



# **Budgetary Reform in Portugal – Recent Developments**

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# Budgetary Reform in Portugal – Recent Developments

## Agenda

1. Budgetary Reform in Portugal: Main Features

2. Budget Framework Law Reform (BFL): Main Changes; Governance

3. Public Sector Accounting Reform: Accounting subsystems

4. Final remarks

# Budgetary Reform in Portugal – Recent Developments

## 1. Budgetary Reform in Portugal: Main Features

### Main Adjustments

1. A new timetable for the budget cycle
2. A more comprehensive design of the budget processes
3. An increased focus on fiscal transparency and control
4. Simplification of the budgetary procedures

### Main Adjustments

1. IPSAS based standards
2. A single accounting framework for all levels of government
3. Chart of accounts matching with National Accounts (ESA 2010)
4. Standard models for budgeting and financial statements

**New BFL**  
Law 15/2015

**New Accounting System**  
Public Administration  
Decree-Law 92/2015

# Budgetary Reform in Portugal – Recent Developments

## 2. Budget Framework Law Reform (BFL): Main Changes

- ❑ A new timetable for the budget cycle
  - ❑ Redefinition of the budget cycle and linked to the European semester
- ❑ A more comprehensive design of the budget processes
  - ❑ Definition of an integrated system of budgeting with a new budget programs model and the reinforcement of line Ministeries responsibilities
  - ❑ Setting of an investment plan for funding sources
- ❑ An increased focus on fiscal transparency and control
  - ❑ The establishment of the State Accounting Entity
  - ❑ Prospective financial statements
- ❑ Simplification of the budgetary procedures
  - ❑ Common legal regime for public entities
  - ❑ Elimination of redundant information to be approved by the Parliament

## 2. Budget Framework Law Reform (BFL): Governance

### ➤ **Entry into force and effects**

The Law sets a transition period of three years which means that its full applicability will take place for the 2019 State Budget.

### ➤ **Legislative changes requirements for implementing the new BFL**

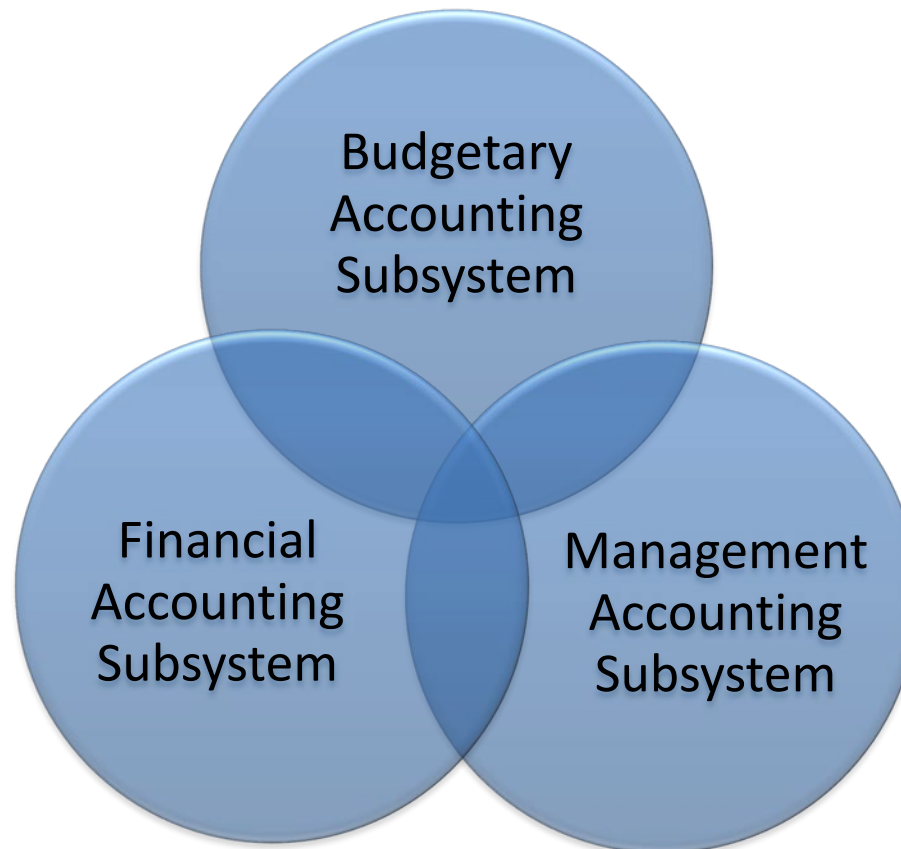
Several diplomas are identified to be revised within a year after the present law entering into force

### ➤ **An Implementation Unit is established in the new BFL**

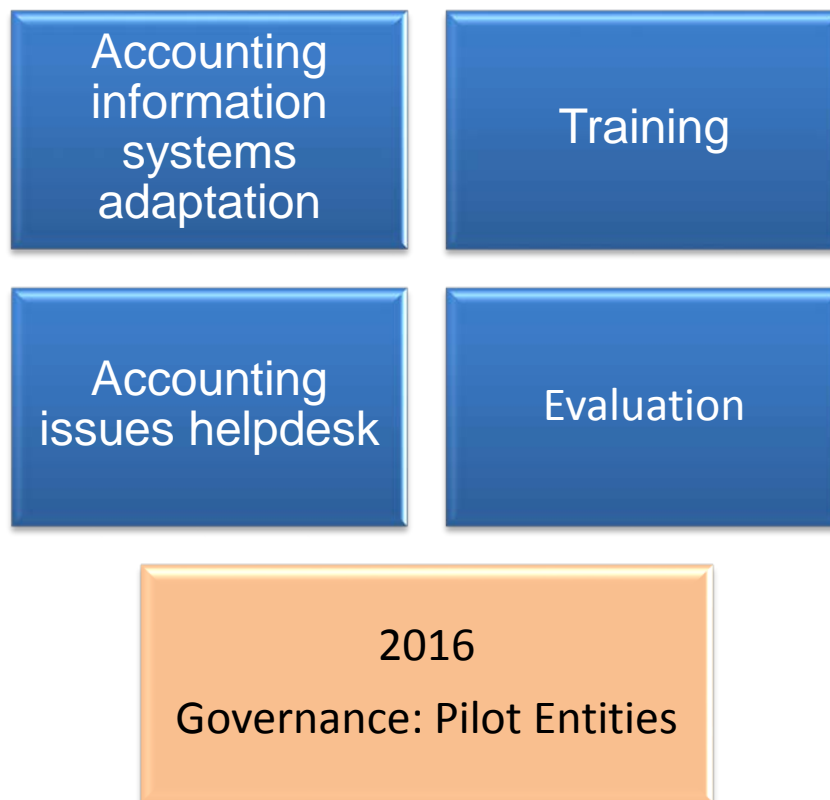
This Unit is appointed by the government.

The composition and operating rules of the Unit are approved by Decree Law

## 3. Public Sector Accounting Reform: Accounting subsystems



## 3. Public Sector Accounting Reform: Governance



## 4. Final Remarks

### BUDGETARY PROCEDURE REFORM: STRATEGIC FRAMEWORK

- ✓ The economic and financial constraints boost the momentum of the reform
- ✓ The budget reform is a continuous process

### CRITICAL SUCCESS FACTORS

- ✓ Political commitment
- ✓ Cooperation between the different stakeholders
- ✓ Capacity enhancement
- ✓ Human and technological resources allocation



# Budgetary Reform in Portugal – Recent Developments

Thank you for your attention!

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