003, the authorities reported GFS for publication in the IMF's *GFSY 2003* annual data for the general government and its subsectors in *GFSM 2001* format, on both a cash and an accrual basis. The revenue and expenditure data came from the final accounts, while the financing and debt data came from the financial accounts compiled by the NBH. The Directorate of Fiscal and Financial Policy Affairs intends to disseminate on the MOF's Internet website the GFS reported for the *GFSY 2003*, after receiving feedback on the statistics from the IMF's Statistics Department. It should also be noted that once Hungary becomes a member of the EU in May 2004, quarterly statistics on an accrual basis will have to be compiled for general government with a 90-day lag by the CSO. In this context, the Directorate of Fiscal and Financial Policy Affairs intends to compile quarterly GFS according to the *GFSM 2001*.

The monthly figures for central government reported for publication in the *IFS* come from: (a) revenue and expenditure data in the monthly monitoring report, partially consolidated; (b) financing and debt data from the ÁKK (with an adjustment to financing to match the above the line balance); and (c) grants from the EU from Treasury data. The data reported for the *IFS* are not disseminated on the MOF's website.

In addition, monthly figures for the central government are compiled in SDDS format from: (a) revenue and expenditure data in the monthly monitoring report, and (b) financing and debt data from the ÁKK (with an adjustment to financing to match the above the line balance). Quarterly figures for central government debt are compiled in SDDS format from the ÁKK's accounting records. Annual figures for the legal government are compiled in SDDS format from: (a) revenue and expenditure data in the preliminary final accounts for central government; (b) financing and debt data from the ÁKK for central government (with an adjustment to financing to match the above the line balance); and (c) financing data for

local governments in their own reports. All these statistics are disseminated on the IMF's DSBB and on the CSO's Internet website (<http://www.ksh.hu/>).

Briefly stated, the institutional scope of the monthly and annual budget execution data for central government and general government generally follows international guidelines, with the exception noted above concerning certain extrabudgetary institutions. The institutional scope of the GFS reported for publication in *GFSY 2003* is in conformity with the guidelines of the *GFSM 2001*.

ii. *GFS covers all economic stocks and flows of units within its scope—at least to the standard specified in the following tables in GFSM 1986/2001*

Monthly budget execution data are essentially limited to summary tables in national format for budgetary central government and for the social security funds, with data for revenues and expenditures (and balance). Annual budget execution data for general government and its subsectors includes a summary table in national format for the above the line balance, an economic classification of revenues and expenditures, a functional classification of expenditures, and financing tables. The subannual budget execution data for central government provide limited detail, whereas the annual budget execution data for general government and its subsectors provide substantially more detail, though they are only available with a significant lag.

The GFS reported in previous years for publication in the IMF's *GFSY* have followed the *GFSM 1986* guidelines and provided the recommended level of detail. As indicated above, the GFS reported for *GFSY 2003* follow the *GFSM 2001* guidelines. These statistics included a statement of government operations, a statement of sources and uses of cash, and a balance sheet for financial assets and liabilities that included other economic flows.

2.3 Classification/sectorization

— Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices

2.3.1 *Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

i. *Classification and sectorization used for the statistics are in broad conformity with guidelines outlined in the GFSM 1986/2001*

Institutional sectors are generally defined in accordance with the *System of National Accounts 1993* (and thereby *GFSM 2001*), except for the exclusion of certain extrabudgetary institutions from the coverage of central government and general government in budget execution data (see 2.2.1). Annual budget execution data are provided separately for all subsectors and for consolidated general government. The national presentation of budget execution data follows the classifications established in the Act on Public Finance, which

establishes an administrative (by chapters and headings), an economic and a functional classification.

- ii. *Revenue, expense, nonfinancial assets, financial assets and liabilities, and stocks and flows are classified using the methodology set out in the GFSM 1986/2001*

The monthly budget execution data for central government in the monitoring report provide only limited detail in national format and classification for revenues, expenditures, and debt (as mentioned in 2.2.1 above). There are no detailed tables for revenues, expenditures, and financing. The monthly statistics for central government debt provide a national classification by instrument, though not by holder.

The annual budget execution data for general government and its subsectors in the final accounts provide a summary table in national format and classification. Tables for the economic classification of revenues and expenditures, and for the functional classification of expenditures are also provided, and generally follow *GFSM 1986* classification guidelines. There are two cases concerning the economic classification of revenues and expenditures where the guidelines are not observed: (a) lending minus repayments is presented gross, i.e., repayments are classified as revenues and loans as expenditures; and (b) the acquisition of shares in public corporations are included in expenditures and the disposal in revenues. Tables for financing are provided separately in the final accounts in national format and classification. Financing data are from a different source than revenues and expenditures, and their presentation is not directly linked to the above the line deficit, but to the gross borrowing requirements of the central government. Debt tables follow a national classification by instrument.

The GFS reported in previous years for publication in the IMF's *GFSY* have included the full set of tables and classifications recommended by *GFSM 1986*. The GFS reported for publication in *GFSY 2003* included data for three years (2000, 2001, and 2002). They included all the tables and classifications for transactions and other economic flows recommended by *GFSM 2001*, except for the financing data on cash basis and non-transactions data for non-financial assets.

2.4 Basis for recording

— Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices

2.4.1 Market prices are used to value flows and stocks

- i. *Valuation rules used for recording transactions follow the principle of market valuation outlined in the GFSM 1986/2001*

The Act on Public Finance mandates that budget execution data be compiled on a cash flow basis. Thus, flows are valued on the basis of the amount of payments in cash. Gross debt is valued at face value (except discounted treasury bills that are valued at average issue value

and forint indexed bonds with “capital uplift”, that are valued including capitalized interest). Amounts denominated in foreign currency are converted to national currency using the official foreign exchange rate published by the NBH.

The financial accounts compiled by the NBH are valued at market prices.

2.4.2 Recording is done on an accrual basis.

i. Transactions are recorded on a cash/accrual basis

Transactions are recorded at a time close to payment. More specifically, at the time money flows in or out of the Treasury single account according to the corresponding bank statement.

As indicated in 2.1.1, in connection to EU accession, accrual estimations are being made for taxes, social contributions, interest, some property income, normative types of transfers to enterprises and social transfers, wages, employers’ contributions (to social security and the Labour Market Fund), and use of goods and services. These estimations are mainly based on time adjustments to cash data. Accrual interest is calculated by the ÁKK. These estimates were used in the GFS reported for *GFSY 2003* and similar estimates will be needed to report to Eurostat later in 2004.

2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices

i. The recording of transactions follows guidelines of the GFSM 1986/2001

All transactions are generally shown on a gross basis, except for short term government securities. However, there are some transactions recorded net during the year and grossed-up at the end of the year. Corrective transactions affecting taxes are shown net, but corrective transactions affecting expenditures are shown gross.

3. Accuracy and reliability

Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.

3.1 Source data

— Source data available provide an adequate basis to compile statistics.

3.1.1 Source data are obtained from comprehensive data collection programs that take into account country-specific conditions.

- i. The data collection programs employed to compile government finance statistics are adequate.*

Monthly budget execution data and statistics for the central government are compiled from Treasury single account data, which is comprehensive, as all central government units must have their accounts at the Treasury (except for some foreign exchange accounts held at commercial banks). Annual budget execution data and statistics are compiled from the reports of central government units and local government units. The reports are prepared according to detailed formats and guidelines provided by the MOF. A comprehensive register of all legal government units is kept and regularly updated by the Treasury.

Source data allows for basic consolidation, but not full consolidation. Reconciliation efforts are made to match intragovernmental transfers (10–11 percent of GDP). Consolidation of “primary” intra-governmental transfers can be completed, consolidation of “secondary” intra-governmental transfers can not (mainly transfers related to health care), the remaining unconsolidated part represents about 0.1–0.15 percent of GDP. Administrative changes introduced in 2003 concerning “secondary” transfers will facilitate further progress in reconciliation. It should be noted that monthly budget execution data are not consolidated, annual budget execution data are partially consolidated, and only GFS are nearly fully consolidated.

Quarterly statistics on central government debt are compiled from the accounting records of the ÁKK, as the agency is responsible for undertaking all central government financing transactions and managing its debt.

When calculating the deficit according to Maastricht criteria and when compiling GFS for publication in *GFSY*, additional sources of data must also be used: (a) reports from the public companies included in I.2.b above, (b) aggregate data for the non-profit institutions included in general government (I.2.c above), which is provided by the CSO, and (c) financial accounts from the NBH.

- ii. The data collection programs are sufficiently open and flexible to provide for new developments in sources.*

The data sources are kept under regular review to ensure the data collection system remains comprehensive. All central government units must keep their accounts at the Treasury, and all legal government units must submit their reports within the established deadlines. Most data sources are internal to the MOF. Adjustments to cash data and bridge tables have been used to report statistics in *ESA 95* and *GFSM 2001* format.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required to compile government finance statistics

- i. Source data reasonably approximate internationally accepted good practices for compiling government finance statistics*

The revenues and expenditures in the public budget are conceptually defined in line with the *GFSM 1986*. Thus, they are generally consistent with international good practices. All legal (central and local) government units follow a unified accounting system, that includes a detailed chart of accounts. The non-legal government entities follow general business accounting regulations. All central government units must also follow the Treasury transaction code system. Source data are sufficiently detailed to compile statistics according to GFS classifications. Information published under financial accountability arrangements (the final accounts) can be easily reconciled with GFS, though they have different scope.

ii. Information is available on how the supplementary data sources differ from those of internationally accepted good practices

Compilers are aware of the differences in the accounting of non-legal government entities, and know how to adjust them to international good practices.

3.1.3 Source data are timely

i. The data collection systems provide timely data

Treasury data covering the central government (central budget, extrabudgetary funds and social security funds) are available 10 days after the end of the reference period. Daily data are also available on an aggregate basis. Revenues and expenditures are reported by local governments 25 days after the end of the relevant quarter. All central government units present a balance sheet report, including opening and closing stocks, changes due to transactions and changes due to other economic flows, 20 days after the end of the relevant quarter.

Annual reports for the final accounts must be submitted by central government units by April 30 after the relevant year. The MOF must send the draft annual accounts to the State Audit Office by June 30 and to Parliament by August 31. Parliament usually votes on the final accounts Act by November/December. At this time the budget execution data becomes final. Preliminary data is used to compile general government statistics six months after the end of the relevant year. Reports from the public companies included in I.2.b above with final data are submitted by May, though preliminary data is submitted by end January. Aggregate data for the non-profit institutions included in general government (I.2.c above) is provided by the CSO with a one year lag.

Accounting data for central government debt is available monthly with a very short lag. The corresponding table is usually compiled 6 working days after the end of the reference period. Source data are generally provided with sufficient timeliness and periodicity from reporting units to meet timely dissemination of statistics for general government and its subsectors. Reporting units are aware of the deadlines for data submission, which are contained in MOF regulations.

3.2 Assessment of source data

— Source data are routinely assessed

3.2.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and other non-sampling error; the results of the assessments are monitored and guide statistical processes

i. Accuracy of the source data from reporting government units and other supplementary sources is routinely assessed

Most source data are generated internally at the MOF, mainly from the Treasury single account and the reports of budgetary units. Treasury single account data are regularly reconciled with accounting data, and payment orders are verified against appropriations. The quarterly balance sheets reported by central government units are used to verify the corresponding cash flow records. Built-in software cross checks are used to monitor the accuracy of the data. The State Audit Office audits all budgetary central government units once every three years; while extrabudgetary funds, social security funds, and larger local governments (as well as those that want to borrow) must have their accounts audited annually by an outside auditor.

All source data for central government debt comes from the accounting records of the ÁKK.

ii. Appropriate measures are taken to assess the source data

The source data for the final accounts are assessed by reconciling the Treasury data with the reports from the budgetary units. The accuracy of the source data for debt is regularly verified with creditor information.

3.3 Statistical techniques

— Statistical techniques employed conform to sound statistical procedures

3.3.1 Data compilation employs sound statistical techniques to adjust data sources

i. Data compilation procedures are sound

Data compilation is mostly computerized, with built-in checks to minimize processing errors. Data collection is comprehensive for all subsectors and therefore there is no need to estimate missing data. Preliminary annual data is replaced when final audited data becomes available, i.e., when Parliament votes on the final accounts. All data are corrected when more accurate data becomes available. Compilation procedures are fully documented and regularly updated. The discrepancy between monthly data and annual data is not monitored. Discrepancies between flows and stocks are identified and reconciled.

3.3.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques

- i. Sound adjustments are employed to make source data consistent with government finance statistics requirements*

Bridge tables from the economic classification of the final accounts to the requirements for the calculation of the Maastricht deficit and the compilation of GFS for publication in *GFSY* have been developed and are regularly used. Appropriate adjustments are made to the data from non-legal government institutions that follow different accounting conventions.

- ii. Data adjustments and transformations are made using sound techniques*

The process of calculating the Maastricht deficit and the compilation of GFS for publication in *GFSY* involves significant adjustments and transformations to the data compiled according to the Act on Public Finance. Data on cash basis are transformed to accrual by making timing adjustments, reclassification and valuation adjustments, and by incorporating non-cash transactions and other economic flows. The adjustments and transformations are made using sound techniques.

3.4 Assessment and validation of intermediate data and statistical outputs

— Intermediate results and statistical outputs are regularly assessed and validated

3.4.1 Intermediate results are validated against other information where applicable

- i. Intermediate results are validated against other independent data sources*

As discussed in 3.2.1 above, data from different sources are regularly reconciled.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

- i. The behavior of series is cross-checked with related series/indicators*

Treasury monthly data is cross-checked for accuracy and appropriate classification when compiling statistics.

3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated

- i. Statistical discrepancies are monitored*

Consolidation discrepancies of intra-governmental transfers are monitored and efforts are continuously made to achieve complete consolidation. Reconciliation of the financing data between Treasury and ÁKK is undertaken quarterly since the second half of 2003. The balance of financial assets and liabilities in the financial accounts is reconciled annually with

the Maastricht deficit calculated by derivation from data compiled according to the Act on Public Finance. Data are reconciled mainly at the level of source data, not statistical output.

- ii. *Bilateral comparisons/reconciliations are conducted with data of other countries and international organizations*

Bilateral data reconciliations with donors are not routinely conducted. Data on debt flows and stocks are regularly compared with creditor information.

3.5 Revision studies

— Revisions, as a gauge of reliability, are tracked and mined for the information they may provide

3.5.1 Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3)

- i. *Revisions to the government finance statistics are periodically assessed*

Monthly and annual budget execution data and statistics are compiled from comprehensive data collection systems, revisions are few and usually associated to corrections. Monthly data are not revised. Annual data is considered preliminary when submitted to the State Audit Office and afterwards to Parliament, however, it is based on final reports from budget units. Thus, no revision studies are conducted.

- ii. *Measures are undertaken to incorporate the findings from revision studies to improve data compilation*

Not applicable (see 3.5.1 i).

4. Serviceability

Statistics, with adequate periodicity and timeliness, are consistent and follow a predictable revisions policy

4.1 Periodicity and timeliness

— Periodicity and timeliness follow internationally accepted dissemination standards

4.1.1 Periodicity follows dissemination standards

- i. *The periodicity of the statistics follows the IMF data dissemination standards (SDDS)*

Budget execution data on central government operations are disseminated monthly and annually; data on general government operations are disseminated annually; and data on central government debt are disseminated monthly. Thus, SDDS periodicity requirements for the fiscal sector are met or exceeded.

4.1.2 Timeliness follows dissemination standards.

- i. The timeliness of the statistical series follows the IMF data dissemination standards (SDDS)*

Monthly budget execution data for central government operations are disseminated 15 days after the end of the reference month; annual preliminary budget execution data are disseminated within two quarters after the end of the reference year; and quarterly statistics for central government debt are disseminated no later than 50 days after the end of the reference quarter. Thus, SDDS timeliness requirements for the fiscal sector are met or exceeded.

4.2 Consistency

— Statistics are consistent within a dataset, over time, and with major datasets

4.2.1 Statistics are consistent within the dataset

- i. The statistics are internally consistent*

The monthly and annual budget execution data follow the same concepts, definitions and classifications, as mandated by the Act on Public Finance and the Act on Accounting. The sum of monthly data does not equal the annual data. There are small differences due to year-end adjustments (e.g., grossing-up of cash transactions recorded net during the fourth quarter of the year). A statistical discrepancy between the above the line and below the line data remains, but has become relatively small due to reconciliation efforts.

In the GFS reported for publication in the *GFSY*, previously following the *GFSM 1986* and in 2003 following the *GFSM 2001*, the various accounting identities are observed, except for the discrepancy between the deficit and financing mentioned in the previous paragraph.

4.2.2 Statistics are consistent or reconcilable over a reasonable period of time

- i. The statistics are consistent over time*

For budget execution data, the administrative structure of the legal government changes to some extent from year to year, however, the economic and functional classification remains the same. Time series based on these classifications are available from 1991, though these are only made available upon request. There has been no major change in methodology since 1996. Both the monthly monitoring report and the final accounts include commentary on recent developments.

When the MOF decided to report GFS according to the *GFSM 2001*, three years were compiled following the new framework and guidelines (2000, 2001, and 2002). Furthermore, the MOF intends to compile GFS for 1995–1999 according to the new manual.

4.2.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

- i. The government finance statistics are consistent or reconcilable with the national accounts, monetary and financial statistics, balance of payments, external debt, and/or international investment position statistics*

National accounts data for the main aggregates of the general government sector are based on budget execution data, though supplementary data is also used by the CSO. The budget execution data is largely consistent with balance of payments data, as both use the same source for external financing and interest (data from the ÁKK). Financing data for central government units is provided by the Treasury and the ÁKK, as central government units must keep their accounts at the Treasury and the ÁKK acts as financing agent for the government. These two agencies also supply data to the NBH. Finally, concerning central government debt data, the source is also the ÁKK. Thus, the debt data is fully consistent between the MOF and the ÁKK.

4.3 Revision policy and practice

— Data revisions follow a regular and publicized procedure

4.3.1 Revisions follow a regular and transparent schedule

- i. The practice of revisions (e.g., from provisional estimates, for weight updates, for changes in methodology) follows a predictable pattern of which users of statistics are informed*

Monthly budget execution data are not revised. The data is considered final, as it comes from the Treasury single account records. The revision cycle for the final accounts (annual budget execution data) is set by the Act on Public Finance, preliminary data must be submitted to the State Audit Office by June 30 and to Parliament by August 31 of the following year. Once Parliament votes on the final accounts in November/December the annual data becomes final. Corrections to data are usually not material and are not made known to the public.

4.3.2 Preliminary and/or revised data are clearly identified

- i. Users are informed about the preliminary nature of the data*

Data compilers state that users know that the Act on Public Finance establishes that the final accounts (annual budget execution data) are preliminary until they are approved by Parliament (see 4.3.1). The GFS reported for publication in the *GFSY* are identified as preliminary when applicable, and replaced by final data at the time of the next submission.

ii. *Users are informed about the revised nature of the data*

There are no revised data as such. As indicated in 3.5.1 and 4.3.1, monthly budget execution data are not revised at all, and preliminary annual budget execution data (and data reported for publication in the *GFSY*) are just replaced by final data after their approval by Parliament. However, the preliminary data itself is already based on final reports from budget units, and is not considered final only because it has not been officially approved.

4.3.3 *Studies and analyses of revisions are made public (see also 3.5.1)*

i. *Users are informed of results and studies of the revisions to the statistics*

Not applicable (see 4.3.2 ii)

5. Accessibility

Data and metadata are easily available and assistance to users is adequate

5.1 Data accessibility

— Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis

5.1.1 *Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

i. *The presentation of the statistics is commensurate with users' needs*

The presentation of annual budget execution data follows the guidelines established by the Act on Public Finance, which establishes an administrative classification, an economic classification, and a functional classification. As discussed in 2.3.1 ii above, the economic classification of revenues and expenditures, and the functional classification of expenditures, follow the *GFSM 1986*. The summary table and financing tables follow national formats, while the debt table uses a national classification by instrument. Monthly budget execution data are essentially limited to summary tables in national format for budgetary central government and for the social security funds. Commentaries on current-period developments are included with both monthly and annual budget execution data.

The GFS reported for publication in the *GFSY*, previously following the *GFSM 1986* and in 2003 following the *GFSM 2001*, have included all the standard components prescribed by the manuals.

5.1.2 Dissemination media and format are adequate

i. Statistics are disseminated in formats to suit users' needs

Both the monthly monitoring report (monthly budget execution data) and the final accounts (annual budget execution data) are disseminated in the Official Gazette, and are available in hard copy and on the Internet website of the MOF. A summary of the monthly report appears in the monthly journal *Pénzügyi Szemle*. The final accounts are also available in a CD-ROM. Data associated with the SDDS are disseminated on the DSBB and on the Internet website of the CSO.

5.1.3 Statistics are released on a pre-announced schedule

i. Statistics are released on the pre-announced schedule

There are two advance release calendars, one for the monthly monitoring report and one for SDDS purposes. Both are posted on the MOF's Internet website and are also published once a year in the monthly journal *Pénzügyi Szemle*. The schedules give notice one quarter in advance. In practice, however, the release calendar extends for one year, as the release dates follow a standard pattern. The schedule for the release of the annual budget execution data is set by the Act on Public Finance. The budget execution data and statistics are released according to the corresponding schedule.

5.1.4 Statistics are made available to all users at the same time

i. The statistics are made available to all users of statistics at the same time

Budget execution data and SDDS related statistics are released simultaneously to the general public (with the caveats indicated in 1.2.2 above). Budget execution data appears on the MOF's Internet website, while SDDS related statistics appear on the IMF's DSBB and on the CSO's Internet website.

5.1.5 Statistics not routinely disseminated are made available upon request

i. Statistics not routinely disseminated are made available to users upon request

Statistics that are not routinely disseminated are made available upon written request to the MOF. Customized tabulations can be provided to meet specific requests. The availability of additional statistics is not directly publicized.

5.2 Metadata accessibility

— Up-to-date and pertinent metadata are made available

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

i. The metadata give adequate information about the meaning of the data and about the methodology used to collect and process them

The legislation behind the budget execution data is available to the public. However, no comprehensive sources and methods document is disseminated. The SDDS base page metadata and summary methodology statements are posted on the DSBB and are updated regularly.

5.2.2 Levels of detail are adapted to the needs of the intended audience

i. Different levels of metadata detail are made available to meet users' requirements

Only the information detailed in 5.2.1 is available.

5.3 Assistance to users

— Prompt and knowledgeable support service is available

5.3.1 Contact points for each subject field are publicized

i. Adequate assistance is given to users of statistics

The home page for the MOF's Internet website has a "letterbox" button to request information. When the user clicks the button an e-mail message to the Press and Communication Office of the MOF appears. This office coordinates the response to queries from users. The monthly monitoring report and the final accounts documents do not identify contact points. Users interested in additional information write to the MOF or send an e-mail. Contact persons for the SDDS data categories are provided on the DSBB. At present, the contact person information for central government debt needs to be updated.

5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available

i. Catalogs of publications and other services are available to users of statistics

There are no catalogues of publications, documents and other services. The information provided to users is free of charge.

Table 1 : Hungary: Data Quality Assessment Framework (July 2003)—Summary of Results for Government Finance Statistics
(*Compiling Agency: Ministry of Finance*)

Element		NA	Assessment				Comments
			O	LO	LNO	NO	
0. Prerequisites of quality							Legislation does not establish obligation to disseminate GFS to general public. Staff are adequate to meet current needs, insufficient to compile subannual GFS. Costs associated with compiling GFS are not measured. No systematic consultation of users.
0.1	Legal and institutional environment		X				
0.2	Resources		X				
0.3	Relevance		X				
0.4	Other quality management		X				
1. Assurances of integrity							
1.1	Professionalism		X				
1.2	Transparency		X				
1.3	Ethical standards		X				
2. Methodological soundness							
2.1	Concepts and definitions		X				
2.2	Scope			X		The scope of monthly budget execution data is very limited; annual budget execution data provide considerably more detail, but do not meet the scope recommended by <i>GFSM 1986</i> ; and statistics reported to international organizations are not disseminated nationally.	
2.3	Classification/sectorization			X		Summary tables for budget execution data follow a national format. Financing data are not linked directly to the deficit, and are not classified by holder.	
2.4	Basis for recording		X				
3. Accuracy and reliability							
3.1	Source data			X		Source data do not allow for full consolidation of data, though the remaining difference is small due to reconciliation efforts.	
3.2	Assessment of source data		X				
3.3	Statistical techniques		X				
3.4	Assessment and validation of intermediate data and statistical outputs		X				
3.5	Revision studies				X		

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SIDDS = Complies with SIDDS Criteria

Table 1 : Hungary: Data Quality Assessment Framework (July 2003)—Summary of Results for Government Finance Statistics
(*Compiling Agency: Ministry of Finance*)

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
4. Serviceability						
4.1 Periodicity and timeliness		X				
4.2 Consistency			X			Deficit and financing data differ. Recent efforts to reconcile have made the difference small.
4.3 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility				X		No comprehensive sources and methods document is published. Information only available from legislation, not methodological notes posted on MOF's Internet website. Differences from international standards not annotated.
5.3 Assistance to users			X			Limited general use information about public sector statistics, and no specialized use information is made available to the public. Contact person for central government debt on DSBB needs to be updated. No catalogue of statistical products and services is available.