

Use of municipality budget / accountancy data in SAIs

Introduction

Every member state of the European Union has committed to the European Statistical System (ESA 2010). As part of this regulation, information on the finances of the public sector and, consequently, on municipalities has to be collected to calculate key figures like GDP. This information gathering process is most likely run by National Statistical Institutes (NSIs) or Other National Authorities (ONAs).

Furthermore, ESA 2010 is basically in line with the UN's System of National Accounts (SNA 1993). Therefore, information about municipalities' budgets ("municipality budget data") should be collected in every European country and the results of this survey are relevant for EU as well as non-EU countries.

The results of this survey allow a profound overview of the possibilities and effective use of budget / accountancy data in European countries. The differences in the structure and aggregation level of data are shown. Furthermore, quality assurance and data collection are also discussed.

In principal, the gathering of municipalities' budget data by NSIs (or likewise institutions) opens up a possibility to re-use this data for other purposes. SAIs can use this data for financial or performance audits or gain an overview of municipalities' financial situation.

The questionnaire was sent to the members of the Task Force on Municipality Audit (TFMA) belonging to the European Organisation of Supreme Audit Institutions (EUROSAI) and was answered by 24 of them.

Results

Although municipalities' budget / accountancy data is collected within the system of national accounts in almost all countries, different institutions are responsible for the nationwide collection of this data. First of all, ministries perform this task, primarily the ministry of finance. In addition, NSIs often are responsible for the collection of this data. Rarely, financial agencies or other national authorities are in charge of the collection.

In about two-thirds of the countries additional institutions are involved in the data collection process. These institutions are basically ministries, NSIs, agencies, supreme audit institutions (SAIs) and so forth. The data collection process differs a lot from country to country. Every country has its own system to submit the data. The complexity of the collection process particularly depends on the number and function of the involved institutions. At least in one country the data is submitted in electronic as well as in paper form.

Quality assurance is implemented in the data collection process in most of the countries. Only in four countries no system to ensure quality is installed. The extent of quality assurance is quite heterogeneous between the countries. One example of quality assurance is relating to national law, which determines the head of municipality as being responsible for quality and correctness of the information on the municipality. Other examples of how quality is assured are automatic validations on data and quality assurance checks based on statistical expertise.

There are substantial differences in rating the quality of the available municipality budget data. Quality had to be rated on a five point scale ranging from excellent to insufficient. On the one hand, about 60 percent believe quality is either excellent or good. On the other hand, about 30 percent consider the quality as sufficient or insufficient. It has to be mentioned that both ends of the rating scale were chosen once. Moreover, the rating of quality is a subjective assessment. Therefore, respondents were asked to explain their choice. These explanations are sometimes a bit misleading as the following

example shows. In one country the quality is rated as good, although quality of available budget data is not harmonized.

The structure of municipalities' budgets / accountancy is fixed by national law in more than four-fifth of the countries. In almost 90 percent of the countries there is a pre-defined data structure for the data collection. Concerning the aggregation level of the collected data, it is collected in the form of accounts in about 70 percent of the countries. Otherwise, more aggregated data (e.g. sums over spending categories) is available. Municipalities' budgets / accountancy data include information on budget accounts and liabilities in all countries. Debts and assets are included in almost all countries.

The access of SAIs to municipalities' budgets / accountancy data as well as the level of aggregation of the accessed data differ between countries. Three quarters of the SAIs have access to data on all municipalities from the responsible NSI / ONA. Concerning the aggregation level, the majority has access to accounts or more aggregated data. In only two countries even access to every single transaction is possible. Some SAIs have access to data on audited municipalities from the responsible NSI / ONA. Apart from one country, these SAIs have access to accounts or more aggregated data. During audits, nearly 80 percent of the SAIs have access to data from the respective municipality. Basically, every single transaction can be audited by these SAIs. However, some SAIs only have access to accounts or even more aggregated data.

Two-thirds of the SAIs have a standard procedure for the use of this data. They use it for a general view on municipalities' situation and for specific audits. Most of the SAIs use it for both. In the standard procedure almost all SAIs use a calculation software like MS Excel.

In some cases the responses of the SAIs are contradictory. Although one SAI negates that municipalities' budget / accountancy data is collected within the system of national accounts, it affirms that additional institutions are involved in the data collection process. Sometimes SAIs don't answer a closed question, but answer a belonging one. In one multiple choice question the predetermined choices partly preclude each other. However, in two cases both precluding answers are chosen.