



Conselho das Finanças Públicas
Portuguese Public Finance Council

Activity, Management and Accounting Report

Year 2013

30 April 2014

ACTIVITY, MANAGEMENT AND ACCOUNTING REPORT Year 2013

Document ratified by the Senior Board on 16 July 2014

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Part One — Activity Report

1 Mission and summary of activities

The mission of the *Portuguese Public Finance Council* (CFP) is to conduct an independent assessment of the consistency, compliance with the stated objectives and sustainability of public finances, while promoting fiscal transparency.

CFP was set up under article 12 (I) of the Budget Framework Law ([Lei de Enquadramento Orçamental](#)) — Law no. 91/2001 of 20 August (original Budget Framework Law), as amended by [Law n.º 22/2011, of 20 May](#). Its Statutes ([Estatutos](#)) were approved by Law no. 54/2011 of 19 October, and published as an appendix to that law. Following a joint proposal from the Presiding Judge of the *Tribunal de Contas* (Court of Auditors) and the Governor of the Bank of Portugal, Council of Ministers Resolution ([Resolução do Conselho de Ministros](#)) no. 1/2012 of 19 January, appointed the original members of the body's Senior Board.

CFP is required to assess the macroeconomic scenarios adopted by the Government and the consistency of fiscal forecasts with those scenarios, as well as compliance with the fiscal rules, and the financial position of the autonomous regions and local authorities. It is also charged with assessing the economic and financial position of state-owned companies and their potential impact on the public accounts consolidated position and its sustainability.

CFP is also required to monitor the general government budget outturn, examine public debt dynamics and the change in its sustainability, as well as the change in existing commitments, namely with regard to the health and social security systems, private-public partnerships and concession agreements, including an assessment of their implications for the sustainability of public finance, as well as tax expenditure.

2 Structure

Pursuant to article 10 of the Statutes, CFP's governing bodies comprise the Senior Board, the Executive Committee and the Single Auditor.

The Senior Board is the highest body within the CFP, and is responsible for fulfilling the mission of the Council, performing its tasks, defining its plan of action and approving its internal regulations. The Senior Board is a collegiate body and is comprised of five members – the Chair, the Vice-President, one Executive Member and two Non-Executive Members. It may include up to two non-Portuguese nationals, preferably from European Union Member-States. The Chair and the Executive Member must reside in Portugal.

The Executive Committee undertakes the day-to-day management of CFP. It is comprised of the Chair of the Senior Board, the Executive Member and the Head of Staff.

The Single Auditor is responsible for controlling the Council's financial and asset management and the legality of its actions.

The Senior Board was fully formed on 16 February 2012 when its five members, identified in Subsection 4.1 of this Report took office. In 2013, it met formally on eight occasions and the minutes of those meetings are available at the [Internet portal](#). In addition to the formal meetings, the Senior Board members interact regularly by other means, in particular via electronic mail and videoconferencing.

Pursuant to article 21 of its Statutes, the Executive Committee is charged with day-to-day management of CFP. In 2013, the Chair and the Executive Member took responsibility for day-to-day management.

Upon a joint proposal from the Presiding Judge of the Court of Auditors and the Governor of the Bank of Portugal, the Minister of State and Finance appointed ([nomeou](#)), Carlos Fernando Calhau Trigacheiro as the CFP's Single Auditor, effective from 4 July 2012. Since then he has supervised and commented upon the institution's financial and administrative structure, as well as performing his other duties laid down in the Statutes.

3 CFP's activities in 2013

3.1 Background

This was the second year of CFP operations. During the year in question the Council consolidated the start-up process in terms of human and material resources so as to have the means required to pursue its mission. It was also a year of expansion in terms of publications and other forms of public intervention. Likewise, the level of cooperation with other institutions grew.

3.2 Publications

Article 7 (1) of the CFP's Statutes states that, within the scope of its duties, the Council shall produce *"compulsorily and prior to their discussion in the Portuguese Parliament, reports on: a) the Stability and Growth Programme and other procedures within the regulatory European framework of the Stability and Growth Pact; b) the Multiannual Budgetary Framework Programming; c) the Draft State Budget."* It shall also *"produce regular reports on the sustainability of public accounts and others deemed appropriate"*.

Table 1 sets out the publications delivered in the year under review, all of which are available in Portuguese and English at the CFP Portal. The column "Title" contains the link to the documents in English. Some publications have associated material in Portuguese only, such as presentations made at press conferences and to the Portuguese Parliament. The interested reader can switch to the Portuguese version of the website to download the associated material; he or she has simply to click at the appropriate button to change the language.

In addition to the reports drawn up in compliance with the aforesaid legislation, the Council published an opinion, an occasional paper and a CFP notebook.

Table 1 — List of CFP publications

Title	Type	No.	Date
CFP's Opinion regarding the 7th amendment to the Budgetary Framework Law (Law proposal no. 124/XII)	Opinion	1/2013	February
Analysis of Debt Limits in the Regional and Local Finance Bills	Occasional Paper	1/2013	April
Analysis of the Legal Proposals for New Subnational Finance Laws	Report	1/2013	April
Analysis of general government national accounts in 2012	Report	2/2013	April
Analysis of the Fiscal Strategy Document 2013-2017	Report	3/2013	May
Analysis of the first amendment to the State Budget for 2013	Report	4/2013	June
Analysis of the general government budget outturn in the first quarter of 2013	Report	5/2013	July
Notebook on Public Debt	CFP Notebook	1/2013	October
Analysis of the General Government budget outturn in the 1st semester of 2013	Report	6/2013	October
Analysis of the Draft State Budget for 2014	Report	7/2013	November

Following the international conference on a comprehensive reform of public governance, held in January 2013 and co-organised by the Bank of Portugal, the Calouste Gulbenkian Foundation and the Portuguese Public Finance Council, those three bodies published the respective proceedings: [“Proceedings” da conferência e workshop “Para uma Reforma Abrangente da Organização e Gestão do Sector Público”](#) in May. It makes available to the public the studies and commentaries presented by the participants at that event.

3.3 Public interventions

Interviews and statements made in public by Senior Board members, in that capacity, in public acts are other means of disseminating the results of the Council's activities. Table 2 lists the public interventions that took place in 2013.

Table 2 — List of Senior Board's public interventions

Date	Event	Senior Board member	Topic under discussion
21.01.2013	CFP President interview to “Público” newspaper	Teodora Cardoso	
28.01.2013	Conference “Towards a comprehensive reform of public governance”	Rui Nuno Baleiras	Public sector reform: Conceptual matters
18.02.2013	Participation in the High-Level Panel Discussion “Macro-Fiscal Institutions for Stability and Growth”, Joint Vienna Institute, Austria	George Kopits	Institutions for economic growth and stability
22.02.2013	Hearing at the Parliamentary Committee on Budget, Finance and Public Administration	Teodora Cardoso; Rui Nuno Baleiras	Revising of Budget Framework Law
07 and 08 03.2013	Bellagio Group Meeting	Jürgen von Hagen	

Date	Event	Senior Board member	Topic under discussion
13.03.2013	IMF-OECD Workshop on Fiscal Councils	Jürgen von Hagen	Title: "The effectiveness of fiscal councils"
20.03.2013	Intervention at the "Public Policies Forum 2013" by ISCTE-IUL	Teodora Cardoso	Title: "Which resources are required to sustain the State's intervention?"
22.03.2013	Conference "Which resources for our future: the next EU Financial Framework", Minho University and Catholic University of Portugal, Braga	Rui Nuno Baleiras	Economic development and public finance in Portugal: implications of the 2014/2020 Multiannual Financial Framework
27.03.2013	Opinion article published in <i>The Wall Street Journal online</i>	George Kopits	Title: "Constitutional mob rule in Hungary"
03.04.2013	CFP present in Hearing at the Parliament's Committee on Budget, Finance and Public Administration	Teodora Cardoso; Rui Nuno Baleiras	Subnational Public Finance Bills no. 121/XII/2. ^a and no. 122/XII/2. ^a
24.04.2013	CFP hearing at the Parliament	Teodora Cardoso; Rui Nuno Baleiras	Analysis of Bill on local authorities and intermunicipal entities financing (Bill no. 122/XII/2. ^a)
29.04.2013	CFP President participated in the workshop organised by the Court of Auditors, Fondafip (Association pour la Fondation Internationale des Finances Publiques) and the Institute for Economic, Financial and Tax Law (IDEFF) of the University of Lisbon	Teodora Cardoso	Fiscal Policies in a Crisis Juncture
08.05.2013	Seminar at the <i>NOVA School of Business and Economics</i> , in Lisbon	George Kopits	Title: "The Euro crisis: an American perspective"
12.05.2013	Interview of CFP's Non-Executive Member, George Kopits, to "Correio da Manhã" newspaper	George Kopits	
16.05.2013	Intervention at XVII Jornadas Fiscais, from Lusíada University	Teodora Cardoso	Title: "The crisis in the national and international context"
29.05.2013	Opinion Article published in the "Financial Times" online	George Kopits	Title: "Simplicity wins in daunting tax task"
05.06.2013	CFP present in Hearing at the Parliament's Committee on Budget, Finance and Public Administration	Teodora Cardoso; Jürgen von Hagen; Rui Nuno Baleiras; Carlos Marinheiro	Analysis of the 2013-2017 Fiscal Strategy Document
14.06.2013	CFP present in Hearing at the Parliament's Committee on Budget, Finance and Public Administration	Teodora Cardoso; Jürgen von Hagen; Rui Nuno Baleiras; Carlos Marinheiro	Analysis of the Amendment to the 2013 State Budget
17.06.2013	CFP presentation at the OECD High-Level Parliamentary Seminar, Sweden: "From Economic Turbulence to Inclusive Growth: Lessons from the Nordic Model?"	Teodora Cardoso	CFP presentation on the panel entitled "Case study: Working with Independent Fiscal Councils"
20.06.2013	CFP at the 19th congress of the Portuguese Regional Development Association	Rui Nuno Baleiras	Organiser and moderator of the full session on Regional Policy: Results and Challenges Ahead in Portugal and Europe
21.06.2013	CFP at the 19th congress of the Portuguese Regional Development Association	Rui Nuno Baleiras	Speaker at the special session on public finance and regional development: "Analysis of the Legal Proposals for New Subnational Finance Laws"

Date	Event	Senior Board member	Topic under discussion
05.07.2013	CFP President interview to “Sol” newspaper	Teodora Cardoso	
08.07.2013	Nova Economics Club annual conference	Teodora Cardoso	Title: “The role of institutions in economic adjustment: the ECB”
10.07.2013	Participation in the OECD Workshop on <i>What Makes Independent Fiscal Institutions Work?</i> Vienna, Austria	George Kopits	Title: “Inter-institutional dynamics”
11.07.2013	Conference TSF/OTOC	Teodora Cardoso	Title: “The management of public monies and policy”
14.07.2013	Statements to the Sanlian LifeWeek (China)	Carlos Marinheiro	
22.07.2013	Article published by “Jornal de Negócios”	Carlos Marinheiro	
08.10.2013	Participation in the European Week of Regions and Cities, Brussels – Workshop “The State of Decentralisation in Europe”	Rui Nuno Baleiras	Title: “Incentive design: how decentralisation offenses may turn into national fiscal distress”
08.10.2013	Intervention at the 5th Economists National Congress	Teodora Cardoso	State Reform: Economic Policy Considerations
11.11.2013	CFP present in Hearing at the Parliament’s Committee on Budget, Finance and Public Administration	Teodora Cardoso; Jürgen von Hagen; Rui Nuno Baleiras; Carlos Marinheiro; George Kopits	Analysis of 2014 Draft State Budget
12.11.2013	CFP President interview to RTP Informação	Teodora Cardoso	
12.11.2013	First IMF Statistical Forum “Statistics for Global Economic and Financial Stability”	Jürgen von Hagen	Title: “Fault lines in the public sector”
2.12.2013	CFP President interview to “Diário de Notícias” and “Radio TSF”	Teodora Cardoso	
5.12.2013	Article published in the book “A Austeridade cura? A Austeridade mata?”, November 2013	Teodora Cardoso	Title: “Austerity and the alternatives”
5.12.2013	Article published in the yearbook “O Economista, 2013”	Teodora Cardoso	Title: “The indispensable metamorphosis: from fiscal control to management of public finance”
5.12.2013	Artigo que integra o livro “Políticas Públicas para a Reforma do Estado”, December 2013	Teodora Cardoso	Title: “Definition and financing of public policy”
24.12.2013	Article in the VoxEU portal	George Kopits	Title: “A minimalist approach to fiscal oversight”
2013, no date	Editing of book published by Oxford University Press	George Kopits	Title: Restoring public debt sustainability: the role of independent fiscal institutions

3.4 Cooperation with other institutions

CFP’s interaction with other institutions grew in 2013.

In this field special mention should be made to the drive that CFP, together with the Bank of Portugal and the Calouste Gulbenkian Foundation, has given to consideration of public sector reform. The three institutions held an international conference entitled “Towards a comprehensive reform of public governance” in Lisbon, from 28 to 30 January. In April the communications delivered at the

conference were published in a [book](#). Their analysis of the event led the organisers to put on an expanded version aimed at the Portuguese society as a way of contributing to the shaping of informed opinion on the challenges the public sector needs to overcome. This version took the form of a series of seminars entitled “[Fridays of Reform — Towards a comprehensive reform of public governance](#)” The sessions are normally held once a month, on a Friday afternoon, at the Calouste Gulbenkian Foundation. At each seminar specialists give presentations and comment upon the topics under discussion and extend the debate to the audience. The goals are: to underline the importance of widespread reform of Portuguese general government; to contribute to the shaping of informed public opinion that will encourage the political players to foster and support much needed public sector reform; and to stimulate the development of specific solutions appropriate to Portugal while taking into account best international practice. Table 3 provides a list of the seminars that made up the Fridays of Reform series in 2013.

Table 3 — Fridays of Reform Seminars held in 2013

Date	Topic	Moderator	Keynote speaker	Commentaries
20.09.2013	Financial information of good quality, in time and for multiple uses - the Swedish experience	Teodora Cardoso (Portuguese Public Finance Council)	Kristina Lundqvist (Swedish National Financial Management Authority (Ekonomistyrningsverket))	Afonso Silva (eSPap)
25.10.2013	An insufficient bureaucratic bureaucracy? A strange interpretation on the administration of Public Administration	Pedro Pita Barros (Fundação Calouste Gulbenkian and Universidade Nova de Lisboa)	Miguel Pina e Cunha (Universidade Nova de Lisboa)	João Figueiredo (Court of Auditors); Beatriz Perez (Microsoft Portugal)
22.11.2013	The simple State	Maximiano Pinheiro (Bank of Portugal)	Maria Manuel Leitão Marques (Universidade de Coimbra)	Paulo Neves (Agência para a Modernização Administrativa - AMA); Sofia Galvão (Vieira de Almeida & Associados)

The cooperation between the Bank of Portugal, the Calouste Gulbenkian Foundation and CFP also led to the holding of a seminar at the Bank on 15 April 2013 entitled “[Indebtedness, Adjustment and Tax Responsibility: the Brazilian Experience](#)”. By bringing to public attention the teachings of a foreign country on a substantive public finance framework reform, this event was also part of the exercise to rise the general public’s awareness of the reform of public governance in Portugal.

In addition to the interactions with the bodies referred to above, CFP held a series of working meetings with different institutions on public finance matters. Special mention should be made of those held with the Parliamentary Committee on the Budget, Finance and General Government, the Parliamentary Committee on the Environment, Land Management and Local Government, the Government members responsible for finance, the Governor of the Bank of Portugal and members of its Board of Directors, the President and the Director-General of the Court of Auditors, the Minister of Health’s Office, the Directorate-General for Budget, the Office of Planning, Strategy, Assessment and International Relations of the Ministry of Finance, the Statistics Portugal, the Bank of Portugal’s De-

partments of Statistics and Economic Studies, the International Monetary Fund's Fiscal Affairs Department, the "troika" review missions of financial institutions supporting Portugal's economic adjustment programme, a delegation from the European Parliament, a delegation from Cape Verde's Parliamentary Fiscal Committee, a technical mission from the East Timor Parliament and another from the UK Ministry of Finance, as well as financial ranking agencies.

The CFP's Senior Board members and staff took part in meetings with its international counterparts. Of particular note are: "Fifth Annual Meeting – OECD Parliamentary Budget Officials and Independent Fiscal Institutions", held on 21 and 22 February in Ottawa; "Towards Implementing European Public Sector Accounting Standards" Conference, organised by the European Commission and held on 29 and 30 May in Brussels; "Roundtable Discussion of Independent Fiscal Institutions operating in the European Union", held on 28 October in Bratislava; "First Meeting of the EU Network of Independent Fiscal Institutions (*EUIFI*), held on 27 November in Brussels.

CFP is part of the "Steering Committee on Institutional Reform of the Ministry of Finance", and the "Committee on Municipal Financial Recovery", [formed](#) on 12 December to propose regulations for the Municipal Support Fund which was set up under the amendment to the Local Finance Law that was published in September.

Part Two — Management and Accounting Report

4 Resources

Pursuant to article 1 of its Statutes, the Portuguese Public Finance Council has administrative and financial autonomy and its own property, and is subject to the regime of autonomous services and funds.

This section covers the main means employed by CFP in 2013, in terms of both human and financial resources.

4.1 Human resources

The team responsible for running the affairs of CFP, in particular the members of the Senior Board, is made up as follows:

- Chair — Teodora Cardoso;
- Vice-President — Jürgen von Hagen;
- Executive Member — Rui Nuno Baleiras;
- Non-Executive Member — Carlos Marinheiro;
- Non-Executive Member — George Kopits.

In accordance with the Statutes,¹ Jürgen von Hagen and George Kopits are not Portuguese nationals nor do they reside in the country, and they perform their duties on a part-time basis.

The Senior Board defines the strategic guidelines, undertakes day-to-day management and represents the institution.

At the end of 2013, CFP was able to call upon the services of sixteen technical staff, plus an IT specialist supplied by the company running the ICT infrastructure.

The aforesaid number of staff includes four employees hired in 2012 that work on the administrative field and eleven public finance specialists plus a communications officer recruited in 2013.

To that end a recruitment drive was undertaken and completed to hire technical staff, either through a public interest secondment basis (restricted to those holding a public employment with indefinite duration) or under an individual employment contract.

The previous year the recruitment drive had been restricted to those holding an indefinite duration contract of employment with a general government entity, as required by a provision of the CFP's

¹ Article 12 (3) states that "The Senior Board shall have a maximum of two non-national members, preferably from other Member States of the European Union" and point 5 of the same article states that "The Chair and the Executive member shall perforce be resident in Portugal". Jürgen von Hagen is German and George Kopits has Hungarian and US nationalities.

Statutes under which recruitment must favour the mobility of staff within the general government.² This procedure did not allow the vacancies to be filled by persons with the skills and academic qualifications required to perform the wide range of tasks assigned to the CFP. Therefore permission was sought of and given by the Government to recruit persons with no indefinite duration ties to the public administration.

Table 4 shows CFP Technical Services human resources at the end of 2013, compared to the previous year, in terms of rank and highest academic qualification.

Table 4 — CFP Technical Services Human Resources

Rank	31-12 2012	31-12 2013	Doctors	Masters	Post- Doc ¹	Bachelors	Other qualifica- tions
Head of Staff	-	-	-	-	-	-	-
Administrative and financial Manager	1	1	-	-	1	-	-
Public finance specialists	-	11	1	5	4	1	-
Communications officer	-	1	-	1	-	-	-
Legal advisor	1	1	-	-	-	1	-
Administrative and financial staff	1	1	-	-	-	-	1
Technical assistant	1	1	-	-	-	-	1
Total	4	16	1	6	5	2	2

1 — Successful completion of a Higher Education course, open only to graduates, which does not confer an academic degree.

4.2 Technical resources

In 2013 CFP purchased the following software licences: Eviews 8, Standard Version; Mathtype 6.9 for Windows; MATLAB version 8.7.2 (MLALL), optimization Toolbox (OPALL) and Symbolic Math Toolbox (SMALL); Acrobat Professional 11 Portuguese Platforms, in order to provide its staff with the tools required to perform their duties.

Also of note are the first steps in the development of the CFP Intranet, which will provide the following functions: contents management; document management; contacts management; creation of personal areas; resources and practice communities management.

4.3 Financial resources

Pursuant to its Statutes, CFP is financed by State Budget appropriations. As a result, the CFP budget for 2013 is defined in Law no. 66-B/2012 of 31 December.

² Article 26 (5) 5 of the Statutes: “The terms for recruitment are defined by the Executive Committee, priority being given to the mobility of staff within the public administration, without prejudice to international recruitment”.

The Senior Board is responsible for preparing the CFP budget which is subject to a favourable opinion issued jointly by the Presiding Judge of the Court of Auditors and the Governor of the Bank of Portugal, pursuant to article 29 of its Statutes.

The original CFP budget for 2013 was 2,647,724 € and upon the coming into force of Law no. 51/2013 of 24 July, which introduced the first amendment to Law no. 66-B/2012 of 31 December, the said budget was 2,680,836 €.

5 Accounts

The budget appropriation for 2013 was provided for under financing source 311 — General Revenue not relating to co-financed projects, included in Budget Program 01 — Sovereign Bodies/General Costs of the Nation, as shown in Table 5, which also provides a breakdown of the forecasted expenditure, according to economic classification, following the entry into force of Law no. 51/2013 of 24 July.

Table 5 — Approved budget

BUDGET REVENUE		
Revenue	Designation	Budget allocation
06.03.01	Current transfers - Central Government - State	2 639 493 €
10.03.01	Capital transfers - Central Government - State	41 343 €
Total		2 680 836 €

BUDGET OUTTURN	
Classification	Budget allocation
Employees' compensation	1 473 469 €
Purchase of goods and services	1 165 814 €
Capital expenditure	41 553 €
Total	2 680 836 €

The final accounts, which were closed on 30 April 2014, suggest that 50.53% of the total sum allocated by the State Budget in 2013 was employed. Actual compensation of employees accounted for 35.02% of the original total budget.

Table 6 provides further details of the budget outturn. Expenditure on goods and services was 32.51% of the original sum allocated to that grouping.

The outturn rate for compensation of employees, compared to the original budget, was 63.72%, which is explained by the delay in recruiting technical staff. The difficulty in forecasting this figure is reinforced by the need to predict the financial means required to support the recruitment decisions before the results of the process are actually known. Of the sum spent around 453,810 € returned to the State as a result of income tax withheld at source and other mandatory deductions on salaries. The number of staff only stabilised towards the end of 2013.

Table 6 — Economic breakdown of budget outturn

BUDGET OUTTURN	
Classification	Budget allocation
Employees' compensation	938 882 €
Purchase of goods and services	378 969 €
Capital expenditure	36 848 €
Total	1 354 699 €

Expenditure on goods and services stems essentially from the use of premises. It includes the cost of cleaning services, communications, ICT and rents.

Asset position

Overall the provisions of the Official Chart of Accounts for Central Administration were fulfilled to the extent that they apply to the Council.

CFP adopted the following measurement criteria laid down in the Official Chart of Accounts for Central Administration:

- Fixed assets were valued at historic cost, which was deemed to be the sum of the asset purchase price plus the direct and indirect costs of placing that asset in its current state;
- Fixed assets have a limited useful life; accordingly they are systematically depreciated using the straight-line method. Pursuant to the materiality principle, assets of little worth were fully depreciated in the year of purchase;
- No assets or liabilities are held in foreign currencies, so the criteria relating to exchange differences are not applicable;
- Under the accruals principle, the effects of revenues and costs that should be recognised in years other than that in which they arise were recorded as accruals and deferrals on the revenue and expenditure sides.

Changes in the fixed assets included in the balance sheet and the respective depreciation and provisions are given in Table 7.

Table 7 — Total depreciation

DEPRECIATIONS MAP	
Budget lines	Accumulated execution
Tangible assets	108 892 €
Total	108 892 €

No second hand assets were acquired, nor were any assets sold, transferred or written-off during the year. A breakdown of the historic cost and accumulated depreciation of the fixed assets is given below.

Table 8 — Historic cost and depreciation of fixed assets

BALANCE SHEET			
ASSETS	Gross assets	Depreciations	Net assets
Tangible assets			
Basic equipment	193 955 €	33 876 €	160 079 €
Administrative equipment	23 180 €	4 696 €	18 484 €
Other tangible assets	332 193 €	70 320 €	261 873 €
Total	549 328 €	108 892 €	440 436 €

In accordance with the applicable rules an accrued cost was recorded relating to the holiday pay and holiday bonuses payable as at 1 January 2014 in regard to work performed in 2013. The said sum plus employer's contributions was 174,477 €.

The Council owes no sums to, nor is it due any sum from, its employees.

Part three — Single Auditor’s Report and Opinion

The entire document entitled “Single Auditor’s Report and Opinion”, dated 30 April 2014, is reproduced below — original in Portuguese, signed by the Single Auditor.

SINGLE AUDITOR'S REPORT AND OPINION

1. REPORT

- 1.1. Pursuant to article 25 (d) of the **Portuguese Public Finance Council's** (CFP) Statutes, approved by Law no. 54/2011 of 19 October, I deliver this report and opinion on the Council's Activity Report and Accounts for 2013.
- 1.2. The Senior Board prepared the Activity Report, in which it analyses the activities undertaken. It also prepared the financial statements, consisting of the balance sheet as at 31 December 2013, the income statement and the budget outturn tables, including the flow of funds, for the year ending on that date, as well as the respective notes to the accounts.
- 1.3. CFP has the nature of an independent administrative entity with administrative and financial autonomy, and own property, and is subject to the regime of autonomous services and funds.
- 1.4. Accordingly the financial statements were prepared and presented in line with the accounting principles generally accepted in Portugal and pursuant to the Official Chart of Accounts for Central Administration. The balance sheet shows total assets of 1,244,359 euros, zero equity and zero retained earnings. The budget outturn shows expenses paid of 1,354,699 euros, of which 1,317,851 euros are current expenses and 36,848 euros are capital expenses. Expenditure was wholly financed by revenue from the State Budget.
- 1.5. In accordance with the legislation and the provisions of its Statutes, I monitored the CFP's activities in 2013 in the following manner:
 - Monitored and controlled the Council's financial and asset management;
 - Periodically examined the Council's financial and economic position and checked compliance with the rules governing its activities;
 - Issued an opinion on the 2014 budget proposed by the Portuguese Public Finance Council; and
 - Issued quarterly opinions on budget outturn.
- 1.6. When conducting my work I received the necessary cooperation from the Senior Board and the department heads, and all information requested was provided promptly.
- 1.7. As an Official Auditor I issued the annual audit report and the legal certification of the accounts without reservations or highlights. For all intents and purposes those documents are an integral part of this Report.

2. OPINION

In light of the above, I am of the opinion that,

- 2.1. The balance sheet as at 31 December 2013, the income statement and the budget outturn tables, including the flow of funds, for the year ending on that date, as well as the respective notes to the accounts and the Activity Report, read in conjunction with the legal certification of the accounts, provide a proper understanding of the budget and asset positions of the Portuguese Public Finance Council and comply with the current legislation and the provisions of its Statutes.

2.2. The Report and Accounts presented by the Portuguese Public Finance Council for 2013 should be approved by the appropriate authorities.

Lisbon, 30 April 2014

The Single Auditor
(Signed: Carlos Fernando Calhau Trigacheiro)