



Conselho das Finanças Públicas
Portuguese Public Finance Council

:Activity, Management and Accounting Re- port **2015**

27 April 2016

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INTRODUCTION

Background

The Portuguese Public Finance Council (CFP) was set up under a national initiative in May 2011. Therefore it predates Portugal's Economic and Financial Adjustment Programme (EFAP) and the European guidelines published in November of that year. These guidelines laid down requirements for Member States' budgetary frameworks (Council Directive 2011/85/EU of 8 November 2011, article 6) and provided for the setting up of independent bodies to monitor compliance with the numerical fiscal rules. Later, the European Union made it compulsory for Euro area Member States to charge independent bodies with the drawing up or evaluating of the macroeconomic forecasts on which the national fiscal plans are based, the monitoring of compliance with the numerical fiscal rules and the assessing of the deviation correction mechanisms relating to the medium term budgetary objective (article 4 (4) and article 5 of Regulation (EU) No. 473/2013 of the European Parliament and of the Council of 21 May 2013). The Budget Framework Law included in the CFP's mission the duties laid down by that Regulation plus others assigned nationally. These are set forth in CFP's Statutes.

Thus the CFP was set up at the end of the 11th Parliament, through the 5th amendment to the Budget Framework Law (according to article 12-I introduced by Law no. 22/2011 of 20 May). The need to create a body of this nature had been discussed in Portugal for a number of years, and had been supported in 2010 by the two political parties with the largest number of parliamentary seats. At the time, the Government, led by the Socialist Party, together with the Social Democrat Party (then in opposition) agreed to set up a working party to draw up the statutes of the future institution. That initiative was part of the political agreement (Memorandum of Understanding relating to the 2011 State Budget and the sustainability of public finance) which made it possible to get parliamentary approval for the draft State Budget for 2011. The two signatories undertook to accept the proposals made by the working party, which was appointed in January 2011. This party was chaired by António Pinto Barbosa and included among its members Teodora Cardoso and João Loureiro. The draft Statutes were presented in April and their final version was approved by Parliament (Law No. 54/2011 of 19 October).



Following a joint proposal from the President of the Court of Auditors and the Governor of the Bank of Portugal, the original members of the Senior Board, the CFP's highest body, were appointed by Council of Ministers Resolution No. 1/2012 of 19 January. The Senior Board took office on 16 February 2012. The institution published its first technical report on 21 May of that year.

∴ Mission

CFP is a national institution that works for the well-being of those residing in Portugal. Its mission is to conduct an independent assessment of the consistency, compliance with the stated objectives and sustainability of public finance, while promoting fiscal transparency. In this way it contributes to the quality of democracy and enhances the Portuguese general government's financial credibility.

As part of its duties CFP is required to assess the macroeconomic scenarios adopted by the Government and the consistency of fiscal forecasts with those scenarios, as well as the compliance with the fiscal rules, and the financial position of the autonomous regions and local authorities. Among other matters of relevance to the sustainability of public finance, CFP is also charged with analysing developments in public commitments, particularly as regards pensions and health, with assessing the potential impact of public corporations on the consolidated public accounts and with monitoring budget outturn.

Thus the mission is geared towards future (short-, medium- and long-term) fiscal and financial impacts of policy and management decisions of the public sector as a whole. The Council does not state its opinion as to individual public services. In this

manner the CFP differs from those special-ist bodies that inspect and control the management acts of the entities making up the public sector.

∴ Independence

Independence is one of the central features of CFP. It acts autonomously when performing its duties under the Law and its



Photo 1: The Senior Board taking office in 16 February 2012. © CFP

Statutes. It may not request nor receive instructions from the Parliament, the Government or any other public or private entity. The CFP's financial independence is ensured by the State Budget.

Independence does not mean that the Council is unaccountable. On the contrary all of CFP's activities are disclosed to the public via the internet portal and through the media. The institution is heard regularly by the Portuguese Parliament, while the President of the Court of Auditors and the Governor of the Bank of Portugal monitor activity and express a joint opinion as to the CFP annual budget request. The publishing of this Activity, Management and Accounting Report relating to the economic year 2015 is also a way of being accountable to Portuguese society and aids scrutiny of the CFP's actions.

⋮ Governing Bodies

Pursuant to article 10 of its Statutes, CFP's governing bodies are 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. The Senior Board is also accountable for the performance of Council's tasks, the action plan setup and the approval of 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.



Photo 2: CFP's Executive Member, Rui Nuno Baleiras. © Banco de 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 of the Senior Board 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.

In 2015 the Senior Board remained unchanged (see Table 1). The Chair, Vice-President and Executive Member are in their first, non-renewable, term of office. The Non-Executive Members, following completion of a first three-year term, are in their second and final term that lasts seven years. Over the year the Board met formally on five 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 2015, the Chair and the Executive Member took responsibility for day-to-day management as the post of Head of Staff was vacant.

Upon a joint proposal from the President of the Court of Auditors and the Governor of the Bank of Portugal, the Minister of State and Finance appointed 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.



Photo 3: CFP's Non-Executive Member, Carlos Marinheiro, and CFP's Chair, Teodora Cardoso. © Banco de Portugal

Table 1—Make-up of Senior Board

Name	Position
Teodora Cardoso	Chair
Jürgen von Hagen	Vice-President
Rui Nuno Baleiras	Executive Member
Carlos Marinheiro	Non-Executive Member
George Kopits	Non-Executive Member

∴ Technical services

To carry out its mission and perform its duties CFP employs a number of technical services. When recruiting, the Council gives priority to the mechanisms for promoting mobility within general government. Staffs

are subject to the legal framework of the individual employment contract and are covered by the general social security scheme.

PART ONE : CFP's activities in 2015

: Highlights

Medium-term projections

Fiscal decisions taken in one year are constrained by decisions made in previous years and affect the leeway for possible decisions in coming years. Naturally the leeway or space for feasible fiscal decisions at any one time also depends upon the state of the economy and influences the state of the economy. Therefore, over time there is a two-way interaction between fiscal policy and the economy.

Following a period of internal development, the CFP launched in 2015 a new collection of publications focusing precisely on interactions between public finance and the economy in a prospective time period of up to five years. The idea is to provide an analysis, twice a year, of the challenges and constraints facing the short- and medium-term budget programming exercises that the Government will later perform.

Entitled "Public Finance: Position and Constraints", this new collection provides a medium-term projection (current year plus four following years) for the main macroeconomic and budget aggregates, assuming that over the entire period of the projection the policies adopted by the Portuguese Government at the time each volume of the

collection is published remain in effect. The projections are based on the best available knowledge and professional good practice. They aim at showing how the macroeconomy and public finance will change in the medium-term if new policy measures are not introduced. This approach makes it possible to calculate any foreseeable deviations from the targets previously set by the national authorities within a no-policy-change scenario. The aim is to contribute to an *ex ante* discussion by ordinary citizens and their political representatives of economic and fiscal strategy and the policy measures required to comply with the existing fiscal rules and any change in the targets set by the political powers. Therefore, the first edition of each year comes out in March,

before the Government discloses the Stability Programme and the National Programme of Reforms, and another in September before the Draft State Budget for the following year is published.



Assessment of macroeconomic scenario underlying budgetary plans

Pursuant to national legislation and the European rules, the CFP is the Portuguese independent body charged with assessing the macroeconomic forecasts underlying the Stability Programme and the Draft State Budget. Taking into account each parties' duties and Independence, in 2015 the Ministry of Finance (MF) and the CFP recognised the mutual convenience of agreeing to a series of technical procedures for exchanging information to ensure the effective and timely completion of the CFP's assessment as to the plausibility and prudence of MF's forecasts. The agreement in question was signed in February, takes the form of a Memorandum of understanding and is [available to the public](#). The CFP's Opinion is published at the same time as the MF publishes the Stability Programme and the Draft State Budget.

Budget framework amendments

After a long period of preparation, in September 2015 the Parliament approved two laws for the Portuguese budgetary process: the new Budget Framework Law (BFL, Law No. 151/2015 of 11 September) and the General Government Accounting Standards System (GG-ASS, Decree-Law No. 192/2015 of 11 September). The CFP strived to make worthwhile contributions

during the preparation and the public debate on the laws. It was a member of the technical working party on BFL reform, and wrote an [Opinion](#) on the respective Bill. It was also heard by the Parliamentary budget committee and it listened and gave its opinion on aspects of the draft GG-ASS during its preparation. The CFP accepted the MF's invitation to join the pilot group for the new accounting standards system.

It is hoped that the solutions laid down in the two laws on the budgetary process are duly monitored and put into practice.

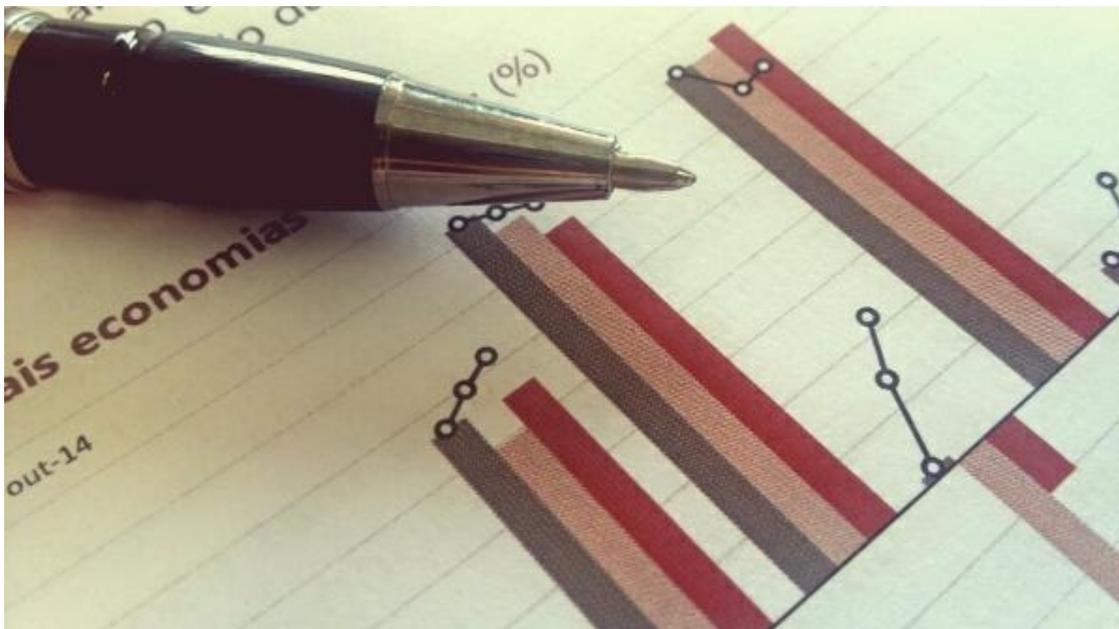
Cooperation with counterparts in other countries

The CFP plays an active part in activities of a common interest to many independent fiscal institutions from other countries, within the European Union and within the OECD. The degree of cooperation intensified in 2015 with the formal setting up of the [EU IFIs network](#) (European Union's Independent Fiscal Institutions) in September.

Product consolidation

In 2015 the CFP continued to produce all the regular publications launched in previous years and strengthened the collection entitled "[Analysis of the Social Security and Civil Servants Pension Agency budget out-turn](#)", which began in October 2014.

Publications



© CFP

CFP publishes all the analyses it undertakes within the scope of its duties. They are permanently available on its [website](#). Most of the publications are translated into English, and the translated versions are made available on the portal a few weeks after the original text is made public. Translations of the Executive Summary and Overview are available earlier.

Compulsory analyses of the Stability Programme, the Draft State Budget, and the Multi-year Budget Planning Framework are undertaken, and since 2015, analyses of the macroeconomic scenario underlying the first two documents referred to above. Under its Statutes and within the scope of its duties CFP may conduct analysis on any other matter that it deems relevant. In this context, the Council has published works on the budgetary process, budget outturn, local and regional government finance, social protection systems, public debt, reform

of the public sector, institutions and economic development, as well as notebooks of an educational nature on a range of subjects, such as the assessment of the impact of economic policy programmes, macroeconomic forecasts and the shift from public accounts balances to national accounts balances.

In 2015 a new collection entitled, "[Public Finance: Position and Constraints](#)" was launched. It has two editions per year. Each document is a prospective assessment of the likely macroeconomic and fiscal developments over a period of five years in a no-policy-change scenario. Further information on this collection is given in the previous Section.

It should be noted that the electoral calendar in 2015 altered the budgetary process calendar foreseen in the European Semester, delaying the presenting of the Draft State Budget for that year until January 2016. Accordingly the CFP's analyses of

both the macroeconomic scenario underlying the Draft State Budget and the Draft State Budget itself were only conducted in 2016. The run-up to the elections, in which discussion of economic policy proposals saw considerable press coverage, inspired the CFP to produce a methodological notebook on the assessment of the economic and fiscal effects of economic policy programmes. The Notebook entitled "[Avaliação dos impactos de programas de política económica](#)", written by Teodora Cardoso, brings to light the experience of three independent fiscal institutions that are internationally renowned for this type of assessment ([Central Planning Bureau](#), in the Netherlands, [Office for Budget Responsibility](#), in the UK and the [Congressional Budget Office](#), in the USA). It explains how the scope of their powers and their knowledge and analytical tools are important to deliver reliable assessments, but it also stresses the technical limitations when quantifying the impacts of policy measures that affect the behaviour of economic players. This type of work may bring the advantage of contributing to more objective public debate but it can never be a substitute for political choices.

Building on the experience gained from performing analysis since its creation, in 2015 CFP drew up a Glossary of Public Finance Terms — "[Glossário de Termos das Finanças Públicas](#)". It is a document that can be consulted by anyone interested in knowing more about the concepts and terminology used regularly in texts and statistics on public finance. It includes concepts from economic theory and law, as well as expressions used by national bodies and international organisations. The CFP glossary is continually updated, allowing each definition to be improved and the contents to be broadened as to include more concepts and definitions. Each entry is accompanied by the respective translation in English and French.

[Table 2](#) provides a complete list of the publications delivered by CFP across 2015. Most have been translated and are available on the English version of the [website](#). It states the type and date of the publication and provides a link to the respective webpage. The webpage contains the charts and tables found in the publications in the form of Excel files to allow interested users to edit the data. Presentations made to the Portuguese Parliament and to the press are also available at the CFP's website.

Table 2—CFP publications in 2015

Date	Title	Type	No.
20 January	<u>Economic and fiscal developments until the end of the 3rd quarter and outlook for 2014</u>	Report	1/2015
24 February	<u>Analysis of the Social Security and Civil Servants Pension Agency budget outturn in 2014</u>	Report	2/2015
18 March	<u>Public Finance: Position and Constraints 2015-2019</u>	Report	3/2015
21 April	<u>Glossary of Public Finance Terms</u>	Occasional Paper	1/2015
21 April	<u>Analysis of the General Government Account 2014</u>	Report	4/2015
21 April	<u>Macroeconomic forecasts underlying the Draft Stability Programme 2015-2019</u>	Opinion	1/2015
12 April	<u>Analysis of the Stability Programme 2015-2019</u>	Report	5/2015
18 May	<u>Impact assessment of economic policy programmes</u>	Notebook	1/2015
30 June	<u>Opinion regarding the Bill no. 329/XII – Budgetary Framework Law</u>	Opinion	2/2015
9 July	<u>Economic and fiscal developments until the end of the 1st quarter 2015</u>	Report	6/2015
15 September	<u>Analysis of the Social Security and Civil Servants Insurance System budget outturn in the 1st half of 2015</u>	Report	7/2015
6 October	<u>Economic and fiscal developments until the end of the 1st semester 2015</u>	Report	8/2015
14 October	<u>Public Finance: Position and Constraints 2015-2019 – Update</u>	Report	9/2015

Public interventions

In 2015, CFP Senior Board members took part in a number of civil society events so as to contribute to the public discussion on public finance matters. The end to the financial and economic assistance programme and the country's future in the new post-*troika* period were the major talking points at the beginning of the year, and the CFP received numerous requests to give its opinion on the new challenges facing Portugal. To this end the CFP Chair, Teodora Cardoso, granted a number of background interviews to members of the national press and spoke at conferences and

in public debates. The other Senior Board members also played an active role in the debate on the topic of public finance, at both national and international events. Mention must also be made of the holding of three press conferences to disclose CFP's analyses and to ease their public scrutiny. These events had important repercussions in the press.

Table 3 lists the public interventions undertaken by CFP Senior Board members over 2015 and provides links to the presentations and articles.

Table 3—Public interventions by Senior Board members in 2015

Date	Event	Senior Board Member	Topic under discussion*
7 January	Participation in the debate "Where should we invest?" (<i>Onde devemos investir?</i>), National Defence Institute, Forte de São João Baptista, Porto	Rui Nuno Baleiras	"Structural Funds and Investments: observations" (<i>Fundos Estruturais e Investimentos: observações</i>)
21 January	Intervention in the debate "Regulation, Strategy and Economic Growth" (<i>Regulação, Estratégia e Crescimento Económico</i>), National Defence Institute, Forte de São Julião da Barra, Oeiras	Rui Nuno Baleiras	Remarks (<i>Observações</i>) on the role of institutional architecture to promote economic growth and development
18 March	Press conference to present Report No. 3/2015	Teodora Cardoso Rui Nuno Baleiras Carlos Marinheiro	Presentation of the Report "Public finance: Position and Constraints 2015-2019"
30 March	Interview with the Expresso newspaper	Teodora Cardoso	
20 April	Annual meeting of OECD Parliamentary Budget Officials and Independent Fiscal Institutions , in Vienna, Austria	Carlos Marinheiro	Classification of one-off budgetary items
23 April	Dinner-debate " Post-Troika Portugal ", at the Literary Guild in Lisbon	Teodora Cardoso	
29 April	Participation in the conference " Taxation and Regional Competitiveness ", in Funchal, Madeira	Rui Nuno Baleiras	Public finance and Regional Development
29 April	Participation in the workshop "The future of rules-based fiscal policy", in Brussels	Carlos Marinheiro	

Date	Event	Senior Board Member	Topic under discussion*
12 June	Workshop on " Monitoring municipal revenue and expenditure " (<i>Monitorização da evolução das receitas e das despesas dos municípios</i>), Minho University, Braga	Rui Nuno Baleiras	Local finance
22 June	Participation in a EUNIFI meeting (European Network of Independent Fiscal Institutions), in Brussels	Rui Nuno Baleiras	
26 June	International conference " What future for public finance citizenship? " (<i>Que futuro para a cidadania financeira pública?</i>) at Foz Palace, in Lisbon	Teodora Cardoso	Text "Investment in the Context of Public Debt" (O Investimento no Contexto da Dívida Pública)
26 June	International conference " What future for public finance citizenship? " (<i>Que futuro para a cidadania financeira pública?</i>) at Foz Palace, in Lisbon	Rui Nuno Baleiras	Presentation "Investment in the Context of Public Debt" (O Investimento no Contexto da Dívida Pública)
1 July	Press Conference to present the CFP Opinion on the Budget Framework Law	Teodora Cardoso Rui Nuno Baleiras Carlos Marinheiro	Opinion on Budget Framework Law
3 July	Interview to " Rádio Renascença "	Teodora Cardoso	
15 July	Budget, Finance and General Government Committee , at the Portuguese Parliament	Teodora Cardoso Carlos Marinheiro	Opinion on Budget Framework Law
20 July	Interview to Diário Económico and Antena 1	Teodora Cardoso	
27 August	Intervention at the European Regional Science Association Congress , in Lisbon	Rui Nuno Baleiras	Wellbeing performance and place-based sectoral policies: challenges and solutions
31 August	Article published in the yearbook O Economista 2015	Teodora Cardoso	"Fiscal control and the State's role" (O Controlo Orçamental e o Papel do Estado)
9 September	Meeting of EU independent fiscal institutions , in Bratislava, Slovakia	George Kopits	
10 September	Participation in the conference " Re-thinking Fiscal Policy after the Crisis ", in Bratislava, Slovakia	George Kopits	Lessons for policy-making
21 September	Participation in the seminar " Portugal in the European Context: Public Finance Situation and Constraints ", Minho University, Braga	Teodora Cardoso	
13 October	Participation in the conference "Municipal Financial Yearbook 2014" (<i>Anuário Financeiro dos Municípios 2014</i>), in Lisbon	Rui Nuno Baleiras	
14 October	Press conference to present Report No. 9/2015	Teodora Cardoso Rui Nuno Baleiras Carlos Marinheiro	Presentation of the "Public finance: Situation and Constraints 2015-2019 Update" Report

Date	Event	Senior Board Member	Topic under discussion*
10 November	Participation in the conference " <u>The new Budget Framework Law</u> ", in Lisbon	Teodora Cardoso	<i>"The new BFL: framework for economic policy and public finance management"</i>
16 November	Participation in the conference "Portugal – Choices for the Future", organised by Mckinsey & Company, in Lisbon	Teodora Cardoso	
17-19 November	Participation in the European Central Bank's "Vision Europe Summit", held in Berlin	Teodora Cardoso	
26 November	Participation in AmCham Breakfast, held by the US Chamber of Commerce in Lisbon	Teodora Cardoso Rui Nuno Baleiras Carlos Marinheiro	

* This column shows the main topic of the intervention. Words in italics show that the intervention was made in Portuguese or that the published material is available in Portuguese only. Expressions in quotation marks are the title of the document concerned or the name of the event.

∴ Participation in international networks of independent fiscal institutions



© iStock

Up to 2010 few developed economies had their own independent organisations to monitor compliance with fiscal rules and to assess the sustainability of public finance. Following the passing of the laws which set

up the CFP and approved its Statutes, from the end of 2011 onwards a series of legal acts were published that led to a thorough revision of the economic governance framework within the European Union. As a

result, organisations independent of party politics with similar missions to CFP's were created in many other Member States. Naturally this movement has prompted a series of meetings aimed at sharing experiences and improving good practice. CFP has been playing a committed and proactive role in three institutional interaction groups that are working towards this end.

European Union Independent Fiscal Institutions Network (EU IFIS)

A group of independent fiscal institutions from a number of EU Member States, which includes the CFP, has been meeting since October 2013 to discuss matters of common concern. The group has produced documents on the architecture of European multilateral supervision and conducted surveys on differences between national practices.



Photo 4: EU IFIS Network meeting in Bratislava. © Council for Budget Responsibility

The experience that has been built up drove the [EU IFIs Network](#) to its formal establishment in Bratislava on 11 September 2015, when an agreement between the 23 founding institutions ([Agreement of EU independent fiscal institutions](#)) was signed.

It is a voluntary network and membership is open to all national independent fiscal oversight and assessment bodies operating

in the EU. Since then the network has produced a number of [joint working documents](#) and held a seminar on medium-term budget frameworks for the technical staff of the member bodies.

OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions

The OECD recognises the importance of these independent fiscal institutions. Since 2009 the Organisation has headed a network of Technical Offices that provide budget support to national parliaments, of which Portuguese Parliament's Budget Support Technical Unit — [Unidade Técnica de Apoio Orçamental \(UTAO\)](#) — is a member. Since the fourth meeting, held in February 2012, the independent fiscal institutions of a number of OECD Member States have joined the initiative and the network is now known as the [OECD Network of Parliamentary Budget Officials & Independent Fiscal Institutions](#). The majority of the organisations belonging to the EU IFIs network also take part in the annual meetings organised by the OECD, through the [Directorate for Public Governance and Territorial Development](#). This group has steadily expanded and today it includes some subnational organisations (for instance from Canada and the UK). In 2015 the annual meeting was held in Vienna, Austria, and was attended by CFP Non-Executive Member, Carlos Marinheiro, who [talked about](#) the classification of temporary and one-off measures. Also in 2015, the Executive Member, Rui Nuno Baleiras, was a member of the network's [High-level Reference Group](#) which commented on draft versions of the "[Evaluating the Performance of Independent Fiscal Institutions: Towards a Common Evaluation Framework](#)", report which

was presented at the aforesaid Vienna meeting.

EU Network of Independent Fiscal Institutions (EUNIFI)

Lastly, in 2014 the European Commission, through the Directorate-General for Economic and Financial Affairs (DG ECFIN), kicked off a series of meetings with organisations that meet its definition of an “independent fiscal institution”, expressed [here](#). The CFP is also part of this network known

as the EU Network of Independent Fiscal Institutions (EUNIFI). Its composition is very similar but not identical to the [EU IFIs Network](#) described above. Basically EUNIFI works on technical discussions of subjects handled separately by the IFIs and the DG ECFIN. In 2015 this network met twice in Brussels, and IFIs access to technical documentation on the budgetary process produced by Community institutions was improved.

⋮ Institutional relations

Parliamentary Hearings

In 2015 the Portuguese Parliament invited CFP to a hearing on its Opinion regarding the revision of the Budget Framework Law – Bill No. 329/XII, which took place on 15 July. A video of the hearing is available on [this CFP webpage](#). The Opinion is included in Table 2.



Photo 5: Parliamentary hearing with CFP in July 2015. © Portuguese Parliament

Protocol with the Ministry of Finance

In 2015, the CFP was given a more significant role in the assessment of the macroeconomic scenarios and their consistency

with the fiscal projections. Based on the results of the first opinion on the Ministry of Finance’s macroeconomic forecasts, published in October 2014, a Memorandum of Understanding between the CFP and the MF was discussed and signed in February 2015. The [Memorandum of Understanding](#) complies with the procedures inherent in the European Semester and is based on mutual recognition of the relevant contribution that budget planning and process make to the sustainability of public finance. It defines how CFP will perform its analysis of the macroeconomic projections underlying the Stability Programme and the Draft State Budget, as well as the processed information that the MF agrees to provide the CFP so that it may undertake its analyses. The cooperation of the general government departments directly involved in producing the projections has been important to the implementation of the Memorandum.

Dynapor Project

CFP has joined up with the Institute of Social Sciences and the Institute of Ageing (both part of Lisbon University), the Ministry of Labour, Solidarity and Social Security's Strategy and Planning Office and Southampton University's Faculty of Social, Human and Mathematical Sciences to undertake the Dynapor project. The partnership was formally established through an association protocol that came into effect on 23 June 2015. The project aims to build an analytical tool for later independent use by the parties involved. That tool, based on microdata, will run dynamic simulations for long-term future expenditure and revenue of the public social protection systems (Social Security and the Civil Servants Pension Agency). Through this partnership CFP expects to acquire skills and have access to a simulator that can benefit its analyses of public finance sustainability.

Meetings with national and international organisations

In 2015 a large number of national and international institutions invited CFP to exchange information and opinions on the state of and possible directions for the economy and public finance in Portugal and the world.

The major international organisations that regularly monitor the Portuguese economy, in particular the OECD, the European

Commission and the International Monetary Fund, held a number of working meetings in Lisbon over the year to discuss the situation and the outlook for the economy and the public accounts, as was the case in previous years. The rating agencies and banks' economic analysis departments also sought out CFP.

Training for persons outside of CFP

Lastly, mention should be made of two initiatives undertaken by CFP, along with national partners, aimed at disseminating technical knowledge in the CFP's fields of intervention. The first was a training course organised by the CFP and given in May 2015 by technical staff and Senior Board members to a group of journalists from the news agency Lusa - Agência de Notícias de Portugal, S.A., aimed at contributing to a deeper understanding of Public Finance in general and the State Budget in particular. The second initiative began in September and concerns CFP cooperation with the student platform *Nova Economics Club* over the academic year 2015/2016. The work consists of advising two groups of students in the final year of their bachelors and master's degrees who are conducting applied research on fiscal rules and potential output.

PART TWO : Management and Accounts in 2015

: Resources

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

It should be noted that over the course of 2015, the CFP approved the following rules for its own management:

- Internal Regulation on Duration and Organisation of Working Time, Holidays and Absences, approved by the Senior Board on 19 May 2015;
- Employee Recruitment and Selection Procedures for the Portuguese Public Finance Council, approved on 18 December 2015, by the Chair of the Senior Board.

This section refers the main means that CFP employed in 2015, in terms of human, technological and financial resources.

Human resources

The team responsible for running CFP' affairs is made up of the Senior Board which in 2015 consisted of the original members

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" while paragraph 5 of the same article states that "The Chair and the executive

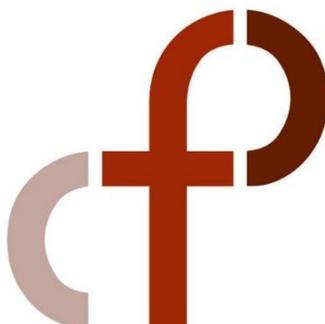
who took office on 16 February 2012, namely:

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

Following a joint proposal from the President of the Court of Auditors and the Governor of the Bank of Portugal, the Non-Executive Members' term of office was renewed as from 22 December, pursuant to a Council of Ministers Resolution of 18 November ([Resolução do Conselho de Ministros n.º 35/2014](#)).

member shall perforce be resident in Portugal". Jürgen von Hagen is German and George Kopits has Hungarian and US nationalities.



The Senior Board defines the strategic guidelines and represents the institution.



*Photo 6: CFP's Vice-President,
Jürgen von Hagen*

At the end of 2015, CFP was able to call upon the services of eighteen staff, plus a computer technician supplied by the company running the IT infrastructure.

The aforesaid number of employees includes three employees recruited in 2012 assigned to the administrative field plus a technical assistant, eleven economics and public finance specialists, as well as a communications officer recruited in 2013. In 2014 two economics and public finance specialists left the CFP and another two were hired, one specialising in economics

and public finance and the other in administrative and financial matters. In 2015, an-



Photo 7: George Kopits, Non-Executive Member of the CFP

other two economics and public finance specialists left while four were recruited for the same field.

In 2015, a staff recruitment drive was undertaken to hire economics and public finance specialists under an individual contract of employment or through a public interest secondment basis.

Table 4 shows CFP Technical Services human resources at the end of 2015, compared to the previous year, by rank and highest academic qualification.

Table 4—Human resources

Rank	Situation as of 31/12/2014	Situation as of 31/12/2015					
	Total	Total	Doctorate	Master's degree	Postgraduate diploma ¹	Bachelor's degree	Other qualifications
Head of Staff	-	-	-	-	-	-	-
Administrative and Financial Manager	1	1	-	-	1	-	-
Public finance specialists	10	12	1	6	4	1	-
Communications officer	1	1	-	1	-	-	-
Legal advisor	1	1	-	-	-	1	-
Administrative and financial staff	2	2	-	-	-	1	1
Technical assistant	1	1	-	-	-	-	1
Total	16	18	1	7	5	3	2

¹ Successful completion of a Higher Education programme, having the Bachelor's degree as entrance requisite, which does not confer an academic degree.

The acquisition of knowledge and the honing of skills became matters of permanent interest from 2014 onwards. All employees were encouraged to undertake this process and the institution introduced an internal regulation on training and professional advancement. The overriding concern was to encourage a proactive search for training that could make a positive contribution to the Council's work and its staff's résumés.

In 2015, 15 employees benefitted from training, which represents a participation

rate of 83.3%. Overall they took part in 59 courses, totalling 659 training hours, at a total cost of 11,720€ borne by the employer.

In 2015 the attendance rate was 98%, and the absences are explained by:

- 1) Sickness, 1,4% of total expected attendance;
- 2) Parenthood, 0.2%;
- 3) Death in the family, 0.1%;
- 4) Family support, 0.3%.

Technical resources

In 2015 CFP retained its policy of hiring IT infrastructure, including the licensing of common IT applications for general use.

During the year CFP obtained licences for *Eviews 8 — Standard Version*, and *WinRATS Pro*, in order to furnish the necessary tools

to staff handling statistics and econometrics.

It also purchased four laptops to meet the need for high capacity computers in the forecasting domain.

Financial resources

Pursuant to its Statutes CFP is financed by State Budget General Revenue. As a result the CFP budget for 2015 is defined in Law No. 82-B/2014 of 31 December.

The Senior Board is responsible for preparing the CFP budget which is subject to a favourable opinion issued jointly by the President

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 2014 was 2,628,520€.

Accounts

The budget appropriation for 2015 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 forecast expenditure by economic classification.

Table 5—Approved budget

REVENUE BUDGET		
Revenue EC	Designation	Allocation
06.03.01	Current transfers - Central Government - State	2,533,446 €
10.03.01	Capital transfers - Central Government - State	95,074 €
Total		2,628,520 €

Note: EC means Economic Classifier.

EXPENDITURE BUDGET		
Economic Aggregate	Allocation	
Compensation of employees	1,632,489 €	
Purchase of goods and services	895,757 €	
Purchase of capital goods	100,274 €	
Total		2,628,520 €

The final accounts, which were closed on 26 April 2016, suggest that 66% of the total sum allocated by the State Budget in 2015 was employed. Actual compensation of employees accounted for 77% of the original total budget.

Table 6 provides further details of the budget outturn. Expenditure on goods and services was 41% of the original sum allocated to that grouping.

The outturn rate for compensation of employees, compared to the original budget, was 82%, which is explained by staff numbers being lower than forecast. Of the sum

spent on staff around 666,280€ returned to the State as a result of income tax withheld at source and other deductions on salaries

and mandatory employee and employer contributions.

Table 6—Economic breakdown of budget outturn

EXPENDITURE EXECUTION	
Economic Aggregate	Allocation
Compensation of employees	1,332,702 €
Purchase of goods and services	368,649 €
Purchase of capital goods	38,038 €
Total	1,739,389 €

Expenditure on goods and services stems essentially from the use of premises. It includes

the cost of cleaning services, communications, IT and rents.

Asset position

Overall the provisions of the Official Chart of Accounts for Central Administration (POCP) were fulfilled to the extent that they apply to the Portuguese Public Finance Council.

CFP adopted the following measurement criteria laid down in the POCP:

- 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 incomes and costs that should be recognised in years other than that in which whose receipts and payments arise were recorded as accruals and deferrals both on the asset and liability sides.

Changes in the fixed assets included in the balance sheet and the respective depreciations and provisions are given in [Table 7](#) and [Table 8](#).

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 in [Table 8](#).

Table 7—Total depreciation

DEPRECIATION MAP	
Items	Accumulated value
Tangible fixed assets	325,265 €
Total	325,265 €

Table 8—Historic cost and depreciation of fixed assets

BALANCE SHEET - ASSETS			
ASSETS	Gross Assets	Depreciations	Net Assets
Tangible fixed assets			
Basic equipment	224,080 €	110,282 €	113,798 €
Office equipment	29,780 €	13,517 €	16,263 €
Other tangible fixed assets	357,786 €	201,466 €	156,320 €
	611,646 €	325,265 €	286,381 €

In accordance with the applicable rules an accrued cost was recorded relating to the rights to holiday pay and holiday bonus earned as at 1 January 2016 in regard to work performed in 2015. The said sum plus the respective employer's contributions amounted to 204,496 €.

No sums are owed to or from any employees.

As at 31 December 2015, no payment obligation was overdue. In this context and under Ministerial Order No. 10959/2013 of the Minister of State and Finance, published in the official Gazette, 2nd series, on 26 August), the CFP has the following commitments due in future financial years:

- 2016 – 276,644 €;
- 2017 – 121,362 €.

GG-ASS pilot body

Following a proposal from the Portuguese Public Finance Council, on 4 November 2015 the Assistant Secretary of State for the Budget invited CFP to join the group of pilot entities that will test the recently approved General Government Accounting Standards System (GG-ASS).² The invitation was accepted.

CFP's participation in this experimental user group complements in the operational frontline the calls the Council has made in its analysis and public interventions for the country to improve the quality of the accounting information that is the base for its public finance management. This subject deserves the attention paid to it on page 6 of this report.

² Decree-Law no. 192/2015 of 11 September.

PART THREE ∴ Single Auditor's Documents

This part of the Report reproduces in full the following documents issued by the Public Finance Council's Single Auditor, Carlos Trigacheiro, both dated 27 April 2016:

- Legal certification of the accounts

- Single Auditor's Report and Opinion

These documents were submitted in good time to the Court of Auditors and the Directorate-General of the Budget.

∴ Legal certification of the accounts

Carlos Fernando Calhau Trigacheiro
Revisor Oficial de Contas n.º 898

CERTIFICAÇÃO LEGAL DAS CONTAS

INTRODUÇÃO

1. Examinei as demonstrações financeiras anexas do Conselho das Finanças Públicas (CFP), pessoa coletiva de direito público n.º 510 156 215, com a natureza de entidade administrativa independente, dotada de autonomia administrativa e financeira e de património próprio, sujeita ao regime dos serviços e fundos autónomos, as quais compreendem o balanço em 31 de dezembro de 2015 (que evidencia um total de balanço de 620 187 euros e valores nulos de património próprio e de resultado líquido), a demonstração dos resultados por natureza e os mapas de execução orçamental, incluindo os fluxos de caixa, do exercício findo naquela data, bem como os correspondentes anexos às demonstrações financeiras.

RESPONSABILIDADES

2. Não tendo ainda sido formalmente constituída a Comissão Executiva, prevista nos artigos 21.º e 22.º dos Estatutos do CFP, aprovados pela Lei n.º 54/2011, de 19 de outubro, é da responsabilidade do Conselho Superior a preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira da entidade, o resultado das suas operações e os fluxos de caixa, bem como a adoção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado.
3. A minha responsabilidade consiste em expressar uma opinião profissional e independente, baseada no meu exame daquelas demonstrações financeiras.

ÂMBITO

4. O exame a que procedi foi efetuado de acordo com as Normas Técnicas e as Diretrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que o mesmo seja planeado e executado com o objetivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras estão isentas de distorções materialmente relevantes. Para tanto o referido exame incluiu:
 - a verificação, numa base de amostragem, do suporte das quantias e divulgações constantes das demonstrações financeiras e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho Superior do CFP, utilizadas na sua preparação;
 - a apreciação sobre se são adequadas as políticas contabilísticas adotadas e a sua divulgação, tendo em conta as circunstâncias;
 - a verificação da aplicabilidade do princípio da continuidade; e
 - a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras.

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Carlos Fernando Calhau Trigacheiro
Revisor Oficial de Contas n.º 898

5. O meu exame abrangeu também a verificação da concordância da informação financeira constante do relatório de atividades com as demonstrações financeiras.
6. Entendo que o exame efetuado proporciona uma base aceitável para a expressão da minha opinião.

OPINIÃO

7. Em minha opinião, as referidas demonstrações financeiras apresentam de forma verdadeira e apropriada, em todos os aspetos materialmente relevantes, a posição financeira do Conselho das Finanças Públicas em 31 de dezembro de 2015, o resultado das suas operações e os fluxos de caixa no exercício findo naquela data, em conformidade com os princípios contabilísticos geralmente adotados, de acordo com o Plano Oficial de Contabilidade Pública.

RELATO SOBRE OUTROS REQUISITOS LEGAIS

8. É também minha opinião que a informação constante do relatório de atividades do Conselho Superior é concordante com as demonstrações financeiras do exercício.

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FERNANDO CALHAU TRIGACHEIRO
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: Single Auditor's Report and Opinion

**RELATÓRIO E PARECER DO FISCAL ÚNICO****1. RELATÓRIO**

- 1.1. Para cumprimento do estabelecido na alínea d) do artigo 25º dos Estatutos do Conselho das Finanças Públicas (CFP), aprovados pela Lei nº 54/2011, de 19 de outubro, emito o presente relatório e parecer sobre o relatório de atividades e as contas do CFP, relativamente ao exercício de 2015.
- 1.2. O Conselho Superior elaborou o relatório de atividades, onde faz uma análise da atividade desenvolvida. Foram, de igual modo, preparadas as demonstrações financeiras, que compreendem o balanço em 31 de dezembro de 2015, a demonstração dos resultados por natureza e os mapas de execução orçamental, incluindo os fluxos de caixa, do exercício findo naquela data, bem como os correspondentes anexos às demonstrações financeiras.
- 1.3. O CFP possui a natureza de entidade administrativa independente, dotada de autonomia administrativa e financeira e de património próprio, sujeita ao regime dos serviços e fundos autónomos.
- 1.4. Nestes termos, as demonstrações financeiras foram preparadas e apresentadas em conformidade com os princípios contabilísticos geralmente aceites em Portugal, de acordo com o Plano Oficial de Contabilidade Pública. As contas patrimoniais apresentam um total de balanço de 620 187 euros e valores nulos de património próprio e de resultado líquido. A execução orçamental apresenta despesas pagas de 1 739 389 euros, sendo 1 701 351 euros de despesas correntes e 38 038 euros de despesas de capital. Estas despesas foram totalmente financiadas por receitas provenientes do Orçamento do Estado.
- 1.5. Cumprindo os preceitos legais e as disposições estatutárias, acompanhei, relativamente ao exercício de 2015, a atividade do CFP, tendo, para o efeito:
 - Acompanhado e controlado a gestão financeira e patrimonial do CFP;
 - Examinado periodicamente a situação financeira e económica do CFP e verificado o cumprimento das normas reguladoras da sua atividade;
 - Emitido parecer sobre a proposta de orçamento para 2016 apresentada pelo CFP;
 - e
 - Emitido pareceres trimestrais sobre a execução orçamental.
- 1.6. Para a realização do meu trabalho recebi do Conselho Superior e demais responsáveis pelos departamentos relevantes do CFP a colaboração necessária e foram-me oportunamente prestadas todas as informações solicitadas.



- 1.7. Na qualidade de Revisor Oficial de Contas, emiti o Relatório anual de fiscalização e a Certificação legal das contas, sem reservas e sem ênfases, documentos que, para todos os efeitos, constituem parte integrante do presente relatório.

2. PARECER

Face ao que antecede, sou de parecer que:

- 2.1. O balanço em 31 de dezembro de 2015, a demonstração dos resultados por natureza e os mapas de execução orçamental, incluindo os fluxos de caixa, do exercício findo naquela data, bem como os correspondentes anexos às demonstrações financeiras, e o Relatório de atividades, lidos em conjunto com a Certificação legal das contas, permitem uma adequada compreensão da situação orçamental e patrimonial do Conselho das Finanças Públicas e satisfazem as disposições legais e estatutárias em vigor.
- 2.2. O Relatório e as Contas apresentados pelo Conselho das Finanças Públicas, referentes ao exercício de 2015 devem ser aprovados pelas entidades competentes.

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