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OPEN BUDGET QUESTIONNAIRE

Please note: Only information released to the public before **31 December 2011** can be used to respond to this questionnaire

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Table of Contents

Section One: The Availability of Budget Documents

Table 1. Budget Year of Documents Used to Complete the Questionnaire 5

Table 2. Key Budget Documents Used: Full Titles, Availability, and Internet URLs/Addresses 6

Table 3. Distribution of Documents Related to the Formulation Phase 7

Table 4. Distribution of Documents during Approval, Execution, and Audit Phases 9

Section Two: The Executive's Budget Proposal

Estimates for the Budget Year and Beyond 13

Estimates for Years Prior to the Budget Year 37

Additional Information Needed for a Comprehensive Executive's Budget Proposal 59

The Budget Narrative & Performance Monitoring 78

Section Three: The Budget Process

Executive's Formulation of the Budget 91

Budget Execution Phase 101

In-Year Reports 101

Mid-Year Review 115

Year-End Reporting 121

Audit Phase and the Supreme Audit Institution 134

Section Four: Strength of the Legislature 150

Section Five: Citizens Budget and Public Engagement in the Budget Process

The Citizens Budget 171

Public Engagement in the Budget Process 178

Executive: Public Engagement During Budget Formulation and Execution 178

Legislature: Public Engagement During Budget Enactment 187

Supreme Audit Institutions: Public Engagement During Audit 193

Section One: The Availability of Budget Documents

TABLE 1

Budget Year of Documents Used to Complete the Questionnaire

General Note: In order to answer questions in Sections 2-5 of the questionnaire, only publicly available documents can be used.

Guidelines for Table 1:

Indicate the budget year of each of the publicly available documents used to complete the questionnaire. If a document is not available to the public, either because it is produced but not publicly released or because it is not produced, please state either "Produced but Not Available to the Public" or "Not Produced," accordingly.

To answer all of the questions, refer to the most recently released version of each of the eight key documents, or the most recent phase of the budget process that has occurred.

When is a budget document considered "Publicly Available"?

A budget document is considered publicly available when any and all members of the public can obtain a copy of the document through a request to the public authority that issues the document.

For the purposes of the questionnaire, budget documents are classified into the following four categories:

1. Documents not produced
2. Documents produced but only for internal purposes, and not available to the public
3. Documents produced and available to the public, but only upon request from the relevant government office
4. Documents produced and distributed to the public widely and proactively, i.e., individuals have access to the documents without having to request them directly from the executive (e.g., Internet or public library)

For purposes of responding to the questions in Sections 2-5, a document should be considered "publicly available" only if categories "3" or "4" above apply. If "1" or "2" apply, please state "Produced but Not Available to the Public" or "Not Produced."

TABLE 1: Budget Documents Used to Complete the Questionnaire

Budget Document	Budget Year Used
Pre-Budget Statement (PBS)	2012-2014
Executive's Budget Proposal (EBP)	2011
Supporting Budget Documents to EBP	
Citizens Budget (CB)	Not Produced
Enacted Budget (EB)	2011
In-Year Reports (IYR)	2011

Mid-Year Review (MYR)	Not Produced
Year-End Report (YER)	2010
Audit Report (AR)	2009-2010

TABLE 2

Key Budget Documents Used: Full Titles, Availability, and Internet URLs/Addresses

Guidelines for Table 2:

For all publicly available documents that will be cited in Sections 2-5 of this questionnaire, provide the following information:

1. Full title
2. Date the document was made available to the public (**General Note:** this is not necessarily the same date indicated on the document itself)
3. How the document is made available to the public (library, upon request, Internet, etc.)
4. Internet URL/address, if applicable

If the document is not publicly available, indicate one of these two answers: "Not Produced" or "Produced but Not Available to the Public," according to what applies.

Budget Document	1) Full Title, 2) Date, 3) Availability, 4) Internet URL/Address
Pre-Budget Statement	Smjernice ekonomske i fiskalne politike za razdoblje 2012.-2014. (Economic and Fiscal Policy Guidelines for the period 2012-2014), 27 July 2011, Internet, http://www.vlada.hr/hr/content/download/173840/2537108/file/141.%20-%201.pdf
Executive's Budget Proposal	A. Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15
If Applicable	
Document 1 in Support of the Executive's Budget Proposal	
Document 2 in Support of the Executive's Budget Proposal	
Document 3 in Support of the Executive's Budget Proposal	
Citizens Budget	Not Produced
Enacted Budget	Državni proračun Republike Hrvatske za 2011. godinu i projekcije za 2012. i 2013. godinu (Enacted State Budget of the Republic of Croatia for 2011, and Projections for 2012 and 2013), 14 December 2010, Internet,

In-Year Reports	Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf
Mid-Year Review	Not Produced
Year-End Report	Prijedlog godišnjeg izvještaja o izvršenju Državnog proračuna Republike Hrvatske za 2010. godinu (The Draft of the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the collection of documents/files, except
Audit Report	Izvješće o obavljenoj reviziji Godišnjeg izvještaja o izvršenju Državnog proračuna Republike Hrvatske za 2010. godinu (Audit Reports: The State Budget of the Republic of Croatia for 2010), 12 May 2011, Internet,
Other Relevant Documents	Pretpristupni ekonomski program 2011.-2013. (2010 Pre-accession Economic Program), circa January 2011, Internet, http://www.mfin.hr/adminmax/docs/PEP_2011.-2013..pdf
Relevant Ministries & Departments	Vlada Republike Hrvatske [government], http://www.vlada.hr/ Hrvatski sabor [parliament], http://www.sabor.hr/ Ministarstvo financija Republike Hrvatske

TABLE 3

Distribution of Documents Related to the Formulation Phase

Guidelines for Table 3:

In Part 1 of this table, there are four options presented in rows A, B, C, and D for describing the status and availability of each of the relevant documents (Pre-Budget Statement, Executive's Budget Proposal, and Citizens Budget). For each document, record either YES, NO, or NA (not applicable) in the cells to indicate whether the statement applies or does not apply to the document.

For budget documents that are produced and distributed to the public (i.e., options C and D were selected in Part 1), complete Part 2 of the table to identify what steps the executive takes to distribute and promote interest in these reports.

TABLE 3: PART 1

	Pre-Budget Statement	Executive's Budget Proposal			Citizens Budget*
		Main Document	Supporting Document 1	Supporting Document 2	
A. Not produced, even for internal purposes	NO	NO	NA	NA	YES
B. Produced for internal purposes but not made available to the public	NO	NO	NA	NA	NO

C. Produced and made available to the public, but only on request	NO	NO	NA	NA	NO
D. Produced and widely and proactively distributed to the public (for example, public copies in libraries, or posted on the Internet)	YES	YES	NA	NA	NO

*The Citizens Budget has been included in the Formulation phase because it can be a simplified version of the Executive's Budget Proposal. In this case it is considered publicly available if it is released at the same time as the Executive's Budget Proposal. However, note that in some countries the Citizens Budget is a simplified version of the Enacted Budget rather than the Executive's Budget Proposal. In this case it is considered publicly available if it is released at the same time as the Enacted Budget.

Please specify which, if either, case applies to your country in Table 2, as well as in the questions in the Survey that refer to the Citizens Budget (questions 109-112).

TABLE 3: PART 2

	Pre-Budget Statement	**Executive's Budget Proposal**			**Citizens Budget***
		Main Document	**Supporting Document 1**	**Supporting Document 2**	
1. The release date is known at least one month in advance	YES	YES	NA	NA	NA
2. Advance notification of release is sent to the public (it could also be through the media)	YES	YES	NA	NA	NA

3. Released to public same day as official release to media	YES	YES	NA	NA	NA
4. Available on the Internet free of charge	YES	YES	NA	NA	NA
5. Free print copies available, limited distribution	NO	NO	NA	NA	NA
6. Free print copies available, mass distribution	NO	NO	NA	NA	NA
7. Readily available outside capital and/or big cities	YES	YES	NA	NA	NA
8. Published in more than one language	YES	NO	NA	NA	NA
9. News conference is held to discuss release	YES	YES	NA	NA	NA

TABLE 4

Distribution of Documents Related to Approval, Execution, and Audit Phases

Guidelines for Table 4:

In Part 1 of this table, there are four options presented in rows A, B, C, and D for describing the status and availability of each of the relevant documents (Enacted Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report). For each document, record either YES, NO, or NA (not applicable) in the cells to indicate whether the statement applies or does not apply to the document.

For budget documents that are produced and distributed to the public (i.e., options C and D were selected in Part 1), complete Part 2 of the table to indentify what steps the executive takes to distribute and promote interest in these reports.

TABLE 4: PART 1

	Enacted Budget	In-Year Reports	Mid-Year Review	Year-End Report	Audit Report
A. Not produced, even for internal purposes	NO	NO	YES	NO	NO
B. Produced for internal purposes but not made available to the public	NO	NO	NO	NO	NO
C. Produced and made available to the public, but only on request	NO	NO	NO	NO	NO
D. Produced and widely and proactively distributed to the public (for example, public copies in libraries, posted on the Internet)	YES	YES	NO	YES	YES

TABLE 4: PART 2

	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	YES	NA	YES	YES

2. Advance notification of release is sent to the public (it could also be through the media)	YES	YES	NA	YES	YES
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	NO	YES	NA	NO	NO
6. Free print copies available, mass distribution	NO	NO	NA	NO	NO
7. Readily available outside capital and/or big cities	YES	YES	NA	YES	YES
8. Published in more than one language	NO	YES	NA	NO	NO
9. News conference is held to discuss release	YES	YES	NA	YES	YES

Section Two: The Executive's Budget Proposal

General Guidelines:

For each question, four answer choices are provided. Mark the answer choice that best describes the specified budget document or information by placing the appropriate letter (a, b, c, or d) in the column cell to the right of the question. Answer choice "e" corresponds to "Not applicable" and must only be used in exceptional circumstances. In addition, for all "e" answers, a brief explanation must be provided that indicates why the other answer choices (a, b, c, or d) are not applicable, and why another response would be more appropriate.

For those questions intended to evaluate the contents of the eight key budget documents, researchers must use ONLY publicly available budget documents for their answers.

General Notes *on abbreviations:*

BY = budget year (year for which the Executive's Budget Proposal is being drafted)

BY+1 = one year beyond the budget year

BY-1 = one year before the budget year

Estimates for the Budget Year and Beyond

Guidelines for Question 1:

Expenditures can be organized according to the following classifications: administrative unit, function, and economic category (a fourth, more detailed, categorization is by individual program). Each of these classification systems has different advantages. For instance, reporting expenditure by administrative unit indicates which government entity (department, ministry, or agency) will be responsible for spending the funds and, ultimately, held accountable for their use – it answers the question "who spends the money?".

To answer "a," all expenditures covered in the budget would have to be organized by such a classification system.

1. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)? a. All expenditures are classified by administrative unit. b. Expenditures are classified by administrative unit, but expenditures for some small units are not presented separately. c. Expenditures are classified by administrative unit, but those for a significant number of units are not presented separately. d. No expenditures classified by administrative unit are presented. e. Not applicable/other (please comment).	a b c d e
Citation:	
Pages 15-318 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske	

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 2:

Functional classification indicates the programmatic purpose, sector, or objective for which the funds will be used, such as health, education, or defense. Unlike classification by administrative unit, which tends to be unique to each country, functional and economic classifications for government budgeting have been developed and standardized by international institutions.

To answer "a," all expenditures covered in the budget have to be organized by such a classification system that is consistent with international standards. In contrast, the "c" response would apply if a significant portion of expenditures

are not classified according to international standards. For instance, the “c” response would be appropriate if expenditures are presented separately for some of the major functions, such as education and health, but a large residual portion of the total budgeted expenditure is not classified by function. This would make it impossible to identify other functional allocations, such as that for housing or transportation, with precision.

2. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the budget year by functional classification? a. All expenditures are presented by functional classification, and the categorization is compatible with international standards. b. All expenditures are presented by functional classification, but the categorization is not compatible with international standards. c. Some, but not all, expenditures are presented by functional classification. d. No expenditures classified by function are presented. e. Not applicable/other (please comment).	a b c d e

Citation:

Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

This information is not presented in the Executive's Budget Proposal, although "Pravilnik o proračunskim klasifikacijama" (Statute on budget classifications; Official Gazette 26/10) prescribes functional classification that is compatible with international standards.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 3:

Economic classification provides information on the nature of the expenditure, such as whether funds are being used to pay for wages and salaries, capital projects, or social assistance benefits.

To answer "a," all expenditures covered in the budget have to be organized by such a classification system that is consistent with international standards. In contrast, the "c" response would apply if a significant portion of expenditures are not classified according to international standards. For instance, the "c" response would be appropriate if expenditures are presented separately for some of the major economic purposes, such as wages and benefits, but a large residual portion of the total budgeted expenditure is not classified by function. This would make it impossible to identify other economic allocations, such as that for capital outlay, with precision.

3. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year that are presented by economic classification? a. All expenditures are presented by economic classification, and the categorization is compatible with international standards. b. All expenditures are presented by economic classification, but the categorization is not compatible with international standards. c. Some, but not all, expenditures are presented by economic classification. d. No expenditures classified by economic classification are presented. e. Not applicable/other (please comment).	a b c d e

Citation:
Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Expenditures by economic classification are presented on pages 5-15 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013. On pages 16-318, expenditures are cross-classified by administrative units and economic classification.
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 4:

There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to refer to any level of detail below an administrative unit, such as a ministry or department. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." These subgroups should be considered programs even when they could be, but are not, broken down into smaller, more detailed units.

A note for francophone countries: "Program" level detail is sometimes referred to as *le plan comptable* or *le plan comptable detaille*. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

4. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the budget year? 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).	a b c d e

Citation:

Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.

Government Comment:

Researcher Response:

IBP Comment:

Guidelines for Question 5:

Because the effects of budget decisions affect the parameters of future budgets, it is useful to estimate revenues and expenditures for multi-year periods, understanding that these estimates might be revised as circumstances change. Sometimes referred to as a Medium Term Expenditure Framework (MTEF), a three-year period is generally considered an appropriate horizon for budgeting and planning.

5. In the Executive's Budget Proposal 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).	a b c

Citation:
Pages 5-6 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 6:

There is no standard definition for the term "program," and the meaning can vary from country to country. However, for the purposes of answering the questionnaire, researchers should understand the term "program" to refer to any level of detail below an administrative unit, such as a ministry or department. For example, the Ministry of Health's budget could be broken down into several subgroups, such as "primary health care," "hospitals," or "administration." These subgroups should be considered programs even when they could be, but are not, broken down into smaller, more detailed units.

A note for francophone countries: "Program" level detail is sometimes referred to as *le plan comptable* or *le plan comptable detaille*. (These data are typically coded in the financial management database, following the chart of budgetary accounts, so that they can be organized by administrative and functional classification.)

6. In the Executive's Budget Proposal or any supporting budget documentation is more detail in addition to the aggregate level presented for expenditure estimates that cover a multi-year period (for at least two years beyond the budget year)? 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).	a b c d e

Citation:
Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu po korisnicima proračuna i ekonomskoj klasifikaciji (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013, for budgetary users and economic classification), 15 November 2010, Internet, the document/file titled "1.7. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 7 and 8:

Revenues generally are separated into two major categories: tax and non-tax revenues. Taxes are compulsory transfers that result from government exercising its sovereign power. The largest sources of tax revenue in some countries are taxes

personal and business income and taxes on goods and services, such as sales or value-added taxes. The category of non-tax revenues is more diverse, ranging from grants from international institutions and foreign governments to funds raised through the sale of government-provided goods and services. Note that some forms of revenue, such as contributions to social security funds, can be considered as either a tax or non-tax revenue depending on the nature of the approach to these contributions.

Questions 7-8 assess the degree to which the individual sources of tax and non-tax revenues are disaggregated in the budget. Particularly because different revenues have different characteristics, including who bears the burden of paying the tax and how collections are affected by economic conditions, it is important that estimates for revenues be disaggregated and displayed based on their sources.

7. Does the Executive's Budget Proposal or any supporting budget documentation identify the different sources of tax revenue (such as income tax or VAT) for the budget year? 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).	a b c d e

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Page 16 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

8. Does the Executive's Budget Proposal or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?

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 revenue are identified individually.

c. Sources of non-tax revenue amounting to less than two-thirds of all non-tax revenue are identified individually.

d. No sources of non-tax revenue are identified individually.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The Executive's Budget Proposal in 2009 offered a more detailed presentation of non-tax revenues. For example, a category within social contributions - contributions for health insurance - was further divided into four subcategories; now, these subcategories are missing.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
According to the Budget Law (Article 39) that entered into force 1 January 2009, the Parliament adopts the budget on the level of subgroup (third level) of economic classification for the next year and projections on the level of division (second level) of economic classification for the following two years.
Researcher Response:
IBP Comment:

Guidelines for Questions 9 and 10:

The level of disaggregation is not considered in this question. As long as the Executive's Budget Proposal presents revenue estimates for at least two years following the budget year in question, an "a" answer is appropriate. However, in question 10, in order to assign an "a" answer, revenue estimates must be reported by individual source for at least two years following the budget year in question.

9. In the Executive's Budget Proposal 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)? 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).	a b c

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

10. In the Executive's Budget Proposal or any supporting budget documentation is more detail in addition to the aggregate level presented for revenue estimates that cover a multi-year period (for at least two years beyond the budget year)?

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).

a
b
c
d
e

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Page 16 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The 2009 Proposal gave more detailed information on non-tax revenues than the 2011 Proposal. For example, the revenue from financial assets was presented in seven different categories, while in the new proposal only the aggregate sum is presented.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
According to the Budget Law (Article 39) that entered into force 1 January 2009, the Parliament adopts the budget on the level of subgroup (third level) of economic classification for the next year and projections on the level of division (second level) of economic classification for the following two years.
Researcher Response:
IBP Comment:

Guidelines for Question 11:

The budget should reflect the total size of the central government's debt burden at the start of the fiscal year, as well as the amount of additional borrowing that is required to finance the expenditure proposals in the budget that exceed available revenues. By showing the debt estimates both at the beginning and at the end of the year it is possible to have an idea of whether the country will face a deficit or surplus during budget execution, i.e., if it's planning to borrow and how much.

11. Does the Executive's Budget Proposal or any supporting budget documentation present data on the total government debt outstanding for the budget year?	
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).	a
b. Yes, the data reflect the outstanding debt at the end of the budget year.	b
c. Yes, the data reflect the outstanding debt at the start of the budget year.	c
d. No, data on the outstanding debt are not presented.	d
e. Not applicable/other (please comment).	e
Citation:	

Comment:
This information is not present in the Executive's Budget Proposal.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 12:

The amount of interest that is paid to service this debt should be clearly stated in the budget. In some cases a country can opt out of repaying the principal year by year, but it cannot forego paying the interest on the money borrowed. Presenting an aggregate debt figure would not provide a clear picture of exactly what the government owes and what it has to repay year by year.

Note also that both functional and economic classifications of expenditure require interest payments to be shown separately.

12. Does the Executive's Budget Proposal 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).	a b c

Citation:

Page 5 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Guidelines for Question 13:

Examples of information related to the composition of government debt are: interest rates that apply to the different instruments, length of maturity of the various instruments, currency in which debts are denominated, and distinction between domestic and external debt. All of these factors give an indication of the potential vulnerability of the country's debt position, and ultimately whether the cost of servicing (i.e., paying off) the debt is affordable.

13. Does the Executive's Budget Proposal 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 or 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).	a b c d e

Citation:

Comment:
This information is not presented in the Executive's Budget Proposal.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 14:

Defining which economic assumptions are "key" may vary from country to country. For example, many if not all countries are affected by changes in the price of oil and other commodities; therefore, in their budget assumptions they should account for the world market prices of those commodities because, whether a country is a buyer or seller, a significant variation in the price of those commodities will affect expenditure or revenue, respectively. In general, the key economic assumptions should include at least estimates of GDP growth, inflation rates, interest rates, and unemployment rates.

14. Does the Executive's Budget Proposal or any supporting budget documentation present the macroeconomic forecast upon which the budget projections are based? a. Yes, an extensive discussion of the macroeconomic forecast is presented, and key assumptions (for such factors 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).	a b c d e

Citation:

Pages 10-12 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The forecasts of inflation rate and GDP and its components are presented. There is some discussion on employment rate, but it is not supported by figures; interest rates forecasts are absent. Traditionally, the Pre-Budget Statement offers a more detailed 'macroeconomic' section, which could be simply presented (updated, if needed) also in the Executive's Budget Proposal.
The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Guidelines for Question 15:

Assessing the impact on the budget of different macroeconomic assumptions is often referred to as a "sensitivity analysis." An analyst can use sensitivity analysis to estimate the effect on the budget of possible changes in some of the macroeconomic assumptions during budget execution: for instance, what would happen to revenue collection if GDP growth were slower than assumed in the budget proposal? Or what would happen to expenditure if inflation were higher than estimated?

15. Does the Executive's Budget Proposal or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget (including impacts on expenditures, revenues, and debt)? 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).	a b c **d** e

Citation:

Pages 10-12 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The Pre-Budget Statement offers such sensitivity analysis, which could be simply presented (updated, if needed) also in the Executive's Budget Proposal. Unfortunately, this was not done despite recommendations of the Institute of Public Finance.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

The Pre-Budget Statement offers the impact of different macroeconomic assumptions (i.e. sensitivity analysis) on the budget (including impacts on revenues, expenditures and debt). The Pre-Budget Statement is produced as part of the budget process according to the Budget Law based on the Strategy of the Government Programs for a three-year period. In accordance with the Pre-Budget Statement, the Ministry of Finance delivers to ministries and other budget users the instructions for drafting the state budget proposal.

Researcher Response:

It is true that the Pre-Budget Statement contains such analysis. However, it is a separate document issued at a different date from the Executive's Budget Proposal and cannot be used for making a response to this question.

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer to this question.

Guidelines for Questions 16 and 17:

In any given year, most of the expenditures and revenues in the budget reflect the continuation of existing policies. However, much of the attention during the budget debate is focused on new proposals — whether they call for eliminating an existing program, introducing a new one, or changing an existing program at the margins. Typically, these new proposals are accompanied by an increase, a decrease, or a shift in expenditures or revenues. Because these changes may have different impacts on people's lives, the budget proposal must present sufficient detail about new policies and their budgetary impact.

16. Does the Executive's Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how policy proposals, as distinct from existing policies, affect expenditures? 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).	a b c d e

Citation:

Pages 17-18 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:
The answer selected demonstrates an improvement in performance since the 2010 round of research.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

17. Does the Executive's Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how policy proposals, as distinct from existing policies, affect revenues? a. Yes, extensive information on the impact of policy proposals on revenues is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the impact of key policy proposals on revenues, 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 revenues is not presented. e. Not applicable/other (please comment).	a b c d e

Citation:

Pages 12-16 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

In 2010, the personal income tax schedule was changed and there were changes in the special tax on personal income. Some information on the effect of these changes are presented, but not in enough detail.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Estimates for Years Prior to the Budget Year

Guidelines for Questions 18-21:

Prior-year information, in formats comparable to those in the upcoming budget year (BY), constitutes an important benchmark for assessing the proposals for the upcoming budget year. Questions 18-21 parallel questions 1-4 but look at the presentation of expenditure data for the year prior to the budget year (questions 1-4 look at BY only).

18. Does the Executive's Budget Proposal 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)?

a. All expenditures are classified by administrative unit for BY-1.

b. Expenditures are classified by administrative unit for BY-1, but some small units are not shown separately.

c. Expenditures are classified by administrative unit for BY-1, but a significant number of units are not shown separately.

d. No expenditures classified by administrative unit are presented for BY-1.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Pages 15-318 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

19. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by functional classification? 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).	a b c d e

Citation:
Comment:
This information is not presented in the Executive's Budget Proposal.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

20. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by economic classification? 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).	a b c d e

Citation:

Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.

Government Comment:

Researcher Response:

IBP Comment:

21. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?

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).

a
b
c
d
e

Citation:

Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:
The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 22:

Questions 22-26 assess the amount of, level of detail, and accuracy of prior-year expenditure data. Typically, when the budget proposal is submitted, the year prior to the upcoming budget year (BY) has not been completed, so the executive will provide estimates of the anticipated outcome for BY-2. The soundness of these prior-year estimates is directly related to the degree to which they have been updated to reflect actual expenditures to date and anticipated changes in macroeconomic, caseload, and other relevant factors for the remainder of the year.

22. In the Executive's Budget Proposal or any supporting budget documentation, how many months of data on actual expenditures are reflected in the expenditure estimates of the year prior to the budget year (BY-1)? 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).	a b c d e

Citation:

(A) Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

(B) Izmjene i dopune Državnog proračuna Republike Hrvatske za 2010. godinu i projekcije za 2011. i 2012. godinu (Revised State Budget of the Republic of Croatia for 2011), 30 August 2010, Internet: http://infodok.sabor.hr/GetAlternativeDocument.aspx?ent_id=7588

Comment:

The 2010 expenditure and revenue figures in the Executive's Budget Proposal (A: p. 2) correspond to the figures from the Revised Budget (B: p. 9), released on 30 August 2010. From the Clarification of Revised Budget (B: p. 299, Table 1) we can conclude that the data in 2010 revised budget (B: p. 9) reflected the period from January to June 2010. Also see the comment on Question 29.
The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Under "Citation," one document should be added: (C) Obrazloženje prijedloga izmjena i dopuna državnog proračuna Republike Hrvatske za 2010. godinu (Clarification of the Revised State Budget of Croatia for 2010), 23 August 2010. http://www.sabor.hr/Default.aspx?art=34889.

In researchers' comment the second sentence should also be modified in the following way: From the Clarification of Revised Budget (C: p.4) we can conclude that the data in 2010 revised budget (B) reflected the period from January to June 2010.

Government Comment:

Researcher Response:

There is no need to introduce another document/file into citations, as it was suggested by PR2: our file B already contains the “budget clarification” section. This is only a matter of form, not of content: when searching the Internet, we have found the joint file – in which all separate files are merged into an unique file, while PR2 has found separate files.

IBP Comment:

IBP agrees with the researcher's explanation.

Guidelines for Question 23:

The budget year proposals are based in large part on the prior years' budgets and will affect decisions in future years' budgets, so the Executive's Budget Proposal should present a multi-year picture of revenues and expenditures. For an appropriate time series of data, the OECD recommends at least two years prior to the budget year and two years beyond the budget year, for a total of at least five years.

23. In the Executive's Budget Proposal or any supporting budget documentation are estimates of the aggregate level of expenditure presented for more than one year prior to the budget year (that is, BY-2 and prior years)? a. Yes, such prior-year estimates of aggregate expenditure are presented. b. No, such prior-year estimates of aggregate expenditure are not presented. c. Not applicable/other (please comment).	a b c

Citation:

Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 24:

While question 23 asks only about aggregate data, this question delves into the level of detail in which estimates are presented. The more detail that is provided, the higher the answer for this question should be (for example, "a" can be selected if all expenditures are classified according to at least one classification system).

24. Does the Executive's Budget Proposal or any supporting budget documentation present more detail in addition to the aggregate level for expenditure estimates that cover more than one year prior to the budget 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).	a b c d e

Citation:
Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 25:

For planning purposes, budget data that represent actual revenues and expenditures are better than even the most carefully derived estimates. Therefore, the answer to this question will be higher when the prior year for which actuals are reported is closer to the budget year. In most cases, the most recent year for which budget data on actual revenues expenditures are available will be BY-2, as BY-1 is generally not yet finished when the budget proposal is drafted. So a government that has updated all its expenditure data for BY-2 with what was actually implemented, as opposed to estimated data, shows very good public financial management practice (hence "a" would be the appropriate answer for this question).

25. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes? 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 expenditures are presented in the budget or supporting budget documentation. e. Not applicable/other (please comment).	a b c d e

Citation:

Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 26:

Prior-year data should be classified and presented in formats that are comparable to the budget-year estimates to ensure that year-to-year comparisons are meaningful. For instance, if the budget proposes shifting responsibility for a particular program from one administrative unit to another — such as shifting responsibility for the training of nurses from the health department to the education department — the prior-year figures must be adjusted to reflect this change before year-to-year comparisons of administrative budgets can be made.

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? a. Yes, prior-year data are always adjusted to be comparable to the budget year data. b. Yes, in most cases, prior-year data are adjusted to be comparable. c. Yes, in some cases, prior-year data are adjusted to be comparable, but significant deviations between prior-year and budget-year classifications exist. d. No, prior-year data are not adjusted to be comparable, or no prior-year estimates are presented. e. Not applicable/other (please comment).	a b c d e
Citation:	
Pages 16-322 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske	
Comment:	

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
The citation can be found on pages 16-318 of The Proposal of the State Budget of the Republic of Croatia for 2011, with projections for 2012 and 2013.
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 27-32:

Questions 27-32 cover the same topics about prior-year information as the previous six questions, only they ask about information provided for revenues rather than expenditures.

27. Does the Executive's Budget Proposal 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)? 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).	a b c d e

Citation:
Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske Page 16 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

28. Does the Executive's Budget Proposal 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)? 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).	a b c d e

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The Executive's Budget Proposal in 2009 offered a more detailed presentation of non-tax revenues. For example, a category within social contributions - contributions for health insurance - was further divided into four subcategories; now, these subcategories are missing.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

29. In the Executive's Budget Proposal or any supporting budget documentation, how many months of data on actual revenues are reflected in the revenue estimates of the year prior to the budget year (BY-1)?

a. All BY-1 estimates have been updated from the original estimates to reflect six or more months of actual revenue collections.

b. All BY-1 estimates have been updated from the original estimates but reflect less than six months of actual revenue collections.

c. Some BY-1 estimates have not been updated from the original estimates to reflect actual revenue collections.

d. The BY-1 estimates have not been updated from the original estimates, or no BY-1 estimates are presented.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

(A) Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

(B) Izmjene i dopune Državnog proračuna Republike Hrvatske za 2010. godinu i projekcije za 2011. i 2012. godinu (Revised State Budget of the Republic of Croatia for 2011), 30 August 2010, Internet: http://infodok.sabor.hr/GetAlternativeDocument.aspx?ent_id=7588

Comment:

The 2010 expenditure and revenue figures in the Executive's Budget Proposal (A: p. 2) correspond to the figures from the Revised Budget (B: p. 9), released on 30 August 2010. From the Clarification of Revised Budget (B: p. 299, Table 1) we can conclude that the data in 2010 revised budget (B: p. 9) reflected the period from January to June 2010. Also see the comment on question 22.
The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Under "Citation," one document should be added: (C) Obrazloženje prijedloga izmjena i dopuna državnog proračuna Republike Hrvatske za 2010. godinu (Clarification of the Revised State Budget of Croatia for 2010), 23 August 2010. http://www.sabor.hr/Default.aspx?art=34889.

In researchers' comment the second sentence should also be modified in the following way: From the Clarification of Revised Budget (C: p.4) we can conclude that the data in 2010 revised budget (B) reflected the period from January to June 2010.

Government Comment:

Researcher Response:

The same as for Question 22.

IBP Comment:

IBP agrees with the researcher's explanation.

30. In the Executive's Budget Proposal or any supporting budget documentation are estimates of the aggregate level of revenues presented for more than one year prior to the budget year (that is, BY-2 and prior years)?

a. Yes, such prior-year estimates of aggregate revenue are presented.

b. No, such prior-year estimates of aggregate revenue are not presented.

c. Not applicable/other (please comment).

a
b
c

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

31. In the Executive's Budget Proposal or any supporting budget documentation is more detail in addition to the aggregate level presented for revenue estimates for more than one year prior to the budget 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).	a b c d e

Citation:
Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

32. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes? 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).	a b c d e

Citation:

Pages 3-4 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Questions 33 and 34:

Questions 33 and 34 ask about prior-year information provided for debt, rather than expenditures or revenues.

33. Does the Executive's Budget Proposal or any supporting budget documentation present information related to the government debt for the year preceding the budget year? 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).	a b c d e
Citation:	
Comment:	
This information is not presented in the Executive's Budget Proposal.	
Peer Reviewer One Comment:	

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

34. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?	a b c d e
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).	
Citation:	
This information is not presented in the Executive's Budget Proposal.	

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Additional Information Needed for a Comprehensive Executive's Budget Proposal

Guidelines for Question 35:

In most countries, governments administer funds outside the annual budgets, often referred to as extra-budgetary funds. For example, some countries have large pension or social security programs set up as extra-budgetary funds, where the revenues collected and the benefits paid are recorded in a separate fund outside the budget. Extra-budgetary funds can range in size and scope, but information related to them must be made available for a comprehensive understanding of the government's true fiscal position. Another example of the use of extra-budgetary funds is found in countries dependent on hydrocarbon/mineral resources, where revenues from producing and selling those resources are channeled through systems outside the annual budget. In some cases, the separation engendered by an extra-budgetary fund serves a

legitimate political purpose, and the finances and activities of these funds are well documented. In other cases, however, this structure is used for obfuscation, and little or nothing is known about a fund's finances and activities.

35. Does the Executive's Budget Proposal or any supporting budget documentation present information on extra-budgetary funds for at least the budget year? 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).	a b c d e

Citation:

Nacrti prijedloga financijskih planova izvanproračunskih korisnika za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposals of the Financial Plans of Extrabudgetary Funds for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.2.a-1.2.e dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Pages 38-39 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Comprehensive quantitative estimates for multi-year period are shown. Narrative discussion is present, but it could be more comprehensive.
The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 36:

In many cases, the central government supports the provision of a good or service by a lower level of government through an intergovernmental transfer of funds. This is necessary because, independent from the level of administrative decentralization that exists in a given country, the capacity for revenue collection of a local government is unlikely to be sufficient to pay for all its expenses. However, because the activity is not being undertaken by an administrative unit of the central government, it is unlikely to receive the same level of review in the budget. Thus it is important to include in the budget proposal a statement that explicitly indicates the amount and purposes of these transfers.

36. Does the Executive's Budget Proposal or any supporting budget documentation present information on intergovernmental transfers for at least the budget year?	
a. Yes, extensive information on intergovernmental transfers is presented, including both a narrative discussion and quantitative estimates.	a
b. Yes, information is presented, highlighting key intergovernmental transfers, but some details are excluded.	b
c. Yes, some information is presented, but it lacks important details.	c
d. No, information on intergovernmental transfers is not presented.	d
e. Not applicable/other (please comment).	e

Citation:
Page 5 (aggregate amount) and pages 19-322 (individual amounts) in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
All transfers are shown, but only with quantitative estimates by programs and without discussion. See all items under Head 363 - "Pomoći unutar opće države."

Peer Reviewer One Comment:

Intergovernmental transfers are presented for particular municipalities, towns, and counties (pp. 48-52) in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

37. Does the Executive's Budget Proposal or any supporting budget documentation present information on transfers to public corporations for at least the budget year? 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).	a b c d e

Citation:
Page 5 (aggregate amount) and pages 19-322 (individual amounts) in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
All transfers are shown, but only with quantitative estimates by programs and without discussion. See all items under Head 351 - "Subvencije trgovačkim društvima u javnom sektoru."
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 38:

The term “quasi-fiscal activities” refers to a broad range of activities that are fiscal in character and should be carried out through the regular budget process but are not. For example, a quasi-fiscal activity could be a requirement that, instead of providing a direct subsidy through the appropriation process, a public financial institution provides an indirect subsidy through loans at below-market rates for particular activities, or that an enterprise provide goods or services at prices below

commercial rates to certain individuals or groups. If not clearly included in the government's financial reports, quasi-fiscal activities are a particular type of extra-budgetary transaction.

The above is an example of a policy choice made and approved by the government and legislature. However, quasi-fiscal activities can also involve activities that violate or circumvent a country's budget process laws or are not subject to the regular legislative approval process for expenditures. For example, the executive may issue an informal order to a government entity, such as public commercial enterprise, to provide the executive with goods and services whose funding had not been authorized by the legislature.

Both types of quasi-fiscal activities described above should be disclosed to the public, and their financial significance should be subject to public scrutiny because they can have a significant impact on government expenditure and revenue.

The International Monetary Fund calls for the inclusion in budget documents of Statements on Quasi-Fiscal Activities that "include sufficient information to enable at least some assessment of the potential fiscal significance of each quasi-fiscal activity, and where possible, major quasi-fiscal activities should be quantified." This standard should be met to answer "a" for this question.

38. Does the Executive's Budget Proposal or any supporting budget documentation present information on quasi-fiscal activities for at least the budget year? 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).	a b c d e
Citation:	
Comment:	
According to our review of the relevant documents, this information is not presented.	
Peer Reviewer One Comment:	

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 39:

Financial assets should be classified by major type, reflecting their nature, and historical information on defaults for each type of asset should be included in budget documents.

39. Does the Executive's Budget Proposal or any supporting budget documentation present information on financial assets held by the government? a. 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. 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 financial assets is not presented. e. Not applicable/other (please comment).	a b c d e
Citation:	
Pages 17-18 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske	

Comment:

Only information on transactions of financial assets is presented.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

The Executive's Budget Proposal presents only the information on revenues and expenditures from transactions in total financial assets, but no information on types of financial assets or historical information on defaults for each type of assets. Therefore, it seems advisable to select answer "d."

Government Comment:

Researcher Response:

IBP Comment:

In order to maintain consistency across the surveyed countries, IBP has decided to keep answer "c" for this question.

Guidelines for Question 40:

The valuation of public nonfinancial assets is problematic, especially in countries that do not practice accrual accounting. In these cases it is considered acceptable to provide summary information in budget documents from a country's register of assets. An "a" response can be selected if substantial information on the assets themselves from the financial register is provided in the budget documents, although the value of nonfinancial assets is not provided.

40. Does the Executive's Budget Proposal or any supporting budget documentation present information on nonfinancial assets held by the government? a. Yes, extensive information on nonfinancial 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 nonfinancial assets is presented. e. Not applicable/other (please comment).	a b c d e

Citation:

Pages 4-6 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Only information on transactions of nonfinancial assets are presented.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

The Executive's Budget Proposal presents only the information on revenues and expenditures from transactions in various types of nonfinancial assets, but detailed information from a country's register of assets is lacking (e.g. market value of assets, listing of assets). Therefore, it seems advisable to select answer "d."

Government Comment:
Researcher Response:
IBP Comment:
In order to maintain consistency across the surveyed countries, IBP has decided to keep answer "c" for this question.

Guidelines for Question 41:

Expenditure arrears arise when government has entered into a commitment to spend funds but has not made the payment when it is due. Though equivalent to borrowing, this liability is often not recorded in the budget, making it difficult to assess fully a government's financial position. Moreover, the obligation to repay this debt affects the government's ability to afford other activities. This is why a discussion and estimate of arrears are important.

If expenditure arrears do not represent a significant problem in your country, please mark "e": however, please exercise caution in answering this question. Public expenditure management laws and regulations often will allow for reasonable delays, perhaps 30 or 60 days, in the routine payment of invoices due. Expenditure arrears impacting a small percentage of expenditure due to contractual disputes should not be considered a significant problem for the purpose of answering this question.

41. Does the Executive's Budget Proposal or any supporting budget documentation present information on expenditure arrears for at least the budget year? 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).	a b c d e
Citation:	

Comment:
According to our review of relevant documents, this information is not presented.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 42:

Contingent liabilities are recognized under a cash accounting method only when the contingent event occurs and the payment is made. An example of such liabilities is the case of loans guaranteed by the central government, which can include loans to state-owned banks and other state-owned commercial enterprises, subnational governments, and private enterprises. Under such guarantees, government will only make a payment if the borrower defaults. Thus a key issue for making quantitative estimates of these liabilities is assessing the likelihood of the contingency occurring.

In the budget, according to the OECD, "[w]here feasible, the total amount of contingent liabilities should be disclosed and classified by major category reflecting their nature; historical information on defaults for each category should be disclosed where available. In cases where contingent liabilities cannot be quantified, they should be listed and described." Meeting or exceeding these criteria will support an "a" response to this question.

42. Does the Executive's Budget Proposal or any supporting budget documentation present information on contingent liabilities (such as government loan guarantees)?	
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).	a b c d e

Citation:

Prijedlog godišnjeg izvještaja o izvršenju Državnog proracuna Republike Hrvatske za 2010. godinu (The Draft of the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the document "Izvještaj o danim državnim jamstvima i izdacima po državnim jamstvima u 2010. godini" (The Report on government loan guarantees in 2010), file "5_DANA_DRZAVNA_JAMSTVA.pdf" @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

According to our review of relevant documents, this information is not presented. However, information on new government loan guarantees given in 2010 are presented in the 2010 Year-End Report (see citation).

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 43:

Future liabilities are the result of government commitments that, unlike contingent liabilities, are virtually certain to occur at some future point, thus incurring an expenditure. A typical example consists of government obligations to pay pension benefits or cover health care costs of future retirees. Under a cash accounting system, only current payments associated with such obligations are recognized in the budget. To capture the future impact on the budget of these liabilities, a separate statement is required.

43. Does the Executive's Budget Proposal or any supporting budget documentation present information on future liabilities, such as civil service pensions?	
a. Yes, extensive information on future liabilities is presented, including both a narrative discussion and quantitative estimates.	a
b. Yes, information is presented, highlighting key future liabilities, but some details are excluded.	b
c. Yes, some information is presented, but it lacks important details.	c
d. No, information on future liabilities is not presented.	d
e. Not applicable/other (please comment).	e

Citation:
Comment:
According to our review of relevant documents, this information is not presented.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 44:

Donor assistance is considered non-tax revenue, and the sources of this assistance should be explicitly identified. In terms of in-kind assistance, the concern is primarily with the provision of goods (particularly those for which there is a market that would allow goods received as in-kind aid to be sold, thereby converting them into cash) rather than with in-kind aid like advisors from a donor country providing technical assistance.

44. Does the Executive's Budget Proposal or any supporting budget documentation provide details on the sources of donor assistance, both financial and in-kind? a. All sources of donor assistance are identified individually. b. At least two-thirds of, but not all, sources of donor assistance are identified individually. c. Less than two-thirds of sources of donor assistance are identified individually. d. No sources of donor assistance are identified individually. e. Not applicable/other (please comment).	a b c d e

Citation:
A: p. 2 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske B: p. 14 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
This information is not presented individually. Only aggregated amounts of donor assistance are presented in document A under Head 631 “Pomoći od inozemnih vlada” (Assistance from foreign governments) i 632 “Pomoći od međunarodnih organizacija” (Assistance from international organizations). However, it is mentioned in document B that the majority of revenue from this source is arriving from the European Union. The answer selected demonstrates an improvement in performance since the 2010 round of research.
Peer Reviewer One Comment:
The Executive’s Budget Proposal nor any supporting budget documentation provide information regarding in-kind assistance.
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 45:

Tax expenditures arise as a result of exceptions or other tax preferences for specified entities, individuals, or activities in the tax code. Tax expenditures often have the same impact on public policy, and budgets, as providing direct subsidies, benefits, or goods and services. For example, encouraging a company to engage in more research through a special tax break is technically different from subsidizing it directly through the expenditure side of the budget, but it still constitutes a

cost in terms of foregone revenues. However, expenditure items that require annual authorization are likely to receive more scrutiny than tax breaks that are a permanent feature of the tax code.

For an "a" response, a tax expenditure statement should be provided that details the amount, purpose, duration, and beneficiaries of each tax preference.

Note that this question covers not only the disclosure of new tax expenditures proposed for the budget year but also the disclosure of all of the tax expenditures contained in existing tax law. Therefore, an "a" response would indicate that there is a complete discussion in the budget documents of all tax expenditures (not just new proposals) affecting revenues.

45. Does the Executive's Budget Proposal or any supporting budget documentation present information on tax expenditures for at least the budget year? 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).	a b c d e

Citation:

Comment:
According to our review of relevant documents, this information is not presented.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 46:

Earmarked revenues are revenues that may only be used for a specific purpose, e.g., revenues from a tax on cigarettes that can only be used for anti-smoking programs. This information is important in determining which revenues are available to fund the government's general expenses, and which revenues are reserved for particular purposes. Response "e" can be selected only if revenue is not earmarked or the practice is disallowed by law or regulation.

46. Does the Executive's Budget Proposal 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).	a **b** c d e

Citation:
A: p. 3 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske B: Nacrti prijedloga financijskih planova izvanproračunskih korisnika za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposals of the Financial Plans of Extrabudgetary Funds for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.2.a-1.2.e dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske
Comment:
Pension, health, and unemployment funds are partly financed by social security contributions, which are identified separately for each corresponding purpose (see document A in citation). Extrabudgetary funds are also partly financed by their earmarked revenues, whose amounts are presented in respective reports (see document B in citation). However, there are some earmarked revenues that are not individually identified, namely: (1) According to the Health Insurance Act from 2008, 32 percent of revenues from excise taxes on tobacco products should be used to finance public health expenditures and are thus revenues of the Croatian Health Insurance Institute. (2) Revenues from excise taxes on petrol are also partly earmarked. Excise tax on petrol amounts HRK 2,95 per litre, out of which HRK 0,60 is revenue of Croatian Highways (Hrvatske autoceste), and another HRK 0,60 is revenue of Croatian Roads (Hrvatske ceste, HC).

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

There are some additional earmarked revenues that are not individually identified.
(1) According to the Health Insurance Act from 2008, 32 percent of revenues from excise taxes on tobacco products should be used to finance public health expenditures and are thus revenues of the Croatian Health Insurance Institute.
(2) Revenues from excise taxes on petrol are also partly earmarked. Excise tax on petrol amounts HRK 2,95 per litre, out of which HRK 0,60 is revenue of Croatian Highways (Hrvatske autoceste, HAC), and another HRK 0,60 is revenue of Croatian Roads (Hrvatske ceste, HC).

Therefore, it is advisable to select response "b" instead of "a."

Government Comment:

Researcher Response:

We agree with PR2. The response is changed and the comment is updated.

IBP Comment:

IBP agrees with the suggestions made by the peer reviewer and accepted by the researcher.

Guidelines for Question 47:

The answer to this question should be based on the assumption that the question refers to all secret expenditure that may impact the budget. The question is not intended to refer exclusively to military or intelligence-related expenditure. These two categories have only been cited in the question as examples because they are generally considered the only two categories of expenditure in which information on a very limited number of items may be legitimately withheld from the public. Details for the majority of military expenditure should be disclosed to the public, and all details relating to military expenditure should be disclosed to appropriate legislators and the supreme audit institution.

Response "d" applies if the information provided in the budget proposal does not allow one to calculate the percentage of the budget that is composed of secret expenditure. In this case, the Comment section should include a brief explanation of why calculating this percentage is difficult.

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? 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).	a b c d e

Citation:

A: p. 63 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

B: p. 2 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

Expenditure of the agency "Sigurnosno-obavještajna agencija" (Security and Intelligence Agency) is planned at 366.5 million kuna for 2011 (see document A in citation), while planned expenditure of state budget is 122,3 billion kuna (see document B in citation).

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Also, the expenditure of the Office of the National Security Council (Ured Vijeća za nacionalnu sigurnost) was planned at 22.4 million kuna for 2011, the expenditure of the Operational Technology Centre for the Surveillance of Telecommunications (Operativno-tehnički centar za nadzor telekomunikacija) was planned at 20.0 million kuna, and the expenditure of the Information Systems Security Bureau (Zavod za sigurnost informacijskih sustava) was planned at 13.4 million kuna.
But the answer remains "a."

CITATION: p. 306 in Nacrt prijedloga državnog proračuna Republike Hrvatske za 2011. godinu, s prijedlogom projekcija za 2012. i 2013. godinu (The Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.1. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Researcher Response:

IBP Comment:

The Budget Narrative & Performance Monitoring

Guidelines for Questions 48 and 49:

The budget is the executive's main policy document, the culmination of the executive's planning and budgeting processes. Therefore, it should include a clear description of the link between policy goals and the budget, i.e., an explicit explanation of how the government's policy goals are reflected in its budget choices, including both a narrative discussion and quantitative estimates.

48. Does the Executive's Budget Proposal 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?

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).

a
b
c
d
e

Citation:

Pages 22-30 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Correlation between the budget and the government's stated policy goals presented in the Strategy of Government Programmes for the period 2010-2012 is not strong enough (www.vlada.hr/hr/content/download/102784/1464934/.../12_01.pdf).

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

49. Does the Executive's Budget Proposal 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)?

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).

a
b
c
d
e

Citation:

Pages 22-30 in Obrazloženje Nacrta prijedloga državnog proračuna Republike Hrvatske i financijskih planova izvanproračunskih korisnika za razdoblje od 2011. do 2013. godine (Clarification of the Proposal of the State Budget of the Republic of Croatia for 2011, with Projections for 2012 and 2013), 15 November 2010, Internet, the document/file titled "1.4. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Correlation between the budget and the government's stated policy goals presented in the Strategy of Government Programmes for the period 2010-2012 is not strong enough (www.vlada.hr/hr/content/download/102784/1464934/.../12_01.pdf).

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:
Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

Guidelines for Questions 50 and 51:

Questions 50-55 examine nonfinancial data and performance indicators associated with budget proposals. Questions 50 and 51 ask whether for each program, nonfinancial data is provided and linked with expenditure information. For instance, in education, nonfinancial data could include the number of schools, teachers, and students; and for a social security program, the data could reflect the number of beneficiaries. Basically, the budget should disclose not only the amount of money that is being expended on a program but also other information needed to analyze it.

50. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data, such as the number of beneficiaries, for expenditure programs? a. Nonfinancial data are presented for all programs. b. Nonfinancial data are presented for programs representing at least two-thirds of, but not all, expenditures. c. Nonfinancial data are presented for programs representing less than two-thirds of expenditure. d. No nonfinancial data are presented. e. Not applicable/other (please comment).	a b c d e

Citation:
Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:
The cited document includes a lot of nonfinancial data - numbers of beneficiaries and people employed in providing services. However, some basic figures are missing. For example, in alleviating poverty, the "basic allowance" ("stalna pomoć") is primary instrument, but the number of beneficiaries is not mentioned (only the year-to-year growth rate). In the area of education, the number of school children is missing, etc. The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Performance indicators (output indicators and outcome indicators) are not presented in the Executive's Budget Proposal or in any supporting budget documentation. The Strategy of Government Programmes for the period 2010-2012 contains some examples for performance indicators (www.vlada.hr/hr/content/download/102784/1464934/.../12_01.pdf).

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

51. Are the nonfinancial data presented useful for assessing how an expenditure program is performing? a. The nonfinancial data are very useful for assessing program performance. b. The nonfinancial data are mostly useful for assessing program performance. c. The nonfinancial data are somewhat useful for assessing program performance. d. No nonfinancial data are provided or they are not useful for assessing program performance. e. Not applicable/other (please comment).	a b c d e

Citation:

Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

See comment for Question 50.
The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Performance indicators (output indicators and outcome indicators) are not presented in the Executive's Budget Proposal or in any supporting budget documentation. The Strategy of Government Programmes for the period 2010-2012 contains some examples for performance indicators (www.vlada.hr/hr/content/download/102784/1464934/.../12_01.pdf).

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

Guidelines for Questions 52-54:

Questions 52-54 examine performance indicators, which are used to assess progress toward policy goals. (See also Guidelines for Question 50.) In order to assess the success of a given policy, expenditure data are not sufficient: all the allocated money might have been spent according to plan, but has it delivered the results that the policy was aiming to achieve? In order to measure this, performance indicators can be useful because they set the targets that a certain policy (with which a budgetary expenditure is associated) is expected to meet.

52. Does the Executive's Budget Proposal or any supporting budget documentation contain performance indicators for expenditure programs? 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).	a b c d e

Citation:

Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Performance indicators (output indicators and outcome indicators) are not presented in the Executive's Budget Proposal or in any supporting budget documentation. The Strategy of Government Programmes for the period 2010-2012 contains some examples for performance indicators (www.vlada.hr/hr/content/download/102784/1464934/.../12_01.pdf).

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

53. Are the performance indicators sufficiently well designed, such that one can assess whether there has been progress toward meeting policy goals?

a. All performance indicators are well designed.

b. Most performance indicators are well designed.

c. Some performance indicators are well designed, but most are not.

d. No programs have performance indicators, or they are not well designed.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Performance indicators (output indicators and outcome indicators) are not presented in the Executive's Budget Proposal or in any supporting budget documentation. The Strategy of Government Programmes for the period 2010-2012 contains some examples for performance indicators (www.vlada.hr/hr/content/download/102784/1464934/.../12_01.pdf).

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

54. Are performance indicators used in conjunction with performance targets presented in the Executive's Budget Proposal or any supporting budget documentation?

a. All performance indicators are used in conjunction with performance targets.

b. Most performance indicators are used in conjunction with performance targets.

c. Some performance indicators are used in conjunction with performance targets, but most are not.

d. No performance indicators are used in conjunction with performance targets.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Pages 1-782 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Performance targets are not presented in the Executive's Budget Proposal or in any supporting budget documentation.

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

We are not sure which document PR1 refers to.

IBP Comment:

Taking into account all provided arguments, IBP agrees with the researcher's choice of answer for this question.

Guidelines for Question 55:

Does the budget highlight policies, both new and existing, that benefit the poorest segments of society? This question is intended to assess only those programs that directly address the immediate needs of the poor, such as through cash assistance or provision of housing, rather than indirectly, as through a stronger national defense. This information is of particular interest to those seeking to bolster government's commitment to anti-poverty efforts.

55. Does the Executive's Budget Proposal or any supporting budget documentation present information on policies (both proposals and existing commitments) that are intended to benefit directly the country's most impoverished populations in at least the budget year? a. Yes, extensive information on policies intended to alleviate poverty is presented, including both a narrative discussion and quantitative estimates. b. Yes, information is presented, highlighting the impact of key policies intended to alleviate poverty, but some details are excluded. c. Yes, some information is presented, but it lacks important details. d. No, information on policies intended to alleviate poverty is not presented. e. Not applicable/other (please comment).	a b c d e

Citation:

Pages 644-648 in Obrazloženje Prijedloga financijskih planova korisnika Državnog proračuna za 2011. godinu i projekcija za 2012. i 2013. godinu – prilog 1. (Clarification of the Proposal of Financial Plans of Budgetary Users for 2011-2013), 15 November 2010, Internet, the document/file titled "1.5. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/91_sjednica_vlade_republike_hrvatske

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Section Three:
The Budget Process

General Note for Section 3: The Open Budget Survey Questionnaire 2012 has been revised from the 2008 Questionnaire to include additional questions, which required some reordering of existing questions. In order to allow for easy comparisons with the completed 2008 Questionnaires, we have included the 2008 question number in parentheses after the 2012 question number.

Executive's Formulation of the Budget

Guidelines for Question 56:

Announcing the date of release of the budget with reasonable advanced notice, is a basic requirement of openness. More advance warning enables legislatures and others monitoring the budget process to prepare for the budget debate. If — and only if — a particular event, such as an election, delayed the most recent release of the budget beyond the usual release time, those completing the questionnaire should use a more normal year as the basis for responding to this question.

56 (66). How far in advance of the release of the budget is the day of its release known? a. The release date is set in permanent law. b. The executive announces the release date at least two months in advance. c. The executive announces the release date less than two months, but more than two weeks, in advance. d. The executive announces the release date two weeks or less before the release, or makes no announcement. e. Not applicable/other (please comment).	a b c d e

Citation:

čl. 37 in "Zakon o proračunu" (Article 37 of the Budget Law), Narodne novine 87/08 (Official Gazette 87/08)

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 57 and 58:

An internal timetable is particularly important for the executive's management of the budget preparation process, in order to ensure that the executive accounts for the views of the different departments and agencies in the proposed budget.

57 (67). Does the executive release to the public its timetable for formulating 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 whatever central government agency is in charge of coordinating the budget's formulation)? 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).	a b c d e
Citation:	
Ministry of Finance: "Planiranje državnog proračuna" (State Budget Planning), Internet, at http://www.mfin.hr/hr/proracun	

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

58 (68). Does the executive adhere to its timetable for the preparation and release of the budget? 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).	a b c d e

Citation:

A: The Government of the Republic of Croatia: "Vlada u Sabor uputila prijedlog proračuna za 2011" (Government sent to the Parliament the Executive Budget Proposal for 2011), Internet, @ http://www.vlada.hr/naslovnica/novosti_i_najave/2010/studeni/vlada_u_sabor_uputila_prijedlog_proracuna_za_2011

B: The Government of the Republic of Croatia: "Vlada usvojila smjernice ekonomske i fiskalne politike do 2014" (Government adopted Pre-Budget Statement up to 2014), Internet, @ http://www.vlada.hr/naslovnica/novosti_i_najave/2011/srpanj/vlada_usvojila_smjernice_ekonomske_i_fiskalne_politike_do_2014

C: Ministry of Finance: "Planiranje državnog proračuna" (State Budget Planning), Internet, @ http://www.mfin.hr/hr/proracun

Comment:

The Parliament received the Executive's Budget Proposal exactly when it was supposed to be delivered - on 15 November 2010 (see document A in citation).
Two documents B and C show that the Pre-Budget Statement was released by the Executive on time (27 July 2011), although it was supposed to be released before the middle of June.
The Ministry of Finance was supposed to deliver Local Budget Proposal Preparation Instructions to the local units by the end of June. But, those instructions were delivered to the local units on 7 September 2011 (see document D in citation).
The practice is similar to that in the previous period, but the researcher's reassessment has led to a change in response.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 59:

Question 59 examines the executive's practices for consulting with the legislature during the formulation of its budget proposals. The consultations would likely involve discussions on both broad fiscal issues (such as the size of the deficit) and policy priorities (such as allocations to the different sectors).

This question intends to capture the range of differing legislative views the executive seeks when formulating the proposed budget, thus, for the purposes of answering this question, the consultations may be either public or private, and formal or informal. The "a" response is appropriate only if the executive meets with members of minority parties as well as with those from its own party. The "b" response is appropriate if the executive consults with a more select group of key legislators, such as parliamentary leaders or committee chairs and ranking members; this group must include some minority-party legislators. The "c" response would be appropriate if the executive meets informally with only selected legislators of the executive's own party.

59 (69). Does the executive hold consultations with members of the legislature as part of its process of determining budget priorities?	
a. Yes, the executive holds extensive consultations with a wide range of legislators.	a
b. Yes, the executive holds consultations with a range of legislators, but some key members are excluded.	b
c. Yes, the executive holds very limited consultations, involving only a few members of the legislature.	c
d. No, the executive does not typically consult with members of the legislature as part of the budget preparation process.	d
e. Not applicable/other (please comment).	e

Citation:
Question answered by Mrs. Milanka Opačić (on 13 September 2011) and Mrs. Ingrid Antičević Marinović (on 16 September 2011), both members of Parliament from the opposition parties.

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 60:

The Pre-Budget Statement reflects the culmination of the strategic planning phase of the budget process, in which the executive broadly aligns its policy goals with the resources available under the budget's fiscal framework. This process establishes the parameters of the budget proposal before detailed program funding decisions are made. The statement also creates appropriate expectations for the budget itself, which is particularly important when the budget submission occurs close to the start of the fiscal year and the time for debate, therefore, is limited.

The OECD states that best practice in this area requires the executive to release its Pre-Budget Statement to the public at least one month prior to submitting its budget proposal to the legislature. Good practice also requires the executive to present the budget proposal to the legislature at least three months prior to the beginning of the fiscal year. This means

that in order to receive an "a" answer on the Open Budget Survey, the Pre-Budget Statement must be released at least one month prior to the release of the Executive's Budget Proposal and ideally at least four months prior to the beginning of the fiscal year.

60 (71). When does the executive release a Pre-Budget Statement to the public? a. The executive releases a Pre-Budget Statement at least four months in advance of the start of the budget year. b. 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. c. The executive releases a Pre-Budget Statement, but it is released less than two months before the start of the budget year. d. The executive does not release a Pre-Budget Statement. e. Not applicable/other (please comment).	a b c d e

Citation:

Smjernice ekonomske i fiskalne politike za razdoblje 2012.-2014. (Economic and Fiscal Policy Guidelines for the period 2012-2014), 27 July 2011, Internet, http://www.vlada.hr/hr/content/download/173840/2537108/file/141.%20-%201.pdf

Comment:

It was released on 27 July 2011.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 61:

In terms of content, the Pre-Budget Statement should include a statement of the executive's economic and fiscal policy plans for the forthcoming budget year plus those for at least the following two fiscal years. Such a multi-year framework forms the basis upon which the budget numbers are defined in the Pre-Budget Statement. In terms of macroeconomic parameters, a Pre-Budget Statement should present all key economic assumptions, such as the projected rate of GDP growth, the rate of employment and unemployment, the current account, and the inflation and interest rates. It also should highlight at least the aggregate levels of revenue, expenditure, deficit or surplus, and debt for the budget. When this information is presented and extensive explanations are provided, an "a" answer can be selected.

61 (72). Does the Pre-Budget Statement describe the government's macroeconomic and fiscal framework? 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 that highlights 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).	a b c d e

Citation:
Smjernice ekonomske i fiskalne politike za razdoblje 2012.-2014. (Economic and Fiscal Policy Guidelines for the period 2012-2014), 27 July 2011, Internet, http://www.vlada.hr/hr/content/download/173840/2537108/file/141.%20-%201.pdf
Comment:
Macroeconomic framework: pages 5-13; Fiscal framework: pages 14-27.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 62:

Although a Pre-Budget Statement is unlikely to include detailed programmatic proposals, it should include a discussion of broad policy priorities, particularly on the expenditure side. The discussion could be organized by sector or by administrative unit.

62 (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? 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).	a b c d e

Citation:

Pages 17-27 in Smjernice ekonomske i fiskalne politike za razdoblje 2012.-2014. (Economic and Fiscal Policy Guidelines for the period 2012-2014), 27 July 2011, Internet, http://www.vlada.hr/hr/content/download/173840/2537108/file/141.%20-%201.pdf

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Budget Execution Phase

In-Year Reports

Guidelines for Question 63:

Questions 63-84 cover the contents and timeliness of reports issued during the year as the budget is being executed. These reports, which the OECD maintains should be issued on a monthly basis, are referred to here as In-Year Reports. They are intended to show the executive's progress in implementing the budget. To ensure that administrative units (ministries, departments, or agencies) are held accountable for their expenditure, these reports should show actual expenditures by administrative unit. In some countries, individual administrative units issue the reports individually, while in other countries the information is consolidated into one report, which is typically issued by the Treasury. Either individual reports or one consolidated report is acceptable for responding to these questions.

In some countries, the central bank, rather than the executive, issues these reports based on the status of the government's bank accounts. In these cases, the central bank's reports should be taken into account, as long as they report on what has actually been spent, rather than on the monthly sums that have been transferred to administrative units. If they report only on the amount transferred to administrative units, then the answer to these questions should be "d." In addition, if the central bank only reports on aggregate expenditures and revenues, then the appropriate response is "d" (indicating that no report by administrative unit is released).

63 (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)? a. In-Year Reports on actual expenditure are released at least every month. b. In-Year Reports on actual expenditure are released at least every quarter. c. In-Year Reports on actual expenditure are released at least semi-annually. d. In-Year Reports on actual expenditure are not released. e. Not applicable/other (please comment).	a b c d e

Citation:

Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, at http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 64:

This question examines whether these In-Year Reports cover all expenditures. At issue is whether some expenditures are not disclosed to the public. For instance, some administrative units may be unable to report actual expenditure in a timely manner, in which case these monitoring reports would contain up-to-date information for only a portion of government spending. In countries where individual administrative units issue separate In-Year Reports, these reports cumulatively should report on at least 50 percent of all the government's actual expenditure to date. This can be verified by aggregating the actual expenditure of those administrative units that have released In-Year Reports and comparing this sum to the aggregate appropriation specified for these units in the Enacted Budget. If the In-Year Reports report on less than 50 percent of the actual expenditures, they are considered to be not available to the public.

64 (83). What share of expenditure is covered by In-Year Reports on actual expenditure (organized by administrative unit, economic classification, and/or function)?	
a. In-Year Reports cover all expenditures.	a
b. In-Year Reports cover at least two-thirds, but not all, of expenditures.	b
c. In-Year Reports cover less than two-thirds of expenditures.	c
d. No In-Year Reports are released to the public.	d
e. Not applicable/other (please comment).	e

Citation:
Page 12 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf
Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 65:

Ideally, In-Year Reports should provide as much detail as possible on actual expenditures of all individual departments and programs within an administrative unit so as to provide the information needed to thoroughly monitor whether the budget is being implemented as intended in the Enacted Budget.

65 (84). What is the most detail provided in the In-Year Reports on actual expenditures organized by administrative unit?	
a. The In-Year Reports on actual expenditures organized by administrative unit contain program-level detail.	a
b. The In-Year Reports on actual expenditures organized by administrative unit contain departmental totals and some additional details (for instance, subdepartment totals or major programs).	b
c. The In-Year Reports on actual expenditures organized by administrative unit contain only departmental totals.	c
d. The In-Year Reports on actual expenditures organized by administrative unit are not released to the public, not produced, or contain less information than at least departmental totals.	d
e. Not applicable/other (please comment).	e

Citation:

Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, at http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:

The monthly reports only show expenditures by economic classification. In the 2010 round of research the response was (a) because we had used the half-year report to answer this question.
The practice is similar to that in the previous period, but the researcher's reassessment has led to a change in response: in the 2010 round of research we used the half-year report to answer this question.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

The Mid-Year Report (half-year report mentioned in the Comment above) is one of the In-Year Reports, and so are monthly reports. The monthly reports only show expenditures by economic classification, while in the Mid-Year Report, actual expenditures organized by administrative unit contain program-level detail. Since the question is "What is the MOST detail provided in the In-Year Reports on actual expenditures organized by administrative unit?" we find the answer "a" appropriate.

CITATION: Polugodišnji izvještaj o izvršenju Državnog proračuna Republike Hrvatske za 2011. godinu, za prvo polugodište 2011. godine (Semi-Annual Report on Execution of the State Budget for 2011 - for the first half-year of 2011), 15 September 2011, Internet, the document/file titled "2. dn. reda"@ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2011/150_sjednica_vlade_republike_hrvatske

Researcher Response:

IBP Comment:

Guidelines for Question 66:

This question covers information comparing actual expenditures with either the estimates that were originally included in the Enacted Budget or actual expenditures for the same period in the previous year. The OECD recommends that the reports contain the total year-to-date expenditures in a format that allows for a comparison with the budget's forecast expenditures (based on enacted levels) for the same period.

66 (85). Do the In-Year Reports released to the public compare actual year-to-date expenditures with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

a. Yes, comparisons are made for all expenditures.

b. Yes, comparisons are made for at least two-thirds of, but not all, 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).

a
b
c
d
e

Citation:

Page 12 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:
Comparison is made for the periods April-June 2011 and April-June 2010.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 67-69:

Questions 67-69 parallel the previous questions but address revenues rather than expenditures. These revenue questions focus on individual sources of revenues (such as income taxes, VAT, etc.)

67 (86). How often does the executive release to the public In-Year Reports on actual revenue collections by source of revenue? 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).	a b c d e

Citation:

Page 11 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

68 (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).

a
b
c
d
e

Citation:

Page 11 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

69 (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? 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).	a b c d e
Citation:	
Page 11 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf	

Comment:
Comparison is made for the periods April-June 2011 and April-June 2010.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 70-72:

Questions 70-72 parallel the previous questions in this section but address borrowing.

70 (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).	a b c d e

Citation:

Pages 14-16 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

71 (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).

a
b
c
d
e

Citation:

Page 34 in Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), circa September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:

Extensive information is presented (interest rates, maturity profile and currency denomination), but only on domestic debt of consolidated central government. Thus, this information is not presented for the foreign debt of consolidated central government or for the debt (domestic and foreign) of local government.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

In-Year Reports do not present data on general government debt, but instead, they present data on consolidated central government debt. Extensive information is presented on domestic debt, but not on the entire domestic debt - data on interest rate and maturity is not presented for kuna-denominated loans from domestic banks. Therefore, answer "c" seems more appropriate.

Government Comment:

Researcher Response:

We have accepted PR2's suggestion to change the response to "c" and correspondingly adjusted the comment.

IBP Comment:

IBP agrees with the comment and suggestion made by the peer reviewer and accepted by the researcher.

72 (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 reports are released (e.g., are quarterly reports released less than four weeks after the end of the quarter)?

a. Reports are released one month or less after the end of the period.

b. Reports are released two months or less (but more than one month) after the end of the period.

c. Reports are released more than two months after the end of the period.

d. In-year Reports are not released.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Mjesečni statistički prikaz Ministarstva financija 189 (Ministry of Finance Monthly Statistical Review Nr. 189; refers to June 2011), mid-September 2011, Internet, @ http://www.mfin.hr/adminmax/docs/189%20-%20June.pdf

Comment:
At the time of filling in the questionnaire (middle of September 2011), the most recent release was number 189, related to June 2011.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Mid-Year Review

Guidelines for Question73:

Questions 73-76 cover the Mid-Year Review, which provides a more detailed explanation of the state of the budget six months into the budget year than that in the regular In-Year Reports. In order to ensure that programs are being implemented effectively and to identify any emerging problems, it is necessary to conduct a comprehensive review of the implementation of the budget's execution six months into the budget year. In addition to covering expenditures and revenues, the Mid-Year Review should also examine year-to-date performance relative to targets set in the budget, and such issues as cost increases due to inflation or unexpected events should also be identified and appropriate counter-measures proposed. The public release of a Mid-Year Review is intended to promote accountability and sound management.

It is important to distinguish a Mid-Year Review from an In-Year Report issued at six months into the budget year. An In-Year Report issued at six months should not substitute for a Mid-Year Review, and researchers should mark “d” for all questions related to the Mid-Year Review if it is not issued in their country. An In-Year Report typically records actual expenditure and revenue to-date but does not include a discussion of how these trends will affect the estimates of full-year expenditure or some of the other detailed analysis of budget execution that is typically found in a Mid-Year Review. The Mid-Year Review should offer updated projections of expenditures and revenues for the full fiscal year. Revised estimates in the Mid-Year Review should reflect both economic and technical changes as well as new policy proposals, including the reallocation of funds between administrative units, with a comprehensive explanation for any estimate adjustments. Similarly, the Mid-Year Review should include a revised economic forecast for the full fiscal year, taking into account actual economic performance to date and new projections for the remainder of the year.

73 (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? 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).	a b c **d** e

Citation:

Polugodišnji izvještaj o izvršenju Državnog proračuna Republike Hrvatske za prvo polugodište 2010. godine (The Executed State Budget of the Republic of Croatia for the First Half of 2011), 09 September 2010, Internet, the document/file titled "2. dn. reda" "@ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2010/77_sjednica_vlade_republike_hrvatske

Comment:

The executive does not release a Mid-Year Review of the budget. As the guidelines for this question indicate, "An In-Year Report issued at six months should not substitute for a Mid-Year Review." The document in the citation does not contain the elements to be recognized as a Mid-Year Review.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

74 (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?	
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.	a
b. Yes, the Mid-Year Review includes updated estimates of expenditure, but some details on why estimates have changed are not provided.	b
c. Yes, the Mid-Year Review includes updated estimates of expenditure, but important details on why estimates have changed are not provided.	c
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.	d
e. Not applicable/other (please comment).	e

Citation:
Comment:
See response to Question 73.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

75 (94). What is the most detail provided in the Mid-Year Review for expenditures?	
a. The Mid-Year Review includes program-level detail for expenditures.	a
b. The Mid-Year Review includes departmental totals (or functional totals) and some additional details (for instance, subdepartment totals or major programs).	b
c. The Mid-Year Review includes only departmental totals (or functional totals).	c
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.	d
e. Not applicable/other (please comment).	e

Citation:
Comment:
See response to Question 73.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

76 (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?

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).

a
b
c
d
e

Citation:

Comment:

See response to Question 73.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Year-End Reporting

Guidelines for Questions 77-86:

Questions 77-86 cover the executive's Year-End Reports, which are key accountability documents. In many countries, the executive issues one Year-End Report that consolidates information on the expenditures of administrative units, revenue collections, and debt. In other countries, individual administrative units issue their own Year-End Reports. Similarly, Year-End Reports may be stand-alone documents or may be included in larger documents, such as the Executive's Budget Proposal. The form of the report is less important than its content.

The OECD recommends that a Year-End Report be released to the public within six months of the end of the fiscal year. The reports should cover all of the major items included in the budget, explaining differences between the original estimates (as amended by the legislature during the year) and actual outcomes for expenditure, revenue, debt, macroeconomic assumptions. These reports also should include nonfinancial performance information.

77 (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? a. The Year-End Report is released six months or less after the end of the fiscal year. b. The Year-End Report is released 12 months or less (but more than six months) after the end of the fiscal year. c. The Year-End Report is released more than 12 months after the end of the fiscal year. d. The executive does not release a Year-End Report. e. Not applicable/other (please comment).	a b c d e
Citation:	
Prijedlog godišnjeg izvještaja o izvršenju Državnog proračuna Republike Hrvatske za 2010. godinu (The Draft of the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the collection of documents/files, @ http://www.sabor.hr/Default.aspx?art=39519	

Comment:
The cited document was released on 12 May 2011.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

78 (102). In the Year-End Report have the data on the actual outcomes been audited?	
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).	a b c d e

Citation:

Izvješće o obavljenoj reviziji Godišnjeg izvještaja o izvršenju državnog proračuna RH za 2010 (Audit Reports: The State Budget of the Republic of Croatia for 2010), 12 May 2011, Internet, @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

The 2010 Year-End Report (relating to the state government) was audited (see document A in citation).
The response demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

79 (103). Does the Year-End Report explain the differences 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 a Year-End Report is not released.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Pages 9-13 in Obrazloženje ostvarenja prihoda i primitaka, rashoda i izdataka Državnog proračuna Republike Hrvatske u 2010. godini (Clarification of Revenues and Expenditures in the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the document/file titled "7_OSTVARENJE_PRIHODA_RASHODA_DP.pdf" @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

80 (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?

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 a Year-End Report is not released.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

pp. 9-13 in Obrazloženje ostvarenja prihoda i primitaka, rashoda i izdataka Državnog proračuna Republike Hrvatske u 2010. godini (Clarification of Revenues and Expenditures in the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the document/file titled "7_OSTVARENJE_PRIHODA_RASHODA_DP.pdf" @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

The explanation focuses on functional totals.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

81 (105). Does the Year-End Report explain the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues? 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 a Year-End Report is not released. e. Not applicable/other (please comment).	a b c d e

Citation:
Pages 2-8 in Obrazloženje ostvarenja prihoda i primitaka, rashoda i izdataka Državnog proračuna Republike Hrvatske u 2010. godini (Clarification of Revenues and Expenditures in the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the document/file titled "7_OSTVARENJE_PRIHODA_RASHODA_DP.pdf" @ http://www.sabor.hr/Default.aspx?art=39519
Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

82 (106). Does the Year-End Report explain the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year? 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 a Year-End Report is not released. e. Not applicable/other (please comment).	a b c **d** e

Citation:

Obrazloženje makroekonomskih pokazatelja u 2010. godini (Clarification of Macroeconomic Indicators in 2011), 12 May 2011, Internet: the document/file titled "6_MAKROEKONOMSKI_POKAZATELJI.pdf" @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Explanation of the differences between the macroeconomic forecasts and the actual outcome can be found in the Pre-Accession Economic Programme.

Researcher Response:
IBP Comment:

83 (107). Does the Year-End Report explain the differences between the original estimates of nonfinancial 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 a Year-End Report is not released. e. Not applicable/other (please comment).	a b c d e

Citation:
Prijedlog godišnjeg izvještaja o izvršenju Državnog proračuna Republike Hrvatske za 2010. godinu (The Draft of the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the collection of documents/files, @ http://www.sabor.hr/Default.aspx?art=39519
Comment:
According to our review of relevant documents, this information is not presented.
Peer Reviewer One Comment:

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

84 (108). Does the Year-End Report explain the differences between the original performance indicators 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 a Year-End Report is not released. e. Not applicable/other (please comment).	a b c d e
Citation:	
Prijedlog godišnjeg izvještaja o izvršenju Državnog proračuna Republike Hrvatske za 2010. godinu (The Draft of the Executed State Budget of the Republic of Croatia for 2011), 12 May 2011, Internet: the collection of documents/files, @ http://www.sabor.hr/Default.aspx?art=39519	

Comment:
According to our review of relevant documents, this information is not presented.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

85 (109). Does the Year-End Report explain the differences between the enacted level of funds intended to benefit directly the country's most impoverished populations 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 a Year-End Report is not released. e. Not applicable/other (please comment).	a b c d e

Citation:

Pages 765-772 in Obrazloženje izvršenja financijskih planova korisnika Državnog proračuna za 2010. godinu (Clarification of the Execution of Financial Plans of Budgetary Users for 2010), 12 May 2011, Internet: the document/file titled "12_PRILOG_IZVRSENJE_FINANCIJSKIH_PLANOVA.pdf" @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Some explanation is presented in the supporting document - Explanation of the Execution of Financial Plans of Budget Users for 2010.

CITATION: pp. 763-771 in Obrazloženje izvršenja financijskih planova korisnika Državnog proračuna za 2010. godinu (Explanation of the Execution of Financial Plans of Budgetary Users for 2010), 12 May 2011, Internet, the document/file titled "12.05.2011. 128 - 2.12. dn. reda" @ http://www.vlada.hr/hr/naslovnica/sjednice_i_odluke_vlade_rh/2011/128_sjednica_vlade_republike_hrvatske

Researcher Response:

The Government Reviewer's suggestion is correct; we have changed the response to "c" and correspondingly adjusted the citation and comment.

IBP Comment:

IBP agrees with the argument and suggestion by the Government and accepted by the researcher.

86 (110). Does the Year-End Report present the actual outcome for extra-budgetary funds?

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 a Year-End Report is not released.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Obrazloženje ostvarenja prihoda i primitaka, rashoda i izdataka izvanproračunskih korisnika u 2010. godini (Clarification of Revenues and Expenditures of Extrabudgetary Users in 2011), 12 May 2011, Internet: the document/file titled "9_OSTVARENJE_PRIHODA_RASHODA_IZVANPRORACUNSKI.pdf" @ http://www.sabor.hr/Default.aspx?art=39519

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Audit Phase and the Supreme Audit Institution

Guidelines for Questions 87 and 88:

Question 87 and those that follow explore practices associated with the supreme audit institution (SAI). Questions 87, 88, 89, and 91 cover the annual attestation audit of the final accounts that the SAI performs at the end of the year. These audits are sometimes known as "certification of the government accounts." *The Lima Declaration of Guidelines on Auditing Precepts* (Chapter VI, Section 16 (1)) clearly states that the auditor's annual attestation report should be published and be available to the public. (The Lima Declaration is available on the Internet at http://www.intosai.org/en/portal/documents/intosai/general/lima_declaration/). According to OECD best practices, the SAI should complete these audits within six months of the end of the budget year for administrative units (that is, ministries, departments, or agencies). In order to be considered publicly available by Open Budget Survey methodology, the Audit Report must be released within two years of the end of the fiscal year in question.

Questions 87-88 look at the timeliness of the annual Audit Report. In some countries, such audits are produced only with substantial time lags, which significantly lessens the usefulness of the reports.

87 (111). How long after the end of the fiscal year are the final annual expenditures of national departments audited and the results of the audits (except for secret programs) released to the public? 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).	a b c d e

Citation:

Izvješća o obavljenim revizijama (Audit Reports 2009), Internet, @ http://www.revizija.hr/hr/izvjesce/redovne-revizije/

Comment:

The 2010 Audit Report - relating to the Year-End Report - was submitted to the Parliament and released to the public on 24 May 2011.
However, it speaks generally about the state budget, while the details about each budgetary user are not included. The most recent reports on individual budgetary users are for 2009 (see citation).
The practice is similar to that in the previous period, but researcher's reassessment has led to a change in response.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

88 (112). Two years after the end of a fiscal year, what percentage of annual expenditures has been audited and included in (except for secret programs) the Audit Report(s) released to the public? a. All expenditures have been audited and the Audit Report(s) released to the public. b. Expenditures representing at least two-thirds of, but not all, expenditure have been audited and the Audit Report(s) released to the public. c. Expenditures representing less than two-thirds of expenditure has been audited and the Audit Report(s) released to the public. d. No expenditures have been audited, the reports have not been released to the public or were released more than 24 months after the end of the fiscal year. e. Not applicable/other (please comment).	a b c d e
Citation:	
Izvješća o obavljenim revizijama (Audit Reports 2009), Internet, @ http://www.revizija.hr/hr/izvjesce/redovne-revizije/	
Comment:	
Peer Reviewer One Comment:	

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 89:

This question asks whether the annual attestation Audit Report includes an executive summary. The Audit Report can be a fairly technical document, and an executive summary of the report's findings can help make it more accessible to the media and the public.

89 (113). Does the annual Audit Report(s) that is released to the public include an executive summary? 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 were released more than 24 months after the end of the fiscal year. c. Not applicable/other (please comment).	a b c
Citation:	
Pages 42-46 in Izvješće o obavljenoj reviziji Godišnjeg izvještaja o izvršenju Državnog proračuna Republike Hrvatske za 2010. godinu (Audit Reports: The State Budget of the Republic of Croatia for 2010), 12 May 2011, Internet, http://www.vlada.hr/hr/content/download/166278/2427867/file/128%20-%202.11.pdf	

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 90:

This question covers the manner in which the head or senior members of the SAI may be removed from office. (For the purposes of answering this question, a procedure, such as a criminal proceeding, meets the test of answer "a." That is, the executive may initiate a criminal proceeding, but the final consent of a member of the judiciary — or a judge — is necessary to render a verdict of wrongdoing that may lead to the removal of the head of the SAI from office.) The *Lima Declaration of Guidelines on Auditing Precepts* lays out a number of best practices relating to SAIs, including other with measures intended to guarantee the office's independence from the executive. It is available on the Internet at http://www.intosai.org/en/portal/documents/intosai/general/limaundmexikodeclaration/lima_declaration/.

90 (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 he or she is 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).	a b c

Citation:

Article 10 in Zakon o državnom uredu za reviziju (The State Audit Act), Narodne novine 80/11 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2011_07_80_1701.html

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 91:

Although technically outside the budget, extra-budgetary funds are governmental in nature and thus should be subject to the same audit requirement as other government programs.

91 (115). Does the supreme audit institution (SAI) release to the public audits of extra-budgetary funds? 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).	a b c d e

Citation:
A: Izvješća o obavljenim revizijama 2009 (Audit Reports 2009), Internet, @ http://www.revizija.hr/hr/izvjesce/redovne-revizije/ B: Page 194 in Annual report of the Ministry of Finance 2009, Internet, @ http://www.mfin.hr/adminmax/docs/Annual%20Report%20of%20the%20Ministry%20of%20Finance%202009.pdf
Comment:
2009 Audit Reports relating to two extra-budgetary funds (Croatian Privatization Fund and Environmental Protection Fund) are released to the public (see document A in citation). The expenditures of these two funds represent around 30 percent of the expenditures of all extra budgetary funds in 2009 (see document B in citation). On the other hand, 2009 Audit Reports of three extra budgetary funds are not released to the public (Croatian Waters, Croatian Roads, and State Agency for Deposit Insurance and Bank Rehabilitation).

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 92:

The question intends to explore the scope of the SAI's investigative powers in law, rather than what it might chose to audit in practice. Therefore, it is asking whether the SAI has legal mandate to undertake other types of audits in addition to its annual attestation audits.

Annual attestation audits are intended to evaluate the legality and regularity of the government's financial management and accounting. However, SAIs also may wish to undertake other types of audits. These can include audits that are triggered by reports of irregularities in a specific program, or those relating to procurement or privatization. In some countries, the SAI's legal mandate does not permit it to audit joint ventures or other public-private arrangements, which limits its ability to audit revenues or publicly guaranteed debt. In yet other countries, the SAI may not be able to undertake audits other than financial audits. For example, it may not be allowed to conduct performance or value-for-money audits, which are intended to examine the performance, economy, efficiency, and effectiveness of public administration. Performance audits can cover not only specific financial operations but also the full range of government activity, including both organizational and administrative systems.

General Note: Answers "c" or "d" should be chosen if the SAI is in anyway restricted in law from auditing the above. The answer "c" or "d" should also be chosen if the SAI does not have the legal mandate to review arrangements involving oil-saving or stabilization funds, other types of special or extra-budgetary funds, or the ability to audit the parties to commercial projects involving the private sector.

In some cases, the SAI retains private accounting firms to undertake audits of state-owned commercial enterprises or private firms involved in joint ventures with the state. The answer "c" or "d" must be chosen if retaining such firms is under the control of the executive, rather than that of the SAI.

Consultation with the Lima Declaration may be useful in answering this question as its provisions serve to define the appropriate scope of an SAI's legal mandate and jurisdiction. It is available on the Internet at http://www.intosai.org/en/portal/documents/intosai/general/limaundmexikodeclaration/lima_declaration/.

92 (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).	a b c d e

Citation:

Article 12 in Zakon o državnom uredu za reviziju (The State Audit Act), NN 80/11 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2011_07_80_1701.html

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 93:

Another measure of the independence from the executive needed to ensure objectivity in auditing of government budgets is the extent to which the budget of the SAI is determined by those other than the executive, and whether it has adequate resources to fulfill its mandate.

93 (117). Who determines the budget of the supreme audit institution (SAI)?	
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.	a
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.	b
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.	c
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.	d
e. Not applicable/other (please comment).	e
Citation:	
Article 3 in Zakon o državnom uredu za reviziju (The State Audit Act), NN 80/11 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2011_07_80_1701.html	

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 94:

For the purposes of answering the question, assume that the security sector includes the defense forces, police, and intelligence services. Answers should be based on staffing levels, and not on whether or not in practice the SAI actually conducts audits of the security sector.

94 (118). Does the supreme audit institution (SAI) employ designated staff to undertake audits of the central government agencies pertaining to the security sector (military, police, intelligence services)? 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).	a b c d e

Citation:

Email sent by Mrs. Čoh Mikulec, public relations officer in the State Audit Office, 30 September 2011.

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 95:

The ultimate purposes of audits are to verify that the budget was executed in a manner consistent with existing law and to hold the government accountable for this execution and improve it in the future. The extent to which audits achieve the latter depends on whether there is adequate and timely follow up on the SAI's recommendations stemming from its audits.

95 (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? 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).	a b c d e
Citation:	
Comment:	
According to our review of related websites and documents, the executive does not report on steps it has taken to address audit findings.	

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Answer "d" should be selected because executive does not make available to the public that kind of report. It is the Supreme Audit Institution who reports on steps the executive has taken in its Audit Reports (see Question 108).
Government Comment:
Researcher Response:
We have accepted the PR2's suggestion.
IBP Comment:
IBP agrees with the comment and suggestion made by the peer reviewer and accepted by the researcher.

Guidelines for Question 96:

This question covers audits of programs that might not be released to the public due to national security concerns. Because the public does not receive information on such secret programs, it is essential that legislators receive this information, including all Audit Reports. Supreme audit institutions should have staff members with security clearances that permit them access to all information related to secret expenditures. *Please note that researchers may have to interview members of the legislature or their staff members to obtain a response for this question.*

96 (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)? 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).	a b c d e

Citation:

Email sent by Mr. Damir Kajin (member of opposition party in the Domestic Policy and National Security Committee), 22 September 2011.

Comment:

The answer selected demonstrates a deterioration in performance since the 2010 round of research.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Section Four: The Strength of the Legislature

General Note for Section 4: The Open Budget Survey Questionnaire 2012 has been revised from the 2008 Questionnaire to modify existing questions and include additional questions, which required some reordering of existing questions. In order to allow for easy comparisons with the completed 2008 Questionnaires, we have included the 2008 question number in parentheses after the 2012 question number. For revised questions, the word "Modified" appears next to the old question number within the parentheses. For new questions, parentheses with the word "New" in them appear next to the question number.

Guidelines for Question 97:

In order for the legislature to provide adequate review of the Executive's Budget Proposal prior to enactment and to fulfill its oversight role, it must have the ability to analyze the budget itself or have access to independent research capacity for such analyses.

97 (New). Does the legislature have internal capacity to conduct budget analyses or access to independent research capacity for such analyses? a. Yes, there is a specialized budget research office/unit attached to the legislature, and it has sufficient staffing, resources, and analytical capacity to carry out its tasks. b. Yes, there is a specialized budget research office, but its staffing and other resources, including adequate funding, are insufficient to carry out its tasks. c. No, there is no specialized office attached to the legislature, but there is an external research body which can perform budget analyses. d. No, the legislature has neither internal capacity nor access to independent research capacity for budget analyses. e. Not applicable/other (please comment).	a b c d e
Citation:	
Email sent by Dragica Zgrebec (member of opposition party in the Finance and Budget Committee), 28 September 2011.	
Comment:	
Peer Reviewer One Comment:	

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 98:

Prior to discussing the Executive's Budget Proposal for the coming year, the legislature should be provided with an opportunity to review the government's primary budget priorities, parameters, and proposals for forthcoming fiscal years, especially those related to the next year's annual budget strategy and main aggregates.

A number of countries conduct a pre-budget debate in the legislature about six months before the start of the upcoming budget year (BY, i.e., the year for which the budget is drafted). There are two main purposes for these hearings: 1) to allow the executive to inform the legislature of its fiscal policy intentions by presenting updated reports on its annual and medium-term budget strategy and policy priorities; and 2) to establish "hard" multi-year fiscal targets or spending ceilings, which the government must adhere to when preparing its detailed spending estimates for the upcoming budget year.

98 (New). Does the legislature formally debate the overall budget policy prior to the tabling of the Executive's Budget Proposal?

a. Yes, there is a formal pre-budget policy debate in the legislature prior to the tabling of the Executive's Budget Proposal, and there are mechanisms in place to make sure that proposed changes that result from the debate are incorporated into the budget proposal.

b. Yes, there is a formal pre-budget policy debate in the legislature prior to the tabling of the Executive's Budget Proposal, but the executive is not obliged to make any changes in proposed policies as a result of the debate.

c. There is no formal pre-budget policy debate, but legislators discuss specific policies in committee sessions prior to the introduction of the Executive's Budget Proposal.

d. There is no formal discussion of the overall budget policy, neither before nor following the tabling of the Executive's Budget Proposal.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Croatian Parliament: Judiciary Committee, Internet, @ http://www.sabor.hr/Default.aspx?sec=2335

Comment:

Only when the Executive's Budget Proposal should be voted, it is presented to the Parliament and the members of the Parliament have a chance to formally debate it. Minutes of the Judiciary Committee prove that prior to the tabling of the 2011 Executive's Budget Proposal, there was no formal debate.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 99:

The OECD notes that the Executive's Budget Proposal should be submitted to the legislature far enough in advance to allow the legislature to review it properly, or at least three months prior to the start of the fiscal year. For the purposes of responding to this question, if — and only if — the most recent budget submission occurred later than usual as a result of a particular event, such and an election, please use a more normal year as the basis for the response.

99 (74). How far in advance of the start of the budget year does the legislature receive the Executive's Budget Proposal?	
a. The legislature receives the Executive's Budget Proposal at least three months before the start of the budget year.	a
b. The legislature receives the Executive's Budget Proposal at least six weeks, but less than three months, before the start of the budget year.	b
c. The legislature receives the Executive's Budget Proposal less than six weeks before the start of the budget year.	c
d. The legislature does not receive the Executive's Budget Proposal before the start of the budget year.	d
e. Not applicable/other (please comment).	e

Citation:

Vlada u Sabor uputila prijedlog proračuna za 2011 (Government sent to the Parliament the Executive's Budget Proposal for 2011), 15 November 2010, Internet, @ http://www.vlada.hr/naslovnica/novosti_i_najave/2010/studeni/vlada_u_sabor_uputila_prijedlog_proracuna_za_2011

Comment:

By law, the legislature has to receive the Executive's Budget Proposal up to November 15. The legislature received the Executive's Budget Proposal on 15 November 2010, which is more than six weeks before the start of the budget year.
The answer selected demonstrates an improvement in performance since the 2010 round of research.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 100:

This question covers the legislature's power to amend — as opposed to simply accept or reject — the budget proposal presented by the executive. (Note that this question is about legal authority rather than actions the legislature takes in practice.) The legislature's powers to amend the budget can vary substantially across countries. The "a" response is appropriate only if there are no restrictions on the right of the legislature to modify the Executive's Budget Proposal, including changing the size of the proposed deficit or surplus. The "b" response would be appropriate if, for instance, the legislature is restricted from changing the deficit or surplus, but it still has the power to increase or decrease funding and revenue levels. The more limited "c" response would apply if, for instance, the legislature can only decrease funding levels or increase revenues. Finally, response "d" would apply if the legislature may not make any changes (or only small technical changes), or if amendments must be approved by the executive. In these cases, the legislature is essentially able to only approve or reject the budget as a whole.

100 (80). Does the legislature have the authority in law to amend the Executive's Budget Proposal? a. Yes, the legislature has unlimited authority in law to amend the Executive's Budget Proposal. b. Yes, the legislature has authority in law to amend the Executive's Budget Proposal, with some limitations. c. Yes, the legislature has authority in law to amend the Executive's Budget Proposal, but its authority is very limited. d. No, the legislature does not have any authority in law to amend the Executive's Budget Proposal. e. Not applicable/other (please comment).	a b c d e

Citation:

Article 38 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html

Comment:

Limitations are described in Article 38 of the Budget law. All amendments have to be aligned with the established size of the budget deficit. If the goal of an amendment is to increase budget expenditures above an amount stated in the budget proposal, then a decrease of expenditures for another budget item should be proposed at the same time. Proposals which seek an increase in expenditures must not require additional indebtedness or may not burden the budgetary reserve.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 101:

This question assesses the level of detail related to expenditures that is provided in the Enacted Budget. Detailed information can bolster the ability of the legislature to hold the executive accountable for achieving the priorities implicit in the budget.

101 (81). What is the highest level of detail provided for appropriations (expenditure budget) in the Enacted Budget approved by the legislature? a. The Enacted Budget includes program-level detail. b. The Enacted Budget includes information on administrative units and some additional details (for instance, subdepartment totals or major programs). c. The Enacted Budget includes details only for administrative units. d. The Enacted Budget includes less information than that for administrative units (same as departmental totals, but maybe clearer) or the Enacted Budget is not released to the public. e. Not applicable/other (please comment).	a b c d e

Citation:
Državni proračun Republike Hrvatske za 2011. godinu i projekcije za 2012. i 2013. godinu (Enacted State Budget of the Republic of Croatia for 2011, and Projections for 2012 and 2013), 14 December 2010, Internet, http://narodne-novine.nn.hr/clanci/sluzbeni/2010_12_140_3568.html
Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 102 and 103:

In some countries, the executive has the power in law to adjust funding levels for specific appropriations during the execution of the budget (a practice also known as *virement*). Question 102 asks about shifts between administrative units (ministries, departments, or agencies), although in some countries the rules for reallocating funds may focus on smaller units, such as programs or departmental offices. These rules typically correspond to the level of detail provided in the Enacted Budget adopted by the legislature. Question 103 asks about such individual line item shifts.

The conditions under which the executive may exercise its discretion under *virement* should be clearly defined in publicly available regulations or law. In addition, the amount of funds that the executive is allowed to transfer between administrative units should not be so excessive as to undermine the accountability of the executive to the legislature.

Answer "d" if legislative approval for shifts is not required, or if the executive is authorized in law to shift expenditures in amounts considered so excessive as to undermine accountability. Please note in the comment section the amount of funds that the executive is allowed to shift without seeking the approval of the legislature. The definition of "significantly large" may be subject to debate, but, given that a substantial amount of total expenditure is nondiscretionary in the short term, an amount of allowable shifts that is above 3 percent of total budgeted expenditures should be considered as undermining accountability.

As a best practice, there should be clear rules in law or regulation regarding *virement*, and the executive should be required to seek approval from the legislature before making any adjustments to funding levels (response "a" for question 102). Answer "b" if the executive is required to notify the legislature of funding adjustments in advance, in order for the legislature to have an opportunity to reject or modify such adjustments *before they take effect*. This represents a lesser constraint on executive power because in the first case, the proposed changes in funding for administrative units could *only* take effect following approval by the legislature; in the second case, they would take effect *unless* the legislature takes action to block or modify the proposal.

Budgets across countries vary in the level of detail they present, in other words in "the lowest level at which the appropriations are legally binding." Note that in some countries, the line item in the budget is for the administrative unit and in others it is for the departmental total. However, in some cases there may be even more disaggregated items, which would not necessarily correspond to an entire departmental total. Question 103 focuses on shifts between such individual line items.

There are major differences in the number of line items across countries, e.g., about 200 or so in the United Kingdom, 500 in Sweden, and thousands in countries like Germany and the U.S. With fewer line items, the executive's scope for shifting funds among programs and activities is extensive (e.g., in the U.K., Australia, and other countries that have outcome-based appropriations that are highly aggregated). Irrespective of whether the legislature approves appropriations by ministry/agency, program, function, or economic category, the executive may be required to seek legislative approval for changes in: 1) every budget line item; 2) most budget line items; or 3) only a few relatively large categories of appropriations. For question 103, options "a," "b," and "c" refer to the different levels of restriction on executive *virement* for any of the three types of changes described above. Option "d" must be selected if no legislative approval is needed for any line item shifts.

102 (96). Is the executive required by law or regulation to seek input from the legislature when it shifts funds between administrative units that receive explicit funding through the annual budget? a. Yes, the executive must seek *ex ante* approval from the legislature before shifting funds between administrative units. b. Yes, the executive must give prior notification to the legislature before shifting funds, giving the legislature an opportunity to block or modify the proposed adjustment within a predetermined timeframe, beyond which the shift of funds occurs without legislative approval. c. Yes, the executive must seek legislative *ex post* approval, after the shift of funds has been implemented. d. No, the executive can shift funds between administrative units without seeking input from the legislature, or the amount of funds it can shift without legislative approval under the law is significantly large enough as to undermine public scrutiny and accountability (please describe arrangements below). e. Not applicable/other (please comment).	a b c d e
Citation:	
Article 46 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html	

Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Questions 103:

Note the difference between answers "a," "b," and "c."

The "a" response is appropriate if the executive is required to obtain legislative approval for shifting funds between each and every budget lines. The "b" response would be appropriate if the executive is required to obtain legislative approval for most shifts between budget lines, but there are legal provisions (for example in a Public Finance Act or an Organic Budget Law) that delegate power to the government, i.e., either the minister of finance, the president, or cabinet to decide on the extent to which spending ministries can shift funds within detailed budget categories. The answer "c" must be selected if prior legislative approval is required only for shifts between a few large categories of appropriations, e.g. total salaries, nonsalary current spending (excluding interest payments), or capital expenditures, but the legislature must be given an

opportunity to block or modify other proposed adjustments outside these categories within a predetermined timeframe, beyond which the shift of funds occurs without approval.

103 (New). Is the executive required seek input from the legislature when it shifts funds between line items (except when the amounts are below a certain minimal level specified in law or regulation)? a. The executive is required to obtain legislative approval for every shift of funds between budget lines. b. The executive is required to obtain legislative approval for most shifts between budget lines, but there are legal provisions that delegate power to the government to decide on the extent to which spending ministries can shift funds within the detailed budget. c. Only shifts between a few large categories of appropriations require prior legislative approval, but the legislature is given the opportunity to block or modify other proposed adjustments that do not require prior approval. d. The executive can shift funds between line items without any restrictions. e. Not applicable/other (please comment).	a b c d e

Citation:

Article 46 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 104:

Good practice requires the legislature to be informed of revenues or expenditures that are not included in the Enacted Budget. For example, if additional revenue is collected unexpectedly during the year, which often happens in oil/mineral-dependent countries, and it was not accounted for in the Enacted Budget, there should be a procedure in place to ensure the legislature is notified and has the opportunity, and authority, to approve or reject any proposed use of these "new" funds. If such rules were not in place, the executive might deliberately underestimate revenue in the budget proposal it submits to the legislature, in order to have additional resources to be spent at the executive's discretion, with no legislative control.

Response "a" applies if the executive is required by law to seek legislative approval for any additional revenue that is collected during budget execution and was not included in the approved budget, and does so in practice. Option "b" applies if the executive is required by law to spend the excess revenue for a particular purpose, for example, to use it to reduce debt, and does so in practice. In the unlikely event that a country does not have a law requiring legislative approval before spending additional revenue but does so in practice, option "b" applies as well. Option "c" should be selected if the executive is required by law to seek legislative approval to spend the additional revenue, but in practice this does not happen. This option should also be selected in the unlikely event in which no legal requirement is in place, but the executive reports on how it spent the additional revenue *ex-post*, e.g., in the Year-End Report. Option "d" applies if there are no laws or regulations in place that prevent the executive from spending unanticipated revenue at its own discretion.

104 (New). What legal or regulatory restrictions are in place on the executive's discretion to spend excess revenue that may become available during the budget execution period?	a b c d e
a. When actual revenues are higher than projected in the Enacted Budget, the executive is required by law or regulation to submit a supplementary budget to the legislature for approval prior to spending the funds.	
b. When actual revenues are higher than projected in the Enacted Budget, the executive has been authorized by the legislature to spend them only on specified items (e.g., to reduce the public debt).	
c. When actual revenues are higher than projected in the Enacted Budget, the executive is required by law or regulations to secure legislative approval to spend the funds, but in practice it uses various means to bypass this requirement (e.g., through an off-budget fund).	
d. When actual revenues are higher than projected in the Enacted Budget, there are no legal or regulatory restrictions on the executive's use of the funds.	
e. Not applicable/other (please comment).	

Citation:

A: Article 50 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html

B: Article 7 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html

Comment:

Article 50 of Budget Act stipulates the following:
a) Actual revenues from grants, donations, and revenues for special purposes that are higher than planned in the state budget, may be executed above the planned level and up to the amount of actual revenues.
b) Earmarked receipts from borrowing that are higher than planned in the state budget may be executed above the planned level and up to the amount of actual receipts, with prior consent of the Ministry of Finance.
c) Actual revenues form grants, donations, revenues for special purposes, and earmarked receipts from borrowing, that are not planned in the state budget, may be used according to subsequently established activities and/or projects in the state budget, with a prior consent of the Ministry of Finance.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Article 50 of the Budget Act only prescribes that revenues from grants, donations, and revenues for special purposes (earmarked revenues) can be executed (spent) above the planned level and up to the amount of actual revenues. But being earmarked means that there are laws and/or bylaws prescribing special purposes they can only be spent on, so for earmarked revenues we find the answer "b" appropriate.

The Budget Act does not specifically prescribe that in the case when actual revenues are higher than projected in the Enacted Budget, the executive is required to submit a supplementary budget to the legislature for approval, but Article 7 (entitled Principle of Balance) of the Budget Act says:
a) the Budget must be balanced - total revenues and receipts must cover total expenditures and expenses.
b) if expenditures and expenses increased, or if revenues and receipts decreased during the budget year due to extraordinary events and requirements, the budget

Researcher Response:

We have changed the response to “a” and citation B.

IBP Comment:

IBP agrees with the Government's comment and suggestion, accepted by the researcher.

Guidelines for Question 105:

The ability of the legislature to oversee the executive's management of public resources depends not only on its authority to amend and approve the budget but also on its authority to review and approve or reject supplemental budget requests. This authority carries the most weight when the executive must have legislative approval for supplemental budgets prior to any expenditures above the level in the Enacted Budget.

105 (98). When does the legislature typically approve supplemental budgets? a. Supplemental budgets are approved before the funds are expended. 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).	a b c

Citation:

Croatian Parliament: Acts from the 19th Meeting of the Croatian Parliament, 26 August 2010, Internet, @ http://www.sabor.hr/Default.aspx?art=34889

Comment:

On its 19th Meeting, the Croatian Parliament has voted about the Revised Budget submitted by the Executive (see citation).

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Guidelines for Question 106:

This question covers contingency funds that are included in a budget but without a specific, identified purpose. On the one hand, such funds could be used as a cushion to cover unforeseen expenditures, representing a prudent budget practice. On the other hand, they could reflect a pool of funds for the executive to spend at its discretion, undermining legislative oversight. In general, the amount of contingency funds should be limited to a small percentage of total spending. Moreover, the amounts involved and the purpose for which they are to be used should be identified by the executive and approved by the legislature before any funds are spent. (General Note: answer the question under the assumption that the legislature is in session. If different rules apply when the legislature is not in session, this should be noted in the Comment section).

106 (100). When does the legislature approve the expenditure of contingency funds or other funds for which no specific purpose was identified in the Enacted Budget? a. Expenditures are approved before the funds are spent, or contingency funds or other funds with no specific purposes are not included in the Enacted Budget. b. Expenditures are approved after the funds are spent, but before the end of the fiscal year. c. Expenditures are approved after the end of the fiscal year, for example, in the next Enacted Budget. d. Such expenditure takes place without legislative approval. e. Not applicable/other (please comment).	a b c d e

Citation:
Article 56 and 57 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html
Comment:

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Article 56 of the Budget Act defines the purposes budgetary reserve funds can be used for: the budgetary reserve funds shall be used to finance the expenditures created during the removal of consequences of natural disasters, epidemics, ecological accidents or extraordinary events and other unforeseeable accidents, as well as for other unpredictable purposes, for which the means were not provided at all or sufficiently in the budget, as it was not possible to foresee them at that time. From this, it is obvious that the budgetary reserve in the Croatian Budget is an emergency fund, and the Articles 56 and 57 of the Budget Act define a separate set of procedures through which they are handled. Therefore, we find the answer "a" to be appropriate.
Researcher Response:
We have changed the response to “a” and citation A.
IBP Comment:
IBP agrees with the Government's comment and suggestion, accepted by the researcher.

Guidelines for Questions 107 and 108:

A key constitutional role of the legislature in almost all countries is to oversee the government’s management of public resources. Questions 107 and 108 assess the ability of the legislature to review and act on the findings and recommendations in audit reports of the government’s budget execution.

107 (120). Does a committee of the legislature view and scrutinize the audit reports?	a
a. Yes, all audit reports are scrutinized.	b
b. Yes, most audit reports are scrutinized.	c
c. Yes, some audit reports are scrutinized.	d
d. No, audit reports are not scrutinized.	e
e. Not applicable/other (please comment).	

Citation:
A: Croatian Parliament: Description of Duties of Finance and Budget Committee, Internet, @ http://www.sabor.hr/Default.aspx?sec=2644 B: Croatian Parliament: Zapisnik sa sjednica Odbora za financije i proračun (Minutes of the 70th meeting of Finance and Budget Committee), Internet, @ http://www.sabor.hr/Default.aspx?art=37670
Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

108 (122). Does either the supreme audit institution or 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).	a b c d e

Citation:

Pages 15-41 in Izvješće o obavljenoj reviziji Godišnjeg izvještaja o izvršenju državnog proračuna RH za 2010 (Audit Reports: The State Budget of the Republic of Croatia for 2010), Internet, @ http://www.vlada.hr/hr/content/download/166278/2427867/file/128%20-%202.11.pdf

Comment:

Reports are released, but they are not very comprehensive in terms of describing the actions that were taken.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

The citation can be found on pages 13-15 of the Audit Reports.

Government Comment:

Researcher Response:
IBP Comment:

Section Five: Citizens Budgets and Public Engagement in the Budget Process

General Note for Section 5: The Open Budget Survey Questionnaire 2012 has been revised from the 2008 Questionnaire to modify existing questions and include additional ones, which required some reordering of existing questions. In order to allow for easy comparisons with the completed 2008 Questionnaires, we have included the 2008 question number in parentheses after the 2012 question number. For revised questions, the word "Modified" appears next to the old question number within the parentheses. For new questions, parentheses with the word "New" in them appear next to the question number.

The Citizens Budget

Guidelines for Question 109:

A Citizens Budget can take many forms, but its distinguishing feature is that it is designed to reach and be understood by as large a segment of the population as possible. In order to comply with emerging good practice, a Citizens Budget should include all of the following six elements: 1) revenue information; 2) expenditure information, in particular it should identify the priority policies on which the money will be spent; 3) sector specific information and information on the existence of targeted programs for addressing critical challenges (for example, a program to reduce maternal mortality), including the distinction between new and existing ones; 4) a description of the budget process; 5) clear contact information for citizens who want to know more about the budget; and 6) economic assumptions upon which the budget figures are based.

A minimum number of these topics will need to be covered in order to get a "c" (2/6), a "b" (4/6), or an "a" (all 6). If the Citizens Budget is not released or does not contain at least one of these six elements, response "d" must be selected.

109 (61 Modified). What is the most detail provided by the Citizens Budget?	a b c **d** e
a. The Citizens Budget includes information on all the following six topics: 1) budget process, 2) revenue collection, 3) priority spending and allocations, 4) sector specific information and targeted programs, 5) contact information for follow up by citizens; and 6) economic assumptions.	
b. The Citizens Budget includes information on at least four of the six topics described above.	
c. The Citizens Budget includes information on at least two of the six topics described above.	
d. The Citizens Budget is not sufficiently detailed (it includes at most one of the six topics described above), or a Citizens Budget is not published (non-existent).	
e. Not applicable/other (please comment).	
Citation:	
Comment:	
A Citizens Budget is not published.	

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 110:

Citizens Budgets should be made available to a variety of audiences: therefore, paper versions and Internet posting of a document might not be sufficient. Option "a" should be selected for this question if the executive is using different combinations of creative media tools (three or more) that aim at reaching the majority of the population, including those who otherwise would not have access to such a document or information, and enabling them to learn about the Citizens Budget and its content. Dissemination would also be pursued at the very local level, so that the coverage is both geographical and by population group (e.g., women, elderly, high income, low income, urban, rural, etc). Option "b" is the appropriate answer if significant dissemination efforts are made through a combination of two means of communication, for instance, posting the Citizens Budget on the executive's official website and distributing printed copies of such a document. Option "c" would be for cases in which the Citizens Budget is disseminated by using only one means, i.e., a document posted on the executive's official website, a radio program, the distribution of printed copies.

110 (New). How is the Citizens Budget disseminated to the public? a. A Citizens Budget is disseminated widely through a combination of at least three different appropriate tools and media (such as the Internet, billboards, radio programs, newspapers, etc.). b. A Citizens Budget is published by using at least two, but less than three, means of dissemination, but no other dissemination efforts are undertaken by the executive. c. A Citizens Budget is disseminated only by using one means. d. A Citizens Budget is not published. e. Not applicable/other (please comment).	a b c d e

Citation:

Comment:

A Citizens Budget is not published.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Guidelines for Question 111:

What the public wants to know about the budget might be different from what the executive includes in the technical documents that might be the Executive's Budget Proposal or the Enacted Budget; similarly, different perspectives might exist on how the budget should be presented, and this may vary depending on the context. For this reason the executive should consult with the public on the content and presentation of the Citizens Budget.

Examples of mechanisms through which the executive can consult widely with the public include focus groups, social networks, surveys, hotlines, and meetings/events in universities or places where people gather to discuss public issues. In cases where Citizens Budgets are consistently produced and released, it might be sufficient for the government to provide the public with contact information and feedback opportunities and to use the resulting information to improve how it manages public resources.

Option "b" would apply if the government consults with many different stakeholders but uses only one means for such consultation (e.g., a focus group, a survey, a hotline, etc.).

Option "c" should be selected if the government does consult with a number of civil society organizations but only with a set of experts it selects. Option "d" applies the executive seeks no feedback from civil society or the broader public.

111 (New). Are the public's priorities on budget information taken into consideration by the executive while drafting the Citizens Budget? a. The executive widely consults with the public, with many different stakeholders and using many different means, to identify its informational requirements prior to publishing a Citizens Budget. b. The executive undertakes consultations with the different stakeholders to identify its informational requirements prior to publishing a Citizens Budget, but it uses a single means. c. The executive undertakes limited consultations with the public, i.e., one set of experts, to identify its informational requirements prior to publishing a Citizens Budget. d. The executive does not consult with the citizens before publishing a Citizens Budget, or a Citizens Budget is not published. e. Not Applicable/other (please comment).	a b c d e
Citation:	

Comment:
A Citizens Budget is not published.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 112:

While the Citizens Budget was initially conceived as a simplified version of the Executive's Budget Proposal or the Enacted Budget, good practice is evolving and suggests that Citizens Budgets should be produced for each of the key budget documents that are produced throughout the four phases of the budget process. While it is recognized that it may be unreasonable to expect that a Citizens Budget is produced for each and every one of those key documents, it seems acceptable to expect that according to good practice, the executive releases a Citizens Budget for each of the four stages of the budget process to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle.

112 (New). Are Citizens Budgets published throughout the budget process? a. Citizens Budgets are published at each of the four stages of the budget process (budget formulation, enactment, execution, and audit). b. Citizens Budgets are published for at least two of the four stages of the budget process. c. Citizens Budgets are published for at least one stage of the budget process. d. A Citizens Budget is not published. e. Not applicable/other (please comment).	a b c d e

Citation:

Comment:

A Citizens Budget is not published.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

Guidelines for Question 113:

A very preliminary step that precedes the release of a Citizens Budget is the provision of a glossary with clearly presented, detailed definitions of the budget terms used in the document.

113 (62). Does the executive make available to the public accessible, nontechnical definitions of terms used in the budget and other budget-related documents (for instance, in a glossary)? a. Yes, clear and detailed 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).	a b c d e

Citation:
Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html

Comment:
Definitions of budget terms are provided in the Budget Law; paragraph 3. These definitions could be re-written in a more public-friendly manner and presented in a stand-alone document, for example, as an appendix to the Citizens Budget.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Public Engagement in the Budget Process

Executive: Public Engagement During Budget Formulation and Execution

Guidelines for Question 114:

Legal frameworks provide the strongest guarantee that individuals and communities can participate in the budget formulation and execution processes implemented by the executive. They also can enable sustained public engagement processes and prevent them from being applied arbitrarily in certain periods and withdrawn in others at the executive's discretion.

Note the distinction between "a" and "b" responses. If the executive is required by a law, regulation, or formal procedural obligations to engage with the public during both budget formulation and execution phases, the "a" response should be selected. If the executive is required by a law, regulation, or formal policy to engage with the public during either the budget formulation phase or the budget execution phase, the "b" response should be selected.

Note the distinction between "c" and "d" responses. Response "c" applies if there are no formal requirements for the executive to engage with the public during the process, but nonetheless the executive does engage with the public during some stage of the budget process. Option "d" applies if there are no formal requirements for the executive to engage with the public during the budget process, and in practice the executive does not engage with the public in any of the stages of the budget process.

114 (New). Is the executive formally required to engage with the public during the budget process?

a. Yes, a law, a regulation, or a formal procedural obligation requires the executive to engage with the public during both the budget formulation and the budget execution processes.

b. Yes, a law, a regulation, or a formal procedural obligation requires the executive to engage with the public during one of either the budget formulation or the budget execution processes but not both.

c. No, no formal requirement exists requiring the executive to engage with the public during either the budget formulation or execution processes, but informal procedures exist to enable the public to engage with the budget formulation or execution processes.

d. No, no formal requirement exists and the executive does not engage with the public during the budget process.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

Article 115 and 116 in Zakon o proračunu (Budget Law), NN 87/08 (Official Gazette), Internet, @ http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_87_2791.html

Comment:

The Budget Act stipulates that the budget supervision, conducted by the Ministry of Finance, can be based on citizens' petitions, requests from central government administration bodies, local and regional self-government units, and other legal persons that voice suspicion of irregularities and fraud, as well as by the order of the Minister of Finance. So, citizens can suggest to the Ministry of Finance what institution should be supervised.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Answer "c" seems more appropriate since the Budget Act does not stipulate that the executive must engage with the public during the budget supervision, but only that the executive can engage with the public. There is no explicit requirement that the executive engage with the public during the budget process.

Government Comment:

Researcher Response:
We have changed the response to “c."
IBP Comment:
IBP agrees with the peer reviewer's comment and suggestion, accepted by the researcher.

Guidelines for Question 115:

Every time the executive implements a public consultation mechanism, it should clearly disclose to the public, with due advance notice, the purpose of such consultations. Establishing the purpose will guide decisions about who to involve, how to select participants, what activities they will be involved in, what information will be shared or collected, and how the executive will use the collected information, thereby managing the public’s expectations.

Example of “purposes” may include the following (individual executive agencies may identify other purposes):

- identifying services and service levels that meet the public’s preferences;
- improving efficiency and effectiveness and reducing wastage and corruption in the delivery of government services;
- establishing long-term strategies to provide for a fiscally sustainable future; or
- ensuring that capital investment decisions, such as the location of infrastructure elements, are informed by public input.

Answer “a” should be selected if the executive provides adequate notice of its proposed consultations and makes adequate information available in advance so that the public can engage in an informed and prepared manner. A “b” answer applies if the government provides some level of notifications but, while provided in a timely manner, the notifications either do not provide adequate information or they are provided for some but not all public engagement processes. If the executive does not provide this information to the public in all instances or does not provide it in a timely manner, a “c” answer should be selected.

115 (New). Does the executive clearly, and in a timely manner, articulate its purpose for engaging the public during the budget formulation and execution processes?

a. Yes, the executive clearly identifies what it hopes to achieve from its public engagement mechanisms during the budget process and publicizes this information well in advance of each public engagement.

b. Yes, the executive identifies what it hopes to achieve from each of its public engagement mechanisms and publicizes this information well in advance of each public engagement, but some of the stated objectives are vague; or the executive identifies what it hopes to achieve from some but not all of its public engagement mechanisms and publicizes this information well in advance of the public engagement.

c. Yes, the executive identifies and publicizes what it hopes to achieve from some of its public engagement mechanisms, but this information is not provided to the public in a timely manner prior to the engagement process.

d. No, the executive does not identify the purposes for engaging the public during the budget process, or the executive does not engage with the public during the budget process.

e. Not applicable/other (please comment).

a
b
c
d
e

Citation:

A: Email sent by Mr. Dragan Zelić (executive director of GONG), 23 September 2011.

B: GONG, Internet, @ http://www.gong.hr/cpage.aspx?Page=default.aspx&PageID=2GONG

Comment:

GONG is a Croatian non-partisan citizens' organization founded in 1997 to encourage citizens to actively participate in political processes. Among other activities, GONG conducts non-partisan monitoring of the election process, educates citizens about their rights and duties, encourages mutual communication between citizens and their elected representatives, and promotes transparency of work within public services.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 116:

The executive and its agencies may solicit information for general purposes, such as strategic planning, or may solicit targeted input on specific projects, plans, or initiatives.

Unless there is a compelling reason to target only certain segments of the public, public engagement approaches should allow and encourage broad-based engagement.

Examples of mechanisms used by governments for soliciting public input include:

- surveys, either in person or via mail, phone, or Internet;
- focus groups;
- interviews;
- comment (or point of service) cards;
- technical inputs from specialized members of the public or of organized civil society; and
- public meetings, such as public hearings, "Town Hall" meetings, and community vision sessions.

In cases when limited time and resources are a constraint or the executive is unable to engage with all members of the public, public engagement can be limited to specific segments of the public so long as those segments are identified transparently and without discrimination. For example, one method is to create standing lists of individuals and civil society organizations interested in a variety of different budget issues in order to contact these individuals and organizations when their issue(s) arise. Those parties interested in being included on such standing lists should receive clear and timely information on how they can join the lists, and there should be no discrimination or exclusions in compiling such lists.

Another possible mechanism is to create standing advisory groups on a variety of specific topics. Such advisory groups should include civil society members that operate in different parts of the country and not just organizations based in the capital city. The members of these advisory groups would be required to reach out to those individuals and organizations engaged on these topics to identify their positions, in order to represent their concerns to the advisory group and the executive.

Response “a” should be selected if the executive has created adequate and appropriate mechanisms for public engagement that are accessible and widely publicized in practice to a majority of citizens (or those in specific demographic groups as appropriate for various consultation opportunities). This may require different government agencies to create their own mechanisms for public engagement in order to make these opportunities widely accessible to different segments of the public.

Response “b” should be selected if practical and well-designed mechanisms for public engagement are established but are either not accessible or not widely publicized to a majority of citizens (or to the targeted demographic groups).

Response “c” should be selected if the executive has created some forms of public engagement but they are not sufficiently well designed to be meaningful or accessible to the public (or to the targeted demographic groups). Typically this is when the executive has made only a token effort at public engagement with poorly designed and inaccessible engagement mechanisms.

116 (New). Has the executive established practical and accessible mechanisms to identify the public’s perspective on budget priorities? a. Yes, the executive has established appropriate mechanisms to identify the public’s perspective on budget priorities, and these mechanisms are accessible in practice to a majority of the public. b. Yes, the executive has established appropriate mechanisms to identify the public’s perspective on budget priorities, but these mechanisms are accessible in practice only to some but not to a majority of the public. c. Yes, the executive has established some mechanisms to identify the public’s perspective on budget priorities, but these mechanisms are not effective or practical or are not accessible in practice to a majority of the public. d. No, the executive has not established any mechanisms to identify the public’s perspective on budget priorities. e. Not applicable/other (please comment).	a b c d e
Citation:	
Email sent by Mr. Dragan Zelić (executive director of GONG), 23 September 2011.	
Comment:	
Peer Reviewer One Comment:	

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 117:

See Guidelines for Question 116, but rather than referring to the budget formulation phase, this question applies to budget execution. The mechanisms for public engagement in the formulation phase might change for execution, but the requirement for them to be adequate and effective remains valid.

117 (New). Has the executive established practical and accessible mechanisms to identify the public's perspective on budget execution?	
a. Yes, the executive has established appropriate mechanisms to identify the public's perspective on budget execution, and these mechanisms are accessible in practice to a majority of the public.	a
b. Yes, the executive has established appropriate mechanisms to identify the public's perspective on budget execution, and these mechanisms are accessible in practice to some but not to a majority of the public.	b
c. Yes, the executive has established some mechanisms to identify the public's perspective on budget execution, but these mechanisms are not effective or practical or are not accessible in practice to the public.	c
d. No, the executive has not established any mechanisms to identify the public's perspective on budget execution.	d
e. Not applicable/other (please comment).	e

Citation:
Email answered by Mr. Dragan Zelić (executive director of GONG), 23 September 2011.
Comment:
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 118:

People who engage with the executive on determining the annual budget and in budget execution processes want to know what was done with their input and whether they affected the final budget decisions or contributed to stronger policies and

better service delivery. It is only when the executive provides such feedback that it becomes accountable and responsive to the public. Therefore, the executive should systematically collect, maintain, monitor, and evaluate information gained from public involvement activities. The executive should also maintain contact information for individuals and groups that want to be involved in specific budget issues, and it should use multiple communication mechanisms to ensure that those that want to be involved are notified of opportunities to engage in and decisions regarding these issues.

The executive should explain to those who participated in its public engagement mechanisms, and to the broader public, how this engagement has informed budget plans and execution. It also should gather feedback on the public's perception of how successful these processes and their outcomes have been. This type of engagement is particularly important for those members of the public who put effort into participating. There may be certain legitimate situations in which the executive may choose to withhold the identity of a person providing inputs on the budget, for instance, if the safety of the person is of concern (e.g., such situations may arise over corruption complaints).

An answer "a" should be selected for question 118 if the executive issues extensive, detailed reports on the inputs it received from the public and how it used this input to develop its budget plans and improve budget execution. The answer "b" should be selected if such reports are issued on either budget planning or budget execution consultations but not both. A "c" answer should be selected if the reports are vague and do not clearly identify what inputs were received and how these inputs were used by the executive.

118 (New). Does the executive provide formal, detailed feedback to the public on how its inputs have been used to develop budget plans and improve budget execution?	a b c d e
a. Yes, the executive issues extensive, detailed reports on the inputs and comments it received from the public and how it used this information to develop its budget plans and improve budget execution. b. Yes, the executive issues extensive, detailed reports on the inputs and comments it received from the public and how it used this information either to develop its budget plans or improve budget execution but not both. c. Yes, the executive issues only limited reports that provide inadequate feedback on how it has used inputs from the public to develop its budget plans or to improve budget execution. d. No, the executive does not issue reports on the inputs it received from the public through public consultations, or it does not engage with the public during the budget process. e. Not applicable/other (please comment).	

Citation:

The Government of The Republic of Croatia, Internet, @ http://www.vlada.hr/hr/naslovnica

Comment:

The executive does not issue public reports on how it has used inputs from the public to develop its budget plans or to improve budget execution.

Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

Legislature: Public Engagement During Budget Enactment

Guidelines for Questions 119-122:

Questions 119-122 examine the legislature's practices regarding legislative hearings on various aspects of the budget. The questions focus on committee hearings because they typically are more substantive than debates that involve the entire legislature. Hearings may be considered public if members of the press and public are free to attend them, or if the hearings are broadcast in a medium that is easily accessible to the majority of the population, such as radio or television. Please mark the "d" response for these questions if hearings are held but do not meet either of these two conditions.

Members of the executive who are invited to testify at these hearings may include the head or staff members of the central bank. Members of the public who are invited to testify at such hearings could include any individual, organization, or association independent of national government.

Members of the public can include private citizens; academics and representatives of public or private research institutes (if the research they produce is substantially free of government control or interference); and representatives of civil society organizations, community-based organizations, trade unions, churches or religious organizations, or other types of associations.

119 (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?

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, public hearings are held in which testimony is heard from the executive branch and some constituencies.

c. Yes, public 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).

a
b
c
d
e

Citation:

A: Izvješće Odbora za financije i državni proračun o Prijedlogu državnog proračuna Republike Hrvatske za 2011. godinu, s projekcijama državnog proračuna za 2012. i 2013. godinu (Report of Finance and Budget Committee on Budget Proposal for 2011 with Projections for 2012 and 2013), Internet, @ http://www.sabor.hr/Default.aspx?art=36485

B: Croatian Parliament: Finance and Budget Committee Members, Internet, @ http://www.sabor.hr/Default.aspx?sec=2644

Comment:

Some of the Finance and Budget Committee members are appointed as representatives of the public (researchers, or for example as representatives of trade unions). They are allowed to comment on the macroeconomic and fiscal framework presented in the budget. The Finance and Budget Committee meetings are open to the media (TV, radio, etc).
The practice is similar to that in the previous period, but researcher's reassessment has led to a change in response.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:

IBP Comment:

120 (76). Do legislative committees hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the executive branch is heard?

a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the executive branch is heard.

b. Yes, public hearings are held, covering key administrative units, in which testimony from the executive branch is heard.

c. Yes, a limited number of public 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).

a
b
c
d
e

Citation:

A: Hrvatski Sabor: Izvješće Odbora za zdravstvo i socijalnu skrb s rasprave o Prijedlogu državnog proračuna Republike Hrvatske za 2011. godinu i projekcijama za 2012. i 2013. godinu (Croatian Parliament: Report of Health and Social Welfare Committee on Budget Proposal for 2011 with Projections for 2012 and 2013), Internet, @ http://www.sabor.hr/Default.aspx?art=36463

B: Hrvatski Sabor: Izvješće Odbora za rad i socijalno partnerstvo s rasprave o Prijedlogu državnog proračuna Republike Hrvatske za 2011. godinu i projekcijama za 2012. i 2013. godinu (Croatian Parliament: Report of Labour and Social Partnership Committee Members on Budget Proposal for 2011 with Projections for 2012 and 2013), Internet, @ http://www.sabor.hr/Default.aspx?art=36455

Comment:

The practice is similar to that in the previous period, but researcher's reassessment has led to a change in response.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

121 (77). Does a legislative committee (or committees) hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the public is heard?	a b c d e
a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the public is heard. b. Yes, public hearings are held, covering key administrative units, in which testimony from the public is heard. c. Yes, a limited number of public 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:
A: Hrvatski Sabor: Izvješće Odbora za zdravstvo i socijalnu skrb s rasprave o Prijedlogu državnog proračuna Republike Hrvatske za 2011. godinu i projekcijama za 2012. i 2013. godinu (Croatian Parliament: Report of Health and Social Welfare Committee on Budget Proposal for 2011 with Projections for 2012 and 2013), Internet, @ http://www.sabor.hr/Default.aspx?art=36463 B: Hrvatski Sabor: Izvješće Odbora za rad i socijalno partnerstvo s rasprave o Prijedlogu državnog proračuna Republike Hrvatske za 2011. godinu i projekcijama za 2012. i 2013. godinu (Croatian Parliament: Report of Labour and Social Partnership Committee Members on Budget Proposal for 2011 with Projections for 2012 and 2013), Internet, @ http://www.sabor.hr/Default.aspx?art=36455

Comment:
Some of Parliamentary Committees members are appointed as representatives of the public (e.g. researchers, representatives of trade unions or civil society organizations). During the Parliamentary Committee Meetings they are allowed to comment on issues presented at those meetings. The practice is similar to that in the previous period, but researcher's reassessment has led to a change in response.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:

122 (78). Do the legislative committees that hold public hearings release reports to the public on these hearings? a. Yes, the committees release very informative reports, which include all written and spoken testimony presented at the hearings. b. Yes, the committees release reports, but some details are excluded. c. Yes, the committees release reports, but they are not very informative. d. No, the committees do not release reports, or do not hold public hearings. e. Not applicable/other (please comment).	a b c d e

Citation:

Hrvatski Sabor: Zapisnici sa sjednica Odbora za financije i državni proračun (Croatian Parliament: Minutes of Meetings held by Finance and Budget Committee), Internet, @ http://www.sabor.hr/Default.aspx?sec=2331

Comment:

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:

Researcher Response:
IBP Comment:

Supreme Audit Institutions: Public Engagement During Audit

Guidelines for Question 123:

When deciding its audit agenda, the supreme audit institution (SAI) may undertake audits on a sample of agencies, projects, and programs in the country; and such selection could be based on complaints and suggestions from members of the public. To receive such suggestions, the SAI may create formal mechanisms, such setting up a website, hotline, or office (or assigning staff to liaise with the public).

In addition to seeking public input to determine its audit agenda, the SAI may wish to provide formal opportunities for the public and civil society organizations to participate in the actual audit investigations, as witnesses or respondents.

Response "a" should be selected if practicably accessible and widely publicized mechanisms are in place to enable the public to both help determine the audit agenda and participate in formal audit investigations. Response "b" should be selected if such mechanisms exist in practice, but only *either* to enable members of the public to help determining the audit agenda *or* to participate in the audit investigations (i.e., the public does not have the opportunity to do both). Response "c" should be selected if such mechanisms exist but are not accessible to a majority of the public.

123 (119 Modified). Does the supreme audit institution (SAI) maintain formal mechanisms through which the public can participate in the audit process?	a b c d e
a. Yes, the SAI has established accessible mechanisms for public engagement through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited) and can participate in audit investigations (as respondents, witnesses, etc.). b. Yes, the SAI has established accessible mechanisms for public engagement through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited) or can participate in audit investigations (as respondents, witnesses, etc.), but the SAI has not established mechanisms that enable the public to participate in both processes. c. Yes, the SAI has established some mechanisms for public engagement through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited) and/or participate in audit investigations (as respondents, witnesses, etc.), but these mechanisms are not accessible in practice to a majority of the public. d. No, the SAI does not maintain any formal mechanisms of communication with the public. e. Not applicable.	

Citation:
Email sent by Mrs. Čoh Mikulec who works as public relations officer in the State Audit Office, 30 September 2011.
Comment:
These are some of the criteria according to which subjects that should be audited are identified: - filed reports by government institutions and other subjects owned by state or local government, or other natural or legal persons; and - findings from the public media. Public cannot participate in audit investigations. Audit investigations are performed only by an authorized state auditor in accordance with the provisions of the State Audit Office. Exceptionally, the State Audit Office may, during the audit, engage an expert to address specific questions.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment:
Answer "b" initially selected by the researcher has been modified by the IBP editors to maintain cross-country consistency. The researcher's comment shows that the SAI seeks opinions from individual experts only when it deems it appropriate; in addition, it uses media reports to identify elements that can be subject to audit. Note that the use of media reports and the occasional use of experts' opinions is not equivalent to having a mechanism that allows members of the GENERAL public to assist in formulating the SAI's audit program or to participate in audit investigations (which would then award a "b" answer to this question).

Guidelines for Question 124:

Merely publishing audit reports does not ensure that the findings from these reports will be properly understood by the public or will even come to the public's attention. To help ensure that the public becomes aware of its audit findings,

the supreme audit institution (SAI) could create mechanisms to conduct regular outreach to specific individuals and civil society organizations about audit findings. Examples could include:

- creating a public information office;
- developing a media strategy to cover audit findings;
- organizing town hall meetings and other public hearings on audit findings; or
- issuing simple summaries of audit reports (the audit equivalent of Citizens Budgets) that can be easily understood by citizens (extra points for publishing these summaries in multiple languages used in the country).

124 (New). Does the SAI maintain any communication with the public regarding its audit reports beyond simply making these reports publicly available? a. Yes, in addition to publishing audit reports, the SAI maintains other mechanisms of communication to make the public aware of audit findings (such as maintaining an office that regularly conducts outreach activities to publicize previously released audit findings). b. No, the SAI does not maintain any formal mechanisms of communication with the public beyond publishing audit reports. c. Not applicable/other (please comment).	a b c

Citation:

State Audit Office, Internet, @ http://www.revizija.hr/en/kontakt/

Comment:

State Audit Office has a public relations officer (Mrs. Biserka Čoh Mikulec) who regularly answers citizens' questions.

Peer Reviewer One Comment:

Peer Reviewer Two Comment:

Government Comment:
Researcher Response:
IBP Comment:

Guidelines for Question 125:

This question is very similar to question 118 in that it seeks to determine the level to which the supreme audit institution provides the public with information on the input into the audit process provided by the public and on whether, and how, that input influenced audits or the audit process. For further guidance on answering this question, please refer to the guidelines for question 118.

125 (New). Does the supreme audit institution (SAI) provide formal, detailed feedback to the public on how their inputs have been used to determine its audit program or in audit reports? a. Yes, the SAI issues extensive, detailed reports on the inputs it received from the public through public consultations and provides feedback on how the SAI has used these inputs to develop its audit program or its audit reports. b. Yes, the SAI issues reports on the inputs it received from the public through public consultations and provides limited feedback on how the SAI has used these inputs to develop its audit program or its audit reports. c. Yes, the SAI issues reports on the inputs it received from the public through public consultations, but these reports provide no feedback on how the SAI has used these inputs to develop its audit program or its audit reports. d. No, the SAI does not issue reports on the inputs it received from the public through public consultations or provide any feedback on how the SAI has used these inputs to develop its audit program or its audit reports. e. Not applicable/other (please comment).	a b c d e
Citation:	
State Audit Office, Internet, @ http://www.revizija.hr/hr/aktivnosti-ureda/	

Comment:
There are no reports relating to feedback on how the State Audit Office has used public inputs to develop its audit program or its audit reports.
Peer Reviewer One Comment:
Peer Reviewer Two Comment:
Government Comment:
Researcher Response:
IBP Comment: