

International Budget Partnership
OPEN BUDGET QUESTIONNAIRE
South Korea, September 2009

International Budget Partnership
Center on Budget and Policy Priorities
820 First Street NE, Suite 510
Washington, DC 20002
www.internationalbudget.org
www.openbudgetindex.org

This questionnaire was completed by:

Name: Hobum Pyun
Organization: Deloitte Anjin LLC
Address: 15fl., Hanwha Securities Bldg.
23-5 Yoido-dong, Youngdeungpo-ku,
Seoul, Korea, 150-717
Telephone: 82 2 6676 1060
E-mail: hpyun@deloitte.com

International Budget Partnership OPEN BUDGET QUESTIONNAIRE

Section One: The Availability of Budget Documents	3
Table 1. Budget Year of Documents Used in Completing the Questionnaire.....	4
Table 2. Key Budget Documents Used: Full Titles and Internet Links	5
Table 3. Distribution of Documents Related to the Executive’s Budget Proposal.	12
Table 4. Distribution of the Enacted Budget and Other Reports	13
Section Two: The Executive’s Budget Proposal	14
Estimates for the Budget Year and Beyond.....	15
Estimates for Years Prior to the Budget Year	29
Comprehensiveness	41
The Budget Narrative & Performance Monitoring	53
Additional Key Information for Budget Analysis & Monitoring	60
Section Three: The Budget Process	69
Executive’s Formulation of the Budget	70
Legislative Approval of the Budget	77
Executive’s Implementation of the Budget.....	84
Year-end Report and the Supreme Audit Institution.....	99

Section One: The Availability of Budget Documents

Table 1. Budget Year of Documents Used in Completing the Questionnaire

Budget Documents Used in Completing the Questionnaire	
	Budget Year Used
Pre-Budget Statement	2009
Budget Summary	2009
Executive's Budget Proposal	2009
Supporting Budget Documents	2009
Citizens Budget	2009
Enacted Budget	2009
In-Year Reports	2009
Mid-Year Report	Not Available
Year-End Report	2008
Audit Report	2008

Table 2. Key Budget Documents Used: Full Titles and Internet Links

Budget Document	Full Title, Date, and Internet Link
Pre-Budget Statement	<p>Available to the Public</p> <p>Public hearing results for each area for the National Fiscal Management Plan (document which is released in October 2008, together with the Proposal) were released in June 2008: they are discussions and do not constitute a single document. However, in their 12 sections, they cover all the areas that will be included in the final document released in October.</p> <p>Given that the content of the 12 sections corresponds to what should be included in a Pre-Budget Statement, and given that they are all released at around the same time, and well in advance from the EBP, we decided to consider this series of documents acceptable as a Pre-Budget Statement. Date of Internet Posting: June 27-30, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&su</p>
Budget Summary	<p>The Budget Summary is not made separately, but is a part of Budget Proposal. The Budget Summary for 2009 was loaded on the homepage of the Ministry of Strategy and Finance(Former Ministry of Planning and Budget) Date of internet loading : November 11, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&select=subject&date_start=2008-01-01&date_end=2008-12-11&&actionType=view&runno=86169&hdnTopicDate=2008-11-11&hdnPage=3</p> <p>Presidential Address on 2009 government's Budget and Fund Proposals Date of posting :October 27, 2008 http://www.president.go.kr/kr/president/speech/speech_view.php?uno=148&article_no=22&board_no=P04&search_key=&search_value=&search_cate_code=&order_key1=1&order_key2=1&cur_page_no=1&cur_year=2008&cur_month=10</p> <p>After the executive submits the budget proposal, the President and the Minister of Strategy and Finance make speeches. The President made a speech on his administrative policies with summary of the budget proposal for 2009 at the National Assembly on October 27, 2008. The Minister of Strategy and Finance also made a speech about budget proposal at the Budget Committee on November 19, 2008.</p>

<p>Executive's Budget Proposal</p>	<p>Budget Proposal for 2009 Date of internet loading : November 11, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&select=subject&date_start=2008-01-01&date_end=2008-12-11&actionType=view&runno=86169&hdnTopicDate=2008-11-11&hdnPage=3</p> <p>The printed version of the Budget Proposal for 2009 was sent to the National Assembly on October 2, 2008 and was made available upon request from that day. This report was also posted on the homepage of the Special Committee on Budget and Accounts of the National Assembly Date : unknown http://budget.na.go.kr/index.js</p> <p>National Budget and Settlement of Accounts Information System also posts above report. Date : October 2, 2008 http://nafs.assembly.go.kr:83/</p>
<p>Budget Document One in Support of the Executive's Budget Proposal</p>	<p>1) Explaining Documents for Major Programmes and Activities for 2009 Internet posting date : unknown http://nafs.assembly.go.kr:83/</p> <p>2) Supplementary Documents for National Assembly Review Internet posting date : unknown http://nafs.assembly.go.kr:83/</p> <p>Since the above documents are also parts of supplementary documents sent to the National Assembly, they can be obtained upon request from the day of October 2, 2008.</p>
<p>Budget Document Two in Support of the Executive's Budget Proposal</p>	<p>Performance Plan for 2009 Internet posting date: unknown http://nafs.assembly.go.kr:83/</p> <p>Since the Performance Plan is one of supplementary documents sent to the National Assembly, This report can be obtained upon request from the day of October 2, 2008.</p>
<p>Budget Document Three in Support of the Executive's Budget Proposal</p>	<p>National Fiscal Management Plan for 2008-2012 Date of Internet Posting: October 7, 2008 http://www.mosf.go.kr/upload/bbs/76/attach/0812fiscalplan.pdf</p> <p>http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&actionType=view&runno=85814&hdnTopicDate=2008-10-07&hdnPage=21</p>

Citizens Budget	<p>1) Major Contents of Budget and Fund for 2009 Internet posting date: October 17, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85933&hdnTopicDate=2008-10-17&hdnPage=21 Date of press release : September 24, 2008</p> <p>2) Q&A for Budget Proposal for 2009 Internet posting date: October 17, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85936&hdnTopicDate=2008-10-17&hdnPage=20</p> <p>3) Extraordinary Projects for 2009 Budget Proposal Internet posting date: October 17, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85935&hdnTopicDate=2008-10-17&hdnPage=20</p> <p>The above three documents were based on budget proposals for 2009, not on enacted budget.</p>
-----------------	---

<p>Enacted Budget</p>	<p>1)Summary of Budget for Fiscal Year 2009 Printed material: January, 2009 Registration Number: 11-1051000-000020-10 This summary material is sold at bookstores. Internet Loading Date :January 2009 http://english.mosf.go.kr/zattach/2009budget/2009budget.pdf</p> <p>2)The Budget for Fiscal Year 2009 Printed material : March, 2009 Registration Number : 11-1051000-000036-10 Internet posting date: April 23, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4002594&hdnTopicDate=2009-04-23&hdnPage=14</p> <p>3) The Annex to Summary of 2009 Budget Printed material : March, 2009 Serial No.: 11-1051000-000041-10 Internet posting date: May 20, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4003087&hdnTopicDate=2009-05-20&hdnPage=13</p> <p>The Budget Proposal for 2009 was passed in the National Assembly on December 13, 2008 and sent to the Government on December 15, 2008.</p> <p>Date of National Assembly's internet posting : December 13, 2008 http://likms.assembly.go.kr/bill/jsp/BillDetailBudget.jsp?bill_id=PRC_X0L8A1L0B0C2X1K6H1L7W3B5X5X7G9</p> <p>Date of MOSF's internet posting: December 18, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&select=subject&date_start=2008-09-01&date_end=2008-12-31&&actionType=view&runno=86427&hdnTopicDate=2008-12-18&hdnPage=1</p>
<p>In-Year Reports</p>	<p>(1)Consolidated Financial Status for May, 2009 (Monthly report) Date of Internet posting : August 25, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4004162&hdnTopicDate=2009-08-25&hdnPage=10</p>
<p>Mid-Year Review</p>	<p>Not Produced</p>

<p>Year-End Report</p>	<p>(1) Settlement of State Accounts for 2008 Date of Press Release: May 28, 2009 Date of Internet Loading: June 1, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletinNo=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4003189&hdnTopicDate=2009-06-01&hdnPage=12</p> <p>Only summary was released. The printed version of the whole text of the Settlement of State Accounts for 2008 was submitted to the National Assembly on May 28, 2009. National Budget and Accounts Information System also posts the above report. Date : May 28, 2009 http://nafs.assembly.go.kr:83/</p> <p>(2) Settlement of Fund Accounts for 2008 http://nafs.assembly.go.kr:83/ Date of posting: unknown</p>
<p>Audit Report</p>	<p>Audit Report for 2008 Date of Internet Loading: June 4, 2009</p> <p>http://www.bai.go.kr/jsp/cm/UE_FileDown.jsp?gsSrvPath=/db1fs1/BAICAB/img1/aa/53eaa/&gsNewFileName=10079a.pdf&gsOrgFileName=2008 회계연도%20결산검사보고서(PDF).pdf&gsFileExt=.pdf</p> <p>Printed Version Date of submission to the National Assembly: June 1, 2009 Serial Number: 11-1040000-000007-10</p>

Other Documents	<p>1) Operation Plan for the State Funds for 2009 This is the budget documents for the State Funds which are operated autonomously by each responsible ministry. Date of posting: unknown http://nafs.assembly.go.kr:83/</p> <p>The number of the State Funds are 62 in 2009. And the Operation Plan for the State Funds should be submitted to the National Assembly separately to budget documents. The documents attached to these Operation Plans are as follows; - Summary - Supplementary documents for National Assembly review - Other documents - Manual for drafting the Operational Plan.</p> <p>2) Evaluation of the Major Financial Programmes for 2008 This report is aimed at evaluating major funded projects whether they were implemented as they planned and as properly . The results of this report will be reflected on next year's budget proposals.</p> <p>Date for Loading :July 31, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4003942&hdnTopicDate=2009-08-03&hdnPage=8</p> <p>3) Evaluation of Fund Operation for 2008 This report is a supplementary document for the year-end State Fund Report for 2008. Date of posting: May 29, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4003183&hdnTopicDate=2009-05-29&hdnPage=13</p> <p>4) Review Paper on 2009 Budget Proposal This report is published by the National Assembly Budget Office(NABO) to help legislators evaluate the Executive's budget proposal. Date of posting: October 27,2008 http://www.nabo.go.kr/korea/view/new_01_report/sub_01_02.jsp?funcSUB=view&bid=19&arg_cid1=0&arg_cid2=0&arg_class_id=0&currentPage=0&pageSize=10&currentPageSUB=4&pageSizeSUB=10&key_typeSUB=&keySUB=&search_start_dateSUB=&search_end_dateSUB=&department=0&department_sub=0&etc_cate1=A&etc_cate2=&sortBy=req_date&ascOrDesc=desc&search_key1=&etc_1=0&etc_2=1&tag_key=예산분석&arg_id=323&item_id=323&etc_1=1&etc_2=1&name2=1#</p> <p>5) Review Paper on 2008 Settlement of Account This report is also published by the National Assembly Budget Office(NABO) to help legislators to evaluate the Executive's Settlement of Accounts Date of posting: July 6, 2009 http://www.nabo.go.kr/korea/view/new_01_report/sub_01_02.jsp?funcSUB=view&bid=19&arg_cid1=0&arg_cid2=0&arg_class_id=0&currentPage=0&pageSize=10&currentPageSUB=0&pageSizeSUB=10&key_typeSUB=&keySUB=&search_start_dateSUB=&search_end_dateSUB=&department=0&department_sub=0&etc_cate1=&etc_cate2=AB&sortBy=req_date&ascOrDesc=desc&search_key1=&etc_1=0&etc_2=1&tag_key=세입·세출%20결산%20및%20기금결산%20분석&arg_id=2232&item_id=2232&etc_1=1&etc_2=1&name2=1</p> <p>6)Guideline for Formulating Budget and Fund Proposal for 2009 Internet posting date: April 30, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=83951&hdnTopicDate=2008-04-30&hdnPage=35</p>
-----------------	---

<p>Relevant Ministries & departments</p>	<p>1) Ministry of Strategy and Finance(MOSF) In 2008, the Ministry of Finance and Economy (MOFE) and the Ministry of Planning and Budget (MPB) were merged into the Ministry of Strategy and Finance (MOSF) as a part of the measures for reorganizing the government ministerial function. http:// www.mosf.go.kr/</p> <p>2) The Board of Audit and Inspection(BAI) http://www.bai.go.kr/</p> <p>3) Special Committee on Budget and Accounts of the National Assembly http://budget.na.go.kr/index.jsp</p> <p>4) National Assembly Budget Office(NABO) http://www.nabo.go.kr/</p> <p>5) Office of the President(Cheong Wa Dae) http://www.president.go.kr/kr/index.php</p>
--	--

IBP Comment: For the purpose of having clear citations throughout the questionnaire, we allow the use of the National Assembly's website rather than the Treasury's one, because the latter is not well organized/maintained. We acknowledge this as something which should be improved. In addition we acknowledge that it is possible to request all the relevant budget documents at the Treasury itself.

Table 3. Distribution of Documents Related to the Executive’s Budget Proposal

DISTRIBUTION OF BUDGET DOCUMENTS						
	Pre-budget	Executive’s Budget Proposal				Citizens budget
		Main document	Budget summary*	Supporting Document 1	Supporting Document 2	
A. Not produced, even for internal purposes						
B. Produced for internal purposes, but not available to the public						
C. Produced and available to the public, but only on request						
D. Produced and distributed to the public (for example, in libraries, posted on the Internet.)	Yes	Yes	Yes	Yes	Yes	Yes
<i>For budget reports that are produced and distributed to the public, what steps does the executive take to distribute these reports and to promote interest in them?</i>						
	Pre-budget	Executive’s Budget Proposal				Citizens budget
		Main document	Budget summary*	Supporting Document 1	Supporting Document 2	
1. The release date is known at least one month in advance	Yes	Yes	Yes	Yes	Yes	No
2. Advance notification of release is sent to users, media	No	No	No	No	No	No
3. Released to public same day as official release to media	Yes	Yes	Yes	Yes	Yes	Yes
4. Available on the Internet free of charge	Yes	Yes	Yes	Yes	Yes	Yes
5. Free print copies available, limited distribution	Yes	Yes	Yes	Yes	Yes	Yes
6. Free print copies available, mass distribution	No	No	No	No	No	No
7. Readily available outside capital and/or big cities [†]	Yes	Yes	Yes	Yes	Yes	Yes
8. Written in more than one language	No	No	No	No	No	No
9. News conference is held to discuss release	Yes	Yes	Yes	Yes	Yes	No

*A budget summary should be a stand-alone document, which could include a budget speech or a separately published executive summary.

[†]Mark “Yes” if access by mail order or by Internet, if Internet service is readily available outside the capital and/or big cities.

Table 4. Distribution of the Enacted Budget and Other Reports

DISTRIBUTION OF ENACTED BUDGET AND OTHER REPORTS					
	Enacted budget	In-year reports	Mid-year review	Year-end report	Audit report
A. Not produced, even for internal purposes			Yes		
B. Produced for internal purposes, but not available to the public					
C. Produced and available to the public, but only on request					
D. Produced and distributed to the public (for example, in libraries, posted on the Internet.)	Yes	Yes		Yes	Yes
<i>For budget reports that are produced and distributed to the public, what steps does the executive take to distribute these reports and to promote interest in them?</i>					
	Enacted budget	In-year reports	Mid-year review	Year-end report	Audit report
1. The release date is known at least one month in advance	Yes	No	NA	Yes	Yes
2. Advance notification of release sent to users, media	No	No	NA	No	No
3. Released to public same day as official release to media	Yes	Yes	NA	Yes	Yes
4. Available on the Internet free of charge	Yes	Yes	NA	Yes	Yes
5. Free print copies available, limited distribution	Yes	No	NA	Yes	Yes
6. Free print copies available, mass distribution	No	No	NA	No	No
7. Readily available outside capital/big cities ⁺	Yes	Yes	NA	Yes	Yes
8. Written in more than one language	No	No	NA	No	No
9. News conference is held to discuss release	No	No	NA	No	No

⁺Mark "Yes" if access is available by mail order or by Internet, if Internet service is readily available outside the capital and/or big cities.

Section Two: The Executive's Budget Proposal

Notes on abbreviations:

BY = budget year (year for which the budget proposals are being made)

BY+1 = one year beyond the budget year

BY-1 = one year before the budget year

Note 1: The Open Budget Survey research process was carried out over a 12-month period and the final version of the Open Budget Questionnaires reflect decisions made after multiple rounds of discussions between Survey researchers, peer reviewers, and the International Budget Partnership (IBP) (in several countries these decisions also considered comments received from governments). When peer reviewers or governments agreed with the answers provided by researchers, they often provided no comment. Thus for many questions, the section in the questionnaire that should contain peer reviewer comments is left blank. However, if the government did not provide any comments to a question (because it did not dispute the answer), the section within the questionnaire that is meant to reflect government comments specifies the answer that the government agreed with (by default).

Since the IBP continued its discussions with the researchers even after receiving peer reviewer and government comments, for some questions these discussions resulted in a mutual decision to change the answers, even if the peer reviewers and governments agreed with the original answer provided by the researcher. Such changes may have happened as a result of:

1. A more consistent application of the Survey methodology;
2. New information identified by the researcher or by IBP that had a bearing on the answer for a particular question; or
3. Decisions made to ensure cross-country comparability of answers.

For more information on these changes for any question please write to info@internationalbudget.org.

The Executive's Budget Proposal	
Estimates for the Budget Year and Beyond	
<p>1. Does the executive's budget or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)?</p> <ul style="list-style-type: none"> a. All expenditures are classified by administrative unit. b. Expenditures are classified by administrative unit, but some small units are not shown separately. c. Expenditures are classified by administrative unit, but a significant number of units are not shown separately. d. No expenditures classified by administrative unit are presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009 http://nafs.assembly.go.kr:83/ http://budget.na.go.kr/index.j *All the revenue and expenditure budget proposals were classified by administrative units.</p> <p><u>Comment:</u> The State Finance Act requires that the Executive's budget proposal should be classified by ministries and agencies.</p> <p>*State Finance Act Article 21 (Classification of Revenue and Expenditure Budgets) (1) Revenue and expenditure budgets may be divided into accounts as required. (2) Revenue and expenditure budgets shall be classified by the affairs assigned to each independent body and central government agency, and then divided into the general account and special accounts.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>2. Does the executive’s budget or any supporting budget documentation present expenditures for the budget year that are classified by functional classification?</p> <ul style="list-style-type: none"> a. All expenditures are classified by functional classification, and the categorization is compatible with international standards. b. All expenditures are classified by functional classification, but the categorization is not compatible with international standards. c. Some, but not all, expenditures are classified by function. d. No expenditures classified by function are presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009 : Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ pp. 32-35</p> <p><u>Comment:</u> The State Finance Act also requires the budget proposals to be classified by fuction, object.</p> <p>*State Finance Act Article 21 (Classification of Revenue and Expenditure Budgets) (3) The contents of the revenue budget shall be subdivided by nature into sections and paragraphs in accordance with the division under the provisions of paragraph (2), while the contents of the expenditure budget shall be subdivided by function, object, or the agency accountable into chapters, sections, and paragraphs.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

3. Does the executive's budget or any supporting budget documentation present expenditures for the budget year that are classified by economic classification?

- a. All expenditures are classified by economic classification, and the categorization is compatible with international standards.
- b. All expenditures are classified by economic classification, but the categorization is not compatible with international standards.
- c. Some, but not all, expenditures are classified by economic classification.
- d. No expenditures classified by economic classification are presented.
- e. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review

<http://nafs.assembly.go.kr:83/>
pp.30-31

Comment:

Refer to the comment of the question above.

The State Finance Act requires the classification by object. The word "object" can be interpreted as economic classification, which is as follows;

- 100 Personnel Expenses
- 200 Goods & Services
- 300 Current Transfer
- 400 Asset Acquisition
- 500 Repayment of Loans
- 600 Transfers
- 700 Contingency & Others

But the categorization of those economic classification is not completely compatible with the IMF standards especially in regard to social assistance benefits. Despite that, above economic classification provides enough information on the overall nature of the expenditure as to whether funds are being used to pay for wages and salaries, capital projects and loan payments.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

b

<p>4. Does the executive’s budget or any supporting budget documentation present expenditures for individual programs for the budget year?</p> <ul style="list-style-type: none"> a. Program-level data are presented for all expenditures. b. Program-level data are presented for at least two-thirds of, but not all, expenditures. c. Program-level data are presented, but for less than two-thirds of expenditures. d. No program-level data are presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009 http://nafs.assembly.go.kr:83/ http://budget.na.go.kr/index.j</p> <p><u>Comment:</u> The Korean government adopted a program based budget system in 2007. Therefore the budget proposal of 2008 was the first budget documents drafted in terms of individual program.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

5. In the executive's budget or any supporting budget documentation, are estimates of the aggregate level of expenditure presented for a multi-year period (at least two years beyond the budget year)?
- a. Yes, multi-year estimates of aggregate expenditure are presented.
 - b. No, multi-year estimates of aggregate expenditure are not presented.
 - c. Not applicable/other (please comment).

Citation:

National Fiscal Management Plan for 2008-2012
http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf

*The National Fiscal Management Plan of 2008-2012 was attached to the 2009 budget proposal as one of reference data and submitted to the National Assembly on October 2, 2008, which was also loaded in the National Assembly Information System.

<http://nafs.assembly.go.kr:83/>
*Printed version: October 7, 2008
Serial No. : 11-1051000-000011-10
pp. 63-64

Comment:

The National Fiscal Management Plan is a 5 year fiscal plan which is updated every year. The plan is made in April for guiding the executive in budget formulation and is submitted with the budget proposals in October to the National Assembly as a supporting budget document. During the period between April and the final deadline for submission of the budget proposals to the National Assembly, public hearings are being held to update and modify the old plan. And the new plan is also submitted to the National Assembly. This plan includes five-year estimates of revenue and expenditures.

*The contents of the Plan are organized with five chapters:
Chapter 1 Vision of the President Lee's Administration
Chapter 2 Major fiscal strategy
Chapter 3 Five year financial forecast
Chapter 4 Investment plan for major programmes
Chapter 5 Fiscal management system development

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

<p>6. In the executive's budget or any supporting budget documentation, is more detail than just the aggregate level presented for expenditure estimates that cover a multi-year period (for at least two years beyond the budget year)?</p> <ul style="list-style-type: none"> a. Yes, multi-year expenditure estimates are presented for all individual programs, and for one or more expenditure classification (such as functional, economic, or administrative). b. Yes, multi-year estimates are presented for one or more expenditure classification (such as functional, economic, or administrative), but only for some individual programs. c. Yes, multi-year estimates are presented, but only for a portion of one or more of the expenditure classifications (such as some functions, or some administrative units) and/or for only some individual programs. d. No, multi-year estimates are presented for aggregate expenditure only, or they are not presented at all. e. Not applicable/other (please comment). <p><u>Citation:</u> National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf pp.77-172</p> <p><u>Comment:</u> Refer to the comment on Question #4. The Chapter 4 of the Plan describes the detailed investment plans in such major areas as R&D, energy, SOC, health and welfare, education, culture, environment, defense etc. But are no expenditure estimates of individual administrative units or individual programs.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>
--	----------

<p>7. Does the executive's budget or any supporting budget documentation identify the different sources of tax revenue (such as income tax or VAT) for the budget year?</p> <ul style="list-style-type: none"> a. All sources of tax revenue are identified individually. b. Sources of tax revenue amounting to at least two-thirds of, but not all, tax revenues are identified individually. c. Sources of tax revenue amounting to less than two-thirds of all tax revenues are identified individually. d. No sources of tax revenue are identified individually. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ P.19</p> <p><u>Comment:</u> There are 14 national taxes in Korea. However, the Supplementary Document for National Assembly Review for 2009 presented 12 items of taxes individually and two other immaterial items categorized as "other taxes."</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a
<p>8. Does the executive's budget or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of goods and services) for the budget year?</p> <ul style="list-style-type: none"> a. All sources of non-tax revenue are identified individually. b. Sources of non-tax revenue amounting to at least two-thirds of, but not all, non-tax revenues are identified individually. c. Sources of non-tax revenues amounting to less than two-thirds of all non-tax revenue are identified individually. d. No sources of non-tax revenues are identified individually. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ P.22</p> <p><u>Comment:</u> In the Supplementary Documents for National Assembly Review, 18 items of non-tax revenues including property income are identified.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>9. In the executive’s budget or any supporting budget documentation, are estimates of the aggregate level of revenue presented for a multi-year period (at least two years beyond the budget year)?</p> <p>a. Yes, multi-year estimates of aggregate revenue are presented. b. No, multi-year estimates of aggregate revenue are not presented. c. Not applicable/other (please comment).</p> <p><u>Citation:</u> National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf pp.62</p> <p><u>Comment:</u> In Chapter 3 in the National Fiscal Management Plan, multi-year estimates of aggregate revenues and expenditures are presented.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
<p>10. In the executive’s budget or any supporting budget documentation, is more detail than just the aggregate level presented for revenue estimates that cover a multi-year period (for at least two years beyond the budget year)?</p> <p>a. Yes, multi-year revenue estimates are presented for individual sources of revenue, and by revenue classification (such as tax and non-tax). b. Yes, multi-year estimates are presented by revenue classification (such as tax and non-tax), but only for some individual sources of revenue. c. Yes, multi-year estimates are presented, but only for some individual sources of revenue. d. No, multi-year estimates are presented for aggregate revenue only, or they are not presented at all. e. Not applicable/other (please comment).</p> <p><u>Citation:</u> National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf pp.62</p> <p><u>Comment:</u> The National Fiscal Management Plan includes five-year revenue estimates categorized by tax, other non-tax and supplementary sources(such as carry- over funds).</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

<p>11. Does the executive’s budget or any supporting budget documentation present data on the total government debt outstanding for the budget year?</p> <ul style="list-style-type: none"> a. Yes, the data reflect the outstanding debt both at the start of the budget year and at the end of the budget year (and thereby reflect the net borrowing requirement of the budget). b. Yes, the data reflect the outstanding debt at the end of the budget year. c. Yes, the data reflect the outstanding debt at the start of the budget year. d. No, data on the outstanding debt are not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> 2009 Budget Proposal: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ P.627</p> <p><u>Comment:</u> The Supplementary Documents for National Assembly Review present one part for information on debt, titled “The State Debt Management Plan,” which presents amounts of each debt categorized by incurrence, payment and outstanding amounts for 4 years starting from the budget year 2009 and forward.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

12. Does the executive's budget or any supporting budget documentation present interest payments on the debt for the budget year?

- a. Yes, interest payments on the debt are presented.
- b. No, interest payments on the debt are not presented.
- c. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review
<http://nafs.assembly.go.kr:83/>
P.30-31

Comment:

The supplementary documents for National Assembly Review include the budget proposal classified by economic nature. One item of the economic classification is repayment of debt which combines paid principals with interest payments (Refer to the comment on question #3). Therefore only interest payments are not released separately.

*And as a reference, the State Debt Management Plan included in the supplementary documents presents actual interest payments for the past 4 years (2004-2007).

b

Researcher Response to this Question was "c"

Peer Reviewer One Comment:

Peer Reviewer Two Comment: A more appropriate response to this question would be "b." As the researcher reported, the repayment of debt combines paid principals and interest payments. Interest payments are not released separately. A more appropriate interpretation would be "interest payments on the debt are not (separately) presented."

Researcher Response: I retain my view that "c" is the most appropriate answer. There should be a clear distinction between "no" presentation and "separate" presentation. The interest payments in the supporting documents are presented but not separated.

IBP Comment: IBP editors chose answer "b." Principal and interest are not presented separately and this question evaluates specifically whether the interest can be separately identified. This is not the case therefore "b" is a more appropriate answer.

13. Does the executive's budget or any supporting budget documentation present information related to the composition of government debt (such as interest rates on the debt, maturity profile of the debt, currency denomination of the debt, or whether it is domestic and external debt) for the budget year?

- a. Yes, extensive information related to the composition of government debt is presented.
- b. Yes, key additional information is presented, but some details are excluded.
- c. Yes, some additional information is presented, but it lacks important details.
- d. No, additional information related to the composition of government debt is not presented.
- e. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review
<http://nafs.assembly.go.kr:83/>
P.627

Comment:

Refer to the comment of the question #11.
The State Debt Management Plan describes only projection of debt incurrence, payment and outstanding amounts for budgeting year and forwarding 3years. It does not present information on interest rates, maturity or whether it is domestic or external debt.

b

Researcher Response to this Question was "b"

Peer Reviewer One Comment: Annex to Summary of 2009 Budget includes the consolidated budget by accounts & funds, which presents total financing classified by its sources (e.g. Borrowing from BOK, Borrowing from Bond, etc).
Citation: Annex to Summary of 2009 Budget
http://www.mosf.go.kr/_upload/bbs/76/attach/nara022.pdf

Peer Reviewer Two Comment: A more appropriate response to this question would be "c." As examples of the composition of government debt, the question enlists interest rates on the debt, maturity profile of the debt, currency denomination of the debt, or whether it is domestic and external debt. These details are not presented in the budget documents. Important details are not presented.

Researcher Response: I retain my view that "b" is the most appropriate answer because it is the matter of which is more important. And the comment and citation made by Peer Review One seems to be relying on the "actual" budget execution documents.

IBP Comment: IBP editors chose answer "b" as per the researcher's comment.

<p>14. Does the executive’s budget or any supporting budget documentation present the macroeconomic forecast upon which the budget projections are based?</p> <ul style="list-style-type: none"> a. Yes, an extensive discussion of the macroeconomic forecast is presented, and key assumptions (such as inflation, real GDP growth, unemployment rate, and interest rates) are stated explicitly. b. Yes, the macroeconomic forecast is discussed and most of the key assumptions are stated explicitly, but some details are excluded. c. Yes, there is some discussion of the macroeconomic forecast (and/or the presentation of key assumptions), but it lacks important details. d. No, information related to the macroeconomic forecast is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf pp. 59-76</p> <p><u>Comment:</u> Refer to the comment on question #5 The National Fiscal Management Plan for 2008-2012 was attached to the Budget Proposal for 2009 as one of the reference data and submitted to the National Assembly. The plan has 5 chapters and the chapter 4 extensively describes mid- term fiscal projections in the following areas: Economic outlook :GDP growth Mid-term revenue projection: tax burden ratio Mid-term expenditure projection: target ratio of expenditure Balance and debt projection: ratio of debt to GDP Resource allocation policy</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>15. Does the executive’s budget or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget (including expenditures, revenues, and debt)?</p> <ul style="list-style-type: none"> a. Yes, extensive information on the impact of macroeconomic assumptions on the budget is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the impact of the major macroeconomic assumptions, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on the impact of different macroeconomic assumptions on the budget is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf pp. 59-76</p> <p><u>Comment:</u> In Korea, there has been no information on impacts of different macroeconomic assumptions in the budget documents.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>d</p>
--	----------

<p>16. Does the executive’s budget or any supporting budget documentation present information for at least the budget year that shows how policy proposals in the budget, as distinct from existing policies, affect expenditures?</p> <ul style="list-style-type: none"> a. Yes, extensive information on the impact of policy proposals on expenditures is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the impact of key policy proposals on expenditures, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on the impact of policy proposals on expenditures is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Summary for 2009 http://nafs.assembly.go.kr:83/pp.11-28</p> <p><u>Comment:</u> The Budget Summary for 2009 presents important government policy proposals, 12 in total, and their resource allocation strategies in which amounts of expenditure budget changes between the prior year and the budget year for each policy are identified.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

<p>17. Does the executive's budget or any supporting budget documentation present information for at least the budget year that shows how policy proposals in the budget, as distinct from existing policies, affect revenues?</p> <ol style="list-style-type: none"> Yes, extensive information on the impact of policy proposals on revenues is presented, including both a narrative discussion and quantitative estimates. Yes, information is presented, highlighting the impact of key policy proposals on revenues, but some details are excluded. Yes, some information is presented, but it lacks important details. No, information on the impact of policy proposals on revenues is not presented. Not applicable/other (please comment). <p><u>Citation:</u> Budget Summary for 2009 http://nafs.assembly.go.kr:83/pp.11-28</p> <p><u>Comment:</u> The Budget Proposal presents information on expenditures only.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d
Estimates for Years Prior to the Budget Year	
<p>18. Does the executive's budget or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by administrative unit (that is, by ministry, department, or agency)?</p> <ol style="list-style-type: none"> All expenditures are classified by administrative unit for BY-1. Expenditures are classified by administrative unit for BY-1, but some small units are not shown separately. Expenditures are classified by administrative unit for BY-1, but a significant number of units are not shown separately. No expenditures classified by administrative unit are presented for BY-1. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/pp.27-29</p> <p><u>Comment:</u> The supplementary documents present all revenues and expenditures in a comparative form between budget year and prior year.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>19. Does the executive’s budget or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by functional classification?</p> <ul style="list-style-type: none"> a. All expenditures are classified by functional classification for BY-1, and the categorization is compatible with international standards. b. All expenditures are classified by functional classification for BY-1, but the categorization is not compatible with international standards. c. Some, but not all, expenditures are classified by function for BY-1. d. No expenditures classified by function are presented for BY-1. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ pp. 31-35</p> <p><u>Comment:</u> Refer to the comment of the question #18</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a
<p>20. Does the executive’s budget or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by economic classification?</p> <ul style="list-style-type: none"> a. All expenditures are classified by economic classification for BY-1, and the categorization is compatible with international standards. b. All expenditures are classified by economic classification for BY-1, but the categorization is not compatible with international standards. c. Some, but not all, expenditures are classified by economic classification for BY-1. d. No expenditures classified by economic classification are presented for BY-1. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ pp.30-31</p> <p><u>Comment:</u> Refer to the comment on question #18</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	b

<p>21. Does the executive’s budget or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?</p> <ul style="list-style-type: none"> a. Program-level expenditure data are presented for all expenditures for BY-1. b. Program-level expenditure data are presented for at least two-thirds of, but not all, expenditures for BY-1. c. Program-level expenditure data are presented, but for less than two-thirds of expenditures for BY-1. d. No program-level expenditure data are presented for BY-1. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Explaining Documents for Major Programmes and Activities http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Refer to the comment on question #18 The Explaining Documents for Major Programmes and Activities present expenditure for individual program in a comparative form between budget year and prior year.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

<p>22. In the executive's budget or any supporting budget documentation, how many months of actual data are reflected in the expenditure estimates of the year prior to the budget year (BY-1)?</p> <ul style="list-style-type: none"> a. All BY-1 estimates have been updated from the original enacted levels to reflect six or more months of actual expenditure. b. All BY-1 estimates have been updated from the original enacted levels, but reflect less than six months of actual expenditure. c. Some BY-1 estimates have been updated from the original enacted levels to reflect actual expenditure. d. The BY-1 estimates have not been updated from the original enacted levels, or no BY-1 estimates are presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> In Korea, the prior year's budget data are all enacted budget basis and are not reflected with all or parts of actual expenditures. The reason for this comparison with only enacted budget amounts, not with realized actual expenditures, is to recognize and compare how much budget amounts has been changed between budget year and prior year. So the focus is on budget comparison between 2 periods, not on how the budget amounts are realizable compared to the previous year's actual spending. Furthermore all BY-1 budget estimates cannot be updated because budgeting activities starts from April of the preceding year.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>d</p>
--	----------

<p>23. In the executive's budget or any supporting budget documentation, are estimates of the aggregate level of expenditure presented for years that precede the budget year by more than one year (that is, BY-2 and prior years)?</p> <p>a. Yes, such prior-year estimates of aggregate expenditure are presented.</p> <p>b. No, such prior-year estimates of aggregate expenditure are not presented.</p> <p>c. Not applicable/other (please comment).</p> <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/pp.395-399</p> <p><u>Comment:</u> A separate table in the supplementary documents clearly presents the estimates of aggregate level as well as actual outcome of expenditure for BY-2 separately.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

24. In the executive's budget or any supporting budget documentation, is more detail than just the aggregate level presented for expenditure estimates that cover years preceding the budget year by more than one year (that is, BY-2 and prior years)?
- a. Yes, such prior-year expenditure estimates are presented for all individual programs, and for one or more expenditure classification (such as functional, economic, or administrative).
 - b. Yes, such prior-year estimates are presented for one or more expenditure classification (such as functional, economic, or administrative), but only for some individual programs.
 - c. Yes, such prior-year estimates are presented, but only for a portion of one or more of the expenditure classifications (such as some functions, or some administrative units) and/or for only some individual programs.
 - d. No, such prior-year estimates are presented for aggregate expenditure only, or they are not presented at all.
 - e. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review

<http://nafs.assembly.go.kr:83/>

Budget Proposal for 2009: Explaining Documents for Major Programmes and Activities

<http://nafs.assembly.go.kr:83/>

Comment:

Refer to the comment on question #18, #21

Prior estimates that cover years preceding the budget year by more than one year are not presented at all.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

d

<p>25. In the executive's budget or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes?</p> <ol style="list-style-type: none"> Two years prior to the budget year (BY-2). Three years prior to the budget year (BY-3). Before BY-3. No actual data for all expenditures are presented in the budget or supporting budget documentation. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ pp. 395-399</p> <p><u>Comment:</u> Refer to the comments on question #23. A separate table in the Supplementary Documents presents the actual outcome of expenditure of BY-2 separately.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a
<p>26. Are the expenditure estimates for the years prior to the budget year adjusted, as needed, to be comparable with the budget-year estimates in terms of classification and presentation?</p> <ol style="list-style-type: none"> Yes, prior-year data are always adjusted to be comparable to the budget year data. Yes, in most cases, prior-year data are adjusted to be comparable. Yes, in some cases, prior-year data are adjusted to be comparable, but significant deviations between prior-year and budget-year classifications exist. No, prior-year data are not adjusted to be comparable, or no prior-year estimates are presented. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u></p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>27. Does the executive’s budget or any supporting budget documentation identify the different sources of tax revenue (such as income tax or VAT) for the year preceding the budget year (BY-1)?</p> <ul style="list-style-type: none"> a. All tax revenues are identified individually for BY-1. b. Tax revenues amounting to at least two-thirds of, but not all, tax revenue for BY-1 are identified individually. c. Tax revenues amounting to less than two-thirds of all tax revenues for BY-1 are identified individually. d. No tax revenues are identified individually for BY-1. e. Not applicable/other (please comment). <p><u>Citation:</u> 2009 Budget Proposal: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ p.19</p> <p><u>Comment:</u> Refer to the comment on question #18</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
<p>28. Does the executive’s budget or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of goods and services) for the year preceding the budget year (BY-1)?</p> <ul style="list-style-type: none"> a. All non-tax revenues are identified individually for BY-1. b. Non-tax revenues amounting to at least two-thirds of, but not all, non-tax revenue for BY-1 are identified individually. c. Non-tax revenues amounting to less than two-thirds of all non-tax revenues for BY-1 are identified individually. d. No non-tax revenues are identified individually for BY-1. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/ P.20</p> <p><u>Comment:</u> Refer to the comment on question #18</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

<p>29. In the executive's budget or any supporting budget documentation, how many months of actual data are reflected in the revenues estimates of the year prior to the budget year (BY-1)?</p> <ol style="list-style-type: none"> All BY-1 estimates have been updated from the original estimates to reflect six or more months of actual revenue collections. All BY-1 estimates have been updated from the original estimates, but reflect less than six months of actual revenue collections. Some BY-1 estimates have not been updated from the original estimates to reflect actual revenue collections. The BY-1 estimates have not been updated from the original estimates or no BY-1 estimates are presented. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Refer to the comment on question #22</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d
<p>30. In the executive's budget or any supporting budget documentation, are estimates of the aggregate level of revenues presented for years that precede the budget year by more than one year (that is, BY-2 and prior years)?</p> <ol style="list-style-type: none"> Yes, such prior-year estimates of aggregate revenue are presented. No, such prior-year estimates of aggregate revenue are not presented. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> This question is comparable to question #23. A separate table in the supplementary documents of the Budget Proposal presents clearly the estimates of aggregate level of revenue for BY-2 separately.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

31. In the executive's budget or any supporting budget documentation, is more detail than just the aggregate level presented for revenue estimates that cover years preceding the budget year by more than one year (that is, BY-2 and prior years)?

- a. Yes, such prior-year revenue estimates are presented for individual sources of revenue, and by revenue classification (such as tax and non-tax).
- b. Yes, such prior-year estimates are presented by revenue classification (such as tax and non-tax), but only for some individual sources of revenue.
- c. Yes, such prior-year estimates are presented, but only for some individual sources of revenue.
- d. No, such prior-year estimates are presented for aggregate revenue only, or they are not presented at all.
- e. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review

<http://nafs.assembly.go.kr:83/>

Budget Proposal for 2009: Explaining Documents for Major Prograes and Acivities

<http://nafs.assembly.go.kr:83/>

pp. 235-237

Comment:

This question is comparable to question #24

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

d

<p>32. In the executive's budget or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes?</p> <ul style="list-style-type: none"> a. Two years prior to the budget year (BY-2). b. Three years prior to the budget year (BY-3). c. Before BY-3. d. No actual data for all revenues are presented in the budget or supporting budget documentation. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/pp.395-399</p> <p><u>Comment:</u> Refer to the comment on Question #23 A separate table in the supplementary documents presents the actual outcome of revenue of BY-2 separately.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a
<p>33. Does the executive's budget or any supporting budget documentation present information related to the government debt for the year preceding the budget year?</p> <ul style="list-style-type: none"> a. Yes, extensive information is presented on the level and composition of government debt for the year preceding the budget year. b. Yes, information on the level of debt is presented, but some important details about the composition of the debt are excluded. c. Yes, but only information on the level of debt is presented. d. No, information related to the government debt for BY-1 is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/pp.624-626</p> <p><u>Comment:</u> The Supplementary Documents for National Assembly Review includes information on state debt titled "The State Debt Management Plan," which presents actual figures of debt and interest payments for the prior 4 years.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>34. In the executive's budget or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?</p> <ul style="list-style-type: none"> a. Two years prior to the budget year (BY-2). b. Three years prior to the budget year (BY-3). c. Before BY-3. d. No actual data for government debt are presented in the budget or supporting budget documentation. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Refer to the comment of the question #33.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

Comprehensiveness	
<p>35. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on extra-budgetary funds?</p> <ol style="list-style-type: none"> a. Yes, extensive information on extra-budgetary funds is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting key extra-budgetary funds, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on extra-budgetary funds is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Operation Plan for the State Funds for 2009 http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> The number of the State Funds are 62 in 2009. The Ministry concerned must prepare the operation plan for the funds it manages. And the Operation Plan for the State Funds should be submitted to the National Assembly separately to the budget documents. The Operation Plan for the State Funds for 2009 includes following information. Operation Plan for the State Fund for 2009 Summary of the Operation Plan Supplementary documents for National Assembly review Other documents Manual for drafting up the Operational Plan.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

36. Does the executive's budget or any supporting budget documentation present information for at least the budget year on intergovernmental transfers?

- a. Yes, extensive information on intergovernmental transfers is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key intergovernmental transfers, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on intergovernmental transfers is not presented.
- e. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review

<http://nafs.assembly.go.kr:83/>
p.36, 400-401

Budget Proposal for 2009: Explaining Documents for Major Programmes and Activities

<http://nafs.assembly.go.kr:83/>
pp.219-226

Comment:

The Korean Government has 18 special accounts in addition to one general account. One of those special accounts, titled "Special Account for Balanced Regional Development" was established to handle funds to support local governments or other entities which are less developed than other regions and so in need of increasing investments in infrastructures or other productive facilities.

The Explaining Documents for Major Programmes and Activities present detailed information on such transfers through the Special Account for Balanced Regional Development.

Peer Reviewer One Comment: Intergovernmental transfers (from the central government to local governments) in Korea are classified into 3 types: (1) two general grants for general local governments and education administration; (2) specific subsidies administered by individual departments; and (3) the Special Account for Balanced Regional Development mentioned above. Amounts of (1) and (2) classified by administrative units are presented in item 330 on page 595 of the Supplementary Documents.

Peer Reviewer Two Comment:

a

<p>37. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on transfers to public corporations?</p> <ul style="list-style-type: none"> a. Yes, extensive information on transfers to public corporations is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting key transfers to public corporations, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on transfers to public corporations is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/p.446-449, 596-597, 604,606,613</p> <p><u>Comment:</u> The Supplementary Documents for National Assembly Review present a table with a title “Transfers to Public Corporations,” showing names of public corporation receiving transfers, amount of investments, total paid-in-capital and government’s equity ratio after investments and etc. Although it does not present explanatory comments, the table shows enough information on its transfers.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>
---	----------

38. Does the executive's budget or any supporting budget documentation present information for at least the budget year on quasi-fiscal activities?

- a. Yes, extensive information on quasi-fiscal activities is presented, including both a narrative discussion and, where possible, quantitative estimates.
- b. Yes, information is presented, highlighting key quasi-fiscal activities, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on quasi-fiscal activities is not presented.
- e. Not applicable/other (please comment).

Citation:

Budget Summary for 2009

<http://nafs.assembly.go.kr:83/>

p.14

Operation Plan for the State Funds for 2009:The summary of Operation Plan for the State Fund

<http://nafs.assembly.go.kr:83/>

p. 12-17

Operation Plan for the State Fund for 2009

<http://nafs.assembly.go.kr:83/>

p. 52-55(Credit Guarantee Fund)

Comment:

The quasi-fiscal activities are mainly done by the institutions that operate State Funds such as Credit Guarantee Fund, Export Insurance Fund, National Housing Fund and etc. The Operation Plan for the State Funds for 2009 clearly describes each fund's operation plan.

b

(Example:Credit Guarantee Fund)

-Objective

-Summary of the Plan

To help create new job opportunity, the CGF put more emphasis on supporting newly established companies.

*Ratio of supporting to newly created companies: 56.3%(08)-63.8%(09)

-Sources and Operations of the Fund

*Maximum Borrowing Limit: 500 billion won

-Estimated Total Asset

Researcher Response to this Question was "a"

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

IBP Comment: IBP editors chose answer "b" to maintain the consistency of the assumptions used in selecting answers across the countries. See Oxford Analytica Report on South Korea Fiscal Transparency 2005

(<http://www.calpers.ca.gov/eip-docs/investments/assets/equities/international/permissible/south-korea-fiscal-report.pdf>)

39. Does the executive's budget or any supporting budget documentation present information on financial assets held by the government?
- Yes, extensive information on financial assets is presented, including a listing of the assets, a discussion of their purpose, and an estimate of their market value.
 - Yes, information is presented, highlighting key information, but some details are excluded.
 - Yes, some information is presented, but it lacks important details.
 - No, information on financial assets is not presented.
 - Not applicable/other (please comment).

Citation:

Budget Proposal for 2009: Supplementary Documents for National Assembly Review
<http://nafs.assembly.go.kr:83/p.402-403>

Comment:

The Supplementary Documents for National Assembly Review present the list of the state assets, titled "Statement for Change in National Property," including securities and other fixed assets in detail by type. However, it does not present explanatory remarks for their purposes nor estimate of their market values.

Researcher Response to this Question was "b"

Peer Reviewer One Comment:

Peer Reviewer Two Comment: A more appropriate response to this question would be "c." Only one item in the Statement for Change in National Property is related to financial assets. It lacks specific information on the composition of financial assets and other important details.

Researcher Response: I retain my view that the appropriate answer should be "b" even though Peer Reviewer Two claims that the Statement for Change in National Property lacks specific information on the composition of assets. The Statement presents not only financial assets but also other physical assets such as land, building, infrastructure, forests and etc in pages 402 to 403. The Statement for Change in National Property presents 8 items of assets including one financial asset, i.e., securities. Following is the information on securities.

Securities

Beginning balance(FY 2007)

Quantity

Amount

Increase and decrease during FY 2007

Quantity

Amount

Ending balance(FY 2007)

Quantity

Amount

Estimated balance of FY 2008

Quantity

C

<p style="text-align: center;">Amount</p> <p>These securities include stocks of government corporations. And information on those stocks are separately exhibited in the Statement of Paid -in Capitals for Government Corporations.</p> <p>IBP Comment: IBP editors chose answer “c” to maintain consistency of assumptions across countries. See the IMF Manual on Fiscal Transparency, page 88: 213. Financial assets consist of financial claims that entitle the government to receive one or more payments from a debtor, as well as monetary gold and special drawing rights. Financial assets to be reported include cash and cash equivalents; other monetary assets, such as gold and investments; and loans and advances(111). In addition to reporting financial assets according to these categories, additional breakdowns should be provided within each category. For example, investments might be broken down into direct marketable securities, equity investment in private companies, portfolio investment in private companies, and investment in international institutions. Loans and advances receivable might be broken down by sector (e.g., agricultural loans, student loans, and housing loans), and within sector by major loan programs. (link: http://www.imf.org/external/np/pp/2007/eng/051507m.pdf)</p>	
<p>40. Does the executive's budget or any supporting budget documentation present information on non-financial assets held by the government?</p> <ol style="list-style-type: none"> a. Yes, extensive information on non-financial assets is presented, including a listing of the assets, and (where possible) an estimate of their market value. b. Yes, information is presented, highlighting key information, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on non-financial assets is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/p.402-403</p> <p><u>Comment:</u> Refer to the comment of the question #39</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	b

<p>41. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on expenditure arrears?</p> <ul style="list-style-type: none"> a. Yes, extensive information on expenditure arrears is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting key expenditure arrears, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on expenditure arrears is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009 http://nafs.assembly.go.kr:83/pp.325-328</p> <p>Budget Proposal for 2009: Supplementary Documents for National Assembly Review http://nafs.assembly.go.kr:83/p.404-415</p> <p><u>Comment:</u> In Korea , one of the budget documents is a list of action to incur obligation, which lists all the actions incurring commitment to spend budget for B+1 and following years. According to the <i>Guide to the Open Budget Questionnaire</i> to this question, the researcher marked “e” because expenditure arrears do not represent a significant problem in Korea.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>e</p>
--	----------

<p>42. Does the executive’s budget or any supporting budget documentation present information on contingent liabilities (such as government loan guarantees)?</p> <ul style="list-style-type: none"> a. Yes, extensive information on contingent liabilities is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting key contingent liabilities, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on contingent liabilities is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009 http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u></p> <p><u>Peer Reviewer One Comment:</u> An accrual-based double entry system was introduced for the 2009 and afterwards settlement of accounts. This information might be presented.</p> <p><u>Peer Reviewer Two Comment:</u></p> <p><u>Researcher Response:</u> The comment of Peer Reviewer One, which does not affect this answer, has been presented already in the additional comment section in this questionnaire.</p>	<p>d</p>
---	----------

<p>43. Does the executive’s budget or any supporting budget documentation present information on future liabilities, such as civil service pensions?</p> <ol style="list-style-type: none"> Yes, extensive information on future liabilities is presented, including both a narrative discussion and quantitative estimates. Yes, information is presented, highlighting key future liabilities, but some details are excluded. Yes, some information is presented, but it lacks important details. No, information on future liabilities is not presented. Not applicable/other (please comment). <p><u>Citation:</u> Operation Plan for the State Funds for 2009 http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Information on public pension fund and civil service fund are presented in the Operation Plan for the State Funds for 2009. But those funds present only liabilities incurred. They do not present information on future liabilities.</p> <p><u>Peer Reviewer One Comment:</u> An accrual-based double entry system was introduced for the 2009 and afterwards settlement of accounts. This information might be presented.</p> <p><u>Peer Reviewer Two Comment:</u></p> <p><u>Researcher Response:</u> The comment of Peer Reviewer One, which does not affect this answer, has been presented in the additional comment section in this questionnaire.</p>	d
<p>44. Does the executive’s budget or any supporting budget documentation provide details on the sources of donor assistance, both financial and in-kind?</p> <ol style="list-style-type: none"> All sources of donor assistance are identified individually. At least two-thirds of, but not all, sources of donor assistance, are identified individually. Less than two-thirds of sources of donor assistance are identified individually. No sources of donor assistance are identified individually. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> There is no donor assistance in Korea.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	e

45. Does the executive's budget or any supporting budget documentation present information for at least the budget year on tax expenditures?

- a. Yes, extensive information on tax expenditures is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, information is presented, highlighting key tax expenditures, but some details are excluded.
- c. Yes, some information is presented, but it lacks important details.
- d. No, information on tax expenditures is not presented.
- e. Not applicable/other (please comment).

Citation:

Comment:

In Korea, the State Finance Act introduced the tax expenditure budget system in 2007 when the Act was enforced. But this system is to take effect from fiscal year 2011 and subsequently. Therefore as of now there is no system to apply.

*The State Finance Act

Article 27 (Preparation of Tax Expenditure Budget)

(1) The Minister of Strategy and Finance shall prepare a report on analysis conducted on the results of financial support granted by special treatment in taxation, including tax rebates or reduction, taxation exemption, in- come deductions, tax deductions, application of preferential tax rates, or tax deferral during the immediately preceding fiscal year and the esti- mated amounts of those for the current fiscal year and the following fiscal year by functions and tax items (hereinafter referred to as the "tax expenditure budget"). <Amended by Act No. 8852, Feb. 29, 2008>

Addenda

Article 6 (Applicability, etc. to Preparation and Submission of Tax Expenditure Budgets)

(1) The provisions of Article 27 and subparagraph 10 of Article 34 that require preparation and submission of the tax expenditure budget shall be applicable to the budget Bill for fiscal year 2011 and subsequently.
(2) The Government shall prepare the report on the results of tax amounts rebated or reduced, tax rebate or reduction rates, etc. for the preceding year and estimates thereof for the current year until fiscal year 2009, as prescribed by Presidential Decree, and shall submit the report to the National Assembly.

Peer Reviewer One Comment: Even though it is not included as mandatory budget documentation yet, a yearly report on tax expenditures has been submitted to the National Assembly, and a summary report has been presented on the web. For example, followings are the internet addresses of the 2000 report and the 2007 report.

http://www.mosf.go.kr/_upload/bbs/62/attach/0011212000년조세지출보고서세제실.pdf;

http://www.mosf.go.kr/_policy/policy01/policy_search_new.jsp?boardType=general&hdnBulletRunno=&cvbnPath=&sub_category=&hdnFlag=&cat=&hdnDiv=&hdnSubject=%EC%A1%B0%EC%84%B8%EC%A7%80%EC%B6%9C&actio

d

[nType=view&runno=82712&hdnTopicDate=2007-12-04&hdnPage=1](#)

Peer Reviewer Two Comment:

Researcher Response: The two reports addressed by Peer Reviewer One are beyond the scope of this research. And I cannot find the information on tax expenditure for the budget year 2009. Answer "d" is maintained.

46. Does the executive's budget or any supporting budget documentation identify all earmarked revenues?

- a. All earmarked revenues are identified individually.
- b. At least two-thirds of, but not all, earmarked revenues are identified individually.
- c. Less than two-thirds of earmarked revenues are identified individually.
- d. No earmarked revenues are identified individually.
- e. Not applicable/other (please comment).

Citation:

Budget Proposal for 2009
<http://nafs.assembly.go.kr:83/>

Operation Plan for the State Funds for 2009
<http://nafs.assembly.go.kr:83/>

Comment:

In Korea, there are three types of government accounts, which are the general account, special accounts and funds.

The general account is the sole government account under which the government carries out ordinary activities. But special accounts and funds are established to carry out specific activities with specific revenues or earmarked revenues.

*State Finance Act

Article 4 (Classification of Accounts)

(1)The State's accounts are classified as the general account and special accounts.

(2)The General account is established for appropriating major revenues, including tax revenues, to the State's general expenditures.

(3)A special account shall be established only by an Act when the State plans to operate a specific project, when it plans to hold a specific fund for management, when there is a need to manage an account of certain revenue separately from general accounts to appropriate such revenue to certain expenditure: Provided, that no special account may be established, except as authorized by any of the Acts specified in Table 1 attached hereto.

Article 5 (Establishment of Funds)

(1) A fund may be established by an authority granted by an Act, only when the State needs to manage a specific fund for a specific purpose, in a flexible manner: Provided, that no fund may be established with financial resources raised by the Government's contribution or the private sector's contribution or charges received pursuant to an Act, unless there is due authorization by any of the Acts specified in Table 2 attached

a

<p>hereto. (2) Any fund established pursuant to paragraph (1) may be operated independently of the revenue and expenditure budgets.</p> <p>Example: . In fact in our country, there is a "liquor tax" which should be spent only on regional developments. So one of the special accounts, i.e., "Special Account for Regional Balanced Development," is run by those revenues and other sources.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	
<p>47. What percentage of expenditure in the budget year is dedicated to spending on secret items relating to, for instance, national security and military intelligence?</p> <ol style="list-style-type: none"> a. One percent or less of expenditure is dedicated to secret items. b. Three percent or less, but more than one percent, of expenditure is dedicated to secret items. c. Eight percent or less, but more than three percent, of expenditure is dedicated to secret items. d. More than eight percent of expenditure is dedicated to secret items, or the percentage is not available to the public. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Proposal for 2009 http://nafs.assembly.go.kr:83/ p. 145 (National Security Intelligency Account)</p> <p><u>Comment:</u> The percentage of secret items relating to national security is 0.26 %.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

The Budget Narrative & Performance Monitoring	
<p>48. Does the executive’s budget or any supporting budget documentation explain how the proposed budget is linked to government’s stated policy goals, by administrative unit (or functional category), for the budget year?</p> <ul style="list-style-type: none"> a. Yes, extensive information on the link between the budget and the government’s stated policy goals, by administrative unit (or functional category) is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the link between major policy goals and the budget, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on the link between the budget and the government’s stated policy goals is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Summary for 2009 http://nafs.assembly.go.kr:83/ pp. 9-28</p> <p><u>Comment:</u> The Budget Summary for 2009 describes extensively policy goals as well as quantitative estimates by functional categories for the Government. This summary is drawn from each ministry’s or agency’s program budget proposal.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

<p>49. Does the executive’s budget or any supporting budget documentation explain how the proposed budget is linked to government’s stated policy goals for a multi-year period (for at least two years beyond the budget year)?</p> <ul style="list-style-type: none"> a. Yes, extensive information on the link between the budget and the government’s stated policy goals over a multi-year period is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the major policy goals, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on the link between the budget and the government’s stated policy goals over a multi-year period is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Summary for 2009 http://nafs.assembly.go.kr:83/ pp. 9-28 Performance Plan for the Ministry of Health, welfare and Family for 2009 http://nafs.assembly.go.kr:83/ pp.46-71.</p> <p><u>Comment:</u> The Budget Proposals for 2009 presents only information on policy goals and relevant budget amounts in a comparative form between the budget year and the prior year. And each ministry's Performance Plans for 2009 shows its policy goals and performance indicators in a comparative form, and strategies for achieving targets. But those information are not clearly linked to the proposed budget.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>
---	----------

50. Does the executive's budget or any supporting budget documentation present non-financial data, such as the number of beneficiaries, for expenditure programs?
- Non-financial data are presented for all programs.
 - Non-financial data are presented for programs representing at least two-thirds of, but not all, expenditures.
 - Non-financial data are presented for programs representing less than two-thirds of expenditure.
 - No non-financial data are presented.
 - Not applicable/other (please comment).

Citation:

Performance Plan for Ministry of Land and Ocean for 2009
<http://nafs.assembly.go.kr:83/pp.573-600>

Budget Proposals for 2009 : Explaining Documents for Programmes and Activities
<http://nafs.assembly.go.kr:83/>

Comment:

There are two documents on expenditure programs. First, the Explaining Documents for Programs and Activities describe contents of expenditure programs in terms of size, type of finance and implementing organization.

(Example)

Shoreline Ecology Preservation program
 -responsible ministry: Ministry of Land and Ocean
 -size : protection zone:
 shoreline swamps: 2,550 square km
 offshore: 443,000 square km
 -financing : Ministry's budget, transfer fund from local government.

Second, Performance Plan for 2009 lists information on major programs related to each ministry's stated policy targets in detail.

(Example)

Performance Plan for Ministry of Land and Overseas for 2009-12-09
 PP. 573-600

Title of the program : Shoreline Ecology Preservation Program
 Contents

-main contents and subprograms
 -performance target and performance indicator(financial and nonfinancial)
 -environmental factors and conflicting factors
 -implementation plan for each subprogram

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

<p>51. Are the non-financial data presented useful for assessing how an expenditure program is performing?</p> <ul style="list-style-type: none"> a. The non-financial data are very useful for assessing program performance. b. The non-financial data are mostly useful for assessing program performance. c. The non-financial data are somewhat useful for assessing program performance. d. No non-financial data are provided or they are not useful for assessing program performance. e. Not applicable/other (please comment). <p><u>Citation:</u> Performance Plan for 2009 http://nafs.assembly.go.kr:83/</p> <p>Budget Proposals for 2009 : Explaining Documents for Major Programmes and Activities http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Refer to the comment on question #50</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>52. Does the executive’s budget or any supporting budget documentation contain performance indicators for expenditure programs?</p> <ul style="list-style-type: none"> a. Performance indicators are presented for all programs. b. Performance indicators are presented for programs representing at least two-thirds of, but not all, expenditures. c. Performance indicators are presented for programs representing less than two-thirds of expenditures. d. No performance indicators are presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Performance Plan for 2009 http://nafs.assembly.go.kr:83/</p> <p>Budget Proposals for 2009 : Explaining Documents for Major Programmes and Activities http://nafs.assembly.go.kr:83/</p> <p>Performance Plan for 2009 (Fair trade Commission) http://nafs.assembly.go.kr:83/ pp.130-139(Appendix Section)</p> <p><u>Comment:</u> In the Appendix of the Performance Plan of each department and agency, performance indicators of all programs are presented, except for expenditure on operating department and agency. Performance indicators are presented for almost all programs except for operating expenses for each organization.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

<p>53. Are the performance indicators sufficiently well designed, such that one can assess whether there has been progress toward meeting policy goals?</p> <ol style="list-style-type: none"> All performance indicators are well designed. Most performance indicators are well designed. Some performance indicators are well designed, but most are not. No programs have performance indicators, or they are not well designed. Not applicable/other (please comment). <p><u>Citation:</u> Performance Plan for 2009 http://nafs.assembly.go.kr:83/</p> <p>Budget Proposals for 2009 : Explaining Documents for Major Programmes and Activities http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Refer to the comment on question #50</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	b
<p>54. Are performance indicators used in conjunction with performance targets presented in the executive's budget or any supporting budget documentation?</p> <ol style="list-style-type: none"> All performance indicators are used in conjunction with performance targets. Most performance indicators are used in conjunction with performance targets. Some performance indicators are used in conjunction with performance targets, but most are not. No performance indicators are used in conjunction with performance targets. Not applicable/other (please comment). <p><u>Citation:</u> Performance Plan for 2009 http://nafs.assembly.go.kr:83/</p> <p>Budget Proposals for 2009 : Explaining Documents for Major Programmes and Activities http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> Refer to the comment on question #50</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>55. Does the executive's budget or any supporting budget documentation present information on policies (both proposals and existing commitments) in at least the budget year that are intended to benefit directly the country's most impoverished populations?</p> <p>a. Yes, extensive information on policies intended to alleviate poverty is presented, including both a narrative discussion and quantitative estimates.</p> <p>b. Yes, information is presented, highlighting the impact of key policies intended to alleviate poverty, but some details are excluded.</p> <p>c. Yes, some information is presented, but it lacks important details.</p> <p>d. No, information on policies intended to alleviate poverty is not presented.</p> <p>e. Not applicable/other (please comment).</p> <p><u>Citation:</u> Budget Summary for 2009 http://nafs.assembly.go.kr:83/ p.10</p> <p>Budget Proposals for 2009: Explaining Documents for Major Programmes and Activities for 2009 p. 225-230 http://nafs.assembly.go.kr:83/</p> <p>Performance Plan for the Ministry of Health, Welfare and Family for 2009 http://nafs.assembly.go.kr:83/ pp.46-71</p> <p><u>Comment:</u> The policy on low income population are one of the highest agenda to President Lee's Administration.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

Additional Key Information for Budget Analysis & Monitoring	
<p><i>Please note that the questions in this section ask about information that is generally available to the public. The information need not be included in the executive's budget proposal or supporting documents, but may be found in other documents issued by the executive.</i></p>	
<p>56. Does the executive make available to the public a description of the tax rate or fee schedule for all revenue sources, including commercial projects involving the private sector?</p> <ol style="list-style-type: none"> a. Yes, extensive information on tax rates, fees, royalties and other revenues sources is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the rates and fees for major revenue sources, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u> Tax Revenue Budget Proposal and Mid-Term Projection of Tax Revenues for 2009 http://www.mosf.go.kr/_policy/policy03/policy03.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=128&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85718&hdnTopicDate=2008-09-26&hdnPage=9 Date of posting: September 26,2008</p> <p><u>Comment:</u> Not only tax burdens but all financial burdens are levied only when they have a legal basis. Detailed information on these financial burdens are released on each ministry's homepage. The Minister of Strategy and Finance should also prepare the Statement of Operation of Monetary Burdens Other Than Taxes and report it to the National Assembly in the same way as reporting the Budget Proposal. The Statement presents detailed information on non exchange revenues other than taxes such as financial burdens levied on imports of crude oils. Following yearbooks are published every year by the Ministry of Strategy and Finance :</p> <ul style="list-style-type: none"> - Korean Taxation (in Korean and in English) - Yearbook of Quasi Tax Operation - Statistical Yearbook of National Taxes (by National Tax Service) <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

57. Does the executive make available to the public an analysis of the distribution of the tax burden?

- a. Yes, a detailed analysis of the distribution of the tax burden is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an analysis is presented, highlighting key aspects of the distribution, but some details are excluded.
- c. Yes, some analysis is presented, but it lacks important details.
- d. No analysis on the distribution of the tax burden is presented.
- e. Not applicable/other (please comment).

Citation:

Tax Revenue Budget Proposal for 2009 and Mid-Term Projection of Tax Revenues.

http://www.mosf.go.kr/_policy/policy03/policy03.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=128&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85718&hdnTopicDate=2008-09-26&hdnPage=9

Date of posting: September 26,2008

Statistical yearbook of National Tax for 2008

http://www.nts.go.kr/info/info_03_02.asp?minfoKey=MINF4920080211210012&top_code=&sub_code=&left_code=&ciphertext=

Comment:

Detailed information of the distribution of the tax burden is presented in the Statistical Yearbook of National Taxes published by the National Tax Service. For example, distributions of income tax on employees are presented with various different classifications, such as by local of withholding, by gender, by age, by size of taxable wage and salary, by adjusted wage and salary, by size of tax base, and by ten bracket.

Peer Reviewer One Comment: Distributions of corporate tax burden are presented with classifications by type of corporation, by end of business year, by opening day of business, by type of disclosure, by type of corporation purposes, by size of enterprise, by type of adjustment, by location of corporation, by industry, by size of total revenue, by size of total assets, by size of capital, by size of taxable income, by size of tax base, and by size of total tax payable. Distributions of value added tax burden are presented with classifications by type of taxpayer, by size of tax base, by industry, by place of business and by industry, by size of tax base and by industry, etc.

Peer Reviewer Two Comment:

Researcher Response: I tried but did not catch the Statistical Yearbook of National Taxes from the website of National Tax Service. Recently I asked an officer in the NTS about whether the Yearbook is posted on internet or released to the public, and I found it in the website of the NTS in which the distribution of the tax burden is explained intensively.

a

<p>58. Does the executive make available to the public an explanation of the conditions associated with assistance from international financial institutions (IFI)?</p> <ul style="list-style-type: none"> a. Yes, extensive information on conditions associated with IFI assistance is presented, including a narrative discussion and any quantitative targets related to both macro-economic conditionality and project-specific conditionality. b. Yes, information is presented, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on conditions associated with IFI assistance is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Korea has no financial assistance from foreign institutions.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	e
<p>59. Does the executive make available to the public an explanation of the conditions associated with assistance from donor countries?</p> <ul style="list-style-type: none"> a. Yes, extensive information on conditions associated with donor country assistance is presented, including a narrative discussion and any quantitative targets related to both macro-economic conditionality and project-specific conditionality. b. Yes, information is presented, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on conditions associated with donor country assistance is not presented. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Refer to the previous question.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	e

<p>60. Does the executive make available to the public a summary that describes the budget and its proposals?</p> <ul style="list-style-type: none"> a. Yes, it provides a summary that is very informative. b. Yes, it provides a summary that is somewhat informative. c. Yes, but the summary is not very informative. d. No, it does not provide a summary. e. Not applicable/other (please comment). <p><u>Citation:</u> Budget Summary for 2009 http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> The Budget Summary is released to the public in a press conference and through internet posting.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

61. Does the executive publish a "citizens budget" or some non-technical presentation intended for a wide audience that describes the budget and its proposals?

- a. Yes, it publishes a citizens budget that is very informative.
- b. Yes, it publishes a citizens budget that is somewhat informative.
- c. Yes, but the citizens budget is not very informative.
- d. No, it does not publish a citizens budget.
- e. Not applicable/other (please comment).

Citation:

1)Major Contents of Budget and Fund of 2009

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85933&hdnTopicDate=2008-10-17&hdnPage=21

2) Q&A for Budget Proposal 2009

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85936&hdnTopicDate=2008-10-17&hdnPage=20

3) Extraordinary Projects for 2009 Budget Proposal

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85935&hdnTopicDate=2008-10-17&hdnPage=20

4) NaRaSaRim(National Household)

Comment:

Above documents are designed to be understood easily by the public. There is no fixed form in presenting those documents.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

<p>62. Does the executive make available to the public non-technical definitions of terms used in the budget and other budget-related documents (for instance, in a glossary)?</p> <ul style="list-style-type: none"> a. Yes, thorough definitions of budget terms are provided. b. Yes, definitions are provided, but some details are excluded. c. Yes, some definitions are provided, but it lacks important details. d. No, definitions are not provided. e. Not applicable/other (please comment). <p><u>Citation:</u> Homepage of the Ministry of Strategy and Finance http://www.mosf.go.kr/_news/dictionary/dictionary.jsp?actionType=list&tag=90</p> <p><u>Comment:</u> The Ministry of Strategy and Finance runs a homepage in which economic glossary for current topics including fiscal terms are explained.</p> <p><u>Peer Reviewer One Comment:</u> Government-sponsored institutions, such as, Korea Institute of Public Finance, Korea Development Institute, also extensively provide such information. Followings are some examples. http://www.kipf.re.kr/finances/subindex.aspx http://click.kdi.re.kr/economy/dic_list.jsp</p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>63. Do citizens have the right <i>in law</i> to access government information, including budget information?</p> <ul style="list-style-type: none"> a. Yes, the right has been codified into law, and citizens are generally able in practice to obtain government information, including budget information. b. Yes, the right has been codified into law, but it is sometimes not possible for citizens in practice to obtain government information, including budget information. c. Yes, the right has been codified into law, but it is frequently or always impossible in practice to obtain access to government information, including budget information. d. No, the right to access government information has not been codified into law, or this right does not include access to budget information. e. Not applicable/other (please comment). <p><u>Citation:</u> Public Organization Disclosure Act: Article 7, 9, 18 http://klaw.go.kr/</p> <p><u>Comment:</u> The Public Organization Disclosure Act requires every ministry or agency to release all information on government activities, except for those cases considered national securities or infringing private rights. The Act especially requires the release of information such as budget execution and program evaluation results that are necessary for the general public to oversight all aspects of the government operations. Therefore, the public can access almost all information they need and they can claim the ministry or agency concerned to release them if the organization concerned refuses to release what they requested. In addition, when budget documents are sent to the National Assembly, they are instantly made public unless they belong to classified information.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>64. Are citizens able in practice to obtain financial information on expenditures for individual programs in a format that is more highly disaggregated than that which appears in the executive’s budget proposal if they request it (for example, from a ministry or agency)?</p> <ul style="list-style-type: none"> a. In practice, highly disaggregated information is available to the public for all programs except those considered related to national security or military intelligence. b. In practice, highly disaggregated information is available to the public for programs representing at least two-thirds of, but not all, expenditures. c. In practice, highly disaggregated information is available to the public for programs representing less than two-thirds of expenditures. d. In practice, no highly disaggregated expenditure information is available. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> There were several cases that civic groups claimed a petition to the court after they had been rejected from government ministries or agencies to release information on their spending on entertainment expenses. But those expenses are minimal in percentage compared to other expenses.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>
---	----------

<p>65. Are citizens able in practice to obtain non-financial information related to expenditures (for example, number of beneficiaries, number of persons employed by the program, etc.) for individual programs in a format that is more highly disaggregated than that which appears in the executive’s budget proposal if they request it from a ministry or agency?</p> <ul style="list-style-type: none"> a. In practice, highly disaggregated non-financial information is available to the public for all programs except those considered related to national security or military intelligence. b. In practice, highly disaggregated non-financial information is available to the public for programs representing at least two-thirds of, but not all, expenditures. c. In practice, highly disaggregated non-financial information is available to the public for programs representing less than two-thirds of expenditures. d. In practice, no highly disaggregated non-financial expenditure information is available. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Refer to the comment on the previous question.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>
--	----------

Section Three: The Budget Process

The Budget Process		
Executive's Formulation of the Budget		
<p>66. How far in advance of the release of the budget is the day of its release known?</p> <ol style="list-style-type: none"> The release date is set in permanent law. The executive announces the release date at least two months in advance. The executive announces the release date less than two months but more than two weeks in advance. The executive announces the release date two weeks or less before the release, or makes no announcement. Not applicable/other (please comment). <p><u>Citation:</u> The State Finance Act Article 33 (Submission of budget Bills to National Assembly) The Government shall submit budget Bills, as approved by the President pursuant to the provisions of Article 32, to the National Assembly by no later than 90 days before the beginning of the pertinent fiscal year.</p> <p><u>Comment:</u> The executive has never failed in submitting the budget documents within deadline required by the law. In case of the budget proposals for 2009, the date of submission was on October 2, 2008. And at the same time it was released to the public.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a	

<p>67. Does the executive release to the public its timetable for preparation of the executive’s budget proposal (that is, a document setting deadlines for submissions from other government entities, such as line ministries or subnational government, to the ministry of finance or what ever central government agency is in charge of coordinating the budget’s formulation)?</p> <p>a. Yes, a detailed timetable is released to the public. b. Yes, a timetable is released, but some details are excluded. c. Yes, a timetable is released, but it lacks important details. d. No, a timetable is not issued to the public. e. Not applicable/other (please comment).</p> <p><u>Citation:</u> The State Finance Act Article 31 (Submission of Budget Request) (1) The head of each central government agency shall, in accordance with the guidelines for formulation the budget Bills under of Article 29, prepare a request for the revenue and expenditure budgets, continuing expenditure, specified carryover funds, and commitments to assume Treasury obligations under his/her control (hereinafter referred to as “budget request”) for the following year, and submit it to the Minister of Strategy and Finance by no later than June 30 of each year. <Amended by Act No. 8852, Feb. 29, 2008></p> <p><u>Comment:</u> The State Finance Act clearly requires each ministry or agency to prepare its budget proposal and to submit it to the Ministry of Strategy and Finance, the budget coordinating ministry, by no later than June 30 of B-1. This deadline was strictly abided by.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>68. Does the executive adhere to its timetable for the preparation and release of the budget?</p> <ul style="list-style-type: none"> a. The executive adheres to the dates in its timetable. b. The executive adheres to most of the key dates in its timetable. c. The executive has difficulty adhering to most of the dates in its timetable. d. The executive does not adhere to the dates in its timetable, or it does not release to the public its timetable. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> The executive must adhere to its timetable in its preparation and release of the budget because the State Finance Act strictly set the deadline for the submission of budget documents.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a
<p>69. Does the executive hold consultations with members of the legislature as part of its process of determining budget priorities?</p> <ul style="list-style-type: none"> a. Yes, the executive holds extensive consultations with a wide range of legislators. b. Yes, the executive holds consultations with a range of legislators, but some key members are excluded. c. Yes, the executive holds very limited consultations, involving only a few members of the legislature. d. No, the executive does not typically consult with members of the legislature as part of the budget preparation process. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> An interview was made about this question with a public official who is in charge of aggregating all ministerial level budget proposals. His answer was that the Ministry of Strategy and Finance consulted informally with key parliamentary members of the majority party before submitting budget documents to the National Assembly.</p> <p><u>Peer Reviewer One Comment:</u> Consultation Meetings between the executive and the legislative, especially the ruling party, at different levels are officially held a few hundreds of times, the topics of which include budgeting issues.</p> <p><u>Peer Reviewer Two Comment:</u></p>	c

70. Does the executive hold consultations with the public as part of its process of determining budget priorities?

Yes, the executive holds extensive consultations with a wide range of constituencies.

Yes, the executive holds consultations with a range of constituencies, but some key constituencies are excluded.

Yes, the executive holds very limited consultations, involving only a few constituencies.

No, the executive does not typically consult with the public as part of the budget preparation process.

Not applicable/other (please comment).

Citation:

Press Release on Public Hearing for the National Fiscal Management Plan

Date of posting : June 23, 2008

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&select=subject&date_start=2008-03-01&date_end=2008-10-31&&actionType=view&runno=84500&hdnTopicDate=2008-06-23&hdnPage=12

Public Hearing on the National Fiscal Management Plan for 2008-2012
(Aggregate)

Date of Posting: June 30,2008

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&select=subject&date_start=2008-03-01&date_end=2008-10-31&&actionType=view&runno=84577&hdnTopicDate=2008-06-30&hdnPage=10

Comment:

As commented on question # 5, National Fiscal Management Plan is the rolling plan and is equivalent for the pre-budget statement. It is updated every year after series of public hearing are held. In 2008, 13 public hearings were held in twelve areas for three months beginning April to June. These hearings are led by the Korean Development Institute, one of the government sponsored research institutions. The participants and panels are mainly from academics, public officials and expert groups.

However, there do not seem to be consultations with various constituencies, during the drafting of the budget. In practice, it is very difficult for a government to consult with various constituencies in addition to public hearings. If we had enough resources, it would be a pertinent procedure to consult with as many constituencies as possible. However, in real situation if we do hold a public hearing and reflect the results of those hearing, it can be considered that we take almost every step to reflect the opinions from various constituencies. Because a public hearing can be considered as one way of doing consultation. Maybe my opinion about this is wrong if we consider this question from the judgment of the OECD best practices.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

d

<p>71. When does the executive release a pre-budget statement to the public?</p> <p>The executive releases a pre-budget statement at least four months in advance of the start of the budget year. The executive releases a pre-budget statement at least two months (but less than four months) in advance of the start of the budget year. The executive releases a pre-budget statement, but it is released less than two months before the start of the budget year. The executive does not release a pre-budget statement. Not applicable/other (please comment).</p> <p><u>Citation:</u></p> <p><u>Comment:</u></p> <p>Peer Reviewer One Comment: The Guideline for Budget Preparation and Public Fund Operation is usually released in April. For the 2010 budget, it was released on April 28, 2009. http://www.mosf.go.kr/policy/policy01/policy_search_new.jsp?boardType=general&hdnBulletRunno=&cvbnPath=&sub_category=&hdnFlag=&cat=&hdnDiv=&hdnSubject=%ED%8E%B8%EC%84%B1%EC%A7%80%EC%B9%A8&actionType=view&runno=4002645&hdnTopicDate=2009-04-28&hdnPage=1</p> <p>Peer Reviewer Two Comment:</p> <p>Researcher Response: According to the <i>Guide to the Open Budget Questionnaire 2010</i>, the Guideline for Budget Preparation and Public Fund Operation cannot be considered as a pre-budget statement but just as a schedule for formulating the budget proposal. Despite that, the comment of Peer Reviewer One does not affect my answer.</p>	<p>a</p>
---	----------

<p>72. Does the pre-budget statement describe the government's macroeconomic and fiscal framework?</p> <ul style="list-style-type: none"> a. Yes, an extensive explanation of the government's fiscal and macroeconomic policy is presented, including both a narrative discussion and quantitative estimates. b. Yes, an explanation is presented, highlighting key aspects of the fiscal and macroeconomic framework, but some details are excluded. c. Yes, some explanation is presented, but it lacks important details. d. No, an explanation is not presented, or the executive does not release to the public a pre-budget statement. e. Not applicable/other (please comment). <p><u>Citation:</u> Content-wise, see the National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf</p> <p>http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85814&hdnTopicDate=2008-10-07&hdnPage=21 See the discussion series released in June 2008.</p> <p><u>Comment:</u> Refer to the comment on question #14 The National Fiscal Management Plan for 2008-2012 has 5 chapters and chapter 3 describes extensively mid- term fiscal projections in the following areas: Economic outlook: GDP growth Mid-term revenue projection: Tax burden ratio Mid-term expenditure projection: Target ratio of expenditure Balance and debt projection: Ratio of debt to GDP Resource allocation policy</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>73. Does the pre-budget statement describe the government’s policies and priorities that will guide the development of detailed estimates for the upcoming budget?</p> <ul style="list-style-type: none"> a. Yes, an extensive explanation of the government’s budget policies and priorities is presented, including both a narrative discussion and quantitative estimates. b. Yes, an explanation is presented, highlighting key aspects of the government’s budget policies and priorities, but some details are excluded. c. Yes, some explanation is presented, but it lacks important details. d. No, an explanation is not presented, or the executive does not release to the public a pre-budget statement. e. Not applicable/other (please comment). <p><u>Citation:</u> Content-wise, see the National Fiscal Management Plan for 2008-2012 http://www.mosf.go.kr/_upload/bbs/76/attach/0812fiscalplan.pdf http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=85814&hdnTopicDate=2008-10-07&hdnPage=21 See the discussion series released in June 2008.</p> <p><u>Comment:</u> The chapter 4 of the National Fiscal Management Plan for 2008-2012 describes resource allocation strategy in 12 areas such as R&D, SOC, health , environment etc.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

Legislative Approval of the Budget	
<p>74. How far in advance of the start of the budget year does the legislature receive the budget?</p> <ul style="list-style-type: none"> a. The legislature receives the budget at least three months before the start of the budget year. b. The legislature receives the budget at least six weeks, but less than three months, before the start of the budget year. c. The legislature receives the budget less than six weeks before the start of the budget year. d. The legislature does not receive the budget before the start of the budget year. e. Not applicable/other (please comment). <p><u>Citation:</u> State Finance Act: Article 33 (Submission of budget Bills to National Assembly) The Government shall submit budget Bills, as approved by the President pursuant to the provisions of Article 32, to the National Assembly by no later than 90 days before the beginning of the pertinent fiscal year.</p> <p><u>Comment:</u> In 2008, the Executive sent the budget documents to the National Assembly on October 2.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

<p>75. Does a legislative committee (or committees) hold public hearings on the macroeconomic and fiscal framework presented in the budget in which testimony from the executive branch and the public is heard?</p> <ul style="list-style-type: none"> a. Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony is heard from the executive branch and a wide range of constituencies. b. Yes, hearings are held in which testimony is heard from the executive branch and some constituencies. c. Yes, hearings are held in which testimony from the executive branch is heard, but no testimony from the public is heard. d. No, public hearings are not held on the macroeconomic and fiscal framework in which testimony from the executive branch and the public is heard. e. Not applicable/other (please comment). <p><u>Citation:</u> The National Assembly Act prescribes that the Special Committee on Budget and Accounts in the National Assembly should hold public hearings on the Executive's budget proposals. *Article 84-3 of the National Assembly Act. Public Hearing on the Budget Proposals and Operation of Fund for 2009 by National Assembly Date : November 11, 2008 http://www.assembly.go.kr/renew09/brd/formation/formation_lst.jsp</p> <p><u>Comment:</u> The National Assembly established its own television station which broadcasts important hearings of the National Assembly to the public. Because budget issues draw much attention to the public, the National Assembly television station broadcasts many of these issues. The public hearing on the budget proposal for 2009 was held on November 11, 2008 in the National Assembly. This was aired live by the National Assembly Television(NATV).</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

<p>76. Do legislative committees hold public hearings on the individual budgets of central government administrative units (that is, ministries, departments, and agencies) in which testimony from the executive branch is heard?</p> <ul style="list-style-type: none"> a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the executive branch is heard. b. Yes, hearings are held, covering key administrative units, in which testimony from the executive branch is heard. c. Yes, a limited number of hearings are held in which testimony from the executive branch is heard. d. No, public hearings are not held on the budgets of administrative units in which testimony from the executive branch is heard. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> The Special Committee on Budget and Accounts holds a plenary session for debating policy issues regarding the Executive's budget proposals in which testimony from each executive branch is heard. After that, each committee in the National Assembly starts its review of the Executive's budget proposals attended by officials from each ministry and agency. Those discussions are not totally open to the public. But in our country, several civic groups and press members voluntarily participate in a session as an observer to oversight whether those discussions at the committee are proceeded in a fair way. And sometimes the civic groups send a witness to give their opinions about critical issues to the committee. Those discussions are reported through minutes to the public. In addition, important committee sessions are broadcasted through the National Assembly Television.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

77. Does a legislative committee (or committees) hold public hearings on the individual budgets of central government administrative units (that is, ministries, departments, and agencies) in which testimony from the public is heard?

- a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the public is heard.
- b. Yes, hearings are held, covering key administrative units, in which testimony from the public is heard.
- c. Yes, a limited number of hearings are held in which testimony from the public is heard.
- d. No, public hearings are not held on the budgets of administrative units in which testimony from the public is heard.
- e. Not applicable/other (please comment).

Citation:

Homepage of the National Assembly
<http://likms.assembly.go.kr/record/index.html>

Comment:

The minutes of the National Assembly are released through the Internet, and committees provide the written testimonies and research reports through their homepages. Each committee holds sessions to review and discuss each ministry's budget proposal. Those discussions are not totally open to the public. But in our country, several civic groups and press members voluntarily participated in a session as an observer to oversight whether those discussions are proceeded in a fair way. And sometimes the civic groups send a witness to give their opinions about critical issues to the committee. And those discussions are reported through minutes to the public. In addition, important committee sessions are broadcasted through the National Assembly Television.

b

Researcher Response to this Question was "b"

Peer Reviewer One Comment:

Peer Reviewer Two Comment: A more appropriate response to this question would be "c." Public hearings on the individual budgets of central government administrative units are not frequently held. Only a very limited number of hearings are held on the individual budgets.

Researcher Response: I retain my view that the appropriate answer should be "b" because during legislative consideration periods in Korea, critical and major issues are debated mainly through public hearings.

IBP Comment: IBP editors chose answer "b" to maintain consistency of assumptions across countries.

<p>78. Do the legislative committees that hold public hearings release reports to the public on these hearings?</p> <ol style="list-style-type: none"> Yes, the committees release very informative reports, which include all written testimony presented at the hearings. Yes, the committees release reports, but some details are excluded. Yes, the committees release reports, but they are not very informative. No, the committees do not release reports or do not hold public hearings. Not applicable/other (please comment). <p><u>Citation:</u> The internet address of the site for the minutes is http://www.assembly.go.kr/renew09/info/inf/record_list.jsp?M_idx=1_01</p> <p><u>Comment:</u> All the minutes of parliamentary session should be distributed to the members of the National Assembly and open to the public. (Article 118 of the National Assembly Act)</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a
<p>79. Is the legislature (or the appropriate legislative committee or members of the legislature) given full information for the budget year on the spending of all secret items relating to, for instance, national security and military intelligence?</p> <ol style="list-style-type: none"> Yes, the appropriate legislative committee or members of the legislature is provided extensive information on all spending on secret items, which includes detailed, line item descriptions of all expenditures. No, the legislature is provided information on spending on secret items, but some details are excluded, or some categories are presented in an aggregated manner, or the legislature is provided no information on secret items. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> The Committee of Information, which deal with matters regarding National Intelligent Service and Ministry of Defence, is given much, but not full, information on budget proposals of those ministries. The researcher interviewed with a legislator who was once a member of the Committee of Intelligence.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	b

<p>80. Does the legislature have authority <i>in law</i> to amend the budget presented by the executive?</p> <ul style="list-style-type: none"> a. Yes, the legislature has unlimited authority <i>in law</i> to amend the budget. b. Yes, the legislature has authority <i>in law</i> to amend the budget, with some limitations. c. Yes, the legislature has authority <i>in law</i> to amend the budget, but its authority is very limited. d. No, the legislature does not have any authority <i>in law</i> to amend the budget. e. Not applicable/other (please comment). <p><u>Citation:</u> The Constitution of the Republic of Korea Article 57 The National Assembly cannot increase the amounts of each item in the Executive's expenditure budget bill nor create new expenditure items without consent from the Executive.</p> <p><u>Comment:</u> The Legislature has authority to amend the budget proposals presented by the Executive only when the Executive agrees.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>C</p>
---	----------

<p>81. What is the most detail provided in the appropriation (expenditure budget) approved by the legislature?</p> <ul style="list-style-type: none"> a. The approved budget includes program-level detail. b. The approved budget includes departmental totals and some additional details (for instance, sub-department totals or major programs). c. The approved budget includes only departmental totals. d. The approved budget includes less information than departmental totals or the approved budget is not released to the public. e. Not applicable/other (please comment). <p><u>Citation:</u> 2)The Budget for Fiscal Year 2009 Printed material : March, 2009 Registration Number : 11-1051000-000036-10 Internet posting date: April 23, 2009 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4002594&hdnTopicDate=2009-04-23&hdnPage=14</p> <p><u>Comment:</u></p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

Executive's Implementation of the Budget	
<p>82. How often does the executive release to the public in-year reports on actual expenditure (organized by administrative unit, economic classification and/or function)?</p> <ol style="list-style-type: none"> In-year reports on actual expenditure are released at least every month. In-year reports on actual expenditure are released at least every quarter. In-year reports on actual expenditure are released at least semi-annually. In-year reports on actual expenditure are not released. Not applicable/other (please comment). <p><u>Citation:</u> Consolidated Financial Status (Monthly report) for May, 2009 Date of Internet posting: August 25, 2009</p> <p>http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4004162&hdnTopicDate=2009-08-25&hdnPage=10</p> <p><u>Comment:</u> The Consolidated Financial Status provides only statistics of the consolidated revenues and expenditures of various accounts and funds for the state as a whole by the Bureau of Treasury of the Ministry of Strategy and Finance. This monthly report provides the aggregated, executed amounts of revenues and expenditures. Also, each ministry and agency have to report monthly report for their revenues and expenditures by items to the Treasury and to the Board of Audit and Inspection, i.e., SAI in Korea, for verification of receipts and payments which is one part of voucher audit process. But this report is not released.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	a

<p>83. What share of expenditure is covered by in-year reports on actual expenditure (organized by administrative unit, economic classification and/or function)?</p> <ol style="list-style-type: none"> Yes, in-year reports cover all expenditures. Yes, in-year reports cover at least two-thirds, but not all, of expenditures. Yes, in-year reports cover less than two-thirds of expenditures. No in-year reports are released to the public. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Refer to the above comment.</p> <p><u>Researcher Response to this Question was "c"</u></p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p> <p><u>IBP Comment:</u> IBP editors chose answer "d" in light of researcher's comment in question 82, and to maintain the consistency of the assumptions used in selecting answers across the countries.</p>	d
<p>84. What is the most detail provided in the in-year reports on actual expenditures organized by <i>administrative unit</i>?</p> <ol style="list-style-type: none"> The in-year reports on actual expenditures organized by administrative unit contain program-level detail. The in-year reports on actual expenditures organized by administrative unit contain departmental totals and some additional details (for instance, sub-department totals or major programs). The in-year reports on actual expenditures organized by administrative unit contain only departmental totals. The in-year reports on actual expenditures organized by administrative unit are not released to the public, not produced, or contain less information than departmental totals. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Only aggregated amounts of the government's revenue and expenditures as a whole are released.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d

<p>85. Do the in-year reports released to the public compare actual year-to-date expenditure with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?</p> <ul style="list-style-type: none"> a. Yes, comparisons are made for all expenditures. b. Yes, comparisons are made for at least two-thirds, but not all, of expenditures. c. Yes, but comparisons are made for less than two-thirds of expenditures. d. No, comparisons are not made, or no in-year reports are released to the public. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Comparisons are not made.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d
<p>86. How often does the executive release to the public in-year reports on actual revenue collections by source of revenue?</p> <ul style="list-style-type: none"> a. In-year reports on actual revenue collections by source of revenue are released at least every month. b. In-year reports on actual revenue collections are released at least every quarter. c. In-year reports on actual revenue collections are released at least semi-annually. d. In-year reports on actual revenue collections by source of revenue are not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Refer to the comments on question #82 and #84.</p> <p><u>Comment:</u></p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d

87. What share of revenue is covered by the in-year reports on actual revenue collections?

- a. In-year reports cover the actual revenue collections of all sources of revenue.
- b. In-year reports cover the actual revenue collections of at least two-thirds of, but not all, sources of revenue.
- c. In-year reports cover actual revenue collections of less than two-thirds of revenue sources.
- d. In-year reports on actual revenue collections are not released to the public.
- e. Not applicable/other (please comment).

Citation:

Comment:

Refer to question #83

Researcher Response to this Question was "c"

Peer Reviewer One Comment A more appropriate response to this question would be "a" even though the numbers are presented in aggregate totals, the report covers all revenues.

Peer Reviewer Two Comment:

Researcher Response: I suggest the answer should remain as I indicated in the questionnaire "c." Peer Reviewer One's comment is pertinent if the question is only about actual coverage of revenues earned. But I think this question asks about the share of coverage of actual revenue collections by source and is parallel the previous question # 83 which asks the amounts of expenditure by administrative units or by economic classification. Therefore I would like to retain the view that the answer should be "c."

IBP Comment: IBP editors chose answer "a" to maintain the consistency of the assumptions used in selecting answers across the countries. All revenues are reported.

a

<p>88. Do the in-year reports released to the public compare actual year-to-date revenue collections with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?</p> <ul style="list-style-type: none"> a. Yes, comparisons are made for all revenue sources. b. Yes, comparisons are made for at least two-thirds of, but not all, revenue sources. c. Yes, but comparisons are made for less than two-thirds of revenue sources. d. No, comparisons are not made, or no in-year reports are released to the public. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Comparisons are not made. (Refer to the question #85)</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>d</p>
--	----------

89. Does the executive release to the public in-year reports on actual borrowing?

- a. Yes, in-year reports on actual borrowing are released at least every month.
- b. Yes, in-year reports on actual borrowing are released at least every quarter.
- c. Yes, in-year reports on actual borrowing are released at least semi-annually.
- d. No, in-year reports on actual borrowing are not released.
- e. Not applicable/other (please comment).

Citation:

Comment:

Refer to the comments of the question #82

Researcher Response to this Question was "d"

Peer Reviewer One Comment: A more appropriate response to this question would be "a." The Ministry of Strategy and Finance releases a monthly report of issuance (actual and scheduled): issuance date, terms, and amounts, etc. The report on March 2010 was released on Feb. 25, 2010 as follows.

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4005816&hdnTopicDate=2010-02-25&hdnPage=1

And the result of each issuance, such as bidding amount, bidding interest rates, successful bidding rate, etc is reported as follows.

http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4005831&hdnTopicDate=2010-03-02&hdnPage=1

Peer Reviewer Two Comment:

Researcher Response: I retain my view that the answer should be "d" because In-Year Reports do not contain information on actual borrowings. The monthly report on Issuance of State Debenture raised by Peer Reviewer One is the treasury's report after it issues and sells state debentures to the public. It does not directly match revenue amounts in the In-Year Report even though it is part of actual borrowing.

IBP Comment: IBP editors chose answer "d" as per the researcher's comment.

d

90. Do in-year reports released to the public on actual borrowing present information related to the composition of government debt (such as interest rates on the debt, maturity profile of the debt, and currency denomination of the debt) for the budget year?
- a. Yes, extensive information related to the composition of government debt is presented.
 - b. Yes, key additional information is presented, but some details are excluded.
 - c. Yes, some additional information is presented, but it lacks important details.
 - d. No, additional information related to the composition of government debt is not presented, or such in-year reports on borrowing are not released.
 - e. Not applicable/other (please comment).

Citation:

Comment:

Refer to the comments on question # 82

Researcher Response to this Question was "d"

Peer Reviewer One Comment: A more appropriate response to this question would be "a." Refer to the peer reviewer comment in the previous question.

Peer Reviewer Two Comment:

Researcher Response: I retain my view that the answer should be "d" in view of the previous response.

IBP Comment: IBP editors chose answer "d" as per the researcher's comment.

d

<p>91. For in-year reports on actual expenditure released to the public by the executive, how much time typically elapses between the end of the reporting period and when the report is released (e.g., are quarterly reports released less than 4 weeks after the end of the quarter)?</p> <p>a. Reports are released 1 month or less after the end of the period. b. Reports are released 2 months or less (but more than 1 month) after the end of the period. c. Reports are released more than 2 months after the end of the period. d. In-year reports are not released. e. Not applicable/other (please comment).</p> <p><u>Citation:</u> Consolidated Financial Status for November 2008 (Monthly report) Date of Internet posting : December 31, 2008 http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&select=subject&date_start=2008-09-01&date_end=2009-03-31&&actionType=view&runno=86500&hdnTopicDate=2008-12-31&hdnPage=3</p> <p><u>Comment:</u></p> <p><u>Researcher Response to this Question was "b"</u></p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p> <p><u>IBP Comment:</u> IBP editors chose answer "a" to maintain the consistency of the assumptions used in selecting answers across the countries. The above mentioned report was released within a month.</p>	<p>a</p>
---	----------

<p>92. Does the executive release to the public a mid-year review of the budget that discusses the changes in economic outlook since the budget was enacted?</p> <ul style="list-style-type: none"> a. Yes, the mid-year review includes an extensive discussion of the economy that includes a revised forecast for the full fiscal year and its effects on the budget. b. Yes, the mid-year review includes a discussion of the economy, but it lacks some details. c. Yes, the mid-year review includes a discussion of the economy, but it lacks important details. d. No, the mid-year review does not include a discussion of the economy, or the executive does not release a mid-year review of the budget. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> A mid-year report is not produced in Korea.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d
<p>93. Does the executive release to the public a mid-year review of the budget that includes updated expenditure estimates for the budget year underway?</p> <ul style="list-style-type: none"> a. Yes, the mid-year review includes updated expenditure estimates for the full fiscal year, providing extensive information on why estimates have changed from the original enacted levels. b. Yes, the mid-year review includes updated estimates of expenditure, but some details on why estimates have changed are not provided. c. Yes, the mid-year review includes updated estimates of expenditure, but important details on why estimates have changed are not provided. d. No, the mid-year review does not include updated expenditure estimates for the budget year, or the executive does not release a mid-year review of the budget. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Refer to the above comment.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d

<p>94. What is the most detail provided in the mid-year review for expenditures?</p> <ul style="list-style-type: none"> a. The mid-year review includes program-level detail for expenditures. b. The mid-year review includes departmental totals (or functional totals) and some additional details (for instance, sub-department totals or major programs). c. The mid-year review includes only departmental totals (or functional totals). d. The mid-year review includes less information than departmental totals (or functional totals) for expenditures, or the executive does not release a mid-year review of the budget. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Refer to the comment on question #92.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d
<p>95. Does the executive release to the public a mid-year review of the budget that includes updated revenue estimates for the budget year underway?</p> <ul style="list-style-type: none"> a. Yes, the mid-year review includes updated revenue estimates for the full fiscal year, providing extensive information on why estimates have changed from the original enacted levels. b. Yes, the mid-year review includes updated estimates of revenue, but some details on why estimates have changed are not provided. c. Yes, the mid-year review includes updated estimates of revenue, but important details on why estimates have changed are not provided. d. No, the mid-year review does not include updated revenue estimates for the budget year, or the executive does not release a mid-year review of the budget. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> Refer to the comment on question #92.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	d

<p>96. Does the executive seek input from the legislature when the executive shifts funds between administrative units (except when the amounts are below a certain <i>minimal</i> level specified in law or regulation)?</p> <ul style="list-style-type: none"> a. Yes, the executive seeks approval from the legislature before shifting funds between administrative units. b. Yes, the executive gives prior notification to the legislature before shifting funds, giving the legislature an opportunity to block or modify the proposed adjustment. c. Yes, the executive seeks legislative approval, but only after the shift of funds has been implemented. d. No, the executive shifts funds between administrative units without seeking input from the legislature, or the amount allowed under the law or by regulation is significantly large enough to undermine public scrutiny and accountability (please describe arrangements below). e. Not applicable/other (please comment). <p><u>Citation:</u> The State Finance Act: Article 47 (Transferred Use and Transfer of Budget) (1) No head of any central government agency shall transfer the budget already appropriated for an institution, or in a chapter, section, or paragraph to another institution, chapter, section, or paragraph for use: Provided, that such transferred use may be permitted with the approval of the Minister of Strategy and Finance or within the extent authorized by the Minister of Strategy and Finance, if it was approved in advance as part of the budget by a resolution of the National Assembly as required for budget execution. <Amended by Act No. 8852, Feb. 29, 2008></p> <p><u>Comment:</u> The State Finance Act requires approval from the National Assembly when the Executive tries to shift funds between administrative units.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

<p>97. During the past year, have there been credible reported instances in which the procurement of goods and services has not followed an open and competitive process in practice?</p> <ul style="list-style-type: none"> a. There were no credible reported instances of procurement failing to follow an open and competitive process in practice during the past year. b. The procurement of goods and services frequently followed an open and competitive process in practice, but there were some reported instances of irregularities. c. The procurement of goods and service followed an open and competitive process in many instances, but there were significant reported examples of irregularities. d. No, the procurement process was not open and competitive in practice. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> The State Procurement Act in Korea makes it a rule for all public sector procurements to be carried out by open, competitive biddings. The Act clearly specifies , as an exception, a certain minimal amounts to be exempt from competitive bidding. Also the Act requires government institutions to make public all the procedure for bidding. Those procurement procedures are subject to scrutiny by the BAI, i.e., Korean SAI. There might be minor cases that did not comply with this rule. But the researcher have not noticed material instances of procurement irregularities reported to the public.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

98. When does the legislature typically approve supplemental budgets?

- a. Supplemental budgets are approved before the funds are expended, or the executive rarely proposes a supplemental budget (please specify).
- b. Supplemental budgets are approved after the funds are expended, or the executive implements supplemental budgets without ever receiving approval from the legislature (please specify).
- c. Not applicable/other (please comment).

Citation:

The State Finance Act

Article 89 (Formulation of Supplemental Revised Budget Bills)

(1) The Government may formulate any supplemental revised budget Bill, if one of the following events occurs, thereby making it necessary to revise the budget already finalized: <Amended by Act No. 9411, Feb. 6, 2009>

1.A war or large-scale natural disaster breaks out;

2.A significant change in the domestic or overseas situation, such as an economic recession, mass unemployment, change in inter-Korean relations or economic cooperation, occurs or is likely to occur; or

3.The expenditure the State is obligated to pay pursuant Acts and subordinate to statutes is incurred or increased.
(2) The Government shall not allocate or execute the supplemental revised budget in advance before the budget Bill is finally adopted by a resolution of the National Assembly.

Comment:

Supplemental budgets are permitted only for such cases as natural disasters or unexpected economic changes by the National Assembly. As described in the Act, the Executive cannot expend the funds before receiving approval from the National Assembly. The occurrence of supplemental budget is often once a year, like the budget years of 2008 and 2009. However, there were no supplemental budgets in 2007.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

<p>99. In most years, how large are supplemental budget requests relative to the size of the original budget?</p> <ol style="list-style-type: none"> a. Supplemental budgets are generally equal to 2 percent or less of the original budget. b. Supplemental budgets are generally equal to more than 2 percent, but less than 5 percent, of the original budget. c. Supplemental budget are generally equal to more than 5 percent, but less than 10 percent, of the original budget. d. Supplemental budget are generally equal to 10 percent or more of the original budget, or insufficient information is available to the public regarding the amount of supplemental budgets. e. Not applicable/other (please comment). <p><u>Citation:</u> Supplemental Budget Analysis for 2009 by the National Budget Office(NABO) http://nafs.assembly.go.kr:83/</p> <p><u>Comment:</u> The ratio of supplemental budget amounts for the past 3 years are as follows: 2009 : 4.1% 2008 : 2.1% 2007 : none 2006: 1.1% 2005: 2.5%</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	b
<p>100. When does the legislature approve the expenditure of contingency funds or other funds for which no specific purpose was identified in the budget?</p> <ol style="list-style-type: none"> a. Expenditures are approved before the funds are expended, or contingency funds or other funds with no specific purposes are not included in the budget. b. Expenditures are approved after the funds are expended, but before the end of the fiscal year. c. Expenditures are approved after the end of the fiscal year, for example in the next budget. d. Such expenditure takes place without legislative approval. e. Not applicable/other (please comment). <p><u>Citation:</u> The State Finance Act</p> <p>Article 22 (Reserve Fund) (1) The Government may appropriate the amount equivalent to or less than 1 percent of the total budget of the general accounts to the reserve fund so that it can be spent for expenditure not reflected in the budget or expenditure exceeding the budget: Provided, That the reserve funds designated in advance for use in accordance with the budgetary general provisions may be reflected in the revenue and expenditure budgets,</p>	c

notwithstanding the provisions of the main sentence above.

(2) Notwithstanding the proviso to paragraph (1), the purpose of spending reserve funds may not be designated for appropriation to personnel expenditure for raising remuneration for public officials.

Article 52 (Preparation of Reserve Funds Spending Statement and Submission thereof to National Assembly)

(1) The head of each central government agency shall prepare a statement on the amount spent out of the reserve funds, and shall submit it to the Minister of Strategy and Finance by no later than the end of February of the following year. <Amended by Act No. 8852, Feb. 29, 2008>

(2) The Minister of Strategy and Finance shall prepare a comprehensive statement on the amount spent out of the reserve fund according to the statements submitted in accordance with the provisions of paragraph (1), and submit it to the State Council for deliberation and then to the President for approval. <Amended by Act No. 8852, Feb. 29, 2008>

(3) The Minister of Strategy and Finance shall submit to the Board of Audit and Inspection the comprehensive statement approved by the President pursuant to the provisions of paragraph (2). <Amended by Act No. 8852, Feb. 29, 2008>

(4) The Government shall submit to the National Assembly for approval, a comprehensive statement on the amount spent out of the reserve funds by no later than May 31 of the following year.

Comment:

The contingency funds(or reserve funds) should be reserved in the General Account budget proposal within maximum amounts of 1 % of the General Account Expenditure Budget amounts. After spending these funds, the government must prepare the statement for the use of the funds to be approved by the National Assembly as a part of the Year-End Report.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Executive's Year-end Report and the Supreme Audit Institution	
<p>101. How long after the end of the budget year does the executive release to the public a year-end report that discusses the budget's actual outcome for the year?</p> <ol style="list-style-type: none"> The report is released six months or less after the end of the fiscal year. The report is released 12 months or less (but more than six months) after the end of the fiscal year. The report is released more than 12 months after the end of the fiscal year. The executive does not release a year-end report. Not applicable/other (please comment). <p><u>Citation:</u> (1) Settlement of State Accounts for 2008 Date of Press Release: May 28, 2009 Date of Internet Loading: June 1, 2009</p> <p>http://www.mosf.go.kr/_policy/policy02/policy02.jsp?boardType=general&hdnBulletRunno=76&cvbnPath=&sub_category=127&hdnFlag=1&cat=&hdnDiv=&&actionType=view&runno=4003189&hdnTopicDate=2009-06-01&hdnPage=12 *Only summary was released.</p> <p>*This entire report was also posted on the homepage of the Special Committee on Budget and Accounts of the National Assembly date : unknown http://budget.na.go.kr/index.js</p> <p>* National Budget and Accounts Information System also posts the above entire report. date : May 28, 2009 http://nafs.assembly.go.kr:83/</p> <p>(2) State Finance Act Article 61 (Submission of National Statement of Accounts to National Assembly) The Government shall submit the national statement of accounts audited by the Board of Audit and Inspection pursuant to Article 60 to the National Assembly by May 31 of the following year. <Amended by Act No. 9278, Dec. 31, 2008></p> <p><u>Comment:</u> The deadline for the submission of the Year-End Report is 5 months after the end of the budget year. This is a strict rule prescribed by the State Finance Act and the executive have never failed in submitting those reports to the National Assembly within the deadline.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

<p>102. In the year-end report have the data on the actual outcomes been audited?</p> <ul style="list-style-type: none"> a. Yes, all data on actual outcomes have been audited. b. At least two-thirds, but not all, of the data on actual outcomes have been audited. c. Less than two-thirds of the data on actual outcomes have been audited. d. None of the data on actual outcomes has been audited, or a year-end report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> State Finance Act Article 60 (Inspection of Settlement of Accounts) The Board of Audit and Inspection shall conduct an audit of the national statement of accounts submitted according to Article 59, and shall dispatch the statement to the Minister of Strategy and Finance by May 20 of the following year. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9278, Dec. 31, 2008></p> <p>Article 61 (Submission of National Statement of Accounts to National Assembly) The Government shall submit the national statement of accounts audited by the Board of Audit and Inspection pursuant to Article 60 to the National Assembly by May 31 of the following year. <Amended by Act No. 9278, Dec. 31, 2008></p> <p><u>Comment:</u> All the statements of accounts are audited by the Board of Audit and Inspection.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

103. Does the year-end report explain the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or such a report is not released.
- e. Not applicable/other (please comment).

Citation:

Settlement of State Accounts for 2008

Date of Press Release: May 28, 2009

Date of Internet Loading: June 1, 2009

pp.8-41

Settlement of Revenue and Expenditure of 2008 for Ministry of Knowledge Economy

<http://nafs.assembly.go.kr:83/>

Date of Internet Loading : June 1, 2009

Comment:

The contents of the Settlement of State Accounts(Consolidated) are as follows:

Overview

Outline of the Settlement of the State Accounts

Settlement of the Accounts by each administrative unit

Supplementary Documents

Settlement of the State Accounts by Major Function

In overview section of the Settlement of State Account, the difference between the enacted level and the actual outcome for expenditures is explained.

The contents of the Settlement of Revenue and Expenditure for the Ministry of Knowledge Economy for 2009 are as follows:

Chapter 1 : Overview

Chapter 2 : Settlement of Revenue and Expenditure

Chapter 3 : Attached Documents

Chapter 4 : Program level Settlement

Chapter 1 and 4 of the Settlement of revenue and Expenditure explain the difference between enacted level and actual outcome for expenditure.

I reviewed the ministry's Year-End Report and found that the overview section of the report explained the difference in a manner that everybody could understand and the program section explained the difference more specifically by program.

Peer Reviewer One Comment: In the Settlement of Revenue and Expenditure of each ministry and agency, extensive explanation of the difference is presented, including both a narrative discussion and quantitative estimate at the program level, and even at the sub-program level.

Peer Reviewer Two Comment:

a

<p>104. What level of detail is the focus of the explanation of the differences between the enacted levels and the actual outcome for expenditures presented in the year-end report?</p> <ul style="list-style-type: none"> a. The explanation of the differences between the enacted expenditure levels and the actual outcome focuses on the program level. b. The explanation focuses on departmental totals (or functional totals) or some lower level of detail (but not the program level in all cases). c. The explanation focuses on a higher level of aggregation than departmental totals (or functional totals). d. No explanation of the differences is provided, or such a report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Settlement of State Accounts for 2008 http://nafs.assembly.go.kr:83/pp.215-679</p> <p><u>Comment:</u> Each Administrative unit's settlement of the account is presented with following format: Original enacted budget(a) Adjustment with virement or other supplemental budget(b) Final enacted budget (c= a+b) Expended Amounts(d) Carry-over or disuse(e=c-d)</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

<p>105. Does the year-end report explain the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues?</p> <ul style="list-style-type: none"> a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates. b. Yes, an explanation is presented, highlighting key differences, but some details are excluded. c. Yes, some explanation is presented, but it lacks important details. d. No, an explanation is not presented, or such a report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Settlement of State Accounts for 2008 http://nafs.assembly.go.kr:83/</p> <p>http://likms.assembly.go.kr/filegate/sender18?d=d&bookId=B1F2869A-0A66-017C-F993-B5FE075A2EBC&type=0</p> <p><u>Comment:</u> Refer to the comment above.</p> <p><u>Peer Reviewer One Comment:</u> Refer to the peer reviewer comment on question # 103.</p> <p><u>Peer Reviewer Two Comment:</u></p> <p><u>Researcher Response:</u> I agree with the comment of Peer Reviewer One that matches my answer.</p>	<p>a</p>
--	----------

<p>106. Does the year-end report explain the difference between the original macroeconomic forecast for the fiscal year and the actual outcome for that year?</p> <ul style="list-style-type: none"> a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates. b. Yes, an explanation is presented, highlighting key differences, but some details are excluded. c. Yes, some explanation is presented, but it lacks important details. d. No, an explanation is not presented, or such a report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Settlement of State Accounts for 2008 http://nafs.assembly.go.kr:83/</p> <p>http://likms.assembly.go.kr/filegate/sender18?d=d&bookId=B1F2869A-0A66-017C-F993-B5FE075A2EBC&type=0</p> <p><u>Comment:</u> Only an explanation about trends of macro-economic indicators such as GDP growth ratio, tax burden ratio and consolidated surplus or deficit is presented.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>d</p>
---	----------

107. Does the year-end report explain the difference between the original estimates of non-financial data and the actual outcome?

- a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.
- b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.
- c. Yes, some explanation is presented, but it lacks important details.
- d. No, an explanation is not presented, or such a report is not released.
- e. Not applicable/other (please comment).

Citation:

Settlement of State Accounts for 2008
<http://nafs.assembly.go.kr:83/>

Settlement of State Account for 2008(Ministry of Intelligence and Economy)
pp. 198-199
(printed material)

Comment:

The Year-End Report for the Ministry of Intelligence and Economy presents following information in its report.

Chapter 1 Summary

Chapter 2 Revenue & Expenditure Report

Chapter 3 Supplementary Reports

Chapter 4 Settlement of Programmes

1. Change of aggregated amounts of programmes
2. Current Year's settlement of programmes
3. Lists of program expenditure

(Example : Export Promotion Program)

(1) Summary of Program

-Objective

-Major contents

-Explanation of the Expenditures of the Program

(2) Lists of sub-program expenditures

(3) Expenditure by object

(4) Performance of each sub-program

*support of exhibition industry

-amounts of payments :16 billion won

-goals : to support domestic exhibition business and to support small and medium companies to promote export capacity by construction of KINTEX(exhibition center)

-output : support of 43 exhibition program by small and medium companies funding of construction of KINTEX (construction site: 66,116 sq m)

-performance : export contract :2500 million US dollars counseling amounts :56100 million US dollars

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

<p>108. Does the year-end report explain the difference between the original performance indicators and the actual outcome?</p> <ul style="list-style-type: none"> a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates. b. Yes, an explanation is presented, highlighting key differences, but some details are excluded. c. Yes, some explanation is presented, but it lacks important details. d. No, an explanation is not presented, or such a report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Settlement of State Accounts for 2008 http://nafs.assembly.go.kr:83/</p> <p>Settlement of State Account for 2008(Ministry of Intelligence and Economy) pp. 198-199 (printed material)</p> <p><u>Comment:</u> Refer to the comment of the question above. The Year-End Report explains about outcomes by using performance indicators but it lacks some of details.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>C</p>
<p>109. Does the year-end report explain the difference between the enacted level of funds intended to benefit directly the country’s most impoverished populations and the actual outcome?</p> <ul style="list-style-type: none"> a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates. b. Yes, an explanation is presented, highlighting key differences, but some details are excluded. c. Yes, some explanation is presented, but it lacks important details. d. No, an explanation is not presented, or such a report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Settlement of State Accounts for 2008 http://nafs.assembly.go.kr:83/ pp.856-865</p> <p><u>Comment:</u> The year-end report (Settlement of State Accounts for 2008) includes the explanation of the program that supports impoverished population in Chapter 5.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>

<p>110. Does the year-end report present the actual outcome for extra-budgetary funds?</p> <ul style="list-style-type: none"> a. Yes, extensive information on the actual outcome for extra-budgetary funds is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting key issues, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information is not presented on extra-budgetary funds, or such a report is not released. e. Not applicable/other (please comment). <p><u>Citation:</u> Settlement of Fund Accounts for 2008 http://nafs.assembly.go.kr:83/ pp.3-32</p> <p><u>Comment:</u> The Settlement of Fund Account for 2008 is another Year-End Report for extra-budgetary funds which should be submitted separately to the National Assembly to be approved. This report presents extensive information both on narrative discussion and on quantitative estimates. The Settlement of Fund Accounts is presented at the same time of the Settlement of State Accounts, i.e., by May 31 of next fiscal year.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>The Independence and Performance of the Supreme Audit Institution</p>	
<p>111. How long after the end of the fiscal year are the final annual expenditures of national departments audited and (except for secret programs) released to the public?</p> <ol style="list-style-type: none"> a. Final audited accounts are released to the public six months or less after the end of the fiscal year. b. Final audited accounts are released 12 months or less (but more than six months) after the end of the fiscal year. c. Final audit accounts are released more than 12 months, but within 24 months of the end of the fiscal year. d. Final audited accounts are not completed within 24 months after the end of the fiscal year or they are not released to the public. e. Not applicable/other (please comment). <p><u>Citation:</u> Audit Report for 2008 http://www.bai.go.kr/ Date of release: June 1, 2009</p> <p><u>Comment:</u> The State Finance Act requires the Executives to submit audited Financial Statements to the National Assembly by no later than May 31 of the next year. This means that the audit report should be submitted on the same day of submitting financial statements. The audit report for 2008 was released on June 1, 2009.</p> <p>*State Finance Act Article 60 (Inspection of Settlement of Accounts) The Board of Audit and Inspection shall conduct an audit of the national statement of accounts submitted according to Article 59, and shall dispatch the statement to the Minister of Strategy and Finance by May 20 of the following year. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9278, Dec. 31, 2008> Article 61 (Submission of National Statement of Accounts to National Assembly) The Government shall submit the national statement of accounts audited by the Board of Audit and Inspection pursuant to Article 60 to the National Assembly by May 31 of the following year. <Amended by Act No. 9278, Dec. 31, 2008></p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u> I can't find any other piece of legislation except the State Finance Act and the Board of Audit and Inspection Act. The general practice is that the audited report is submitted on the same day of submitting audited financial statements. Answer "a" is appropriate.</p> <p><u>Researcher Response:</u> The comment of Peer Reviewer Two matches my answer.</p>	<p>a</p>

<p>112. Two years after the completion of a fiscal year, what percentage of annual expenditures has been audited and (except for secret programs) the report(s) released to the public?</p> <ul style="list-style-type: none"> a. All expenditures have been audited and the reports released to the public. b. Expenditures representing at least two-thirds of, but not all, expenditure have been audited. c. Expenditure representing less than two-thirds of expenditure have been audited. d. No expenditures have been audited, the reports have not been released to the public, or was released more than 24 months after the end of the fiscal year. e. Not applicable/other (please comment). <p><u>Citation:</u> Audit Report for 2008 http://www.bai.go.kr/</p> <p><u>Comment:</u> The BAI checks all the numbers of the Year-End Report submitted to it. And if there are clerical mistakes or discrepancies between each account and bank reports, the BAI has to review relevant documents to find out the reason. Then the BAI notifies the result to the Ministry of Strategy and Finance to take necessary actions, which are presented to the audit report.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

<p>113. Does the annual audit report(s) that is released to the public include an executive summary?</p> <ul style="list-style-type: none"> a. The annual audit report(s) includes one or more executive summaries summarizing the report's content. b. No, the audit report(s) does not include an executive summary, or such reports are not released to the public, or was released more than 24 months after the end of the fiscal year. c. Not applicable/other (please comment). <p><u>Citation:</u> Audit Report for 2008 http://www.bai.go.kr/</p> <p>Press Release for Audit Results http://www.bai.go.kr/jsp/cm/UE_FileDown.jsp?gsSrvPath=/db1fs1/BAICAB/img1/a3/53ea3/&gsNewFileName=100791.csd&gsOrgFileName=보도자료_결산_09(최종).hwp.csd&gsFileExt=.csdfor 2008 Date for posting : May 31,2008</p> <p><u>Comment:</u> The audit report does not include an executive summary. Instead, the press release report presents a summary for the audt results.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

114. Must a branch of government other than the executive (such as the legislature or the judiciary) give final consent before the head of the Supreme Audit Institution (SAI) can be removed from office?

- a. Yes, the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before they are removed.
- b. No, the executive may remove the head of the SAI without the final consent of the judiciary or legislature.
- c. Not applicable/other (please comment).

Citation:

The constitution of the Republic of Korea:

Article 98

(1) The Board of Audit and Inspection shall be composed of no less than five and no more than eleven members, including the Chairman.

(2) The Chairman of the Board shall be appointed by the President with the consent of the National Assembly. The term of office of the Chairman shall be four years, and he may be reappointed only once.

(3) The members of the Board shall be appointed by the President on the recommendation of the Chairman. The term of office of the members shall be four years, and they may be reappointed only once.

The Board of Audit and Inspection Act

Article 3(Composition)

The BAI shall be composed of seven Commissioners, including the Chairman of the BAI(hereinafter referred to as "the Chairman").

Article 4(Chairman)

(1) The Chairman shall be appointed by the President with the consent of the National Assembly.

Article 8(Guarantee of Status)

(1) A Commissioner shall not be dismissed against his will unless he falls under one of the following:

1. When an impeachment is declared or a punishment heavier than imprisonment is sentenced; or
2. When a Commissioner is unable to perform his duties due to mental or physical weakness for a long period.

Comment:

The commissioners of the Board of Audit and Inspection(BAI) including Chairperson, the head of the BAI, retain independent status guaranteed by the law in which a commissioner shall not be dismissed against his or her will unless he or she is sentenced heavier than imprisonment verdict after a criminal proceeding. But it is the President of the State who may have the final authority to dismiss Chairperson of the BAI.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

b

<p>115. Does the Supreme Audit Institution release to the public audits of extra-budgetary funds?</p> <ul style="list-style-type: none">a. Yes, the SAI releases to the public audits of all extra-budgetary funds.b. Yes, the SAI releases audits representing at least two-thirds of, but not all, extra-budgetary funds.c. Yes, the SAI releases audits representing less than two-thirds of all extra-budgetary funds.d. No, the SAI does not release to the public audits of extra-budgetary funds, or it does not audit such funds, or such a report was released more than 24 months after the end of the fiscal year.e. Not applicable/other (please comment). <p><u>Citation:</u> Audit Report for 2008 http://www.bai.go.kr/</p> <p><u>Comment:</u> The Audit Report describes audit findings by ministries and agencies in which audits of all extra-budgetary funds are included.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

116. Beyond the established year-end attestation audits, does the Supreme Audit Institution (SAI) have *the discretion in law* to undertake those audits it may wish to?

- a. The SAI has full discretion to decide which audits it wishes to undertake.
- b. The SAI has significant discretion, but faces some limitations.
- c. The SAI has some discretion, but faces considerable limitations.
- d. The SAI has no discretion to decide which audits it wishes to undertake.
- e. Not applicable/other (please comment).

Citation:

The Board of Audit and Inspection Act
Article 2(Status)

(1) The BAI shall be established under the President, but shall retain an independent status in regard to its duties.

(2) The BAI's independence in the appointment and dismissal of its officials, its organization, and the formulation of its budget must be respected to the greatest extent.

Article 20(Function)

The BAI shall examine the final accounts of revenues and expenditures of the State, and shall constantly audit and supervise other accounts as prescribed by this Act and other laws in order to ensure their correctness, and shall inspect the duties of the administrative agencies and public officials in order to improve and promote the operation of public administration.

Comment:

According to Article 97 of the Constitution and Article 20 of the BAI Act, the BAI examines the final accounts of revenues and expenditures of the State, audits the accounts of the State and such organizations as prescribed by the laws, and inspects the works performed by government agencies and the duties of their employees. This means that in addition to the attestation audit, the BAI undertakes other financial audit as well as performance audit by its discretion.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

117. Who determines the budget of the Supreme Audit Institution?

- a. The budget of the SAI is determined by the legislature or judiciary (or some independent body), and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
- b. The budget of the SAI is determined by the executive, and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
- c. The budget of the SAI is determined by the legislature or judiciary (or some independent body), but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.
- d. The budget of the SAI is determined by the executive, but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.
- e. Not applicable/other (please comment).

Citation:

The State Finance Act

Article 41 (Budget of Board of Audit and Inspection)

The Government shall, when it intends to reduce the expenditure budget demanded by the Board of Audit and Inspection, seek an opinion of the Chairperson of the Board of Audit and Inspection during a meeting of the State Council.

Comment:

The Ministry of Strategy and Finance has the responsibility to draw up the budget proposals of the government including budget of the Board of Audit and Inspection. In this case the government has to get an agreement from the head of the BAI when the it tries to reduce the amounts of budget requested by the BAI.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

b

<p>118. Does the Supreme Audit Institution employ designated staff for undertaking audits of the central government agencies pertaining to the security sector (military, police, intelligence services)?</p> <ul style="list-style-type: none"> a. The SAI employs designated staff, and the staffing levels are broadly consistent with the resources the SAI needs to fulfill its mandate. b. The SAI employs designated staff, but the staffing levels are a cause of some constraints to the SAI in fulfilling its mandate. c. The SAI employs designated staff, but the staffing levels pose a significant constraint on the SAI in fulfilling its mandate. d. The SAI does not employ designated staff for auditing of the security sector, or does not undertake audits of the security sector. e. Not applicable/other (please comment). <p><u>Citation:</u> Organization, Staff of the BAI www.bai.go.kr</p> <p><u>Comment:</u> The BAI operates 11 audit bureaus. One of them is called the Government Administration and National Securities Audit Bureau which mainly deals with the administrative organizations such as Ministry of Justice, National Intelligence Service and Ministry of Defence. This Bureau maintains designated staff with expertise needed to undertake audits of the security sector. Staffing levels for this audit are consistent with the resources the BAI needs to fulfill its mandate.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
--	----------

119. Does the Supreme Audit Institution maintain formal mechanisms of communication with the public to receive complaints and suggestions to assist it in determining its audit program (that is, to identify the agencies, programs, or projects it will audit)?

- a. Yes, the SAI maintains mechanisms of communication with the public, and received more than 100 communications from the public during the past year.
- b. Yes, the SAI maintains mechanisms of communication with the public, and received less than 100 but more than ten communications from the public during the past year.
- c. Yes, the SAI maintains mechanisms of communication with the public but it receives very little (less than ten) or no information from the public on potential subjects for audit.
- d. No, the SAI does not maintain any formal mechanisms of communication with the public.
- e. Not applicable.

Citation:

Annual Report of the Board of Audit and Inspection for 2008
<http://www.bai.go.kr/>
Date of release: April, 2009

Comment:

The BAI has two functions in connection with maintaining channels of communication with the public. The one is to deal with civil petitions, the other is to receive information through hotline on fraud and irregularities against government organizations or public officials. Furthermore, the BAI introduces a system to execute an audit requested by the general public or civic groups. If the public or civic groups are trying to request an audit, they should file a written request signed by more than 300 people to the BAI.

*According to the BAI's annual report for 2008, the number of requests from the public were 194 cases and 40 cases of them were audited. Refer to the 2008 Annual Report of the BAI, pp. 698-699

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

a

<p>120. Does a committee of the legislature view and scrutinize the audit reports?</p> <ul style="list-style-type: none"> a. Yes, all audit reports are scrutinized. b. Yes, most audit reports are scrutinized. c. Yes, some audit reports are scrutinized. d. No, audit reports are not scrutinized. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> The Legislation and Judiciary Committee of the National Assembly in Korea assumes the specific responsibility for reviewing BAI's audit reports. The BAI reports its important audit findings whenever the Committee is being held. This response was based on the interview with an official who works for the Legislation and Judiciary Committee. Also, the researcher himself had experience in explaining the audit reports in the Committee.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>
<p>121. Does the executive make available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action?</p> <ul style="list-style-type: none"> a. Yes, the executive reports publicly on what steps it has taken to address audit findings. b. Yes, the executive reports publicly on most audit findings. c. Yes, the executive reports publicly on some audit findings. d. No, the executive does not report on steps it has taken to address audit findings. e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> During committee sessions, most members of the National Assembly are very interested in the auditee's follow-up actions on audit recommendations. So each ministry has to report measures taken on audit findings.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>b</p>

122. Does either the Supreme Audit Institution or the legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?

- a. Yes, a comprehensive report is released regularly that tracks actions taken by the executive to address audit recommendations.
- b. Yes, a report is released, covering key audit recommendations, but some details are excluded.
- c. Yes, a report is released, but it lacks important details.
- d. No, a report is not produced or it is prepared for internal purposes only (please specify).
- e. Not applicable/other (please comment).

Citation:

Annual Report of the Board of Audit and Inspection for 2008
<http://www.bai.go.kr/>
Serial No. : 11-1040152-000011-10

Audit Report for 2008
<http://www.bai.go.kr/>
pp.195-198

Comment:

The BAI does not release a separate report on follow-up actions taken by the Executive. Instead, the BAI publishes an annual report in which major audit results with follow-up actions taken by an audited organization are presented. Also, the Audit Report for 2008 presents aggregate figures of follow-up actions taken by the Government as a whole.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

b

<p>123. Are audit reports of the annual accounts of the security sector (military, police, intelligence services) and other secret programs provided to the legislature (or relevant committee)?</p> <ul style="list-style-type: none">a. Yes, legislators are provided with detailed audit reports related to the security sector and other secret programs.b. Yes, legislators are provided audit reports on secret items, but some details are excluded.c. Yes, legislators are provided audit reports on secret items, but they lack important details.d. No, legislators are not provided audit reports on secret items, or secret programs are not audited (please specify).e. Not applicable/other (please comment). <p><u>Citation:</u></p> <p><u>Comment:</u> All audit reports of the security sector are provided in a classified form. Refer to the comment on question #120.</p> <p><u>Peer Reviewer One Comment:</u></p> <p><u>Peer Reviewer Two Comment:</u></p>	<p>a</p>
---	----------

Additional Comments:

Please use this section to add any additional comments.

During the past couple of years, South Korea's public financial system has changed a lot. One of those significant changes is that the government adopted an accrual based double-entry bookkeeping system.

The central government has to make its financial statements based on accrual basis from the year 2009. But those financial statements should be submitted to the legislature starting from the fiscal year 2010.

Also, government ministries and agencies must prepare their performance plans as well as performance reports, which should be audited by the SAI and submitted to the National Assembly together with the budget documents and Year-End Reports.

In addition, the Korean government adopted a program based budget system in 2007. All these changes help enhancing accountability and transparency of the financial managements for the Korean government.

Some of those changes affected this reseach but most of them will affect the next OBI survey.