



QUESTIONNAIRE ON FISCAL INSTITUTIONS [COUNTRY]

This questionnaire is designed to gather basic information on fiscal institutions and practices as a basis for review of a country's fiscal management system in relation to the revised *Code of Good Practices on Fiscal Transparency* (fiscal transparency code). Completion of this questionnaire is an important first step in the preparation of a fiscal module of a Report on the Observance of Standards and Codes (ROSC). However, it is also envisaged that the data should be of general assistance for a range of fiscal management diagnoses by international or bilateral agencies, and by the government itself—including self-assessment against the fiscal transparency code.

To assist the assessment, it is important to provide as much supporting documentation as possible. Part A of the questionnaire provides a general listing of documents and laws that will be most relevant to each module of the questionnaire.

Each module in Part B of the questionnaire is focused on specific institutional features of fiscal management. These modules can be distributed to the relevant organizations within each country responsible for management and reporting in that area. However, in preparation for a fiscal ROSC, a single agency should be responsible for overall coordination of the response and ensuring consistency among sections. Full written responses are requested for all sequentially numbered questions.

All modules and subsections are designed to give information of relevance to specific fiscal transparency code practices. Accordingly, references are given to relevant sections of the fiscal transparency code for groups of questions (grouped under shaded headings). At appropriate points, references are also made to paragraphs of the *Manual on Fiscal Transparency* (the manual) or other relevant background documents, such as the Government Finance Statistics Manual, 2001 (GFSM 2001). More generally, the manual can be used to provide additional background for all sections of the code.

The questionnaire was redrafted in July 2007. Enquiries and comments regarding the questionnaire can be sent to IMF staff via (fisctran@imf.org).

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Part A: Basic Fiscal Management Documents and Laws

Please provide a comprehensive set or list of the following documents that are publicly available in your country, as background for the questionnaire. Where electronic versions of key documents or public website references are available, these should be sent by email to the mission head well in advance of the ROSC mission. Official English translations would be preferred, if available.

I. Government Structure

Constitution¹

An institutional table or list of general government entities

Laws defining responsibilities of subnational government

Laws defining revenue sources of subnational government

Laws on intergovernmental transfers

Laws creating extrabudgetary funds

Laws creating statutory boards or other entities that will perform mainly noncommercial activities

II. Government, the Central Bank, and Financial Corporations

Central bank law

Central bank annual report

Central bank statistical reports

Laws on banks and banking

III. Government, Public Nonfinancial Corporations, and the Private Sector

Key laws regulating private sector activity

Key laws governing privatization processes

Laws on public enterprises

IV. The Budget and Related Documentation

Budget summary or citizen's budget

Recent annual budget law

List full titles of all documents presented to the legislature and the public to support the annual budget

Fiscal responsibility law, or fiscal rules, if any

V. Budget Preparation and Approval

Circular instruction from finance ministry prescribing budget preparation procedures (recent)

Macroeconomic framework—key budget assumptions

Medium-term fiscal framework or statement of medium-term objectives

¹ National constitutions are readily available in English translation. However, please provide any recent changes that have occurred and may not yet be disseminated.

Analysis of fiscal sustainability
 Analysis of long-term public finances

VI. Budget Execution and Reporting

Budget system law/public finance act/organic budget law
 Debt management law
 List full titles budget execution reports/bulletins or mid-year reports issued within-year
 List full titles of monthly/annual reports on public debt
 List full titles of reports on public financial assets
 List full titles of all final accounts documents presented to the legislature
 Law on national statistical collection or agency(ies)
 Annual/monthly reports on fiscal statistics

VII. Accounting and Oversight Mechanisms

Laws and regulations governing

- budgetary accounting and budget execution
- internal audit and control
- civil service employment
- procurement

VIII. Tax Law, Policy, and Administration

Main tax laws and regulations governing tax policy, tax administration, or other aspects of the tax system

IX. External Audit

Law on national audit
 Laws giving assurance of ethical behavior by civil servants
 Laws to combat corruption in the civil service

Part B: Detailed Questions on Fiscal Institutions

I. GOVERNMENT STRUCTURE AND RELATIONSHIPS

General government²

1.1.1

1. Please provide the latest available data on the structure of general government—as per Box 1, drawing from data used to update the institutional table of the *Government Finance Statistics Yearbook*.

Box 1 General Government in [country]

General government in [country] comprises the following :

% GDP
[year]

Central Government Units Covered by the Central Budget

1. Legislature, president's office, judiciary, [--]ministries, [--]committees
2. Authorities*, institutions*, other nonmarket entities included in budget*
3. Other*....

Central Government Units with Individual Budgets

4. [List EBFs (including social security funds), decentralized agencies,* NPIs financed mainly by central government transfers*]

State and Local Government

5. [List state and local government units]* Please indicate if either level has EBFs or a decentralized sector

* if many, give number of institutions

Role of the executive, legislative, and judicial branches

1.1.2

2. How would the amendment power of the legislature on the draft budget be described? *(select one of the following)*

- a. Not explicitly defined in the constitution or the budget legislation
- b. Unrestricted—able to vary expenditure/ revenue without the consent of the executive
- c. Restricted—allowing amendments but with the consent of the executive

² For definition and discussion of general government, see GFSM 2001 (pp10–14) and paragraphs 32–38 and Box 2 in the manual.

- d. Balanced—able to raise or lower expenditure/revenue if counter-balanced to maintain budget stance presented by the executive

Please briefly describe the budget approval process.

Intergovernmental fiscal relations

1.1.3

3. How would the sharing arrangements or transfers of resources to subnational governments be described in practice? *(select all that apply)*
- Determined on an annual basis and in the context of the budget (negotiated)
 - Ad hoc arrangements
 - Based on formulas with objectively measurable variables, and predictable
4. How would the borrowing authority of subnational governments be described? *(select one of the following)*
- Unrestricted
 - Subject to administrative approval of the central government
 - Prohibited or determined in the context of subnational fiscal rules defined by law

Please note any initiatives to promote transparency at the subnational level of government.

II. GOVERNMENT, THE CENTRAL BANK, AND FINANCIAL CORPORATIONS

General government and the central bank

1.1.4

5. Is there any form of subsidized credit or directed lending by the central bank?

If yes, please briefly describe.

Government and public financial corporations³

1.1.4

6. Indicate, to the extent possible, the degree of government ownership of financial corporations in the table below:⁴

Government Ownership of Financial Corporations [year]

| Institution | Ownership by Government (percent) | Total Government Equity (local currency) | |
|-----------------------------------|-----------------------------------|--|--|
| Commercial Banks (list) | | | |
| Policy or specialist banks (list) | | | |
| Insurance Companies (list) | | | |
| Other (specify category and list) | | | |
| TOTAL | | | |

Please briefly discuss availability of above data, give reasons for nonavailability and frequency of reporting.

7. Is there any form of subsidized credit or directed lending by public banks?

If yes, please briefly describe.

³ For a discussion of quasi-fiscal activities of public financial institutions, see paragraphs 47–53 in the manual.

⁴ For this, and other questions requiring quantitative data, if such data are not available or can only be provided in part, please indicate “data unavailable/partially available,” as appropriate.

III. GOVERNMENT, PUBLIC NONFINANCIAL CORPORATIONS, AND THE PRIVATE SECTOR

Public participation in commercial activity

1.1.5

8. Indicate, to the extent possible, the degree of government ownership of nonfinancial corporations (including fully-owned public corporations) in the table below, specifying the enterprise sector (e.g., telecommunications) and listing individual corporations (if extensive, please provide separate public report or listing if available, or list 10 largest below):

Government Ownership of Nonfinancial Corporations [year]

| Institution | Ownership by Government (percent) | Total Government Equity (local currency) |
|-----------------|-----------------------------------|--|
| [Sector] (list) | | |
| | | |
| | | |
| TOTAL | | |

Public enterprise management⁵

1.1.4

9. Please list any of the public nonfinancial corporations that are required or permitted to provide services at below market rates and indicate the nature of the arrangement (a separate page if needed)

| |
|--|
| <i>Please list and describe arrangement.</i> |
|--|

10. Are management arrangements for public nonfinancial corporations (*select one of the following*)

- a. Subject to strong government direction through board membership or policy directives?

⁵ For a discussion of public enterprise management and quasi-fiscal activities, see paragraphs 47–50, 54–57, and for reporting requirements see 194–200, and Boxes 19 and 20 in the manual.

- b. Broadly independent, but subject to significant direction?
- c. Substantially independent and operates according to commercial principles?

Please briefly describe their degree of independence, and any exceptions to commercial operation.

Public-private contracts

1.2.4

11. Are the terms of contracts between the government and public or private enterprises, including resource companies and operators of government concessions, publicly available? Are the terms clear or is there documentation that explains them in plain language?

Please describe arrangement for making terms of contracts publicly available.

IV. THE BUDGET AND RELATED DOCUMENTATION

Guide to the budget

3.2.1

12. Is a summary of the budget written in clear, simple language published and available at the time the budget is adopted by the legislature?

Indicate yes or no. If no, please describe any other initiatives to explain the budget to the public.

Budget classification

3.2.2/3.1.4

13. Are all budget expenditure items shown on a gross basis in the budget estimates, or are some shown only net of receipts?

Indicate yes or no; if the latter, please describe the items and their treatment briefly.

14. Does the budget classification provide the following? *(select all that apply)*

- a. Expenditure classified by individual administrative agency
- b. Classification of revenues, expenditures, financing, and debt in a way that is compatible with:
 - i. GFSM 1986⁶
 - ii. GFSM 2001
 - iii. Other—specify
- c. GFSM-2001/SNA 1993-consistent functional classification of expenditures
- d. Program classification

15. Are receipts from the following sources separately identified in the annual budget *(select all that apply)*

- a. All major revenue sources

⁶ The Government Finance Statistics Manual, 1986. The GFSM 2001 is now the official manual and is consistent with the System of National Accounts, 1993 (SNA 1993).

- b. Receipts from resource related activities (if yes, please identify what receipts are included in this category)
- c. Receipts from foreign assistance
- d. Other (specify)

Past years' data

3.1.2

16. What information on previous years is presented with the annual budget estimates? (*select all that apply*)

- a. There is no information on previous years
- b. Budget estimates, rather than outturn, for the previous year(s) is provided
- c. Only aggregate information is presented on the actual or expected outturn of the preceding fiscal year
- d. As for c) for the preceding two fiscal years
- e. As for d), but supported by detailed data for all budget entities and items of spending and revenue

Budget coverage

3.1.1

17. Are any elements of the central government, as defined in Box 1, given special treatment or excluded in part or whole from the budget documents? Please explain any special treatment (for example, for military spending, or spending related to national security).

Please describe revenue and expenditures excluded from budget coverage, and discuss whether or how this information is available to the legislature and the public.

18. Which of the following describes the coverage of the annual budget? (*select all that apply*)

- a. Central government institutions
- b. Extrabudgetary funds (list)
- c. Nonmarket nonprofit institutions (see Box 2 in the manual)
- d. User fees collected by government agencies for their own use
- e. Investment budget
- f. Foreign finance projects
- g. Subnational government budgets (list)
- h. Resource revenues (e.g., from royalties, signature bonuses, profit oil, other)

Budget documentation

3.1.1

19. Please list the documents that are included with the budget law (and check the appropriate column below).

| Budget Document (list) | Available to public when presented to legislature | Available to public after approval of legislature | Not available to the public |
|-------------------------------|--|--|------------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

New policy initiatives

2.1.3

20. Major new tax and expenditure measures are: *(select all that apply)*

- a. Separately identified in the budget documentation and clearly distinguished from on-going commitments
- b. Clearly costed for the budget year in budget documentation
- c. Presented with estimates of their future impact on the budget
- d. Presented with a description of their contribution to policy objectives
- e. Presented with a description of their broader economic impact

Fiscal risks

3.1.3

21. Is there a formal analysis of overall fiscal risks included in the budget documentation (published)? What type of information on fiscal risks is included? *(select all that apply)*

- a. Variation in key forecasting assumptions
- b. Uncertainty about the size of specific expenditure commitments
- c. Guarantees or indemnities (descriptive data)
- d. Analysis of exposure to guarantees
- e. Litigations against the government
- f. Extent of quasi-fiscal activities
- g. Tax expenditures
- h. Other (specify)

Please briefly describe and give references to relevant annexes in budget documents.

22. Please indicate whether descriptive statements on the following off-budget activities are produced:

(Please indicate all that apply. If b) or c), please indicate by placing the corresponding letter(s) in the relevant box(es) whether they are (A) found in internal documents only, (B) published with the budget documentation, (C) shared with the legislature, or (D) available to the general public via website.)

| | Contingent ⁷ liabilities | Tax expenditures ⁸ | Quasi-fiscal activity |
|---|--|----------------------------------|--------------------------|
| a) No statement, although significant activity | | | |
| b) Qualitative statement | | | |
| c) Quantitative statement | | | |
| d) No statement, because activities are limited | | | |

Please give reference to the budget annex or other document where the information is available.

Sustainability of fiscal policy and long-term forecasts

2.1.4/3.1.5/3.1.7

23. Which type of fiscal sustainability assessment is done annually as part of the budget process, and included in the budget documentation? *(select all that apply)*

- a. None
- b. Debt-to-GDP ratios
- c. Assessment focused on the change in the primary balance required to stay under a debt ceiling
- d. Debt sustainability analysis

⁷ See the manual, paragraphs 141–143; and 190–193 for definition and discussion of contingent liabilities—a common example of which is a government-guaranteed loan.

⁸ See the manual, paragraphs 187–189 and see related questions in section VII.

- e. Pay-as-you-go public pension obligations
- f. Data on future contractual obligations
- g. Natural resource assets
- h. Other (including generational accounting or other future contractual obligations)
Please specify and briefly describe

24. Are the assumptions regarding economic developments and policies specified as part of the assessment of fiscal sustainability? Does the assessment include sensitivity analysis with respect to the assumptions used?

25. Is a periodic report on long-term public finances published?

Please briefly describe and provide titles of documents and publication dates.



V. BUDGET PREPARATION AND APPROVAL

Budget calendar

2.1.1

26. Is the budget calendar specified in the budget system (or other) law, and is it adhered to in practice?
27. How much time does the legislature have between receiving the draft executive budget and the beginning of the fiscal year?
28. Is the budget normally approved before the start of the fiscal year?

Please briefly describe.

Public consultation

1.2.3

29. What efforts are made to inform the public about proposed laws and regulatory changes?
30. What is the time period provided for public consultation? Are there any exceptions?

Please briefly describe.

Fiscal rules

2.1.2

31. Are there any legislative constraints that limit the size of the deficit, debt, level of expenditure, or other fiscal aggregate?

Please briefly describe any rules that apply giving reference to laws and specific articles setting such rules and indicating how compliance with the rule is assessed.

Medium-term fiscal framework and budget forecasts

2.1.2/3.1.2

32. Which of the following apply to the fiscal framework presented in supporting budget documents? *(select all that apply)*

- a. Only forecasts for the budget year are presented
- b. A statement of the government's medium-term fiscal policy objectives and priorities is included with the annual budget estimates
- c. There is a forecast of fiscal aggregates for the budget year plus two (or more) years
- d. There are revenue and expenditure forecasts by individual agency for the budget year plus two (or more) years reflecting unconstrained estimates of the effect of current policy over the medium term
- e. As in d, but forecasts are constrained by a medium-term macroeconomic framework and fiscal-policy objectives that are consistent with fiscal sustainability
- f. Revenue and expenditure forecasts by individual agency for the budget year plus two (or more) years reflect costs of new programs separately from current policy forecasts
- g. Formal rolling medium-term (3–5 year) estimates of expenditure are maintained (i.e., a system in which the estimate for year two becomes the starting point (or baseline) for consideration of the subsequent year's budget)

The macroeconomic framework and policy assumptions

2.1.2

33. Are the macroeconomic and policy assumptions specified comprehensively and consistently for each year's budget?

34. Is there a medium-term macroeconomic framework and how is it used to inform medium-term fiscal policy objectives?

Please briefly describe.

Availability and independent scrutiny of forecasts and assumptions.

4.3.3

35. Are macroeconomic forecasts open to external scrutiny? *(select all that apply)*

- a. No public information is available on budget assumptions
- b. Models and assumptions are published with the budget
- c. Models and assumptions are available on request
- d. Formal institutional arrangements are in place to encourage scrutiny of macroeconomic forecasts and scrutiny of any models used to generate them

VI. BUDGET EXECUTION AND REPORTING

Budget system law

1.2.1/1.2.5

36. Which of the following are covered by the budget system law in your country? (*select all that apply*)

- a. Public funds can only be spent by law
- b. The budget and reporting to cover all central government transactions (including extrabudgetary funds)
- c. All budget transactions to be shown in gross terms
- d. The minister in charge of government finances is given clear authority over budget management
- e. The minister in charge of government finances is given clear authority over all government bank accounts
- f. The minister in charge of government finances is given clear authority over public debt
- g. The minister in charge of government finances is given clear authority over public asset management
- h. Clear rules and regulations are applied to issuance of government guarantees and reporting on guarantees
- i. Individual agency heads are given a clear responsibility for the funds they collect and/or use
- j. Contingency or reserve provisions specify clear and stringent conditions for the use of such funds
- k. Independently audited reports are required

Please briefly describe.

37. Is there a separate law that establishes requirements for debt management? Asset management? Privatization?

38. Are the regulations and administrative procedures to implement the budget system law available to the public?

39. Are there legislative requirements for: *(select all that apply)*

- a. Reporting fiscal outcome?
- b. For the timing of budget authorization and approval?
- c. For the completion of audit?
- d. For the nature of information the executive is required to provide with the budget?
- e. For a mid-year report to the legislature on budget developments?
- f. For the accounting basis used to prepare the financial statements?
- g. Other?

Please briefly describe.

Budgetary and extrabudgetary activities

2.1.5

40. Are extrabudgetary activities *(select all that apply)*

- a. Subject to the same budget procedures and regulation as the general budget?
- b. Open to scrutiny by the legislature and the public?

41. How would management of externally financed expenditure be described? *(select one of the following)*

- a. Managed separately from domestically financed expenditure—and reported partially or not at all in the budget
- b. Covered in the budget but not subject to general budget rules
- c. Fully integrated into budget decision making and reporting

42. How would management of fees and charges of government agencies be described? *(select one of the following)*

- a. Directly managed by the government agency without any intervention of the central agency—and not reported in the budget
- b. Subject to review and priority setting but managed outside of the budget process
- c. Fully integrated into budget decision making and reporting—and shown in gross terms in the budget

Please list and briefly describe extrabudgetary activities.

Reliability of budget estimates

2.1.2/4.1.1

43. As far as possible, please provide data showing central government original budget appropriation and actual outturn data for the three most recent years for which actual data are available.

| Budget Element | [year1] | | [year2] | | [year3] | |
|---|----------|--------|----------|--------|----------|--------|
| | Original | actual | original | actual | original | actual |
| Recurrent primary expenditure | | | | | | |
| Capital expenditure | | | | | | |
| Interest | | | | | | |
| Revenue: [by major revenue item] | | | | | | |
| Extrabudgetary [by fund/expenditure and receipts] | | | | | | |

Supplementary budget estimates

2.2.3/4.1.1

44. How frequently are supplementary budgets used? *(select one of the following)*

- a. Rarely
- b. Only once a year
- c. Between 2 to 3 times during the year
- d. More than 3 times during the year

45. Which of the following describes the supplemental estimates presented to the legislature? *(select one of the following)*

- a. Same classification as the annual budget
- b. Classified by ministry and object of expenditure, but not the same as the annual budget
- c. Classified by ministry only

Please briefly describe.

Indicators of fiscal policy stance**3.1.6/3.2.3**

46. Which of the following indicators (as defined in the manual) are provided in central government fiscal policy statements, and which ones are monitored ex post? *(select all that apply)*

| | <i>Ex ante</i> | <i>Ex post</i> |
|---|----------------|----------------|
| a. Overall balance | | |
| b. Overall balance excluding asset sales | | |
| c. Current balance | | |
| d. Primary balance | | |
| e. Operational balance | | |
| f. Public debt | | |
| g. Contingent liabilities | | |
| h. Tax expenditures | | |
| i. Quasi-fiscal activities | | |
| j. Statement of financial assets and liabilities | | |
| k. Unfunded pension liabilities | | |
| l. Net worth (Or another balance sheet indicator) | | |
| m. Other (specify) | | |

Please specify if any of the above are used in setting medium-term fiscal policy targets, and briefly describe.

Summary indicator of the fiscal position**3.2.3**

47. Which of the above indicators is the main summary indicator (such as the overall balance) of the central government's financial position in the annual budget presentation? Are other measures of central government fiscal balance employed in setting fiscal policy? Is there an analytical table showing the relation between the budget estimates and the summary indicator? Are balances of general government or the broader public sector estimated and considered in setting fiscal policy?

Please briefly describe and give a reference to the document or annex containing the analytical table.

Reports on budget execution

2.2.2

48. Please indicate timeliness (number of weeks after period end), periodicity, and public availability (a, b, **or** c) of reporting on **central government** budget execution.

| Budget execution report | Issued (weeks after period-end) | | | |
|--|---------------------------------|-----------|----------|--------|
| | Monthly | Quarterly | Mid-year | Annual |
| a) Internal only | | | | |
| b) Issued to legislature | | | | |
| c) As above and disseminated to public | | | | |

49. Which agencies publish fiscal data or have websites with fiscal data?

Please briefly describe and provide report titles and websites for published reports.

Reports on general government

3.2.3

50. How would you describe end-year reporting on general government? (*select all that apply*)

- Each level of government reports separately—no consolidation
- Extrabudgetary funds are included in all reports at all levels of government
- All decentralized agencies are included by all levels of government
- A consolidated report on the fiscal position of subnational governments is prepared
- A consolidated report on general government is prepared

51. Please indicate which of the following are monitored during the fiscal year, and indicate the frequency such reports are published. (*select all that apply*)

- Reports by level of government
- Extrabudgetary funds
- Decentralized agencies

- d. Consolidated subnational government
- e. Consolidated general government

Please briefly describe the extent to which fiscal reports cover general government; give timeliness, periodicity, and public availability (including references and website) for general government reports. If no general government reporting, provide information for central and subnational government reporting separately.

Public sector activities

3.1.6

52. How would you describe reporting on the public sector? *(select one of the following)*

- a. Separate reporting by each public enterprise, and no consolidation
- b. Central government provides significant analysis of public sector activities but incomplete consolidation
- c. A consolidated report on public corporations is produced
- d. Only public enterprises with significant quasi-fiscal activities are included in a report on consolidated general government
- e. Reports on the consolidated public sector cover only central government and public enterprises, but exclude subnational governments
- f. A full consolidation of public sector activities, (including all public enterprises, subnational governments, extrabudgetary funds, decentralized agencies, and NPIs), is presented
- g. Other (specify)

Debt reporting

3.1.5

53. Debt reports have the following features: *(select all that apply)*

- a. Debt is classified in Foreign and Domestic
- b. Debt is classified by maturity
- c. Debt is classified by instrument (bonds, loans, etc.)
- d. Debt is classified by lender and currency
- e. Government guaranteed debt is reported and clearly distinguished
- f. Public enterprise debt is reported
- g. Debt records are comprehensive and fully reconciled with government accounts and deficit data
- h. Debt reports show projections of future debt service commitments

54. Please indicate the frequency of debt reports and the lag after end of period:
(select all that apply)

| | 1 month | 2 months | 3 months | Over 3 months |
|-----------|---------|----------|----------|---------------|
| Annual | | | | |
| Quarterly | | | | |
| Monthly | | | | |

Please briefly describe and give references to relevant annexes in budget documents, websites, or separate debt reports.

Financial assets

3.1.5

55. Are government financial assets reported? (select all that apply)

- a. In government accounts reports
 - i. Partially
 - ii. Comprehensively
- b. In separate reports
 - i. Partial or disaggregated
 - ii. Consolidated and comprehensive

Which of a1, to b2 applies? Please briefly describe and give references to relevant annexes in budget documents or separate reports; indicate the timeliness and periodicity of reporting.

The publication of fiscal information

3.3.1

56. What public commitment is made to publish fiscal information? (select all that apply)

- a. None
- b. It is reflected in government policy statements or administrative orders
- c. Subscription to the IMF's data dissemination standards (General Data Dissemination System (GDDS)/Special Data Dissemination Standard (SDDS))

- d. It is a legal requirement (please provide name of the law and date and describe requirements)
- e. Legal requirements are met in practice

Please briefly describe.

Advance release calendars for fiscal information⁹

3.3.2

57. Are there advance release calendars for fiscal reporting to the public? *(select one of the following)*

- a. No
- b. For most fiscal reports
- c. For most fiscal reports, calendars are published

Please briefly describe.

⁹ See the manual, paragraphs 115–117.

VII. ACCOUNTING AND OVERSIGHT MECHANISMS

Government accounting system

3.3.1

58. What fund and banking arrangements are used for execution of the central government budget? (*select one of the following*)

- a. More than four separate extrabudgetary funds and/or many separate bank accounts
- b. A consolidated fund or treasury single account (TSA) but with up to three separate extrabudgetary funds
- c. All central government transactions flow through a TSA with a unified account in the central bank
- d. Other (specify)

Please briefly describe.

Do subnational units of government use the central government TSA?

Accounting basis (e.g., cash or accrual) and accounting policies

2.2.1/4.1.2

59. How are budget transactions mainly recorded? (*select one of the following*)

- a. On a cash basis
- b. On cash and commitments basis (e.g., traditional Francophone system)
- c. Cash with some accrual information (such as financial assets statements)
- d. On an accrual basis¹⁰

Please briefly describe.

Is a statement of the accounting basis and accounting policies included in government budget or financial reports? If yes, please describe.

¹⁰ See the manual, paragraphs 160–164 and Box 15, for discussion of stages of payment and relationship to accounting basis.

60. Are generally accepted accounting standards followed? If not, is the accounting system capable of generating transaction-based data on: *(select all that apply)*

- a. Commitments
- b. Payments
- c. Payment arrears
- d. Revenue
- e. Tax arrears

Please briefly describe accounting standards.

61. Is the accounts classification *(select all that apply)*

- a. Identical to the budget classification?
- b. Uniform across all budget and extrabudgetary funds?
- c. Uniform across all levels of government?

Accounts reconciliation

4.1.3

62. Are central government accounting reports reconciled with budget appropriations and with bank statements? *(select those that apply)*

| Reconciliation | Budget Appropriations | Bank Statements |
|---|------------------------------|------------------------|
| a) no full reconciliation is carried out | | |
| b) more than 4 months after year-end | | |
| c) within 4 months after year-end | | |
| d) as per c) above and consistently tracked during the year | | |

63. Is financing data from monetary survey reports on credit to government and external financing data reconciled with the government deficit or surplus reported in budget execution? Please indicate the mechanism and frequency of reconciliation.

64. Do year-end reports provide information on discrepancies between (1) an actual spending and appropriations, and (2) government ledger records and bank accounts?

65. How are changes in classification or revisions of historical data dealt with? What explanation is provided with reports that are affected?

Please provide answers for questions 63–65 and indicate any issues in fully reconciling government accounts. If there are significant gaps in accounts coverage (such as externally financed transactions) please describe how reconciliation is treated.

Independent verification of fiscal data

4.3.4

66. Is a national statistics body or other institution or persons provided with institutional independence to verify the quality of fiscal data?

Please briefly describe independent verification of fiscal data.

Civil service ethics and anti-corruption activity

4.2.1

67. Assurance of ethical behavior by civil servants is promoted by: *(select all that apply)*

- a. A law or code of conduct for civil servants?
- b. Adequate measures to ensure compliance with the code?
- c. An agency responsible for anti-corruption activities?

Please briefly describe.

Employment**4.2.2**

68. Which features apply to civil service employment? *(select all that apply)*

- a. Entry into the civil service is by open competitive process, based on merit
- b. Considerable discretion over recruitment can be applied by individual managers
- c. External application for senior positions is possible, but not encouraged
- d. External application for senior positions is open and encouraged.
- e. Promotion is determined primarily by seniority, but with formal examinations at various points
- f. Promotion is determined largely by merit, with formal examinations at various points
- g. Individual managers have limited scope in hiring, firing, and promotion of staff
- h. Individual managers have significant scope in hiring, firing, and promotion of staff
- i. Wage differential between senior and junior level staff is relatively small (specify)
- j. Wage differential between senior and junior level staff is relatively high (specify)
- k. Wages in the civil service are competitive with similarly skilled positions in the private sector
- l. Wages in the civil service are not competitive with similarly skilled positions in the private sector

Please briefly describe and give references to relevant laws or regulations.

Procurement and contracting**4.2.3**

69. Are current procurement laws consistent with internationally accepted practices?¹¹ *(select all that apply)*

- a. Tendering mechanisms are legally required for large contracts
- b. Tendering mechanisms are applied to contracting out government services and privatizations
- c. Tender committees have independent authority
- d. Decisions of tendering committees are open to audit
- e. Existence of mechanisms by which bidders complaints can be heard and settled

Which of a to e, applies? Please briefly describe the basic mechanism and give reference to any recent reports on procurement (such as a World Bank Country Procurement Assessment Report (CPAR)).

¹¹ See paragraphs 282–283 of the manual.

Purchase and sale of public assets

4.2.4

70. Are procedures for the purchase and sale of public assets, including privatization, well-known and understood by the public?

Please briefly describe.

71. Are major transactions related to the purchase or sale of public assets separately identified in budget outturn data?

Please briefly describe.

Privatization

4.2.4

72. How are privatization receipts and expense transactions accounted for? (*select one of the following*)

- a. Through a privatization fund that is entirely separate from the budget
- b. Through a separate fund that is recorded and reported with the budget and annual accounts
- c. As an integral part of the budget

Please briefly describe.

If a) or b), can any expenses be charged directly against receipts without the approval of the legislature?

73. Is the privatization agency audited on an annual basis by an external auditor?

Please briefly describe.

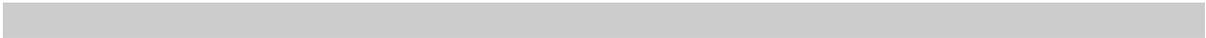
Internal control and internal audit.

4.2.5

74. Indicate the organization and reporting responsibilities of the internal control and audit functions of government as illustrated in the table below:

| Agency/Unit | Coverage | Reports to |
|--|--|-------------------------------------|
| <i>[e.g., Ministry internal audit]</i> | <i>Only major ministries; within individual ministries</i> | <i>Minister/ Departmental heads</i> |
| <i>Government Inspectorate</i> | <i>All budget entities</i> | <i>President/Finance Ministry]</i> |
| | | |

Please briefly describe the internal control and audit system, giving reference to any recent reports. Is it subject to process review by the external audit agency?



VIII. TAX LAW, POLICY, AND ADMINISTRATION

Tax and customs administration¹²

1.2.2

75. **For each of the major taxes**, please briefly describe the extent to which the following aspects of tax and customs administration are examined in the budget or other public documents.

- a. Prevalence of exemptions, tax deductions and tax credits
- b. Tax incentives policy and measures of effective tax rates by industry
- c. Extent of official discretion in granting tax exemptions, tax holidays, or official discretionary power over tax liability

For each major tax including customs, please briefly describe the extent of official discretion in determining tax exemptions or tax liability, giving specific references. Are any tax payments negotiated?

The tax policy process

2.1.3

76. Is an overall review of tax policy objectives presented with the annual budget—or is the main focus on changes to tax rates being introduced with the annual budget?

Please briefly describe and give reference to relevant budget documents or annexes.

Tax administration

1.2.1/1.2.2

77. Is the tax administration (*select all that apply*):

- a. Consolidated under a single organization?
- b. Organized functionally (assessment, collection, audit, enforcement, and appeal)?

¹² See the manual paragraphs, 67–73.

78. Is the customs administration (*select all that apply*):

- a. Consolidated under a single organization?
- b. Organized functionally (assessment, collection, audit, enforcement, and appeal)?

Please briefly describe the structure of the tax and customs administration and availability of information on the structure to the public, giving references to any published reports.

79. Is a common taxpayer identification number (TIN) used for all revenue departments and taxes?

Please briefly describe the extent to which a common TIN is applied.

80. Is there a mechanism for requesting advanced tax (or customs) liability rulings on particular transactions?

Please briefly describe professional services, and tax information materials available to taxpayers. Describe how taxpayers are provided with advance tax liability rulings on how particular transactions would be treated in a tax assessment.

81. Is there an internal audit system in the tax administration to ensure financial accountability in tax collection?

82. Is there an internal audit system in the customs administration to ensure financial accountability in customs collection?

Please briefly describe the internal audit system for tax and customs administrations and describe the nature of accountability.

83. How extensively is a tax (customs) officials' code of conduct or process protection applied? *(select one of the following)*

- a. To no taxes or a few taxes
- b. To some taxes
- c. To most or all taxes

Please briefly describe; if, b) or c), please list major exceptions.

Independence and accountability of the tax administration

4.2.6

84. How are tax and customs administrations financed? *(select one of the following)*

- a. By annual appropriation under the budget law
- b. As above, but supplemented by shares of fines and fees
- c. Other (specify)

Please briefly describe; if, b) or c), please provide details.

85. Do the tax and customs administrations provide regular reports to the legislature and/or the public on their performance in administering the tax laws?

If yes, please briefly describe and give reference to relevant reports.

86. Is a periodic independent audit of tax (and customs) administration undertaken? *(select all that apply)*

- a. Not at all or no audit for more than 5 years
- b. As a routine part of national external audit (see also section VIII below)
- c. As a special process under the national external audit
- d. As a separate process

Indicate which of a) to d) applies; please briefly describe.

Tax expenditures¹³

3.1.3

87. If tax expenditures are identified and reported (see questions 20 and 21), how is the tax baseline defined? (*select one of the following*)

- a. It covers only “normal” corporate and personal income tax
- b. A baseline is defined for all or most taxes
- c. No formal baseline is defined, any “nonstandard” concession is identified as a tax expenditure
- d. Other (specify)

Please briefly describe.

88. List the five largest tax expenditures for the latest year available:

| Tax expenditure | Aim of tax expenditure | Estimated cost |
|------------------------|-------------------------------|-----------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

Taxpayers rights¹⁴

1.2.2/4.2.6

89. Do taxpayers have (*select all that apply*)

- a. access to appeal to an independent judiciary?
- b. the legal right to independent representation in their dealings with the tax administration?
- c. other (specify)?

Please briefly describe the process of administrative review available to the taxpayer, giving reference to any recent reports. Please provide any data available on average length of time for an appeal to be decided.

¹³ See discussion of tax expenditures and tax baselines (or benchmark tax structures) in the manual, paragraphs 187–189 and Box 16.

¹⁴ See the manual, paragraphs 70 and 81–82.

IX. EXTERNAL AUDIT

National Audit Legislation and Administration

4.3.1

90. Does the law or constitution clearly establish independence of the national audit body?

Please explain and refer to the relevant articles of the law or constitution.

91. How is the chief auditor appointed and whom does the chief auditor report to?

Please explain and refer to the relevant articles of the law or constitution.

92. Is financing and staffing of the national audit body determined as part of the budget process? If not, please describe how its budget is decided.

Please explain and refer to the relevant articles of the law.

93. What is the mandate of the national audit body? *(select all that apply)*

- a. Attestation of financial accountability of individual agencies
- b. Attestation of the financial accountability of the government as a whole
- c. Audit of financial systems, internal control, and audit functions
- d. A mandate covering performance as well as financial compliance
- e. Coverage of all general government bodies
- f. Coverage of selected public enterprises
- g. Coverage of the entire public sector
- h. Other (specify)

94. Please describe the authority of the national audit body with respect to selection of agencies or subject matter for audit.

Please explain and refer to the relevant articles of the law.

95. Can evidence be provided on the technical capacity of the audit office with regard to

- a. Technical skills and adequacy of audit practices?
- b. Numbers of staff relative to audit tasks?

Briefly describe the main issues in each area.

Please provide data on the number and skill level of staff, coverage and frequency of audits, and any other available data or reports on the effectiveness of the national audit office.

Audited final accounts

2.2.4

96. Are the annual final accounts audited by the external audit agency? *(select one of the following)*

- a. Not at all or infrequently
- b. After more than 12 months
- c. Within 12 months of end of fiscal year
- d. Within 6 months of end of fiscal year

Please explain and refer to the relevant articles of the law.

Does actual practice differ from legal requirements in this area?

National audit reports and follow-up

4.3.2

97. Are all reports of the national audit body published and made available to the public? Please list any exceptions (such as military or national security spending) and describe briefly, how these are treated.

Please explain and refer to the relevant articles of the law.

98. Is there systematic follow-up on implementation of recommendations made by the national audit body? Please provide any data on implementation of audit recommendations or provide relevant reports.

Please describe the process for following up on audit recommendations.

99. Is there a standing committee of the legislature that examines external audit reports?

Please describe its functions and the institutional arrangements by the executive and the legislature to ensure that the findings of external audits are addressed.