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Portugal

Portuguese Public Finance Council (CFP)

Established: 2011.

Enabling legislation: The 5th amendment to the Budget Framework Law 51/2001 (Law 22/2011, 20 May 2011) formally established the council. The CFP's statutes were adopted in Law 54/2011 of 19 October 2011 and amended by Law 82-B/2014 of 31 December 2014.

Mandate: To undertake an independent assessment of the government's fiscal strategy.

Budget: EUR 2.53 million in (2014).

Staff: Five council members; staff recruitment of 15 to 20 staff is ongoing.

1. Context

The creation of the Conselho das Finanças Públicas or Portuguese Public Finance Council (acronym CFP in Portuguese) in 2011 was part of a broader package of reforms to improve budget management. In 2010, the government and the largest opposition party considered establishing such a council and a working group was set up to draft its statutes in January 2011. The statutes project was presented in April and in May 2011 CFP was created by law, in the context of an amendment to the Budget Framework Law. The plans to operationalise the CFP were subsequently included as part of the bailout agreement with the IMF/EU signed on 17 May 2011. Parliament approved the statutes under Law No. 54/2011 of 19 October 2011.

The CFP is not the only independent body providing budget analysis. In 2005, the Budget Committee of the parliament recognised that a non-partisan office would be useful to serve its need for technical budget analysis. Subsequently, in 2006, a Parliamentary Technical Support Unit (acronym UTAO in Portuguese) was established by law. In 2011, the parliament confirmed that it would like UTAO to continue its activities. UTAO's legal basis, functions, budget, staffing and reporting are described in the Annex.

Prior to 2005, there was little integration of medium-term fiscal developments and annual budget processes. Moreover, coverage of general government accounts was incomplete and budget processes were fragmented. To address these shortcomings, the Socialist governments of 2005-11 decided to revise the 2001 Budget Framework Law. In April 2010, the then Minister of Finance set up a task force to propose amendments to the law.[1] Issues addressed included: establishing a multi-annual budget framework and a balanced budget rule; addressing budget fragmentation and control; introducing programme budgeting; and creating an independent fiscal council. In October 2010, a protocol was signed by the government and the largest opposition party to enable adoption of the budget for 2011. The protocol included a reference to the creation of an independent fiscal agency. The Governor of the Central Bank of Portugal also provided strong support for the establishment of the CFP.[2]

In December 2010, the incumbent Socialist government and the Social Democratic Party signed an agreement that included the appointment of a group of non-partisan experts to prepare draft statutes for an independent fiscal council.[3] In April 2011, the working group delivered its proposals and made them available on its website.[4]

Regarding fiscal rules, in addition to the EU-wide deficit and debt rules applying to all member states, Portugal now has a structural deficit rule which was introduced in the amendments to the 2001 Budget Framework Law in May 2011. It requires a multi-annual framework for budgetary planning. The medium-term framework defines ceilings on expenditure by the central government. Transfers to social security and the autonomous regions and local governments are also subject to ceilings. Besides these national fiscal rules, sub-national governments have limits on net debt. A fiscal rule also applies to government entities with financial autonomy (these account for over one-fifth of general government spending) and are required to balance their budgets.

The IMF/EU programme lent support to the various budget reforms and included specific deadlines for adopting the council's statutes and making the CFP operational.[5] Following a parliamentary debate, the statutes were approved by the parliament in October 2011; they did not differ significantly from the draft of April 2011. In December 2011, the five members of the CFP's Senior Board were chosen. In February 2012, the council members' tenures officially began and the first council meeting was held in Lisbon. At this time, the CFP, being an entirely new agency, started working on the necessary preconditions to become fully operational, such as finding appropriate premises and finalizing its work plan, budget and staffing requirements.

2. Relationship with the executive and the legislature

The CFP is independent of both the executive and the parliament. Its statutes indicate that, in performing its functions, the council cannot request or receive instructions from the parliament, the executive, or any other public or private entity. The President of the Republic, the government and the parliament receive the council's reports. To support the council's independence, the Court of Auditors and the Central Bank of Portugal play a unique role in its budget and appointment of council members.

The focus of the council's work is on assessing fiscal projections and compliance with fiscal rules. This requires the CFP to interact with other independent institutions, notably the National Institute of Statistics, the Court of Auditors and the Central Bank of Portugal. It also requires the government to provide information to the CFP. The failure to provide information will be subject to dissuasive actions.

Parliament does not play a role in appointing council members. However, the parliament does scrutinise and approve the CFP's annual budget in the context of approving the annual budget for all state-financed entities. The Budget Committee plays a pivotal role in budget discussions in the parliament (Box 1). It is served by UTAO whose tasks overlap somewhat with those of the CFP: both the CFP and UTAO analyse the draft annual budget and updates of the medium-term projections of the stability programme.

Box 1. **Role of the legislature in the budget process**

The Portuguese system of government is semi-presidential. Presidential elections are held every five years. The Prime Minister is the leader of the majority party (or coalition of parties) in the 230-seat unicameral parliament, to which members are elected by proportional representation for four-year terms.

The Budget Framework Law requires the government's proposed budget to be presented to the parliament by 15 October and approved by the end of November. This leaves a relatively short period of 45 days for parliamentary budget review. The draft annual budget and the draft budget execution law (on the State General Account) are discussed in the Budget and Finance Committee, which holds hearings and allocates articles to be discussed and voted in the Budget Committee or in the plenary session. Discussions in the Budget and Finance Committee are open to the public. The Budget and Finance Committee votes on amendments proposed by members of the parliament. While the parliament has unlimited power to amend the draft budget, in practice few amendments are adopted, despite a large number of proposals from opposition parties.

Box 1. **Role of the legislature in the budget process** *(cont.)*

The Parliamentary Technical Support Unit (UTAO; see Annex) provides analytical support to the Budget and Finance Committee. In 2011, the parliament confirmed that it would like UTAO to continue its activities (i.e. the CFP would not replace UTAO) and endorsed hiring additional staff (increased from two staff in 2009 to six staff as of 2012).

Source: OECD (2008).

3. Legal basis for establishment

The Fifth Amendment to the Budget Framework Law 91/2001 (Law 22/2011) formally established the council in May 2011. The CFP's statutes are laid out in Law 54/2011, adopted on 19 October 2011, as amended by Law 82-B/2014 of 31 December 2014.

4. Mandate

The CFP's mandate is clearly laid out in the Budget Framework Law and in its statutes. The latter specify that the council "is to undertake an independent assessment of the consistency, compliance and sustainability of fiscal policy and to enhance, through increased transparency, the quality of democracy and economic policy-making and to reinforce the financial credibility of the State." Article 12-I(1) of the Budget Framework Law is more specific regarding the council's assessments of fiscal projections and monitoring of compliance with fiscal rules. The CFP is "responsible for undertaking an assessment of the objectives proposed for the macroeconomic and fiscal projections, the long-term sustainability of public accounts and compliance with the budget balance rules and the rules on expenditure by the central government (both laid down in law), and the indebtedness rules of autonomous regions and local governments enshrined in the respective financing laws". The CFP's statutes identify eight specific tasks and various reporting requirements.

The subsequent approval at the European level of the so-called "2-pack"[6] and the incorporation into the budget framework law of the intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (Fiscal Compact) gave CFP a formal role in the endorsement of the macroeconomic forecasts underlying the national medium-term fiscal plans and draft budgets, as well as in the national correction mechanism that shall be triggered automatically in the event of significant observed deviations from the medium-term objective or the adjustment path towards it. The endorsement process was first applied for the draft budget for 2015, in October 2014, the first budget proposal following the conclusion of the adjustment programme. A Memorandum of Understanding with the Ministry of Finance that defines how the analysis of the macroeconomic projections underlying the Stability Program and the State Budget Proposal is to be performed, and defines the information to be supplied by the Ministry of Finance for this purpose was signed in February 2015.[7]

5. Functions

The CFP's specific tasks are spelt out in its statutes. Notably the council is to:

- assess the macroeconomic scenarios adopted by the government and the consistency of forecasts of budget projections with these scenarios;

- assess whether fiscal rules laid down in law are complied with;
- analyse the dynamics of public debt and its sustainability;
- analyse the dynamics of existing commitments, with special emphasis on pension and health systems and public-private partnerships (PPPs), including an assessment of their implications for fiscal sustainability;
- assess the financial position of the autonomous regions and local governments;
- assess the economic and financial situation of public enterprises and their potential impact on consolidated public accounts and their sustainability;
- analyse tax expenditure; and
- monitor the budget out-turn.

The CFP assesses projections and now has a formal role in endorsing the macroeconomic forecast in the context of the European Semester, but does not produce them. It does not have a costing role. Consistent with the above tasks, the CFP publishes various annual reports, notably its assessments of the government's multi-annual framework of budget planning, the government's stability programme updates (consistent with EU requirements) and the draft annual state budget. For the latter, the CFP report is released to assist the parliament's debate on the budget in late October or early November.

CFP assesses the macroeconomic scenario for the draft state budget and the stability programme and CFP's opinion is included in these documents. CFP also publishes quarterly reports on the budget out-turn, as well as two reports per year on the budget out-turn of social security. In March 2015, the council published its first report on the state of the Portuguese public finances, as well as the respective constraints, under a no-policy change assumption for the next four years.[8] The goal of this publication was to highlight the intertemporal consequences of fiscal policy to policy makers and the public. This report will be updated twice a year: before the presentation of the stability programme and before the presentation of the draft annual budget. Apart from these, regular publications CFP has also published reports and opinions on subnational finances and on the reform of the budget framework law. To aid communication with the wider public CFP has published non-technical notebooks on complex issues such as government debt, social protection systems, differences between cash accounting and national accounting, as well as a glossary.[9]

Given the relatively short period for parliamentary debate on the annual budget (45 days), one potential challenge for the CFP is to conduct its analysis and present its report to the government and the parliament in a timely manner. Concerning the sustainability of the public finances, as well as other areas specified in the statutes, CFP decides on the frequency reports. The CFP can undertake work at its own initiative.

6. Work programme

The CFPs annual work programme is based on the eight specific tasks and the obligatory reports outlined in its statutes. As mentioned in the previous section the scope of CFP publications has been extended gradually over time to cover its mandate. Initially, priority was given to ensuring that the obligatory reports were prepared in a timely manner. In 2012, the CFP spent a certain amount of time on logistical issues associated with making it operational: e.g. recruitment of secretariat staff, preparation of the 2013 CFP budget, setting up its offices and ensuring adequate IT support and website development.

7. Budget

The financial independence of the CFP and its capacity to fulfil its mission are guaranteed through state budget appropriations, which "can only be reduced in duly justified exceptional circumstances" (statutes, article 27[3]). The Senior Board of the CFP is responsible for preparing the council's draft budget, which is subject to a favourable opinion of the President of the Court of Auditors and the Governor of the Central Bank of Portugal. Once this opinion is obtained, the CFP's annual budget follows the budget review and approval procedures that apply to comparable independent or constitutional bodies (e.g. the budget of the Court of Auditors). The budget of the CFP has been a separate line item since the revised 2012 state budget and was set at EUR 2.53 million in for FY 2014. So far this has proved adequate for the CFP to fulfil its activities.

8. Staffing

8.1. Leadership

The statutes specify that there are three governing bodies of the council: the Senior Board, the Executive Committee and the auditor.

The Senior Board

The Senior Board is a collegial body of five members: a President, a Vice-President, one executive member and two non-executive members. The President convenes meetings of the Senior Board after hearing the Vice-President's opinion. She/he also presides over meetings of both the Senior Board and the Executive Committee, and takes part in the day-to-day running of the council.

Each member is appointed by the government (Council of Ministers) on a joint proposal of the President of the Court of Auditors and the Governor of the Central Bank. The term of all members is seven years, non-renewable except for the non-executive members who are eligible for re-appointment once. During an initial five-year transition period, members' terms are staggered: the President for seven years (non-renewable); the Vice-President and the executive member for five years (non-renewable); and the two non-executive members for three years (renewable once). The Senior Board's terms are delinked from election cycles; this enhances the independence of the CFP.

None of the five council members is eligible for appointment to the Senior Board if he/she has held political positions during the previous two years. The statutes are specific on prohibiting the appointment of members of: parliament (neither European nor national), the government (national, regional or local), an executive body of a political party, or a public manager (these include managers of autonomous public entities, notably state-owned enterprises, municipal enterprises, public institutes and the central bank). The statutes also elaborate on qualifications for membership:

- personalities of acknowledged merit, with experience in the areas of economics and public finance and a high degree of independence;
- nationality (a maximum of two non-national members, preferably from EU member states; the President must be a Portuguese citizen);
- residency (the President and the executive member must reside in Portugal); and
- gender (all five members cannot be of the same gender).

The statutes specify a limited number of reasons for dismissing a member. Apart from permanent incapacity or death, these are: conflicts of interest, legal restraint or incapacity decreed by the courts, being found guilty of a crime (once all appeals are exhausted), unjustified absences from two meetings and serious misconduct. Dismissal for serious misconduct would follow a procedure jointly agreed by the President of the Court of Auditors and the Governor of the Central Bank of Portugal. These provisions reduce the risk of dismissals for political reasons. A member may also voluntarily resign from the council.

The five Senior Board members were formally appointed on 19 January 2011 and took office in a ceremony before the President of the Assembly of the Republic on 16 February 2012. The Non-Executive Members' terms were renewed in 18 November 2014. All members have had extensive experience in public finance, with backgrounds working for the Central Bank of Portugal, in academia, other independent fiscal institutions and international organisations. Two members, including the Vice-President, are non-Portuguese citizens, which enhances the independence of the council's assessments of the consistency of fiscal policy. The two foreign CFP members work part-time, whereas the three Portuguese members are full-time. Senior Board members cannot hold any other public or private positions in Portugal (or abroad if these conflict with their tasks at the CFP). Unpaid higher education teaching or academic research is the only exception allowed.

The remuneration of the Senior Board members and CFP staff is determined by a special three-person Remunerations Committee appointed by the Minister of Finance upon a joint proposal of the President of the Court of Auditors and the Governor of the Central Bank. This committee, while safeguarding its independence, takes into account the budgetary situation of the state and any legal constraints on higher salaries (article 20 of the statutes). Remuneration is to include social security provisions.

The Executive Committee

The Executive Committee ensures the day-to-day running of the council. The committee is comprised of the President and the executive member of the Senior Board and the head of the staff. All three are full-time positions.

8.2. Staff

The CFP will be supported by a full-time secretariat of 15 to 20 staff. As of 2015, ten staff members with backgrounds in economics, and six supporting staff had been recruited. The head of the secretariat staff is to be appointed from among the staff, on commission, for a three-year renewable term, following the decision of the Senior Board. Staff are recruited according to terms defined by the Remunerations Committee, with priority being given to staff already employed in the public administration. The IT support function is outsourced. External consultants may also be used for specific tasks or projects.

In addition to the need for staff capable of macro-fiscal analysis, the secretariat requires specialists in specific areas of public finance analysis, notably pension and health systems, PPPs and the financial positions of autonomous regions, local governments and public enterprises. In most of these areas, the recruitment challenges are still significant, including understanding complex arrangements and obtaining viable data for analysis and fiscal risk statements.

The recruitment of staff is still ongoing, and is not easy. First, although staff salaries do not necessarily have to follow civil service scales – individual contracts including remuneration levels will be determined by the Remunerations Committee – the total remuneration of CFP staff is subject to the ceilings applied to civil service salaries (which have been reduced twice recently as part of the crisis-management government spending cuts). Second, although the CFP would prefer public finance specialists with considerable experience, the pool of such candidates is not large. An additional barrier to recruitment of academics was lifted in 2014. While staff are precluded from performing tasks in other public or private entities, Law No. 82-B/2014 now allows for staff to undertake "teaching duties in higher education institutions and research activity, as well as conference addresses, lectures, short-term training courses and other activities of an identical nature, when duly authorised by the Executive Committee."

9. Access to information

The CFP's statutes state that the CFP shall have access to all the economic and financial information necessary for the accomplishment of its mission and all public bodies are duty-bound to supply this information in a timely manner. In particular, the government is required to provide the council with the macroeconomic models it used and their underlying assumptions. If a public body does not fulfil the duty of providing the information in good time, this shall be stated on the council's webpage. If inability to access information becomes a serious issue, the President of the Republic, the parliament, the Court of Auditors and the Central Bank of Portugal shall be duly informed. To date, there has been no significant difficulty in accessing the necessary information, except the case of some relevant non-financial information.

For its part, the council indicated to various agencies the information it must have on a regular and automatic basis. According to its statutes, access may be limited in cases where there are legal restrictions in terms of state secrecy, judicial secrecy and banking secrecy.

10. Transparency

The CFP intends to be very transparent in its activities. Its statutes require all council reports to be sent to the President of the Republic, the government, the parliament, the Court of Auditors and the Central Bank, and all reports are made publicly available on the council's website in Portuguese and English. This commitment was demonstrated since the publication of the first reports in 2012.

Relations with the media and the parliament are evolving as the council's work progresses. Amongst the specific responsibilities of the CFP President and Vice-President is holding news conferences and taking part in parliamentary hearings, notably when CFP reports are released.

11. Governance, advisory support, monitoring and evaluation

According to its statutes, an internal auditor is an integral part of the council. The auditor will be responsible for the control of the CFP's financial and asset management. He/she will make regular examinations of the financial and economic situation of the council and ensure that there is compliance with norms that govern its activities. The auditor will issue an opinion on the council's management report and accounts. The auditor will be a chartered accountant or from an audit firm, and will be appointed for a five-year non-renewable term by the Minister of Finance, on the joint proposal of the President of the Court of Auditors and the Governor of the Central Bank of Portugal.

The CFP is also subject to legal and financial control by the Court of Auditors which could, in principle, evaluate the performance of the CFP. In practice, the CFP's credibility is likely to be established informally, especially by feedback from the media, the parliament and spokespersons for major political parties. The statutes do not include any provisions for a periodic peer review of the CFP's performance.

12. Concluding remarks

The Portuguese Public Finance Council has a well-conceived and clear legal framework, which provides firm underpinnings for its independence from both the government and the parliament. The role of other independent bodies – notably the Court of Auditors and Central Bank of Portugal – in assuring the council's independence is unusual. In particular, these two institutions play a role in issuing an opinion on the CFP's budget, the appointment of council members and its internal auditor; they would be notified should the government not provide necessary information to the CFP.

The CFP's mandate to assess the consistency and sustainability of public finance is a huge task, especially given that Portugal's new budget procedures – the medium-term budget framework and expenditure ceilings – are still evolving. The budget framework's emphasis on comprehensiveness requires the CFP to examine specific budget issues such as pensions and healthcare systems, and public finances in autonomous regions, local governments, public enterprises and PPPs.

While the council has been able to deal with most of the initial logistical issues around its establishment, challenges remain in terms of attracting the full quotient of qualified secretariat staff needed to carry out its mandate. Despite not being at full capacity, CFP reports have generated significant media attention and are visible in current debates on the public finances.

Notes

1. For the task force's report, see Sarmento (2010).
2. See Speech of Governor in November 2010 at the 6th annual conference of the Portuguese Economists Association.
3. The members of the working group, who had university or Bank of Portugal experience, were: António Pinto Barbosa (Co-ordinator), Teodora Cardoso (who was later appointed Chair of the CFP) and João Loureiro.
4. The statutes project is now available at *www.cfp.pt/about-us/1-2history/?lang=en*.
5. The May 2011 agreement with the IMF/EU required the publication of a medium-term fiscal strategy document (IMF Memorandum of Economic and Financial Policies (MEFP) May 2011). In the first review of the programme, the government committed to adopt the statutes of the fiscal council by the end of September 2011 and to make the council operational by the end December 2011 (see IMF MEFP September 2011) and paragraph 3.14 of IMF (2011).
6. In particular Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area.
7. See *www.cfp.pt/news/memorandum-of-understanding-between-the-ministry-of-finance-and-the-portuguese-public-finance-council/?lang=en*.
8. See the report No. 3/2015 "Public Finance: Position and Constraints 2015-2019", available at *www.cfp.pt/publications/public-finance-position-and-constraints-2015-2019/?lang=en#.VsM-L032bcs*.
9. See *www.cfp.pt/?post_type=publications&doc=1&lang=en*.

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Legislation

Law 22/2011, which was the fifth amendment to the 2001 Budget Framework Law (Lei n° 22/2011 de 20 de Maio, Quinta alteração à Lei n° 91/2001 de enquadramento orçamental), 20 May 2011.

Law 54/2011, approves the Statutes of the Council of Public Finances (Estatutos do Conselho das Finanças Públicas), 19 October 2011.

OECD Journal on Budgeting
Volume 2015/2

ANNEX

Portuguese Parliamentary Technical Support Unit (UTAO)

Parliamentary Technical Support Unit (UTAO)

Established: 2006.

Enabling legislation: Established by Resolution 53/2006 of the parliament. This was confirmed by Law 13/2010 which amended the law governing the departments and services of the assembly.

Mandate: The mandate of UTAO is to support the Budget Committee with technical research and analysis.

Budget: Included in the parliament's administrative budget.

Staff: Currently six staff are seconded from other government-funded bodies.

1. Context

The UTAO's creation in 2006 was linked to the need to provide non-partisan budget analysis to the parliament, particularly the Budget and Finance Committee (hereafter "Budget Committee"). The emphasis was on establishing a unit that could provide technical and non-partisan analysis of the draft annual budget and budget execution. Prior to 2005, poor recording of budget transactions had led to fiscal surprises, with Portugal being subject to the EU's Excessive Deficit Procedure in 2002 and 2005. In 2006, the Socialist Party had an absolute majority in the parliament, although the chair of the Budget Committee is by tradition from an opposition party (in 2006, a Social Democrat). This contributed to the broad political consensus for establishing a small UTAO in August 2006. It was envisaged that the UTAO would be staffed by three to five persons.

2. Relationship with the executive and the legislature

The UTAO is a specialised unit within the parliament's Directorate of Technical Support and Secretarial Services (DSATS). The UTAO functions under the Speaker of Parliament, who acts on proposals from the Budget Committee.

3. Legal basis for establishment

The UTAO was established by Resolution 53/2006 of the parliament. Its formal existence was confirmed by Law 13/2010, which amended the Law Governing the Organisation and Modus Operandi of the Departments and Services of the Assembly of the Republic.

4. Mandate

UTAO's mandate is to provide technical support to the Budget Committee.

5. Functions

The unit's functions are to prepare studies pertaining to: analysis of government bills on the state budget; assessments of the general state accounts; the monitoring of budget execution; analysis of revisions of the stability and growth programme; studies on the budgetary impact of legislative initiatives that are transmitted to the Budget Committee at the discretion of the President of the Assembly and other studies requested by the Budget Committee. The work of the UTAO is of a technical nature.

Due to a lack of staff, the UTAO has not been able to fully perform all of its functions. For example, it has not been able to develop in-house macro-fiscal models to develop baseline "no policy change" budget forecasts, on which alternative budget scenarios could be prepared. Also, the task of costing the budget impact of draft legislation has not been well developed, again because of lack of resources. Staff growth in 2011 (relative to earlier years) has enabled UTAO to increase the number of documents it produces. For example, it started producing a monthly analysis on budget execution and on public debt.

6. Work programme

UTAO's annual work programme is prepared by the UTAO and approved by the Budget Committee. Much of the UTAO's work programme is framed around a set of regular reports. The release of its main reports on the annual budget and stability programme update are timed to coincide with parliamentary discussions. On-demand requests from the Budget Committee make up only a very small portion of the UTAO's work. Budget-related analysis requests from other parliamentary committees or from individual MPs are transmitted to the UTAO via the Budget Committee, which decides whether the UTAO will respond to these requests. There is one exception: the President of the Assembly may request the UTAO directly to analyse a specific issue. This is a rare occurrence.

7. Budget

The UTAO does not have a separate budget. Its operating costs are funded from the administrative budget of the parliament. Each year, at least 15 days before the draft state budget law is presented to the parliament, the draft budget for the parliament is drawn up by the competent departments and services, and co-ordinated by the Secretary General of Parliament, in accordance with guidelines and objectives set in advance by the Board of Administration. The draft budget is presented to and approved by this board before it is presented for the approval of the parliament in plenary session, after which the parliament passes the state budget. The UTAO Co-ordinator plays no role in executing the unit's "budget". So far there have been no attempts to block the material resources needed to conduct the UTAO's work. Decisions on individual spending items (such as for meeting travel costs) are made by the Director of the Directorate of Technical Support and Secretarial Services (DSATS) or by the Secretary General of Parliament (for major spending requests). The unit's main costs are for staff salaries (about EUR 350 000 a year). Salaries were reduced by 10% on average in 2011 and by nearly 14% in 2012, in line with the spending cuts applied to civil servants.

8. Staffing

8.1. Leadership

Since March 2011, a Co-ordinator is chosen from among the UTAO's staff.

8.2. Staff

The unit began with three staff in 2006, and operated with only two staff from 2007 to 2009.[1] In October-November 2009, UTAO was closed down for two months. At the end of 2009, the UTAO's staff of two were asked to return until a new selection procedure was completed. In 2010, following an agreement between the two major political parties, the parliament passed Resolution 57/2010 that envisages an increase in staff to eight to 10. However, in December 2011, because of the spending cuts being applied across the civil service, and potential overlap with the work of the newly created CFP, the Budget Committee decided not to increase the number of staff beyond the existing six. The lack of staff has limited the ability of the UTAO to fully perform its functions.

Staff, including the Co-ordinator, are typically seconded from other government-funded bodies.[2] Secondments are annual and renewable for the duration of the legislature, when all secondments end. Recruitment of staff follows DSATS's procedures: the parliamentary service advertises UTAO positions, using qualification criteria formulated by the Budget Committee. The Secretary General of Parliament (who is appointed by the

President of the Assembly) creates a selection committee to choose among the candidates for UTAO positions. The Budget Committee is not involved in the selection process, nor is the UTAO Co-ordinator consulted on appointments of UTAO staff. The short duration of secondments and the lack of a formal employment contract with the parliament creates considerable uncertainty for UTAO staff. Moreover, there are no written provisions for dismissals. Hence a UTAO member can be removed relatively easily, as happened in 2009. In contrast, the legislature taking office in June 2011 did not bring about any changes to UTAO's composition and the secondments of its members were renewed. The UTAO staff may resign after giving one month's notice.

9. Access to information

The UTAO experienced poor access to information from the government from 2006 to 2009. However, since the adoption of Law 13/2010, access has improved greatly and the Ministry of Finance now provides online access to its budget execution database.

10. Transparency

The UTAO prepares reports for the Budget Committee. Subject to the committee's approval, the reports are published on the website of the Budget Committee of Parliament. As stipulated in Law 13/2010, in exercising its duties the UTAO must act with strict impartiality and objectivity. Each year, about 30 analytical and technical notes are prepared; however, the key documents which receive the most attention are the analyses of: the government's annual update of the stability programme (i.e. proposed medium-term budget strategy); the proposed annual budget; monthly budget execution (and debt) reports; and the government's report on the state general accounts. Published UTAO reports or notes often receive attention from the media and national fiscal policy experts. The UTAO itself does not deal directly with external bodies or the media; this is considered the role of members of the Budget Committee.

11. Governance, advisory support, monitoring and evaluation

The UTAO is overseen by the Budget Committee of the parliament. There is no other advisory board that oversees its work, although the quality of its work is under permanent scrutiny by national experts in fiscal policy, by MPs and by the media.

12. Concluding remarks

The UTAO provides important analytical capacity to the parliament but has suffered from a lack of resources. It has managed to survive considerable difficulties and continues to find its place along with other institutions providing independent budget and fiscal analysis such as the newer Portuguese Public Finance Council.

Notes

1. The OECD (2008) recommended that the parliament should consider increasing the number of staff of the UTAO.
2. In 2012, for example, the majority of staff were on secondment from the Ministry of Finance, one was from the Central Bank of Portugal and one was from a public university.

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