



ARGENTINA

Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report



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ARGENTINA FISCAL YEAR

January 1–December 31

EXCHANGE RATE

(November 29, 2019)

Currency Unit: Argentine Peso (AR\$)

1 US\$ = 59.91 AR\$

WEIGHTS AND MEASURES

Metric System

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ARGENTINA PEFA ASSESSMENT 2019

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat

December 4, 2019

Table of contents

Acknowledgments	i
Executive summary.....	ii
1. Introduction.....	1
1.1 Rationale and purpose	1
1.2 Assessment management and quality assurance	2
1.3 Assessment methodology	3
2. Country background information	7
2.1 Country economic situation.....	7
2.2 Fiscal and budgetary trends.....	8
2.3 Legal and regulatory arrangements for PFM.....	10
2.4 Institutional arrangements for PFM	13
2.5 Other key PFM features and their operating environment	19
3. Assessment of PFM performance	21
<i>PILLAR ONE: Budget reliability</i>	21
PI-1. Aggregate expenditure outturn	21
PI-2. Expenditure composition outturn.....	22
PI-3. Revenue outturn	24
<i>PILLAR TWO: Transparency of public finances</i>	26
PI-4. Budget classification.....	26
PI-5. Budget documentation	28
PI-6. Central government operations outside financial reports	30
PI-7. Transfers to subnational governments	33
PI-8. Performance information for service delivery.....	37
PI-9. Public access to fiscal information	41
<i>PILLAR THREE: Management of assets and liabilities</i>	44
PI-10. Fiscal risk reporting.....	44
PI-11. Public investment management	47
PI-12. Public asset management	50
PI-13. Debt management	55
<i>PILLAR FOUR: Policy-based fiscal strategy and budgeting</i>	59
PI-14. Macroeconomic and fiscal forecasting	59
PI-15. Fiscal strategy.....	61
PI-16. Medium-term perspective in expenditure budgeting	63
PI-17. Budget preparation process.....	66
PI-18. Legislative scrutiny of budgets.....	69
<i>PILLAR FIVE: Predictability and control in budget execution</i>	73
PI-19. Revenue administration.....	73
PI-20. Accounting for revenue.....	76
PI-21. Predictability of in-year resource allocation.....	78
PI-22. Expenditure arrears.....	84
PI-23. Payroll controls.....	86

PI-24. Procurement.....	89
PI-25. Internal controls on non-salary expenditure	96
PI-26. Internal audit.....	100
<i>PILLAR SIX: Accounting and reporting</i>	<i>105</i>
PI-27. Financial data integrity.....	105
PI-28. In-year budget reports	108
PI-29. Annual financial reports	109
<i>PILLAR SEVEN: External scrutiny and audit</i>	<i>114</i>
PI-30. External audit	114
PI-31. Legislative scrutiny of audit reports.....	118
4. Conclusions of the analysis of PFM systems.....	122
4.1 Integrated assessment of PFM performance	122
4.2 Effectiveness of the internal control framework	128
4.3 PFM strengths and weaknesses	134
5. Government PFM reform process.....	136
5.1 Approach to PFM reforms.....	136
5.2 Recent and ongoing reform actions.....	136
5.3 Institutional considerations	138
Annex 1. Performance Indicator Summary	140
Annex 2. Summary of Observations on the Internal Control Framework	149
Annex 3. List of People Interviewed	151
Annex 4. Sources of Information.....	157
Annex 5. Calculations for PI-1, PI-2, and PI-3	161
Annex 6. Financial Reports of Public Corporations.....	167
Annex 7. List of Investment Projects	169
Annex 8. Detailed Budget Calendar	173
Annex 9. List of Budget Reports	176

Frequently Used Abbreviations and Acronyms

English	Spanish		English	Spanish	
ACBA	CABA	Autonomous City of Buenos Aires	NAO	CGN	National Accounting Office
AGO	AGN	Auditor General's Office	NB	BN	Argentine National Bank
BAPIN	BAPIN	Investment Project Database	NBO	ONP	National Budget Office
BCG	GCP	Budgetary Central Government	NDPI	DNIP	National Directorate for Public Investment
CBO	OPC	Congressional Budget Office	NFPS	SPNF	Non-Financial Public Sector
CCO	JGM	Chief of Cabinet Office	NIAA	SIGEN	National Internal Audit Agency
CFI	CFI	Federal Tax Revenue-Sharing System	NL	CN	National Legislature
DMD	DACP	Debt Management Directorate	NPIP	PNIP	National Public Investment Plan
DMO	ONCP	Debt Management Office	NPO	ONC	National Procurement Office
NDFCP	DNCFP	National Directorate of Fiscal Coordination with the Provinces	NPSF MCSA	LAFYCSP	National Public Sector Financial Management and Control Systems Act
eSIDIF	eSIDIF	Integrated Financial Management Information System (GoA)	NRSP	RENABE	National Register of State-Owned Property
FCFR	CFRF	Federal Council of Fiscal Responsibility	NSSA	ANSES	National Social Security Administration
FRCA	AFIP	Federal Revenue Collection Agency	NTO	TGN	National Treasury Office
FRL	LRF	Fiscal Responsibility Law	PEFA	PEFA	Public Expenditure and Financial Accountability
GDP	PBI	Gross Domestic Product	PFM	GFP	Public Financial Management
GFS	EFP	Government Financial Statistics	PPARC	CMRC	Parliamentary Public Accounts Review Committee
GICS	NGCI	General Internal Control Standards	PPP	APP	Public-Private Partnership
GoA	GdA	Government of Argentina	AFS	SAF	Administration and Financial Services
HRS	SIRHU	Human Resources System	SBA		Stand-by Arrangement (IMF)
IAO	UAI	Internal Audit Office	SGF	FGS	Sustainability Guarantee Fund
ICFA	MCIA	Internal Control Framework of Argentina	SIFEP	SIFEP	Public Enterprises Financial Information System
IDB	BID	Inter-American Development Bank	SIGADE	SIGADE	Debt Management and Financial Analysis Information System
IDPES	BIEP	Integrated Database of Public Employment and Salaries	SOE	EP	State-Owned Enterprise
IMF	FMI	International Monetary Fund	SPAA	AABE	State Property Administration Agency
IPSAS	NICSP	International Public Sector Accounting Standards	TSA	CUT	Treasury Single Account
MoT	MdH	Ministry of Treasury	WB	BM	World Bank

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Executive summary

Introduction

1. Argentina is one of the world's largest agricultural producers, has vast natural resources, and benefits from a highly literate populace. Average long-run economic growth has been 2.7 percent between 1950 and 2016, about half that of high-performing regional peers and less than a third the level of emerging countries in Asia. Over the past years, Argentina has faced the challenges of pervasive macroeconomic imbalances, large microeconomic distortions, and a weakened institutional framework. Despite some progress in tackling these challenges, Argentina remained vulnerable to the tightening of global financial conditions in the first part of 2018. In the context of global emerging market currencies depreciations, the Argentine Peso was the most hard-hit, losing half of its value in 2018. As a result, inflation accelerated, reducing household real income and private employment, leading to a 2.5 percent decline in the gross domestic product (GDP). In this context, the Government of Argentina (GoA) requested International Monetary Fund (IMF) financial support.

2. This downturn in economic growth underscores the importance of an overall public financial management (PFM) reform agenda to achieve key budgetary outcomes. Consequently, the main objectives of this Public Expenditure and Financial Accountability (PEFA) Report are to (a) assess the performance of the national PFM system and institutions of the Government of Argentina, benchmarked against internationally recognized good practice standards; and (b) provide a basis for dialogue between GoA and development partners on the country's future PFM reform needs, and thereby assist GoA in designing and monitoring of a Public Financial Management Reform Strategy, to contribute to the achievement of long-term economic and financial sustainability.

3. This evaluation was conducted by a World Bank (WB) cross-sectoral team and was undertaken jointly with GoA's Ministry of Treasury (MoT) and the Federal Council of Fiscal Responsibility (FCFR) to promote full ownership by the government through an iterative consultation and validation process, both at technical and political levels. The assessment was performed in coordination with relevant development partners—the Inter-American Development Bank (IDB) and the IMF. The French Development Agency (AFD) office in Argentina was informed of the evaluation.

4. The assessment findings show that the performance of the PFM systems at the national level are reasonably aligned with international standards and good practices. In particular, “transparency of public finances” performance is advanced, and the “policy-based fiscal strategy and budgeting” pillar shows solid performance. While the “budget reliability” and “accounting and reporting” pillars are slightly above the basic level of performance, two pillars (“management of assets and liabilities” and “predictability and control in budget execution”) show widely mixed results, with some indicators being aligned with a solid performance and others not. Finally, the “external scrutiny and audit” pillar had indicators that clearly underperformed in relation to international good practices. Although the systems and tools in place are deemed adequate to support fiscal and budgetary outcomes, there remain opportunities for improving the efficiency and effectiveness of public resources.

Methodology, Period, Assessment Coverage, and Timing

5. The assessment was performed using the 2016 PEFA Methodology, which provides a framework for assessing and reporting on PFM strengths and opportunities for improvement using international standards

and good practices.¹ PEFA incorporates a PFM performance report that presents evidence-based indicator scores and analyses. The assessment analysis period covers the previous three completed fiscal years (2016, 2017, and 2018). The PEFA indicators focus on the operational performance of key elements of the PFM system rather than on all the various inputs and capabilities, and provides a snapshot of PFM performance at a specific juncture. In addition, the PEFA framework does not involve fiscal or expenditure policy analysis that would determine whether fiscal policy is sustainable, and it does not evaluate whether expenditures incurred through the budget ultimately have their desired effect, or whether value for money is achieved in service delivery.

6. The assessment scope covers budgetary and extrabudgetary units of the central government of Argentina (as depicted in Figure 1 on page 4). The activities of public corporations, public-private partnerships (PPPs), and social security funds are covered only to the extent that they receive central government budget allocations and from the perspective of fiscal risks and contingent liabilities to the central government. Similarly, subnational governments (SNGs) are covered through the central government transfers they receive through the assessment of their oversight practices.

7. The assessment took place from March 2019 to May 2019. The fieldwork mission took place between April and May 2019. Evidence and information to support an assessment of most of the performance indicators was gathered during the field mission, and a draft report was sent to the PEFA Secretariat and the reviewers in August 2019. The draft report was formally presented to GoA and other peer reviewers to comply with the PEFA Check on October 25, 2019. Hence, the report was also distributed to the PEFA Secretariat, the World Bank, IMF, FCFR, and IDB for comments. The final report was submitted to the GoA and FCFR on December 4, 2019.

Integrated Assessment of PFM Performance

8. In general terms, the Argentine national-level PFM system is reasonably well-aligned with international good practices and standards as they are schematized by the PEFA framework. Of the 31 indicators assessed, 25 indicators (80.6 percent) show scores that are equal to or better than “C,” which suggests a basic level of performance in alignment, in general terms, with international good practices. Only 6 out of the 31 indicators (19.4 percent) had scores lower than “C” and thus are not compliant with the standards required for a good or basic performance level.

9. An analysis of the results of the assessment at the pillar level shows that “transparency of public finances” performance is advanced, and “policy-based fiscal strategy and budgeting” pillar shows solid level of performance. While “budget reliability” and “accounting and reporting” pillars are slightly above basic level of performance, two pillars—“management of assets and liabilities” and “predictability and control in budget execution”—show widely mixed results, with some indicators being aligned with a solid PFM performance and others not. Finally, the “external scrutiny and audit” pillar had indicators that clearly underperformed in relation to international good practices.

¹ PEFA is a methodology for assessing public financial management performance. The PEFA Performance Measurement Framework is an integrated monitoring system that allows measurement of PFM performance over a specific time period. The Performance Measurement Framework covers 31 performance indicators (PIs), with 94 dimensions. The PEFA framework applies a scoring system to the PIs (and to each of their dimensions) on a scale from A to D (high to low) using methodologies, guidance, and practical tools prescribed or issued by the PEFA Secretariat and available at the PEFA Secretariat website: www.pefa.org.

Impact of PFM Systems on the Three Main Budgetary Outcomes

10. As described by the PEFA Methodology,² in an effective PFM system the three main budgetary outcomes are (a) Aggregate Fiscal Discipline; (b) Strategic Allocation of Resources; and (c) Efficient Use of Resources for Service Delivery. The GoA monitoring mechanisms to support fiscal and budgetary control are deemed adequate. However, there are still opportunities for improvement in specific areas related to the efficiency of institutions and use of resources in certain areas of revenues and expenditures.

Aggregate fiscal discipline

11. Aggregate fiscal discipline is supported by several areas of high performance, such as the robust reporting of revenue and expenditure operations outside the budget (PI-6); the comprehensive recording of government debt (PI-13)(although there is need to develop a debt-management strategy); a clearly defined fiscal strategy (PI-15), as reflected in the Stand-by-Agreement with the IMF; the preparation of a multi-annual budget (PI-16) (although the consistency between multi-annual budget estimates and actual budget outcomes remains weak and these differences are not explained in the budget documentation); predictability of in-year resource allocations (PI-21); and adequate internal controls on non-salary expenditure (PI-25).

12. However, this positive aggregate fiscal discipline outcome is adversely affected by limitations in public investment management and expenditure arrears.

13. Although most major public investment projects are assessed using robust appraisal methods, there is no rigorous and transparent arrangement for the prioritization and selection of projects included in the budget, and forward-looking capital and recurrent costs that are likely to be incurred over the life of the investment are not registered (PI-11). Given that Argentina is rich in natural capital and the limited fiscal space available, investment in the right projects is essential to unlock the country's potential.

14. Although the stock of payment arrears appears to be low, it has been difficult to determine precisely the stock of expenditure arrears held by the central government, as there is limited information on expenditure arrears, including disaggregation by type, age, and composition of expenditure (PI-22).

Strategic allocation of resources

15. The strategic allocation of resources is advanced by the following factors: reliable expenditure allocations (with the allocation of resources among competing priorities established in the original budget generally respected during the budget execution phase) (PI-2); a robust budget classification system (PI-4) (although it is not fully compliant with the Classification of the Functions of Government/COFOG, it can produce documentation at the sub-functional level that is comparable to the COFOG standard); the provision of transparent and comprehensive budget management information and documentation (PI-5); the robust reporting of revenue and expenditure operations outside the budget (PI-6); timely transfers to subnational governments determined by an adhered to and clear rules-based system (PI-7); a clearly defined fiscal strategy (PI-15); the preparation of a multi-annual budget (PI-16); an orderly and timely budget preparation process (PI-17); and well-established and adhered to procedures for legislative scrutiny of budgets (PI-18).

16. However, the strategic allocation of resources is being subverted by poor public investment management (PI-11) (mentioned above), revenue administration (PI-19), and accounting for revenues (PI-20).

² PEFA Framework Second Edition (February 2016).

17. Strengthened revenue administration brings in more revenue for GoA, which would then be available for funding public services, thereby reducing the need to borrow to fund such services. The Federal Revenue Collection Agency has facilitated procedures and improved dissemination of information on taxpayers' rights and obligations, but additional efforts are needed with regard to redress processes. The latter is key to ensuring a sound tax system, whereby taxpayers can be confident that the tax administration will assess their declarations with objectivity and fairness. Risk management is gradually becoming more systematic, comprehensive, and structured, but there is still a long way to go to promote voluntary compliance, a situation that impacts adversely on revenue audits and investigations (PI-19).

18. Reporting, transfers of revenue collections, and tax reconciliations between the Federal Revenue Collection Agency and the National Treasury Office show mixed results. While tax revenue reporting and transfers from the Revenue Agency to the Treasury are organized according to international standards, the reconciliation of revenue accounts does not adhere to good practice methods. The latter is critical to ensure that, especially, tax arrears are properly recorded, reconciled, and their collection enforced systematically (PI-20).

Efficient use of resources for service delivery

19. It should be noted that as a result of Argentina's federal fiscal arrangement, subnational governments (provinces and municipalities) are responsible for primary and secondary education, as well as public health care (primary health care centers and hospitals)—that is, the traditional aspects of service delivery. As such, given the scope of this assessment (i.e., central government) and the high level of policy autonomy granted to subnational governments, improving the performance of the PEFA indicators at the central government level may not necessarily translate to efficient and effective service delivery.

20. Nevertheless, the assessment findings indicate that efficient service delivery is fostered by reliable expenditure allocations (PI-2); timely transfers to subnational governments (PI-7); timely availability to the public of fiscal information (PI-9) (with the exception of the audited central government financial reports and all other external audit reports produced by the Auditor General's Office); the preparation of a multi-annual budget (PI-16); predictability of in-year resource allocations (PI-21); and adequate internal controls on non-salary expenditure (PI-25).

21. However, the assessment pointed to opportunities to improve the following indicators: revenue administration (PI-19, mentioned above), accounting for revenues (PI-20, mentioned), external audit (PI-30), and legislative scrutiny of audit reports (PI-31).

22. The Auditor General's Office, responsible for auditing government revenue and spending at the national level in Argentina, operates independently from the Executive branch and has unrestricted access to records and documentation from all institutions covered by its mandate. National auditing standards are compatible with the International Standards of Supreme Audit Institutions (ISSAI), but coverage of audits, timely submission of reports, and follow-up of recommendations or observations in audit reports cannot be properly assessed, because of the absence of relevant and adequate information (PI-30).

23. Legislative scrutiny of the audited financial reports of the central government is delegated to the Parliamentary Public Accounts Review Committee of the National Congress. However, evidence collected suggests that legislative scrutiny of the audit reports for the last three completed fiscal years has not yet been undertaken. Hence, transparency of proceedings, in-depth hearings, and follow-up of recommendations made by the Legislature to the Executive branch with regard to these audits could not be properly benchmarked against international good practices (PI-31).

24. In summary, most aspects of the PFM system are functioning at a satisfactory level, one that should allow GoA to reach its fiscal and budgetary objectives. Nonetheless, some PFM system components require improvement, principally public investment management, revenue management, control of arrears, procurement management, and external audit and legislative scrutiny of audit reports.

Prospects for reform planning and implementation

25. There is no previous PEFA assessment at the national level; the most recent comprehensive assessment of Argentina's PFM systems at the national level is the Country Financial Accountability Assessment from March 2008, which covered the years 2003-2005.

26. More recently, noteworthy changes have been made in the legal framework to promote transparency, foster accountability, and strengthen public integrity. These initiatives range across the arenas of Federal agreement on PFM transparency and fiscal responsibility; procurement; medium-term perspective in budgeting; in-year budget reporting with an open budget platform; fiscal risk monitoring; and legislative scrutiny of budget.

Table 1. provides an overview of the PEFA performance indicators by dimension.

Table 1. Overview of the Scores of the PEFA Indicators

PFM performance indicator		Scoring method	Dimension score				Overall score
			i.	ii.	iii.	iv.	
Pillar I. Budget reliability							
PI-1	Aggregate expenditure outturn		C				C
PI-2	Expenditure composition outturn	M1	B	B	A		B+
PI-3	Revenue outturn	M2	C	C			C
II. Transparency of public finances							
PI-4	Budget classification		B				B
PI-5	Budget documentation		A				A
PI-6	Central government operations outside financial reports	M2	A	A	B		A
PI-7	Transfers to subnational governments	M2	A	A			A
PI-8	Performance information for service delivery	M2	B	B	n/a	D	C+
PI-9	Public access to fiscal information		B				B
III. Management of assets and liabilities							
PI-10	Fiscal risk reporting	M2	C	D	B		C
PI-11	Public investment management	M2	C	D	D	C	D+
PI-12	Public asset management	M2	C	C	C		C
PI-13	Debt management	M2	A	A	D		B
IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	B	C	C		C+
PI-15	Fiscal strategy	M2	C	A	C		B
PI-16	Medium-term perspective in expenditure budgeting	M2	A	A	C	D	B
PI-17	Budget preparation process	M2	B	C	A		B
PI-18	Legislative scrutiny of budgets	M1	B	A	A	B	B+
V. Predictability and control in budget execution							
PI-19	Revenue administration	M2	D	D	D	B	D+
PI-20	Accounting for revenue	M1	A	A	D		D+
PI-21	Predictability of in-year resource allocation	M2	A	A	B	C	B+
PI-22	Expenditure arrears	M1	D*	D*			D
PI-23	Payroll controls	M1	B	A	A	C	C+
PI-24	Procurement	M2	B	C	B	D	C+
PI-25	Internal controls on non-salary expenditure	M2	A	A	C		B+
PI-26	Internal audit	M1	A	C	A	C	C+
VI. Accounting and reporting							
PI-27	Financial data integrity	M2	D	n/a	D	A	C
PI-28	In-year budget reports	M1	A	C	A		C+
PI-29	Annual financial reports	M1	A	C	C		C+
VII. External scrutiny and audit							
PI-30	External audit	M1	D	D*	D	A	D+
PI-31	Legislative scrutiny of audit reports	M2	D*	D*	D	D	D

1. Introduction

1. This Section presents the context, objectives, and scope of the Public Expenditure and Financial Accountability (PEFA) assessment of the public finance management (PFM) system and institutions at the central government level of the Government of Argentina (GoA), together with information about the organization of the PEFA exercise and its performance methodology.³

1.1 Rationale and purpose

2. This is the first PEFA assessment carried out in Argentina at the central government level and, thus, a baseline assessment. Four previous PEFA exercises were undertaken at the Provincial Government level, all in 2012: Buenos Aires, Córdoba, San Juan, and Santa Fe. The PEFA assessment was requested by GoA and led by the World Bank (WB) in close collaboration with the Ministry of Treasury (MoT) and the Federal Council of Fiscal Responsibility (FCFR). The International Monetary Fund (IMF) and the Inter-American development Bank (IDB) also participated in the assessment exercise.

3. The objectives of this PEFA assessment are twofold. First, to respond to a recent GoA invitation to have its national-level PFM system benchmarked against internationally recognized good practice standards as a means to establish its current level of performance. Second, to provide an up-to-date, independent, and common diagnostic report for the Government and development partners, especially the World Bank, to engage in policy dialogue about options for PFM reform.

4. The main beneficiary of the PEFA assessment results is the Government of Argentina and all the national-level institutions that participated in the exercise. Key government officials were trained in the scope and use of the PEFA framework, not only to facilitate the current evaluation, but also to install capacities in the country for future assessments. The final report will be published and disseminated among government institutions and bilateral and multilateral development partners.

5. This PEFA assessment process started with the preparation of the draft Concept Note on March 6, 2019, which was later circulated for comments to the following group of peer reviewers: Alejandro Gallego (Ministry of Treasury); Patricia Farah (Federal Council for Fiscal Responsibility); Franck Bessette, Marco Larizza, and Fabienne Mrocza (WB); Helena Grandao Ramos (PEFA Secretariat); and Roberto Laguado and Vianca Merchan (IDB). The final version was distributed to all participant peer reviewers on March 26, 2019.

6. Based on the Concept Note, the office of the World Bank in Argentina assembled an evaluation team of staff members and independent external consultants to undertake the PEFA Assessment. A two-week

³ PEFA is a methodology for assessing public financial management performance. The PEFA Performance Measurement Framework is an integrated monitoring system that allows measurement of PFM performance over a specific time period. The Performance Measurement Framework covers 31 performance indicators (PIs), with 94 dimensions. The PEFA framework applies a scoring system to the PIs (and to each of their dimensions) on a scale from A to D (high to low) using methodologies, guidance, and practical tools prescribed or issued by the PEFA Secretariat and available at the PEFA Secretariat website: www.pefa.org. In the PEFA methodology the indicator scores with multiple dimensions are combined into an overall indicator score using either the Weakest Link (M1) method or the Averaging (M2) method. The PEFA methodological framework specifies which method is to be used for each indicator. Under the M1 method, the aggregate score for the indicator is the lowest score given for any dimension, and where any of the other dimensions score higher, a "+" is added to the indicator score. The M2 method is based on an approximate average of the scores for the individual dimensions of an indicator, as specified in a conversion table provided by the methodology. When there is no information available, it is calibrated as a "D" with an "*" to show there was not sufficient evidence to score the dimension.

field mission to Buenos Aires took place between April 29 and May 10, 2019, which started with a one-day PEFA training workshop organized with the support of the PEFA Secretariat. Officials from all counterpart institutions were invited to the workshop, including representatives from the National Legislature.⁴ The workshop was well attended and was judged by participants to be highly informative.

7. The field mission, especially the meetings with authorities and officials from all counterpart institutions, was facilitated by a focal point appointed by the Ministry of Treasury. In addition to the Ministry of Treasury and all the relevant departments within its organizational structure, the evaluation team also had substantive meetings to collect evidence with the Legislature, the Auditor General’s Office (AGO), the National Internal Audit Agency (NIAA), the Federal Revenue Collection Agency (FRCA), various sector ministries, selected decentralized entities, and the largest social security organization, the National Social Security Agency (NSSA). A meeting with the Argentine Chamber of Commerce and Services was also arranged to triangulate information with the private sector.

8. After the field mission, the evaluation team proceeded to prepare the preliminary draft report of the PEFA assessment. Once finalized, this draft report was formally presented to GoA and four other peer reviewers to comply with the PEFA Check.⁵ Hence, the report was also distributed to the PEFA Secretariat, World Bank, IMF, FCFR, and IDB for comments. The present final report reflects comments made by all peer reviewers.

1.2 Assessment management and quality assurance

Box 1 summarizes the assessment management process and the quality assurance arrangements.

PEFA Assessment Management Organization
<p>Oversight team</p> <ul style="list-style-type: none"> • Alejandro Gallego (Ministry of Treasury), Alejandro Solanot (World Bank), Antonio Blasco (World Bank), Patricia Farah (Federal Council of Fiscal Responsibility), Daniel Rimada (Federal Council of Fiscal Responsibility), Vianca Merchan (IDB), Valerio Crispolti (IMF), Joyce Cheng Wong (IMF) <p>Assessment team: the assessment was carried out by a World Bank core team composed of</p> <ul style="list-style-type: none"> • Antonio Blasco (Co-Task Team Leader) • Alejandro Solanot (Co-Task Team Leader) • Luz Meyer, Financial Management Specialist • José Eduardo Gutiérrez Ossio, Senior Public Sector Specialist • Silvana Kostenbaum, Public Sector Specialist • Miguel-Santiago Oliveira da Silva, Senior Financial Management Specialist • Elizabeth Grandío, Procurement Specialist • Julián Folgar, Research Analyst • Bruno Giussani, PFM Expert, Consultant

⁴ Hereafter the Legislature, unless explicitly stated otherwise, will refer to the National Legislature.

⁵ The PEFA Check is a quality assurance seal set by the PEFA Secretariat to ensure that assessment processes follow an established good practice protocol for the preparation, execution, revision, approval, and publication of the report. The guidelines are available at <http://www.pefa.org/news/enhanced-standards-pefa-reports-launch-new-pefa-check-criteria>.

- Ulises Guardiola, PFM Expert, Consultant
- Julián Laski, PFM Expert, Consultant

Review of Concept Note
<p>Date of presentation of final draft: March 6, 2019</p> <p>Invited peer reviewers and reviewers who provided comments:</p> <ul style="list-style-type: none"> • Alejandro Gallego (Ministry of Treasury) • Patricia Farah (FCFR) • Franck Bessette (World Bank) • Marco Larizza (World Bank) • Fabienne Mroczka (World Bank) • Helena Grandao Ramos (PEFA Secretariat) • Roberto Laguado (IDB) • Vianca Merchan (IDB) • Ana Niubo (IDB) <p>Date of final concept note: March 27, 2019</p>
Review of Draft PEFA Report
<p>Date of presentation of draft PEFA report: October 15, 2019</p> <p>Review of the assessment report:</p> <ul style="list-style-type: none"> • Government of Argentina • Federal Council of Fiscal Responsibility • World Bank • PEFA Secretariat • IMF • IDB
Final Report
<p>Date of final PEFA Report: November 29, 2019</p>

1.3 Assessment methodology

9. The PEFA assessment at the national level in Argentina was undertaken using the upgraded 2016 PFM performance measurement framework, with all its 31 indicators and 94 dimensions. The framework⁶ is available in English and Spanish. Additional guidelines, in the form of the Fieldguide—which includes detailed information on definitions, calculations, data sources, narrative, and scoring—were also used for consultation.⁷

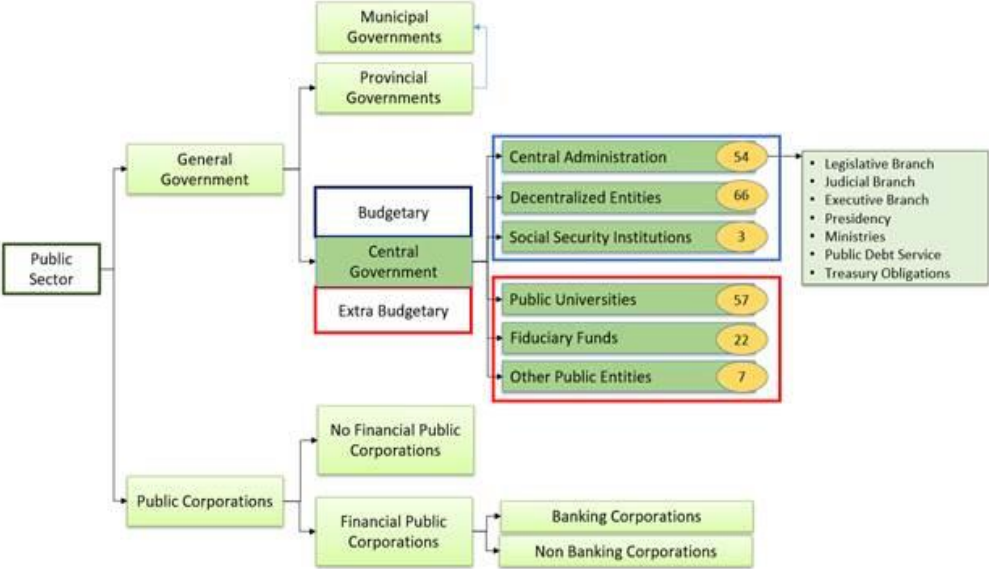
⁶ <http://www.pefa.org/resources/pefa-2016-framework>.

⁷ <http://www.pefa.org/resources/volume-ii-pefa-assessment-fieldguide-second-edition>.

Scope of the Evaluation

10. The evaluation covered elements in the central government at the national level in Argentina.⁸ Hence, the assessment does not measure performance at the provincial or municipal levels of government or include national-level public corporations, whether financial or non-financial. Figure 1 depicts the scope of the evaluation.

Figure 1. Argentina Public Sector and Main Components



Source: Authors interpretation based on 2016 Budget Classification Manual and information from the National Accounting Office.

11. The central government at the national level is divided into budgetary and extrabudgetary entities, which—according the existing administrative classification—are organized into three groups of institutions:⁹

- a) Central administration includes the Legislative, Judicial, and Executive branches of government, with their auxiliary institutions, exclusive of decentralized government agencies and social security agencies. The Executive is composed of the Office of the President, all sector ministries, national security institutions (such as the Army and the Police), and other deconcentrated organizations. Public debt service (*Servicio de la Deuda*) and transfers to entities outside the budgetary central government (*Obligaciones a cargo del Tesoro*) are also included under the central administration.
- b) Decentralized entities are organizations with a distinct legal persona established to fulfill specialized governmental responsibilities with varying degrees of autonomy. The Auditor General’s Office, regulatory bodies, and all national hospitals are examples of the type of institutions grouped under this rubric.

⁸ Note well: Unless otherwise specified, the National Government/Central Government/Federal Government (which are essentially synonymous terms) in this text will *always* implicitly refer to *government* activities or entities *at the national level* (as distinct from National Government/Central Government/Federal Government activities or responsibilities at or with provincial governments or their functional equivalents).

⁹ National Public Sector Budget Classification Manual (*Manual de Clasificación Presupuestaria del Sector Público Nacional*), Ministry of Treasury/MoT (*Ministerio de Hacienda*), September 2016.

c) Social security institutions are the organizations established by central government to deliver social protection services. The largest institution in this group is the NSSA (National Social Security Administration/*Administración Nacional de Seguridad Social*).

12. Extrabudgetary central government entities are also classified into three groups of institutions:

d) National universities include all autonomous public universities that receive financing from the National Treasury.

e) Fiduciary funds are financing instruments set-up temporarily to administer public assets for specific and, generally, limited purposes and objectives.

f) Other public entities are decentralized institutions that have a large degree of autonomy with regards to administrative, operational, and financial decisions within their specialized area of responsibility. The most important institution in this group in terms of budget size is the Federal Revenue Collection Agency/FRCA (*Agencia Federal de Ingresos Públicos*).

13. Table 1.1 displays 2018 public spending by each of these groups of institutions. The data shows consolidated public expenditure, which is spending net of transfers between different groups of institutions and, particularly, between budgetary and extrabudgetary entities. The number of institutions that compose each of these groups is also displayed. Finally, central government spending is measured only against total spending for the national non-financial public sector level. Consolidated data on expenditure for 2018 for the whole Argentine public sector, including provincial and municipal-level expenditure, was not available at the time of the evaluation.

14. In 2018, central government expenditure represented 91.2 percent of total non-financial public spending at the national level, with public corporations making up the remaining 8.8 percent. Of this central government total participation, budgetary entities account for 74.1 percent of total spending and extrabudgetary entities for 17.1 percent. The weight of budgetary public spending is concentrated in central administration institutions and the institutions that provide social security coverage, with 32.3 percent and 35.8 percent, respectively. In fact, the institutional spending of the NSSA is almost equivalent to the spending of the 54 institutions that constitute the central administration group. The weight of NSSA in the budget is an important PFM characteristic at the national level in Argentina.

**Table 1.1. National Non-Financial Public Sector Consolidated Public Spending
Components of the Institutional Classification, 2018**
(AR\$ million)

Components	Number of Entities	Total Public Spending (AR\$ million)	%
Budgetary Central Government	123	2,950,972.3	74.1
Central Administration	54	1,285,935.6	32.3
Decentralized Entities	66	238,945.7	6.0
Social Security Institutions	3	1,426,091.0	35.8
Extrabudgetary Central Government	86	684,243.4	17.1
National Universities	57	125,393.2	3.1
Fiduciary Funds	22	227,563.6	5.7
Other Public Entities	7	331,286.6	8.3
CENTRAL GOVERNMENT	209	3,635,215.7	91.2
PUBLIC CORPORATIONS	30	349,160.2	8.8

NATIONAL NON-FINANCIAL PUBLIC SECTOR	239	3,984,375.9	100.0
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Source: 2018 Annual Financial Report, Ministry of the Treasury (MoT) 2019.

Critical periods

15. The evaluation field mission was undertaken in May 2019 and the cut-off date for information received and included in the assessment is May 31, 2019. All other critical periods for indicators and dimensions included in the framework are indicated in Table 1.2.

Table 1.2. Critical Periods for the Assessment

Critical Periods	Years
Last three fiscal years completed	2016, 2017, 2018
Last fiscal year completed before the evaluation	2018
Last budget proposal presented to the Legislature	2019
Last budget approved by the Legislature	2019
At the time of the evaluation	May 2019

Sources of Information

16. The main sources of information for this PEFA assessment were the meetings held with the officials of all the institutions that are central to the PFM system: the Legislature and the Congressional Budget Office (*Oficina de Presupuesto del Congreso*); the Ministry of Treasury (MoT) and all its departments; the Federal Council of Fiscal Responsibility (FCFR); the Federal Revenue Collection Agency (FRCA); the Auditor General's Office (AGO); and the National Internal Audit Agency (NIAA). These meetings served both to help the team understand the PFM system in detail, and to collect the evidence required to support scoring.

17. The information received in these meetings was triangulated—as required by the methodology—with documentation provided by the users of the system, in this case, the most relevant sector ministries: (a) Interior, Public Works, and Housing; (b) Education, Culture, Science and Technology; (c) Health and Social Development; and (d) Transportation. Decentralized entities were represented by the National Road Directorate and social security institutions by the National Social Security Administration. The private sector was represented by the Argentine Chamber of Commerce and Services. A list of all persons interviewed is provided in Annex 3.

2. Country background information

18. Argentina is one of the world’s largest agricultural producers. The practices and standards applied by the beef and soy sectors are among the world’s most modern, and the sectors are leaders in breeding, agricultural machinery, and agricultural innovation. Argentina has vast natural resources in energy—with world-class wind and solar potential, and the second-highest shale gas and fourth-highest shale oil reserves—and benefits from a highly literate populace. Argentina is a federation, with a substantial degree of power at the subnational level, originally constituted as a union of provinces. Furthermore, it is a very unequal federation, with areas as rich as developed nations and provinces as poor as lower-middle-income countries. Argentina has a historically large and strong middle class. Social indicators are at comparable levels to countries with similar levels of development, and the society deeply values education and knowledge. Nonetheless, compared to its peers, Argentina’s long-run economic performance has been disappointing, limiting poverty reduction. Average economic growth between 1950 and 2016 has been 2.7 percent, about half that of high-performing regional peers and less than a third the level of emerging countries in Asia.

19. The Argentine Constitution drafted and ratified by 13 provinces in 1853 established a federal republic as the political foundation of the State. The 13 provinces that existed before the central government formed a confederation were soon joined by the Province of Buenos Aires, in 1860. Since then, 10 additional territories under control of the central government have acquired the status of provinces.¹⁰ There are three levels of government: national, provincial, and municipal.¹¹ The national government is composed of the Executive (president), Legislative, and Judicial branches. The President of Argentina is the head of state and head of government and is elected directly by popular vote. Since the 1994 Constitutional amendment, the president can be immediately re-elected after a four-year term for another four-year period. Argentina has a two-chamber Legislative branch composed of the Chamber of Deputies (*Honorable Cámara de Diputados*), whose members represent the People, and the Senate (*Honorable Cámara de Senadores*), whose members represent provinces; members of both houses are directly elected by popular vote. The Supreme Court of Justice (SCJ) is composed of five judges in charge of the Judicial branch. Members of the SCJ are appointed by the President subject to approval of a two-thirds majority of the Senate. To assure their independence, the Constitution provides that judges serve during “good behavior,” which has generally been interpreted as serving until they turn 75-years-old. To reinforce their independence, judges’ salaries may not be reduced while they are in office. The Supreme Audit Institution (i.e., AGO) has functional autonomy and technically assists the Legislature in the exercise of external control of the public sector by conducting audits and special studies.

2.1 Country economic situation

20. In recent years, Argentina has faced the challenges of pervasive macroeconomic imbalances, large microeconomic distortions, and a weakened institutional framework. Despite some progress in tackling these challenges, Argentina remained vulnerable to the tightening of global financial conditions in the first part of 2018. In the context of global emerging market currencies depreciations, the Argentine Peso was the most hard-hit, losing half of its value in 2018. As a result, inflation accelerated, reducing household real

¹⁰ Thus, today Argentina’s federal structure comprises 23 provinces and the Autonomous City of Buenos Aires (ACBA), which is treated as a province from a political point of view (hence, general references to ‘provinces’ in this document should—absent specific qualifying language—be understood to include the ACBA).

¹¹ There are approximately 2,300 municipalities. See <https://www.argentina.gob.ar/interior/secretaria-de-provincias-y-municipios/relaciones-municipales/ranking>.

income and private employment, leading to a 2.5 percent decline in the gross domestic product (GDP). In this context, GoA requested IMF financial support (Table 2.1 presents key macroeconomic data for the three-year period under review in this report). The peso depreciation, financial volatility, and economic downturn deteriorated further after August 2019 in the context of an uncertain political outlook.

Table 2.1. Argentina Selected Macroeconomic Indicators 2016-18

	2016	2017	2018
Nominal GDP (Argentine National Bank/NB nominal LCU)	8,189	10,556	14,567
GDP per capita (US\$)	12,706	14,516	11,582
Real GDP growth (%)	-2.1	2.7	-2.5
CPI (eop change, %)	n/a	24.8	47.6
Central government fiscal balance (as % GDP)	5.8	5.9	5.2
Public and publicly guaranteed debt (PPG)	53.1	57.1	86.3
External government debt	19.4	21.5	34.1
Current account balance	-2.7	-4.9	-5.4
Gross official reserves (months of import value)	6.3	7.4	9.1
Terms of trade (percentage change)	6.0	-2.8	1.9
Exchange rate (LCU per US\$; period average)	14.8	16.6	28.1

Source: World Bank based on data produced by the Central Bank, MoT, and the National Statistics Office.

2.2 Fiscal and budgetary trends

21. In 2018, GoA's consolidated primary deficit was 2.6 percent of GDP (in line with its annual target), down from 4.2 percent in 2016. This was mainly achieved by a significant reduction in primary spending, which fell by 18 percent in real terms between 2016 and 2018, breaking a trend of decline in the overall balance of the Government over the previous years. Fiscal spending on energy, gas, and transport subsidies was halved, declining from 4.1 percent of GDP in 2016 to 2.2 percent in 2018. A reduction of public investment together with a more efficient resource management in this area, a real cut in pension benefits (a function of the implementation of a new benefit indexation formula), and a reduction of the operative spending with public wages growing below inflation) were the main drivers of the fiscal adjustment. To a lesser extent, tightening in non-automatic transfers to provinces and to state-owned enterprises (SOEs) also contributed to fiscal consolidation. Table 2.2 presents aggregate fiscal data for the three-year period reviewed in this report.

22. In the context of the Stand-by Agreement (SBA) with the IMF, GoA has committed to reaching a zero-primary deficit in 2019 and a 1 percent of GDP surplus as of 2020, in order to set a sustainable debt-to-GDP trajectory. However, the program included automatic adjustors to increase social spending (if the economic situation worsened) or infrastructure spending (if financed by International Financial Institutions). Accordingly, the 2019 primary fiscal target (zero deficit) might change to as much as a 0.5 percent of GDP deficit. The Federal government's gross debt-to-GDP ratio reached 86.3 percent by end-2018, to a large extent because of the strong peso depreciation in 2018 and its impact on public debt (almost 75 percent of debt is denominated in foreign currency). This trend has continued through 2019 in the context of intensified market volatility, increases in country risk, and further depreciation of the peso. Going forward, a sustainable debt-to-GDP trajectory will require exchange rate stability, a sound macro framework, and significant fiscal reform effort.

Table 2.2. Argentina Aggregate Fiscal Data, 2016-18

(AR\$ million) *

Element	2016	2017	2018
Total revenue	1,659,383	1,947,405	2,485,244
– Own revenue	1,659,383	1,947,405	2,485,244
– Grants	-	-	-
Total expenditure	2,131,113	2,564,005	3,298,979
– Noninterest expenditure	1,834,780	2,248,667	2,756,679
– Interest expenditure	296,333	315,338	542,300
Aggregate deficit (incl. grants)	-471,730	-616,599	-813,735
Primary deficit	-175,397	-301,261	-271,435
Net financing	806,036	1,015,397	1,785,866
– External	n/a	n/a	n/a
– Domestic	n/a	n/a	n/a
Public debt – in US\$ million	275,446	320,935	332,192
Ratio of public debt to GDP (%)	53.1	56.6	86.0

* Budgetary central government (BCG). Source: National Budget Office, Ministry of Treasury, 2019.

23. Argentina's public expenditure is largely decentralized to subnational governments in key areas. As a result of Argentina's federal fiscal arrangement between levels of governments, subnational governments (provinces and municipalities) are responsible for almost half of public spending in the country. Primary and secondary education, as well as public health care (primary health care centers and hospitals) are subnational responsibilities. Thus, the federal government budget is mostly focused on social protection, particularly the pension system, which represents 46.6 percent of the national budget (see Table 2.3). Public debt payments account for close to 17 percent of the budget, while health, energy, transport, and education (national universities) have a smaller share in the national budget (around 4-6 percent, each).

24. From an economic classification perspective, the federal government budget is dominated by recurrent spending, with a low level of public investment. Transfers to the elderly (both contributory and non-contributory pensions) and family allowances represent 50 percent of federal government spending, being the main item of the budget. Meanwhile, the wage bill, energy and transport subsidies, and interest payments represent 12, 9, and 12 percent, respectively. Amid a very rigid budget composition, capital expenditure reached only 6 percent of overall federal government spending in 2018 (see Table 2.4).

Table 2.3. Central Government Budget Allocations by Functions
(as percentage of total expenditure)

	2016	2017	2018
Government Administration	6.3	6.9	4.9
Defense and Security	5.0	5.0	4.6
Health	3.5	3.7	3.6
Social Security	41.4	46.6	46.6
Education	6.1	6.4	5.8
Other Social Services*	5.1	5.5	4.9
Energy, Oil and Mining	11.0	6.0	6.3
Transportation	5.5	5.6	5.2
Other Economic Services**	1.7	1.7	1.3
Public Debt	14.4	12.7	16.8
Total Spending	100	100	100

*Including Social Protection, Science and Technology, Urban Services, Water and Sanitation.

**Including Communications, Agriculture, Commerce and Tourism, Finance and Insurance, Industry, Ecology and Environment.

Table 2.4. Central Government Budget Allocations by Economic Classification
(as percentage of total expenditure)

	2016	2017	2018
Current Spending	91.9	92.3	94.3
Wages	10.3	10.6	10.0
Social benefits*	44.8	50.9	50.5
Subsidies (energy and transport)	13.7	8.8	8.5
Transfers to provinces	4.1	4.1	3.0
Interest payments	13.9	12.3	16.4
Others (universities, SOEs, others)	5.2	5.6	5.9
Capital Spending	8.1	7.7	5.7
Total Spending	100	100	100

*Including pensions, contributory and non-contributory family allowances, and other social programs.

2.3 Legal and regulatory arrangements for PFM

25. Based on the provisions of the National Constitution 1853 as amended in 1994, the legal PFM framework coverage is comprehensive, including each relevant area of budget management and functions throughout the National Non-Financial Public Sector (NFPS).

26. The National Constitution defines the roles and functions of the Executive, Legislative, and Judicial branches in the process of budget formulation and consideration, and has several articles regarding PFM: (a) Article 4 stipulates that the Federal Government must prepare a budget that includes both the planned expenditure and its sources of funding; (b) Article 75 states that the Legislature is entitled, among other

faculties, to approve the federal budget; (c) Article 85 creates the Auditor General's Office (*Auditoría General de la Nación*), which serves as the external auditing body/Supreme Audit Institution (SAI); and (iv) Article 100 stipulates that the Chief of the Cabinet Office/CCO (*Jefe del Gabinete de Ministros*) is responsible for submitting the annual budget proposal to the Legislature for its consideration and approval. Additionally, the CCO is ultimately responsible for the collection of the national resources and the execution of the national budget.

27. The National Public Sector Financial Management and Control Systems Act¹² is the cornerstone of Argentine national PFM system and institutions. It provides the legal basis for the core aspects of budgeting, public credit, treasury, government accounting, and internal control functions and systems. Per its provisions, the Executive branch is responsible for budget formulation and implementation, and the Legislative branch for budget review and approval. This Act played an important role in the reforms initiated during the 1990s. Rules, systems, and procedures have been adopted and developed to comply with its legal framework.

28. The Supplementary and Permanent Budget Act No. 11.672, dated 1932, outlines the budgeting process and stipulates that on an annual basis, the Executive branch must set the priorities and public policies to be developed in the following year. The Executive branch must estimate the revenue, the main macroeconomic variables, and the necessary expenditure to comply with the government's policies and priorities. This stage ends on September 15 every year, when the budget proposal is submitted to the Legislature, which discusses it, proposes adjustments, and finally approves the Budget Act for the following year. Regarding public procurement, the central government system in Argentina is based on operational decentralization and legal centralization, with a legal framework that differs for goods, services, and public works. The first two are regulated by Decree 1023 from 2001, which was complemented by its regulatory decree and provisions that address specific aspects of implementation. public works are governed by Law 13,064 from 1947, which was modified by complementary legislation on numerous occasions. The last two updates of the system took place in 2016 through Decree 1030 and 2018 through Decree 1169, in order to incorporate operational changes and functional modifications of the procurement regulatory entity. In 2016, a review and adaptation of the regulations on procurement and contracting of the national public administration was carried out, which, among other changes, established the fundamental procedures necessary to implement electronic procurement systems throughout the national administration. Then, in December 2018, the procurement regulatory function was centralized in a single public entity, the National Procurement Office (NPO) for all types of expenses (goods, services, and public works)

29. Argentina's federal system reflects public expenditure decentralization and resource centralization. National transfers represent a substantial share of provincial resources. In 2018, around 57 percent of the consolidated provincial fiscal tax resources were received through transfers from the national level. The Federal Tax-sharing Agreement Act 23.548 of 1988—and its complements—defines the current Federal Tax-Sharing Agreement (*Coparticipación Federal de Impuestos*), which is a general legal framework for intergovernmental fiscal relations between the national and provincial governments according to pre-established, coefficient-based rules.

30. The provincial fiscal discipline targets and criteria are currently regulated through financial agreements between the central government and the provinces and by the Fiscal Responsibility Law (FRL) No. 25.197, dated August 24, 2004, which rules on PFM aspects such as transparency, accountability, and sound fiscal performance. The text of the FRL introduced key improvements compared to past arrangements, under which fiscal relationships between the central government and the provinces were

¹² National Public Sector Financial Management and Control Systems Act 24.156 dated October 26, 1992.

determined on a bilateral basis. This Act also provides the framework for the adoption of homogeneous parameters to measure effectiveness and efficiency of revenue collection and public spending. This Act was amended by Act 27.428, passed in 2018, which includes good governance practices on fiscal responsibility.

31. The FRL also re-empowered the Federal Council on Fiscal Responsibility (FCFR), an independent intergovernmental agency that plays a key role assessing compliance with provisions of the Fiscal Responsibility Law, and applies sanctions in case of non-compliance.¹³ Annual FCFR reports are to be communicated to the Legislature before June 30 each year.

32. The Fiscal Consensus 2017 (Law 27.429) and Fiscal Consensus 2018 (Law 27.469) complement the FRL and establish conditions to adjust the fiscal agreements signed by the central government and the provinces that adhere to this consensus, in order to reduce fiscal inequalities and harmonize the fiscal structure. These Acts establish that both the central government and provinces commit to adjust national and provincial taxes, such as the Income Tax Act (*Impuesto a las Ganancias*), Wealth Tax (*Impuesto Sobre los Bienes Personales*), Gross Income Tax (*Impuesto Sobre los Ingresos Brutos*), and Provincial Stamp Taxes (*Impuesto de Sellos*), among others.

Supplementary legal framework

33. To complement the analysis of the legal framework, the main Acts and supplementary regulations relevant to the PFM system are listed below:

- Act No. 11.683, Tax Procedures, 1933 and complementary regulations
- Act No. 17.622, Creation of the National Statistics Office, 1968
- Act No. 20.628, Income Tax—consolidated text by Decree No. 649/97, 1997
- Act No. 21.526, Financial entities and reforms to the financial system, 1977
- Act No. 23.349, Value Added Tax, 1986—consolidated text by decree No. 280/97, 1997
- Act No. 23.966, Wealth Tax, 1991—consolidated by Decree No. 281/97, 1997
- Act No. 24.144, Organic Charter of the Central Bank of the Republic of Argentina, 1992
- Act No. 24.185, Collective Labor Agreements for the National Public Administration, Employees 1992
- Act No. 24.354, National Public Investment Plan, 1994
- Act No. 25.164, Framework Act Governing National Public Employment, 1999
- Act No. 27.260, National Program of Historical Reparation for Retirees and Pensioners, which creates the Sustainability Guarantee Fund/SGF (*Fondo de Garantía de Sustentabilidad*), 2016
- Act No. 27.275, Access to Public Information, 2016
- Act No. 27.328, Public-Private Partnership Contracts, 2016
- Decree No. 618/1997, Creation of the Federal Revenue Collection Agency/FRCA (*Administración Federal de Ingresos Públicos*), 1997.
- Decree No. 1023/2001, enacting decree 1030/2016, National Procurement System, 2016
- Decree No. 1421/2002, Regulations to the Framework Act Governing National Public Employment, 2002
- Decree No. 214/2006, General Collective Labor Agreement for the National Public Administration, 2006.

Internal control system

¹³ <http://www.responsabilidadfiscal.gob.ar/el-consejo-federal-de-responsabilidad-fiscal/>.

34. The legal framework for Argentina's non-financial public sector internal control relies on the definitions of Act 24.156. In addition, the National Internal Audit Agency (NIAA), in its capacity as the leading internal control agency,¹⁴ issued the General Internal Control Standards for the national public sector in 1998¹⁵ and updated them in 2014.¹⁶ These standards are based on the international standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the latest version is consistent with the COSO standard as updated in 2013.

35. The General Internal Control Standards define internal control as the process carried out by the executive management and other staff of the entity with a view to providing reasonable assurance of the achievement of organizational objectives in relation to operational management, generation of information, and compliance with Acts and regulations.

36. The internal control system is made up of NIAA, which serves as a regulatory, oversight, and coordination body, and internal audit units (IAUs) of various entities. Since early 2018,¹⁷ the heads of IAUs are appointed by and report to the Internal Auditor General of NIAA and come under its technical supervision. In addition, Internal Control Committees (ICCs) were established in each government spending unit. ICC are comprised of the Internal Auditor General, line minister, and the Head of the IAU and are required to meet at least twice a year. The functions of NIAA and the internal audit units include oversight to ensure the proper functioning of the internal control system.

2.4 Institutional arrangements for PFM

37. An appreciation of this governmental structure is crucial to understanding intergovernmental fiscal relations. The Undersecretariat of Relations with the Provinces, within the National Ministry of the Interior, Public Works and Housing (MoIPWH), is responsible for public finance relations with provinces.

38. The Chief of Cabinet, appointed by the president, exercises the day-to-day administration of the country and together with the other ministers, endorses, and formalizes the decrees of the president. Each ministry is headed by a minister, who is selected and removed by the president. In turn, each minister recommends to the president for appointment secretaries, undersecretaries, and heads of national or general directorates, which are political positions under the hierarchical chain of command of the minister. Below this level there is the career hierarchy: directorates, departments, divisions, and sections. In turn, decentralized or autarchic entities and other types of state agencies under special regimes usually have reporting relationships to specific ministries.

39. The Non-Financial Public Sector (NFPS) at national level and from a budget perspective includes the central administration, decentralized entities, social security institutions, public universities, fiduciary funds, and other public entities (see Table 2.5).

¹⁴ Art. 104, paragraph (a), National Public Sector Financial Management and Control Systems Act No. 24.156 of October 26, 1992.

¹⁵ NIAA Resolution No. 107 of November 10, 1998, approving the General Internal Control Standards (<https://www.economia.gob.ar/digesto/resoluciones/sigen/1998/resolsigen107.htm>).

¹⁶ NIAA Resolution No. 172 of November 28, 2014, updating the General Internal Control Standards (<https://www.argentina.gob.ar/sigen/institucional/normativa/normas-generales-de-control-interno>).

¹⁷ Decree 72/2018.

Table 2.5. Structure of the Non-Financial Public Sector at the National Level
(AR\$ million, 2018) *

National level (Number of entities)	Non-Financial Public Sector		
	Government subsector		Public corporation subsector
	Budgetary entities	Extrabudgetary entities	Non-financial public corporations
Central Administration (54)	1,285,935.6		
Decentralized Entities (66)	238,945.7		
Social Security Institutions (3)	1,426,091.0		
National Universities (57)		125,393.2	
Fiduciary Funds (22)		227,563.6	
Other Public Entities (7)		331,286.6	
Public Corporations (30)			349,160.2
Total	2,950,972.3	684,243.4	349,160.2

Source: National Budget Office.

40. As provided in the National Constitution and in the National Public Sector Financial Management and Control Systems Act (NPSFMCSA), the Executive, through the Ministry of Treasury, is responsible for budget formulation and execution. The Undersecretariat of Budget, which reports to the Secretariat of Treasury, is the key institution for all aspects related to the budget process. This Undersecretariat is composed of five units, including the National Accounting Office (NAO), the National Budget Office (NBO), and the National Treasury Office (NTO). The two other units are in charge of training and learning for financial management staff, and information technology.

41. Table 2.6 shows a consolidated budget execution report of the Argentine public sector in percentage of GDP for the year 2017 (the most recent available data), including central government, provinces, and municipalities.¹⁸

Table 2.6. Argentina Consolidated Public Sector (2017) Budget Execution—Accrual Basis
(Percentage of GDP)

CONCEPT	NATIONAL ADMINISTRATION	CORPORATIONS AND OTHER NATIONAL PUBLIC ENTITIES			PROVINCES AND CITY OF BUENOS AIRES	MUNICIPALITIES	TOTAL
		NATIONAL PUBLIC ENTITIES	FIDUCIARY FUNDS	OTHER ENTITIES			
i) RECURRENT REVENUE	18.11	0.08	0.56	1.38	12.09	2.86	35.07
- TAX REVENUE	15.74	0.00	0.33	1.23	10.99	1.62	29.92
- NON-TAX REVENUE	2.37	0.08	0.23	0.15	1.09	1.24	5.15
- SURPLUS PUBLIC ENTITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00

¹⁸ Source: <https://www.minhacienda.gob.ar/onp/estadisticas/>.

CONCEPT	NATIONAL ADMINISTRATION	CORPORATIONS AND OTHER NATIONAL PUBLIC ENTITIES			PROVINCES AND CITY OF BUENOS AIRES	MUNICIPALITIES	TOTAL
		NATIONAL PUBLIC ENTITIES	FIDUCIARY FUNDS	OTHER ENTITIES			
II) RECURRENT EXPENSES	20.04	0.51	0.66	1.73	11.92	2.84	37.71
- CONSUMPTION EXPENDITURE	3.41	0.00	0.00	0.65	9.73	2.62	16.41
. Wages	2.56	0.00	0.00	0.54	8.25	1.78	13.12
. Goods and Services	0.85	0.00	0.00	0.10	1.48	0.84	3.29
- INTEREST PAYMENTS	2.96	0.00	0.11	0.00	0.43	0.01	3.51
- SOCIAL SECURITY BENEFITS	9.53	0.00	0.00	0.00	0.00	0.00	9.53
- RECURRENT TRANSFERS	4.14	0.01	0.53	1.08	1.77	0.21	7.73
- OTHER EXPENSES	0.00	0.06	0.02	0.00	0.00	0.00	0.08
- DEFICIT PUBLIC ENTITIES	0.00	0.44	0.00	0.00	0.00	0.00	0.44
III) RECURRENT INCOME (LOSS) (I-II)	-1.93	-0.43	-0.10	-0.35	0.16	0.01	-2.64
IV) CAPITAL REVENUE	0.00	0.05	0.05	0.00	0.08	0.02	0.20
- OWN CAPITAL REVENUE	0.00	0.03	0.00	0.00	0.02	0.01	0.06
- CAPITAL TRANSFERS	0.00	0.02	0.05	0.00	0.00	0.00	0.08
- DECREASE OF FINANCIAL INVESTMENT	0.00	0.00	0.00	0.00	0.06	0.01	0.07
V) CAPITAL EXPENDITURE	0.75	0.44	0.11	0.01	2.08	0.56	3.95
- DIRECT REAL INVESTMENT	0.56	0.43	0.05	0.01	1.76	0.54	3.35
- CAPITAL TRANSFERS	0.07	0.00	0.06	0.00	0.07	0.02	0.23
- FINANCIAL INVESTMENT	0.12	0.00	0.00	0.00	0.25	0.01	0.38
VI) TOTAL REVENUE (I+IV)	18.11	0.13	0.62	1.38	12.16	2.87	35.27
VII) TOTAL EXPENDITURE (II+V)	20.79	0.95	0.78	1.73	14.00	3.41	41.66
OVERALL BALANCE BEFORE							
VIII) INTRA GOV TRANSFERS (VI-VII)	-2.67	-0.82	-0.16	-0.35	-1.84	-0.54	-6.39
IX) CONTRIBUTIONS	5.74	0.76	0.45	0.36	1.73	0.54	9.59
X) EXPENDITURES	8.86	0.00	0.15	0.00	0.58	0.00	9.59
XI) OVERALL BALANCE (VIII+IX-X)	-5.79	-0.06	0.14	0.00	-0.70	0.01	-6.39
XII) PRIMARY BALANCE	-2.83	-0.06	0.25	0.00	-0.27	0.02	-2.88

Source: National Budget Office, MoT, 2017.

42. Overall spending includes interest payments of Treasury bonds held by public sector agencies (e.g., the NSSA) that are part of the federal budget. Therefore, this spending is registered also as a revenue to the public sector. This intra-public sector payments reached AR\$83 billion (0.8 percent of GDP) in 2017. Even though this does not affect the overall balance, it does modify the primary balance as well as the level of overall spending. An accurate measure of overall spending should subtract these payments. Public sector expenditure distribution among the national, provincial, and municipal levels is 58 percent, 34 percent, and 8 percent, respectively.

43. The following are the main governing bodies for the national PFM system at the Ministry of Treasury.
- Per Act 24.156, the National Budget Office (NBO) is the governing body of the budgetary system, and is involved in the formulation, execution, programming, adjustments, and evaluation of the annual budget of the national public administration.
 - The National Treasury Office (NTO) is the governing body of the Treasury System and is responsible for programming and managing the main national financial flows and resources.
 - The National Accounting Office (NAO) is the regulatory authority of the central government accounting system and is responsible for implementing and maintaining the system throughout the NFPS. NAO maintains the chart of accounts updated; coordinates the design of database systems; ensures the validity of the data entered by the primary recording units; issues public sector accounting standards; and approves the accounting systems of decentralized agencies. The preparation of financial statements is the responsibility of each decentralized entity and organization benefiting from subsidies or other GoA financial support.
44. Other relevant PFM actors in Argentina include the following.
- The National Social Security Administration (NSSA) is the decentralized GoA social insurance agency in charge of the national pension system, including family and childhood subsidies and unemployment insurance, representing approximately 58 percent of public expenditure at the national level.¹⁹ NSSA manages the Sustainability Guarantee Fund (SGF), which was created by Decree No. 897 of July 13, 2007, after the pension system was re-nationalized. It consists of financial assets such as public securities, shares of corporations, fixed-term deposits, negotiable obligations, mutual funds, financial trusts, mortgage certificates, loans to provinces, and beneficiaries of the integrated Argentine pension system.
 - The Federal Revenue Collection Agency (FRCA), a self-governing entity within the Ministry of Treasury, is responsible for the execution of the tax, customs, and collection policy of Argentina's social security resources. Established in 1997,²⁰ it is composed of the General Directorate of Customs, the General Tax Directorate, and the General Directorate of Social Security Resources.
 - Created in 1992 by Act 24.156, the AGO serves as the Supreme Audit Institution with functional autonomy; it technically assists the Legislature in the exercise of external control of the national public sector by conducting audits and special studies. Indeed, Article 85 of the National Constitution, which emerged after the reform in 1994, established that the Legislature's opinion on government financial reports should be supported by the AGO's opinions, and that the AGO president should be appointed on the proposal of the opposition political party with the largest number of members in the Legislature.

Budgeting process

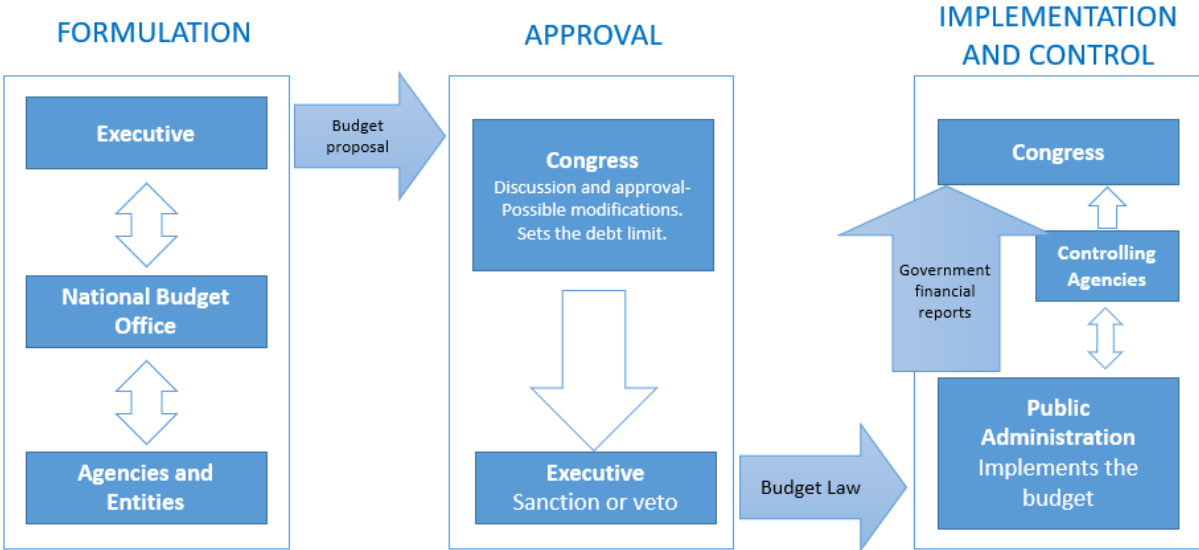
45. The budgeting process in Argentina consists of four stages that involve several activities, negotiations, and actors. The first stage is the formulation of the Executive branch budget proposal; the second is legislative discussion of the proposal and approval of the Budget Act; the third is its implementation; and the fourth, its evaluation and control. The fiscal year runs from January 1 to December

¹⁹ According to the national budget for 2019, Act No. 27.467, social security represents 60.8 percent of the total budget, equivalent to AR\$ 2,086,512 million.

²⁰ Decree No. 618/1997.

31. This Section briefly describes these stages, focusing on the formal aspects of the process, as depicted in Figure 2.

Figure 2. Argentine Budgeting Process



Source: Prepared by authors.

Formulation and approval

46. The budgeting process begins when the Executive branch outlines the priorities and public policies to be developed in the following year. To do this, the Executive estimates the revenues, forecasts the main macroeconomic variables, and calculates the necessary resources to comply with the established priorities.

47. Based on these guidelines, central government agencies prepare their own budget estimates, which reflect forecasts of resources, expenses, and the estimated production of goods and services that will be provided to society. NBO analyzes the drafts submitted, and in alignment with the guidelines established by the Chief of Cabinet, draws up the Budget Act, which is submitted before September 15 to the Legislature for modification/approval.

Execution—implementation

48. At the beginning of each fiscal year, the Budget Act takes effect. Public agencies start executing their expenditures, to the extent that the estimated resources are as forecasted in the respective formulation stages.

Evaluation and control

49. The evaluation and control are carried out both during budget execution and ex-post. Once the fiscal year is over, the Ministry of Treasury, through NAO, prepares and submits to the Legislature financial statements, including the National Government Financial Report (*Cuenta de Inversión*). Similarly, on a quarterly basis, the Executive branch implements the budget physical and financial monitoring and publishes it electronically.

Internal control system

50. Table 2.7 shows the institutional structures established under the current legal and technical framework as part of the internal control system, together with their respective roles and responsibilities.

Table 2.7. Institutional Structures for Internal Control

Entity or agency	Functions and/or responsibilities
National Internal Audit Agency (NIAA)	<ul style="list-style-type: none"> • Serve as the lead internal control agency. • Establish, issue, and develop the guiding principles for the system. • Establish the basic standards for internal control—a function to be performed in coordination with AGO. • Establish the deadlines and conditions, where applicable and within the scope of the Act, for entities and agencies to develop secondary internal control standards. • Oversee the proper functioning of the internal control system, facilitating the activities of AGO. • Evaluate internal controls, compile information, and report on the degree of maturity in the implementation of internal controls. • Evaluate the application of legal and technical standards and report on internal control weaknesses and exceptions. • Establish technical quality requirements for IAU staff. • Appoint and remove IAU auditors. • Approve the annual work plans of IAUs, and provide guidance on and oversee their implementation and the outcomes thereof. • Serve as a member of the control committee. • Verify the implementation by audited entities of observations and recommendations made by the IAU and agreed with the respective responsible officials. • Respond to requests for advice from the Executive branch and the authorities of its agencies and entities in matters relating to control and audit. • Issue recommendations directly to the bodies falling within its sphere of competence aimed at ensuring adequate regulatory compliance and proper application of internal audit rules and the criteria of economy, efficiency, and effectiveness. • Report to Argentina’s president on the financial and operational management of agencies falling within its sphere of competence. • Report to AGO on the activities carried out by the entities under its supervision and respond to specific queries and requests by the external control body.
Agencies and entities	<p>Under the supervision of the Executive management:</p> <ul style="list-style-type: none"> • Implement and maintain an efficient and effective internal control system¹⁷ that makes it possible to provide reasonable assurance of the achievement of organizational objectives in relation to operational management, generation of information, and compliance with Acts and regulations. • Develop secondary standards, systems, and procedures for the establishment, operation, and maintenance of their own internal control process, in keeping with the nature of their operations and objectives.

Entity or agency	Functions and/or responsibilities
	<ul style="list-style-type: none"> Implement recommendations for improving or strengthening internal controls in a timely manner.
Internal audit units	<ul style="list-style-type: none"> Conduct independent, objective, systematic, and comprehensive assessments of the functioning of the internal control system established in public agencies and of their operations and performance in fulfilling their financial, legal, and management responsibilities, and report on their effectiveness and efficiency.^{2/} Report to the appropriate authority (the highest authority within the agency/entity) and to the functional authority (NIAA) on the functioning of the system. Serve as a member of the control committee. NIAA has direct involvement in the operation of the IAUs, as it establishes their work methods, oversees planning and risk assessment, appoints and removes IAU auditors, and evaluates their performance (hours invested, quality of reports, planning, and execution).
Auditor General's Office (AGO)	<ul style="list-style-type: none"> Establish and ensure, in coordination with NIAA, compliance with internal control standards. Review internal controls for the exercise of its functions. Conduct external management and financial audits.
Control committees of agencies and decentralized entities	Serve as a common area for knowledge and joint analysis of matters relating to the functioning of the entity's internal control system as means of facilitating solutions. ^{3/}
Audit Committee for State-owned Companies and Enterprises ^{4/}	<ul style="list-style-type: none"> Oversee the operation of the internal control system. Oversee the application of the company's risk management information policies. Verify compliance with the applicable standards of conduct, particularly loyalty and due diligence duties.
Officials and public employees of the agency	<ul style="list-style-type: none"> Implement internal control measures in their area of responsibility. Ensure bottom-up communication of problems in operations, including any instances of non-compliance with the code of conduct, unlawful actions, or other violations of agency policies.

^{1/} Act 24.156, Articles 4 and 101.

^{2/} NIAA Resolution No. 207 of December 21, 2012, Article 2, "Primary and Minimum Responsibilities of Internal Audit Units" (<http://servicios.infoleg.gob.ar/infolegInternet/anexos/205000-209999/206694/norma.htm>).

^{3/} Resolution No. 36 of April 1, 2011, Annex II, Specific Rules for Control Committees, Primary Responsibilities and Activities (<http://servicios.infoleg.gob.ar/infolegInternet/anexos/180000-184999/181271/norma.htm>).

^{4/} NIAA Resolution No. 37 of May 17, 2006, "Minimum Internal Control Standards for Good Corporate Governance in State-owned Companies and Enterprises." (<https://www.economia.gob.ar/digesto/resoluciones/sigen/2006/resol37.htm>).

2.5 Other key PFM features and their operating environment

The federal characteristics of Argentina's PFM

51. Over the past few decades, Argentina has gradually transitioned responsibility for social services from the federal level to the provincial. The federal level provides the general objectives and criteria for the sector, as well as the follow-up of results and the provision of technical assistance to lower levels. The provincial level has the operational responsibility to implement policies and adapt them to the province. The municipal level takes care of the provision of more simple services. Since the central government does not provide “frontline” public services to the population, dimension 8.3 is not applicable to the evaluation.

52. As previously noted, most public service delivery expenditures occur at the subnational level in Argentina; however, revenue collection remains strongly centralized: nearly 80 percent of taxes are collected centrally by the central government, whereas spending is largely decentralized to provinces, which are responsible for more than 34 percent of overall public spending, including earmarked resources for public service funds and programs.

53. The National Internal Audit Agency (NIIA) through the Federal Control Network integrated by provincial SAIs is responsible for auditing federal fiscal transfers (excluding the federal tax revenue-sharing transfers) to provinces.

54. A Citizen’s Budget exists at the national level in the form of user-friendly budget execution figures that are published on the MoT website;²¹ however, there is no legal provision or institutional structure for participatory budget management complementary to the legislative role.

55. GoA is currently producing gender-related budget reports. In May 2018, the National Budget Office and the Chief of Cabinet initiated a review of the budget program to monitor the status of GoA actions and progress in terms of gender. From this exercise, 23 programs were identified contributing to the Government policy for gender equality.²² This is measured through the follow-up of 39 indicators as reflected in the document “Follow-up on budget execution related to gender in the National Budget.” The quarterly report is available at the government website Open Budget (*Presupuesto Abierto*).²³

²¹ www.minhacienda.gob.ar/onp/presupuesto_ciudadano/.

²² Government budget also allows for tracking some program expenditures linked to the Sustainable Development Goals (SDGs) and includes disabled people and childhood perspectives as well.

²³ www.Presupuestoabierto.gob.ar.

3. Assessment of PFM performance



PILLAR ONE: Budget reliability

PI-1. Aggregate expenditure outturn

56. This indicator²⁴ measures the extent to which aggregate expenditure outturn as registered in official budget documentation and fiscal reports deviates from the amount included in the budget originally approved by the Legislature for each of the three completed fiscal years under consideration (in this case, 2016, 2017, and 2018).

57. The data for the assessment was provided by the National Budget Office (*Oficina Nacional de Presupuesto*) and is consistent, on the one hand, with the aggregate expenditure registered in the documents sanctioned by the National Legislature (*Congreso Nacional*) as budget laws for the relevant fiscal years,²⁵ and, on the other, with the corresponding National Government Financial Report (*Cuenta de Inversión*) prepared and published by the Ministry of Treasury (*Ministerio de Hacienda*),²⁶ at the accrual stage of budget execution.

1.1 Aggregate expenditure outturn

58. Table 3.1.1 shows the percentage deviation between aggregate expenditure outturn and the amount approved by the Legislature for the last three completed fiscal years.

Table 3.1.1. Initial Budget vs Actual Expenditure
(AR\$ million)

Fiscal Year	Initial Budget (A)	Actual Expenditure (B)	B/A %
2016	1,570,127.6	2,131,113.3	135.7
2017	2,363,658.9	2,564,004.6	108.5
2018	2,878,796.3	3,298,979.5	114.6

Source: National Budget Office, Ministry of Treasury, 2019.

²⁴ Because the PEFA format treats each indicator (and their attendant dimensions) as an independent item of analysis, and given that the fundamental PFM structures and legal underpinnings in Argentina (and other nations) are largely standard across the domestic terrain, this assessment report frequently must repeat structural and legal details in each Section and subsection.

²⁵ Budget Law 27.198 for fiscal year 2016, approved on October 28, 2015; Budget Law 27.341 for fiscal year 2017, approved on November 30, 2016; and Budget Law 27.431 for fiscal year 2018, approved on December 27, 2017. There are very small differences between the values approved in the budget laws and those included in official documents published. This is a consequence of the fact that the executive is entitled by law (*Decreto de Distribución Administrativa*) to distribute the totals among all institutions or programs, and when these sums are added back up, they do not always coincide exactly with the values that appear in the budget laws.

²⁶ Budget and Financial Statements for 2016, 2017, and 2018, Ministry of Treasury.

59. The evidence provided shows that actual expenditure was higher than the amount approved in the budget law by more than 10 percent in two of the last three completed fiscal years, but in only one year was the deviation greater than 15 percent.

60. In the main, these levels of deviation can be accounted for, according to GoA officials, by higher than expected inflation in the economy. Inflation rates were 40.1 percent in 2016, 24.8 percent in 2017, and 47.6 percent in 2018,²⁷ compared to estimated values of 9.6 percent, 12-17 percent, and 8-12 percent for the same years. Hence, the score for the indicator is C.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-1. Aggregate expenditure outturn	C	
Aggregate expenditure outturn	C	Aggregate expenditure outturn was between 85% and 115% of the initial budget in two of the past three fiscal years considered.

PI-2. Expenditure composition outturn

61. This indicator measures the extent to which reallocations between the main categories of the original budget during execution contribute to variance in actual expenditure composition. It contains three dimensions and uses the M1 method for combining the global indicator score.

62. The data to measure the differences between the budget approved by the Legislature for the relevant fiscal years and the end-of-year composition outturn disaggregated by the administrative²⁸ and economic classifications was provided by the National Budget Office. The administrative or institutional classification, as required by the methodology, does not include interest on debt service and is presented at the level of main budget head (*jurisdicción*).

2.1. Expenditure composition outturn by function

63. The composition variance between programmed and actual expenditure by the administrative or institutional classification, for all three fiscal years considered, is presented in detail in Annex 5 and summarized in Table 3.2.1.

64. The evidence provided shows that the variance in expenditure composition by the administrative classification is lower than 10 percent in the last three years. These results suggest that, although there were important aggregate variations in spending, the composition of that spending by administrative categories remained relatively stable during execution. The main difference is explained by increasing budgets assigned to the Ministry of Energy and Mining in all three years of the sample and by transfers to central government entities in 2018. Hence, the score for the present dimension is B.

²⁷ Statistics from the Central Bank of Argentina, 2019.

²⁸ The administrative or institutional classification of the budget was selected over the functional classification, as the latter is not consistent with the IMF-defined government finance statistics (GFS) or the Classification of Functions of Government (COFOG).

Table 3.2.1. Composition Variance by Administrative Classification, 2016-2018

Fiscal Year	Variance (%)
2016	9.8
2017	4.6
2018	8.3

Source: National Budget Office, Ministry of Treasury, 2019.

2.2. Expenditure composition outturn by economic classification

65. Table 3.2.2 shows the composition variance between programmed and actual expenditure using the main economic classification. Detailed calculations are presented in Annex 5.

Table 3.2.2. Composition Variance by Economic Classification, 2016-2018

Fiscal Year	Variance (%)
2016	17.9
2017	5.4
2018	8.1

Source: National Budget Office, Ministry of Treasury, 2019

66. These results show that composition variance by the economic classification is between 5 and 10 percent in two of the three fiscal years considered. Hence, the score for the present dimension is B.

2.3. Expenditure from contingency reserves

67. The budget of the central government does not include a contingency or reserve item/vote. Hence, the score for the present dimension is A.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score or method of aggregation
PI-2. Expenditure composition outturn	B+	M1 method of aggregation for indicator score.
Expenditure composition outturn by function	B	Variance in expenditure composition by administrative classification was below 10% in the three completed fiscal years considered.
Expenditure composition outturn by economic type	B	Variance in expenditure composition by economic classification was below 10% in two of the three completed fiscal years considered.
Expenditure from contingency reserves	A	Central government budget does not include a contingency item or vote.

PI-3. Revenue outturn

68. The revenue outturn indicator measures the differences between the revenue projections included in the budget approved by the Legislature and actual revenue collection at the end of the fiscal year, both at the aggregate level and disaggregated by the different categories or types of revenue, not including external financing (borrowing).

69. The main responsibility for the preparation of revenue projections is assigned to the Public Revenue Secretariat (*Secretaría de de Ingresos Públicos*) of the Ministry of Treasury in close coordination with the Directorate of Policy, Regulations and Budget Income (*Dirección de Políticas, Normas e Ingresos Presupuestarios*) of the National Budget Office and all the revenue collection institutions, but predominantly the Federal Revenue Collection Agency.

70. The revenue data for the assessment, both aggregate and disaggregated by type of revenue, was provided by the National Budget Office. The values for the initial budget are consistent with the amounts approved by the Legislature in the budget laws for the last three completed fiscal years. The values for actual revenue collection (cash basis) have been taken from the National Government Financial Report for each of these fiscal years.

3.1. Aggregate revenue outturn

71. Table 3.3.1 shows the percentage deviation between actual revenue collection and the aggregate amount originally included and approved by the Legislature in the budget for the last three completed financial years.

Table 3.3.1. Initial Budget vs Actual Revenue Collection
(AR\$ million)

Fiscal Year	Initial Budget (A)	Actual Revenue Collection (B)	Ratio B/A %
2016	1,471,717.9	1,659,383.4	112.8
2017	1,882,818.5	1,947,405.4	103.4
2018	2,199,926.4	2,485,245.8	113.0

Source: National Budget Office, Ministry of Treasury, 2019.

72. This evidence shows that actual revenue collection was higher than the amount approved in the budget law by more than 12 percent in two of the last three completed fiscal years. Hence, the score for the present dimension is C.

3.2. Revenue composition outturn

73. The composition variance between programmed and actual revenue collection disaggregated by type of revenue for all three fiscal years considered is presented in detail in Annex 5 and summarized in Table 3.3.2.

74. This evidence shows that the variance in revenue composition exceeded 10 percent in two of the last three fiscal years completed but is only higher than 15 percent in one of these years. Current transfers

to other entities of the public sector, both at the national and provincial levels, seem to account for most of the variations between programmed and actual revenue collection. Hence, the score for the present dimension is C.

Table 3.3.2. Composition Variance by Type of Revenue, 2016-2018

Fiscal Year	Variance (%)
2016	19.3
2017	7.4
2018	14.0

Source: National Budget Office, Ministry of Treasury, 2019.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-3. Revenue outturn	C	M2 method of aggregation for indicator score.
3.1 Aggregate revenue outturn	C	Actual revenue was higher than the initial budget value by more than 12% in two of the last three completed fiscal years.
3.2 Revenue composition outturn	C	Revenue variance composition is higher than 10% in two of the fiscal years considered, but only in one exceeds the upper margin of 15%.



PILLAR TWO: Transparency of public finances

PI-4. Budget classification

75. This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards.²⁹ There is one dimension for this indicator. This indicator tracks transactions throughout the entire budget cycle for the last completed fiscal year, 2018.

76. The National Public Sector Financial Management and Control Systems Act and its regulatory provisions³⁰ are the main legal basis to regulate the budget classification system for the central government.

4.1. Budget classification

77. The current classification includes administrative, functional, and economic classifications.

78. The detailed budget classification manual³¹ is defined under the then Ministry of Economy Resolution No. 388/2013³² and its amendment Resolution No. 179/2016.³³ According to this regulation, the state budget is appropriated and allocated based on:

- organizational units (jurisdictions)
- five functions (30 sub-functions)
- programs (activities)
- economic classifications.

79. In total, there are five functions complemented by 30 sub-functions.³⁴ However, the disaggregation at the functional level does not include all the functions of the 2014 GFS. The programmatic classification structure is not designed to substitute for the sub-functional classification, since the program classification is linked with the organizational units to which the program links.

²⁹ Classification of Functions of Government (COFOG): 10 main functions at the highest level and 69 functions at the second level (sub-functional).

³⁰ Arts. 25 and 26, National Public Sector Financial Management and Control Systems Act, dated October 26, 1992, and Art. 26, Regulatory Decree 1344/2007 of October 4, 2007.

³¹ <https://www.minhacienda.gob.ar/onp/documentos/manuales/clasificador16.pdf>.

³² <https://www.minhacienda.gob.ar/onp/documentos/instrutexto/archivos/reso388-13.pdf>.

³³ <https://www.minhacienda.gob.ar/onp/documentos/instrutexto/archivos/reso179-16.pdf>.

³⁴ <https://www.minhacienda.gob.ar/onp/documentos/manuales/clasificador16.pdf>; page 262.

80. Neither the administrative nor the functional classification is completely aligned to the latest standards (2014 GSF Standards), but they present consistent information. The economic classification is compliant with the 2001 GFS Standards.

81. The classification is used for budget formulation, execution, and reporting and is based on administrative, programmatic, economic, and functional/sub-functional classification and is available online, as is the corresponding regulation.³⁵

82. The budget classification was updated in 2016 from a previous version in 2013, which was already compliant with the 2001 GFS Standards. In this way, the budget classification has clarity, consistency, robustness, and comprehensiveness, which are features of GFS. However, the closest conversion matrix to the GFS Standards is from the 2001 GFS Standards to the 2013 Budget Classification. After the latest 2016 update no further conversion matrix was developed and necessary adjustments for reporting purposes were done manually. Table 3.4.1 shows the correlation between government functional classification of budget and 2001 GFS standards.

Table 3.4.1

Budget Classification Function	GFSM 2001 Standard	Description
1	A)	Executive and Legislative branches, Financial and Fiscal Affairs
2	B), C)	Defense + Public Order and Safety
3	D), E)	Economic Affairs + Environmental Protection
4	F), G), H), I), J)	Housing and Community Amenities+ Health + Recreation, Culture and Religion + Education + Social Protection
5	Not included	Public Debt

83. The 2018 budget is presented in a format that reflects the aforementioned classifications.³⁶ The classification is embedded in the government’s chart of accounts (the accounting classification) to ensure that every transaction can be reported in accordance with any of the classifications used. The budget and accounting classifications are reliable and consistently applied, in that information recorded against one classification is reflected in reports under the other classification.

84. There is no classification system designed to report natural resource revenues at the national level, nor is it necessary. Because of the federal nature of the government, natural resource revenues are associated with the subnational jurisdiction with the resource (province).

85. The same budget and accounting structures are consistently applied throughout the budget formulation, execution, and reporting cycle according to organizational (administrative) units, function/sub-function, economic, and programmatic classifications. The administrative, functional, economic, and programmatic classifications present consistent information throughout the budget formulation, execution, and reporting cycle. The disaggregation at the function level is lower than best practices. Based on the analysis and supporting evidence, the score for the present dimension is B.

³⁵ <https://www.minhacienda.gob.ar/onp/documentos/manuales/clasificador16.pdf>.

³⁶ <https://www.minhacienda.gob.ar/onp/presupuestos/2018>.

Recent or ongoing reform activities

86. The Government is currently considering review of the 2014 GFS Standard to present the current budget classification as comparable as possible to this Standard.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-4. Budget Classification	B	
Budget classification	B	The same budget and accounting structures are consistently applied throughout the budget formulation, execution, and reporting cycle according to organizational (administrative) units, function/sub-function, economic, and programmatic classifications. The classifications produce consistent documentation comparable with 2001 GFS standards. The administrative, functional, economic, and program classifications present consistent information throughout the budget formulation, execution and reporting cycle. The disaggregation at the functional level does not include all the functions of the GFS 2014.

PI-5. Budget documentation

87. This indicator assesses the range and comprehensiveness of the documentation submitted to the Legislature to facilitate the scrutiny of the Executive's annual budget proposal. The assessment is made by comparing the national requirements and practices of document submission against an internationally defined standard list of documents, divided between basic and additional elements.

88. Domestic requirements of documentation to be included with the annual budget proposal are specified in the National Public Sector Financial Management and Control Systems Act (*Ley 24.156 de Administración Financiera y de los Sistemas de Control del Sector Público Nacional*) and its regulatory provisions.³⁷ These require that the budget proposal include or be submitted to the Legislature together with the following information or documentation:

- Revenue budget for the central administration³⁸ and for each decentralized agency, classified by categories
- Expenditure budget for each jurisdiction and for each decentralized agency, identifying production and budget appropriations
- Budget appropriations for all investment projects planned to be executed

³⁷ Arts. 25 and 26, National Public Sector Financial Management and Control Systems Act, dated October 26, 1992, and Art. 26, Regulatory Decree 1344/2007 of October 4, 2007.

³⁸ The central administration differs from the central government in that it does not include decentralized government agencies and social security agencies.

- Current and capital account balances for the central administration, for each decentralized agency, and for the public sector at the national level
- Budget appropriations to comply with the central administration debt service obligations
- Budgeted National Treasury obligations derived from existing transfer commitments
- Objectives and physical and financial targets for the fiscal year for all jurisdictions, institutions, and investment projects.

89. Finally, legislation also requires the Executive to submit an annual Budget Statement (*Mensaje*) together with the proposed budget. This document should delineate the country’s socioeconomic outlook, the most important economic decisions that underpin the budget proposal, the global budget financial framework, and the multi-annual budget for at least three years, with its public policy priorities clearly outlined. Annexes should include the macroeconomic projections that support the preparation of the budget, statistical tables, and any other information useful for the purpose of legislative scrutiny of the budget.

5.1. Budget documentation

90. Table 3.5.1 shows the standard set of documents that the PEFA framework requires to be included or submitted to the Legislature with the annual budget proposal. Evidence of compliance comes from the documentation prepared for the presentation of the 2019 budget proposal—the last budget submitted by the Executive to the Legislature for analysis, examination, and approval. All documents referenced to in the Table are published at <https://www.minhacienda.gob.ar/onp/presupuestos/2019> and include:

- The budget statement
- The draft budget proposal
- Annexes of budget composition by different classifications
- Annexes of budget proposal for all institutions
- Statistical annexes (with comparative information for 2018)
- Other annexes.³⁹

Table 3.5.1. Documentation Required for Budget Scrutiny, 2019

Document	Included (Yes/No)	Evidence/Comments
Basic elements		
1. Forecast of the fiscal deficit or surplus or accrual operating result.	Yes	The Budget Statement 2019, Section 4.3, presents the forecast fiscal deficit for the proposed budget.
2. Previous year’s budget outturn, presented in the same format as the budget proposal.	Yes	No information for the 2018 budget outturn was explicitly included in the documentation presented for the 2019 budget proposal. However, this information is presented to the Legislature, each year before the end of June, in the form of the budget and financial statements. The format used is the same as those included in the budget proposal.

³⁹ Improvements to the organization and presentation of this information are being considered by the Ministry of Treasury.

3. Current fiscal year's budget presented in the same format as the budget proposal.	Yes	The Comparative Annexes of the 2019 budget proposal include information on the 2018 budget, presented in the same format.
4. Aggregated budget data for both revenue and expenditure.	Yes	The Budget Law proposed narrative includes information on both aggregate revenue and expenditure data.
Additional elements		
5. Deficit financing, describing its anticipated composition.	Yes	The Budget Statement 2019, Section 4.3, describes the anticipated composition of the deficit financing.
6. Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate.	Yes	The Budget Statement 2019, Section 1.3, includes four years of projections for GDP growth, inflation, exchange rate, interest rate, exports, and imports.
7. Debt stock, including details at least for the beginning of the current fiscal year presented in accordance with GFS or comparable standard.	Yes	The Budget Statement 2019, Section 3.8, shows the debt stock for 2018 and projections for 2019.
8. Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or comparable standard.	No	No detailed financial assets information has been included in the 2019 budget proposal documentation.
9. Summary information of fiscal risks.	Yes	The Budget Statement 2019, Section 3.6, provides information on fiscal risks.
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or changes to expenditure programs.	No	The Budget Statement 2019, Sections 4 and 5, present a detailed description of revenues and expenditures included in the budget proposal, but there is not a specific presentation of the budgetary impact of major policy revenue or expenditures.
11. Documentation on the medium-term fiscal forecasts.	Yes	The Budget Statement 2019, Section 3.1, presents information on fiscal forecasts.
12. Quantification of tax expenditures.	Yes	The Budget Statement 2019, Section 3.5, presents a quantification of all tax expenditures.

91. Evidence provided in Table 3.5.1 shows that the documentation submitted to the Legislature for budget scrutiny complies with four of the four basic elements and six of eight additional elements. Hence, the score for the indicator is A.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-5. Budget documentation	A	
Budget documentation	A	The budget proposal submitted to the Legislature includes 4 of the 4 the basic elements required for adequate scrutiny and 6 of the 8 additional elements.

PI-6. Central government operations outside financial reports

92. This indicator measures the extent to which revenue and expenditure operations of central government budgetary and extrabudgetary institutions at the national level in Argentina are not included in financial reports. It contains three dimensions and uses the M2 method of aggregation to determine the global indicator score. The evaluation uses information from the last completed fiscal year.

93. The National Public Sector Financial Management and Control Systems Act defines government accounting as a single and uniform common system applicable to all national public sector agencies, which is based on generally accepted accounting principles and standards and provides detailed information on budget implementation, movements, and balances of the Treasury, and the changes, composition, and financial condition of the net assets of all public entities.⁴⁰

94. The National Accounting Office (*Contaduría General de la Nación*) is the regulatory agency of the government accounting system⁴¹ and is responsible for the preparation of the financial reports, which should be submitted annually to the Legislature by June 30 of the year immediately following the relevant reporting year.⁴² All institutions at the national level must submit to the National Accounting Office individual financial reports for the past reporting period within two months of the completion of the fiscal year.⁴³

6.1. Expenditure outside financial reports

95. Public finance management legislation for the central government establishes that expenditure budgets should include all proposed expenditures, both current and capital, and that actual expenditures should only be made against these approved budget credits. All central administration budgetary entities report these expenditure transactions through the federal government's Integrated Financial Management Information System (eSIDIF) and are consolidated at the end of each fiscal year directly by the National Accounting Office for inclusion in the financial reports.

96. All other budgetary and extrabudgetary entities are formally required to send records of these transactions each year to the National Accounting Office within two months of the end of the corresponding fiscal year. Although there are several institutions that take longer to observe this deadline directive, all comply with the mandate and their information is included in the financial reports prepared by the National Accounting Office, before they are submitted to the Legislature, and subsequently to the Auditor's General Office for external audit.

97. Finally, financial reports produced by the National Accounting Office do not include information of any significant expenditures that may not be included in these reports. However, available evidence collected from recent audit reports from the Auditor's General Office on the financial reports prepared by the National Accounting Office point to the existence of very minor unreported expenditures at the central government level. These are, however, substantially below 1 percent of total budgetary central government expenditure. Hence, the score for the present dimension is A.

⁴⁰ Art. 87, National Public Sector Financial Management and Control Systems Act dated October 26, 1992.

⁴¹ Art. 88, *idem*.

⁴² Art. 95, *idem*.

⁴³ Art. 92, *idem*.

6.2. Revenue outside financial reports

98. The National Public Sector Financial Management and Control Systems Act defines public revenue as all incomes that are expected to be collected in each fiscal year by all units, offices, or agencies authorized to receive them, including financing from donations and public credit operations. It also establishes that all public revenue should be budgeted.⁴⁴ Actual revenues should be reported against these budgeted estimates, which should be sufficiently detailed to identify the sources of income clearly.

99. The Federal Revenue Collection Agency collected around 85 percent of all income raised during fiscal year 2018, which includes income from taxation and social security contributions. Around 13 percent of all income was collected by the Ministry of Treasury through rents, transfers, credit operations, and grants. Only about 2 percent of total revenue collected was raised directly by budgetary and extrabudgetary entities through fees for service provision and other charges. All these revenues are reported to the National Accounting Office and are included in the financial reports.

100. As with the case of expenditure, the financial reports produced by the National Accounting Office do not provide information of any revenue that may not be included in these reports, and available evidence collected from the Auditor's General Office and the sample of budgetary and extrabudgetary entities themselves suggest that is also the case for all revenues. Hence, as there is no evidence of revenue streams not reported in financial statements the score for the present dimension is A.

6.3. Financial reports of extrabudgetary units

101. Table 3.6.1 shows the number of central government extrabudgetary institutions that are required by law to submit annual financial reports to the National Accounting Office, together with the levels of compliance attained within the time periods defined by the PEFA methodology. All financial reports submitted are detailed and consistent with existing central government reporting requirements.

Table 3.6.1. Extrabudgetary Central Government, 2018

Extrabudgetary Institutions	Total Number	Presented Detailed Financial Reports for 2018				
		By 03/2019	%	By 06/2019	%	Not Yet
National Universities	57	44	77	57	100	-
Fiduciary Funds	22	11	50	18	82	4
Other Public Entities	7	4	57	6	86	1
Total	86	59	69	81	94	5

Source: Authors, based on data provided by the Accountant General's Office, Ministry of Treasury, 2019.

102. The evidence presented above shows that 69 percent of all central government extrabudgetary institutions submitted detailed financial reports to the National Accounting Office within three months of the end of the fiscal year 2018 and that 94 percent did so within six months of this date. Given that, at the time of the evaluation, the six months period was still open, it is conceivable that this second stage of compliance may yet increase.⁴⁵ This situation, however, does not affect the result. All extrabudgetary

⁴⁴ Art. 21, idem.

⁴⁵ The financial statements approved for 2018 and published in July 2019 show that all extrabudgetary central government institutions presented the required information within six months of the end of year. See <https://www.economia.gob.ar/hacienda/cgn/cuenta/2018/pdf/Tomo%20I%202018.pdf>.

institutions with pending reports are small in budgetary terms. Hence, the score for the present dimension is B.

103. Finally, it is noteworthy that only 50 percent of all central government extrabudgetary institutions complied with the legally binding deadline period of two months.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-6. Central government operations outside financial reports	A	M2 method of aggregation for the indicator score.
6.1 Expenditure outside financial reports	A	Expenditure outside financial reports, if it exists, is insignificant (less than 1%) in relation to budgetary central government expenditure.
6.2 Revenue outside financial reports	A	Revenue outside financial reports, if it exists, is insignificant (less than 1%) in relation to budgetary central government revenue collection.
6.3 Financial reports of extrabudgetary units	B	At least 94% of all central government extrabudgetary institutions submitted detailed financial reports for 2018 within 6 months of the end of the end of the fiscal year.

PI-7. Transfers to subnational governments

104. This indicator assesses the transparency and timeliness of transfers from the central government to subnational governments with a direct financial relationship to it. It considers the basis for transfers from the central government and whether subnational governments receive information on their allocations in time to facilitate budget planning. It contains two dimensions and uses the M2 method for aggregating dimension scores.

105. The intergovernmental transfer system in Argentina centers on an automatic non-budgetary scheme, called the Federal Tax Revenue-Sharing system/CFI (*Coparticipación Federal de Impuestos*), regulated by Law 23.548.⁴⁶ (Most provinces also have schemes for tax-revenue sharing with municipalities within their jurisdictions, but these are beyond the assessment scope and will not be analyzed here.)

7.1. System for allocating transfers

106. As noted previously, Argentina has a centralized tax collection system, with close to 80 percent of taxes collected centrally, whereas spending is largely decentralized (provinces are in charge of more than 40 percent of overall public spending). The CFI was designed as a revenue-sharing scheme, first to establish the distribution of the federal tax collection between the different tiers of governments (known as primary distribution), and second to divide the resulting allocation for subnational governments among all provinces (known as secondary distribution).

⁴⁶ Federal Tax-Sharing Act; see <http://servicios.infoleg.gob.ar/infolegInternet/anexos/20000-24999/21108/texact.htm>.

107. Article 4 of the CFI Law 23.548, passed in 1988, defines explicitly the percentage share for each province of the total available for automatic distribution among provinces (primary distribution). These coefficients were based on the previous CFI Law (20.221, from 1973), which used specific criteria (for example, population or development gaps) to set a province's coefficient. The current regulation has the same coefficients as in 1988 when the law was passed, as they were determined in fixed terms following political agreements at the time. Constitutional reform in 1994 makes specific reference to the CFI Law, by stating that a new and definite CFI Law should be approved by the federal government and provinces before 1996. Given the rigid features of the CFI Law, such as the veto power from provinces, the National Legislature has never been able to reform the CFI. Thus, the 1988 Law is still in force.

108. In addition, a sub-set of specific funds are also distributed automatically, ruled by "Special Laws." Given the rigid feature of the CFI Law, with its fixed coefficients, and as a result of different economic (and fiscal) emergency situations, a growing number of so-called "Special Laws" were passed in recent decades to complement the automatic CFI scheme. Each fund typically deducts a share of the gross collection of a specific tax that is distributed among provinces, following different rationales provided by each law. In 2018, there were 14 different funds distributed automatically among provinces.⁴⁷

109. CFI and "Special Laws" transfers are not part of the federal budget and are distributed automatically daily. Following the tax collection process undertaken by the Federal Revenue Collection Agency (FRCA), funds are directly distributed among the national and subnational levels of government, following rules established by the CFI Law and the provisions of each "Special Law."

110. Non-automatic transfers consist of a sub-set of programmatic budgetary and non-budgetary transfers, which are governed by provisions of specific regulations and are channeled through the central government budget. The most prominent of these are transfers for teachers' salaries compensation, financial support to provincial pension systems, and tobacco production fund. Finally, a small share of the overall intergovernmental transfer system is determined by policy decisions as part of the federal government annual budget negotiations process.

111. In 2018, 69.0 percent of fiscal transfers from the central government to provinces came from the CFI; 17.3 percent from a sub-set of other automatic transfers regulated by "Special Laws"; 5.6 percent from budget and extrabudgetary transfers that are governed by provisions of specific regulations. The remaining 8.1 percent was determined by policy decisions as part of annual budget negotiations process.⁴⁸ Table 3.7.1 shows the disaggregation of fiscal transfers from the central government to provinces in 2018.

Table 3.7.1. System for Allocating Transfers
(AR\$ million)

⁴⁷ Education Financing Act 26.075; Education Fund Law 23.906; Fiscal Imbalances Compensation Fund Act 24.130; Oil Tax Act 23.966; Oil Tax for Roads Act 23.966; Oil Tax III (Special Fund for Provincial Electricity Development) Act 23.966; National Fund for Housing Act 24.464 and Act 23.966; Electricity Compensation Fund Act 24.065; Service Delivery Transfers Act 24.049; Simplified Tax Regime Act 24.977; Value-Added Tax Act 23.966; Personal Assets Tax Acts 24.699 and 23.966; Fiscal Consensus Compensation I Act 27.429; Fiscal Consensus II and Supportive Federal Fund Act 27.429.

⁴⁸ Sources: ; <https://servicios.transporte.gob.ar/compensaciones/>;
https://www.agroindustria.gob.ar/sitio/areas/tabaco/normativa/marco_legal/index.php;
<https://www.presupuestoabierto.gob.ar/sici/datos-abiertos>.

Category of horizontal transfer	Approved in 2018 Budget Law		Actuals		Links
	Amount	Transparent and ruled based (Y/N)	Amount	Law	
AUTOMATIC					
Federal Tax Revenue-Sharing	760,550	Y	872,479	Law 23.548	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Education Financing Law ¹	-	Y	134,383	Law 26.075	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Services Transfers	1,284	Y	1,284	Law 24.049	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Personal Assets Tax	7,293	Y	7,676	Law 24.699	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Personal Assets Tax (2)	851	Y	896	Law 23.966 Art. 30	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Education Fund	-	Y	0.3	Law 23.906	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Value-Added Tax	5,916	Y	7,189	Law 23.966 Art.5	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Oil Tax	11,386	Y	11,230	Law 23.966 and Law 24.699	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
National Fund for Housing	16,484	Y	16,462	Law 24.464	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Electricity Compensation Fund	1,047	Y	1,412	Law 24.065	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Fiscal Imbalances Compensation Fund	550	Y	550	Law 24.130 and Decree N° 1807/93	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Simplified Tax Regime "Monotributo"	3,555	Y	4,731	Law 24.977 Art. 59	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
Supportive Federal Fund	25,618	Y	15,452	Point II.h Law 27.429	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php

Category of horizontal transfer	Approved in 2018 Budget Law		Actuals		Links
	Amount	Transparent and ruled based (Y/N)	Amount	Law	
Fiscal Consensus Compensation ²	-	Y	18,457	Point Ila Law 27.429	http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/info_consolidada.php
EXTRABUDGETARY					
Financial Support to Provinces Urban Transport	NA	Y	17,878	Decree N° 652/02 and Decree N°98/07	https://servicios.transporte.gob.ar/com-pensaciones/
Tobacco Fund	NA	Y	9,331	Law 19.800 and Law 25.465	https://www.agroindustria.gob.ar/sitio/areas/tabaco/normativa/marco_legal/index.php
BUDGETARY					
Teachers Wages Incentive Fund ³	NA	Y	24,431	Decree 52/2018	https://www.presupuestoabierto.gob.ar/sici/datos-abiertos
Financial Support to Provinces Pension Systems ⁴	-	Y	19,529	Law 27.260, Art. 73, Law 27.341, and Decree 730/2018	https://www.presupuestoabierto.gob.ar/sici/datos-abiertos
National Treasury Financial Contribution	3,262	N	3,001	Discretionary	n/a
Other budgetary Transfers		N	103,975	Law 27.431	n/a
			1,092,200		

¹ The amount approved in the 2018 budget is included in the Federal Tax Revenue-Sharing item.

² Fiscal Consensus Compensation is determined ex-post on the basis of actual collection of certain tax items.

³ Idem.

⁴ Established ex-post by MoT Resolution based on provinces pension system deficit figures.

Source: Authors based on information provided by Directorate of Fiscal Relations with Provinces.

112. Thus, it is possible to establish that almost all (91.9 percent) intergovernmental transfers from the central government to the provinces in Argentina is governed by transparent and rule-based systems. Hence, the score for this dimension is A.

7.2. Timeliness of information on transfers

113. This dimension measures the extent to which (a) subnational governments receive reliable information on their allocations from the central government for the upcoming year well in advance of

their own budget preparation process (ideally before its commencement), and (b) that the budget calendar is respected.

114. On August 31, 2018 the central government submitted to the Federal Council on Fiscal Responsibility the macrofiscal projections for the following fiscal year, including estimates on forecasted tax revenue and tax revenue distribution for each province.⁴⁹ At this time, all provinces that entered in the FCFR⁵⁰ were informed of the final estimates of transfers that were then included in the 2019 annual budget proposal submitted to the Legislature on September 15, 2018 and approved on November 15, 2018.⁵¹ Provinces use these final transfer estimates received by end-August to prepare their own budget proposals for the following year.

115. Typically, provincial legislation requires that annual provincial budgets are submitted to their legislatures by September 30 of the previous fiscal year. In 2018, the most recent completed fiscal year, provinces received information on their annual transfers estimates following the official budget calendar and provisions of the Fiscal Responsibility Law on August 15. Thus, provinces had six weeks to complete their budget planning process on time. Hence, the score for the present dimension is A.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-7. Transfers to subnational governments	A	M2 method of aggregation.
7.1 System for allocating transfers	A	All transfers to provinces are based on a clear and transparent set of rules.
7.2 Timeliness of information on transfers	A	In 2018, subnational governments received information on transfers through the budget cycle that allowed them at least 6 weeks to complete their budget planning.

PI-8. Performance information for service delivery

116. This indicator examines the extent to which performance information is included in the budget proposal presented to and approved by the Legislature, and the way in which this information is used to monitor and evaluate service delivery by relevant central government institutions in Argentina, with special emphasis on frontline service-delivery units. The indicator contains four dimensions and uses the M2 method for aggregating dimension scores.

117. There is no specific legislation governing the inclusion and use of performance information in central government budgets in Argentina. However, the National Public Sector Financial Administration and Control Systems Act establishes that in the formulation of the budget proposal, entities should use the most appropriate techniques to ensure that there is consistency between allocation of resources and the production of goods and services proposed by government policy priorities and action plans.⁵²

⁴⁹ http://www.responsabilidadfiscal.gob.ar/pautas_macro/pdf/Pautas%20Macrofiscales2018.pdf.

⁵⁰ Two of Argentina's provinces (La Pampa and San Luis) are not included in the FCFR.

⁵¹ Budget Law 27.467; see <https://www.minhacienda.gob.ar/onp/documentos/presutexto/ley2019/ley/ley2019.pdf>.

⁵² Art. 14, National Public Sector Financial Administration and Control Systems Act, dated October 26, 1992.

118. To strengthen the link between planning and budget processes, regulations to the National Public Sector Financial Administration and Control Systems Act define that expenditure estimates prepared by all budget entities should adopt a “budget program” classification, organized into the following five programmatic categories: program, sub-program, project, works, and activities.⁵³ The budget program structure, which also requires that all projects and activities necessary to achieve a clear and specific objective be individualized and fully costed, has since been adopted by all central government entities to formulate, execute, and monitor their institutional budgets. In addition, budget programs are also required to present performance information in the form of outputs to be produced and outcomes to be achieved with the resources allocated during the corresponding fiscal year.

119. The National Budget Office is the regulatory body in charge of defining and supervising the preparation of budget programs. It is also responsible for designing, implementing, and maintaining a database with information and indicators of all budget programs, to improve measurement of physical production and service delivery. Finally, it is also required to monitor and produce sufficient information about deviations from planned output and outcomes to inform and support the decision-making process about allocation of resources.

8.1. Performance plans for service delivery

120. This dimension assesses the extent to which performance indicators for planned outputs and outcomes of budget programs are included in the budget proposal or related documentation. Table 3.8.1 shows the number of budget programs for each of the institutional sectors (*jurisdicciones*) that are included in the budget approved by the Legislature for fiscal year 2019. All information about budget programs for each institutional sector is published and available at <https://www.minhacienda.gob.ar/onp/presupuestos/2019>.

121. Each sector includes budget entities from the central administration, decentralized entities, and social security institutions. Budget programs that include performance information are separated into two columns: those that include specific outputs to be achieved during the fiscal year, and those that include, additionally, specific outcomes or expected results. Indicators and units of measurement are also defined to facilitate the task of establishing compliance and conformity.

Table 3.8.1. Budget Programs by Institutional Sector, 2019
(AR\$ million and quantity)

Institutional Sector	Budget Approved 2019	Number of Programs	Programs with Key Performance Indicators			
			Output	%	Outcome	%
Legislative Branch	26,253.9	27	7	25.9	3	11.1
Judicial Branch	46,761.8	7	3	42.9	3	42.9
Natl. Gov. State Attorney	16,621.3	2	1	50.0	2	100.0
President’s Office	148,758.9	33	25	75.8	7	21.2
Chief of Cabinet Office	13,671.1	23	13	56.5	7	30.4

⁵³ Art. 14, Decree 1344/2007, Regulations to the National Public Sector Financial Administration and Control Systems Act, dated November 4, 2007.

Ministry of the Interior, Public Works and Housing	67,602.7	20	16	80.0	11	55.0
Ministry of Foreign Affairs	13,700.8	7	5	71.4	0	0.0
Ministry of Justice and Human Rights	29,450.6	18	12	66.7	7	38.9
Ministry of Security	159,564.1	31	29	93.5	5	16.1
Ministry of Defense	151,355.5	36	27	75.0	9	25.0
Ministry of Treasury	169,931.9	27	18	66.7	10	37.0
Ministry of Labor and Production	37,674.0	44	37	84.1	14	31.8
Ministry of Transportation	100,771.3	26	23	88.5	5	19.2
Ministry of Education, Culture, Science and Technology	224,525.0	34	30	88.2	11	32.4
Ministry of Health and Social Development	2,032,164.8	62	54	87.1	13	21.0
Total	3,238,807.7	397	300	75.6	107	27.0

Source: National Budget Office, Ministry of Treasury, 2019.

122. From Table 3.8.1 it is possible to discern that there are 397 budget programs covering all budgetary entities in 2019. Of these, 300 (75.6 percent) are programs that have at least performance indicators in relation to outputs to be produced, whereas there are 107 (27.0 percent) of all programs that also include indicators to measure expected outcomes. These results suggest that most of the budget entities include budget programs that have performance information relating to outputs, but only some of these entities also have budget programs with indicators to measure outcomes of expected results.

123. Officials from the Ministry of Treasury interviewed during the field mission suggested that, although important progress has been made in terms of performance measurement, there is still work to be done to improve the quality and pertinence of the indicators presented by budgetary entities for both outputs and outcomes. Hence, the score for the present dimension is B.

8.2. Performance achieved for service delivery

124. This dimension examines the extent to which actual performance results for outputs and outcomes in budget programs—comparable with planned performance—are included in fiscal reports. Information relating to fiscal reports for the last completed fiscal year (2018) is used for this assessment.

125. The regulations of the National Public Sector Financial Administration and Control Systems Act require that the National Budget Office maintains a centralized register with the information provided by all budget entities in relation to performance as measured by the deviations between programmed and executed outputs and outcomes.⁵⁴ The analysis of this information should be reported to decision-makers at both the Ministry of Treasury and the heads of the respective budget entities, with recommendations to improve or correct existing deviations.

⁵⁴ Art. 45, Decree 1.344/2007, dated November 4, 2007.

126. The National Budget Office, through the Directorate of Budget Evaluation, prepares and publishes in-year quarterly reports with information regarding progress of financial and physical execution of all program budgets. These reports especially highlight deviations between programmed and executed output indicators, making comments and recommendations to improve compliance with planned objectives. There is limited information about progress in relation to outcome indicators. The reports are available at www.minhacienda.gob.ar/onp/evaluacion/2018.

127. Every year, the National Budget Office supplies extensive information on program budget performance in relation to output and outcomes to be included in the National Government Financial Report presented to Legislature before June 30. The second volume of the financial reports is entirely devoted to reporting the fulfillment of programmed outputs and outcomes during the execution of the closing fiscal year.⁵⁵

128. The financial reports indicate that there were 386 budget programs under execution in all central government budget entities during fiscal year 2018. Of this total, 321 or 83.2 percent were the subject of monitoring and their performance is accounted for in the reports. The document also includes a detailed description of all 321 budget programs monitored, organized by the institutional classification, in relation to programmed versus executed output targets in the context of financial execution ratios. Brief commentaries of under- or over-execution of targets are provided.

129. The financial report, second volume, also includes a section where outcomes or expected results of program budgets are examined. However, this section only presents the technical data sheet for outcome indicators for a number of selected budget programs, which in most cases includes all values attained during the four-year period, 2015-2018. The document does not yet compare target outcomes defined at the start of an annual or multi-annual budget plan against real outcomes achieved for each of the programs selected. Hence, the score for the present dimension is B.

8.3. Resources received by service delivery units

130. This dimension aims to measure the extent to which service-delivery units, defined as units that deliver “frontline” public services to the population—such as elementary schools and primary health clinics—are effectively provided with the human, technical, and financial resources that are planned and budgeted for at the outset of the fiscal year. Because, as previously noted, the central government in Argentina does not provide such “frontline” public services, this dimension is not applicable for evaluation.

8.4. Performance evaluation for service delivery

131. Independent performance evaluations of service-delivery or budget programs are not undertaken with any regularity and in the last three completed financial years none has been produced. Hence, the score for the present dimension is D.

⁵⁵ It can be found at www.economia.gob.ar/hacienda/cgn/cuenta/2018/pdf/Tomo%20II%202018.pdf.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-8. Performance information for service delivery	C+	M2 method of aggregation for the indicator score.
8.1 Performance plans for service delivery	B	Information published annually for budget program allocations shows that most of the central government budget entities include performance indicators for outputs, but not yet for outcomes.
8.2 Performance achieved for service delivery	B	Reports published quarterly and annually show performance in relation to most output indicators, but not yet outcome indicators.
8.3 Resources received by service-delivery units	n/a	This dimension is not applicable for the evaluation.
8.4 Performance evaluation for service delivery	D	No evaluations of performance of service delivery have been undertaken in the past three completed fiscal years.

PI-9. Public access to fiscal information

132. This indicator assesses the comprehensiveness of fiscal information available to the public for the last completed fiscal year (PEFA elements 5 and 7 refer to the 2017 cycle as 2018 data was not available at the time of evaluation), based on specified PEFA methodology framework's⁵⁶ elements of information to which public access is considered critical. There is one dimension to this indicator.

133. The government uses various communication tools for disseminating fiscal information. These include websites that provide regular and up-to-date fiscal information accessible to the public:

- Ministry of Treasury website (<https://www.argentina.gob.ar/hacienda>) with press releases and infographics for media and the general population.
- The Budget website: <https://www.minhacienda.gob.ar/onp/presupuestos/2019>, with detailed information on the entirety of the budget cycle
- The National Government Financial Report—Annual budget execution report—site, with results from previous budgets: <https://www.argentina.gob.ar/hacienda/sechacienda/cgn/cuentainversion>
- The Open Budget portal website <https://www.presupuestoabierto.gob.ar/sici/>
- The Open Data Portal contains budget data in an open data format:⁵⁷ (<https://www.minhacienda.gob.ar/onp/presupuestos/2019>)
- The National Legislature portal 9 (<https://www.hcdn.gob.ar/>) with press releases and advertorials for media, and the Budget documents once presented by the Executive.
- The Auditor General Office portal: <https://www.agn.gov.ar/>.

⁵⁶ See https://www.pefa.org/sites/default/files/PEFA%20Framework_English_Web_Dec18_Second%20Edition.pdf.

⁵⁷ Open data is data that can be freely used, re-used, and redistributed by anyone.

134. The right of access to public information, understood as the ability to request and receive information held by various State entities, has been recognized as a fundamental human right by various international bodies since the end of the 20th century. Access to public information is a key factor in the transparency of the State. Ensuring that citizens have free access to public information helps improve the accountability and quality of public policies. The sanction of National Law 27.275 on Access to National Public Information in 2016 was an important milestone for the development of a national policy on access to public information. With the passage of Law 27.275, the quality of the access to public information regulatory framework has improved notably from previous frameworks.

9. Public access to fiscal information

135. The basic and additional publicly available elements are described below.

Table 3.9.1. Fiscal Information Element Requirements

Element/Requirements	Met (Y/N)	Evidence used/Comments
Basic elements		
1. Annual Executive budget proposal documentation. A complete set of Executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the Executive's submission of them to the Legislature.	Yes	At the same moment the 2018 budget proposal document was presented in the Legislature it was made publicly available on the Ministry of Treasury's website and on the Chamber of Deputies' website as well. Newspapers record the availability by September 15, 2017. Article 26 of Law 24.156 provides that the Executive should present the budget proposal to the Legislature by September 15 each year. ¹ The Budget portal contains the budget proposal, but the date of upload is not specified.
2. Enacted budget. The annual budget law approved by the Legislature is publicized within two weeks of passage of the law.	Yes	Although the Budget portal does not specify the date of upload of the approved budget, the Official Gazette published on January 2, 2018 notes legislative approval on December 27, 2017. ²
3. In-year budget execution reports. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-28.	Yes	The Open Budget portal presents updated information on budget execution every week. ³ Additionally, budget execution reports are issued within 8 weeks from the end of each month and made available to the public within one month of their issuance.
4. Annual budget execution report. The report is made available to the public within six months of the fiscal year's end.	Yes	The Open Budget portal presents updated information on budget execution every week. Additionally, in March 2019 a report of 2018 budget execution was made available on the NBO website. ⁵ Budget execution report includes a narrative analysis, as can be observed in the file corresponding to the website link provided as evidence.
5. Audited annual financial report, incorporating or accompanied by the external auditor's report. The reports are made available to the public within 12 months of the fiscal year's end.	No	The audited annual financial report for the 2017 budget was presented by the Executive to the Legislature after 6 months of the fiscal year's end in 2018, but the final audited report was not available at the time of the assessment.
Additional elements		

6. Pre-budget statement. The broad parameters for the Executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.	Yes	The pre-budget statement for 2018 was submitted on June 30, 2017. ⁶
7. Other external audit reports. All non-confidential reports on central government consolidated operations are made available to the public within 6 months of submission.	No	No external audit reports were available by June 2018 regarding the 2017 budget cycle.
8. Summary of the budget proposal. A “citizen’s budget,” and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the Executive budget proposal’s submission to the Legislature and within one month of the budget’s approval.	Yes	A summary of the budget proposal is prepared in several forms, including infographic (for media) ⁷ and Citizen’s Budget. Infographic type was available during the minister’s press conference (September 15, 2017) and published in the media the same day. The Citizen’s Budget was presented during discussions in the Legislature of the budget proposal. ⁸ These budgets documents can be accessed on the Budget portal: https://www.minhacienda.gob.ar/onp/ .
9. Macroeconomic forecasts. The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	Yes	Macroeconomic forecasts are included in the Message to Legislature in the draft budget proposal for 2018 submitted to Congress on September 14, 2017. ⁹

¹http://www.parlamentario.com/db/000/000511_resumen_presupuesto_2018.pdf,
<https://www.infobae.com/economia/2017/09/15/presupuesto-2018-el-texto-completo-que-presenta-el-gobierno-en-el-congreso/>.

² <https://www.boletinoficial.gob.ar/detalleAviso/primera/176942/20180102>.

³ <https://www.presupuestoabierto.gob.ar/sici/>. Every seven days information is automatically updated.

⁴ <https://www.minhacienda.gob.ar/onp/ejecucion/2018>. The budget execution report for January 2018 was presented in March 2018.

⁵ https://www.minhacienda.gob.ar/onp/documentos/ejecu_mensual/archivos/diciembre18.pdf. The document indicates the data is tentative as it must be formally presented in the Annual Financial Report to the National Legislature for auditing purposes.

⁶ https://www.minhacienda.gob.ar/onp/documentos/info_avance/2018.pdf.

⁷ http://www.parlamentario.com/db/000/000511_resumen_presupuesto_2018.pdf.

⁸ <https://www.minhacienda.gob.ar/onp/noticias/pagpresupuesto.php>;
https://www.minhacienda.gob.ar/onp/presupuesto_ciudadano/index.html.

⁹ http://www.parlamentario.com/db/000/000511_resumen_presupuesto_2018.pdf;
<https://www.infobae.com/economia/2017/09/15/presupuesto-2018-el-texto-completo-que-presenta-el-gobierno-en-el-congreso/>.

136. The requirements are met for four of five basic elements and three of four additional elements. Hence, the score for the indicator is B.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-9 Public access to fiscal information	B	
Public access to fiscal information	B	The government makes available to the public 4 basic elements and 3 additional elements, in accordance with the specified timeframes.



PILLAR THREE: Management of assets and liabilities

PI-10. Fiscal risk reporting

137. This indicator measures the extent to which fiscal risks to the central government are reported. Fiscal risks can arise from adverse macroeconomic situations, financial positions of subnational governments or public corporations, and contingent liabilities from the central government's own programs and activities, including extrabudgetary units. The scope of this indicator covers any fiscal risk posed by units within the public sector, including public corporations, provincial governments, and extrabudgetary entities. The indicator contains three dimensions and uses the M2 method for aggregating dimension scores.

10.1. Monitoring of public corporations

138. Public corporations in Argentina exist in the form of (a) majority-owned non-listed enterprises which conduct commercial and non-commercial activities, such as manufacturing, transportation, energy, transport, telecoms, finance, water utilities, and other activities; (b) majority-owned listed entities, such as the oil and gas exploration and production company YPF and the Mortgage Bank (*Banco Hipotecario Nacional*); and (c) 50 percent government-controlled equity of three binational companies that operate hydropower plants over the Parana and Uruguay rivers. Lastly, 16 listed enterprises with minority government ownership disclose their financial statements in accordance with the stock market regulations.⁵⁸

139. Public corporations controlled by the central government are monitored by the National Accounting Office. According to the National Public Sector Financial Management and Control Systems Act, all institutions at the national level, including public corporations, must submit to NAO individual financial reports for the past reporting period within two months of the completion of the fiscal year.⁵⁹ NAO then attaches these individual reports to the government's annual financial reports, which should be submitted to the Legislature annually by June 30 of the year immediately following the relevant reporting year.⁶⁰ Taking into account the cut-off date of the assessment (May 31) and that the financial reports for 2018 had not yet been submitted to the Legislature by this date, the PEFA team assessed evidence available for fiscal year 2017.

140. In 2018, within nine months of the end of the 2017 fiscal year, 52 of 64 public corporations (81.3 percent) submitted their financial statements to NAO. Of these, 45 public corporations' financial statements (70.3 percent) were received before June 30, 2018. However, only 28 public corporations (43.8

⁵⁸ Source: Authors based on data provided by the National Accounting Office and NIAA.

⁵⁹ Art. 92, National Public Sector Financial Management and Control Systems Act dated October 26, 1992.

⁶⁰ Art. 95, idem.

percent) including YPF, the listed oil and gas corporation, the state-owned banks—Argentine National Bank, the Mortgage Bank, and the Investment and Foreign Trade Bank (*Banco de Inversion y Comercio Exterior*)—and the national airline (*Aerolíneas Argentinas*) published their audited financial statements within six months of the end of the reported fiscal year (see Annex 6).⁶¹

141. Financial statements of Argentine public corporations disclose contingent liabilities in conformity with local accounting and financial reporting standards. Hence, the score for the present dimension is C.

10.2. Monitoring of subnational governments

142. Presentation of government annual budget execution reports/annual financial statements is required by each province's own legislation. Given the federal nature of Argentina, the national SAI is not entitled to conduct audits of provinces' financial statements, which are carried out by each provincial SAI. These audits are conducted with significant delay. Provincial account audits, with few exceptions, are seldom published on provincial websites of the respective SAIs or provincial ministries of finance.

143. Subnational governments risk monitoring in Argentina is formalized by law and comprises a series of mechanisms in place to monitor potential fiscal risks arising from the provinces. The Federal Council of Fiscal Responsibility monitors financial information presented by provinces by conducting different types of analysis: (a) annual budget proposal and annual budget execution reports/provincial annual financial statements compared to the annual statements of the preceding fiscal year; (b) follow-up of Articles 10 and 21 quantitative rules, on a monthly and quarterly basis; and (c) review of multi-year budget projections included in provincial budget proposals within 30 days of submission to their Legislatures. Reports issued by the FCFR are made available on its website⁶² on a regular basis. However, less than 50 percent of provinces publish unaudited financial reports annually within nine months of the following fiscal year. Based on the analysis of available evidence, the score for the present dimension is D.

10.3. Contingent liabilities and other fiscal risks

144. The annual financial reports produced by the National Accounting Office for the year 2018⁶³ include comprehensive information on public debt and explicit contingent liabilities for the central government. Notes to the financial statements disclose information in detail by type of debt creditor, accrued interest, current and non-current debt, and contingent liabilities, including those arising from litigation in local courts and those claims in the International Center for Settlement of International Disputes that may have financial implications for the government. Decentralized entities and other entities also disclose information on significant contingent liabilities as part of their annual financial statements.

145. The Public-Private Partnership (PPP) Contracts Act⁶⁴ (*Ley de Contratos de Participación Público-Privada*) was passed by the Legislature in November 2016. Chapter IX of the 2018 Annual Budget Law⁶⁵ sets forth special provisions for PPP contracts, including the creation of fiduciary funds. The state-owned

⁶¹ Source: Authors based on data provided by the National Accounting Office and NIAA.

⁶² <http://www.responsabilidadfiscal.gob.ar/evaluaciones/>.

⁶³ Source: Notes to Argentina 2018 Government financial statements: <https://www.economia.gob.ar/hacienda/cgn/cuenta/2018/pdf/Tomo%20I%202018.pdf>.

⁶⁴ Public-Private Partnership Contracts Act 27.328.

⁶⁵ 2018 Annual Budget Law 27.431.

Investment and Foreign Trade Bank was appointed trustee of the PPF funds by a Presidential Decree in February 2018. Six PPP contracts for roads and highways construction and rehabilitation (*Red Autopistas y Rutas Seguras/RARS*) were signed in July 2018. Payments of work certificates under the PPPs will commence in January 2020 and will be the responsibility of the RARS Fiduciary Fund, which will start receiving a portion of the oil tax revenue collection to provide financing for these payments. As such, there were no contingent liabilities for the government arising from RARS PPP contracts to be reported in 2018. Hence, the score for the present dimension is B.

Recent or ongoing reform activities

146. Since 2018, public corporations are required to submit their financial reports through the Public Enterprises Financial Information System/SIFEP (*Sistema de Información de Empresas Públicas*). The Chief of the Cabinet Office complements the NAO oversight role by monitoring the timely provision of budget execution reports and other financial indicators by government corporations.

147. In late 2017, 21 out of 23 provinces, the ACBA, and the central government reached an agreement on Public Financial Management transparency, accountability, and sound governance practices. This agreement, named the Fiscal Responsibility and Governance Good Practices, was formalized through Law 27.428 passed by the Legislature. This new law amended and reinforced provisions of the Fiscal Responsibility Law.⁶⁶ Twenty-one provincial legislatures and the ACBA passed their own laws afterwards,⁶⁷ thereby making provisions of 27.428 applicable to these provincial administrations.

148. The Fiscal Responsibility Law also provides for the adoption of homogeneous parameters to measure effectiveness and efficiency of revenue collection and public spending.

149. Article 10 of the FRL provides a set of quantitative rules that are key to monitoring potential risks stemming from subnational governments in Argentina. These are as follows:

- The increase in recurrent spending in each provincial annual budget (accrual basis) should not be higher than the increase in the national consumer price index
- Similarly, total primary spending in each provincial annual budget (accrual basis) should not be higher than the increase in the national consumer price index
- Starting in 2020, for those administrations that have achieved fiscal balance, the increase ratio of recurrent expenditure should not be higher than the increase in GDP
- The percentage of public servants per 1000 inhabitants in each province will remain as it was in December 2017, except for those provinces that had at the time of the FCRF achieved fiscal balance/surplus, which could increase the quantity of public employees in relation with investments for new public services delivery.

⁶⁶ Fiscal Responsibility Law 25.917 dated August 24, 2004. Amended by Law 27.428 dated January 2, 2018.

⁶⁷ <http://www.responsabilidadfiscal.gob.ar/adhesiones-a-la-ley-no-27-428/>.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-10. Fiscal risk reporting	C	This indicator uses the M2 method for aggregation.
10.1 Monitoring of public corporations	C	Annual audit reports for most public corporations are issued and published within 9 months of the fiscal year-end.
10.2 Monitoring of subnational governments	D	Less than 50% unaudited financial reports are published annually within 9 months of the following fiscal year.
10.3 Contingent liabilities and other fiscal risks	B	The central government and decentralized entities include significant contingent liabilities in notes to their financial statements.

PI-11. Public investment management

150. This indicator assesses the economic evaluation, selection, cost calculation, and monitoring of government public investment projects, with an emphasis on larger and more important projects. The scope is the central government and the period considered is the last completed fiscal year (2018). To set the overall rating of this indicator, the M2 method is used.

151. The National Directorate for Public Investment (NDPI) is the body responsible for the National Public Investment System (NPIS) and has as its fundamental objectives (a) to establish guidelines, methodologies, and decision criteria to be used in the formulation and evaluation of public investment projects; (b) conduct control of the formulation and evaluation of investment projects implemented by national public sector agencies prior to their inclusion in the National Budget; (c) collaborate with political authorities to better select projects to be incorporated into the national budget; (d) develop annually the National Public Investment Plan (NPIP)⁶⁸, which is then included in the National Budget; and, (e) manage the Investment Project Database (BAPIN) that provides information on public investment projects.

152. BAPIN is the information system in which public bodies register all public investment projects to be financed with national state resources. It includes projects in the formulation stage (idea, profile, pre-feasibility or feasibility) and those that are ongoing (and which were previously incorporated into the Budget). In turn, BAPIN is interrelated with the Federal Government's Integrated Financial Management Information System (eSIDIF), thus facilitating budgetary formulation and monitoring of the physical-financial implementation of investment projects.

⁶⁸ The NPIP was created from the enactment of Law 24.354 on Public Investment, in 1994. Decree 720/1995 designates NDPI as the body responsible for NPIP.

153. Annex 7 includes details of the major investment projects considered for the analysis of this indicator, specifying whether or not those projects have an economic assessment registered in BAPIN, with an opinion of the NDPI, the corresponding jurisdiction, and the total cost status as of the cut-off date (December 31, 2018), among other data. It also details which of these projects are PPP.⁶⁹

11.1. Economic analysis of investment projects

154. Regulatory rule No. 125/2012 of the Secretariat of Budgetary Evaluation, Public Investment and Public-Private Partnerships (SBEPiPPP) establishes the minimum contents for the studies that have to be submitted by government agencies in the event that the project exceeds a total estimated cost of ARS 200 million, for which a technical qualification opinion is required.

155. The evaluation is initially conducted by the formulating agencies (jurisdictions or entities). Law 24.354 regulating NPIP, Article 7, details the functions of the offices responsible for developing public investment projects in each jurisdiction or entity of the national public sector. These include identifying, formulating, and evaluating public investment projects that are typical of each sector in accordance with the guidelines and methodologies provided by NDPI and the specific provisions of the formulating agency. The agencies then record the projects evaluated in BAPIN, and NDPI is responsible for monitoring the formulation and evaluation of investment projects (Art. 5b of Law 24.354). According to the SBEPiPPP 1-E/2017 provision, the NDPI must conduct the control on the development and evaluation over all projects. In cases where jurisdictions develop projects with a total estimated amount exceeding AR\$ 200 million, said jurisdictions must submit a project document, which is subject to a technical qualification opinion by the enforcement authority (SBEPiPPP).

156. While the current legislation states that NDPI must issue an opinion for investment projects exceeding AR\$ 200 million of total estimated cost, not all major investment projects existing as of December 31, 2018 had this assessment. The technical rating of each project evaluated, based on the proposal made by NDPI, is finally approved by the corresponding authority of the NPIS (SBEPiPPP).

157. The 30 largest investment projects that meet the criteria set out in the PEFA⁷⁰ methodology (including PPPs) have been considered as part of the evidence on this dimension (these are detailed in Annex 7). Analysis reveals that most of these projects have an economic assessment registered in BAPIN.⁷¹ Nevertheless, project evaluation results are not published, although they are available to those who request them, as provided for by Law 27.275 on the Right of Access to Public Information. Hence, the score for the present dimension is C.

11.2. Investment project selection

⁶⁹ As can be seen in Annex 7, only two of the major investment projects registered with BAPIN are PPP.

⁷⁰ In accordance with the PEFA framework methodology, “major investment projects” are those projects in which (a) the total project investment cost represents 1 percent or more of the total annual budget expenditure, and (b) the project is one of the 10-largest projects (in terms of total cost of investment) of each of the five-largest central government entities.

⁷¹ “Most” of major investment projects have been considered to have an economic assessment recorded in BAPIN given that (a) 15 of the 30 projects have an economic assessment, and (b) the estimated total cost of these 15 projects account for 56 percent of the aggregate cost of the 30 projects.

158. This dimension assesses whether the major investment projects of the central government have been subjected to an analysis (economic, social, and/or environmental) of pre-feasibility and/or feasibility level, as set out in the relevant national guidelines; whether these analyses were examined by an entity other than the project formulating entity; and whether the results of the evaluation were published.

159. This dimension assesses the existence of transparent, public, and homogeneous prioritization criteria for the selection of investment projects that will be incorporated into the central government's annual budget.

160. The central government does not have cross-cutting uniform prioritization criteria emanating from a central entity, nor is there a range of prioritization or numerical weighting that allows projects to be prioritized. In any case, it is important to note that each jurisdiction establishes its own project prioritization. Hence, the score for the present dimension is D.

11.3. Investment project costing

161. This dimension assesses whether the central government budget includes medium-term projections of the total costs of investment projects, including the recurring costs (operation and maintenance) that the project will generate in the future.

162. The costs of investment projects, including those generated by the operation and maintenance of the project, are considered in the respective economic studies only in cases where such projects have an estimated total cost greater than AR\$ 200 million, in accordance with the NPIS standard.

163. With respect to recurring expenditures: these are not considered separately throughout the life cycle of the projects in the budgets. These costs form part of the current expenditure of budget programs, without an allocation to a specific project. Costs are not incorporated into the national budget documents with a breakdown of future cost estimates corresponding to future fiscal years. Hence, the score for the present dimension is D.

11.4. Investment project monitoring

164. This dimension assesses the extent to which the central government has efficient and effective systems for monitoring public investment projects and reporting to provide feedback for decision-making, ensuring optimization of resources and fiduciary compliance.

165. Information on the monitoring of the major investment projects is recorded in eSIDIF by the executing agencies, which monitor the total cost and physical and financial execution of their respective projects. Based on this information, the National Budget Office (NBO) prepares and publishes physical and financial progress reports on a quarterly basis. It should be noted that these reports do not include the total cost, deviations from the original cost estimates, or the reasons for such deviations. Furthermore, it is not possible to link the major projects with their corresponding BAPIN reference number. Hence, the score for the present dimension is C.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-11. Public investment management	D+	This indicator uses the M2 method for aggregation.
11.1 Economic analysis of investment projects	C	Economic analyses are carried out, in accordance with national guidelines, to assess most major investment projects. The economic evaluations are carried out by the entities which promote the projects, while NDPI reviews the respective analyses. However, the results of these analyses are not published.
11.2 Investment project selection	D	There is no entity that performs centralized prioritization of investment projects.
11.3 Investment project costing	D	While certain projections are made, they are at the level of works and not of large investment projects. It is also not possible to link these projections with the project reference in BAPIN.
11.4 Investment project monitoring	C	The total cost and physical progress of major investment projects are monitored by the executing agencies. Information on implementation of major investment projects is prepared on a quarterly basis.

PI-12. Public asset management

166. This indicator assesses the management and monitoring of government financial and non-financial assets, as well as the transparency of asset disposal. It contains the following three dimensions and uses the M2 method for aggregating dimension scores.

- Dimension 12.1. Financial asset monitoring (time period: last completed fiscal year; coverage: central government)
- Dimension 12.2. Non-financial asset monitoring (time period: last completed fiscal year; coverage: budgetary central government)⁷²
- Dimension 12.3. Transparency of asset disposal (time period: last completed fiscal year; coverage: central government for financial assets and budgetary central government for non-financial assets).

167. Argentina's PFM legal framework includes a variety of rules and regulations for public assets management, both financial and non-financial. In accordance with Decree 174/2018, the Ministry of Treasury (specifically, the Secretariat of the Treasury) must outline and execute the policies of the central government financial assets management. Regarding non-financial assets, the State Property Administration Agency/SPAA (*Agencia de Administración de Bienes del Estado*) was created by Decree 1382/2012 as a decentralized body within the remit of the Chief of Cabinet's Office; it manages fixed assets and is the governing body for inventory and livestock.

⁷² Budgetary Central Government as defined in Section 1, point 2, Scope of the evaluation.

168. The role of bookkeeping of the central government assets is in charge of the National Accounting Office. In accordance with Section 91 of the National Public Sector Financial Management and Control Systems Act, NAO is the governing body for government accounting and is responsible for (a) coordinating the recording and analysis of the transactions that affect the economic-financial situation in operations linked to financial assets, as well as participating in the preparation of the financial statements of the central administration, their notes, and annexes; (b) implementing and updating an inventory record of financial assets; and (c) coordinating the analysis of the inventory record and other assets of the central government.

169. In accordance with Section 75, subsection 8, of the Constitution, the Legislature is responsible for oversight of the National Government Financial Report, the preparation of which, in compliance with Section 91 of Act 24.156, is the responsibility of NAO.

170. The time period of this indicator is the last completed fiscal year. However, in this case, because financial statements for fiscal year 2018 had not been published at the cut-off date for this assessment, fiscal year 2017 was reviewed. Consequently, all financial assets and other values considered for the analysis of this dimension refer to figures as of December 31, 2017.

12.1. Financial asset monitoring

171. International best practice for this assessment requires that the central government maintains a record of its assets, including all the financial asset categories, which should be recognized at market value, consistent with international accounting standards. Similarly, the information on the performance of these financial assets should be published on an annual basis.

172. Argentina's central government does not have a single centralized body to manage all financial assets. Pursuant to Section 80 of Act 24.156, the central body of the financial administration systems should establish a system of single cash or unified fund. This system is composed of a Treasury Single Account/TSA (*Cuenta Única del Tesoro*), which was established pursuant to Act 24.156 to enable the disposition of the cash inventories regarding all the jurisdictions and national administration bodies. According to Section 74 of this law, TSA management is a responsibility delegated to the National Treasury Office (NTO) (*Tesorería General de la Nación*). In addition to the financial assets managed by the Ministry of Treasury, there are financial assets held by the National Social Security Administration through the Sustainability Guarantee Fund (SGF), created by Decree 897/2007. It is composed of financial assets such as government bonds, corporate shares, fixed-term deposits, corporate bonds, mutual funds, financial trusts, mortgage bonds, and loans for provinces and for beneficiaries of the Argentine Integral Social Security System (*Sistema Integral Previsional Argentino*).

173. Although NSSA is a part of the central government, the agency is exempted from the application of the TSA in accordance with Section 38 of Act 24.447.

Table 3.12.1 shows the main financial assets of the central government.

Table 3.12.1. Central Government Financial Assets as of December 31, 2017
(AR\$ million)

Financial assets	Central Government ^{/1}	NSSA (SGF) ^{/2}
Cash and Banks	129,599	8,602
Securities	2,459	1,074,493
Receivables	516,041	119,484
Totals	648,099	1,202,579

^{/1} This column includes the amounts recorded in the Government Financial Reports as of December 31, 2017, corresponding to the financial assets administered by the Ministry of Treasury in a centralized way, excluding those related to NSSA.

^{/2} Information arising from the Report of the Fourth Quarter 2017 published by NSSA on the SGF. In the row "Securities" corresponding to NSSA, the participation of SGF in Productive and Infrastructure Projects is included.

Source: Authors, based on MoT and NSSA information.

174. Regarding the valuation criteria of these financial assets managed by NTO and SGF, there is no uniform judgment. The securities held by NTO are valued at market value, according to Article 55 of Law 11/672. As regards financial assets managed by NTO, interest is recorded at the time of collection in eSIDIF, both for government bonds and for fixed-term deposits. Receivables recorded in central government financial statements are recognized at their historical cost, including accrued interest at the closing of the fiscal year.

175. Finally, it is important to note that it was not possible to access the information regarding the application of the valuation criteria used for each financial asset contained in the SGF as of December 31, 2017.

176. For financial assets managed by NTO, reports on the government bonds stock are prepared on a monthly basis and are published on the NTO website, although without information on their performance. On the other hand, NTO discloses specific reports on financial assets performance. The central government publishes annual financial statements,⁷³ in which the financial assets and their valuation and exposure criteria are disclosed. NSSA prepares annual financial statements, though the information is not published, and sends the reports to NAO. NSSA Net Worth is only included in a single line in the central government financial statements as part of the consolidation process. It is important to note that SGF valuation criteria are not published. Hence the score for the present dimension is C.

12.2. Non-financial asset monitoring

177. Best practice mandates that the central government should keep a record of fixed assets, land, and, where relevant, of subsoil assets, including information about its use and age profiles, which should

⁷³ The central government financial statements are part of the government financial reports, *Cuenta de Inversión*, which contain the financial assets administered by the Ministry of Treasury and delegated to NTO.

be published at least annually. This dimension has been analyzed considering the information as of December 31, 2017, for the reason previously noted.

178. All central government-owned land, except property that belongs to public corporations and the subsoil assets, are in charge of the State Property Administration Agency (SPAA), a decentralized body within the remit of the Chief of Cabinet's Office. Regulatory Decree 2670/2015 defines the entity's responsibilities, which along with land management includes government inventories and livestock.

179. With respect to subsoil assets, Section 124 of the Constitution establishes the provinces as the primary owners of the natural resources within their jurisdictions; thus, these lie outside of the scope of the central government.

180. Pursuant to Decree 2670/2015, SPAA created the National Register of State-owned Property/NRSP (*Registro Nacional de Bienes Inmuebles del Estado*), which includes the geopositioned location; the status of the ownership and the land and property tax registers; the surface of the land and improvements; the status of preservation, occupancy, and maintenance; specifics with respect to the responsibility for management, care, and custody; purpose and use; building characteristics and main facilities and services; indicators of occupancy and use; and accounting valuation, depreciation, and transactions. Moreover, SPAA has developed an information management system to manage and facilitate inter-jurisdictional work on the information related to land. This system, named SIENA, constitutes the tool through which the information composing the NRSP is obtained.

181. According to the records registered in central government financial statements, the non-financial assets categories included in the Property, Plant and Equipment Annex are itemized in Table 3.12.2.

Table 3.12.2. Categories of Non-Financial Assets as of December 31, 2017
(AR\$ million)

Description ¹	Residual Value ²	Comments
Buildings and Structures	22,356.09	Real estate is recorded pursuant to the last known valuation or appraisal by the competent authority, the National Appraisal Court (<i>Tribunal de Tasaciones de la Nación</i>).
Land	972.65	
Machinery and Production Equipment	285.82	-
Transport, Pulling, and Elevation Equipment	11,832.61	-
Sanitary and Lab Equipment	474.17	-
Communication Equipment	969.60	-
Educational and Entertainment Equipment	368.89	-
Computing Equipment	1,284.53	-
Office Equipment and Furniture	1,077.02	-
Tools and Large Spareparts	680.22	-

Various Equipment	1,539.15	-
Military and Safety Equipment	7,942.25	-
Public Assets	154.12	-
Construction in Progress in Private Assets	9,447.05	-
Construction in Progress in Public Assets	10,711.59	-
Books and Magazines	2,006.67	-
Livestock	11.52	-
Other Fixed Assets	3,308.85	Includes property awarded to privatized companies.

^{/1} The categories cited in the Table are based on those applied in the central government financial statements.

^{/2} As regards released property managed by SPAA, although these have not been appraised by the National Appraisal Court, they have been included in the inventory of the central government financial statements by virtue of their fiscal valuation in those cases in which the person in charge has provided it and with AR\$ 1 value for the remainder.

Source: Annex A to 2017 government financial reports.

182. It is important to note that SPAA does not publish a report on the status, use, and aging of non-financial assets on a regular basis. The access to this information requires a specific request, pursuant to the procedure foreseen in Act 27.275 on Access to Public Information.

183. The accounting information on balances and transactions of non-financial assets is recorded in eSIDIF at the level of general ledger accounts and is not reconciled with SPAA records. Hence, the score for the present dimension is C.

12.3. Transparency of asset disposal

184. It is recognized as best practice that procedures and rules for the transfer or assignment of financial and non-financial assets should be established, including information to be submitted to the Legislature for information or approval. Information on transfers and disposal should be included in budget documents, financial reports, or other reports.

185. Financial assets are managed by the decentralized entities or by NTO, in accordance with the responsibilities assigned to the latter by Section 74 of Act 24.156. In turn, Act 11.672 and its amendments empower the Secretariat of Finance of MoT, to buy, sell, and/or exchange financial instruments, such as bonds or shares, currency swaps, interest rates, and securities; and buy and sell options on financial instruments or any other regular financial transaction in the derivatives markets. Information on transfers and disposal of the aforementioned financial assets is available on the website of the Secretary of Finance of MoT.

186. In the case of SGF, according to Section 74 of Act 24.241, amended by Act 27.260, its management, including disposal of assets, is the responsibility of the Executive Director of NSSA, with the support of the Executive Committee composed of the Finance Secretary, the Secretary of the Treasury, and the Economic Policy Secretary. For operational convenience, the Executive Director empowers the SGF Operational Deputy Executive Director to adopt convenient or necessary measures regarding SGF assets management. Reports, including the evolution and composition of SGF, are published on a quarterly basis.

187. Regarding non-financial assets, Decree 2670/2015 provides that any act of disposal of land owned by the Argentine Government, whatever its jurisdiction, should be centralized by SPAA. Furthermore, the Decree establishes that the Executive branch will preauthorize SPAA regarding land sales. It should be noted that SPAA does not disclose reports on transfers and disposal of such assets. Hence, the score for the present dimension is C.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-12. Public asset management	C	This indicator uses the M2 method for aggregation.
12.1 Financial asset monitoring	C	Central government keeps records on the main categories of financial assets, but it does not recognize the total of those assets at fair or market value, and it does not publish information on the performance of the portfolio of all managed financial assets.
12.2 Non-financial asset monitoring	C	Although central government maintains a centralized record of its holding of fixed assets, these are not reconciled with physical inventories and there is no complete published information disclosing their use or status of preservation and aging.
12.3 Transparency of asset disposal	C	Procedures and rules for the transfer or disposal are established by legislation, regulations, and/or approved procedures. Partial information on transfers and disposals is published.

PI-13. Debt management

188. This indicator assesses central government management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements. It contains three dimensions and uses the M2 method of aggregation to define the indicator score.

189. Public debt in Argentina represented 86 percent of GDP at end-2018.⁷⁴ This includes domestic, external, and public debts guaranteed by the central government. The Ministry of Treasury (MoT) is responsible for managing the public debt through the Debt Management Office/DMO (*Oficina Nacional de Crédito Público*). Figure 3 depicts the DMO organizational structure.

190. The DMO oversees public debt management through its different directorates. The main responsibility of the Directorate of Public Debt Management is to manage the public debt, including the registry and litigation processes derived from public debt liabilities. The Directorate of Public Debt Operations oversees the analysis of financial markets and domestic and external debt issuing. The main

⁷⁴ See April 2019, IMF Third Review Report, page 19.

debt management functions of the Directorate of Financing Programming and Information are to assess the public debt sustainability and produce the debt management statistics and reports. Finally, the Directorate of Financing Analysis oversees the financial markets' performance, including projects' financing opportunities and evaluation of public debt operations.

Figure 3. Argentina Organizational Chart of the Debt Management Unit



Source: Authors' estimations based on MoT information.

13.1. Recording and reporting of debt and guarantees

Table 3.13.1 presents the gross public debt by instrument and term at the end of 2018.

Table 3.13.1. Argentina Public Debt by Instrument and Term (as of 12/31/2018)
(Billions of US\$ and Billions of AR\$)

Category	US\$	AR\$	%
I. Gross Public Debt + Negotiable Securities Linked to GDP (II+VI)	345.4	13,058.4	100
II. Gross Public Debt (III+IV+V)	332.2	12,559.6	96
III. Sub-total Debt to Overcome	329.3	12,449.6	95
Medium and Long term	290.5	10,985.1	84
Government Securities	215.3	8,138.3	62
Local Currency	43.4	1,640.9	13
Foreign Currency	171.9	6,497.4	50
T-Bills ^{1/}	11.6	436.9	3
Loans	61.3	2,316.2	18
Guaranteed loans	0.7	25.8	0
Multilateral organizations	51.0	1,929.6	15
Official Organizations	6.9	261.3	2
Commercial Banks	1.2	45.1	0
Guarantees	0.9	35.2	0
Promissory Notes	0.5	19.1	0
Advance Payments Central Bank	2.5	93.7	1
Short Term ^{2/}	38.7	1,464.4	11

Category	US\$	AR\$	%
Advance Payments Central Bank	10.8	409.0	3
T-Bills	22.7	858.0	7
Promissory Notes	1.0	38.3	0
Government Securities	4.2	159.1	1
IV. Sub-total delays	0.1	4.0	0
Capital	0.1	3.6	0
Interests	0.0	0.3	0
V. Sub-total Eligible Debt Pending Restructuring ^{3/}	2.8	106.1	1
Capital	1.2	46.1	0
Local Currency	0.1	2.1	0
Foreign Currency	1.2	44.0	0
Interests Delays	1.0	38.3	0
Local Currency	0.0	0.1	0
Foreign Currency	1.0	38.2	0
Compensatory Interests ^{4/}	0.6	21.7	0
Local Currency	0.0	0.4	0
Foreign Currency	0.6	21.3	0
VI. Negotiable Securities Linked to GDP ^{5/}	13.2	498.8	4
VII. Financial Assets	1.6	62.0	0
VIII. Total Net Public Debt (II-VII)	330.6	12,497.6	96

1/ Includes Guaranteed Letters.

2/ Includes operation up to one-year term.

3/ This is the eligible debt and not presented to the exchange (Decrees 1735/04 and 563/10) and not canceled to date in the framework of the agreements contemplated in Law No. 27.247.

4/ Estimated, accrued, and unpaid compensatory interest after the maturity date of each bond.

5/ Total remaining value. It is the difference between the maximum to be paid of 48 units per 100 notional value and the sum of the amounts paid to date, in accordance with the conditions established in the respective emission regulations.

6/ Financial Assets are credits in favor of the State that originate in public credit operations. Provisional data.

Source: Authors based on MoT data.

191. DMO uses the SIGADE information system⁷⁵ to manage the public debt and publishes its status quarterly through the Quarterly Debt Reports, which can be accessed at <https://www.argentina.gob.ar/hacienda/finanzas/deudapublica/informes-trimestrales-de-la-deuda>. This reporting includes information on service payments, rates, terms, arrears, delays, and some analysis about the debt sustainability (e.g., measured against GDP, exports, and revenue). The two-year Financial Program reports the payments of interests and principal to be included in the Budget proposal.⁷⁶

192. At the time of the evaluation, all debts were reconciled monthly with authorized security brokers, the Central Bank, and multilateral banks. DMO's Debt Management Directorate (*Dirección de la Administración de la Deuda Pública*) is the main institution responsible for the monthly reconciliations of debt balances and for updating the SIGADE system. Hence, the score for the present dimension is A.

13.2. Approval of debt and guarantees

⁷⁵ SIGADE is the Debt Management and Financial Analysis Information System, which is a proprietary instrument of the United Nations Conference on Trade and Development (UNCTAD).

⁷⁶ The Financial Program provides a consolidated fiscal policy and macroeconomic outlook; see <https://www.argentina.gob.ar/hacienda/finanzas/deudapublica/presentaciones>.

193. The Secretary of Finance of MoT is authorized in law to approve national public sector borrowing and issue new debt and loan guarantees. The legal and regulatory framework of the Financial Act No. 24.156 of 1992 and the related Decree No. 1.344 of 2007 indicates the policies and procedures to guide central government entities in procuring and contracting public debt.⁷⁷

194. The Legislature establishes and approves a global debt ceiling and individual debt ceilings (i.e., amounts and terms) in the approved Budget. For instance, in the last completed fiscal year these ceilings were detailed in three annexes: (a) financing operations, annex to Art. 40; (b) guarantees, annex to Art. 45; and (c) debt consolidation of sovereign bonds placement, annex to Art. 48. There are no ceilings for currencies and rates, which are determined by the Secretary of Finance according to financial market conditions. Hence, the score for the present dimension is A.

13.3. Debt management strategy

195. Although MoT has achieved significant progress in managing the public debt, the production of a medium-term public debt strategy is at the time of the evaluation still pending. On the latter, DMO is currently implementing the reference framework for the design of the Medium-Term Debt Management Strategy, including the use of the analytical tool developed jointly by the IMF and the World Bank. The effective implementation of this conceptual framework will improve Argentina’s prospective debt analysis, including cost, risk, and debt composition measures for a horizon of at least four years. Hence, the score for the present dimension is D.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-13. Debt Management	B	M2 method of aggregation.
13.1 Recording and reporting of debt and guarantees	A	Public debt management registering and reporting is undertaken according international standards.
13.2 Approval of debts and guarantees	A	The Finance Secretary is the sole individual authorized in law to approve national public sector borrowing.
13.3 Debt management strategy	D	There is only a two-year debt management document that is part of the two-year Financial Program.

⁷⁷ The Financial Management Act No. 24.156 of 1992, Article 59, establishes that “No entity in the national public sector may initiate formalities to carry out public debt operations without the prior authorization of the coordinating body of financial management systems,” and Decree No. 1.344/07 of October 2007, Article 6, establishes that “... The management and supervision of the Treasury, budget and accounting systems will be exercised by the Secretary of the Treasury, while the public debt will be the responsibility of the Secretary of Finance, in both cases assisted by the respective Sub-secretariats that integrate them.”



PILLAR FOUR: Policy-based fiscal strategy and budgeting

PI-14. Macroeconomic and fiscal forecasting

196. This indicator measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the capacity of the central government to estimate the fiscal impact of potential changes in economic circumstances. It contains three dimensions and uses the M2 method for aggregating the indicator score. The evaluation is based on the information available for the last three completed fiscal years.

197. The National Public Sector Financial Administration and Control Systems Act establishes that, each year, the Executive should prepare and present short-term macroeconomic projections to guide the formulation of the annual budget proposal.⁷⁸ In turn, the Federal Regime Fiscal Responsibility Law instructs the Executive to present to FCFR before August 31 of each year, the macrofiscal projections for the upcoming fiscal year.⁷⁹ Finally, the Public Resources Administration Act (*Ley 25.152 de Administración de Recursos Públicos*) requires the Executive to include in the Budget Statement a three-year budget, with aggregate and detailed projections for revenue, spending, debt levels, and financing.⁸⁰

198. The Ministry of Treasury is responsible for producing the macrofiscal projections that sustain the preparation of the budget proposal. Macroeconomic estimates are the domain of the Secretariat for Economic Policy (*Secretaría de Política Económica*) and, more specifically, the Undersecretary for Macroeconomic Programming (*Subsecretaría de Programación Macroeconómica*).⁸¹ Other entities from the Ministry of Treasury support this endeavor and the Central Bank of Argentina is consulted. As well, fiscal projections are also the responsibility of the Ministry of Treasury, with the responsibility shared between the Secretariat of Public Revenue and the National Budget Office, which is part of the Secretariat of the Treasury (*Secretaría de Hacienda*).⁸²

14.1. Macroeconomic forecasts

199. The Ministry of Treasury annually prepares macroeconomic forecasts for the budget year and four years into the future, which are used to inform the annual and multi-annual budget formulation

⁷⁸ Art. 24, National Public Sector Financial Administration and Control Systems Act, dated October 26, 1992.

⁷⁹ Art. 2, Federal Regime Fiscal Responsibility Act, dated August 24, 2004.

⁸⁰ Art. 6, Public Resources Administration Act, dated August 25, 1999.

⁸¹ Decree 174/2018, Organization of the National Public Administration, dated June 25, 2018.

⁸² Idem.

processes. These medium-term forecasts include estimates for GDP growth, inflation, interest rates, the exchange rate, and exports and imports. The document, which outlines and details how the estimates are constructed, and its main underlying assumptions, is not published and, hence, not formally updated.

200. Each year, before August 31, the Minister of Treasury presents to the FCFR⁸³—an assembly of the Ministers of Treasury (or equivalent) representing all, but two, of the federated provinces and ACBA—a summary report of the macrofiscal forecasts (*Pautas Macrofiscales*).⁸⁴ The document, which is commented on by FCFR members, but not formally or substantively reviewed, is later published on the Council's webpage at http://www.responsabilidadfiscal.gob.ar/pautas_macro/. The webpage includes documents discussed for fiscal years 2016, 2017, and 2018.

201. The same macroeconomic projections are included in the Budget Statement that accompanies the submission, at the latest by September 15, of the annual budget proposal to the Legislature for approval. This document, in addition to the estimates, also discusses briefly the assumptions underpinning the estimates, especially in relation to the international economic context and the expected performance of the national economy. The Budget Statement for various years is published and available to the public at www.minhacienda.gob.ar/onp/presupuestos/presupuestos.

202. Since 2017, the macroeconomic estimates are also reviewed by the Congressional Budget Office (*Oficina de Presupuesto del Congreso*) for the purpose of better informing the scrutiny of the budget proposal in the Legislature. Hence, the score for the present dimension is B.

14.2. Fiscal forecast

203. Forecasts for revenue, expenditure, budget balances, and debt requirements for the budget year and two years into the future are prepared by the Ministry of Treasury for internal use, and aim to (a) support the definition of fiscal targets, and (b) inform the distribution of multi-annual budget ceilings among all budget entities. They are neither published nor presented to the Legislature.

204. The three-year multi-annual budgets that the law mandates as an accompanying document to the budget proposal, which include fiscal forecasts, were not submitted to the Legislature in the last three completed fiscal years under analysis. A multi-annual budget for 2020-22 was being prepared to present to the Legislature at the time of the evaluation. Hence, the score for the present dimension is C.

14.3. Macrofiscal sensitivity analysis

205. Macrofiscal projections published for fiscal years 2016, 2017, and 2018 do not include a range of macrofiscal forecast scenarios (sensitivity analysis) based on alternative macroeconomic assumptions and potential risks. Some qualitative analysis of potential impacts of these alternative macroeconomic assumptions is, however, discussed. Preparation of macrofiscal scenarios is expected to be included from 2019 onward. A debt sustainability analysis for 2018 was prepared by the IMF. Hence, the score for the present dimension is C.

⁸³ Art. 27, Federal Regime Fiscal Responsibility Act, dated August 24, 2004.

⁸⁴ The Federal Council for Fiscal Responsibility is empowered to verify the projections of multi-year budgets of the central government to ensure that they meet existing legal requirements.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-14. Macroeconomic and fiscal forecasting	C+	M2 method of aggregation for indicator score.
14.1 Macroeconomic forecasts	B	The government prepares macroeconomic forecasts for a full set of key indicators, but these are not published. A mandated set of these estimates is presented to the Federal Council of Fiscal Responsibility and published, but these are not formally reviewed. These are also included in the documents presented to the Legislature with a discussion of their underlying assumptions. These documents are also published.
14.2 Fiscal forecasts	C	The government prepares fiscal forecasts for the budget year and two years into the future for internal use.
14.3 Macro-fiscal sensitivity analysis	C	Macrofiscal forecasts prepared include some qualitative assessments of the effects of alternative assumptions.

PI-15. Fiscal strategy

206. This indicator provides an analysis of the capacity of the central government to design, develop, and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government’s fiscal goals. It contains three dimensions and uses the M2 method for aggregating dimension scores.

15.1. Fiscal impact of policy proposals

207. The dimension assesses the capacity of the central government to estimate the fiscal impact of revenue and expenditure policy proposals developed during or after budget preparation. The assessment is based on the information available for the last three completed fiscal years.

208. The Ministry of Treasury is organized into four Secretariats directly relevant to public finance management: Treasury, Public Revenue, Economic Policy, and Finance. All these Secretariats are formally responsible—through different Undersecretariats and National Directorates—for the evaluation of policy proposals that affect their areas of remit and that may have an impact on future income or spending outcomes.

209. All policy proposals are evaluated, including those originating before or after budget preparation, from sector ministries and other central government institutions, public investment plans, and initiatives from the Legislature. Studies are undertaken individually by responsible sectoral ministries or are coordinated among different participating sectors. Results of these studies are used to inform decision-making and to negotiate with proponents of the original proposal.

210. These studies are not, however, systematized, published, or presented to the Legislature as part of the documentation that accompanies the submission of the budget proposal. Hence, the score for the present dimension is C.

15.2. Fiscal strategy adoption

211. In this dimension, the PEFA framework considers the extent to which government prepares a fiscal strategy that sets out fiscal objectives for at least the budget year and the two following fiscal years. A fiscal strategy may be presented as a formal statement, specified as targets within the annual budget documentation, or established as fiscal rules through legislation. The critical period for analysis is 2018, as it is the last completed fiscal year at the time of the evaluation.

212. The evidence available shows that there is not one single identifiable official document that outlines the government's fiscal strategy in full, but that the strategy that exists is composed of different elements that aim to address fiscal responsibility and mark a path toward sustainable public finances.

213. An important element of the strategy is the Stand-by Arrangement signed between Argentina and the International Monetary Fund (IMF) on October 26, 2018, whereby GoA commits to moving faster to achieve fiscal surplus by the year 2020, without affecting the most vulnerable sectors of the population.⁸⁵ Thus, fiscal targets for central government primary balances for 2018, 2019, and 2020 are set at -2.7 percent, 0 percent, and 1 percent, respectively. These targets are published and have been presented to the Legislature in the Budget Statement that accompanied the submission of the budget proposal for fiscal year 2019.

214. Another element of this fiscal strategy is the Federal Fiscal Responsibility Act and amendments.⁸⁶ This piece of legislation determines fiscal rules for the central government and for the governments of all 23 provinces and ACBA. The five numerical rules established are (a) limits to growth in primary expenditure relative to inflation, (b) limits to total primary expenditure, for governments carrying a deficit, (c) limits to growth of public sector employment, (d) limits to debt servicing, and (e) limits to expenditures in the run-up to elections and possible changes in national and provincial administrations. A disclosure rule for fiscal transparency complements the set of fiscal rules.

215. The Federal Council of Fiscal Responsibility supervises compliance with these fiscal rules. Hence, the score for the present dimension is A.

15.3. Reporting on fiscal outcomes

216. There are several documents that monitor and report on fiscal outcomes in relation to fiscal targets during the last completed fiscal year (2018). These are published and made available to the public but have not been formally submitted to the Legislature.

⁸⁵ Letter of Intent and Memorandum of Economic and Financial Policies, Ministry of Treasury, October 2018.

⁸⁶ Federal Regime Fiscal Responsibility Act, dated August 24, 2004, and Federal Regime of Fiscal Responsibility and Good Practices for Government Act, dated January 2, 2018.

217. The fiscal strategy included in the Stand-By Arrangement is regularly monitored and reported in the review documents prepared by the IMF. At the time of the evaluation three of these reports had been produced and published, which included explanations of potential risks to achieving the desired fiscal targets and recommendations for preventive actions. The central government also reports on the fiscal strategy, but it is less systematic in the preparation of the reports and the potential for deviations from the approved objectives. There is no evidence that these reports are formally submitted to the Legislature. Existing reports are available at www.argentina.gob.ar/hacienda/finanzas/deudapublica/presentaciones.

218. Compliance with fiscal rules is closely monitored by the Federal Council of Fiscal Responsibility, through its Technical Coordination Office (*Coordinación Técnica*). Quarterly reports are prepared with information about deviations from predefined targets for each of the fiscal rules in place and corrective actions recommended when required. These documents are presented to the Executive Committee of the Federal Council of Fiscal Responsibility for consideration and decision-making. The Minister of the Treasury offers a press conference every quarter to explain status, but reports are not formally sent to the Legislature. Executive summaries of these evaluations are published at <http://www.responsabilidadfiscal.gob.ar/evaluaciones/>. Hence, the score for the present dimension is C.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-15. Fiscal strategy	B	M2 method of aggregation for the indicator score.
15.1 Fiscal impact of policy proposals	C	The government prepares estimates of the future fiscal impact of all proposed changes in revenue and expenditure policy for the budget year, but these are not presented to the Legislature.
15.2 Fiscal strategy adoption	A	The central government has explicit, published time-based fiscal targets for three years, which have been submitted to the Legislature and are supported by fiscal rules embedded in legislation.
15.3 Reporting on fiscal outcomes	C	The central government prepares reports on the progress made against its fiscal strategy, but these are yet to be formally submitted to the Legislature.

PI-16. Medium-term perspective in expenditure budgeting

219. This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. It contains four dimensions and uses the M2 method for score aggregation. The scope of the evaluation is the budgetary central government.

220. The National Executive in Argentina is required by the Public Resources Management Act (*Ley 25.152 de Administración de los Recursos Públicos*) to prepare a three-year budget for the national administration, which includes (a) revenue projections by item, (b) expenditure projections by function and economic classifications, (c) the investment program for the period, (d) the credit operations program with multilateral funds, (e) general criteria for raising other funds, (f) agreements reached, with their

respective amounts, and (g) a description of the budget policies that support the economic and financial projections included.⁸⁷

221. The multi-annual budget is only informative in character for the two outer years and is presented to the Legislature as complementary information to the annual budget proposal.⁸⁸ Information used for the assessment derives from the last multi-annual budget submitted to the Legislature on November 21, 2018,⁸⁹ which covers 2019-2021.

16.1. Medium-term expenditure estimates

222. The multi-annual budget 2019-2021 is the first document in more than a decade that shows expenditure estimates for three years running into the future, in compliance with existing budgetary legislation.

223. The document is organized in six sections. After a general introduction, Sections two and three provide, respectively, economic and fiscal projections for the period under consideration. Section four introduces three-year aggregate revenue and expenditure estimates for budgetary central government, which are disaggregated by institutional, economic, and functional⁹⁰ classifications. Section five provides similar estimates for the non-financial public sector at the national level, excluding national universities. Finally, Section six provides three-year budget estimates for all institutions of the budgetary central government disaggregated by programs, which include production targets.

224. In summary, the multi-annual budget 2019-2021 presents estimates of expenditure for the budget year and the two following fiscal years organized by all the required classifications: administrative or institutional, economic, functional, and programmatic. Hence, the score for the present dimension is A.

16.2. Medium-term expenditure ceilings

225. Every year, in compliance with the established budget calendar, all budgetary entities from the national public administration, which includes all central administration entities, decentralized entities, and social security institutions, receive a complementary budget circular that includes three-year budget ceilings that cover the fiscal year under preparation and two more years. All three-year budget ceilings are approved by the Chief of the Cabinet Office in coordination with the Ministry of Treasury.

226. The first of these budget ceilings is used by all budgetary entities to prepare the budget proposal that is submitted to the Legislature at the latest by September 15. The budget ceilings for the outer two years are included in the multi-annual budget document, which is later presented to the Legislature for informational purposes. All three-year budget ceilings are provided using the same information systems and must be programmed in accordance with instructions provided in the budget circular. The preparation

⁸⁷ Arts. 2e and 6, Public Resources Management Act of September 15, 1999.

⁸⁸ Art. 26, Decree 1344/2007, Regulation of the National Public Sector Finance Management and Control Systems Act, dated October 4, 2007.

⁸⁹ According to the budget legislation, the multi-annual program should be presented to the Legislature together with the annual budget proposal before September 15 of the corresponding fiscal year. In this case it was delayed.

⁹⁰ The functional classification used is not compatible with international standards (GFS or GFOFG), see PI-4 Budget Classification.

of the annual and multi-annual budgets is part of one and the same process.⁹¹ Hence, the score for the present dimension is A.

16.3. Alignment of strategic plans and medium-term budgets

227. Ministry-wide strategic plans are only recently being developed at the central government level. Emphasis has been placed on the preparation of sector-wide budget programs, which show expenditure estimates for three years into the future, both for current and capital spending, and some production targets (outputs). Programs, costs, and production target estimates still largely reflect an inertial allocation of resources and there is still limited strategic orientation in the planning of expected results (outcomes). Furthermore, the plans do not show the cost implications of these commitments into the future, including funding gaps, sources of finance, and recurrent expenditure likely to be required to support investment decisions.

228. The multi-annual budget for 2019-2021 presented to the Legislature includes for the first time an analysis of how existing sectoral budget programs and program budget allocations are supporting the attainment of government policy objectives and the United Nations Sustainable Development Goals (SDGs). However, as few sectors have fully developed strategic plans (between 25 and 50 percent of all existing ministries), there is thus no analysis as yet as to whether other programs would be better suited to helping the central government achieve the main outcomes sought. Hence, the score for the present dimension is C.

16.4. Consistency of budgets with previous year's estimates

229. Although the preparation of multi-annual budgets has been mandated by law since 1999, such expenditure budgets have been formally prepared only twice in the past decade. The first one was prepared for the period 2017-2019, but was not published or presented to the Legislature; the second one has been prepared for 2019-2021. The multi-annual budget for 2018-2020 was not completed.

230. Expenditure estimates for the two available documents show differences both at the aggregate and institutional classification only for the overlapping year (2019). These differences are not explained in the budget documents. Hence, the score for the present dimension is D.

⁹¹ Introduction, Multiannual Budget 2019-2021, Ministry of Treasury, November 21, 2018.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-16. Medium-term perspective in expenditure budgeting	B	M2 method of aggregation for indicator score.
16.1 Medium-term expenditure estimates	A	The multi-annual budget for 2019-2021 presents expenditure estimates for three fiscal years disaggregated by all required classifications: administrative or institutional, economic, functional, and programmatic.
16.2 Medium-term expenditure ceilings	A	Aggregate expenditure ceilings for the budget year and two more fiscal years are approved by the government and distributed among all central budgetary entities before the first budget circular is issued.
16.3 Alignment of strategic plans and medium-term budgets	C	There are few medium-term strategic plans prepared by ministries, but all prepare budget sector programs with cost estimates and production targets, which have recently been used to test their alignment with government policy objectives.
16.4 Consistency of budgets with previous year's estimates	D	There is no documentation that explains changes in expenditure estimates between different multi-annual budgets.

PI-17. Budget preparation process

231. This indicator assesses the budget preparation process across three dimensions. It measures whether the process is orderly and guided by (a) a known and well-publicized budget calendar, (b) a budget circular that provides clear and comprehensive instructions for budget formulation, including procedures for the effective participation of relevant stakeholders, and (c) a timely submission of the budget proposal to the Legislature for scrutiny and approval. It uses the M2 method for aggregating dimension scores.

232. The Constitution of Argentina, approved in 1994, requires the Legislature to approve the expenditure budget and the revenue estimates for the central administration, taking into consideration the government program and all planned investment projects.⁹² It is the function of the Chief of the Cabinet Office to submit to the Legislature the budget proposal for its scrutiny, consideration/revision, and approval.⁹³ The National Public Sector Financial Management and Control Systems Act states that the budget proposal should be submitted to the Legislature by September 15 of the year prior to the one for which it is being prepared and will be implemented.⁹⁴

⁹² Art. 75.8, Constitution of the Nation of Argentina, dated August 22, 1994.

⁹³ Art. 100.6, *idem*.

⁹⁴ Art. 26, National Public Sector Financial Management and Control Systems Act, dated October 26, 1992.

233. The same legal instrument requires the Executive to set annual rules and guidelines for the formulation of the budget proposal,⁹⁵ which include a budget calendar and all the technical and administrative provisions required to lead and coordinate this process.⁹⁶ Once these guidelines are firm, all budget entities are required to comply with these instructions and prepare their institutional budget proposals within the established deadlines. The National Budget Office has the responsibility to prepare these normative provisions to be approved by the Ministry of Treasury, and to coordinate and supervise this process.

234. All the information used to assess this indicator has been provided by NBO and refers to the calendar and guidelines prepared for the formulation of the 2019 budget proposal, the last submitted to the Legislature at the time of the evaluation.

17.1. Budget calendar

235. The budget calendar for the formulation of the 2019 budget proposal was formally approved by the Ministry of Treasury on August 1, 2018,⁹⁷ although it had been widely circulated and utilized by all budget entities from April 2018.⁹⁸

236. The budget calendar, which is presented complete in Annex 8, shows that the National Budget Office should provide budgetary entities with budget ceilings at the latest on July 2, 2018 (item 18) and that institutions have between July 3 and August 10, 2018 to prepare their detailed budget proposals and return them electronically to NBO (item 20). The calendar is strictly adhered to, which gives budgetary units slightly less than six weeks to prepare their institutional budget proposal.⁹⁹ Hence, the score for the present dimension is B.

17.2. Guidance on budget preparation

237. Every year the National Budget Office disseminates a general Budget Circular (*Manual para la Formulación del Presupuesto de la Administración Pública Nacional*) that provides clear and comprehensive guidelines for the formulation of the budget proposal for all entities that are part of the budgetary central government.¹⁰⁰ It includes instructions with regard to all forms (manual and digital) that must be filled to complete the process.

⁹⁵ Art. 24, idem.

⁹⁶ Art. 24, Decree 1344/2007, Regulations to the National Public Sector Financial Management and Control Systems Act, dated October 4, 2007.

⁹⁷ Ministerial Resolution 597/2018, Ministry of Treasury, dated August 1, 2018.

⁹⁸ The National Budget Office explained that the delay in the approval of the budget calendar was essentially a function of difficulties experienced with the excessively busy agenda of the Minister of Treasury at the time. The budget calendar for the budget proposal 2020 was approved, more opportunely, on April 24, 2019.

⁹⁹ The close to six weeks budget preparation period granted to budget entities during the formulation of the 2019 budget proposal appears unusual. Four weeks is more common, as can be attested by the formulation processes for the budgets for the fiscal years 2017, 2018, and 2020.

¹⁰⁰ The budget circular approved for the preparation of the budget proposal 2019 is dated April 2016 and was originally sanctioned for the budget preparation proposal of 2017, but is still valid.

238. A complementary budget circular with detailed instructions specific to the budget preparation process for 2019 was also approved and circulated.¹⁰¹ This document informs all budget entities that their individual budget ceilings have been approved and that they are available in the system used for budget formulation. These budget expenditure ceilings are complete, in the sense that they include ceilings for current and capital expenditure¹⁰² and cover the entire fiscal year.

239. The distribution of budget ceilings among all budget institutions is defined by the Chief of the Cabinet Office with advice from the Minister of Treasury, after extensive consultations have taken place with ministers and the heads of all other budget entities. There is no formal approval of the budget ceiling distribution by the Cabinet. The Cabinet, however, reviews and approves the budget proposal, as required by the Constitution, after estimates have been completed in every detail by all budgetary units. Hence, the score for the present dimension is C.

17.3. Budget submission to the Legislature

240. Financial management rules and regulations require that the Executive submit the annual budget project to the Legislature for scrutiny and approval before September 15 of each year, that is, more than three months before the start of the fiscal year for which it is being prepared. In the last three completed fiscal years (2016, 2017, and 2018) this requirement was fully complied with, as can be attested from the Table 3.17.1. Hence, the score for the present dimension is A.

Table 3.17.1. Submission of Budget Proposal to the Legislature for the Fiscal Years 2016-2018

Fiscal Year	Date of Budget Proposal Submission to the Legislature
2016	September 14, 2015
2017	September 15, 2016
2018	September 14, 2017

Source: National Budget Office, Ministry of Treasury 2019.

¹⁰¹ Circular 1/2018, Formulation of the Budget Proposal for 2019: Budget Policies, Resources and Programmatic Structure, January 2018.

¹⁰² This is a very recent innovation. Up to 2017, budget ceilings were provided separately, one for current expenditure and another for capital expenditure.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-17. Budget preparation process	B	M2 method of aggregation for the indicator score.
17.1 Budget calendar	B	A budget calendar exists, it is strictly adhered to, and provides budgetary institutions with more than four weeks to complete their detailed institutional budget proposals.
17.2 Guidance on budget preparation	C	A budget circular is issued to budgetary units, including ceilings for total expenditure for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units.
17.3 Budget submission to the Legislature	A	The Executive submitted the annual budget proposal to the Legislature three-and-a-half months before the start of the corresponding fiscal year in all three fiscal years considered.

PI-18. Legislative scrutiny of budgets

241. This indicator assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the Legislature scrutinizes, debates, and approves the annual budget, including the extent to which the Legislature's procedures for scrutiny are well established and adhered to. The indicator also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the Legislature. The indicator contains four dimensions and uses the M1 method for aggregating the global score.

242. The Argentine National Legislature is a bicameral institution, with a 257-seat Chamber of Deputies as the lower chamber and a 72-seat Senate as the upper chamber. Deputies represent the people of Argentina, whereas Senators represent the 23 Provinces and the City of Buenos Aires, into which the country is organized. Members of both chambers are elected by popular vote for a four-year period and a six-year period respectively and can be reelected indefinitely.¹⁰³ The Legislature, in both its chambers, is responsible for approving the annual budget of the national administration.¹⁰⁴

243. The assessment in relation to the scope, procedures, and timeliness of the scrutiny undertaken by the Legislature of the budget proposal is based on the information available for the fiscal year 2018, the last completed fiscal year.¹⁰⁵ Rules for budget adjustments are assessed over the last three fiscal years completed.

¹⁰³ Constitution of the Nation of Argentina, dated August 22, 1994.

¹⁰⁴ Art. 75, idem.

¹⁰⁵ This is different from the evaluation of PI-5, which is assessed based on the information available for the last budget proposal sent to the Legislature or, in this case, the budget proposal for 2019. This is an important distinction given that the Ministry of Treasury has been recently reviewing and improving the process of budget formulation.

18.1. Scope of budget scrutiny

244. Each year, by September 15, the Executive submits to the Legislature for scrutiny and approval an annual budget proposal. This document should be accompanied by a Budget Statement specifying the objectives being pursued, accompanied by an explanation of the methods used in estimating revenues and determining actual spending authority,¹⁰⁶ short-term macroeconomic projections, a detailed analysis of revenues and expenditures (including policy priorities and investment projects),¹⁰⁷ and a three-year budget, with a description of budget policies that support macroeconomic and fiscal projections.¹⁰⁸

245. The budget proposal for 2018 submitted to the Legislature included a Budget Statement that outlined the global economic context and country macroeconomic projections on which all estimates are based, a description of fiscal policies and the eight government objectives pursued by the budget with the corresponding allocation of resources, and a detailed analysis of the revenues and expenditures by all classifications (including a programmatic distribution that identifies physical output and outcomes by institution). However, it does not include the required multi-annual budget (2018-2020) with medium-term fiscal forecasts and medium-term priorities. The document suggests that this information will be provided at a later date, in time for adequate consideration, but the timing of this delivery could not be verified.¹⁰⁹ Hence, the score for the present dimension is B.

18.2. Legislative procedures for budget scrutiny

246. Both the Senate and the Chamber of Deputies have a Book of General Procedures (*Reglamento*), which establishes how the business of the house(s) will be conducted in relation to, among many other things, the election of their respective authorities, the organization of its commissions, the participation of members in such commissions, and how proposals for legislation are received, accepted, debated, and approved, including the budget proposal. The Book of General Procedures of the Chamber of Deputies was approved in December 1996,¹¹⁰ whereas the Senate's came into force in March 2003.¹¹¹

247. In each chamber, the commission responsible for budget scrutiny is the Commission for Budget and Finance (*Comision de Hacienda y Presupuesto*). Their main function is to examine the budget proposal, provide recommendations, and submit the document for approval to the floor of their respective chamber. The budget proposal is received by the Chamber of Deputies, considered and dispatched, before it arrives in the Senate for analysis and approval. If problems arise with the revision, a joint commission of both chambers is established to resolve matters. Once the budget is approved, it is submitted to the Executive for enactment. All procedures established are respected and complied with.

248. The procedures for legislative budget scrutiny, in both houses, allow for public consultation. Also, at the end of 2016, the Legislature voted to constitute an independent Congressional Budget Office¹¹² to

¹⁰⁶ Art. 26, National Public Sector Financial Management and Control Systems Act, dated October 26, 1992.

¹⁰⁷ Art. 24, *idem*.

¹⁰⁸ Art. 6, Public Resources Administration Act, dated September 15, 1999.

¹⁰⁹ The presentation of the multi-annual budget seems to be a recurring problem, in the sense that it was not presented with the submission of the budget proposal for the fiscal year 2019. The government has been forthright in suggesting that it is not possible at the moment to prepare the annual and multi-annual budget simultaneously (see Budget Statement 2019).

¹¹⁰ Resolution 2019/96, Book of General Procedures of the Chamber of Deputies, December 26, 1996.

¹¹¹ DR 1388/02, Book of General Procedures of the Senate, December 18, 2022.

¹¹² Creation of the Congressional Budget Office Act, dated December 21, 2016.

provide specialized technical assistance and support to the Legislature in all matters relating to the budget and legislative budget scrutiny. The Congressional Budget Office has been in operation since mid-2017 and supports legislators to deepen understanding of issues involving public resources, democratizing knowledge and decision-making. It is a technical fiscal analysis office that produces open reports to citizens. Hence, the score for the present dimension is A.

18.3. Timing of budget approval

Table 3.18.1 shows the date when the budget was approved by the Legislature.

Table 3.18.1. Approval of Budget Law by the Legislature
(Fiscal Years 2016-2018)

Fiscal Year	Number of Budget Law	Date of Approval
2016	27.198	October 28, 2015
2017	27.341	November 30, 2016
2018	27.431	December 27, 2017

Source: National Budget Office, MoT, 2019.

249. In the last three completed fiscal years, the budget was approved by the Legislature before the beginning of the fiscal year for which it was intended. Hence, the score for the present dimension is A.

18.4. Rules for budget adjustments by the Executive

250. The general rules for in-year budget amendments are established in the National Public Sector Financial Management and Control Systems Act.¹¹³ The law states that only the Legislature can make in-year amendments that may impact the total budget ceiling, or the level of public borrowing approved and, more specifically, changes that may increase the budget allocated for intelligence and non-disclosed expenditure. The remainder of potential options for in-year budget amendments are left to regulation.

251. The regulatory provisions to the law above set a framework for in-year budget amendments, establishing that there are two types of amendments possible: (a) those that require the approval of the Ministry of Treasury, and (b) those that can be approved by the head of the budget unit.¹¹⁴ In all cases, these amendments must be made without compromising the approved and legally binding budget ceiling. The description of which changes can be approved by which authority are described in detail in the regulations that establish the distribution of budget ceilings between budget entities, which is approved annually by the Chief of the Cabinet Office.¹¹⁵

252. In addition to this very clear set of rules established for in-year budget modifications, the Executive can also exercise constitutional and legal provisions to modify budget ceilings approved by the Legislature without ex-ante approval of the Legislature. It can do this in two ways. First, by sanctioning an Administrative Decision of the Chief of the Cabinet Office to modify specific aspects of the existing allocation of resources, for example between capital and current expenditure and between functions of

¹¹³ Art. 37, National Public Sector Financial Management and Control Systems Act, dated October 26, 1992.

¹¹⁴ Art. 37, Regulatory Decree 1344/2007 of October 4, 2007.

¹¹⁵ Administrative Decision DA-2018-6-APN-JGM of January 12, 2018.

the budget.¹¹⁶ Second, by enacting a Decree of Necessity and Urgency (*Decretos de Necesidad y Urgencia*) to raise the global budget ceilings approved by the Legislature. This action not only requires having reasoned assessment and clear justification, but also the endorsement of the Cabinet of Ministers. Furthermore, it must be returned to the Legislature so that its members can approve its legitimacy.¹¹⁷ These provisions were used during 2018 to modify the budget, but in all cases with retroactive approval of the Legislature.

253. The evidence provided above shows that there are clear rules for in-year amendments to the budget approved by the Legislature, which are adhered to in all instances, but that may permit extensive administrative reallocations of total expenditure. Hence, the score for the present dimension is B.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-18. Legislative scrutiny of budgets	B+	M1 method of aggregation for the indicator score.
18.1 Scope of budget scrutiny	B	The Legislature's scrutiny of the budget includes fiscal policies, medium-term fiscal forecasts, and details of expenditure and revenue. It did not review the medium-term priorities embedded in the multi-annual budget.
18.2 Legislative procedures for budget scrutiny	A	Legislative procedures were approved before revision of the budget proposal and they are respected and adhered to. They include review by specialized committees, technical support, public consultations, and negotiation procedures.
18.3 Timing of budget approval	A	The Legislature approved the budget, in all three fiscal years considered, before the start of the year for which it was intended.
18.4 Rules for budget adjustments by the Executive	B	Clear rules exist which are adhered to, but these may allow for extensive administrative reallocations, including the expansion of total expenditure.

¹¹⁶ Art. 37, National Public Sector Financial Management and Control Systems Act, dated October 26, 1992.

¹¹⁷ Art. 99, National Constitution of Argentina, dated August 22, 1994.



PILLAR FIVE: Predictability and control in budget execution

PI-19. Revenue administration

254. The indicator assesses the procedures used to collect and monitor central government revenues to the Federal Revenue Collection Agency (FRCA), which is the national revenue authority composed of the Internal Revenue Service and the Customs Administration Service. FRCA also collects Social Security contributions on behalf of NSSA. On average, FRCA collects 97 percent of the total revenues of the country. This indicator covers four dimensions and uses the M2 method for aggregating dimension scores.

Table 3.19.1 summarizes in trillions of Pesos and percentages the tax and non-tax revenue collection, 2016-2018.

Table 3.19.1. Tax and Non-Tax Revenue 2016-2018
(AR\$ trillions and in percentage)

	Executed Budget	Executed Budget	Executed Budget	%	%	%	Average
	2016	2017	2018	2016	2017	2018	2016-18
1 Tax Revenue	911,774	1,046,500	1,330,139	63	61	61	62
VAT	264,944	336,382	549,668	18	20	25	21
Income	215,892	265,069	272,780	15	15	13	14
Debits and Credits for Banking Accounts	109,426	137,537	232,591	7	8	11	9
Import duties	53,707	66,235	99,691	4	4	5	4
Export duties	70,286	64,804	92,830	5	4	4	4
Other tax revenues	197,518	176,473	82,579	14	10	4	9
2 Social Security contributions	492,753	629,263	781,809	34	36	36	36
3 Tax Revenues + SS contributions (1+2)	1,404,527	1,675,762	2,111,948	97	97	98	97
4 Non-Tax revenues 1/	40,167	44,676	54,055	3	3	2	3
5 Total (3+4)	1,444,694	1,720,439	2,166,003	100	100	100	100

1/ Defined according to the MoT Chart of Accounts and includes fees, rights, premiums, royalties, rents, penalties, and others.
Source: MoT.

19.1. Rights and obligations for revenue measures

255. FRCA has developed and implemented several initiatives to disseminate information about taxpayers' rights and obligations (e.g., brochures, bulletins, charters, FAQs, and others), principally through the FRCA Corporate Web page (<https://serviciosweb.afip.gob.ar>), a medium of easy access and

wide coverage.¹¹⁸ In addition, there are other facilities, such as dedicated telephone numbers and field offices across the country with dedicated help desks, to assist taxpayers in fulfilling their obligations and exerting their rights.

256. On the FRCA Web page, most of the tax obligations are comprehensive and of easy access; however, the site does not include the redress process and procedures that are detailed in the Tax Processes and Procedures Act of 1998. Table 13.9.2 presents the main updated tax obligations and rights available on the FRCA site.

Table 3.19.2. Main Taxpayer Charters Obligations and Rights Available Online
(as of May 2019)

Main obligations/rights	Inland Revenue	Customs	SS Contributions
1 Registration	FRCA Taxpayer charter	FRCA authorized operator charter	FRCA Taxpayer charter
2 Timely filing of declarations	FRCA Taxpayer charter	FRCA authorized operator charter	FRCA Taxpayer charter
3 Payment of liabilities on time	FRCA Taxpayer charter	FRCA authorized operator charter	FRCA Taxpayer charter
4 Complete and accurate reporting of information in declarations and payments	FRCA Taxpayer charter	FRCA authorized operator charter	FRCA Taxpayer charter
5 Redress processes and procedures	n/a	n/a	n/a

Source: .

257. Based on the analysis and supporting evidence, the score for the present dimension is D.

19.2. Revenue risk management

258. Modern tax administrations, including Customs administrations, use risk-based approaches to promote compliance of tax and customs obligations. Because they are commonly self-assessed, tax and customs administrations should use risk management to mitigate any deviation from compliant taxpayers' behavior.

259. In Argentina, although FRCA estimates tax compliance gaps by taxpayer segment (i.e., micro, small, medium, and large), type of tax, and economic sector, there is no evidence of a comprehensive, systematic, and structured risk-management approach. To address these shortcomings FRCA is piloting an information system developed for prioritizing audits according to the potential risk of detected cases. This system seeks to comprehensively assess taxpayer behavior through cumulative risk-scores assigned to them according to the deviations detected during the cross-checking of third-party information or another information gathering.

¹¹⁸ In 2017, 76 percent of Argentina's populace had internet access, according to the International Telecommunication Union information. This entity, originally the International Telegraph Union, is a specialized agency of the United Nations (UN) that is responsible for global issues that concern information and communication technologies (ICT).

260. With the implementation of the new system, FRCA expects to obtain better results from control actions. Similarly, it will be possible to increase institutional knowledge about taxpayer behavior and sectoral patterns, which will result in more accurate projections when defining the annual audit plans. The system also seeks to improve risk perception generally by implementing comprehensive audits. The score for the present dimension is D.

19.3. Revenue audit and investigation

261. Sound audit and fraud investigation systems managed and reported based on a documented compliance improvement plan must be in place to ensure that once risks have been identified, there is follow-up to minimize revenue leakages.

262. Although FRCA has several initiatives to control, investigate, and audit the compliance levels of taxpayers, type of taxes (including trade taxes) and social security contributions, and economic sectors, it does not have a consolidated compliance improvement plan. Audits and investigation are decided by regional offices based on information provided by the HQ office. The main issue with this approach is the central risk management system cannot discriminate in a systematic way the performance and effectiveness of the audits of different regional offices. Thus, audit outcomes for similar taxpayers or sectors in different regional offices are not necessarily aligned with the central risk criteria, to better identify the nature of the risks. That is why a high-level plan that describes in a single document the most significant compliance risks identified in the revenue system and the actions the revenue administration intends to take to mitigate these risks is critical for promoting voluntary compliance.¹¹⁹ Hence, the score for the present dimension is D.

19.4. Revenue arrears monitoring

263. FRCA's arrears collection function has performed relatively satisfactorily. The stock of tax arrears by the end of 2018 accounted for 3.24 percent of the total revenue collection and the tax arrears older than 12 months accounted for 49.8 percent of total tax arrears for the same year. Table 3.19.3 presents the level of the stock of tax arrears by December 2018.

Table 3.19.3. Tax Arrears Stock as of December 31, 2018
(AR\$ thousands and percentages)

	Age of tax arrears	CIT ^{/1}	PIT ^{/2}	VAT ^{/3}	Banking credits/debits	SS contributions ^{/4}	Other	Total	%	Cumulative %
a	Less than 3 months	3,216.9	2,777.2	8,758.5	7.8	6,146.8	7,138.0	28,045.3	25.0	25.0
b	Between 3-6 months	972.3	697.0	3,197.1	2.1	2,914.3	2,959.9	10,742.7	9.6	34.6
c	Between 6-12 months	1,597.1	1,780.5	4,758.8	1.0	4,214.9	5,186.0	17,538.4	15.6	50.2
d	Between 1-2 years	1,642.9	1,903.9	7,352.3	11.0	6,540.2	6,893.9	24,344.2	21.7	71.9
e	Between 2-5 years	2,187.1	1,981.2	8,795.4	25.0	7,394.4	7,969.7	28,352.8	25.3	97.2
f	More than 5 years	206.0	297.6	949.0	5.1	800.5	890.4	3,148.6	2.8	100.0

¹¹⁹ Compliance improvement plans (also known as compliance management plans or programs) are commonly structured around major sources of revenue and taxpayer segments.

g	Total arrears (a+b+c+d+e+f)	9,822.3	9,437.3	33,811.1	52.1	28,011.1	31,038.1	112,172.0	100.0	
h	Total tax revenue 2018 ^{/5/}	742,052.0		1,104,580.0	234,300.0	526,705.0	854,667.0	3,462,304.0		
i	% (g/h)	2.60		3.06	0.02	5.32	3.63	3.24		

^{/1} Corporate Income Tax (CIT) includes both direct payments and withholdings, including Customs.

^{/2} Personal Income Tax (PIT) includes both direct payments and withholdings, including Customs.

^{/3} Value-Added Tax (VAT) includes both direct payments and withholdings, including Customs.

^{/4} SS contributions include facilitation of payments and withholding agents.

^{/5} There is no separation between CIT and PIT for the total. The total tax revenue collection does not include Customs.

Source: FRCA.

264. Based on the analysis and supporting evidence, the score for the present dimension is B.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-19. Revenue administration	D+	M2 method of aggregation for the indicator score.
19.1 Rights and obligations for revenue measures	D	Although FRCA collects most of the revenue of the country and disseminates comprehensive, easy-to-access, and updated information about main tax obligations, it does not provide such information for the redress processes and procedures.
19.2 Revenue risk management	D	There are no systematic and structured risk-management processes and procedures to assess/mitigate risk of tax non-compliance or to promote voluntary compliance.
19.3 Revenue audit and investigation	D	FRCA does not yet have a single compliance improvement plan.
19.4 Revenue arrears monitoring	B	The stock of revenue arrears at the end of 2018 is 3.24% of the total revenue collection of the year and the revenue arrears older than 12 months are 49.8% of total revenue arrears for the year.

PI-20. Accounting for revenue

265. This indicator assesses the procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and non-tax revenues collected by the central government—with the main reference to FRCA. This indicator covers three dimensions and uses M1 for aggregating dimension scores.

20.1. Information on revenue collections

266. The Ministry of Treasury (MoT), through the National Directorate of Information and Fiscal Analysis (NDIFA) (*Dirección Nacional de Información y Análisis Fiscal*), an entity within the Secretariat of Public Revenue (SPR) (Secretaría de Ingresos Públicos), collects daily information on tax collection. Each

day, FRCA electronically submits to NDIFA tax revenues in an Excel file format.¹²⁰ NDIFA is responsible for sharing this information with different MoT departments, such as the SPR and the National Treasury Office (NTO). This information, disaggregated by revenue type, is consolidated into a monthly report accessible to the public at <https://www.argentina.gob.ar/hacienda/ingresospublicos/pormesy tasa>.

267. Based on the analysis and supporting evidence, the score for the present dimension is A.

20.2. Transfer of revenue collections

268. There is a daily transfer of revenue collections from FRCA to NTO. NTO receives every day from the collecting bank accounts the tax revenue amounts deposited by taxpayers in the percentage established in the Federal Co-Participation of Fiscal Resources Law 23.548, in favor of the Bank Account No. 3855/19, the Treasury Single Account (TSA).¹²¹ The collecting bank accounts are owned by FRCA, which oversees their administration and control.

269. This process is carried out through OSIRIS Concentrator, a module developed by FRCA that supports the movement of funds and reports the bank amounts to FRCA and the Central Bank daily. In operational terms, all the payments received in an authorized bank—including Social Security contributions—are reported daily in detail for all operations.¹²² Based on the information received from each authorized bank, the Central Bank debits the account of each collecting bank and credits the account of the administrator bank of the corresponding agency daily (in the case of FRCA, this is the Argentine National Bank). There are also automated reconciliation processes to verify that each fund transfer reported by authorized banks has the corresponding movement of funds in the Central Bank. Hence, the score for the present dimension is A.

20.3. Revenue accounts reconciliation

270. This dimension assesses the extent to which aggregate amounts related to assessment/charges, collections, arrears and transfers to (and receipt by) the Treasury or designated other agencies take place regularly and are recorded in a timely manner. This will ensure that the collection and transfer function as intended and that the level of arrears and revenue float are monitored and minimized. It is important that any differences between amounts assessed or levied by responsible entities and amounts received by the Treasury or other designated agencies can be explained. The responsible entity should normally keep records in its accounting system on aggregate amounts levied and on transfers to the Treasury. The responsible entity should also keep records reflecting amounts levied and paid by each taxpayer, but this may be done in another data system. The responsible entity should be able to aggregate such information so that it can report how much of amounts levied is (a) not yet due, (b) in arrears (the difference between what is due and what has been paid in), and (c) collected by the responsible entity but not yet transferred to the Treasury.

¹²⁰ FRCA uses the “Tax Accounts System” to register the payments of taxes and social security obligations (except *Monotributo* and *Autónomos*) where the taxpayers’ payments are recorded, while the MONOTAX and Self-Employed Current Account register the simplified and autonomous regime tax payments.

¹²¹ Article 1 establishes a transitory regime for the distribution of fiscal resources between the Nation and the provinces and Article No. 6 establishes that “The Argentine National Bank” will automatically transfer to each province and the Treasury Consolidated Fund the amount of collection that corresponds to them, according to the percentages established in this Law. Such transfer will be daily; and the National Bank will not receive any compensation for the services provided under this Act.

¹²² There are 53 authorized banks.

271. At the national level, these reconciliations of accounts are performed in full conformity with good practice in one case and partially in other cases. In the case of transfers from FRCA to NSSA for social security contributions, the Personnel Directorate within the General Sub-Directorate of Human Resources of FRCA and the Processing Management Process Control Coordination of NSSA reconcile the information, and an accrual is generated for payment. This reconciliation is on a case-by-case basis; the total social security contributions represent on average 35 percent of the total revenue collection.

272. In other cases, there is no joint process between FRCA and the National Treasury to reconcile assessments, charges, transfers, and arrears. There are, however, separate reconciliation processes. FRCA, as the holder of the collecting bank accounts, conducts daily banking reconciliation against the information provided by taxpayer returns.

273. NTO makes its own bank reconciliation within eSIDIF, where the system validates the coincidence of the movements that correspond to credits in bank account No. 3855/19, from the Federal Co-Participation of Fiscal Resources Law 23.548, with the amounts debited from FRCA bank accounts according to the corresponding type of tax. The same criterion is applied to the Customs' collection accounts. Hence, the score for the present dimension is D.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-20 Accounting for revenue	D+	M1 method of aggregation for the indicator score.
20.1 Information on revenue collections	A	SIP reports on a monthly consolidated basis all the tax revenues by type of tax. The tax revenues represent 97% of the total tax and non-tax revenues.
20.2 Transfer of revenue collections	A	Daily, the National Treasury, provinces, and NSSA receive from the FRCA bank collecting accounts, the corresponding amounts established by law.
20.3 Revenue accounts reconciliation	D	No assessment, charges, transfers, or arrears reconciliation process between NTO and the collecting agencies according to the PEFA methodology and guidelines is undertaken.

PI-21. Predictability of in-year resource allocation

274. This indicator assesses the extent to which NTO is able to forecast cash requirements and provide reliable and timely information on the availability of funds to budgetary units for the management of commitments. It contains four dimensions and uses the M2 method for aggregating dimension scores. The assessment covers only the practices of the budgetary central government (BCG).

275. NTO is the governing body of the National Treasury System and is responsible for management of the Treasury Single Account (TSA).¹²³ Its core responsibilities include programming and managing the flow of funds, both at the central level and in the treasuries and local offices of public entities.¹²⁴ It has a legal, technical, and technological framework for the predictability of in-year resource allocation.¹²⁵ The treasury system used in the BCG includes entities that process their funds both within and outside TSA.

276. TSA is located in a state-owned bank with commercial activity. TSA¹²⁶ is divided into three modules: (a) a revenue module, to facilitate the collection and recording of all resources received from entities in the treasury system, (b) a programming module that is used to assign financial ceilings to units and entities included in the system, and (c) a payment module, which permits drawing against TSA and includes electronic transfers. TSA operates with various information technology (IT) applications linked to a single database.

277. Entities that do not, for reasons of operational convenience, process their revenue and expenditure through TSA, even though they are budgetary entities, such as NSSA, operate treasury systems tailored to their operations. The functions of these systems comply with the funds management standards established by NTO and, therefore, entail similar procedures. The treasury systems in these entities are managed by their administrative-financial services directorates or equivalents. Tables 3.21.1 and 3.21.2 show the composition of the treasury system by balance amounts and number of TSA and non-TSA accounts. The various types of accounts used are also indicated.

Table 3.21.1. Budgetary Central Government Bank Accounts by Groups of Entities
(as of April 30, 2019)

Management Area	Number of Accounts				Cumulative Balances (AR\$ billion)			
	TSA	Non-TSA	Total	%	TSA	Non-TSA	Total	%
Central Administration	155	2,244	2,399	67	27,013	18,220	45,233	57
Decentralized Agencies	127	713	840	24	15,024	1,756	16,780	21
Social Security Entities		319	319	9		18,029	18,029	22
Total	282	3,276	3,558	100	42,037	38,005	80,042	100
Proportion in %	8	92	100		53	47	100	

Source: Authors compilation using data provided by NTO.

Table 3.21.2. Budgetary Central Government Bank Accounts by Type of Account

¹²³ Art. 73 of National Public Sector Financial Management and Control Systems Act 24.156, dated October 26, 1992.

¹²⁴ Treasury System, Version: 2.0, most recent update: December 2017 NTO.

¹²⁵ National Public Sector Financial Management and Control Systems Act (Articles 72, 73, 74, 77, and 80), regulatory decree No. 1344 of 2007, Permanent Supplementary Budget Law No. 11.672, and Law No. 24.144 of the Central Bank and amendments thereto.

¹²⁶ National Bank (NB).

(as of April 30, 2019)

Management Area	Revenue	Expenditure	Others (***)	Total	
				Number	%
TSA accounts	282	(*)		282	8
Non-TSA accounts		2,200 (**)	789 (****)	2,989	84
NSSA	-	-	287	287	8
Total, BCG bank accounts	282	2,200	1,076	3,558	100

Source: Authors compilation using data provided by the NTO.

(*) Treasury Single Account, Account 3855/19.

(**) Includes Revolving Funds accounts belonging to BCG agencies, and accounts held by embassies and consulates that manage consular funds.

(***) These are mixed revenue and expenditure accounts; they and NSSA are shown separately for analytical purposes.

(****) Of these, 397 are accounts for external loans from multilateral credit agencies, special programs, or grants.

21.1. Consolidation of cash balances

278. NTO receives daily information on banking transactions and balances in its own accounts and in the accounts of Budgetary entities, as shown in the following Tables that are included for this dimension. The Argentine National Bank and the Central Bank provide this information, which is received in electronic file format. The information is entered into the integrated financial information system and is available for querying and processing.

279. In the TSA system, in local currency, the balances of the revenue accounts of agencies whose resources are included in the system are consolidated daily. In the current budget there are 124 agencies, including 106 that are part of the TSA system. The others are the Legislative Branch, the Judicial Branch, the National State's Attorney General, and some of the social security institutions.

280. NSSA, the BCG's main public expenditure executing agency, has no TSA accounts. NSSA has its own resources, consisting of contributions, payments, and tax revenue, which are used to finance the social security system. These resources are managed through various bank accounts at the central level, opened with both the Argentine National Bank (NB) and the Central Bank. The financial position is calculated daily, based on the revenue in the accounts and payments, as well as transfers to be made according to the payment schedules for benefits and various obligations. This sum is calculated using bank information on NB interbanking¹²⁷ account balances and transactions and the electronic payments system (EPS)¹²⁸ of the Central Bank. These operations are reconciled, consolidated, and recorded in the SAP financial management system and are transmitted through an interface to the MoT central system.

281. Information on treasury funds managed outside TSA is reported daily to NTO and is included in and monitored through reports from the Unified Official Accounts Fund account.¹²⁹ These reports include all the official local currency bank accounts of national administration entities, including TSA, opened with

¹²⁷ Interbanking is an electronic transfer service for financial entities, for the account and by order of the latter or third parties. It is one of the main platforms for payment of the country's taxes. Interbanking SA is a corporation with the NB as a shareholder. Its clearinghouse is authorized by the Central Bank and the Federal Revenue Collection Agency.

¹²⁸ EPS is a gross, real-time settlement system in which transactions among and between member entities of the system are officially accepted as soon as they are validated by the Central Bank (technical validations as well as balance verification).

¹²⁹ The Unified Official Accounts Fund (UOAF) was created in 1942 and, following successive reforms, currently operates in accordance with the provisions of Article 80 of Decree 1344 of October 4, 2007.

the NB. These reports include the accounts of NSSA, in addition to those of decentralized agencies, revolving funds, education institutions, multilateral bank loans, and those of the Legislative and Judicial branches. The Secretariat of the Treasury can make advance use of up to 100 percent of the amounts deposited in the Unified Official Accounts Fund to cover temporary needs of the National Treasury Office. Thus, all balances in the treasury system, whether in TSA or not, are consolidated daily under NTO supervision. Based on the analysis and supporting evidence, the score for the present dimension is A.

21.2. Cash forecasting and monitoring

282. To meet funding requirements, the NTO prepares an annual financial program, based on the calculation of resources and the expenditure budget approved by the General Budget Law for the fiscal year; then a quarterly and monthly program is prepared for the various subperiods of the fiscal year. As a result, the fiscal, primary, and financial balances are calculated, followed by the financing gap (or cash surplus) per period and per currency.

283. Based on a structured and regulated technical process for the estimation of revenue as well as the assignment of the expenditure priorities of the approved budget, the following instruments representing the flow of funds programming are prepared:

- The annual financial program, disaggregated by month, which is derived from the financial year budget. This program is updated periodically, at least once a month, with actual figures.
- The quarterly cash program divided into months, concurrently with the process of budget execution programming (determination of commitment and accrual quotas). This is prepared quarterly and updated monthly with actual figures.
- The daily operational cash program, by currency and by bank account, prepared with a view to determining the seasonality of resources and payments in the short term. The program is prepared with a moving horizon of 60 days and is updated at the beginning of each month. In addition, during the month, the execution of resources and payments versus the projection is analyzed with weekly information.

284. For the monitoring of cash program implementation and the analysis of available balances and deviations vis-à-vis the monthly allocation set out in the approved scenario, the payment indicator is updated daily, based on the transactional eSIDIF (Federal Government's Integrated Financial Management Information System), which permits obtaining the balance available each day for the remainder of the month, and identifying deviations, potential savings, and/or authorizing ceilings in specific cases, whenever a reduction is made in the implementation of the complete cash programming scenario. The payable debt and accrual quota indicators are also updated daily with a view to assessing the progress of the program and analyzing possible adjustments of the initial payments scenario.

285. The cash program is monitored daily using the Business Intelligence management tool, which automatically generates a daily report that is delivered by email early in the morning, reporting on the implementation and balance of the program, and daily debt. The program can also be monitored with mobile devices (cellphones and tablets).

286. The NSSA Treasury, for its part, prepares and constantly updates a cash program in which daily, monthly, and annual cash balances are calculated, based on the revenue forecast for each period; the financing requirement, based on the deficit, is also calculated and requested from NTO through the transfer of figurative contributions.¹³⁰ This entire process is coordinated and reported to NTO as the governing body. Based on the analysis and supporting evidence, the score for the present dimension is A.

21.3. Information on commitment ceilings

287. Based on the forecast explained in PI 21.2, quarterly quotas are determined that act as a ceiling on spending in the commitment and accrual stages, for each of the jurisdictions or entities, disaggregated according to the classification by expenditure objective. The commitment quotas apply to the quarter, at the end of which unused balances are forfeited.

288. To determine the limits, the National Budget Office receives and processes the following information:

- quota requests by jurisdictions and entities reflecting their needs, based on the physical and financial programming proposal derived from the targets established by budget program managers for the period in question
- an estimate of the resources and various financial sources to be received in the period
- an initial version of the cash program proposed for the period by NTO, based on the stock of initial payable debt observed (defined as accrued expenditures that are due but not yet paid, or that will fall due during the program period) and on own assumptions concerning the scheduling of outlays.

289. Using this information, NBO submits the draft commitment and accrual quotas for the quarter under review to the Secretariat of the Treasury, which approves the drafts and makes such adjustments as deemed appropriate, in light of the established economic objectives. Based on these quotas, the jurisdictions and entities commit and accrue expenditures through the issuance of payment orders, which process creates settlement obligations for the Treasury System and continually updates the stock of payable debt, consisting of all unsettled payment orders, the level of which is a key indicator and a basic input in the dynamic of the process of flow of payments programming under the Treasury's cash plan. The agencies are notified of the ceilings by the electronic document management system. Thus, the budgetary entities receive information concerning the upper limits on the generation of commitments one quarter in advance. Hence, the score for the present dimension is B.

21.4. Significance of in-year budget adjustments

290. Budget adjustments or modifications are addressed in Law.¹³¹ Such adjustments must be processed through NBO, which verifies that the administrative acts proposing the adjustments comply with the applicable regulations and include the necessary justification.

291. Depending on the nature of the adjustment, a specifically assigned level of authorization and approval is required. This responsibility is determined essentially by its impact on the Budget Law, based

¹³⁰ Figurative contributions consist of revenue received through transfers made by the various jurisdictions (central administration, decentralized agencies, social security institutions) to entities whose resources are included in the institutional universe in question (BCG budget).

¹³¹ Article 37 of the National Public Sector Financial Management and Control Systems Act No. 24.156 and its regulations.

on the classifier (for example, purpose, economic, financing source, institutional, etc.), and is divided as follows:

- Adjustments reserved for the Legislature. Those that affect the total amount of the budget and the amount of prospective borrowing.
- Without affecting the total amount of the approved budget, adjustments that involve an increase (more resources and more spending) or offsetting (more in one-line item and less in another) must be approved by the Executive branch or the Chief of Cabinet Office (CCO).
- Some adjustments involving offsets between programs (reductions and increases) within the jurisdictional scope of each entity may be made by the corresponding minister, and others by lower-level officials (between certain line items of a program).
- Some powers to adjust the budget are also granted to the Secretariat of Treasury, the Undersecretariat of the Budget, and NBO.

292. The regulations of the National Public Sector Financial Management and Control Systems Act¹³² state that for the purposes of administrative distribution of the expenditure budget, the Chief of Cabinet Office will define the scope and mechanisms for adjusting the budget, within the limits set by the Budget Law for the Executive branch, taking the following into account:

- Requests for adjustment of the General Budget for the National Administration must be presented to NBO through submission of the corresponding draft administrative act, together with the respective justification and in accordance with the standards and instructions issued by that Office.
- When adjustments are approved within the jurisdictions and entities themselves, the administrative decision establishing the distribution must specify the time periods and methods for notifying NBO of the adjustments made.

293. Table 3.21.3 covering 2018 shows the number and amount of budget adjustments according to the respective level of authorization.

Table 3.21.3. Budget Adjustments in 2018

Type of Adjustment	2018		
	Number	Amount (millions of pesos)	%
Made by entities (internal changes)	1,653	11,966	0.9
Approved by the CCO (involving changes that do not affect the total amount of the approved budget)	14	55,997	4.1
Approved by the Executive branch (incl. Emergency Decree)	2	1,291,472	95.0
Approved by the Legislature	0	0	--
Total in-year changes	1,669	1,359,435	100.0

Source: Authors compilation using NTO data.

294. As indicated above, and except for minor internal adjustments made by BCG entities, 16 budget adjustments were made during the year, involving changes in the originally approved amounts. These budget allocation adjustments account for 99.12 percent of the total amount of adjustments made during the year, demonstrating that significant budget adjustments are frequently made during the year, justified

¹³² Article 37 of October 4, 2017 regulating the National Public Sector Financial Management and Control Systems Act.

in accordance with the legal and regulatory framework. Based on the analysis and supporting evidence, the score for the present dimension is C.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-21. Predictability of in-year resource allocation	B+	M2 method of aggregation for the indicator score.
21.1 Consolidation of cash balances	A	All balances are consolidated daily for both revenue and expenditure accounts.
21.2 Cash forecasting and monitoring	A	An annual cash flow forecast is prepared for the fiscal year and is updated monthly, based on the monitoring of revenue and payments.
21.3 Information on commitment ceilings	B	Public entities are aware of their cash availability beforehand and are able to plan and commit expenditures a quarter in advance.
21.4 Significance of in-year budget adjustments	C	Frequent adjustments are made in the approved budget during the year, in accordance with a regulated review and approval process.

PI-22. Expenditure arrears

295. This indicator measures the extent to which there is a stock of expenditure arrears, and the extent to which a systemic problem in this regard is addressed and brought under control. It contains two dimensions and uses the M1 method for aggregating dimension scores.

296. The payment period for invoices generated in the procurement and contracting process, which serves as the basis for determining that an account is in arrears, is established for the budgetary central government (BCG) in the existing legal framework. In this regard, it specifies that “the invoice payment period will be thirty (30) calendar days, unless otherwise indicated in the terms and conditions. Nevertheless, payments will be expected based on the monthly cash program and the expenditure priorities contained in the current regulation.”¹³³

297. There is a key aspect that should be considered when approaching the subject of public sector arrears in Argentina. The features of the Federal Government’s Integrated Financial Management Information System (eSIDIF) do not allow for full control of payment arrears. This is because of the restrictive concept of arrears, which is measured from the time at which the obligation of payment is recorded through the accrual stage in eSIDIF.

¹³³ Decree 1030, Regulation of the National Contracting System, of September 16, 2016.

298. Various payment arrears to suppliers, such as those related to due and payable, accepted and unpaid court decisions, or public debt and interest and other items, are managed by each responsible body, such as the National State's Attorney General¹³⁴ and are monitored by NTO or the financial departments of entities not included in the Treasury Single Account.

299. The BCG references for this assessment of the status and management of payment arrears is the central administration and decentralized entities that use the Treasury Single Account, as well as NSSA, which together execute more than 95 percent of the BCG budget.

22.1. Stock of expenditure arrears

300. Review of available reports¹³⁵ does not provide enough information on the level of expenditure arrears at the end of each reporting period. Discussions on the state of supplier payments with the Treasurer, the Accountant General, and spending agencies brought to light two types of arrears. The first is trade payables "floating debt," where these exceed the agreed terms. The other arrears are those relating to commitments that are made but for which the accrual could not be booked because insufficient accrual quota was available. These latter unbooked commitments are not quantified in the records or the reports.

301. NTO produces monthly information on BCG debt, excluding the National Social Security Agency and decentralized entities. This data is available on the NTO website. However, it is not possible to use such information to calculate the level of payment arrears—measured from the time at which the obligation of payment is recorded. For that purpose, NTO or NAO have to produce special reports outside eSIDIF, based on dates of issuance of each payment order and its due date.

302. According to evidence presented by the Debt Management Office,¹³⁶ there were no overdue obligations in debt service at the end of the last three completed fiscal years other than debt obligations issued before December 31, 2001 that are still pending restructuring. Moreover, government financial reports for the period covered by the assessment do not include any information on payment arrears related to judgments against the State.

303. Based on the analysis and supporting evidence, the score for the present dimension is D*.

22.2. Expenditure arrears monitoring

304. As mentioned in dimension 22.1, although NTO monitors the stock of BCG payables excluding NSSA and decentralized agencies, further analysis is required to differentiate such balances from those that are not due. No comprehensive reports were available that show payment arrears, the responsible entity, the type of arrears (such as those related to goods and services, wage payments, pension payments, regulatory transfers, and other issues), or the age of such arrears. For other potential arrears, such as accepted and due and payable court decisions, although a general disclosure is included in a note to the financial statements, it does not analyze the age of the arrears, making it impossible to determine

¹³⁴ Decree 450 of March 7, 2002, instructing the Secretariat of Finance to draw up a Monthly Cash Program that prioritizes certain expenditure items.

¹³⁵ Government financial reports for 2016, 2017, and draft 2018 and evidence provided by NTO.

¹³⁶ See <https://www.argentina.gob.ar/hacienda/finanzas/presentaciongraficadeudapublica>.

the frequency and length of delay in the issuance of payment arrears reports. Hence, the score for the present dimension is D*.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-22. Expenditure arrears	D	M1 method of aggregation for the indicator score.
22.1 Stock of expenditure arrears	D*	Sufficient information is not available to establish the actual level of performance.
22.2 Expenditure arrears monitoring	D*	Sufficient information is not available to establish the actual level of performance.

PI-23. Payroll controls

305. This indicator assesses the management of the payroll of public employees in the central government: how it is administered, how changes are handled, and how coherence among all personnel records is ensured.¹³⁷ The indicator includes four dimensions and uses the M1 method to determine the overall rating.

306. The legal framework for processing and control of public payroll expenses is robust. There are precise rules detailing selection and hiring requirements and rules for processing changes in payroll and related payments.¹³⁸

307. Public employment is managed by the Secretariat of Modernization—the regulatory and oversight body responsible for matters related to human resources policies at the federal level¹³⁹—through the Public Employment Secretariat, which is organized into (a) the Undersecretariat for Planning of Public Employment, and (b) the Undersecretariat for Labor Relations and Strengthening of the Civil Service. Its main responsibilities are to establish the explanatory, interpretative, and complementary standards for the implementation and control of the payroll system.

308. Operational aspects of the central government payroll are decentralized to public entities through their human resources departments or the equivalent, which are responsible for managing individual personnel files and for preparing payroll runs, using their own applications. Payroll runs must be submitted monthly to the Administrative and Financial Services (SAF) departments to process the payments to public service personnel.

309. Payroll payments are processed electronically through global payment orders issued by SAF departments in the federal government’s Integrated Financial Management Information System (eSIDIF)

¹³⁷ Salaries of temporary workers and other discretionary payments are not included in this evaluation, but are included in the evaluation of internal controls of non-salary expenditure, PI-25.

¹³⁸ The legal framework related to public employment and the payroll system is regulated primarily by Act No. 27.467 of December 4, 2018, on the general budget of the national government for the fiscal year 2019; Administrative Decision No. 12 of January 10, 2019; and Resolution No. 389 of March 22, 2019, of the Government Secretariat for Modernization.

¹³⁹ Powers established by the Ministries Act No. 22.520 of December 10, 1983, Articles 29 and 33 (Decree No. 438 of March 12, 1992, and amendments) and by Decree No. 174 of March 2, 2018, and its amendments.

against accounts in the Treasury Single Account system. The payment orders are received by the National Accounting Office, for verification of signatures and data consistency, and are then sent to the National Treasury, which transfers resources to each entity's account in the National Bank.

310. Central government entities that do not use the TSA system process payments through their own payroll systems, which are integrated into their budget, accounting, and treasury modules. Each SAF department within the entities of the central government transmits details of each payroll run to the National Bank, which transfers the funds individually to the savings account of each employee.

23.1. Integration of payroll and personnel records

311. Information about employees and monthly payroll runs is not integrated into a single system. Each entity of the central government prepares and maintains, in accordance with uniform regulations, individual information on employees in updated electronic files, in which the most important data and approved changes in their status can be identified. This information is regularly checked by human resources departments to ensure that the information on file is consistent with the monthly payroll run before preparing the payment order to be processed in eSIDIF and sending the payroll run for entry and analysis in the Human Resources System/SIRHU (*Sistema de Recursos Humanos*), and the Integrated Database of Public Employment and Salaries in the National Public Sector (*Base Integrada de Información de Empleo Público y Salarios en el Sector Público Nacional*)/BIEP.

312. The payroll data integrity checks are performed within SIRHU, which is not transactional or directly linked to eSIDIF. The information in SIRHU includes the detailed payroll data that each entity must submit to the Wage Budget Evaluation Department of the Budget Undersecretariat on a monthly basis. Submission of this information is a requirement for the National Accounting Office to issue the relevant payroll payment order. SIRHU makes it possible to assess accrued personnel expenses in the budget programming network and in the line items in the national public sector expenditure classification system.

313. The Public Employment Secretariat administers BIEP, which is not transactional and includes all those who work and provide services in the entities and jurisdictions included within the scope of the Act on Financial Administration and Control Systems of the National Public Sector. Through BIEP, which receives information from all entities, there is a monthly ex-post verification that the rules on hiring of personnel have been followed and that no payments have been made to the same employee from different public entities. This monthly verification ensures month-to-month consistency of the information sent to SIRHU and contained in BIEP. Inconsistencies are addressed on a case-by-case basis with each entity to make any adjustments. There are currently no statistics on inconsistencies found as a result of the verifications conducted using these databases. Hence, the score for the present dimension is B.

23.2. Management of payroll changes

314. Changes in central government payrolls are generally processed within the month in which they occur or, at the latest, within the following month. In the latter case, delays may be caused by the introduction of the changes and the supporting documentation after the deadline established for each monthly closing. An analysis of retroactive payments by the central government, shown in the following two Tables, revealed that total retroactive adjustments accounted for less than 2.3 percent of the wage bill, which is consistent with the 2.4 percent found for the sample used.

Table 3.23.1. Total Share of Retroactive Payments in the Central Government Wage Bill as of End-March 2019
(AR\$ million)

Wage bill—Central government budget (B)	Retroactive (A)	(A)/(B) %
24,323	554	2.3

Source: Prepared by the authors using information supplied by the Wage Budget Evaluation Department of the Budget Undersecretariat, based on SIRHU data.

Table 3.23.2. Sample Share of Retroactive Payments in the Central Government Wage Bill as of End-March 2019
(AR\$ million)

Entity	Wage bill – sample (B)	Retroactive – sample (A)	(A)/(B) %
Ministry of Treasury	122.9	3.8	3.0
Ministry of Education, Culture, Science and Technology	66.3	1.4	2.1
Ministry of the Interior, Public Works and Housing	80.3	0.4	0.5
Ministry of Health and Social Development	163.0	17.0	10.4
Ministry of Transportation	42.0	2.0	4.8
NSSA (National Social Security Administration)	1,004.0	2.0	0.2
National Road Directorate	222.8	13.6	6.1
Total retroactive payments in the sample (A/B)	1,659.3	40.2	2.4

Source: Prepared by the authors using information supplied by the Wage Budget Evaluation Department of the Budget Undersecretariat, based on SIRHU data.

315. Based on the analysis and supporting evidence, the score for the present dimension is A.

23.3. Internal control of payroll

316. As noted in Section 23.1, each central government entity is responsible for preparing and processing its payroll and is therefore responsible for complying with the legal and regulatory internal control framework established by the National Internal Audit Agency (NIAA) in its capacity as the body responsible for internal controls and for the secondary internal control standards included in each institution's manual of procedures.

317. In each entity of the sample it was verified that comprehensive internal controls are being applied, including (a) involvement of independent actors in the preparation, quality checking, and approval of payments, including any payroll additions; (b) restricted permissions to make changes or additions; (c) issuance of lists of all additions incorporated; and (d) electronic records of date, time, and user responsible for updating and archiving supporting documentation. Hence, the score for the present dimension is A.

23.4. Payroll audit

318. In general, in the central government, in accordance with the standards of NIAA, internal audit units conduct annual audits of legal compliance, with a focus on specific parts of the payroll process, in particular with respect to the quality of the data that entities submit to the Central Registry of Employees.

319. An examination of the reports submitted by the entities included in the sample for the years 2016-18 reveals that partial internal audits of compliance with personnel rules and regulations were conducted, but there are no reports whose scope and conclusions comprehensively cover compliance with internal payroll controls, including “in situ” verification of the beneficiaries of payroll payments and security checks of the various technology-based applications used in the payroll process.

320. Although some reports refer individually to the response or follow-up by the administration of the entities audited, no specific statistics are available on the extent to which observations/findings and recommendations on the payroll process and controls have been implemented. Hence, the score for the present dimension is C.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-23. Payroll controls	C+	M1 method of aggregation for the indicator score.
23.1 Integration of payroll information and personnel records	B	The monthly payroll of each entity, including any additions, is supported by approved documentation that has been verified against the files reflecting the approved conditions for each employee.
23.2 Management of payroll changes	A	Changes to be made to personnel and payroll records are updated at least monthly, generally before the next month’s payments are made. Retroactive adjustments and payments by the central government at the time of the evaluation amounted to 2.3 percent of the wage bill.
23.3 Internal payroll controls	A	Independent internal controls are used throughout the payroll preparation and payment process. These controls include restricted authority for approvals and restrictions for the introduction of changes in records. The applications used provide for the entry of changes and other actions to ensure the quality and integrity of the payroll.
23.4 Payroll auditing	C	Partial payroll audits have been conducted in each of the last three years.

PI-24. Procurement

321. This indicator examines key aspects of procurement management. It focuses on transparency, with an emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements. It contains four dimensions and uses the M2 method for aggregation of dimension scores.

322. The central government public procurement system in Argentina is founded on legal centralization and operational decentralization. Procurement processes are implemented by each entity applying legislation established at the central level. In the case of civil works, specific regulations were issued at each contracting entity before 2018. The legal framework is different for goods, services, and public works. The first two were governed initially by Delegated Decree 1023 issued in 2001, complemented by a regulatory decree and a series of dispositions to address specific aspects of the implementation. Civil works, on the other side, were governed by National Law 13.064 from 1947, which was modified several times through decrees and complementary legislation. The regulatory framework for all types of expenditures has recently been updated to introduce functional changes and modifications of the procurement regulatory entity. In 2016, there was a revision and adaptation of the procurement and contracting regulations of the national public administration through Decree 1030. Among other changes, the new regulation provided the necessary grounds to implement fully transactional e-procurement systems throughout the national public administration to cover all types of procurement.

323. The legal framework was then updated in December 2018 through Decree 1169,¹⁴⁰ when the procurement regulatory role was centralized in a single public entity, the National Procurement Office/NPO (*Oficina Nacional de Contrataciones*) for all types of expenditure (goods, services, and public works). Prior to Decree 1169, NPO was responsible for regulating the procurement of goods and services but public works were regulated at the contracting entity level. Under this new framework, NPO is now the entity responsible for facilitating procurement processes, issuing standards and guidelines, and managing the electronic procurement systems for all types of expenditures.¹⁴¹

324. In this context, NPO developed and rolled-out two electronic procurement systems starting a progressive and mandatory implementation in 2016. These platforms are expected to enable central government entities to process and publish their procurement activities, and suppliers to submit their bids in an agile, transparent, and secure manner. The procurement methods that are processed using the system include public and private bidding, public auction, private and public request for quotations, and direct contracting.

325. The first platform to be implemented by NPO was Compr.ar, the electronic system for the procurement of goods and services;¹⁴² the second was Contrat.ar for public works, which includes a contract execution module.¹⁴³ Implementation of the latter was strongly dependent on the regulation approved in December 2018, which provided the entity with the regulatory power over this type of expenditure. Thus, to date, the level of enforcement for Contrat.ar has been relatively low.

326. The processed data from these systems was provided by NPO and is the primary source of information for the analysis of each of the dimensions. Data was generated from all the central administration for fiscal year 2018.

¹⁴⁰ Servicios.infoleg.gob.ar. (2018). *Decree 1169*. [online] Available at <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?pid=318039>.

¹⁴¹ Except for the hiring of individual consultants for which the policy-making entity is the Secretary of Modernization and which is regulated by Decree 1109/2017.

¹⁴² Compr.ar.gob.ar. (2019). *COMPR.AR - Portal de Compras Públicas de la República Argentina*. [online] Available at <https://comprar.gob.ar/>.

¹⁴³ Contratar.gob.ar. (2019). *CONTRAT.AR - Portal Electrónico de Contratación de Obra Pública*. [online] Available at <https://contratar.gob.ar/>.

24.1. Procurement monitoring

327. This dimension assesses the extent to which prudent procurement monitoring and reporting systems are in place within the government to ensure value for money and promote fiduciary integrity. The dimension also measures whether the data is accurate and complete, where completeness refers to information on contracts awarded.

328. Because there is no consolidated information on the total amount of procurement of goods, services, and public works carried out during a fiscal year, the analysis compares data provided from the e-procurement systems and internal databases in contrast to the capital expenditure of the five major sectors that carry out the largest procurement at the national level (transport, water, housing, energy, and education).¹⁴⁴ The report prepared by the National Budget Office (NBO) indicates that the national expenditure for contracts initiated in 2018 for these sectors amounts to AR\$ 97,971 million.¹⁴⁵ Transfers to provinces for these sectors were excluded from the analysis, because this procurement is carried out in a decentralized manner and information is located at the local level.

329. The national e-procurement systems are designed to enable the keeping of complete and precise databases for procurement and awarded contracts. The use of these tools is mandatory, but they were both implemented gradually. Compr.ar was rolled-out in 2016 and is currently in full use in all the national public administration. This allows NPO to rely on centralized databases with complete information on the type of procedures, bidders, and awarded contracts for goods and services. During 2018, 7,817 procurement processes were executed through the system for a total amount of AR\$ 34,733 million,¹⁴⁶ which is 35 percent of 2018 capital expenditure for the five major procuring sectors.

330. The implementation of Contrat.ar was confirmed and driven by Decree 1169/2018. Centralized data for public works is being recorded gradually, but from a later start date. All the information prior to the use of e-procurement systems is being collected and centralized by NPO, and the government is currently working on unifying these databases, reflecting the information in the contract execution module of the platform.

331. In this context, 12 processes were initiated and awarded using Contrat.ar during 2018; the information for the remainder of such activities was provided by each contracting entity to NPO, to be reflected in the contract execution module of the system. These processes reached AR\$45,477 million,¹⁴⁷ which is 46 percent of the total 2018 capital expenditure from the five major sectors.

Table 3.24.1. Sample Contract Amounts in Centralized NPO Databases for 2018

millions)

Available information on Contract awards (AR\$ Million)at NPO			Expenditure of five major sectors at the national level
Goods and services	Works	Total	
34,773	45,477	80,250	97,971

¹⁴⁴ These sectors represent 66 percent of the capital expenditure at the national level in 2018.

¹⁴⁵ See Minhacienda.gob.ar. (2018). *Oficina Nacional de Presupuesto - Ejecución 2018*. [online] Available at <https://www.minhacienda.gob.ar/onp/documentos/resultado/caja/c2018/dic18.pdf>.

¹⁴⁶ Information provided by NPO.

¹⁴⁷ Information provided by NPO.

Source: Developed based on processed data provided by NPO from Compr.ar, Contrat.ar, ArgentinaCompra.gov, and internal databases.

332. In 2018, NPO relied on contract award information for 81 percent of capital expenditure for the five major procuring sectors at the national level. Thus, most of the information (what was procured, value, and name of awarded) is recorded in databases, including bidding and awarded contracts. Hence, score for this dimension is B.

24.2 Procurement methods

333. This dimension quantifies the percentage of the activities and the total value of contracts awarded by the central government with competitive methods, proxied by the aforementioned five sectors that collectively accounted for two-thirds of capital expenditure at the national level in 2018.

334. The government has tried to promote the use of competitive methods by facilitating the implementation of them. The analysis for this dimension covers information provided by NPO as analyzed in dimension 24.1, which includes data extracted from the e-procurement systems and internal databases that NPO is currently collecting to be ultimately incorporated in the e-procurement systems.

335. Table 3.24.2 indicates that roughly 80 percent of the total sampled procurement activities in 2018 were carried out using competitive methods (by AR\$ amount, these activities equated to 68 percent of the total capital expenditure executed by the five major sectors at the national level).

Table 3.24.2. Number of Activities and Contract Amount by Type of Method in 2018

Type of methods ¹	Number of activities			Amount of contracts (in AR\$ million)		
	Goods and services	Works	Total	Goods and services	Works	Total
Competitive	6,201	94	6,295	20,885	45,477	66,362
Non-competitive	1,616	0	1,616	13,887	-	13,887
Total	7,817	94	7,911	34,773	45,477	80,250

¹ Based on the regulations in Article 25 of Decree 1023/2001, the following methods were considered competitive: national procurement bidding, auction, request for quotations, and direct contracting with abbreviated competition. Direct contracting without competition was considered as non-competitive.

Source: Provided by NPO from Compr.ar, Contrat.ar, ArgentinaCompra.gov, and internal databases, NPO, 2018.

336. Based on the analysis and supporting evidence, the score for the present dimension is C.

24.3. Public access to procurement information

337. This dimension requires that for all procurement processes, key information is made available to the public in a reliable, complete, and timely manner, including the following elements:

- legal and regulatory framework for procurement
- government procurement plans

- bidding opportunities
- contract awards (purpose, contractor, and value)
- data on resolution of procurement complaints
- annual procurement statistics.

338. Table 3.24.3 summarizes publicly available procurement information.

Table 3.24.3. Criteria to Determine Public Access to Procurement Information

	Goods and services	Public Works
Legal and regulatory framework for procurement	<p>The legal and regulatory framework is updated and published on the legislative and documentary information platform, <i>Infoleg</i>.^{/1}</p> <p>There is also a direct link to this portal in <i>Compr.ar</i> that provides the complete list of legislation and regulations.^{/2}</p>	<p>The legal and regulatory framework is updated and published on the legislative and documentary information platform, <i>Infoleg</i>.^{/3}</p> <p>The <i>Contrat.ar</i> website has a link that redirects to a search engine in that platform.^{/4}</p>
Government procurement plans	<p>Government procurement plans can be accessed in <i>Compr.ar</i>.^{/5} The system relies on a search engine that enables identification of the annual procurement plans for a specific entity.</p>	
Bidding opportunities	<p>Bidding opportunities are publicly disclosed in <i>Compr.ar</i>^{/6} with free access.</p> <p>There is a search engine that allows the identification of planned and ongoing processes for all the activities that have been processed using the systems.</p>	<p>Bidding opportunities are available in <i>Contrat.ar</i>^{/7} for those activities processed in the system.</p> <p>For those procurement processes that were processed outside the system, information can be accessed on each procuring entities' website.^{/8}</p>
Contract awards	<p>Contract awards are available in <i>Compr.ar</i>.^{/9} The information published is considered reliable as it is generated from procurement transactions that are carried out completely inside the system, without the possibility of their being edited for publishing purposes.</p> <p>Furthermore, the government has put in place a National Open Data^{/10} initiative with the objective that all government entities publish such information in open formats, thus facilitating its use by public society organizations and the public. The unprocessed data contract awards of goods and services for the year 2018 are published on such a portal.^{/11}</p>	<p>Contract awards are available in <i>Contrat.ar</i>,^{/12} with limited information based on the number of activities being processed in the system.</p> <p>The remainder of the information can be found on the webpages of each contracting entity.</p> <p>Additionally, NPO is currently collecting such information to follow contract execution using the platform.</p>

Data on resolution of procurement complaints	Available in the public record published for each procurement process in <i>Compr.ar</i> .	Available in the public record published for each procurement process in <i>Contrat.ar</i> and website for each contracting entity.
Annual procurement statistics	Procurement annual statistics are not systematically and publicly disclosed but the government is planning on publishing such analysis as a next phase.	

Source: Developed based on information provided by NPO.

^{/1} Infoleg.gob.ar. (2019). Procurement legal framework. [online] Available at http://www.infoleg.gob.ar/?page_id=91 [Accessed July 4, 2019].

^{/2} Compr.ar.gob.ar. (2019). Legal Framework. [online] Available at <https://comprar.gob.ar> [Accessed June 28, 2019].

^{/3} Servicios.infoleg.gob.ar. (2019). Law 13064. [online] Available at <http://servicios.infoleg.gob.ar/infolegInternet/anexos/35000-39999/38542/texact.htm> [Accessed July 11, 2019].

^{/4} Contrat.gob.ar. (2019). Legal Framework. [online] Available at <https://contratar.gob.ar/> [Accessed July, 11 2019].

^{/5} Compr.ar.gob.ar. (2019). Procurement Plans. [online] Available at <https://comprar.gob.ar/BuscarPAC.aspx> [Accessed July 3, 2019].

^{/6} Compr.ar.gob.ar. (2019). Procurement Plans. [online] Available at <https://comprar.gob.ar/BuscarPAC.aspx> [Accessed July 3, 2019].

^{/7} Compr.ar.gob.ar (2019). Bidding opportunities. [online] Available at <https://comprar.gob.ar/BuscarAvanzado.aspx> [Accessed July 11, 2019].

^{/8} Contrat.gob.ar (2019). Bidding opportunities [online] Available at <https://contratar.gob.ar/BuscarAvanzado.aspx> [Accessed July 11, 2019].

^{/9} The publishing of specific procurement notices is required by national law.

^{/10} Compr.ar.gob.ar. (2019). Awarded Contracts. [online] Available at <https://comprar.gob.ar/BuscarAvanzado.aspx> [Accessed July 11, 2019].

^{/11} Datos.gob.ar (2018). Awarded contracts in 2018. [online] Available at https://datos.gob.ar/dataset/modernizacion-sistema-contrataciones-electronicas/archivo/modernizacion_2.14/ [Accessed June 28, 2019].

^{/12} Contrat.gob.ar (2019). *Awarded contracts*. [online] Available at <https://contratar.gob.ar/BuscarAvanzado.aspx> [Accessed July 11, 2019].

339. Thus, five of the required elements are met. Hence, the score for this dimension is B.

24.4. Procurement complaints management

340. This dimension requires that the central government has a procurement complaint system that ensures that claims are examined by a body that:

- is not involved in any capacity in procurement transactions or in the process leading to contract award decisions
- does not charge fees that preclude access by concerned parties
- follows processes for submission and resolution of complaints that are clearly defined and publicly available
- exercises the authority to suspend the procurement process
- issues decisions within the timeframe specified in the rules/regulations
- issues decisions that are binding on every party (without precluding subsequent access to an external higher authority).

341. The complaints submitted within procurement or contracting processes are governed and regulated by the provisions of Law No. 19.549¹⁴⁸ for administrative procedures and its regulatory Decree 894 (2017),¹⁴⁹ which provide for the filing of administrative complaints for reconsideration against the authority that issued the administrative act or the superior of the one that issued the administrative act. Additionally, Decree 1169 (2018)¹⁵⁰ indicates that the authority that should intervene in the appeal depends on the scope of the public administration and the amount of the contract.

342. Additionally, the bidding documents foresee that during the procurement process there may be challenges to the preparatory acts, prior to the bidding awarding report, which are resolved in the administrative act that awards the contract.¹⁵¹

343. These regulations complement the possibility of appealing to the general judicial system, which is independent from the Executive branch.

344. In this context, the resolution of procurement complaints within the public administration is the responsibility of each procuring entity; there is not a single overarching body involved in such resolutions, except for the cases where the bidders choose the judicial path. Hence, the score for the present dimension is D.

¹⁴⁸ Servicios.infoleg.gob.ar. (1972). *Law 19.549*. [online] Available at <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?id=22363>.

¹⁴⁹ Servicios.infoleg.gob.ar. (2017). *Decree 894*. [online] Available at: <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?id=285797>.

¹⁵⁰ Servicios.infoleg.gob.ar. (2018). *Decree 1169*, Article 9. [online] Available at <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?id=318039> [Accessed July 12, 2019].

¹⁵¹ Servicios.infoleg.gob.ar. (2016). *Decree 1030*. [online] Available at <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?id=265506> [Accessed July 12, 2019].

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-24. Procurement	C+	M2 method of aggregation for the indicator score.
24.1 Procurement monitoring	B	Two e-procurement systems centralizing procurement data in NPO databases have been gradually implemented, and NPO has collected the information on public works not included in the systems, covering the major part of capital expenditures from the 5-largest procuring sectors in 2018, including bidding and awarded contracts. However, the level of implementation of the e-procurement system for public works as of December 2018 indicates that a large part of public expenditure in procurement was not being recorded in a complete and precise database during that year.
24.2 Procurement methods	C	Although the analysis of available information from NPO's e-procurement systems and databases indicates at least 60% of the amount is executed using competitive methods, there is not comprehensive measurement for all categories of expenditure.
24.3 Public access to procurement information	B	The information displayed publicly enables access to 5 of the 6 key elements.
24.4 Procurement complaints management	D	The complaint system does not ensure access to an external and independent entity that does not participate in the procurement process. Complaints are addressed by the procuring entity.

PI-25. Internal controls on non-salary expenditure

345. This indicator measures the effectiveness of internal controls of non-salary expenses in general.¹⁵² It includes three dimensions and uses the M2 method to determine the overall rating.

346. Internal control in the central government is governed by the Act on Financial Administration and Control Systems of the National Public Sector,¹⁵³ which establishes the internal control system and the responsibilities of the entities that comprise it. The internal control system is composed of (a) the National Internal Audit Agency (NIAA), which serves as a regulatory, oversight, and coordinating body, and (b) internal audit units (IAUs) established in each jurisdiction and in the entities that come under the Executive branch at the national level.

¹⁵² Specific controls on spending on public administration salaries are examined in PI-23.

¹⁵³ Act No. 24.156 of October 26, 1992, Section (d), subsection (ii), and Articles 100 and 101.

347. The Act specifically establishes that the highest authority of each jurisdiction or entity under the Executive branch is responsible for maintaining an adequate internal control system that includes instruments for ex-ante and ex-post control provided for under the organizational plan and the regulations, procedures manuals, and internal auditing of each agency.

348. The technical framework for internal control is governed by the General Internal Control Standards/GICS (*Normas Generales de Control Interno*),¹⁵⁴ in force since 2014, which have been updated in accordance with best practice as set out in the COSO document.¹⁵⁵

25.1. Segregation of duties

349. The duties specifically related to budget execution are established in the financial administration legislation covering the central government. Specifically, the implementing regulations of this legislation establish who is empowered to authorize expenses, order payments, and make disbursements.¹⁵⁶

350. The internal control rules provide that, in general, the establishment of the organizational structure and the assignment of authority and responsibility must respect the criterion of segregation of duties, seeking to avoid the concentration of responsibilities in positions that might be incompatible or generate conflicts of interest.¹⁵⁷ Each central government entity has issued various instruments in accordance with this norm, including administrative decisions, provisions, and organizational and functional manuals.

351. In the central government entities included in the sample, it was found that the segregation of duties has been established through secondary internal control standards, mainly in manuals of functions and procedures, which are subject to prior review by the internal audit units to verify, among other matters, that the GICS have been taken into account.

352. Consequently, the main responsibilities that may be incompatible, such as (a) authorization, (b) recording, (c) custody of the assets, and (d) reconciliation or audit are, in practice, separate. The segregation of duties occurs at all stages of both the budget execution process and public procurement processes. The reports of the internal auditors, those of NIAA, and those of the Auditor General's Office do not reveal any material circumstances in which non-compliance with the GICS on segregation of duties or non-compliance in the application of the GICS was found. Hence, the score for the present dimension is A.

25.2 Effectiveness of expenditure commitment controls

353. For the entities of the central administration that use eSIDIF—in the budget and treasury modules sample (TSA)—the internal control system for the budget execution process operates in two areas.

¹⁵⁴ General internal control standards approved through Resolution No. 172 of November 28, 2014, of the National Internal Audit Agency.

¹⁵⁵ Committee of Sponsoring Organizations of the Treadway Commission (COSO), May 2013.

¹⁵⁶ Decree No. 1344 of October 4, 2007 (implementing regulations for Act No. 24.156), Article 35.

¹⁵⁷ General Internal Control Standards 3.1, 3.5, 8.2, 10.7, and 11.4, as well as Component 3 of the GICS, "Control Activities."

- All expense transactions are authorized and approved in accordance with the rules established under the regulations in force and the limits set therein.
- A budget execution record is kept by each entity in its eSIDIF, which operates or is integrated with the central eSIDIF, which does not allow payments to be processed unless a budget and approved funds are available. This control prevents the occurrence of budget inconsistencies, such as budget allotments being made in the absence of available funds.

354. Thus, it can be affirmed that eSIDIF incorporates controls of available credit, approved amount, and paid amount for expense accounting. Similarly, controls of approved resource availability are applied when recording payment status. For payments made through TSA, availability of the payable amount is checked. All the controls mentioned are incorporated as rules or standards in the transactional system, which means that only validated transactions can be authorized.

355. Consistent with this, NSSA uses the SAP system,¹⁵⁸ which is designed and implemented in accordance with the current budget regulations; consequently, it is not possible to commit an amount that exceeds the available funds and allotted budget share. Hence, the score for the present dimension is A.

25.3. Compliance with payment rules and procedures

356. All payment transactions are made in compliance with the regulations in force,¹⁵⁹ which are set out in procedures manuals. The central administration and TSA-user entities follow the “Model for the Management of Expenditure Cycles in eSIDIF,”¹⁶⁰ which summarizes and defines the functionalities of the expenditure cycle within the Integrated Financial Information System.¹⁶¹

357. Payments are scheduled and made based on liability age and fund availability. There are rules and procedures for processing exceptions, which are recorded in the Electronic Document Management System and must be authorized by an official of a rank not lower than Undersecretary.

358. Where appropriate, NSSA verifies and monitors payments through the SAP system in accordance with the provisions of its general and specific rules for the management of payments, which include authorizations for specifically identified exceptions.

359. No statistics on internal control inconsistencies in the payment process are available for either eSIDIF or SAP. The reports of the internal audit units selected for evaluation reveal some weaknesses in

¹⁵⁸ The SAP (Systems, Applications, and Products in data processing) system is a robust computer system tailored to NSSA that facilitates the management of resources in general and the processing of payroll, accounting, and logistical matters, among others, in accordance with international standards and the legal provisions currently in force.

¹⁵⁹ Article 35 of Decree No. 1344 establishing competencies to order and authorize payments and make disbursements; Resolution No. 404 of December 17, 2013, of the Ministry of Treasury and amendments, approving the selection criteria to be applied for the processing of payment orders; and Resolution No. 205 of October 4, 2015, of the Ministry of Treasury approving the selection criteria to be applied for the processing of payment orders.

¹⁶⁰ Resolution No. 81 of April 13, 2012, of the Ministry of Treasury, which establishes the conceptual framework that sets out and defines the expenditure cycle functionalities within the electronic Federal Government’s Integrated Financial Management Information System (eSIDIF).

¹⁶¹ At the level of the central administration and of the entities that process their payments in TSA, the “Treasury payment by bank transfer” payment process is certified under rule 9001:2015.

the payment process, but do not raise concerns in relation to the reliability of compliance with internal controls in the processes examined.

360. The last audit report on the National Government Financial Report for 2017, issued by NIAA in February 2019,¹⁶² reveals that although there were internal audit observations regarding internal controls in 105 of 152 national public sector agencies; only four agencies received an opinion of “insufficient.” According to the report, the weaknesses giving rise to the qualified audit opinion on internal controls related mainly to recording of assets, movement of funds, and loans and liabilities. Many of these weaknesses had been identified repeatedly in earlier years. The report is not specific about weaknesses directly related to the payment process.

361. No recent information is available on the results of audits conducted by the Auditor General’s Office on the national financial report and on internal accounting controls related to payments. From the evidence collected of sample budgetary and extrabudgetary entities, and NTO, it was verified that the majority of payments are compliant with regular procedures. Hence, the score for this dimension is C.

Recent or ongoing reform activities

362. In accordance with Decree No. 72 of January 24, 2018, and its implementation during part of 2018 and to date in 2019, meetings of central administration control committees have been held with the aim of ensuring that the highest authorities are committed to improving the internal control system. This will entail a cultural change, the results of which will not be evident in the short term, but it is estimated that by 2020 the number of outstanding observations (recommendations) should have declined.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-25. Internal controls on non-salary expenditure	B+	M2 Method of aggregation for the indicator score.
25.1 Segregation of duties	A	Current regulations provide for the separation of incompatible duties, and institutional responsibilities for the budget execution process have been formally established.
25.2 Effectiveness of expenditure commitment controls	A	Manual and electronic internal controls prevent expenditure commitments from being made outside the approved budget and without the availability of funds.
25.3 Compliance with payment rules and procedures	C	It was verified that the majority of payments are compliant with regular payment procedures.

¹⁶² NIAA Report on the government financial reports for 2017. IF-2019-14529590-APN-GCSEI # NIAA, submitted to the Ministry of Treasury in February 2019 (see page 34 of 217).

PI-26. Internal audit

363. This indicator assesses the standards and procedures applied in internal audit. It includes four dimensions and uses the M1 method for aggregating dimension scores.

364. Internal auditing within the central government is provided for under the main legal framework governing financial management,¹⁶³ according to which internal audit is a service provided to the entire administration and consists of ex-post examination of the financial and administrative activities of central government entities. Internal auditing is conducted by staff auditors of internal audit units (IAUs), who are independent of the operations they audit, being appointed by NIAA. The legal framework includes standards related to the internal audit process and general aspects of the appointment, performance evaluation, and removal of IAU auditors.

365. As explained under PI-25, internal audit is part of the internal control system and comes under the technical supervision of the National Internal Audit Agency (NIAA), which coordinates and supervises the internal audit units operating within each entity of the central government. NIAA is exclusively empowered to appoint and remove auditors of the internal audit units,¹⁶⁴ who report to the highest authority within each agency. NIAA is also empowered to conduct its own financial, legal compliance, and management audits and to undertake special investigations.

26.1. Coverage of internal audit

366. In accordance with the provisions of the legal framework, all 209 of the entities that compose the central government and execute the totality of its revenues and expenses have an internal audit unit. These units meet the following requirements, among others:

- As part of the scope of their work, they verify compliance with laws, regulations, and procedures and with the internal controls in place in the operations they audit.
- All units have an audit work plan, which is reviewed by NIAA prior to implementation.
- All units document the process of any internal audit they conduct.
- All units submit internal audit reports in accordance with local internal audit standards and other NIAA regulations.

367. The technical framework for the internal audit units is regulated by NIAA, which, in addition to reviewing and approving their audit plans, conducts semi-annual and annual reviews of their performance and issues reports on the findings of its assessments. Hence, the score for the present dimension is A.

26.2. Nature of audits and standards applied

368. The scope of internal audits is established in the annual plans of IAUs. These plans are based on a risk analysis and focus on selected operations, various aspects of which are examined, particularly with

¹⁶³ Articles 100, 101, and 102, Act No. 24.156 of October 26, 1992, on the Financial Administration and Control Systems of the National Public Sector, and its implementing regulations. Additional regulations are available at <https://www.argentina.gob.ar/sigen/institucional/normativa>.

¹⁶⁴ Decree No. 72 of January 23, 2018, amending the regulatory standards set forth in Decree No. 1344/07 with regard to the appointment of internal audit unit auditors and the formation and functioning of internal control committees.

respect to legal compliance and internal controls related to such operations. An annual internal financial audit of the financial statements of each entity is also conducted.

369. The internal audit units do not have annual reports in which they issue an opinion on the structure and effectiveness of the internal control system of each entity, nor do their audit plans include an analysis of the coverage of their work with respect to the revenues and expenses of each entity. The current methodology for assessing the adequacy and effectiveness of internal controls does not include any analysis of the impact of such controls to determine whether the impact is consistent with policy and operational objectives or whether the controls are sufficient and are the most appropriate measures for achieving the intended objectives.

370. Although there is no structured quality system or quality assurance and improvement program, as required by professional internal audit standards, NIAA has established standards and processes for technical quality control.¹⁶⁵ In its annual oversight reports, NIAA includes statements on the quality of the reports and work papers (evidence) prepared by the internal audit units and in general assesses consistency in the application of local internal audit standards.

371. The local standards have been in force since 2002 and have not been updated to bring them into line with international internal audit standards¹⁶⁶ and Decree No. 72/2018. The current standards do not include, among other things, the new definition of internal audit, the “assurance and consulting” role, a quality assurance and improvement program (requirement of internal and external assessments), interaction with the chief audit executive and the audit committee (when applicable), or technical explanation and clarification through interpretation of most of the standards. Hence, the score for the present dimension is C.

26.3. Implementation of internal audits and reporting

372. All internal audit units prepare annual internal audit plans, which are reviewed and approved by NIAA before being implemented. Internal audit reports are issued for planned internal audits. In accordance with legal requirements, audit reports are submitted to the authorities of the audited entities and to NIAA. The latter, whose interventions are related to cross-cutting financial matters, such as the examination of the annual financial report or other financial aspects, submits its reports to the Ministry of Treasury. The average level of completion of internal audit plans by the entities included in the sample is 95 percent, as can be seen in Table 3.26.1.

¹⁶⁵ NIAA Resolutions No. 152/2002 of October 17, 2002, approving the internal audit standards of the Government (<https://www.economia.gob.ar/digesto/resoluciones/sigen/2002/ressigen152/ressigen152.htm>); No. 45/2003, establishing standards for work papers; and No. 3/2011 of January 14, 2011, approving the internal control manual of the Government.

¹⁶⁶ The professional internal audit standards updated by the Institute of Internal Auditors can be found at <https://na.theiia.org/translations/PublicDocuments/IPPF-Standards-2017-Spanish.pdf>.

Table 3.26.1. Completion of Internal Audit Plans, 2018

Entity	Number of reports planned	Number of reports submitted to the administration	Percentage (%) of audit plan completion (reports submitted / planned reports)
IAU – Ministry of the Interior, Public Works and Housing	36	34	94
IAU – Ministry of Education, Culture, Science and Technology	32	31	97
IAU – Ministry of Health and Social Development	78	76	97
IAU – Ministry of Treasury	63	58	92
IAU – National Social Security Administration (NSSA)	36	34	94
IAU – Ministry of Transportation	42	39	93
IAU - National Road Directorate	n/a ¹		
Totals/Average completion of plans	287	272	95

¹ Not available on the date the PEFA assessment was prepared.

Source: Prepared on the basis of statistical records provided by NIAA.

373. Based on the analysis and supporting evidence, the score for the present dimension is A.

26.4. Response to internal audits

374. There are no formal deadlines by which the authorities of the audited entities are expected to respond to internal audit reports. However, once the report has been delivered, it is common practice for the audited entities to express their opinions thereon, which the auditors may, after analyzing the relevance of the opinions expressed, accept and incorporate into their reports.

375. The adoption of corrective actions or recommendations is usually agreed between the auditor and the auditee, and the internal audit units have the obligation to submit to the jurisdictional audit offices and oversight committees of NIAA, by February 15 of each year, detailed reports of audit recommendations pending at the end of the previous fiscal year, recommendations implemented, and recommendations classified as “non-implementable” during the fiscal year.

376. Sometimes there is a delay in implementing corrective actions, which gives rise to recurring recommendations. For this reason, NIAA has recently adopted measures to outsource commitments. The Corrective Action Monitoring System (*Sistema de Seguimiento de Acciones Correctivas*),¹⁶⁷ is available to internal audit units for follow-up on audit reports. The units enter their reports and detailed recommendations into the system, indicating in each case the person or area responsible and the

¹⁶⁷ The Corrective Action Monitoring System was established pursuant to NIAA Resolution No. 173/2018 of October 9, 2018.

estimated date of completion. They also enter information on the situation found at the time of monitoring and generate the respective monitoring reports.

377. As shown in Table 3.26.2, the six entities included in the sample for this assessment took action on audit recommendations in 55 percent of cases on average, which means that the majority of the audited entities responded at least partially to internal audit recommendations.

Table 3.26.2. Management Response to Internal Audit Reports for High-Impact Findings

Entity	Percentage of recommendations acted on (corrective action taken, or recommendation implemented)/total number of recommendations included in reports submitted		
	2016	2017	2018
IAU – Ministry of the Interior, Public Works and Housing	79	91	93
IAU – Ministry of Education, Culture, Science and Technology	73	57	31
IAU – Ministry of Health and Social Development	61	37	17
IAU – Ministry of Treasury	47	40	20
IAU – National Social Security Administration (NSSA)	43	52	14
IAU – Ministry of Transportation	n/a ¹	68	92
IAU- National Road Directorate	n/a ¹	n/a ¹	n/a ¹
Average percentage of responses by management	61	58	45
Average percentage of recommendations implemented by management over three years	55		

¹ Not available on the date the PEFA assessment was prepared.

Source: Prepared on the basis of statistical records provided by NIAA.

378. Based on the analysis and supporting evidence, the score for the present dimension is C.

Recent or ongoing reform activities

379. National Executive Branch Decree No. 72 of January 24, 2018, “Financial Administration and Control Systems of the National Public Sector,” introduced the following modifications to the public internal control system:

- Control committees shall be formed and functioning and shall meet at least twice a year.
- The Internal Auditor shall be appointed by the Head of the National Internal Audit Agency (NIAA) for a maximum term of office of four years, which may be extended to eight years at the request of the Head of NIAA.
- Within six months following the promulgation of this decree, the National Audit Office, through the Higher Institute for Oversight of Public Management, shall establish the curriculum for a professional program of study in government auditing to be offered by the Institute.

- NIAA shall be responsible for assessing the achievement of objectives and results by heads of internal audit units, and the unit heads shall perform the same function in respect of the staff under their supervision.
- Compliance with the general standards established by NIAA in relation to design of the structure of internal audit units, profiles, and other requirements shall be a mandatory condition for the approval of structure and the appointment of staff.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-26. Internal audit	C+	M1 method of aggregation for the indicator score.
26.1 Coverage of internal audit	A	Internal audit function operational within all central government entities.
26.2 Nature of audits and standards applied	C	IAUs do not have annual reports on the structure and effectiveness of each entity's internal control system, nor do their audit plans include an analysis of the coverage of their work with respect to the revenues and expenses executed by each entity. Their practice conforms to internal auditing standards that have yet to be updated to bring them into line with international standards.
26.3 Implementation of internal audits and reporting	A	Annual internal audit plans and programs exist and are almost fully completed.
26.4 Response to internal audits	C	The response by most entities to internal audit recommendations is partial.



PILLAR SIX: Accounting and reporting

PI-27. Financial data integrity

380. This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. It contains four dimensions and uses the M2 method for aggregating dimension scores.

381. Preparation and verification of bank reconciliations for accounts falling under the Treasury Single Account (TSA) and monitoring of the resulting adjustments needed are among the functions assigned to the Accounting Processing Directorate of the National Accounting Office (NAO).¹⁶⁸ The bank reconciliations for NSSA and the other central government entities are the responsibility of the Financial Administrative Units (SAFs), specifically their accounting or equivalent directorates. The National Treasury Office (NTO) reconciles its cash book with data from the banks each day. The focus of these reconciliations is not the integrity of the accounting records and financial statements, as required under the PEFA framework, but rather the consolidation of reliable data for NTO funds management.

382. Responsibility for reconciliation of the central administration advance accounts lies with NAO, while the SAFs have that responsibility for the remaining budgetary central government (BCG) entities. Moreover, since 2001 by order of NAO,¹⁶⁹ suspense accounts have no longer been used, with the information instead being presented in the notes to financial statements; this is consistent with the International Public Sector Accounting Standards (IPSAS).

27.1. Bank account reconciliation

383. The detailed bank reconciliations of the central administration (see Table 3.27.1), which is part of the central government, are prepared annually by NAO within five months of the close of the fiscal year.¹⁷⁰ Detailed reconciliations are prepared monthly by NSSA, the main budget implementing unit in the central government, within six weeks of the close of the reference month.¹⁷¹ It therefore cannot be concluded that all active bank accounts of the central government are reconciled quarterly and generally within eight weeks of the end of the period. Hence, the score for the present dimension is D.

¹⁶⁸ See specific function at <http://servicios.infoleg.gob.ar/infolegInternet/anexos/305000-309999/307927/norma.htm>, Annex IV, page 49, Administrative Decision of the Executive Office of the Cabinet of Ministers No. 325 of March 16, 2018.

¹⁶⁹ Provision 11 of the National Accountant of February 27, 2001, Article 8, available at <https://www.economia.gob.ar/hacienda/cgn/normas/disposiciones/2001/disp11.htm>.

¹⁷⁰ The report submitted by NAO on bank reconciliations at the close of the 2018 fiscal year, which is dated with the data of the NAODPC process (May 7, 2019), was examined.

¹⁷¹ The reconciliations submitted for the close of the 2018 fiscal year, which were formalized by the dispatch of the electronic file GDE - EX-2019-08482170- -ANSES-DCO#ANSES to NAO on February 19, 2019, six weeks following the close of the fiscal year in question, were examined.

Table 3.27.1. Bank Account Reconciliation

Bank Accounts	Frequency of Aggregate Reconciliation	Frequency of Detailed Reconciliation	Timeline for Reconciliation following the End of Period
Central administration bank accounts	Annual	Annual	20 weeks
NSSA	Monthly	Monthly	6 weeks

Source: Authors, based on information provided by NAO and NSSA with annexes showing the dates on which the reconciliations were available.

27.2 Suspense accounts

384. Under the legal and technical framework covering the government accounts in Argentina, no suspense accounts are recorded or submitted. They have been replaced by disclosures in the notes to the financial statements. This practice is consistent with IPSAS, which do not require suspense accounts but do establish the need to disclose in the notes to the financial statements any situations that could have an accounting/balance sheet implication and that provide those concerned with the information needed for decision-making.

385. The 2016 National Government Financial Report, which is the last financial report audited by the Auditor General’s Office (AGO), includes financial statements and notes to the financial statements. The same is true for the 2017 Annual Financial Report, which has been published, but for which no audit report has yet been issued. The 2018 Annual Financial Report, as explained in PI-29, has not been officially issued or published and consequently has not been subject to an external audit.

386. Based on the revised information, this dimension is not applicable.

27.3. Advance accounts

387. The accounting treatment of advances forms part of the conceptual framework that synthesizes and defines the functionalities of the expenditure circuit within the web-based Integrated Financial Management Information System (eSIDIF).¹⁷² However, there are no standards specifically establishing the frequency and timeframes for the reconciliation of the various advances recorded in the BCG. These concepts primarily include advances to providers and contractors, allowances, and other advances.

388. According to the information provided by NAO, the reconciliations of the advance accounts generally take place annually at the close of the fiscal year and are prepared within six months of the close of the reference fiscal year. At the time of the assessment (May 2019) this reconciliation was still being prepared. In the case of NSSA, the main BCG implementing agency, the reconciliation takes place quarterly, within the month following the close of the reference period.

389. It therefore cannot be concluded that the reconciliation of the advance accounts takes place annually within two months of the end of the period. Hence, the score for the present dimension is D.

¹⁷² Resolution 81 of April 13, 2012, which establishes the conceptual framework for the expenditure circuit—Section 6.5 financial assets circuit.

27.4. Financial data integrity processes

390. The procedures to control logical access to the Federal Government's Integrated Financial Management Information System (eSIDIF) and its platforms and applications, and to local systems used by the various Financial Administrative Units (SAFs), are formalized in provisions issued by NAO and the Information Unit of the Ministry of Treasury.¹⁷³ These provisions include rules for access, changes and, in general, procedures for the addition, rehabilitation, and removal of users.

391. The data integrity supervisory functions are assigned to NAO, which is supported in the area of technology by its Systems Audit Directorate.¹⁷⁴ As part of this supervision, access is continuously monitored and all unauthorized attempts to enter the information network are recorded in a log.¹⁷⁵

392. All changes to the records are authorized by the Accountant General and documented by a request number, which facilitates later tracking and supervision by the Systems Audit Directorate. During the year, systems audit reports indicating the results of the financial data integrity process are issued. Hence, the score for the present dimension is A.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-27. Financial data integrity	C	M2 method of aggregation for the indicator score.
27.1 Bank account reconciliation	D	The bank accounts composing the Annual Financial Report are reconciled annually within 5 months of the close of the reference fiscal year.
27.2 Suspense accounts	n/a	The chart of accounts does not provide for any suspense account. Information is disclosed in notes to the financial statements.
27.3 Advance accounts	D	The advance accounts are reconciled annually as part of the preparation of the annual financial reports, within 6 months of the close of the fiscal year.
27.4 Financial data integrity processes	A	Access and changes to records are subject to strict security protocols and result in an audit trail. Data integrity is supervised on a continual basis by the Systems Audit Directorate of NAO.

¹⁷³ Provision NAO 05 and Ministry of Treasury Unit 02 of February 11, 2003, available at <https://www.economia.gob.ar/hacienda/cgn/normas/disposiciones/2003/disp05/disp05.htm>.

¹⁷⁴ Administrative Decision 325 of March 15, 2018 – Annex IV – Page 51, available at <http://servicios.infoleg.gob.ar/infolegInternet/anexos/305000-309999/307927/norma.htm>.

¹⁷⁵ Log refers to the sequential recording in an archive or database of all incidents (events or actions) affecting a particular process (application, IT network activity, etc.).

PI-28. In-year budget reports

393. This indicator assesses the comprehensiveness, accuracy, and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. This indicator assesses only in-year budget execution reports that are supported by a comprehensive analysis for decision-making purposes. The analysis period is the most recent complete fiscal year (2018). This indicator contains three dimensions and uses the M1 method for aggregating dimension scores.

394. In accordance with the National Public Sector Financial Management and Control Systems Act,¹⁷⁶ the National Budget Office (NBO) is responsible for issuing in-year budget reports following a critical analysis of the physical and financial results and their impact, and an interpretation of any changes from that which was programmed. As well, an effort should be made to determine the reasons for the changes and to issue reports with recommendations for the higher authorities and the managers of the agencies affected.

28.1. Coverage and comparability of reports

395. NBO prepares a wide range of in-year budget execution reports that include all revenue and expenditure data for the central administration, decentralized entities, and social security entities. Budget execution reports capture figures for each stage of the budget execution process as recorded in eSIDIF by every budgetary unit. As such, information is comprehensive and allows for comparison to the approved budget by economic and functional classification, by spending unit, by source of funding, by program classification, and by geographic location. Expenditures made from transfers to decentralized units within the central government are included in these reports. The full set of in-year budget reports is presented in Annex 9.

396. Nevertheless, given the multiplicity of in-year budget reports produced by NBO, to make a comparison to the original budget it is necessary to analyze pieces of information included in various reports. Although the main purpose of NBO in-year budget reports is for managers' decisions, most in-year reports are also available to the citizenry.

397. Based on the analysis and supporting evidence, the score for the present dimension is A.

28.2. Timing of in-year budget reports

398. Table 3.28.1 shows the frequency and timeframe of publication of GoA budget in-year reports selected for the assessment in accordance with NBO regulations and financial management laws in effect.

Table 3.28.1. Budget Execution Reports Issued in the Most Recent Complete Fiscal Year

Period covered by the report	Frequency	Timeframe
National Administration Budget Execution Report	Monthly/Quarterly	8 weeks

¹⁷⁶ Article 45 of National Public Sector Financial Management and Control Systems Act, dated October 26, 1992.

National Public Sector Budget Execution Report	Monthly/Quarterly	8 weeks
Open Budget Execution Reports for the Central Government	Monthly	8 weeks

Source: Prepared by authors based on data from MoT website.

399. Based on the analysis and supporting evidence, the score for the present dimension is C.

28.3. Accuracy of in-year budget reports

400. In-year reports are prepared using data extracted from eSIDIF, which meets the quality standards reported in Dimension PI 27.4. The reliability of the in-year budget execution reports is supported by budget execution process controls. NAO staff perform checks on the reliability of each budget agency's budget records as part of their regular control activities and expressed no significant concerns regarding the accuracy of fundamental data. Moreover, there are no material concerns regarding data accuracy of the monthly and quarterly budget execution reports arising from reports of the Auditor General's Office. Hence, the score for this dimension is A.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-28. In-year budget report	C+	M1 Method of aggregation for indicator score.
28.1 Coverage and comparability of reports	A	Several in-year reports are prepared by NBO. Coverage and classification of these reports comprehensively account for expenditures and comparison with budget estimates. Expenditures made from transfers to decentralized units within the central government are included in the reports.
28.2 Timing of in-year budget reports	C	Budget execution reports are prepared monthly/quarterly and issued within 8 weeks from the end of each period.
28.3 Accuracy of in-year budget reports	A	There are no major concerns regarding data accuracy. Data on expenditure is provided at commitment, accrual, and payment stages in different reports. Analysis is made quarterly.

PI-29. Annual financial reports

401. This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is crucial for accountability and transparency in the PFM system. The indicator includes three dimensions and uses the M1 method for aggregating dimension scores.

402. Argentina has a broad legal and regulatory framework¹⁷⁷ relating to annual financial reports for the budgetary central government (BCG), which comprise a set of reports and analyses compiled in the National Government Financial Report, which includes budget execution reports and financial statements.

403. As previously noted, in accordance with the existing legal framework, responsibility for the preparation, the completeness, and the presentation of the National Government Financial Report, as well as for compliance with the applicable accounting standards, is entrusted to the National Accounting Office, which reports to the Finance Secretariat of MoT.

404. The assessment is based on available financial reports for 2017. No external audit report for 2017 was available at the date of the assessment.

29.1. Completeness of annual financial reports

405. The National Government Financial Report¹⁷⁸ includes the following information:

- Budget execution statements as of the closing date of the fiscal year, which include the Savings-Investment-Financing Account statement and a description of the methodology for preparing it, budgeted revenue and expenditures, inter-institutional transfers, and cash flow. A budget/accounting reconciliation is also presented, which makes it possible to compare the current totals in the Savings-Investment-Financing Account with the totals shown in the statement of financial performance in order to assess the coherence between the two.
- Analysis of payments to the Treasury and unspent revenue.
- Statement of financial movements and position of the Treasury, with updated statements of internal, external, direct, and indirect public debt.
- The Savings-Investment-Financing Account of the national non-financial public sector.
- Financial statements, including the statement of financial position, statement of financial performance, cash flow statement, and statement of changes in net equity, with the respective notes to the financial statements.
- An evaluation of government financial management performance.

406. For the preparation of the financial statements, the National Accounting Office, among other tasks and subject to a prior authorization, registration, and control processes, consolidates and integrates into eSIDIF the accounting information entered by the primary data entry units of the entities and jurisdictions that compose the national public sector. Using the information in the system, plus any additional information that it may request, the National Accounting Office conducts analyses and other tasks to ensure consistency of the figures, based on the principle of operational decentralization.

407. As shown in the Table under PI-29.2, the annual financial reports of the central government for fiscal year 2017 make it possible to compare the results with the initially approved revenue and

¹⁷⁷ The legal framework principally consists of the provisions of Article 85 of the National Constitution; Act No. 24.156 of October 26, 1992, on Financial Administration and Control Systems of the National Public Sector, Title V, Article 95, which relates to the Government Accounting System and the annual financial report; and Resolution No. 25 of August 2, 1995, of the Finance Secretariat, which sets out the basic principles and scope of generally accepted accounting principles and generally accepted accounting standards.

¹⁷⁸ The full report is available at <https://www.economia.gob.ar/hacienda/cgn/cuenta/2017/tomoi/02intro.html>.

expenditure budget and the modifications made thereto. Hence, the score for the present dimension is A.

29.2. Submission of reports for external audit

408. The Argentine Constitution¹⁷⁹ establishes that the Legislative branch is responsible for external control of the assets and the economic, financial, and operational aspects of the national public sector and that the examination and opinion of the Legislative branch on the performance and general situation of the public administration must be supported by the opinions of the Auditor General's Office.

409. The law¹⁸⁰ requires that NAO must submit the annual financial report for each fiscal year to the Legislature by June 30 of the following year. The Legislature in turn submits the report to the Auditor General's Office for external audit. No deadline has been set for this submission.

410. As shown in Table 3.29.1, as of the date of the PEFA assessment, the National Accounting Office had submitted the annual financial report for fiscal year 2017 to the Legislature for external audit, as established by the Constitution and the law.

Table 3.29.1. Financial Reports of the Central Government

Financial report	Date of submission to Legislature for external audit	Content of annual financial report (Yes/No)			Cash flow statement reconciled (Yes/No)
		Expenditure and revenue by economic classification	Financial and non-financial assets and liabilities	Guarantees and long-term obligations	
National Government Financial Report, including statement of budget execution and financial statements, for fiscal year 2017	July 3, 2018 ^{/1}	Yes	Yes	Yes	Yes

^{/1} The National Accounting Office submitted the annual financial report for 2017 to the Legislature through the Remote-Based Services, Note No. 3-18, addressed to the President of the Senate.

Source: Prepared by the authors based on information provided by the National Accounting Office.

411. Based on the analysis and supporting evidence, the score for the present dimension is C.

29.3. Accounting standards

¹⁷⁹ Article 85 of the National Constitution.

¹⁸⁰ Article 91, paragraph (h) and Article 95 of Act No. 24.156 of October 26, 1992, on the Financial Administration and Control Systems of the National Public Sector (<http://servicios.infoleg.gob.ar/infolegInternet/anexos/0-4999/554/texact.htm>).

412. Financial reports and financial statements are prepared in accordance with generally accepted accounting principles, which are an integral part of the Government Accounting Manual.¹⁸¹ Information on the application of accounting principles and standards is disclosed in the notes to the financial statements for each fiscal year.¹⁸²

413. In 2014, a comparative study of the International Public Sector Accounting Standards and the accounting standards of the Argentine public sector was conducted.¹⁸³ The study, which included a standard-by-standard comparison of each IPSAS with the national standard, did not present a general conclusion with regard to the degree of incorporation, but it did reveal differences in most of the national standards. The study did not detail the necessary adjustments; it merely provided a comparison that revealed differences.

414. The annual operating plan of the National Accounting Office for 2019¹⁸⁴ calls for an impact study to be conducted on the International Public Sector Accounting Standards (see Table 3.29.2). This study will be carried out with support from international cooperation agencies and is expected to lead to the alignment of accounting standards with best practices in the near term. Hence, the score for the present dimension is C.

Table 3.29.2 Recent or Ongoing Reform Activities

Name of the activity, project, or program entailing the reform relevant to the indicator	Level of progress at the time of the assessment (May 2019)	Expected results (description)	Date on which results relevant to the indicator are expected
Impact studies of international accounting standards according to the Public Finance Statistics Manual (IMF 2014)	Consultant recruitment initiated	Identification of the differences between IPSAS and national accounting standards	Late 2019

¹⁸¹ Standards approved by Resolution No. 25 of August 2, 1995, of the Ministry of Treasury available at <https://www.argentina.gob.ar/hacienda/sechacienda/cgn/manualcontabilidadgubernamental>.

¹⁸² 2015: <https://www.economia.gob.ar/hacienda/cgn/cuenta/2015/tomoi/16notas.htm>; 2016: <https://www.economia.gob.ar/hacienda/cgn/cuenta/2016/tomoi/16notas.html>; 2017: <https://www.economia.gob.ar/hacienda/cgn/cuenta/2017/tomoi/16notas.html>.

¹⁸³ A 2014 study entitled “Analysis of the Applicability of International Standards to the National Public Sector,” conducted with support from PROFIP—IDB 2754/OC-AR project, presented a summary of various IPSAS and comments in relation to the applicable Argentine standards.

¹⁸⁴ See https://www.argentina.gob.ar/sites/default/files/anexo_i_-_if-2019-19494624-apn-cgn-mha.pdf.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-29. Annual financial reports	C+	M1 method of aggregation for the indicator score.
29.1 Completeness of annual financial reports	A	Financial reports for the BCG are prepared annually and include complete information on revenue, expenditure, physical and financial assets, liabilities, guarantees, and long-term obligations; they are comparable with the original approved budget and the modifications thereto. Basic financial statements are included, including a cash flow statement.
29.2 Submission of reports for external audit	C	The financial reports for the BCG were submitted for external audit within 7 months after the end of the fiscal year.
29.3 Accounting standards	C	The accounting standards applied to all reports are consistent with the country's legal framework and current local accounting standards, and the standards are applied consistently. Reference is made to the application of such standards in the notes to the financial statements.



PILLAR SEVEN: External scrutiny and audit

PI-30. External audit

415. This indicator examines and assesses the characteristics of external audit at the level of the central government. It contains four dimensions and it uses the M1 method for aggregating dimension scores.

416. The Auditor General's Office was created in 1992 with the enactment of the National Public Sector Financial Management and Control Systems Act.¹⁸⁵ Subsequently, the Argentine Constitution, as amended in 1994, established that the Legislative branch is responsible for external control of the assets and the economic, financial, and operational aspects of the national public sector. The Constitution also established AGO as a functionally autonomous technical assistance arm of the National Legislature, responsible for overseeing the legality, management, and auditing of all activities of the central and decentralized public administration, irrespective of their form of organization. The assessments and opinions of the Legislative branch on the performance and the overall status of the public administration must be supported by the opinions of AGO.¹⁸⁶

417. The Act establishes that AGO is responsible for ex-post external control of budgetary, economic, financial, legal, and asset management, and for issuing opinions on the financial statements of the central administration, decentralized agencies, state-owned companies, public service regulatory agencies, and the municipal government of the City of Buenos Aires, as well as of compliance with contractual obligations by private entities awarded contracts for privatization processes.¹⁸⁷

418. The organizational structure of AGO, the distribution of its functions, and its basic rules of operation were established by joint resolutions of the Parliamentary Public Accounts Review Committee and the Joint Parliamentary Budget and Finance Commission of the two houses of the Legislature. Subsequent amendments to the Constitution and the Act proposed by AGO must be endorsed by the same commissions.

30.1. Audit coverage and standards

419. The audit universe of AGO encompasses the central government, as part of its sphere of legal competence. The scope in terms of financial reports is established by the Constitution and by law: AGO must annually examine and issue an opinion on the National Government Financial Report, which includes

¹⁸⁵ Articles 116, 117, and 118 of the National Public Sector Financial Management and Control Systems Act No. 24.156.

¹⁸⁶ Article 85 of the National Constitution.

¹⁸⁷ Article 117 of the Act on Financial Administration and Control Systems of the National Public Sector.

budget execution reports and financial statements, as well as other financial reports stipulated in the National Public Sector Financial Management and Control Systems Act and its implementing regulations.¹⁸⁸

420. AGO examines the reliability of the financial statements included in the National Government Financial Report and submits a report to the Legislature to enable it to determine whether the agreed budget was executed as planned or whether there were any deviations or irregularities.

421. In compliance with its legal responsibilities, AGO approved the Government External Control Standards (GECS), during 2015 and 2016; it began to implement the Standards fully in January 2017.¹⁸⁹ Even though the GECS are based on the International Standards of Supreme Audit Institutions (ISSAI),¹⁹⁰ they are not fully aligned with ISSAI.

422. At the time of the assessment, only the AGO external audit report on the national financial report for fiscal year 2016 was available. The national financial report for 2017 is currently being audited, and the external audit of the report for fiscal year 2018 has not yet begun, as the Legislature has not yet received the report from the National Accounting Office (NAO). Consequently, of the three years of the period required by the PEFA methodology for the assessment, data is available only for fiscal year 2016.

Table 3.30.1. AGO Coverage of the Annual Budget
(AR\$ million)

Description	Year		
	2016	2017	2018
Expenditure budget	2,131,113	n/a ¹	n/a
Coverage of external audit (sample)	1,432,634	n/a	n/a
Coverage of external audit/total expenditure %	67	n/a	n/a

¹ Data not available. The external audits of the national financial report for 2017 have not been completed, and the Legislature has not yet submitted the information for 2018 to AGO to enable it to begin the audit of that fiscal year.

Source: Authors based on information provided by AGO.

423. Based on the analysis and supporting evidence, the score for the present dimension is D.

30.2. Submission of audit reports to the Legislature

424. The annual financial reports are submitted directly by the National Accounting Office (NAO) to the Joint Audit Commission of the Legislature,¹⁹¹ which in turn submits them to AGO for external audit.¹⁹²

425. In accordance with the current legal framework,¹⁹³ AGO must submit the report on its audit of the national financial report to the Joint Audit Commission within 120 days after receiving the report from

¹⁸⁸ Art. 118 of the Act on Financial Administration and Control Systems of the National Public Sector.

¹⁸⁹ Adopted by AGO Resolution 26/15 and AGO Resolutions 185, 186, 187, and 188/16.

¹⁹⁰ The CECS are available at

<https://www.agn.gov.ar/files/NORMAS%20CONTROL%20EXTERNO%20GUBERNAMENTAL.pdf>.

¹⁹¹ Articles 43 and 95 of the Act on Financial Administration and Control Systems of the National Public Sector.

¹⁹² Art. 129 of the Act on Financial Administration and Control Systems of the National Public Sector.

¹⁹³ Article 7 of Resolution 50/2004 on the Terms of Reference of the Joint Audit Commission of the National Legislature.

the Commission. Table 3.30.2 shows that, for the last three completed fiscal years, complete data are available only for fiscal year 2016, since the external audits of the financial statements included in the financial reports for 2017 and 2018 have not been completed; for those years it is therefore not possible to indicate how many months elapsed after the date on which AGO received the reports for external audit.

Table 3.30.2. Timeframe for Submission of Audited Financial Statements

Fiscal year	Annual financial reports		
	Date of receipt by AGO	Date of submission to the Legislature	Months elapsed
2016	July 11, 2017	August 23, 2018	13
2017	July 4, 2018	Pending ¹	n/a
2018	Pending	Pending	n/a

¹ At the time of the PEFA assessment, AGO was still auditing the financial reports for 2017.

Source: Authors based on information provided by AGO.

426. As mentioned in the previous paragraphs, sufficient information is not available to establish the actual level of performance. In consequence, the dimension's score is D*.

30.3. External audit follow-up

427. In accordance with the audit standards in force, AGO monitors the recommendations made in its reports, but does not compile statistics on the extent to which they have been implemented by the audited entities. Hence, it is not possible with the information currently available to determine the action taken by the Executive branch or the audited entities on the external audit recommendations during the last three completed fiscal years. Hence, the score for the present dimension is D.

30.4. Supreme Audit Institution independence

428. AGO's independence is established in the National Constitution¹⁹⁴ and reaffirmed in the National Public Sector Financial Management and Control Systems Act,¹⁹⁵ according to which AGO is an entity with its own legal personality and functional independence. To ensure its independence, it is also financially independent.

429. AGO is governed by a collegiate body comprising seven members, each of whom is appointed as Auditor General. The members of AGO must be of Argentine nationality, hold a university degree in economics or law, and have proven specialized experience in financial management and control. The auditors are appointed by the Legislature for a period of eight years and can be reappointed.¹⁹⁶ Three members are appointed by the Senate and three by the Chamber of Deputies.¹⁹⁷ The seventh Auditor General is appointed by joint resolution of the presidents of the Chamber of Deputies and the Senate and

¹⁹⁴ Article 85 of the National Constitution.

¹⁹⁵ Article 116 of the Act on Financial Administration and Control Systems of the National Public Sector.

¹⁹⁶ Article 121 of the Act on Financial Administration and Control Systems of the National Public Sector.

¹⁹⁷ Article 122 of the Act on Financial Administration and Control Systems of the National Public Sector.

serves as president of the AGO.¹⁹⁸ The President of AGO is appointed on the basis of a proposal by the opposition political party holding the greatest number of seats in the Legislature. In accordance with the procedures established for their appointment, Auditors General may be removed in cases of serious misconduct or manifest failure to fulfill their duties.¹⁹⁹

430. As shown in Table 30.3, Auditors General have full autonomy with respect to both the audit plans and the reports on the outcome of the office’s activities, although the Legislature can request them to expand the scope of their activities and to conduct other external control activities. By law, Auditors General must have unrestricted and timely access to the records, documents, and information required for their activities; they also have the autonomy to formulate their own budget, with the approval of the Legislature.

Table 30.3 Verification of Independence Requirements

Element/Requirement	Met (Y/N)	Evidence used/Comments
1. The SAI operates independently from the Executive with respect to:		
Procedures for the appointment and removal of the president of AGO	Yes	National Constitution, exclusive power of National Legislature.
Planning of audit engagements	Yes	National Public Sector Financial Management and Control Systems Act and audit standards.
Arrangements for publicizing reports	Yes	National Public Sector Financial Management and Control Systems Act and audit standards.
Approval and execution of the AGO’s budget	Yes	The AGO budget proposal can be modified by the Executive branch, but it is the Joint Audit Commission of the National Legislature that is informed of and approves such modifications.
2. This independence is assured by law	Yes	Article 116 of the National Public Sector Financial Management and Control Systems Act.
3. The SAI has unrestricted and timely access to records, documentation, and information for all audited entities	Yes	National Public Sector Financial Management and Control Systems Act and audit standards.

Source: Authors based on information provided by AGO and analysis of the legal framework currently in force.

431. Based on the analysis and supporting evidence, the score for the present dimension is A.

Recent or ongoing reform activities

432. In February 2019, AGO introduced the Comprehensive Audit Control System, which will enable it to compile statistics on the follow-up to its recommendations.

¹⁹⁸ Article 123 of the Act on Financial Administration and Control Systems of the National Public Sector.

¹⁹⁹ Article 124 of the Act on Financial Administration and Control Systems of the National Public Sector.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-30. External audit	D+	M1 method of aggregation for the indicator score.
30.1 Audit coverage and standards	D	There is insufficient information available to assess the performance level.
30.2 Submission of audit reports to the Legislature	D*	There is insufficient information to establish the actual level of performance.
30.3 External audit follow-up	D	No statistics are available on follow-up on the recommendations made in AGO reports.
30.4 Supreme Audit Institution independence	A	In accordance with the Constitution and the law, AGO operates independently from the Executive with respect to the appointment and removal of its leadership, the formulation of its budget, the planning of its audits, the issuance of its reports, and access to the information required for its audits.

PI-31. Legislative scrutiny of audit reports

433. This indicator focuses on legislative scrutiny of the audited financial statements of the central government over the last three completed fiscal years: 2016, 2017 and 2018. It contains four dimensions and uses the M2 method for aggregating dimension scores.

434. Legislative scrutiny of the audited financial reports of the central government is established by the National Constitution²⁰⁰ and the National Public Sector Financial Management and Control Systems Act.²⁰¹ As a result of this scrutiny, it is provided that the Legislature approves or rejects the National Government Financial Report,²⁰² within which, as explained in PI-29, there are both the Annual Budget Execution Reports and the Annual Financial Statements, locally defined Financial Statements, and their explanatory notes.

435. For legislative scrutiny, the Legislature has delegated to the Parliamentary Public Accounts Review Committee (PPARC)²⁰³ the function of examining audit reports²⁰³ with an opinion on the financial reports, issued by the Auditor General's Office.²⁰⁴

436. PPARC, established in 1952,²⁰⁵ is comprised of six senators and six deputies, whose terms of service last until the next renewal of the Chamber to which they belong, and who are elected in the same way as the members of other legislative committees.²⁰⁶ Members of the committee represent different political

²⁰⁰ Art. 75, Section 8 and 85, of the National Constitution.

²⁰¹ Art. 43, 95, 129 National Public Sector Financial Management and Control Systems Act, dated Oct 26, 1992.

²⁰² Art. 75 Section 8 of the National Constitution.

²⁰³ Art. 43, 95 Idem.

²⁰⁴ Art. 129 Idem.

²⁰⁵ Act 14.179 dated October 21, 1952, creation of the Parliamentary Public Accounts Review Committee.

²⁰⁶ Art. 12, Act 24.156 Act, Art. 93 Regulation of the Senate approved by Decree 1251/14 dated December 10, 2014.

parties and are not required to have a technical expertise to examine the audit reports, although PPARC can rely on experts to undertake these responsibilities.²⁰⁷

31.1. Timing of audit report scrutiny

437. Timeliness of legislative scrutiny is a key factor in the effectiveness of the accountability function.

438. Argentina’s legal framework does not provide a specific deadline for the Legislature to scrutinize audit reports and approve or reject the annual financial reports.²⁰⁸ At the time of the assessment, the last audit report AGO submitted for the purposes of PPARC scrutiny was of the 2016 financial statements; this document was received by the committee on August 23, 2018. However, it has not been possible to ascertain whether the Legislature took a decision on this report.

439. Thus, there is no information available on the decisions of the Legislature regarding the external audit reports for 2016, 2017, and 2018, the last three completed fiscal years. Therefore, it is not possible to determine the time it takes to examine the reports of audit received from the AGO.

440. As mentioned in the previous paragraphs, insufficient evidence is available to establish the actual level of performance. In consequence, the dimension’s score is D*.

Table 3.31.1 Timing of Audit Report Scrutiny

Fiscal years	Dates of receipt of the financial audit reports	Dates of scrutiny by the Legislature
2016	August 23, 2018	not available
2017	not available	not available
2018	not available	not available

31.2 Hearings on audit findings

441. A quality audit report analysis is essential for an effective scrutiny and hearing process. It is expected that hearings would be periodically held for the exhaustive review of the main findings of the audit reports, with the responsible officials of all the audited entities who have been assessed an adverse opinion or with exceptions from the auditors or in those cases in which the external auditors have refrained from giving their opinion.

442. In the portal of the PPARC there are minutes from the year 2017,²⁰⁹ but in none of them there is evidence of such hearings. Therefore, it has not been possible to conclude whether hearings were held to review findings or other aspects revealed in the external audit reports.

²⁰⁷ Art. 99 of the Senate internal regulations.

²⁰⁸ PPARC Minutes #499 dated November 22, 2018 published on the PPARC website state that PPARC Review of AGO Audit reports on 2016 financial statements has not yet been completed. PPARC Minutes #500 dated March 26, 2019 (most recent available on the website) does not include any decision regarding the 2016 audit report. See <https://www.senado.gov.ar/upload/29064.pdf>.

²⁰⁹ PPARC minutes can be accessed at <https://www.senado.gov.ar/parlamentario/comisiones/info/100>.

443. As mentioned in the previous paragraphs, sufficient information is not available to establish the actual level of performance. In consequence, the dimension's score is D*.

31.3. Recommendations on audit by Legislature

444. It is recognized as a good practice that the Legislature, based on the scrutiny of the external audit reports, formulates recommendations on the measures that the Executive should apply to adopting external auditors' recommendations, or that it conducts a systematic follow-up of their implementation.

445. As of the date of the evaluation, neither in the minutes of PPARC nor by other means, is evidence found of recommendations or follow-up to them. Hence, the score for this dimension is D.

31.4. Transparency of legislative scrutiny of audit reports

446. International good practice requires that all hearings that refer to the legislative scrutiny of external audit reports be conducted in public, except in strictly limited circumstances, such as deliberations related to national security or similar confidential matters. Similarly, it is good practice that the reports (such as those of PPARC in this case) should be debated before the plenary session of the Legislature and published on an official website or by any other means easily accessible to the public.

447. As explained in the previous dimensions, although PPARC minutes are published on its Web portal, there is no evidence of minutes or reports on public hearings related to the scrutiny of the external audit reports on the annual financial reports, or on other AGO reports. Also, there is no published evidence on debates in the plenary session of the Legislature related to the results of the scrutiny of external audit reports. Hence, the score for this dimension is D.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score/method of aggregation
PI-31. Legislative scrutiny of audit reports	D	M2 method of aggregation for the indicator score.
31.1 Timing of audit report scrutiny	D*	There is no evidence of the timing of legislative scrutiny of external audit reports.
31.2 Hearings on audit findings	D*	There is no evidence of hearings held on key findings of AGO (SAI).
31.3 Recommendations on audit by legislature	D	No evidence was found on recommendations to the Executive based on the legislative scrutiny of audit reports.
31.4 Transparency of legislative scrutiny of audit reports	D	Committee reports are published; however, there is no evidence of publication of minutes or reports on legislative scrutiny of audits.

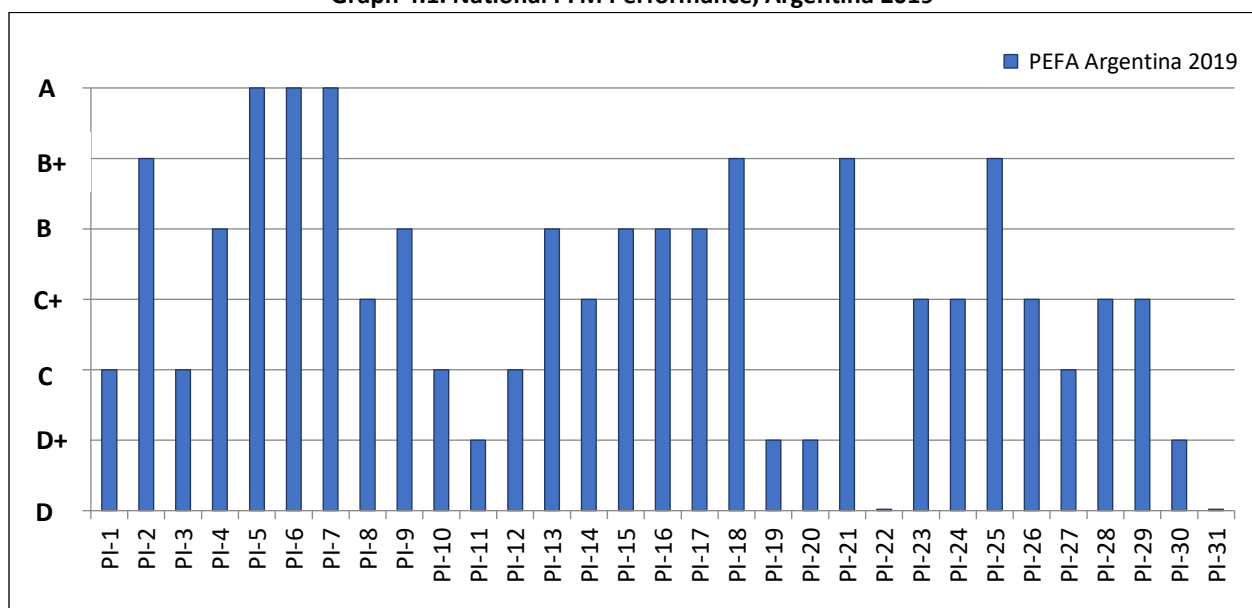
4. Conclusions of the analysis of PFM systems

448. This Section presents an integrated analysis of the performance of public financial management at the national level in Argentina. Based on the background information collected in Section 2 and the results of the assessment, presented indicator by indicator in Section 3, this Section seeks to (a) provide conclusions with regard to the strengths and weaknesses of the Argentine PFM system, across all seven pillars into which indicators are grouped, (b) highlight the operation of its internal controls arrangements, and (c) explain how all these affect the government’s ability to deliver the intended fiscal and budgetary outcomes.

4.1 Integrated assessment of PFM performance

449. This subsection summarizes key PFM strengths and weaknesses as identified by the performance indicators in Section 3 and explains them in terms of the overall implications for the seven pillars of PFM performance.

Graph 4.1. National PFM Performance, Argentina 2019



450. In general terms, the Argentine national-level PFM system is reasonably well aligned with international good practices and standards as they are schematized by the PEFA framework (see Graph 4.1). Of the 31 indicators assessed for the critical three-year period of 2016-18, 25 indicators (80.6 percent) show scores that are equal to or better than “C,” which suggests alignment in general terms with international good practices. Only 6 of the 31 indicators (19.4 percent) had scores lower than “C” and thus are not compliant with the standards required for a good or solid performance level.

451. Here it is important to draw attention to the composition of the indicator scores at the dimension level. In very few cases the indicators assessed show a homogeneous level of performance; that is, they either consistently show scores which suggest strengths in relation to international standards or

weaknesses in relation to those standards. In a majority of cases, the performance scores show indicators that combine strengths and weaknesses at the dimension level, a result that requires careful consideration and interpretation of the diagnostics and the impact these indicators have on the overall performance of the PFM system in Argentina.

452. A rapid analysis of the results of the assessment at the pillar level shows that four of the seven pillars—“budget reliability,” “transparency of public finances”, “policy-based fiscal strategy and budgeting,” and “accounting and reporting”—are at basic to high levels of performance. Two pillars—“management of assets and liabilities” and “predictability and control in budget execution”—show mixed results, with some indicators being aligned with a solid PFM performance and others not. Finally, the “external scrutiny and audit” pillar had indicators that clearly underperformed in relation to international good practices. A detailed analysis of these results follows.

Budget reliability (PI-1 to PI-3)

453. The budget at the national level in Argentina is a reasonably sound and credible instrument, with deviations between planned and real spending at the aggregate level that are within the upper bound of the good practice standard established by the PEFA framework (15 percent), with the deviations mainly attributable, according to official sources, to economy-wide inflation rates that have been much higher than originally projected.

454. Deviations between planned and actual expenditure disaggregated by the administrative and economic classifications are much more contained than at the aggregate level—less than 10 percent in all cases—a result that suggests that the allocation of resources between competing priorities established in the original budget approved by the Legislature is generally respected during the execution phase of the budget. This is a good practice standard, as is the limitation established by law about the use of contingency votes within the budget to alter the existing strategic allocation of resources.

455. Revenue estimates at the aggregate level, but also disaggregated by type of revenue, show important differences with actual revenue collections, being in all three years covered by the assessment lower than originally projected. Although these deviations are not outside the 15 percent upper bound of standard good practices, on the whole they show that there is a bias toward underestimating revenue projections, both at the aggregate and disaggregated levels.

Transparency of public finances (PI-4 to PI-9)

456. Transparency of public finances in Argentina is well aligned to international standards and related good practices.

457. The documentation submitted to the Legislature to support the scrutiny of the budget proposal is generally complete and allows for an exhaustive examination of central government macrofiscal forecasts and changes in policy priorities compared to previous years. All central government revenue and expenditure operations are adequately reported in ex-post financial reports, and extrabudgetary entities formally submit financial information to the National Accounting Office (NAO) within six months of the end of the corresponding fiscal year. Also, all transfers to subnational governments, at the provincial level, are determined by an adhered to rules-based system and transfer ceilings are known to provincial governments in time to complete their budget planning and formulation in detail.

458. The central government budget is organized around administrative, economic, functional, and programmatic classifications which, where appropriate, comply with established international standards. The functional classification is not fully compliant with COFOG, but at the sub-functional level can produce documentation that is comparable to that standard. All these classifications are used to prepare and report both the formulation and execution of the budget and are also consistent with the Chart of Accounts.

459. Public access to fiscal information is considered good practice. Most standard budget documents are made available to the public within the timeframe required by the PEFA methodology, except for the audited central government financial reports (which have not yet been published) and all other external audit reports produced by the Auditor General's Office (AGO). These latter reports are generally not published in a timely manner.

460. Finally, performance information for service delivery is regularly produced, presented to the Legislature, and made public at the formulation and execution stages of the budget cycle, disaggregated by program. All programs include performance indicators for outputs, but only some do so for outcomes. Also, there is still work to be done to improve the quality and pertinence of the indicators presented for both outputs and outcomes. Moreover, budget entities do not conduct independent evaluations of the effectiveness and efficiency of programs and/or service delivery.

Management of Assets and Liabilities (PI-10 to PI-13)

461. Management of public assets and liabilities at the national level in Argentina is still in the process of assimilating and adjusting to international good practices and, hence, it is a pillar that highlights important areas for strengthening.

462. The central government monitors and reports regularly on fiscal risks and most contingent liabilities, its own and those generated by decentralized and autonomous government agencies, including PPPs. However, its oversight role is heavily compromised by the limited amount of timely and relevant information that is available from public corporations and subnational governments. This situation restricts the central government's capacity to have a clear and consolidated overview of the financial position of the entire public sector.

463. Most major public investment projects are assessed using robust appraisal methods, but reports are not formally published, although they are available upon request by any interested party. Evidence suggests that there is no rigorous and transparent arrangement for the prioritization and selection of projects included in the budget, and that forward-looking capital and recurrent costs that are likely to be incurred over the life of the investment are not registered. Financial and physical monitoring of project implementation is undertaken by all executing agencies. Data on implementation of major investment projects is centrally consolidated by NBO and is made available to the public quarterly.

464. The central government keeps records of all financial assets, but these are not recognized at a fair or market value and the portfolio's performance is not published. Records of non-financial assets are also kept centrally, but these are not reconciled with existing physical inventories, and reports that disclose their usage and age profile are not published or available. Procedures and rules for the disposal or transfer of financial and non-financial assets are established by legislation and procedures exist to implement them, but these are not reported fully to the Legislature and only partial information is published.

465. Although, annual ceilings for borrowing are approved by the Legislature, legislation defines that only the Ministry of Treasury is authorized to borrow and issue new debt and loan guarantees on behalf of the government and according to well-established rules and regulations. Records of domestic and foreign debt and loan guarantees are complete, accurate, updated, and reconciled monthly. These records and statistical information are published quarterly. The Ministry of Treasury has yet to finalize and publish a medium-term debt management strategy covering existing and projected government debt with a three-year horizon.

Policy-based fiscal strategy and budgeting (PI-14 to PI-18)

466. This pillar shows indicators that are well-aligned to international good practices for budget preparation, whether for an annual or multi-annual budget.

467. The annual budget process is organized around a fixed calendar that provides institutions with sufficient time to prepare their budget proposals in detail. Annual expenditure ceilings for the entire fiscal year, for both capital and current spending, are notified together with a comprehensive budget circular to guide the budget formulation process. The Cabinet does not approve these ceilings but endorses the consolidated budget proposal before it is formally sent to the Legislature for examination. All budget documentation is published. The Legislature has more than two months to examine and approve the budget proposal.

468. Legislative scrutiny of the budget is comprehensive and follows well-established procedures that include reviews by specialized committees, public consultation forums, and institutional arrangements for negotiations. Since 2017, the Legislature has been technically supported by the Congressional Budget Office in its objective to improve the quality of budget scrutiny. In all three years of the evaluation period, the Legislature approved the Budget Law before the start of the corresponding fiscal year. In-year modifications to the budget approved by the Legislature follow clear rules, but may allow for extensive administrative reallocations.

469. A multi-annual budget is also prepared that presents estimates of expenditure for the budget year and two fiscal years into the future, disaggregated by administrative, economic, functional, and program classifications. Expenditure ceilings are provided for all three years, together with the budget circular and in the context of the established annual calendar. Consistency between multi-annual budget estimates and actual budget outcomes is not strong and these differences are not explained in the budget documentation. Also, sectoral medium-term strategic plans are not fully costed and, thus, not yet sufficiently aligned with multi-annual budgets.

470. The Ministry of Treasury prepares annual forecasts for key macroeconomic indicators that support budgetary assumptions. These indicators, or the subset of the indicators required by law, are presented to the Legislature and published, but not updated. Also, there is no formal third-party review of these forecasts. Fiscal forecasts for a five-year period, together with the relevant sensitivity analysis, based on alternative macroeconomic assumptions, are prepared by the Ministry of Treasury, but only for internal use.

471. The government has a well-publicized fiscal strategy, which is at the foundation of the Stand-by Arrangement signed recently with the IMF. There are also quantitative and qualitative fiscal rules enshrined in legislation that generate standards that must be met. The Federal Council of Fiscal Responsibility (FCFR), which is presided over by the Ministry of Treasury and comprises all, but two,

provincial governments, has been established to monitor compliance with these fiscal rules. Reports are prepared quarterly and published. These are, however, not formally submitted to the Legislature. However, the FCFR Annual Reports for 2017 and 2018 were communicated to the Legislature before June 30 each following year.

Predictability and control in budget execution (PI-19 to PI-26)

472. The indicators that measure predictability and control of budget execution at the national level in Argentina show a mixed performance in terms of their alignment to international standards and best practices, uncovering in the process important weaknesses in the PFM system.

473. Revenue administration in Argentina has room for improvement, given that most of the dimensions evaluated with the PEFA framework show performances not completely aligned with good practice levels. The Federal Revenue Collection Agency has facilitated procedures and improved dissemination of information on taxpayers' rights and obligations, but additional efforts are needed with regard to redress processes. The latter is key to ensuring a sound tax system, where taxpayers can be confident that the tax administration will assess their declarations with objectivity and fairness. Risk management is gradually becoming more systematic, comprehensive, and structured, but there is still a long way to go to promote voluntary compliance, a situation that impacts adversely on revenue audits and investigations.

474. Reporting, transfers of revenue collections, and tax reconciliations between the Federal Revenue Collection Agency and the National Treasury Office show mixed results. While tax revenue reporting and transfers from the Revenue Agency to the Treasury are organized according to international standards, the reconciliation of revenue accounts does not adhere to good practice methods. The latter is critical to ensure that, especially, tax arrears are properly recorded, reconciled, and their collection enforced systematically.

475. In relation to the predictability of in-year resource allocation, there are several entities with a significant budgetary participation that still operate totally or partially outside the Treasury Single Account system, as is the case—for example—of the major social security funds. Despite this situation, there is a solid practice of bank and cash balances consolidation in the National Treasury Office. Cash flow forecasts are prepared for the fiscal year and updated monthly on the basis of actual cash inflows and outflows, as required by good practice standards. Also, budgetary units are able to plan and commit expenditure for at least six months in advance. Significant in-year budget adjustments to the budget approved by the Legislature are frequent and, although these are undertaken following the rules and regulations established for this purpose, they risk affecting service delivery.

476. The indicator on expenditure arrears shows performance levels not completely aligned with international good practices. Although, legislation clearly establishes that payment claims or invoices that are not settled by the government within 30 days become arrears, it has been difficult to determine exactly the stock of expenditure arrears held by the central government at the time of the assessment. Evidence available, however, suggests that these stocks are above the limits that constitute international good practice levels. Moreover, there is limited information on expenditure arrears disaggregated by type, age, and composition of expenditure.

477. Payroll controls are reasonably well-aligned to international good practices and are in the process of continual strengthening. There is an increased use of digital information, but payroll management and

changes are still not fully automated and are undertaken independently by each individual budgetary institution. However, management of payroll changes and internal controls are adequate in relation to good practice standards. Payroll audits are only partial and, thus, independent quality assurance for the entire process is still in need of implementation.

478. Procurement management has recently been extensively overhauled, but most changes had not been fully implemented by the time of the evaluation. Procurement monitoring, for example, covered only around 80 percent of all transactions, and competitive tenders within this limited group accounted for slightly more than 60 percent of the total. Both these percentages are likely to be improved as new practices are introduced/fully implemented. Also, procurement management still lacks an independent and effective complaints mechanism to guarantee fairness in tender awards. However, public access to complete, reliable, and timely procurement information is compatible with international standards and is the end-result of recent efforts directed toward improving transparency in procurement.

479. Internal controls of expenditures are mostly adequate. There is appropriate segregation of duties throughout the process of budget execution, and the use of integrated management information systems effectively limit expenditure commitments to budget allocations and cash availability. Most payments are made following established payment procedures, but there have been some exceptions highlighted in recent audit reports.

480. Internal audit is operational for all central government entities and is regulated by the National Internal Audit Agency. Audit programs exist and evidence available suggests that these are regularly completed, and reports submitted to all relevant actors. However, these audit reports are primarily focused on financial compliance and do not yet cover performance or risk assessments. Also, management response to audit recommendation is relatively low, with an average of 55 percent of the total recommendations being responded in time in all three years of the critical period.

Accounting and reporting (PI-27 to PI-29)

481. The pillar that requires that accurate and reliable records be maintained, and information be produced and disseminated at appropriate times to meet decision-making, management, and reporting needs performs at basic level in Argentina in relation to good practice standards.

482. PFM data integrity is high and access and changes to revenue and spending records are subject to strict security protocols and result in an audit trail. However, bank accounts and advance payments are only partially reconciled and are generally outside the timeframes required by good practice standards.

483. In-year budget reports are produced regularly, cover all central government entities (including transfers made to extrabudgetary entities), and allow for direct comparisons between execution levels and the original budget approved by the Legislature. An analysis of the budget execution is provided monthly and quarterly and information is recorded at the commitment, accrual, and payment stages. There are no issues concerning the accuracy of the data used, but these reports are presented and published with a time lag that is not yet in line with international best practices.

484. The annual financial reports prepared by the National Accounting Office are complete and comprehensive in their coverage and fully comparable with the approved budget. All statements are prepared using the nationally legislated accounting standard, which is openly disclosed in the reports, and are consistent over time. The reports are submitted to the Legislature within seven months of the end of

the corresponding fiscal year. National accounting standards are still not fully consistent with IPSAS, but the National Accounting Office has started working on identifying existing gaps in order expeditiously to adjust financial reports to these standards.

External scrutiny and audit (PI-30 to PI-31)

485. External scrutiny and audit of public finances at the national level in Argentina is not sufficiently aligned to international good practices.

486. The Auditor General's Office responsible for auditing government revenue and spending at the national level in Argentina operates independently from the Executive and has unrestricted access to records and documentation from all institutions covered by its mandate. National auditing standards are compatible with ISSAI, but coverage of audits, timely submission of reports, and follow-up of recommendations or observations in audit reports have not been properly assessed because of the absence of relevant and adequate information.

487. Legislative scrutiny of the audited financial reports of the central government is delegated to the Parliamentary Public Accounts Review Committee of the Congress. However, evidence collected suggests that legislative scrutiny of the audit reports for the last three completed fiscal years (2016, 2017, and 2018) has not yet been undertaken. Hence, transparency of proceedings, in-depth hearings, and follow-up of recommendations made by the Legislature to the Executive with regard to these audits could not be properly benchmarked against international good practices.

4.2 Effectiveness of the internal control framework

488. As indicated in Section 2.3, the frame of reference used by each public entity to structure its institutional internal control system is the General Internal Control Standards for the national public sector, issued in 1998 by the National Internal Audit Agency (NIAA) in its capacity as the lead internal control agency, and updated in 2013.

489. Both versions of the Standards are based on the COSO international standard, which represents best practice. A comparative analysis of the internal control framework of Argentina (ICFA), outlined in the following Tables, reveals that the definition of internal control, including the five components and the principles, are basically consistent with the 2013 COSO document, although there is some room for improvement.

Internal control objectives

490. The national internal control framework is basically consistent with the structure of the three categories of objectives set out in the COSO document. However, the reporting objectives category needs to be broadened to clarify that internal control covers non-financial reporting and, in general, considerations established by regulators in relation to transparency. Table 4.2.1 summarizes the observations arising from a comparison of the two frameworks:

Table 4.2.1. Comparison of ICFA and COSO Internal Control Objectives

ICFA objectives	COSO objectives	Observations
Operations objectives Pertain to the operational aims established for management.	Operations objectives Pertain to the effectiveness and efficiency of the entity’s operations, including financial and operational performance goals, and to safeguarding assets against loss.	The ICFA is less detailed but is based on the same principles and is therefore consistent.
Reporting objectives Pertain to accounting and budget reporting and internal and external reports to be produced in a reliable and timely manner.	Reporting objectives Pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms set forth by regulators, recognized standard-setters, or the entity’s own policies.	Partially consistent. The ICFA does not refer to non-financial information or transparency issues.
Compliance objectives Pertain to adherence to applicable standards and regulations.	Compliance objectives Pertain to adherence to laws and regulations to which the entity is subject.	Consistent.

Source: Prepared by the authors from information provided by NIAA based on the General Internal Control Standards and the 2013 COSO document.

Components of internal control

491. For the most part, the components of the national internal control framework are consistent with those included in the 2013 update to the COSO document, with some room for improvement. The general differences between the two frameworks are summarized in Table 4.2.2.

Table 4.2.2. Comparison of COSO and ICFA Internal Control Components

COSO components	ICFA components	Observations
1. Control environment	1. Control environment	Consistency
2. Risk assessment	2. Risk assessment	Basically consistent, with some room for improvement. The COSO document states that, once potential risks to the achievement of objectives have been identified and assessed, management should consider the suitability of the objectives for the entity. Risk assessment also requires management to consider the impact of possible changes in the external environment and within its own business model that may render internal control ineffective. These aspects are not explicitly included in the ICFA.
3. Control activities	3. Control activities	Consistent.
4. Information and communication	4. Information and communication	Consistent.

COSO components	ICFA components	Observations
5. Monitoring activities	5. Monitoring	<p>Partially consistent, with room for improvement.</p> <p>The ICFA is general in nature. Unlike the COSO framework, it does not differentiate between ongoing evaluations and separate evaluations or combinations of the two, nor does it establish the periodicity of evaluations or envisage variations in their scope and frequency, depending on assessment of risks, effectiveness of ongoing evaluations, and other management considerations.</p> <p>Similarly, the COSO standard calls for findings to be evaluated against criteria established by regulators, recognized standard-setting bodies, or management and the board of directors (equivalent to the control or audit committee in the ICFA), and for deficiencies to be communicated to management and the board of directors, as appropriate.</p>

Source: Prepared by the authors from information provided by NIAA based on the General Internal Control Standards and the 2013 COSO document.

Principles of internal control

492. In relation to the principles of internal control, the Argentine internal control framework is basically consistent with the 2013 COSO framework, with some room for improvement. Table 4.2.3 shows the comparison of the two frameworks.

Table 4.2.3. Comparison of COSO and ICFA Internal Control Principles

COSO principles	ICFA principles	Observations
<p>Principles associated with the control environment</p> <p>1. The organization demonstrates a commitment to integrity and ethical values.</p>	<p>Principles associated with the control environment</p> <p>The organization should conduct itself with integrity and in accordance with ethical values, which should be included in the organizational values, codes of conduct, policies, and procedures, as well as in plans and other internal documents, and should be reflected in decisions, actions, and behavior at all levels of the organization.</p>	Consistent.

COSO principles	ICFA principles	Observations
2. The board of directors or equivalent demonstrates independence from management and exercises oversight of the development and performance of internal control.	The high-level authorities and staff responsible for management should promote respect for the principle of independence—ensuring that there are no incompatibilities or conflicts of interest—and should oversee the implementation and functioning of internal control.	Consistent.
3. Management establishes, with oversight by the board or equivalent, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.	The organization should establish an organizational structure and levels of authority and responsibility that will enable it to create the conditions necessary for the achievement of its objectives.	Consistent.
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.	The organization should have adequate processes for staff recruitment and career development and for encouraging the retention of competent personnel, in line with its objectives.	Consistent.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.	Responsibilities for the fulfillment of objectives—and for the implementation and functioning of internal control activities to reduce risks that might affect the achievement of objectives—should be clearly established; the relevant accountability mechanisms should also be specified.	Consistent.
<p>Principles associated with risk assessment</p> <p>6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.</p>	<p>Principles associated with risk assessment</p> <p>The organization should specify objectives clearly.</p>	Consistent.
7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.	The organization should identify, analyze, and manage risks that may affect the achievement of objectives at all organizational levels.	Consistent.

COSO principles	ICFA principles	Observations
8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.	In assessing risks, the organization should consider the potential for fraud.	Consistent.
9. The organization identifies and assesses changes that could significantly impact the system of internal control.	The organization should identify and assess changes that could significantly impact the system of internal control.	Consistent.
<p>Principles associated with control activities</p> <p>10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.</p>	<p>Principles associated with control activities</p> <p>The organization should identify and implement control activities that will help to reduce to an acceptable level any risks that may affect the achievement of its objectives.</p>	Consistent.
11. The organization selects and develops general technology-related control activities to support the achievement of objectives.	The organization should establish and implement controls on the technology used in the activities pursued to achieve its objectives.	Consistent.
12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	The organization should implement controls through policies that establish guidance and criteria and procedures for putting policy provisions into practice.	Consistent.
<p>Principles associated with information and communication</p> <p>13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.</p>	<p>Principles associated with information and communication</p> <p>The organization should obtain, generate, and use relevant, quality information for the management and functioning of internal control.</p>	Consistent.
14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.	The organization should internally communicate both objectives and responsibilities for internal control.	Consistent.
15. The organization communicates with external parties regarding	The organization should take internal control into account in	Consistent.

COSO principles	ICFA principles	Observations
matters affecting the functioning of internal control.	communications with third parties and citizens.	
<p>Principles associated with monitoring activities</p> <p>16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.</p>	<p>Principles associated with monitoring activities</p> <p>The organization should define, develop, and carry out ongoing or specific evaluations to ascertain whether the components of internal control are adequate and functioning properly.</p>	Partially consistent. Could be clarified by including separate evaluations and self-evaluations.
<p>17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.</p>	<p>The organization should communicate any internal control deficiencies detected in a timely manner, so that those responsible can take the necessary corrective actions.</p>	Consistent.

Source: Prepared by the authors from information provided by NIAA based on the General Internal Control Standards and the 2013 COSO document.

493. The following four factors regarding the effectiveness of internal control should be borne in mind.

494. As yet, no annual report has been issued that would make it possible to form an opinion on the adequacy and effectiveness of internal control in the public sector in Argentina. NIAA issues reports on evaluations of the internal control system for each institution, but there is not a consolidated report for the entire public sector. NIAA does issue a consolidated report on the reliability of the information on the Savings, Investment, and Financing Account, but that report does not deal specifically with the internal control system. The report is prepared after technical guidelines are issued for the review to be conducted by internal audit units (IAUs) and the effective oversight to be provided by NIAA delegations (jurisdictional audit offices); the information is then consolidated in a final report issued by NIAA and submitted to the National Accounting Office.

495. The internal audit units perform partial tests of internal control, but do not undertake comprehensive studies of the internal control system and therefore do not issue conclusions regarding the adequacy and effectiveness of internal control as a whole within each institution. Rather, the IAU tests tend to focus on specific processes or areas.

496. The Auditor General’s Office (AGO) conducts internal control evaluations in all its audit work; these evaluations usually reveal weaknesses and exceptions in the application of internal controls. However, the Office does not issue conclusions per se that would reveal its views on the status of internal control in the public sector with respect to either the design of institutional internal control systems and their conformity with the General Internal Control Standards or the extent to which the internal control framework is applied during each budget execution exercise.

497. AGO reports on the government's financial statements²¹⁰ include qualified opinions relating mainly to partial compliance with internal accounting controls. The Office's reports do not, however, include a conclusion about the adequacy and effectiveness of the internal control system as a whole.

4.3 PFM strengths and weaknesses

498. As described by the PEFA Methodology, in an effective PFM system the three main budgetary outcomes are (a) Aggregate Fiscal Discipline; (b) Strategic Allocation of Resources; and (c) Efficient Use of Resources for Service Delivery. This section highlights the strengths and weaknesses identified in the assessment and describes how the performance of PFM systems impacts these main budgetary outcomes.

Aggregate Fiscal Discipline

499. Aggregate fiscal discipline is supported by several areas of high performance, such as the robust reporting of revenue and expenditure operations outside the budget (PI-6); the comprehensive recording of government debt (although there is need to develop a debt management strategy) (PI-13); a clearly-defined fiscal strategy (PI-15), which is the foundation of the Stand-by-Arrangement with the IMF; the preparation of a multi-annual budget (although the consistency between multi-annual budget estimates and actual budget outcomes remains weak and these differences are not explained in the budget documentation) (PI-16); predictability of in-year resource allocations (PI-17); and adequate internal controls on non-salary expenditure (PI-25).

500. However, this positive aggregate fiscal discipline outcome is adversely influenced by limitations in public investment management and expenditure arrears as discussed in Section 4.1.

Strategic Allocation of Resources

501. The strategic allocation of resources is advanced by reliable expenditure allocations (with the allocation of resources between competing priorities established in the original budget generally respected during the execution phase of the budget); a robust budget classification system (although not fully compliant with the Classification of the Functions of Government, it can produce documentation at the sub-functional level that is comparable to that standard) (PI-4); the provision of transparent and comprehensive budget management information and documentation (PI-5); robust reporting of revenue and expenditure operations outside the budget (PI-6); timely transfers to subnational governments determined by an adhered to and clear rules-based system (PI-7); a clearly defined fiscal strategy (PI-15); the preparation of a multi-annual budget (PI-16); an orderly and timely budget preparation process (PI-17); and well-established and adhered to procedures for legislative scrutiny of budgets (PI-18).

502. However, the strategic allocation of resources is being subverted by poor public investment management (PI-11), revenue administration (PI-19), and accounting for revenues (PI-20), as discussed in Section 4.1.

Efficient Use of Resources for Service Delivery

503. It should be noted that as a result of Argentina's federal fiscal arrangement, subnational governments (provinces and municipalities) are responsible for primary and secondary education, as well as public health care (primary health care centers and hospitals)—that is, the traditional aspects of service

²¹⁰ Based on AGO report on the 2016 National Government Financial Report, the most recently published report.

delivery. As such, given the scope of this assessment (i.e., central government) and the high level of policy autonomy granted to subnational governments, improving the performance of the PEFA indicators at the central government level may not translate to efficient and effective service delivery (PI-8).

504. Nevertheless, the assessment findings indicate that efficient service delivery is fostered by reliable expenditure allocations (PI-21); timely transfers to subnational governments (PI-7); timely availability to the public of fiscal information (PI-9) (with the exception of the audited central government financial reports and all other external audit reports produced by the Auditor General's Office); the preparation of a multi-annual budget (PI-16); predictability of in-year resource allocations (PI-21); and an adequate internal controls on non-salary expenditure (PI-25).

505. However, the assessment pointed to opportunities to ameliorate the following indicators: revenue administration (mentioned above), accounting for revenues (mentioned above), and external audit and legislative scrutiny of audit reports (mentioned in Section 4.1).

506. In summary, most aspects of the PFM system are functioning at a satisfactory level, one that should allow the GoA to reach its fiscal and budgetary objectives. Nonetheless, some PFM system components require improvement, most notably public investment management, revenue administration, accounting for revenues, enhancing control of expenditure arrears, external audit, and legislative scrutiny of audit reports.

5. Government PFM reform process

5.1 Approach to PFM reforms

507. There is no previous PEFA assessment at the national level; the most recent comprehensive assessment of Argentina's PFM systems at the national level is the Country Financial Accountability Assessment from March 2008, which covered the years 2003-2005.

508. More recently, noteworthy changes have been made in the legal framework to promote transparency, foster accountability, and strengthen public integrity. New or overhauled laws have been passed in the areas of corporate criminal liability, access to information, ethics and integrity, plea bargain, and asset recovery.

5.2 Recent and ongoing reform actions

509. Pursuant to the 2017 Budget Act 27.341, Argentina undertook to develop a national budget system reform plan with the aim of achieving greater efficiency and detail in budget regulations across all stages of the budgetary cycle. This commitment builds on the work accomplished since the issuance of the National Public Sector Financial Management and Controls Systems Act in 1992, which governs financial administration as well as the internal and external control systems of Argentina's national public sector. Although there is no comprehensive PFM reform plan, some steps (previously noted in dispersed sections of this text) have been taken on PFM reform, the six most prominent of which follow. (The focus of stand-alone initiatives has been transparency of public financial management as a cornerstone of the national and provincial levels of government and central government procurement reform.)

a) **Federal agreement on PFM transparency and fiscal responsibility:** In late 2017, 21 of Argentina's 23 provinces, the ACBA, and the central government reached an agreement on Public Financial Management transparency, accountability, and sound governance practices. This new law amended and reinforced provisions of the Fiscal Responsibility Law. Twenty-one provincial legislatures and the ACBA passed their own laws afterwards, thereby making provisions of 27.428 applicable to these provincial administrations. Compliance with fiscal rules is closely monitored by the Federal Council for Fiscal Responsibility, through its Technical Coordination Office, and FCFR reports are made available on its website²¹¹ on a regular basis. Quarterly reports are prepared with information about deviations from predefined targets for each of the fiscal rules in place and corrective actions recommended when required. These documents are presented to the Executive Committee of the Federal Council for Fiscal Responsibility for consideration and decision-making but are not sent to the Legislature. (However, the FCFR Annual Report is to be communicated to the Legislature before June 30 each year.)

b) **Procurement reforms:** The Government has implemented various initiatives to modernize procurement systems, increase transparency, and enhance efficiency. Starting with the implementation of an electronic filing system in the national administration, the regulatory framework has been updated to increase the use of technology and merge the procurement regulatory function in a single entity. The

²¹¹See <http://www.responsabilidadfiscal.gob.ar/evaluaciones/>.

procurement and contracting regulations were revised in 2016,²¹² thereby providing the necessary grounds for the implementation of two e-procurement systems. In this context, the National Procurement Office (NPO) developed a platform for the procurement of goods and services (Compr.ar) and another one for public works (Contrat.ar) that also include a specific module for contract management. Through these full transactional systems, central government entities can process online their procurement activities while suppliers can submit their bids in an agile, transparent, and secure manner. Additionally, the use of centralized systems enables the regular collection data to follow up on specific indicators and inform decision-making. The roll-out of both systems was carried out progressively with different levels of implementation. Compr.ar has been implemented consistently throughout all the national entities since 2016. The degree of enforcement on the use of Contrat.ar has been moderate. This was because NPO held the responsibility for regulating the procurement of goods and services, but public works were regulated at the contracting entity level, until a further regulatory change. To address this institutional challenge, the legal framework was updated in December 2018 through Decree 1169,²¹³ when the procurement regulatory function was centralized in NPO for all types of expenditure (goods, services, and public works).²¹⁴ The procurement indicator of this assessment analyzes data that reflects the implementation as of fiscal year 2018 but does not assess its impact on the efficiency of public procurement. Considering the characteristics of these reforms, it is expected that a future analysis will be able to assess this aspect considering the levels of data that will be available to carry out data analytics and support the decision-making process.

c) **Medium-term perspective in budgeting:** The multi-annual budget 2019-2021 is the first document in several years that shows expenditure estimates for three years running into the future, prepared by the Ministry of Treasury and formally presented to the Legislature in compliance with existing budgetary legislation.

d) **Congressional scrutiny of budget:** At the end of 2016, the Legislature voted to constitute an independent Congressional Budget Office²¹⁵ to provide specialized technical assistance and support to the Legislature in all matters relating to the budget and legislative budget scrutiny. The Congressional Budget Office has been in operation since mid-2017.

e) **Internal Controls and Internal Audit:** A Presidential Decree²¹⁶ issued in early 2018 provided the National Internal Audit Agency (NIAA) with three mandates. First, establishing Internal Control Committees (ICCs) in each spending unit comprising the Internal Auditor General, line ministers, and heads of each agency's Internal Audit Unit (IAU). These are required to meet at least biannually, to follow-up on internal control recommendations. The results of this change were not evident at the time of the assessment, but it is estimated that by 2020 the number of outstanding audit observations should have

²¹² Decree 1030Servicios.infoleg.gob.ar. (2016). *Decree 1030*. [online] Available at <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?id=265506>.

²¹³ Servicios.infoleg.gob.ar. (2018). *Decree 1069*. [online] Available at: <http://servicios.infoleg.gob.ar/infolegInternet/verNorma.do?id=318039>.

²¹⁴ Thus, NPO is the entity responsible for facilitating procurement processes, issuing standards and guidelines, and coordinating the administration of electronic procurement systems for all types of expenditures. This change has enabled the application of standardized documents, practices, systems, and centralized data collection. Additionally, another regulatory change was implemented in February 2019 to adjust the institutional framework of the Public Works Supplier Registry. Following this modification, the registry is under the responsibility of NPO, which has allowed the regulatory agency to introduce an electronic registration system, replacing the former paper register.

²¹⁵ Creation of the Congressional Budget Office Act, dated December 21, 2016.

²¹⁶ Decree 72/2018, available at <http://servicios.infoleg.gob.ar/infolegInternet/anexos/305000-309999/306152/norma.htm>.

declined. Second, starting in 2018, the heads of IAUs are to be appointed by and report to the Internal Auditor General (IAG) instead of line ministers and agency directors, for a term of office of four years, which may be extended to eight years at the IAG's request. Third, NIAA is to be responsible for assessing the achievement of objectives and results by heads of internal audit units, and the unit heads shall perform the same function in respect of the staff under their supervision.

f) ***In-year budget reporting:*** Starting in 2017 monthly budget execution reports of the National Non-Financial Public Sector (NFPS) are available on the Ministry of Treasury (MoT) website.²¹⁷ These interim reports are issued on a monthly and quarterly basis and provide information regarding BCG budget execution, public corporations, execution of the extrabudgetary funds, tax revenue-sharing and other transfers to provinces, as well as information on central administration debt. In addition,²¹⁸ the Open Budget portal discloses BCG budget execution information disaggregated by functional classification, implementing unit, economic classification, etc., and enables comparison between approved and actual budget figures.

g) ***Fiscal risk monitoring:*** Since 2018, public corporations are required to submit their financial reports to the National Accounting Office (NAO) online using the Public Enterprises Financial Information System (SIFEP). The Chief of the Cabinet Office supplements NAO's oversight role by monitoring the timely provision of budget execution reports and other financial indicators by government corporations. In 2019, the use of SIFEP was expanded to monitor extrabudgetary units and national universities' compliance with submission of budget execution in-year and annual reports. This new tool is fully operational and is expected to reinforce timely reporting by public corporations and extrabudgetary units, thereby targeting some of the PFM weaknesses identified in Section 4.

5.3 Institutional considerations

510. This section provides a forward-looking perspective on the extent to which institutional factors are likely to support the reform planning and implementation process.

511. Several factors that are likely to be relevant in supporting an effective reform process in many country contexts are highlighted immediately below. In each case, this part of the PEFA report takes into account recent and ongoing reform experiences and identifies, where appropriate, any additional country-specific factors.

- ***Government leadership and ownership:*** Government ownership is likely to contribute to a more effective PFM reform process by setting the objectives, direction, and pace of reforms; clarifying organizational responsibilities for the reform process; and addressing, in a timely manner, any resistance to change. Consideration may be given to the specific drivers or incentives for administrative reform (for example, based on information from Section 2.1). Other drivers could include the extent of political engagement in the reform process, whether the government articulates a compelling case for PFM reforms, the dissemination of the government vision in public documents such as national development programs, specific PFM strategy or action plans, and the provision of government resources for PFM reforms. Cross-reference to information on whether the reform process is progressing according to government plans may be included.

²¹⁷ See <https://www.minhacienda.gob.ar/onp/ejecucion/2018>.

²¹⁸ See <https://www.presupuestoabierto.gob.ar/sici/quien-gasta>.

- **Coordination across government:** Coordination is likely to contribute to a more prioritized and sequenced reform agenda, as existing capacities of different entities and levels of government are taken into account in planning and implementing reforms. In assessing the extent to which arrangements for coordination are in place, consideration may be given to the contribution of relevant entities, especially line ministries, that are associated in the reform decision-making process. Consideration may also be given to the existence of mechanisms to ensure timely decision-making, especially for cross-cutting reforms, the clarity of roles and responsibilities in the implementation of reforms, and the existence of a focal point in government for coordination of donors in relation to PFM reforms. Involving the Legislature and the Auditor General’s Office in the PFM reform process may also be considered, where relevant.
- **A sustainable reform process:** Sustainability is likely to influence the impact of PFM reforms. The extent to which such a process is supported by existing arrangements should be considered. In this context, one could examine the contribution of government experts or technical assistance, whether reforms are being associated with comprehensive capacity development programs, and the retention of trained staff. Any information on funding of the recurrent costs resulting from the implementation of reforms may also be included.
- **Transparency of the PFM program:** Transparency is important for setting expectations and soliciting contributions and collaboration from various stakeholders. This report describes transparency in terms of reform program documents being publicly accessible and the program’s financing fully reflected in the government’s budget documentation ex-ante and ex-post.

512. The assessment of these institutional factors focuses on extant conditions, not on government plans or commitments. This report includes observations; it does not make explicit recommendations for the reform program of the government, or address whether the government reform program focuses on the right PFM weaknesses or whether the proposed reform measures are adequate to their intended purposes.

Annex 1. Performance Indicator Summary

ARGENTINA		PEFA 2019		
Pillar	Indicator/Dimension	Score	Description of requirements met	
Budget Reliability	PI-1	Aggregate expenditure outturn	C	Aggregate expenditure outturn was 10% higher than the initial budget in two of the past three fiscal years considered.
	PI-2	Expenditure composition outturn	B+	M1 method of aggregation for indicator score.
		(i) Expenditure composition outturn by function	B	Variance in expenditure composition by administrative classification was below 10% in the three completed fiscal years considered.
		(ii) Expenditure composition outturn by economic type	B	Variance in expenditure composition by economic classification was below 10% in two of the three completed fiscal years considered.
		(iii) Expenditure from contingency reserves	A	Central government budget does not include a contingency item or vote.
	PI-3	Revenue outturn	C	M2 method of aggregation for indicator score.
		(i) Aggregate revenue outturn	C	Actual revenue was higher than the initial budget value by more than 12% in two of the last three completed fiscal years.
		(ii) Revenue composition outturn	C	Revenue variance composition is higher than 10% in two of the fiscal years considered, but only in one exceeds the upper margin of 15%.
Transparency of Public Finances	PI-4	Budget classification	B	The same budget and accounting structures are consistently applied throughout the budget formulation, execution, and reporting cycle according to organizational (administrative) units, function/sub-function, economic, and programmatic classifications. The classifications produce consistent documentation comparable with 2001 GFS standards. The administrative, functional, economic, and program classifications present consistent information throughout the budget formulation, execution, and reporting cycle. The disaggregation at the functional level does not include all the functions of the GSF 2014.
	PI-5	Budget documentation	A	The budget proposal submitted to the Legislature includes 4 of the 4 the basic elements required for adequate scrutiny and 6 of the 8 additional elements.
	PI-6	Central government operations outside financial reports	A	M2 method of aggregation for the indicator score.
		(i) Expenditure outside financial reports	A	Expenditure outside financial reports, if it exists, is insignificant (less than 1%) in relation to budgetary central government expenditure.

		(ii) Revenue outside financial reports	A	Revenue outside financial reports, if it exists, is insignificant (less than 1%) in relation to budgetary central government revenue collection.
		(iii) Financial reports of extrabudgetary units	B	At least 94% of all central government extrabudgetary institutions submitted detailed financial reports for 2018 within 6 months of the end of the end of the fiscal year.
	PI-7	Transfers to subnational governments	A	M2 method of aggregation for the indicator score.
		(i) System for allocating transfers	A	All transfers to provinces are based on a clear and transparent set of rules.
		(ii) Timeliness of information on transfers	A	In 2018, subnational governments (SNGs) received information on transfers through the budget cycle that allowed them at least 6 weeks to complete their budgets planning.
	PI-8	Performance information for service delivery	C+	M2 method of aggregation for the indicator score.
		(i) Performance plans for service delivery	B	Information published annually for budget program allocations shows that most of the central government budget entities include performance indicators for outputs, but not yet for outcomes.
		(ii) Performance achieved for service delivery	B	Reports published quarterly and annually show performance in relation to most output indicators, but not yet outcome indicators.
		(iii) Resources received by service delivery units	n/a	This dimension is not applicable for the evaluation.
		(iv) Performance evaluation for service delivery	D	No evaluations of performance of service delivery have been undertaken in the past three completed fiscal years.
	PI-9	Public access to information	B	The government makes available to the public 4 basic elements and 3 additional elements, in accordance with the specified timeframes.
Management of assets and liabilities	PI-10	Fiscal risk reporting	C	This indicator uses the M2 method for aggregation.
		(i) Monitoring of public corporations	C	Annual audit reports for most public corporations are issued and published within 9 months of the fiscal year-end.
		(ii) Monitoring of subnational governments (SNGs)	D	Less than 50% of unaudited financial reports are published annually within 9 months of the following fiscal year.
		(iii) Contingent liabilities and other fiscal risks	B	The central government and decentralized entities include significant contingent liabilities in notes to their financial statements.
	PI-11	Public investment management	D+	This indicator uses the M2 method for aggregation.
		(i) Economic analysis of investment proposals	C	Economic analyses are carried out, in accordance with national guidelines, to assess most major investment projects, by an entity other than the one that promotes

			the project. However, the results of these analysis are not published.
	(ii) Investment project selection	D	There is no entity that performs centralized prioritization of investment projects.
	(iii) Investment project costing	D	While certain projections are made, they are at the level of works and not of large investment projects. It is also not possible to link these projections with the project reference in BAPIN.
	(iv) Investment project monitoring	C	The total cost and physical progress of major investment projects are monitored by the executing agencies. Information on implementation of major investment projects is prepared on a quarterly basis.
	PI-12 Public asset management	C	This indicator uses the M2 method for aggregation.
	(i) Financial asset monitoring	C	Central government keeps records on the main categories of financial assets, but it does not recognize the total of those assets at fair or market value, and it does not publish information on the performance of the portfolio of all managed financial assets.
	(ii) Non-financial asset monitoring	C	Although central government maintains a centralized record of its holding of fixed assets, these are not reconciled with physical inventories and there is no complete published information disclosing their use or status of preservation and aging.
	(iii) Transparency of asset disposal	C	Procedures and rules for the transfer or disposal are established by legislation, regulations, and/or approved procedures. Partial information on transfers and disposals is published.
	PI-13 Debt management	B	M2 method of aggregation for the indicator score.
	(i) Recording and reporting of debt and guarantees	A	Public debt management registering and reporting is undertaken according international standards.
	(ii) Approval of debt and guarantees	A	The Finance Secretary is the single entity authorized by Law to approve national public sector borrowing.
	(iii) Debt management strategy	D	There is only a two-year debt management document that is part of the two-year Financial Program.
Policy-based fiscal strategy and budgeting	PI-14 Macroeconomic and fiscal forecasting	C+	M2 method of aggregation for indicator score.
	(i) Macroeconomic forecasts	B	The government prepares macroeconomic forecasts for a full set of key indicators, but these forecasts are not published. A mandated set of these estimates is presented to the Federal Council for Fiscal Responsibility and published, but the estimates are not formally reviewed. These estimates are also included in the documents presented to the Legislature with a discussion of their underlying

			assumptions. These documents are also published.
	(ii) Fiscal forecasts	C	The government prepares fiscal forecasts for the budget year and two years into the future for internal use.
	(iii) Macroeconomic sensitivity analysis	C	Macroeconomic forecasts prepared include some qualitative assessments of the effects of alternative assumptions.
PI-15	Fiscal strategy	B	M2 method of aggregation for the indicator score.
	(i) Fiscal impact of policy proposals	C	The government prepares estimates of the future fiscal impact of all proposed changes in revenue and expenditure, but these are not presented to the Legislature.
	(ii) Fiscal strategy adoption	A	The central government has explicit, published, time-based fiscal targets for three years, which have been submitted to the Legislature and are supported by fiscal rules embedded in legislation.
	(iii) Reporting on fiscal outcomes	C	The central government prepares reports on the progress made against its fiscal strategy, but these are yet to be formally submitted to the Legislature.
PI-16	Medium-term perspective in expenditure budgeting	B	M2 method of aggregation for indicator score.
	(i) Medium-term expenditure estimates	A	The multi-annual budget for 2019-2021 presents expenditure estimates for three fiscal years disaggregated by all required classifications: administrative, economic, functional, and programmatic.
	(ii) Medium-term expenditure ceilings	A	Aggregate expenditure ceilings for the budget year and two more fiscal years are approved by the government and distributed among all central budgetary entities before the first budget circular is issued.
	(iii) Alignment of strategic plans and medium-term budgets	C	There are very few medium-term strategic plans prepared by ministries, but all prepare budget sector programs with cost estimates and production targets, which have recently been used to test their alignment with government policy objectives.
	(iv) Consistency of budgets with previous year's estimates	D	There is no documentation that explains changes in expenditure estimates between different multi-annual budgets.
PI-17	Budget preparation process	B	M2 method of aggregation for the indicator score.
	(i) Budget calendar	B	A budget calendar exists, it is strictly adhered to, and provides budgetary institutions with more than 4 weeks to complete their detailed institutional budget proposals.
	(ii) Guidance on budget preparation	C	A budget circular is issued to budgetary units, including ceilings for total expenditure for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been

				completed in every detail by budgetary units.
		(iii) Budget submission to the Legislature	A	The Executive submitted the annual budget proposal to the Legislature three-and-a-half months before the start of the corresponding fiscal year in all three fiscal years considered.
	PI-18	Legislative scrutiny of budgets	B+	M1 method of aggregation for the indicator score.
		(i) Scope of budget scrutiny	B	The Legislature's scrutiny of the budget includes fiscal policies, medium-term fiscal forecasts, and details of expenditure and revenue. It did not review the medium-term priorities embedded in the multi-annual budget.
		(ii) Legislative procedures for budget scrutiny	A	Legislative procedures were approved before revision of the budget proposal and they are respected and adhered to. They include review by specialized committees, technical support, public consultations, and negotiation procedures.
		(iii) Timing of budget approval	A	The Legislature approved the budget, in all three fiscal years considered, before the start of the year for which it was intended.
		(iv) Rules for budget adjustments by the Executive	B	Clear rules exist which are adhered to, but these may allow for extensive administrative reallocations, including the expansion of total expenditure.
Predictability and control in budget execution	PI-19	Revenue administration	D+	M2 method of aggregation for the indicator score.
		(i) Rights and obligations for revenue measures	D	Although FRCA collects most of the revenue of the country and disseminates comprehensive, easy to access, and updated information about main tax obligations, it does not provide information on the redress processes and procedures.
		(ii) Revenue risk management	D	There are no systematic and structured risk-management processes and procedures to assess/mitigate risk of tax non-compliance and promote voluntary compliance.
		(iii) Revenue audit and investigation	D	FRCA does not yet have a single compliance improvement plan.
		(iv) Revenue arrears monitoring	B	The stock of revenue arrears at the end of 2018 is 3.24% of the total revenue collection of the year and the revenue arrears older than 12 months are 49.8% of total revenue arrears for the year.
	PI-20	Accounting for revenues	D+	M1 method of aggregation for the indicator score.
		(i) Information on revenue collections	A	SIP reports on a monthly consolidated basis all the tax revenues by type of tax. Tax revenues represent 97 percent of the total tax and non-tax revenues.
		(ii) Transfer of revenue collections	A	Daily, the National Treasury, provinces, and NSSA receive from the FRCA bank collecting accounts, the corresponding amounts established by law.

	(iii) Revenue accounts reconciliation	D	No assessment, charges, transfers, or arrears reconciliation process between NTO and the collecting agencies according to the PEFA methodology and guidelines is undertaken.
PI-21	Predictability of in-year resource allocation	B+	M2 method of aggregation for the indicator score.
	(i) Consolidation of cash balances	A	All balances are consolidated daily for both revenue and expenditure accounts.
	(ii) Cash forecasting and monitoring	A	An annual cash flow forecast is prepared for the fiscal year and is updated monthly, based on the monitoring of revenue and payments.
	(iii) Information on commitment ceilings	B	Public entities are aware of their cash availability beforehand and are able to plan and commit expenditures a quarter in advance.
	(iv) Significance of in-year budget adjustments	C	Frequent adjustments are made in the approved budget during the year, in accordance with a regulated review and approval process, and the affected parties are made aware of them in advance.
PI-22	Expenditure arrears	D	M1 method of aggregation for the indicator score.
	(i) Stock of expenditure arrears	D*	Sufficient information is not available to establish the actual level of performance.
	(ii) Expenditure arrears monitoring	D*	Sufficient information is not available to establish the actual level of performance.
PI-23	Payroll controls	C+	M1 method of aggregation for the indicator score.
	(i) Integration of payroll and personnel records	B	The monthly payroll of each entity, including any additions, is supported by approved documentation that has been verified against the files reflecting the approved conditions for each employee.
	(ii) Management of payroll changes	A	Changes to be made to personnel and payroll records are updated at least monthly, generally before the next month's payments are made. Retroactive adjustments and payments by the central government at the time of the evaluation amounted to 2.3 percent of the wage bill.
	(iii) Internal control of payroll	A	Independent internal controls are used throughout the payroll preparation and payment process. These controls include restricted authority for approvals and restrictions for the introduction of changes in records. The applications used provide for the entry of changes and other actions to ensure the quality and integrity of the payroll.
	(iv) Payroll audit	C	Partial payroll audits have been conducted in each of the last three years.
PI-24	Procurement	C+	M2 method of aggregation for the indicator score.
	(i) Procurement monitoring	B	Two e-procurement systems centralizing procurement data in NPO databases have been gradually implemented, and NPO has

			collected the information on public works not included in the systems, covering the major part of capital expenditures from the 5-largest procuring sectors in 2018, including bidding and awarded contracts. However, the level of implementation of the e-procurement system for public works as of December 2018 indicates that a large part of public expenditure in procurement was not being recorded in a complete and precise database during that year.
	(ii) Procurement methods	C	Although the analysis of available information from NPO's e-procurement systems and databases indicates at least 60% of the amount is executed using competitive methods, there is not comprehensive measurement for all categories of expenditure.
	(iii) Public access to procurement information	B	The information displayed publicly enables access to 5 of the 6 key elements.
	(iv) Procurement complaints management	D	The complaint system does not ensure access to an external and independent entity that does not participate in the procurement process. Complaints are addressed by the procuring entity.
PI-25	Internal controls on non-salary expenditure	B+	M2 method of aggregation for the indicator score.
	(i) Segregation of duties	A	Current regulations provide for the separation of incompatible duties, and institutional responsibilities for the budget execution process have been formally established.
	(ii) Effectiveness of expenditure commitment controls	A	Manual and electronic internal controls prevent expenditure commitments from being made outside the approved budget and without the availability of funds.
	(iii) Compliance with payment rules and procedures	C	It was verified that the majority of payments are compliant with regular payment procedures.
PI-26	Internal audit	C+	M1 method of aggregation for the indicator score.
	(i) Coverage of internal audit	A	Internal audit function operational within all central government entities.
	(ii) Nature of audits and standards applied	C	IAUs do not have annual reports on the structure and effectiveness of each entity's internal control system, nor do their audit plans include an analysis of the coverage of their work with respect to the revenues and expenses executed by each entity. Their practice conforms to internal auditing standards that have yet to be updated to bring them into line with international standards.
	(iii) Implementation of internal audits and reporting	A	Annual internal audit plans and programs exist and are almost fully completed.
	(iv) Response to internal audits	C	The response by most entities to internal audit recommendations is partial.

Accounting and Reporting	PI-27	Financial data integrity	C	M2 method of aggregation for the indicator score.
		(i) Bank account reconciliation	D	The bank accounts composing the Annual Financial Report are reconciled annually within 5 months of the close of the reference fiscal year.
		(ii) Suspense accounts	n/a	The chart of accounts does not provide for any suspense account. Information is disclosed in notes to the financial statements.
		(iii) Advance accounts	D	The advance accounts are reconciled annually as part of the preparation of the annual financial reports, within 6 months of the close of the financial year.
		(iv) Financial data integrity processes	A	Access and changes to records are subject to strict security protocols and result in an audit trail. Data integrity is supervised on a continual basis by the Systems Audit Directorate of NAO.
	PI-28	In-year budget reports	C+	M1 method of aggregation for indicator score
		(i) Coverage and comparability of reports	A	Several in-year reports are prepared by NBO. Coverage and classification of these reports comprehensively account for expenditures and comparison with budget estimates. Expenditures made from transfers to decentralized units within the central government are included in the reports.
		(ii) Timing of in-year budget reports	C	Budget execution reports are prepared monthly/quarterly and issued within 8 weeks from the end of each period.
		(iii) Accuracy of in-year budget reports	A	There are no major concerns regarding data accuracy. Data on expenditure is provided at commitment, accrual, and payment stages in different reports. Analysis is made quarterly.
	PI-29	Annual financial reports	C+	M1 method of aggregation for the indicator score.
		(i) Completeness of annual financial reports	A	Financial reports for the BCG are prepared annually and include complete information on revenue, expenditure, physical and financial assets, liabilities, guarantees, and long-term obligations; they are comparable with the original approved budget and the modifications thereto. Basic financial statements are included, including a cash flow statement.
		(ii) Submission of reports for external audit	C	The financial reports for the BCG were submitted for external audit within 7 months after the end of the fiscal year.
		(iii) Accounting standards	C	The accounting standards applied to all reports are consistent with the country's legal framework and current local accounting standards, and the standards are applied consistently. Reference is made to the application of such standards in the notes to the financial statements.

External scrutiny and audit	PI-30	External audit	D+	M1 method of aggregation for the indicator score.
		(i) Audit coverage and standards	D	There is insufficient information available to assess the performance level.
		(ii) Submission of audit reports to the legislature	D*	There is insufficient information available to establish the actual level of performance.
		(iii) External audit follow-up	D	No statistics are available on follow-up to the recommendations made in AGO reports.
		(iv) Supreme Audit Institution independence	A	In accordance with the Constitution and the law, AGO operates independently from the Executive with respect to the appointment and removal of its leadership, the formulation of its budget, the planning of its audits, the issuance of its reports, and access to the information required for its audits.
	PI-31	Legislative scrutiny of audit reports	D	M2 method of aggregation for the indicator score.
		(i) Timing of audit report scrutiny	D*	There is no evidence of the timing of legislative scrutiny of external audit reports.
		(ii) Hearings on audit findings	D*	There is no evidence of hearings held on key findings of AGO (SAI).
		(iii) Recommendations on audit by the Legislature	D	No evidence was found on recommendations to the Executive based on the legislative scrutiny of audit reports.
		(iv) Transparency of legislative scrutiny of audit reports	D	Committee reports are published; however, there is no evidence of publication of minutes or reports on legislative scrutiny of audits.

Annex 2. Summary of Observations on the Internal Control Framework

Internal Control Components and Elements	Summary of Observations
1. Control Environment	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	No information available from the PEFA assessment.
1.2. Commitment to competence	No information available from the PEFA assessment.
1.3. The “Tone at the Top” (i.e., management’s philosophy and operating style)	No information available from the PEFA assessment.
1.4. Organizational structure	No information available from the PEFA assessment.
1.5. Human Resource policies and practices	Some weaknesses are reported in the internal control reports; however, the impact and materiality of those weaknesses are not properly measured.
2. Risk Assessment	
2.1 Risk identification	No Information available from the PEFA assessment.
2.2 Risk assessment (significance and likelihood)	No Information available from the PEFA assessment.
2.3 Risk evaluation	No Information available from the PEFA assessment.
2.4 Risk appetite assessment	No Information available from the PEFA assessment.
2.5 Response to risk (transference, tolerance, treatment, or termination)	No Information available from the PEFA assessment.
3. Control Activities	
3.1 Authorization and approval procedure	Overall, there is no report on the effectiveness of the controls in place that are part of transactions covered by the internal audit exam. IAUs of the government agencies selected in the sample for this assessment include in their reports Audit recommendations on authorization and approval processes; but there is no data to assess the significance of IAU’s recommendations over the annual budget.
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	No Information available from the PEFA assessment.
3.3 Controls over access to resources and records	No Information available from the PEFA assessment.
3.4 Verifications	Some weaknesses on the consistency of the accounts. were reported by the AGO*
3.5 Reconciliations	Some weaknesses on the consistency of the accounts were reported by the AGO.
3.6 Reviews of operating performance	No Information available from the PEFA assessment.
3.7 Reviews of operations, processes and activities	AGO last audit report, ² states there are some deficiencies in relation to operations, process and activities of the CG.

Internal Control Components and Elements	Summary of Observations
	NIAA Report on the Government financial reports for FY 2017 includes a qualified opinion on the accounting internal control of Property, Plant and Equipment, Cash Management and Accounts Payables and Receivables. ²¹⁹ Most of NIAA observations are the same as in previous years.
3.8 Supervision (assigning, reviewing and approving, guidance, and training)	No Information available from the PEFA assessment
4. Information and Communication	No Information available from the PEFA assessment
5. Monitoring	
5.1 Ongoing evaluation	Some inconsistencies in the accounts disclosed in the AGO Audit report on 2016 financial reports show the monitoring of accounting internal controls are operating below the level expected ² .
5.2 Evaluations	The UAIs do not conduct a comprehensive assessment nor report on the effectiveness of internal controls in place. Instead, the UAIs conduct partial internal audits that are not focused on the Internal Control System as a whole. UAIs do not follow up on Audit findings, including qualifications and adverse opinions reported by AGO in their institutional Audit reports.
5.3 Management response	According to statistics prepared by NIAA, the 6 entities included in this assessment sample took action on audit recommendations in 55% of the cases, on average, which means that the majority of the audited entities responded at least partially to internal audit recommendation.

* Last audit report issued by AGO of the government financial reports for FY16 was published on August 22, 2018. See https://www.agn.gov.ar/files/informes/2018_155info.pdf.

** NIAA report of the government financial reports for FY17 and its Review of Internal Controls operating at government agencies and departments responsible for the recording of budget transactions.

Note 1. Internal control principles referred to are those in COSO 2013 version.

Note 2. Based on the reports prepared by NIAA and AGO available on their websites. Audit reports prepared by IAUs of the sample entities included in the assessment have also been considered. None of these control agencies structure their reports following the Internal Control elements and components (see Section 4.2).

Note 3. According to the NIAA Report issued in February 2019, 19 percent of entities had unqualified internal control reports, 75 percent of entities responsible for 96 percent of the budget had qualified reports, and 2 percent had adverse opinions. For the remaining 4 percent, there is no audit information.

Annex 3. List of People Interviewed

Government officials

No	Institution	Department	Person	Position
1	Auditor General's Office		María Lorena Agnello	Head of Presidency Cabinet
2	Auditor General's Office		Gabriela Camilletti	Head of Cabinet
3	Auditor General's Office		Juan Ignacio Forlón	Auditor General
4	Auditor General's Office		Gabriel Gowland	Consultant
5	Auditor General's Office		Cristian Módolo	Manager
6	Chief of Cabinet	State Property Administration Agency	Diego Cortina	Consultant
7	Chief of Cabinet	State Property Administration Agency	María Belén Fernández	Director
8	Chief of Cabinet	State Property Administration Agency	Jaime Hernán Martín Grondona	Director
9	Chief of Cabinet	State Property Administration Agency	Emilia Romero Trovar	Consultant
10	Chief of Cabinet	State Property Administration Agency	Cynthia Torcianti	Consultant
11	Chief of Cabinet	Secretariat of Institutional Strengthening	Joaquín Moro	Consultant
12	Chief of Cabinet	Secretariat of Institutional Strengthening	Fernando Sánchez	Secretary
13	Chief of Cabinet	National Procurement Office	María Belén Pacheco	Director of Procurement Administration of Goods and Services
014	Chief of Cabinet	National Procurement Office	Juan Cruz Sellán	Director of Procurement Administration
15	Chief of Cabinet	Secretariat of Budget Evaluation, Public Investment and PPP	Maximiliano Castillo Carrillo	Secretary
16	Chief of Cabinet	Secretariat of Budget Evaluation, Public Investment and PPP	María Rocío de la Parra	Director
17	Chief of Cabinet	Secretariat of Budget Evaluation, Public Investment and PPP	Guido Rangugni	National Director

No	Institution	Department	Person	Position
18	Federal Council of Fiscal Responsibility	Technical Coordination	Leticia Libreiro	Financial Specialist
19	Federal Council of Fiscal Responsibility	Technical Coordination	Daniel Rimada	Sub-Coordinator
20	Federal Council of Fiscal Responsibility	Technical Coordination	Patricia Farah	Coordinator
21	National Internal Audit Agency		Marcelo Cainzos	Manager
22	National Internal Audit Agency		Fabián Díaz	Consultant
23	National Internal Audit Agency		Alejandro Díaz	Consultant
24	National Internal Audit Agency		Marcelo Néstor Domínguez	Manager
25	National Internal Audit Agency		Alberto Gowland	Internal Auditor General
26	National Internal Audit Agency		María Oneto	Deputy Internal Auditor General
27	National Internal Audit Agency		Eduardo Polon	Director of Financial Audit
28	National Legislature	Parliamentary Public Accounts Review Committee (PPARC)	Pablo Baccaro	Legal Deputy Director
29	National Legislature	Parliamentary Public Accounts Review Committee (PPARC)	Álvaro González	Representative and PPARC President
30	National Legislature	Parliamentary Public Accounts Review Committee (PPARC)	Luis Laphitz	Consultant
31	National Legislature	Congressional Budget Office	Marcos Makón	General Director
32	Ministry of Education, Culture, Science and Technology	Internal Audit	Irene Gajdzik	Auditor
33	Ministry of Education, Culture, Science and Technology	Internal Audit	María Teresa Mancini	Internal Auditor
34	Ministry of Education, Culture, Science and Technology	Internal Audit	Adriana Cristina Vaamonde	Supervisor
35	Ministry of Education, Culture, Science and Technology	General Directorate of Administration and Financial Management - Directorate of Human Resources	Ricardo Hafner	Human Resource Director
36	Ministry of Education, Culture, Science and Technology	General Directorate of Administration and Financial Management	María Eugenia Lozada	Coordinator

No	Institution	Department	Person	Position
37	Ministry of Health and Social Development	National Social Security Administration	Federico Braun	Executive Deputy Director of Administration
38	Ministry of Health and Social Development	National Social Security Administration	María Cecilia Dabusti	Planning Coordinator
39	Ministry of Health and Social Development	National Social Security Administration	Roberto Padilla	Internal Auditor
40	Ministry of Health and Social Development	National Social Security Administration	Claudia Penna	Internal Auditor
41	Ministry of Health and Social Development	Secretariat of Coordination	Juan Facundo Del Valle	Coordinator
42	Ministry of Health and Social Development	Secretariat of Coordination	Tomás Félix Elizalde	Secretary
43	Ministry of Health and Social Development	Secretariat of Coordination	Fabián Adalberto Miranda	Director
44	Ministry of Health and Social Development	Secretariat of Coordination	Martha Alicia Novoa	General Director
45	Ministry of Health and Social Development	Secretariat of Coordination	Gustavo Spinazzola	Director
46	Ministry of the Interior, Public Works and Housing	Secretariat of Provinces and Municipalities – Under-secretariat of Relations with Provinces	Luciana Carcione	Consultant
47	Ministry of the Interior, Public Works and Housing	Secretariat of Provinces and Municipalities – Undersecretariat of Relations with Provinces - National Directorate of Fiscal Relations with Provinces	Guillermo Giusi	National Director
48	Ministry of the Interior, Public Works and Housing	Secretariat of Provinces and Municipalities - Undersecretariat of Relations with Provinces	Antonio Nicolás Lorenti	Consultant
49	Ministry of the Interior, Public Works and Housing	Secretariat of Coordination - General Directorate of Human Resources	Marina Fiscella	General Director
50	Ministry of Transportation	Internal Audit Unit	Hernán Javier Alonso	Internal Auditor
51	Ministry of Transportation	Internal Audit Unit	Diego Conrado Estevez	Internal Auditor

No	Institution	Department	Person	Position
52	Ministry of Transportation	National Road Directorate	Marcelo Bianchi	Internal Auditor
53	Ministry of Transportation	National Road Directorate	Adrián Colaprete	Finance Manager
54	Ministry of Transportation	National Road Directorate	Patricia Gutiérrez	General Administrator
55	Ministry of Transportation	National Road Directorate	Pilar Orelogio	Deputy Manager of Strategic Planning
56	Ministry of Treasury	Legal and Administrative Secretariat – Undersecretariat of Administration and Patrimonial Standardization - General Directorate of Administration - Budget Directorate	Hernán Marcelo Motta	Budget Director
57	Ministry of Treasury	Legal and Administrative Secretariat – Undersecretariat of Administration and Patrimonial Standardization - General Directorate of Human Resources - Coordination of Administration and Processing of Salaries	Antonella Lara Cappelletti	Salary Settlement Coordinator
58	Ministry of Treasury	Legal and Administrative Secretariat - Undersecretariat of Administration and Patrimonial Standardization - Direction of Administration and Personnel Management	Arnaldo Sebastián Molinari	Director
59	Ministry of Treasury	Legal and Administrative Secretariat – Undersecretariat of Administration and Patrimonial Standardization	Rita Tanuz	Consultant
60	Ministry of Treasury	Secretariat of Treasury –	Agustín Bruno	Undersecretary

No	Institution	Department	Person	Position
		Undersecretariat of Budget		
61	Ministry of Treasury	Secretariat of Treasury – Undersecretariat of Budget	Alejandro Gallego	Advisor
62	Ministry of Treasury	Secretariat of Treasury - Undersecretariat of Budget - Directorate of Budget and Evaluation of Personnel Expenses	Jorge Leonardo Caruso	Director
63	Ministry of Treasury	Secretariat of Public Income - Undersecretariat of Tax Policy	Juan Emilio Mariscal	Undersecretary
64	Ministry of Treasury	Secretariat of Economic Policy - Undersecretariat of Macroeconomic Programming	Federico Filippini	Undersecretary
65	Ministry of Treasury	Debt Management Office	Santiago Wright	Director
66	National Accounting Office		César Duro	Accountant General
67	National Accounting Office		Jorge Bruno	Coordinator
68	National Accounting Office		Patricia Castro	Director
69	National Accounting Office		Alejandro Collazo	Director
70	National Accounting Office		Ana Laura Kiezela	Consultant
71	National Accounting Office		Elizabeth Rodríguez Gadea	Coordinator
72	National Accounting Office		Sergio Suárez	Director
73	National Budget Office		Luis Clemente Rajuán	National Director
74	National Budget Office	Directorate of Budget Evaluation - Physical-Financial Monitoring Coordination	Rubén Andrés Soliani	Coordinator
75	National Budget Office		María Ernestina Toro	Analyst
76	National Budget Office	Directorate of Budget Evaluation	Guillermo Valentino	Director
77	National Treasury Office		Juan Carlos Araujo	Deputy Treasurer
78	National Treasury Office		Pablo Buratti	Coordinator
79	National Treasury Office		Jorge Domper	National Director
80	Secretariat of Public Employment	Undersecretariat of Public Employment Planning-National Direction of Information and	María Cristina Cosaka	National Director

No	Institution	Department	Person	Position
		Salary Policy Management		
81	Secretariat of Public Employment	Undersecretariat of Public Employment Planning	Cecilia María Klappenbach	Undersecretary
82	Secretariat of Public Employment		Gustavo Muzlera	Consultant

Other parties

No	Institution	Department	Person	Position
1	Argentine Association of Public Budget and Financial Administration		Gonzalo Lecuona	Executive Director
2	Argentine Chamber of Commerce and Services	Department of Economy	Matías Bolis Wilson	Chief Economist
3	Argentine Chamber of Commerce and Services	Department of Economy	Ana Laura Jaruf	Economist
4	Argentine Chamber of Commerce and Services	Department of Economy	Julio César Rodríguez Rabellini	Senior Analyst
5	Argentine Chamber of Commerce and Services	Department of Economy	Mariana Luisina Scialabba	Senior Analyst
6	Center of Implementation of Public Policies for Equity and Growth		Pablo Carreras Mayer	Economic Development Coordinator
7	Center of Implementation of Public Policies for Equity and Growth		Martín Rapetti	Director of the Economic Development Program
8	French Development Agency		Juliette Grundman	Representative

Annex 4. Sources of Information

Indicator/Dimension	Data Sources
Budget reliability	
PI-1. Aggregate expenditure outturn	National Budget Office, Ministry of Treasury, 2019.
1.1. Aggregate expenditure outturn	
PI-2. Expenditure composition outturn	National Budget Office, Ministry of Treasury, 2019.
2.1. Expenditure composition outturn by function	
2.2. Expenditure composition outturn by economic type	
2.3. Expenditure from contingency reserves	
PI-3. Revenue outturn	National Budget Office, Ministry of Treasury, 2019.
3.1. Aggregate revenue outturn	
3.2. Revenue composition outturn	
Transparency of public finances	
PI-4. Budget classification	Budget Classification Manual No. 13. Budget Classification Manual No. 16.
4.1 Budget classification	
PI-5. Budget documentation	Arts. 25 and 26 of the NPSFMCSA and Art 26, Regulatory Decree 1344/2007/.
5.1 Budget documentation	
PI-6. Central government operations outside financial reports	Authors, based on data provided by the Accountant General's Office, Ministry of Treasury, 2019. Art. 87 of the NPSFMCSA.
6.1. Expenditure outside financial reports	
6.2. Revenue outside financial reports	
6.3. Financial reports of extrabudgetary units	
PI-7. Transfers to subnational governments	Authors, based on information provided by Directorate of Fiscal Relations with Provinces.
7.1. System for allocating transfers	
7.2. Timeliness of information on transfers	
PI-8. Performance information for service delivery	National Budget Office, Ministry of Treasury, 2019.
8.1. Performance plans for service delivery	
8.2. Performance achieved for service delivery	
8.3. Resources received by service delivery units	
8.4. Performance evaluation for service delivery	
PI-9. Public access to fiscal information	<p>Ministry of Treasury's website (https://www.argentina.gob.ar/hacienda) with press releases and infographics for media and general population.</p> <p>The Budget website: https://www.minhacienda.gob.ar/onp/presupuestos/2019, with detailed information on the whole budget cycle.</p> <p>The National Government Financial Report—Annual budget execution report—site, with results from previous budgets: https://www.argentina.gob.ar/hacienda/sehacienda/cgn/cuentainversion.</p> <p>The Open Budget portal website https://www.presupuestoabierto.gob.ar/sici/.</p> <p>The Open Data Portal contains budget data in an open data format:¹¹ https://www.minhacienda.gob.ar/onp/presupuestos</p>

	<p>/2019]. The National Legislature portal 9 (https://www.hcdn.gob.ar/) with press releases and advertorials for media, and the Budget documents once presented by the Executive. The Auditor General Office portal: https://www.agn.gov.ar/.</p>
Management of assets and liabilities	
PI-10. Fiscal risk reporting	Authors based on data provided by the National Accounting Office and NIAA.
10.1. Monitoring of public corporations	
10.2. Monitoring of subnational governments	Notes to Argentina 2018 Government financial statements.
10.3. Contingent liabilities and other fiscal risks	
PI-11. Public investment management	
11.1. Economic analysis of investment proposals	
11.2. Investment project selection	Authors based on NDPI information.
11.3. Investment project costing	
11.4. Investment project monitoring	
PI-12. Public asset management	
12.1. Financial asset monitoring	Authors, based on MoT and NSSA information.
12.2. Non-financial asset monitoring	Annex A to 2017 Government financial reports.
12.3. Transparency of asset disposal.	
PI-13. Debt management	
13.1. Recording and reporting of debt and guarantees	Authors estimations based on MoT information.
13.2. Approval of debt and guarantees	Authors based on MoT data.
13.3. Debt management strategy	
Policy-based fiscal strategy and budgeting	
PI-14. Macroeconomic and fiscal forecasting	
14.1. Macroeconomic forecasts	Art. 24 NPSFMCSA, Arts. 2 and 27 Federal Regime Fiscal Responsibility Act. Art. 6 Public Resources Adm. Act. Decree 174/2018.
14.2. Fiscal forecasts	
14.3. Macrofiscal sensitivity analysis	
PI-15. Fiscal strategy	
15.1. Fiscal impact of policy proposals	Letter of Intent and Memorandum of Economic and Financial Policies. Ministry of Treasury, 2018. Federal Regime Fiscal Responsibility Act and Federal Regime Fiscal Responsibility and Good Practice Act.
15.2. Fiscal strategy adoption	
15.3. Reporting on fiscal outcomes	
PI-16. Medium-term perspective in expenditure budgeting	
16.1. Medium-term expenditure estimates	Arts. 2 and 6 Public Resource Management Act. Art. 26 Decree 1344/2007 Regulations of NPSFMCSA.
16.2. Medium-term expenditure ceilings	Introduction, Multiannual Budget 2019-2021, MoT.
16.3. Alignment of strategic plans and medium-term budgets	
16.4 Consistency of budgets with previous year's estimates	
PI-17. Budget preparation process	
17.1. Budget calendar	National Budget Office, Ministry of Treasury, 2019.
17.2. Guidance on budget preparation	
17.3. Budget submission to the Legislature	
PI-18. Legislative scrutiny of budgets	
18.1. Scope of budget scrutiny	National Budget Office, Ministry of Treasury, 2019.
18.2. Legislative procedures for budget scrutiny	
18.3. Timing of budget approval	

18.4. Rules for budget adjustments by the Executive	
Predictability and control in budget execution	
PI-19. Revenue administration	MoT.
19.1. Rights and obligations for revenue measures	https://serviciosweb.afip.gob.ar/genericos/guiaDeTramites/inicio.aspx .
19.2. Revenue risk management	FRCA.
19.3. Revenue audit and investigation	
19.4. Revenue arrears monitoring	
PI-20. Accounting for revenues	Federal Revenue Collection Agency. Secretariat of Public Revenue. National Directorate of Information and Fiscal Analysis.
20.1. Information on revenue collections	
20.2. Transfer of revenue collections	
20.3. Revenue accounts reconciliation	
PI-21. Predictability of in-year resource allocation	
21.1. Consolidation of cash balances	
21.2. Cash forecasting and monitoring	Authors compilation using data provided by NTO.
21.3. Information on commitment ceilings	
21.4. Significance of in-year budget adjustments	
PI-22. Expenditure arrears	National Treasury Office. National Accounting Office. Debt Management Office.
22.1. Stock of expenditure arrears	
22.2. Expenditure arrears monitoring	
PI-23. Payroll controls	Prepared by the authors using information supplied by the Salary Budget Assessment Department of the Budget Undersecretariat, based on SIRHU data.
23.1. Integration of payroll and personnel records	
23.2. Management of payroll changes	
23.3. Internal control of payroll	Prepared by the authors using information supplied by the Wage Budget Evaluation Department of the Budget Undersecretariat, based on SIRHU data.
23.4. Payroll audit	
PI-24. Procurement	Developed based on processed data provided by NPO from Compr.ar, Contrat.ar, ArgentinaCompra.gov, and internal databases. Developed based on information provided by NPO.
24.1. Procurement monitoring	
24.2. Procurement methods	
24.3. Public access to procurement information	
24.4. Procurement complaints management	
PI-25. Internal controls on non-salary expenditure	National Internal Audit Agency. National Accounting Office. National Social Security Agency. Staff from the five budgetary units included in the assessment sample.
25.1. Segregation of duties	
25.2. Effectiveness of expenditure commitment controls	
25.3. Compliance with payment rules and procedures	
PI-26. Internal audit effectiveness	Prepared on the basis of statistical record provided by NIAA.
26.1. Coverage of internal audit	
26.2. Nature of audits and standards applied	
26.3. Implementation of internal audits and reporting	
26.4. Response to internal audits	
Accounting and reporting	
PI-27. Financial data integrity	Authors based on information provided by NAO and NSSA, with annexes showing the dates on which the reconciliations were available.
27.1. Bank account reconciliation	
27.2. Suspense accounts	
27.3. Advance accounts	
27.4. Financial data integrity processes	
PI-28. In-year budget reports	Prepared by the authors based on data from MoT website.
28.1. Coverage and comparability of reports	
28.2. Timing of in-year budget reports	

28.3. Accuracy of in-year budget reports	
PI-29. Annual financial reports	
29.1. Completeness of annual financial reports	Prepared by the authors based on information provided by the National Accounting Office.
29.2. Submission of the reports for external audit	
29.3. Accounting standards	
External scrutiny and audit	
PI-30. External audit	
30.1. Audit coverage and standards	Authors based on information provided by AGO.
30.2. Submission of audit reports to the Legislature	
30.3. External audit follow-up	
30.4. Supreme Audit Institution independence	
PI-31. Legislative scrutiny of audit reports	
31.1. Timing of audit report scrutiny	Parliamentary Public Accounts Review Committee and AGO.
31.2. Hearings on audit findings	
31.3. Recommendations on audit by the Legislature	
31.4. Transparency of legislative scrutiny of audit reports	

Annex 5. Calculations for PI-1, PI-2, and PI-3

Expenditure composition outturn by administrative classification

Table 1 - Fiscal years for

Year 1 =	2016
Year 2 =	2017
Year 3 =	2018

Table 2

Data for year =		2016				
Administrative or	budget	actual	adjusted budget	deviation	absolute deviation	percent
Ministerio de Trabajo,	647,178,902,328	796,458,459,232	805,418,871,100.1	-8,960,411,868.4	8,960,411,868.4	1.1
Obligaciones a Cargo del	121,329,467,654	157,347,953,548	150,995,408,715.5	6,352,544,832.4	6,352,544,832.4	4.2
Ministerio de Educación y	83,969,068,214	96,712,573,184	104,500,118,722.9	-7,787,545,538.6	7,787,545,538.6	7.5
Ministerio de Energía y	100,375,991,450	205,647,986,377	124,918,654,530.3	80,729,331,846.7	80,729,331,846.7	64.6
Ministerio de Seguridad	74,437,265,026	88,685,200,647	92,637,720,032.8	-3,952,519,386.2	3,952,519,386.2	4.3
Ministerio de Transporte	71,538,646,038	85,130,232,026	89,030,367,530.1	-3,900,135,503.7	3,900,135,503.7	4.4
Ministerio de Defensa	67,784,216,129	74,654,141,461	84,357,952,085.0	-9,703,810,623.7	9,703,810,623.7	11.5
Presidencia de la Nación	6,634,981,038	6,470,735,983	8,257,282,365.3	-1,786,546,382.2	1,786,546,382.2	21.6
Ministerio del Interior, Obras	50,417,826,552	43,115,832,984	62,745,353,408.1	-19,629,520,424.3	19,629,520,424.3	31.3
Ministerio de Desarrollo	90,058,997,804	103,940,789,733	112,079,080,580.0	-8,138,290,847.2	8,138,290,847.2	7.3
Ministerio de Salud	37,214,313,331	43,623,528,116	46,313,484,762.9	-2,689,956,647.4	2,689,956,647.4	5.8
Poder Judicial de la Nación	16,550,027,246	22,360,979,517	20,596,629,793.1	1,764,349,724.2	1,764,349,724.2	8.6
Ministerio de Justicia y	13,243,387,499	13,754,027,894	16,481,492,475.4	-2,727,464,581.0	2,727,464,581.0	16.5
Poder Legislativo Nacional	12,685,846,114	14,182,273,109	15,787,628,149.4	-1,605,355,040.8	1,605,355,040.8	10.2
Ministerio de Ciencia,	11,789,545,133	14,273,588,838	14,672,175,031.7	-398,586,193.4	398,586,193.4	2.7
Ministerio de Agroindustria	15,163,252,039	15,715,261,989	18,870,777,918.6	-3,155,515,929.4	3,155,515,929.4	16.7
Ministerio Público	5,665,730,149	7,729,598,613	7,051,042,554.3	678,556,058.3	678,556,058.3	9.6
Ministerio de Relaciones	6,325,566,267	6,970,370,736	7,872,213,422.8	-901,842,686.9	901,842,686.9	11.5
Ministerio de Producción	9,926,566,344	8,251,624,950	12,353,684,321.2	-4,102,059,371.1	4,102,059,371.1	33.2
Otros Ministerios (7)	23,868,300,966	19,619,053,455	29,704,274,892.1	-10,085,221,437.4	10,085,221,437.4	34.0
allocated expenditure	1,466,157,897,321	1,824,644,212,392	1,824,644,212,391.7	0.0	179,049,564,923.4	
Servicio de Deuda Pública	103,969,738,000	306,469,043,626				
contingency	-	-				
total expenditure	1,570,127,635,321	2,131,113,256,017				
aggregate outturn (PI-1)						135.7%
composition (PI-2) variance						9.8%
contingency share of budget						0.0%

Table 3

Data for year =		2017				
Administrative or functional	budget	actual	adjusted budget	deviation	absolute deviation	percent
Ministerio de Trabajo,	1,015,356,574,226	1,086,651,534,846	1,074,543,731,934.7	12,107,802,910.9	12,107,802,910.9	1.1
Obligaciones a Cargo del	142,753,722,752	161,238,751,448	151,075,121,673.8	10,163,629,774.6	10,163,629,774.6	6.7
Ministerio de Educación y	130,950,630,000	134,856,426,742	138,584,003,128.8	-3,727,576,386.4	3,727,576,386.4	2.7
Ministerio de Energía y	153,664,625,433	125,926,938,914	162,622,042,611.0	-36,695,103,696.8	36,695,103,696.8	22.6
Ministerio de Seguridad	97,472,624,260	105,250,244,285	103,154,497,732.6	2,095,746,552.0	2,095,746,552.0	2.0
Ministerio de Transporte	96,479,023,117	111,386,373,340	102,102,977,599.4	9,283,395,740.6	9,283,395,740.6	9.1
Ministerio de Defensa	94,031,916,616	101,563,691,927	99,513,224,384.8	2,050,467,541.9	2,050,467,541.9	2.1
Presidencia de la Nación	6,769,275,349	6,653,303,105	7,163,869,896.2	-510,566,791.4	510,566,791.4	7.1
Ministerio del Interior, Obras	57,493,831,901	59,624,164,630	60,845,261,913.3	-1,221,097,283.2	1,221,097,283.2	2.0
Ministerio de Desarrollo	131,178,725,150	133,458,968,295	138,825,394,399.6	-5,366,426,104.2	5,366,426,104.2	3.9
Ministerio de Salud	46,267,702,486	52,238,896,320	48,964,739,047.7	3,274,157,272.8	3,274,157,272.8	6.7
Poder Judicial de la Nación	23,805,622,000	29,712,312,784	25,193,299,136.7	4,519,013,646.8	4,519,013,646.8	17.9
Ministerio de Justicia y	18,621,272,066	18,743,845,069	19,706,743,115.8	-962,898,047.1	962,898,047.1	4.9
Poder Legislativo Nacional	15,791,209,346	18,002,628,981	16,711,710,401.2	1,290,918,579.4	1,290,918,579.4	7.7
Ministerio de Ciencia,	13,956,608,324	17,444,281,764	14,770,166,830.4	2,674,114,933.7	2,674,114,933.7	18.1
Ministerio de Agroindustria	16,784,406,449	19,353,725,652	17,762,802,942.2	1,590,922,710.0	1,590,922,710.0	9.0
Ministerio Público	7,724,379,743	10,513,184,104	8,174,649,228.3	2,338,534,875.4	2,338,534,875.4	28.6

Ministerio de Relaciones	8,274,069,197	9,427,057,950	8,756,381,175.8	670,676,774.4	670,676,774.4	7.7
Ministerio de Producción	9,577,477,585	8,078,886,520	10,135,767,835.6	-2,056,881,315.9	2,056,881,315.9	20.3
Otros Ministerios (7)	29,377,205,159	29,570,829,291	31,089,660,978.9	-1,518,831,687.6	1,518,831,687.6	4.9
allocated expenditure	2,116,330,901,159	2,239,696,045,967	2,239,696,045,966.6	0.0	104,118,762,625.0	
Servicio de Deuda Pública	247,328,000,000	324,308,514,889				
contingency	-	-				
total expenditure	2,363,658,901,159	2,564,004,560,855				
aggregate outturn (PI-1)						108.5
composition (PI-2) variance						4.6
contingency share of budget						0.0%

Table 4

Data for year =		2018				
Administrative or functional	budget	actual	adjusted budget	deviation	absolute deviation	percent
Ministerio de Trabajo,	1,329,919,258,656	1,415,158,550,955	1,476,797,533,415.3	-61,638,982,459.9	61,638,982,459.9	4.2
Obligaciones a Cargo del	104,495,500,685	174,422,111,644	116,036,140,284.6	58,385,971,359.4	58,385,971,359.4	50.3
Ministerio de Educación y	163,227,296,338	164,142,393,712	181,254,363,412.7	-17,111,969,700.8	17,111,969,700.8	9.4
Ministerio de Energía y	101,201,053,154	145,810,047,665	112,377,849,034.2	33,432,198,631.1	33,432,198,631.1	29.7
Ministerio de Seguridad	120,935,208,407	128,888,343,766	134,291,473,949.3	-5,403,130,183.2	5,403,130,183.2	4.0
Ministerio de Transporte	97,797,723,438	123,997,175,023	108,598,650,487.1	15,398,524,535.8	15,398,524,535.8	14.2
Ministerio de Defensa	116,406,488,742	122,617,192,969	129,262,595,701.8	-6,645,402,733.1	6,645,402,733.1	5.1
Presidencia de la Nación	94,923,539,553	109,080,603,399	105,407,037,429.2	3,673,565,970.2	3,673,565,970.2	3.5
Ministerio del Interior, Obras	60,742,622,301	67,270,928,820	67,451,128,482.8	-180,199,663.2	180,199,663.2	0.3
Ministerio de Desarrollo	53,281,404,230	56,994,332,270	59,165,882,313.3	-2,171,550,042.8	2,171,550,042.8	3.7
Ministerio de Salud	56,485,582,487	50,709,132,830	62,723,934,815.9	-12,014,801,985.6	12,014,801,985.6	19.2
Poder Judicial de la Nación	34,366,029,854	38,089,255,031	38,161,465,661.4	-72,210,630.5	72,210,630.5	0.2
Ministerio de Justicia y	21,125,225,854	21,947,140,073	23,458,327,436.8	-1,511,187,364.0	1,511,187,364.0	6.4
Poder Legislativo Nacional	20,304,596,833	21,865,530,190	22,547,066,917.6	-681,536,727.7	681,536,727.7	3.0
Ministerio de Ciencia,	19,259,975,109	19,242,354,814	21,387,075,605.9	-2,144,720,791.9	2,144,720,791.9	10.0
Ministerio de Agroindustria	17,278,479,903	17,761,450,262	19,186,741,101.6	-1,425,290,840.0	1425290840	7.4
Ministerio Público	11,878,189,175	13,546,857,588	13,190,034,177.6	356,823,410.5	356823410.5	2.7
Ministerio de Relaciones	8,503,339,265	12,248,198,272	9,442,460,789.0	2,805,737,482.9	2805737483	29.7
Ministerio de Producción	8,342,741,758	9,091,367,793	9,264,126,652.8	-172,758,859.8	172758859.8	1.9
Otros Ministerios (7)	31,935,061,726	32,582,938,365	35,462,017,772.5	-2,879,079,407.3	2,879,079,407.3	8.1
allocated expenditure	2,472,409,317,468	2,745,465,905,441	2,745,465,905,441.3	0.0	228,105,642,779.6	
Servicio de Deuda Pública	406,387,000,000	553,513,567,996				
contingency	-	-				
total expenditure	2,878,796,317,468	3,298,979,473,437				
aggregate outturn (PI-1)						114.6
composition (PI-2) variance						8.3
contingency share of budget						0.0

Table 5 - Results Matrix

year	for PI-1.1	for PI-2.1	for PI-2.3
	total exp. Outturn	composition variance	contingency share
2016	135.7%	9.8%	
2017	108.5%	4.6%	0.0%
2018	114.6%	8.3%	

Expenditure composition outturn by economic type

Table 1 - Fiscal years for assessment

Year 1 =	2016
Year 2 =	2017
Year 3 =	2018

Table 2

Data for year = 2016

Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Remuneraciones	187,505,106,288	219,873,502,173	254,498,174,920	-	34,624,672,747	13.6
Bienes y Servicios	66,457,488,353	68,287,571,672	90,201,860,794	-	21,914,289,123	24.3
Intereses	103,521,030,000	296,301,822,968	140,507,710,550		155,794,112,419	110.9
Prestaciones de la Seguridad Social	622,448,098,376	730,446,215,038	844,840,485,443	-	114,394,270,405	13.5
Transferencias	530,361,975,854	753,664,742,581	719,853,221,995		33,811,520,585	4.7
Inversion Real Directa	46,543,690,080	43,213,436,993	63,173,128,529	-	19,959,691,536	31.6
Otros gastos	13,290,246,370	19,325,964,592	18,038,673,785		1,287,290,807	7.1
Total expenditure	<u>1,570,127,635,321</u>	<u>2,131,113,256,017</u>	2,131,113,256,017	-	0	
composition variance						17.9

Table 3

Data for year = 2017

Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Remuneraciones	264,835,702,485	272,187,898,342	287,283,393,012	-	15,095,494,670	5.3
Bienes y Servicios	90,860,556,402	90,925,725,782	98,561,971,400	-	7,636,245,618	7.7
Intereses	246,613,766,366	315,248,172,424	267,516,950,700		47,731,221,724	17.8
Prestaciones de la Seguridad Social	963,181,141,870	1,014,017,399,201	1,044,821,162,425	-	30,803,763,224	2.9
Transferencias	716,789,283,364	799,284,631,836	777,544,928,677		21,739,703,159	2.8
Inversion Real Directa	65,474,583,517	59,450,466,810	71,024,262,712	-	11,573,795,902	16.3
Otros gastos	15,903,867,155	12,890,266,460	17,251,891,929	-	4,361,625,469	25.3
Total expenditure	<u>2,363,658,901,159</u>	<u>2,564,004,560,855</u>	2,564,004,560,855		0	
composition variance						5.4

Table 4

Data for year = 2018

Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Remuneraciones	318,623,817,338	331,228,324,649	365,129,490,672	-	33,901,166,023	9.3

Bienes y Servicios	88,836,416,846	102,897,427,196	101,802,796,499	1,094,630,697	1,094,630,697	1.1
Intereses	405,126,985,591	542,100,442,789	464,258,482,440	77,841,960,350	77,841,960,350	16.8
Prestaciones de la Seguridad Social	1,210,785,976,319	1,294,142,764,097	1,387,509,793,022	-	93,367,028,925	6.7
Transferencias	782,018,887,211	946,118,850,149	896,160,746,453	49,958,103,695	49,958,103,695	5.6
Inversion Real Directa	62,245,225,578	65,783,496,065	71,330,409,955	-	5,546,913,890	7.8
Otros gastos	11,159,008,585	16,708,168,493	12,787,754,397	3,920,414,096	3,920,414,096	30.7
Total expenditure	<u>2,878,796,317,468</u>	<u>3,298,979,473,437</u>	3,298,979,473,437	-	0	265,630,217,677
composition variance						8.1

Table 5 - Results Matrix

year	composition variance
2016	17.9%
2017	5.4%
2018	8.1%

Revenue Composition Outturn

Calculation Sheet for Revenue Outturn (Oct 2018)

Table 1 - Fiscal years for assessment

Year 1 =	2016
Year 2 =	2017
Year 3 =	2018

Table 2

Data for year =		2016				
Description	budget	actual	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
Ganacias	254,071,956,984	215,892,249,950	286,469,838,731.7	-70,577,588,781.7	70,577,588,781.7	24.6
Valor Agregado	265,186,070,862	264,944,417,793	299,001,164,298.1	-34,056,746,505.1	34,056,746,505.1	11.4
Debitos y Creditos en Cuentas Bancarias	101,426,810,030	109,426,469,058	114,360,208,254.7	-4,933,739,196.7	4,933,739,196.7	4.3
Aranceles de Exportación	89,530,154,000	70,285,705,406	100,946,554,993.5	-30,660,849,587.5	30,660,849,587.5	30.4
Aranceles de Importacion	37,245,932,671	53,706,953,879	41,995,332,552.0	11,711,621,327.0	11,711,621,327.0	27.9
Otros Impuestos	93,978,565,534	197,517,908,422	105,962,203,906.1	91,555,704,515.9	91,555,704,515.9	86.4
Other revenues						
Ingresos no Tributarios	26,705,039,493	40,167,026,867	30,110,321,688.8	10,056,705,178.2	10,056,705,178.2	33.4
Aportes y Contribuciones Seguridad Social	453,358,888,210	492,752,814,343	511,168,761,538.1	-18,415,947,195.1	18,415,947,195.1	3.6
Venta de Bienes y Servicios	6,575,051,950	5,539,051,076	7,413,467,012.0	-1,874,415,936.0	1,874,415,936.0	25.3
Recuperación de Préstamos	0	0	0.0	0.0	0.0	
Rentas de la Propiedad	140,362,941,356	196,974,410,102	158,261,264,452.3	38,713,145,649.7	38,713,145,649.7	24.5
Transferencias Corrientes	992,775,619	9,026,269,397	1,119,368,996.3	7,906,900,400.7	7,906,900,400.7	706.4
Recursos de Capital	2,283,732,572	3,150,151,928	2,574,941,797.5	575,210,130.5	575,210,130.5	22.3
Total revenue	<u>1,471,717,919,281</u>	<u>1,659,383,428,221</u>	1,659,383,428,221.0	0.0	321,038,574,404.3	
overall variance						112.8
composition variance						19.3

Table 3

Data for year =		2017				
Description	budget	actual	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
Ganacias	262,658,431,560	265,068,922,118	271,668,482,770.8	-6,599,560,652.8	6,599,560,652.8	2.4
Valor Agregado	328,489,127,490	336,381,585,654	339,757,388,871.5	-3,375,803,217.5	3,375,803,217.5	1.0
Debitos y Creditos en Cuentas Bancarias	135,852,784,685	137,536,872,985	140,512,983,635.7	-2,976,110,650.7	2,976,110,650.7	2.1
Aranceles de Exportación	101,790,499,500	64,803,824,567	105,282,249,632.7	-40,478,425,065.7	40,478,425,065.7	38.4
Aranceles de Importacion	77,956,660,041	66,235,004,177	80,630,830,807.3	-14,395,826,630.3	14,395,826,630.3	17.9
Otros Impuestos	125,430,810,896	176,473,379,188	129,733,501,743.8	46,739,877,444.2	46,739,877,444.2	36.0
Other revenues						
Ingresos no Tributarios	36,366,924,505	44,676,223,317	37,614,430,059.0	7,061,793,258.0	7,061,793,258.0	18.8

Aportes y Contribuciones Seguridad Social	606,404,157,498	629,262,819,740	627,205,821,777.5	2,056,997,962.5	2,056,997,962.5	0.3
Venta de Bienes y Servicios	10,035,344,043	5,731,033,551	10,379,589,469.3	-4,648,555,918.3	4,648,555,918.3	44.8
Recuperación de Préstamos	0	0	0.0	0.0	0.0	
Rentas de la Propiedad	192,922,356,812	201,212,455,370	199,540,230,467.4	1,672,224,902.6	1,672,224,902.6	0.8
Transferencias Corrientes	1,224,015,890	6,535,873,740	1,266,003,675.4	5,269,870,064.6	5,269,870,064.6	416.3
Recursos de Capital	3,687,383,382	13,487,391,307	3,813,872,803.7	9,673,518,503.3	9,673,518,503.3	253.6
Total revenue	<u>1,882,818,496,302</u>	<u>1,947,405,385,714</u>	1,947,405,385,714.0	0.0	144,948,564,270.5	
overall variance						103.4
composition variance						7.4

Table 4

Data for year = 2018						
Description	budget	actual	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
Ganacias	299,797,252,520	272,779,831,984	338,679,443,133.9	-65,899,611,149.4	65,899,611,149.4	19.5
Valor Agregado	465,610,624,311	549,667,858,313	525,997,972,407.6	23,669,885,905.9	23,669,885,905.9	4.5
Debitos y Creditos en Cuentas Bancarias	163,214,203,512	232,591,321,052	184,382,261,986.5	48,209,059,065.8	48,209,059,065.8	26.1
Aranceles de Exportación	57,612,762,102	92,830,286,687	65,084,846,582.5	27,745,440,104.7	27,745,440,104.7	42.6
Aranceles de Importacion	76,631,103,839	99,691,374,365	86,569,771,259.7	13,121,603,105.2	13,121,603,105.2	15.2
Otros Impuestos	87,755,142,296	82,578,735,937	99,136,541,362.9	-16,557,805,425.6	16,557,805,425.6	16.7
Other revenues						
Ingresos no Tributarios	51,216,255,426	54,054,624,317	57,858,745,272.9	-3,804,120,955.8	3,804,120,955.8	6.6
Aportes y Contribuciones Seguridad Social	769,367,116,499	781,808,578,345	869,150,148,612.6	-87,341,570,268.1	87,341,570,268.1	10.0
Venta de Bienes y Servicios	5,923,619,187	6,762,943,975	6,691,882,699.8	71,061,274.9	71,061,274.9	1.1
Recuperación de Préstamos	52,329,732	856,354,384	59,116,634.1	797,237,750.1	797,237,750.1	1348.6 %
Rentas de la Propiedad	204,952,865,925	275,701,760,493	231,534,218,264.9	44,167,542,227.7	44,167,542,227.7	19.1
Transferencias Corrientes	4,043,176,898	11,379,044,043	4,567,556,536.3	6,811,487,506.6	6,811,487,506.6	149.1
Recursos de Capital	13,749,990,830	24,543,086,104	15,533,295,246.2	9,009,790,858.1	9,009,790,858.1	58.0
Total revenue	<u>2,199,926,443,077</u>	<u>2,485,245,800,000</u>	2,485,245,800,000.0	0.0	347,206,215,597.8	
overall variance						113.0
composition variance						14.0

Table 5 - Results Matrix

year	total revenue deviation	composition variance
2016	112.8%	19.3%
2017	103.4%	7.4%
2018	113.0%	14.0%

Annex 6. Financial Reports of Public Corporations

Public corporation	Year covered by the financial report	Financial statements audited (Y/N)	Date of reception of the report (*)	Are contingent liabilities included in the financial report (Y/N)
YPF	2017	Y	2/3/2018	Y
ATC S.A.	2017	N	2/14/2018	Y
BHN S.A.	2017	Y	2/15/2018	Y
BICE Leasing S.A.	2017	Y	2/15/2018	Y
Nación Bursátil S.A.	2017	Y	2/16/2018	Y
DIOXITEK S.A.	2017	N	2/20/2018	Y
BICE Factoring S.A. *	2017	Y	2/20/2018	Y
Nación Servicios S.A.	2017	Y	2/23/2018	Y
Casa de Moneda S.E.	2017	N	2/26/2018	Y
COMIP	2017	N	2/26/2018	N
Pellegrini S.A. F.C.I.	2017	Y	2/27/2018	Y
TELAM S.A.	2017	N	2/27/2018	
BICE S.A.	2017	Y	2/28/2018	Y
COVIARA	2017	N	2/28/2018	Y
Educar	2017	N	2/28/2018	Y
Emp. Ar Naveg Aerea	2017	N	2/28/2018	Y
BICE Fideicomisos	2017	Y	2/28/2018	Y
Nucleoeléctrica Argentina S.A.	2017	N	2/28/2018	Y
Radio y TV U.N. Córdoba S.A.	2017	N	2/28/2018	Y
VENG S.A.	2017	N	2/28/2018	Y
Nación Reaseguros S.A.	2017	Y	3/1/2018	Y
Nación Retiro S.A.	2017	Y	3/1/2018	Y
Nación Seguros S.A.	2017	Y	3/1/2018	Y
Radio U.N. del Litoral S.A.	2017	Y	3/1/2018	Y
TELAM S.E.	2017	Y	3/16/2018	Y
AR-SAT	2017	N	3/19/2018	Y
Lotería Nacional S.E.	2017	N	4/16/2018	
Radio y Televisión Arg. S.E.	2017	N	4/17/2018	Y
Corporación Puerto Madero	2017	Y	4/18/2018	Y
Belgrano Cargas y Logíst. S.A.	2017	Y	4/25/2018	Y
Adm. de Infr. Ferroviarias S.E.	2017	Y	4/27/2018	Y
Desarrollo del Capital Humano Ferroviario SAPEM	2017	Y	4/27/2018	Y
FADEA	2017	Y	4/27/2018	Y
Ferrocarriles Argentinos S.E. - Adm Infr. Ferroviaria	2017	Y	4/27/2018	Y
IEASA - (Ex ENARSA)	2017	Y	4/27/2018	Y
INTEA S.A.	2017	Y	5/2/2018	Y

EBISA	2017	N	5/8/2018	Y
Aerolíneas Argentinas S.A.	2017	Y	5/9/2018	Y
Austral Líneas Aéreas	2017	Y	5/9/2018	Y
SOFSE- Operadora Ferroviaria S.E.	2017	Y	5/14/2018	Y
Contenidos Públicos S.E.	2017	N	5/18/2018	N
YPF GAS	2017	Y	5/18/2018	Y
Correo Argentino	2017	Y	5/23/2018	Y
AYSA	2017	Y	6/6/2018	Y
Yac. Carboníferos Río Turbio	2017	N	6/15/2018	
Banco Central de la República Argentina	2017	Y	7/16/2018	Y
Banco de la Nación Argentina - (BNA)	2017	Y	7/18/2018	Y
INTERCARGO S.A.	2017	Y	7/31/2018	Y
Mercado Central	2017	N	8/6/2018	N
TANDANOR	2017	Y	8/31/2018	Y
ENARSA PATAGONIA S.A.	2017	Y	9/7/2018	Y
AGP S.E.	2017	Y	9/25/2018	Y
FONCAP	2017	Y	11/6/2018	Y
ENARSA SERVICIOS S.A.	2017	Y	11/13/2018	Y
Ente Binacional Yacyretá	2017	Y	12/12/2018	Y
CITELEC S.A.	2017			
Comisión Técnica Mixta Salto Grande	2017			
D Gral Fabricaciones Militares	2017			
EUDEBA	2017			
Instituto de Vivienda de la Fuerza Aérea	2017			
NUEVOS AIRES DEL SUR S.A.	2017			
PLAYAS FERROVIARIAS DE BS AS S.A.	2017			
Polo Constituyentes S.A.	2017			
YMAD	2017			

Annex 7. List of Investment Projects

#	BAPIN	Name	Entity	Total estimated cost (AR\$)	Status	Assessment registered in BAPIN	Opinion	PPP
1	103897	Aprovechamientos Hidroeléctricos del Río Santa Cruz - Condor Cliff - La Barrancosa	Ministry of Treasury – Energy Secretariat	88,008,229,372	Under execution	Yes	Yes	No
2	71275	Puesta en valor FC Sarmiento - Soterramiento Sarmiento	Ministry of Transportation	72,880,071,085	Under execution	No	No	No
3	109807	Renovación de Vías y Corredor del Ferrocarril General Belgrano Cargas, Provincias de Santiago del Estero, Salta, Jujuy, Chaco, Santa Fe y Tucumán. ETAPAS I Y II	Ministry of Transportation	37,040,641,947	To begin execution	Yes	No	No
4	63352	Construcción Aprovechamiento Multipropósito Chihuido I, Provincia del Neuquén	Ministry of the Interior, Public Works and Housing	32,932,583,983	To begin execution	Yes	Yes	No
5	106626	Renovación de Vías Corredor Ferroviario de Cargas Mendoza – Rufino – Rosario/Buenos Aires - Etapa I	Ministry of Transportation	30,828,878,916	To begin execution	Yes	No	No
6	108496	Construcción del Túnel Internacional de Agua Negra. Argentina - Chile.	Ministry of Transportation	26,676,328,735	To begin execution	Yes	Yes	No
7	107799	(BM 016) Aeronave para Operaciones Aeroespaciales.	Ministry of Defense – Department of Air Force	26,615,000,000	To begin execution	No	No	No

#	BAPIN	Name	Entity	Total estimated cost (AR\$)	Status	Assessment registered in BAPIN	Opinion	PPP
8	106604	Adquisición de Materiales y Servicios el Corredor Ferroviario de Cargas Mendoza – Rufino – Rosario/Buenos Aires - Etapa I	Ministry of Transportation	25,438,417,115	To begin execution	Yes	No	No
9	107960	(BM 856) Incorporación de Aeronaves de Instrucción Avanzada	Ministry of Defense – Department of Air Force	20,933,517,652	Under execution	No	No	No
10	105102	Construcción del Aprovechamiento Multipropósito el Tambolar	Ministry of the Interior, Public Works and Housing	18,045,679,614	To begin execution	No	No	No
11	101864	Instalación de tres Parques Fotovoltaico Cauchari Solar I, II y III, Provincia de Jujuy.	Ministry of the Interior, Public Works and Housing	14,597,236,731	Under execution	Yes	No	No
12	71270	Puesta en Valor FC San Martín - Ramal Retiro – Pilar	Ministry of Transportation	14,408,896,000	Under execution	No	No	No
13	104056	Construcción Autopista del Bicentenario - Paseo del Bajo	Ministry of Transportation	12,493,693,898	Under execution	No	No	No
14	71258	RER -Construcción de Estación Subterránea Obelisco y Túnel de interconexión	Ministry of Transportation	12,138,638,758	To begin execution	No	No	Yes
15	72447	Rehabilitación Integral de Trenes de Carga - FC ROCA	Ministry of Transportation	11,480,000,000	To begin execution	No	No	No
16	108590	Adquisición de material rodante para la prestación de servicios ferroviarios de la Línea Roca - AMBA.	Ministry of Transportation	11,077,800,000	To begin execution	No	Yes	No
17	103580	Construcción de la Central Termoeléctrica a Carbón, Río Turbio en la Provincia de Santa Cruz	Ministry of Treasury – Energy Secretariat	9,536,031,516	Under execution	No	No	Yes

#	BAPIN	Name	Entity	Total estimated cost (AR\$)	Status	Assessment registered in BAPIN	Opinion	PPP
18	107781	(BM 552) Incorporación de Aeronave de Transporte Mediano de Mediano alcance	Ministry of Defense – Department of Air Force	9,489,133,417	To begin execution	No	No	No
19	107777	(BIM 132) Adquisición de Patrulleros Oceánicos Multipropósito (OPV), Provincia de Buenos Aires	Ministry of Defense – Department of Navy	9,468,932,000	To begin execution	No	Yes	No
20	30865	Diseño, construcción, lanzamiento y operación de dos satélites de órbita polar. Misión SAOCOM 1 A/B	Ministry of Education, Culture, Science and Technology - National Space Activities Commission	8,452,085,657	Under execution	Yes	No	No
21	30251	Construcción de reactores de Baja Potencia CAREM Fase 2 - Buenos Aires (Prog.1 Proy. 5, Obra51)	Ministry of Treasury - National Atomic Energy Commission	7,957,459,491	Under execution	Yes	Yes	No
22	107774	(BM 817) Incorporación de Avión Entrenador Básico.	Ministry of Defense – Department of Air Force	7,224,915,306	Under execution	Yes	No	No
23	47454	Diseño, construcción y puesta en marcha de un reactor nuclear argentino multipropósito (RA-10) (Prog. 20 - Proy 22 - Obra 51)	Ministry of Treasury - National Atomic Energy Commission	7,110,930,451	Under execution	Yes	Yes	No
24	53208	Modernización del SUCOCE para la ampliación de la Subcapacidad de Comunicaciones de Nivel Táctico.	Ministry of Defense – Department of The Army	5,887,974,797	Under execution	Yes	No	No
25	108645	(BM 446) Modernización de la Artillería Antiaérea.	Ministry of Defense – Department of the Army	5,534,824,606	To begin execution	No	No	No
26	107682	(BM 039) Recuperación de los Aviones Hércules C-130	Ministry of Defense – Department of Air Force	4,810,975,290	Under execution	Yes	No	No

#	BAPIN	Name	Entity	Total estimated cost (AR\$)	Status	Assessment registered in BAPIN	Opinion	PPP
27	107708	Sistema de Defensa Antiaéreo	Ministry of Defense – Department of Joint Forces	4,135,975,000	To begin execution	No	No	No
28	44570	Satélite argentino brasileño de información ambiental con objetivo principal en el mar (SABIA – MAR)	Ministry of Education, Culture, Science and Technology - National Space Activities Commission	3,504,975,583	Under execution	Yes	Yes	No
29	49440	Adquisición de un buque transporte polar para servicio logístico en el continente antártico en el área de capacidad de 6 (ac6) - misiones subsidiarias y otras responsabilidades	Ministry of Defense – Department of Navy	3,437,606,359	To begin execution	Yes	No	No
30	102043	Construcción Segundo Acueducto para el Interior de Chaco - Resistencia - Chaco	Ministry of the Interior, Public Works and Housing – National Entity of Water Sanitation Works	3,137,274,020	Under execution	No	No	No

Annex 8. Detailed Budget Calendar

Activity	Start Date	Completion Date	Responsible Entity
1. The technical group (TG) to support budget preparation is set up.	Apr-18	Apr-18	Undersecretariat of Budget.
2. The TG prepares instructions, delivers training and technical assistance to line departments and agencies of the central administration.	Apr-19	May-18	National Budget Office – General Coordination for Training in Public Finance Management.
3. Preparation of information on the number of public employees and monthly budget execution report on staff salaries in FY18 produced from the Human Resources System (SIRHU). Coverage public sector.	Apr-27	May-5	Undersecretariat of Budget – Directorate of Budget Evaluation of Salaries. Undersecretariat of Public Employment Planning. National Office of Public Employment.
4. Fiscal forecasts for revenue, spending, and debt requirements for the three-year period 2019-2021.	Apr-27	May-5	Undersecretary for Macroeconomic Programming - National Directorate for Macroeconomic Policy.
5. Preparation of the external and internal public debt service programming for the period 2019-2021, including principal, interest, and commissions.	Apr-27	May-15	Secretariat of Finance – National Budget Office.
6. Programming of Budget expenditures that will be funded by international donors for 2019-2021.	Apr-27	May-15	Undersecretariat of International Financial Relations. National Directorate of Programs and Projects with International Financing. Operations Directorate of International Financing. Undersecretariat of Budget Evaluation and Public Investment.
7. Preparation and analysis of budgets of public corporations, fiduciary funds, and other entities of the non-financial public sector.	Apr-27	Aug-24	Non-financial public sector entities. National Budget Office.
8. Forecast of tax revenue and social security contribution collections for 2019-2021.	May-2	May-15 and June-6	Undersecretariat of Tax Policy - National Directorate of Research and Fiscal Analysis.
9. Preparation of financing program for 2019-2021.	May-2	May-22	Debt Management Office.
10. Preparation and electronic submission through eSIDIF of the following: a) Budget policy formulation (F.1) b) Resources estimates (F.2A y F.2B) c) Budget program classifications adjustments	May-5 May-5	May-31 May-31	Central Government entities.

	May-5	May-31	
11. Upload information on requests for investment project through the Investment Projects Database (BAPIN III).	May-3	June-6	Ministries and entities of the CG. All entities of the non-financial public sector.
12. Budget ceilings preparation for the period 2019-2021.	May-3	Jun-15	Undersecretariat (US) of Budget - National Budget Office.
13. Preparation of macroeconomic forecast and general directives on budget policy. These will be included in the Budget Proposal Progress Report that is sent to the Legislature and also to the central government entities.	May-3	Jun-8	US of Budget Evaluation and Public Investment. US of Budget. US of Tax Policy. US of Macroeconomic Programming. US of International Financial Relations. US of Relations with Provinces. US of Public Employment Planning. Debt Management Office. National Directorate of Public Investment. National Directorate of Fiscal Relations with Provinces.
14. Preparation, final review, and submission of the Budget Proposal Progress Report to the Legislature.	Jun-11	Jun-29	Chief of Cabinet Office. Ministry of Treasury. US of Budget. National Budget Office.
15. Meetings are held to analyze budget situation of all CG entities.	Jun-18	Jun-22	Chief of Cabinet Office. Ministry of Treasury.
16. Approval of budget ceilings for 2019-2021.	Jun-25	Jun-26	Chief of Cabinet Office. Ministry of Treasury.
17. Budget ceilings for capital expenditures for 2019-2021 are communicated to the US of Budget.	Jun-27	Jun-28	Chief of Cabinet Office. US of Budget Evaluation and Public Investment.
18. Budget ceilings for 2019-2021 are communicated to all government spending units.	Jun-29	Jul-2	US of Budget - National Budget Office.
19. Investment Projects Database (BAPIN) is updated based on capital expenditure projects in the budget proposal.	Jul-3	Jul-13	Central Government departments and entities.
20. Budget proposal formulation for 2019-2021 and submission through eSIDIF.	Jul-3	Aug-10	Central government departments and entities.
21. Final approval of macroeconomic projections to be included in the annual Budget Statement that will be submitted to the Legislature.	Jul-10	Jul-20	US of Macroeconomic Programming.
22. Preparation of the Budget Statement to the Legislature including:			US of Budget Evaluation and Public Investment.

a) National budget policy description. b) An analysis of fiscal relations with provinces including estimates for 2019-2020 of consolidated financing for the Provincial Public Sector.	Jul-10 Jul-10	Aug-3 Aug-10	US of Budget. US of Tax Policy. US of Macroeconomic Programming. US of International Financial Relations. US of Relations with Provinces. US of Public Employment Planning. Debt Management Office. National Directorate of Public Investment. National Directorate of Fiscal Relations with Provinces.
23. Preparation and submission of articles for the 2019 Budget Proposal.	Jul-16	Jul-31	Secretariat of Finance. US of Budget. US of Tax Policy. National Directorate of Provincial Affairs. National Directorate of Fiscal Relations with Provinces. National Social Security Agency (NSSA).
24. Final estimates of external and internal public debt services and its payment schedule by type of creditor.	Aug-1	Aug-7	Secretariat of Finance. Debt Management Office.
25. Final calculations of tax revenue and social security contributions collections for 2019-2021.	Aug-3	Aug-7 Sep-4	Undersecretariat of Tax Policy - National Directorate of Research and Fiscal Analysis.
26. Presentation of Central Government Budget commitments arising from fiscal agreements.	Aug-3	Aug-17	National Directorate of Provincial Affairs. National Directorate of Fiscal Relations with Provinces.
27. Review of draft budget proposal and preparation of the 2019 Budget Proposal.	Aug-10	Aug-31	US of Budget. National Budget Office.
28. Preparation of the final Budget Statement including multi-annual budget projections and articles of 2019 Annual Budget Law.	Aug-10	Sep-4	US of Budget. National Budget Office.
29. Approval of the Annual Budget Proposal that is submitted to the Legislature afterwards.	Sep-4	Sep-7	Chief of Cabinet Office. Ministry of Treasury.
30. Review and preparation of the final Annual Budget Proposal.	Sep-7	Sep-13	Secretariat of Finance. US of Budget National Budget Office.
31. Submission of the Annual Budget Proposal to the Legislature.	Sep-14	Sep-14	Chief of Cabinet Office. Ministry of Treasury.

Annex 9. List of Budget Reports

The following budget reports are prepared and published by the NPO:

- i) Budget execution reports:^{/1} 1-4
- ii) Budget evaluation reports:^{/2} 5-9
- iii) Open Budget reports:^{/3} 10-28

#	Report name	Frequency	Coverage
1	National Administration Budget Execution (accrual basis) <i>Ejecucion Administracion Nacional Base devengado</i>	Monthly	Central administration, decentralized entities, and social security institutions. Accrual basis. It includes a comparison between cumulative annual execution with the previous year (2017 and 2018). It explains reasons for the item variations that sum up the result of the National Administration (total revenue, primary expenditure, primary result, and financial result).
2	Public Sector Budget Execution (cash basis) <i>Cuenta AIF Sector Publico Nacional Base Caja</i>	Monthly	Public sector coverage. Cash basis. Includes a comparison between the cumulative annual execution of previous year (2017 and 2018); and of month-to-month of the year (2018). Does not include justifications.
3	Sources and Financial Applications in Foreign Currencies <i>Ejecución Administración Nacional Divisas</i>	Quarterly	Detailed Execution of Sources and Financial Applications in Foreign Currency: Public Indebtedness; Obtaining Loans; Long-Term Foreign Currency Debt Amortization; and Loans Received from the External Sector.
4	Fiscal Bulletin <i>Boletin Fiscal</i>	Quarterly	Information compiled in 7 chapters. Chapters 1-3 report budget implementation of the Central Administration and the cash budget of the National Public Sector, including budgetary information on sources and financial applications; as well as on the universe of Public Corporations, Trust Funds, and Other Entities. Chapter 4 information on transfers to the provinces. Chapter 5 data on the public employees and distribution of wages within the National Executive Branch, including the Other Entities of the Non-Financial Public Sector and Public Corporations. Chapter 6 comparative information on the Central Administration debt payable. Chapter 7 information on Public Debt and Financial Assets. This report includes 67 tables and comparisons between budget execution and the approved budget.
5	Executive Summary <i>Síntesis Ejecutiva</i>	Quarterly	Performance of the most financially relevant programs in the Budget. Information on programs and the main programmatic categories. Comparisons between the accrued execution and the approved budget are included.
6	Physical/Financial Execution <i>Seguimiento Físico Financiero</i>	Quarterly	Information on the financial and physical implementation of the programs, the percentage of what has been

			implemented with respect to that scheduled and the comparison with the previous financial year.
7	Citizen Oriented Budget <i>Resumen Orientado al Ciudadano</i>	Quarterly	Information compiled in four sections. (i) Resources and Expenditures, and execution percentages, comparisons between resources and expenditures and variations with respect to the same period of the previous year. (ii) Resources: current and capital resources, and tax resources disaggregated by type of tax. (iii) Current and capital expenditures classified by economic classification, jurisdictions and entities, source of financing, type of expenditure, transfers of the Central Administration, and purpose of the expense, detailing the budget information for each account. (iv) Physical-financial data: showing the execution of the budget according to the various functions and the physical-financial information (goals and expenditure), which is presented by function and according to the purposes of the expenditure.
8	National Public Investment <i>Inversión Pública Nacional</i>	Quarterly	Execution of actual direct investment and capital transfers.
9	Annual financial reports <i>Cuenta de Inversion</i>	Annually	Evaluation of government management results. Volume II of the government Annual Financial Report.
10	Who spends? <i>¿Quién gasta?</i>	Weekly	Coverage on central administration, decentralized entities, and social security institutions. Expenses per jurisdiction. Detail of expenditure by object, agency, program, purpose and function, geographic location, source of funding, and economic classification. Reports the initial budget, the current budget, committed, and accrued and paid.
11	What is the expense for? <i>¿A qué se destina el gasto?</i>	Weekly	Central administration, decentralized entities and social security institutions. Expenditure by purpose and function. Provides detailed information on budget execution by object, agency, program, purpose and function, geographical location, source of financing, and economic classification. The initial budget, the current budget, committed, accrued and paid is reported. Reports on a year-on-year comparison.
12	What is it spent on? <i>¿En qué se gasta?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Expenses per economic type. Central Government expenses depending on the type of goods and services CG buys or contracts. Expenditure disaggregation by object; agency, program, purpose and function, geographic location, source of funding, and economic classification. The initial budget, the current budget, committed, accrued and paid is reported. A year-on-year comparison is also reported.
13	Where is it spent? <i>¿Dónde se gasta?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Expenses by geographic location. Detail of expenditure by object, agency, program, purpose and function, geographic location, source of funding, and

			economic classification. The initial budget, the current budget, committed, and accrued and paid is reported.
14	How is it funded? <i>¿Cómo se financia?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Expenses per funding source. Detail of expenditure by object, agency, program, purpose and function, geographical location, source of financing, and economic classification. The initial budget, the current budget, committed, and accrued and paid is reported. A year-on-year comparison is also reported.
15	For what is spent? <i>¿Para qué se gasta?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Expenses for programmatic opening. The initial budget, the current budget, committed, and accrued and paid is reported.
16	Expenditures by Institution <i>Gastos por organismo</i>	Weekly	Central administration, decentralized entities, and social security institutions. Detail of expenses for each of the entities that make up the Central Administration. Detail of expenses by type, agency, program, purpose and function, geographic location, source of funding, and economic classification. The initial budget, the current budget, committed, and accrued, and paid is reported.
17	Program Expenditures <i>Gastos por programa</i>	Weekly	Central administration, decentralized entities, and social security institutions. Classification of expenditures by budget program. Detail of expenditure by object, agency, program, purpose and function, geographical location, source of financing, and economic classification. The initial budget, the current budget, committed, and accrued and paid is reported.
18	Expenditures by Recognition Moment <i>Gastos por carácter</i>	Weekly	Central administration, decentralized entities, and social security institutions. The initial budget, the current budget, committed, and accrued and paid is reported.
19	Type of Expenditures <i>Gastos por clasificador económico</i>	Weekly	Central administration, decentralized entities, and social security institutions. Expenses grouped by their economic nature. The initial budget, the current budget, committed, and accrued and paid is reported.
20	Where do the resources come from? <i>¿De dónde vienen los recursos?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Revenues by items. Estimates and actual collection of resources are reported. Year-on-year revenues and tax collection are also reported.
21	How much is paid and how much is spent? <i>¿Cuánto ingresa y cuánto se gasta?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Expenses and resources per source. Expenditures and resources as a percentage of GDP. Estimated resources versus actual collection are reported; budgeted expenses compared to accrued expenses. Year-on-year expenditure and resource developments are also reported.
22	Who and how much does collect? <i>¿Quién y cuánto recauda?</i>	Weekly	Central administration, decentralized entities, and social security institutions. Jurisdictional Remedies, Estimates, and actual collection of resources is reported.

23	Resource by recognition moment <i>Recursos por carácter</i>	Weekly	Central administration, decentralized entities, and social security institutions. Composition of estimated resources and collection. Detail of resources by item and by body. Estimated and actual resources are reported.
24	Tax resources by sub-concept <i>Recursos tributarios por subconcepto</i>	Weekly	Central administration, decentralized entities, and social security institutions. Tax resources by sub-concept. Estimated and actual resources are reported.
25	Budget Execution Report <i>Cuenta Ahorro-Inversión Financiamiento(</i>	Weekly	Central administration, decentralized entities, and social security institutions. Budgetary execution of resources and expenditures, according to their economic nature. The comparison of the current budget with the accrued expenses and resources entered is reported.
26	Budget Execution Report (accrual based) <i>Cuenta Ahorro-Inversión Financiamiento (base devengado)</i>	Weekly	Central administration, decentralized entities, and social security institutions. Accrual-based budgetary execution resources and expenditures, according to their economic type.
27	Budget modifications by institution <i>Modificaciones al presupuesto por jurisdicción</i>	Weekly	Central administration, decentralized entities, and social security institutions. Changes in budget allotment by jurisdiction. Changes to the approved budget during the year in which it is executed.
28	Transfers Budget Execution <i>Ejecución presupuestaria de las transferencias</i>	Weekly	Central administration, decentralized entities, and social security institutions. Shows detail of transfers made from the National Treasury. The execution by description of the transfer is included. The initial budget, the current budget, committed, and accrued, and paid is reported.

^{1/} See <https://www.minhacienda.gob.ar/onp/ejecucion/2018>.

^{2/} See <https://www.minhacienda.gob.ar/onp/evaluacion/2018>.

^{3/} See <https://www.presupuestoabierto.gob.ar/sici/>.



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