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Public Financial Management Assessment

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GOBIERNO DE LA
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ACIF	Spanish acronym for Cordoba’s Investment and Financing Agency
AFIP	Spanish acronym for National Fiscal Revenue Authority
AGAs	Autonomous Government Agencies
ASAP	Spanish acronym for Argentina Association of Public Financial Management and Budget
BES	Budget Execution System
CA	Central Administration
CDEs	Consolidated Decentralized Entities
CFAA	Country Financial Accountability Assessment
CIPPEC	Spanish acronym for Center for the Implementation of Public Policies Promoting Equity and Growth
COA	Court of Accounts
COFOG	Classification of Functions of Government
CSPC	Cordoba Strategic Planning Council
DA	Decentralized Administration
DCPDM	Directorate for Credit and Public Debt Management
DSA	Debt Sustainability Analysis
FRL	Fiscal Responsibility Law
GA	General Administration
GAO	General Accounting Office
GDBPI	General Directorate of Budgeting and Public Investment
GDP	Gross Domestic Product
GDTPC	General Directorate of Treasury and Public Credit
GFS	Government Finance Statistics
GGP	Gross Geographic Product
IARAF	Argentina Institute of Fiscal Analysis
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
LAF	Spanish acronym for Law of Financial Administration and Internal Control Systems
MDAs	Ministries, Departments, and Agencies
MOF	Ministry of Finance
NA	National Administration
NB	National Bank
NFPS	Non-Financial Public Sector
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMA	Public Financial Management Assessment
PI	PEFA Indicator
SIGADE	Spanish acronym for Debt Management and Analysis System
SIGEN	Spanish acronym for the Internal Audit Agency of the National Government
SOEs	State-Owned Enterprises
SUAF	Spanish acronym for Unique System of Financial Administration
TSS	Tax Sharing System
UF	Unified Fund
UN	United Nations
WB	World Bank

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PREFACE

Following the publication of Argentina's Country Financial Accountability Assessment in March 2008, the authorities of the Republic of Argentina agreed with the World Bank to conduct a sub-national public financial management assessment (PFMA) for four provincial governments: Buenos Aires, Cordoba, Santa Fe, and San Juan. The four were selected in consultation with the country authorities based on their relative economic size and importance and their financial relationship with the Bank (size and numbers of active portfolio loan operations). Since the Bank's interaction with Argentina's sub-national governments has been increasing significantly, measuring the performance of provincial public financial management systems and identifying opportunities for improving systems, processes, and institutions are critical aspects of the Bank's prudent management of its fiduciary exposure. Also, the results of the sub-national assessments could serve as an entry point for the Bank's assistance on building more sustainable PFM capacity at the sub-national level in Argentina, based on action plans prepared by provincial governments and agreed with the Bank.

This assessment for the Province of Cordoba was prepared jointly by the Ministry of Finance of the Province of Cordoba and the World Bank (WB). It seeks to: (i) provide the provincial government with a reference tool for dialogue and action to strengthen its public financial management systems; (ii) assess Cordoba's PFM systems and identify and address their main fiduciary issues, as well as their impact on the implementation of World Bank operations; and (iii) contribute in a broader sense to the dialogue between the Bank and Argentina's national and provincial authorities regarding fiduciary portfolio management and reliance on the country's systems. The assessment is not a fully fledged PFM performance report using all PEFA performance indicators. As agreed with the provincial government and the World Bank's Country Management Unit, the team selected and used 19 PFM performance indicators (PI 1, PI 4, PI 5-7, PI 9-12, PI 16-18, and PI 20-26) to review the status of PFM in the province.

The assessment was prepared based on the findings of missions that visited Argentina in 2006-2009. It was completed following a workshop that took place in Cordoba, on May 29, 2012. Since the report took three and a half years to complete, additional information provided by the Province about progress since 2009 is included in boxes and footnotes in some areas of the report.

The PFMA team was led by Alexandre Arrobbio and Mamadou Deme (WB). Core team members were: Alejandro Solanot (WB), Santiago Pinto, Federico Guala, Marcelo Barg, Luis Anconetani, Delia Grisolia, and Carolina Biagini Majorel. Gerardo Hita, Mercy Sabai, Eliana Dam, Angie Vanoli, Febe MacKey, and Alfredo Le Pera also contributed to the report.

Quality assurance was provided through internal meetings and by the peer reviewers: Rajeev Swami (Sr. FM Specialist), Joseph Kizito Mubiru (Sr. FM Specialist), and Pedro Arizti (Public Sector Specialist). The preparation of the PFMA also benefited from comments and support from Jose Roberto Lopez Calix, Felipe Saez, Trichur K. Balakrishnan, Daniel Boyce, Patricia McKenzie, Nick Manning, and Jamil Sopher. Comments were also received from the PEFA Secretariat, which were addressed in the report.

The PFMA Team would like to thank the government team of the Province of Cordoba led by Mr. Angel Elettore, Minister of Finance; and consisting of Mrs. Monica Zornberg, and Silvina Rivero, Secretaries of Financial Management; Mrs. Miriam Frontera, General Accountant of the Province; Mr. Armando García, General Director of Treasury and Public Credit; and Mr. Franco Podingo and Ms Luciana Pérez, Directors of Fiscal Coordination and Programming. The Team gratefully acknowledges all the support received.

CONTENTS

ABBREVIATIONS AND ACRONYMS	II
PREFACE	IV
EXECUTIVE SUMMARY.....	VI
1. INTRODUCTION: THE CORDOBA ASSESSMENT IN CONTEXT	1
2. ECONOMIC AND INSTITUTIONAL FRAMEWORK.....	3
A. Economic Framework.....	3
B. Legal and Institutional Framework for Provincial PFM.....	3
C. Cordoba’s Fiscal Situation.....	6
3. PFM REFORM: MAIN ACHIEVEMENTS AND CHALLENGES AHEAD.....	9
A. Recent Achievements in PFM Reform	9
B. Main PFM Challenges	11
4. ASSESSMENT OF PFM SYSTEMS, PROCESSES, AND INSTITUTIONS	14
A. Budget Credibility.....	14
B. Budget Comprehensiveness and Transparency	16
C. Policy-Based Budgeting.....	21
D. Predictability and Control in Budget Execution	25
E. Accounting, Recording, and Reporting	31
F. External Scrutiny and Audit.....	33
ANNEX A – TABLES	35
ANNEX B – STAKEHOLDERS INTERVIEWED.....	37
TABLES	
Table 0.1. Province of Cordoba: Summary of PEFA Indicators	ix
Table 2.1. Cordoba-Provincial Public Expenditure: Non-Financial Public Administration Administrative Classification.....	5
Table 2.2. Province of Cordoba: Executed Revenues and Expenditures of General Administration (CA and DA -Excluding Social Security Institutions)	6
Table 2.3. Province of Cordoba: Public Debt Stock, by Type of Creditor	7
Table 4.1. Province of Cordoba Primary Expenditure Deviations ^{1/} : Original Approved Budget vs. Out-turn, 2006-08	14
Table 4.2. Province of Cordoba: General Administration	16
Table 4.3. Functions Defined by GFS	17
Table 4.4. PEFA Methodology: Information That Should Be Included In the Budget Documentation	17
Table 4.5. Province of Cordoba: Budget Preparation	22
Table 4.6. Province of Cordoba: Stages of the Budgeting Process	29

EXECUTIVE SUMMARY

i. This public financial management assessment (PFMA) has been prepared jointly by the Provincial Government of Cordoba and the World Bank. As agreed with the provincial government and the World Bank's Country Management Unit, the team has selected a subset of 19 PEFA performance indicators to review the PFM status in the province (PI 1, PI 4, PI 5-7, PI 9-12, PI 16-18, and PI 20-26, as detailed in the summary table 0.1 below).

Economic and Institutional Framework

ii. Argentina is organized as a quasi-confederal state with 24 provinces and three levels of government: national, provincial, and municipal. The national level corresponds to the central government and accounts for around 55 percent of national-provincial consolidated non-financial public sector expenditures, while the 23 provinces and the City of Buenos Aires account for the remaining.

iii. Argentina's provinces enjoy considerable autonomy in their budgetary processes, which are approved and monitored by their own legislative and oversight structures, but tax revenues are collected mainly by the national government. The resulting vertical fiscal gap is filled mainly through a constitutionally based tax-sharing system, in which taxes collected by the national administration are redistributed between the national government and the provinces, and through other transfers from the national budget. Another key feature of Argentina's intergovernmental fiscal relationships is the high level of provincial debt contracted to the national government.

iv. Cordoba's is the second largest provincial economy in Argentina: its gross geographic product (GGP) represents 8 percent of the national gross domestic product. Agriculture and livestock are the most important economic activities but the industrial sector is also very dynamic; food processing has developed around products such as oil, milk, and cereal derivatives, and Cordoba is also known for its large automotive industry. Cordoba supplies about 9 percent of the country's total exports.

v. The Constitution of the Province of Cordoba reflects the quasi-confederal nature of the Argentine state, and defines the respective roles and responsibilities of the executive, legislative, and judicial branches and control entities at the provincial level. In Cordoba, the non-financial public administration consists of three subgroups: (i) the central administration, (ii) decentralized entities, and (iii) non-consolidated entities. In 2008, Cordoba's central administration accounted for 57 percent of the budgeted expenditures while the decentralized entities and social security institutions represented 23 percent and 20 percent respectively.

vi. The provincial PFM system is based on clearly defined roles and responsibilities. The provincial Ministry of Finance (MOF) is in charge of financial management while the provincial General Accounting Office (GAO), which is administratively part of the MOF but has functional independence under the Constitution, is responsible for accounting and internal control. The Court of Accounts (COA) and the Public Prosecutor's Office are in charge of external control.

Recent and Ongoing Public Financial Management Reforms

vii. Recent reforms by the provincial government in PFM and capacity development are demonstrably improving transparency and accountability in the use of public resources:

- PFM regulations were updated in 2003 through the approval of a new Financial Administration and Internal Control Law (LAF). This has established a solid legal foundation for PFM reforms and capacity development.
- The MOF is redesigning and re-engineering the provincial financial administration systems to achieve an integrated financial management information system (SUAF) that will ensure timely preparation of budget reports. This major reform is expected to increase financial and economic efficiency by generating complete, reliable, and consistent financial information¹.
- The provincial government has established a Directorate of Credit and Public Debt Management (DCPDM) for proper management of all public debt, and is facilitating the establishment of an efficient debt recording system that extends to the funds transferred to municipalities.
- The government has made significant progress in provincial tax administration by using information technology.
- The government has introduced program budgeting in certain sectors and is using program performance indicators to measure the achievement of program objectives.

Public Financial Management Performance

viii. Cordoba's budget process and PFM systems and practices portray a mix of strengths and challenges. Well-functioning accounting and financial management systems are in place and facilitate the control of budget execution for each program. Cordoba is doing quite well in the following areas:

- **Program-based budgeting.** Cordoba leads all other Argentine provinces in reforming its PFM systems, processes, and institutions. Notable among its recent reforms is the introduction of program budgeting with pre-defined targets. The submission of the budget is guided by a budget booklet that sets out financial ceilings. The budget is usually approved in a timely manner.
- **Budget comprehensiveness and transparency.** Cordoba's budgeting system is transparent and comprehensive. The annual budget documentation reflects a complete picture of the provincial government's fiscal forecasts, debt financing, and budget proposals and the out-turns from previous years. The consolidated provincial fiscal reports are comprehensive and publicly available.
- **Accounting, recording, and reporting.** The province has made progress in the timely recording of transactions and the preparation of reliable financial reports. All bank accounts of the central administration in Cordoba are reconciled monthly. The government also has a good system for managing its cash resources. The financial management system facilitates the timely preparation of all financial reports and their availability to management for decision making. The annual provincial consolidated financial statements prepared by the GAO are comprehensive, are produced within three months after the close of the financial year, and are submitted for audit by the Court of Accounts to comply with the relevant legal provisions.

¹ The SUAF was implemented from January 2010 and is currently completed and operational.

- **Aggregate fiscal risk.** The provincial government and parliament undertake regular monitoring of the financial situation of state-owned enterprises and other relevant, decentralized entities which submit quarterly fiscal reports and/or annual audited financial statements, and which cannot borrow without prior authorization from the provincial government. While the provincial government does not consolidate municipal expenditure budgets or systematically follow their fiscal situation, municipalities cannot generate fiscal liabilities to the Province government since they enjoy the benefit of political, institutional, administrative, economic and financial autonomy, (art 180 of the Province’s constitution).
- **Internal and external audit.** The internal audit function is carried out in a timely manner and includes most of the MDAs (Ministries, Departments, and Agencies). While there is no manual of procedures, audits comply with most national internal audit standards. Finally, the external audit is undertaken by the COA, covers all expenses and income of public sector and its reports are submitted timely to the Parliament. It focuses mainly on financial aspects and review of transactions, without consideration of performance auditing.

Key PFM Challenges

ix. Some significant challenges nonetheless remain, particularly with regard to the budget—to improve performance orientation, cash-flow predictability, and the link to policy—and to the effectiveness and efficiency of the control framework.

x. **Credibility of budget.** Cordoba still faces significant challenges in making its budget credible. In 2008, for example, more than 1,028 changes took place, representing around 20 percent of the original budget. The provincial government’s ability to forecast and execute expenditures as budgeted depends critically on the accuracy of the national government’s revenue estimations as included in the national budget law. But in general terms the national budget is not yet credible and revenue collection is routinely underestimated (by about 17 percent in 2006-08).

xi. **Cash flow predictability.** Since a high proportion of the provincial government revenue depends on the national government transfers, the predictability of cash flow remains a problem. The forecast is also hampered by frequent adjustments that are made to the original budget allocations throughout the year. These shortcomings in the predictability of Cordoba’s cash flow negatively affect both budget execution and service delivery.

xii. **Policy-based budgeting.** Budgeting and policy planning are poorly linked, essentially due to a lack of debt sustainability analysis. Sector strategies with multi-year costing of recurrent and investment expenditure are only prepared for the most important transport and housing infrastructure projects. In this context, most investment decisions show weak links to sector strategies and their implications for recurrent costs are included in forward budget estimates in only a few (though major) cases.

xiii. **Effectiveness and efficiency of the control framework.** As noted above, the provincial government is working to introduce an integrated financial management system (SUAF) that fully integrates the budget, treasury, and accounting functions, a reliable internal control system, and timely financial information. Scheduled for launch in 2010, SUAF will improve the reliability of the internal control system and the timely availability of financial data. Cordoba’s payroll system remains an important opportunity to improve the internal control framework, essentially because delays in processing changes to personnel records create a need for many retroactive adjustments and make it impossible to ensure the integrity of the data.

Table 0.1. PROVINCE OF CORDOBA: SUMMARY OF PEFA INDICATORS

Indicator	Score
PI-1: Aggregate expenditure out-turn compared to original approved budget	D
PI-4: Stock and monitoring of expenditure payment arrears	C+
<i>Stock of expenditure payment arrears</i>	C
<i>Availability of data for monitoring the stock of expenditure payment arrears</i>	B
PI-5: Classification of the budget	A
PI-6: Comprehensiveness of information included in budget documentation	A
PI-7: Extent of unreported government operations	A
<i>The level of unreported extra-budgetary expenditure (other than donor funded projects), i.e. not included in fiscal reports</i>	A
<i>Income/expenditure information on donor-funded projects which is included in fiscal reports</i>	A
PI-9: Oversight of aggregate fiscal risk from other public sector entities	B+
<i>Extent of provincial government monitoring of AGAs and PEs</i>	B
<i>Extent of provincial government monitoring of sub-national governments' fiscal position</i>	A
PI-10: Public access to key fiscal information	B
PI-11: Orderliness and participation in the annual budget process	B+
<i>Existence of and adherence to a fixed budget calendar</i>	C
<i>Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent)</i>	A
<i>Timely budget approval by the legislature or similarly mandated body (within the last three years)</i>	A
PI-12: Multi-year perspective in fiscal planning, expenditure policy and budgeting	D+
<i>Preparation of multi-year fiscal forecasts and functional allocations</i>	C
<i>Scope and frequency of debt sustainability analysis</i>	D
<i>Existence of sector strategies with multi-year costing of recurrent and investment expenditure</i>	C
<i>Linkages between investment budgets and forward expenditure estimates</i>	C
PI-16: Predictability in the availability of funds for commitment of expenditures	C+
<i>Extent to which cash flows are forecast and monitored</i>	A
<i>Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment</i>	C
<i>Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs</i>	C
PI-17: Recording and management of cash balances, debt and guarantees	B
<i>Quality of debt data recording and reporting</i>	C
<i>Extent of consolidation of the government's cash balances</i>	B
<i>Systems for contracting loans and issuance of guarantees</i>	A
PI-18: Effectiveness of payroll controls	C+
<i>Degree of integration and reconciliation between personnel records and payroll data</i>	A
<i>Timeliness of changes to personnel records and the payroll</i>	C
<i>Internal controls of changes to personnel records and the payroll</i>	C
<i>Existence of payroll audits to identify control weaknesses and/or ghost workers</i>	C
PI-20: Effectiveness of internal controls for non-salary expenditure	B+
<i>Effectiveness of expenditure commitment controls</i>	A
<i>Comprehensiveness, relevance and understanding of other internal control rules/ procedures</i>	B
<i>Degree of compliance with rules for processing and recording transactions</i>	B
PI-21: Effectiveness of internal audit	C+
<i>Coverage and quality of the internal audit function</i>	B
<i>Frequency and distribution of reports</i>	C
<i>Extent of management response to internal audit findings</i>	B
PI-22: Timeliness and regularity of accounts reconciliation	B+
<i>Regularity of bank reconciliations</i>	A
<i>Regularity of reconciliation and clearance of suspense accounts and advances</i>	B
PI-23: Availability of information on resources received by service delivery units	C
PI-24: Quality and timeliness of in-year budget reports	B+
<i>Scope of reports in terms of coverage and compatibility with budget estimates</i>	B
<i>Timeliness of the issue of reports</i>	B
<i>Quality of information</i>	A
PI-25: Quality and timeliness of annual financial statements	C+
<i>Completeness of the financial statements</i>	B
<i>Timeliness of submission of the financial statements</i>	A
<i>Accounting standards used</i>	C
PI-26: Scope, nature and follow-up of external audit	B+
<i>Scope/nature of audit performed (incl. adherence to auditing standards)</i>	B
<i>Timeliness of submission of audit reports to legislature</i>	A
<i>Evidence of follow up on audit recommendations</i>	B

1. INTRODUCTION: THE CORDOBA ASSESSMENT IN CONTEXT

1. This public financial management assessment for Cordoba has been prepared jointly by the Provincial Government of Cordoba and the World Bank and forms part of a broader study of the public finances of four provincial governments in Argentina: Buenos Aires, Córdoba, Santa Fe, and San Juan.² The objectives of the study are to: (i) provide the provincial governments with a reference tool for dialogue and action to strengthen their public financial management (PFM) systems; (ii) provide an assessment of provincial PFM systems, identifying and addressing their main fiduciary issues as well as the impact of these issues on the implementation of World Bank operations; (iii) contribute to the Bank's dialogue with Argentina's national and provincial authorities on fiduciary portfolio management and reliance on country systems.

2. The study focuses on two main aspects: budget preparation and execution, with emphasis on budget comprehensiveness and performance and on public accountancy and control. It describes strengths and weaknesses of the provincial systems and analyzes their impact on fiscal discipline and the allocation of resources.

3. The methodology used in the study is based on the application of selected the Public Expenditure and Financial Accountability (PEFA) indicators that are designed to measure the performance of public financial management.³ Like the other three provincial assessments, the assessment for Cordoba is not a full-fledged PFM performance report using all PEFA performance indicators. Rather, as agreed by the provincial government and the Bank's Country Management Unit, the team selected 19 PFM performance indicators (PI 1, PI 4, PI 5-7, PI 9-12, PI 16-18, and PI 20-26) to review the PFM status in the province. To prepare for the study, a seminar on PEFA methodology was organized and delivered to the government counterparts of all four selected provinces. The goal was to disseminate the PEFA methodology and to exchange ideas and achieve consensus on the selection of PEFA indicators consistent with the scope and feasibility of the analysis, considering both methodological and contextual factors.

4. Implementation of the study was highly participative, relying on interdisciplinary teams formed by members of the ministries of finance representing the provincial governments, and the World Bank. Representatives of the provincial governments were in charge of information and data collection, whereas the analysis and report drafting were performed by the Bank technical team in cooperation with the respective provincial governments. To finalize the report, a draft was commented and discussed with the Provincial Government in a workshop organized on May 29, 2012 in Cordoba.

5. Chapter 2 of this assessment describes the economic and institutional framework of the Province of Cordoba. Chapter 3 summarizes the province's main achievements and challenges ahead in public financial management reform, drawing on Chapter 4, which gives a detailed analysis of public financial management in the province, using the PEFA indicators agreed with the provincial government. Since the completion of the report was

² On average for 2005-07, the total expenditures of these four provinces represented 42.4 percent of overall consolidated provincial public expenditures (24 provincial jurisdictions).

³ Public Expenditure and Financial Accountability Performance Measurement Framework, by the PEFA Secretariat, is available at <http://www.pefa.org/Documents.htm>. The set of indicators covers the entire PFM cycle, and draws on international standards. This provincial assessment uses the PEFA guidelines for assessing sub-national governments.

delayed for more than three years, progress noted in reforms since 2009 are duly mentioned in boxes inserted in some areas of the report⁴.

⁴ Important progress noted in some areas since 2009 cannot be reflected in ratings since the period covered by the study is 2006-2008. Therefore it is important to mention these progresses, so the reader can have updated information.

2. ECONOMIC AND INSTITUTIONAL FRAMEWORK

A. Economic Framework

6. Cordoba's is the second largest provincial economy in Argentina⁵: its gross geographic product (GGP) represents 8 percent of national GDP. Services contribute 64 percent of the GGP (similar to the national average ratio); manufacturing contributes 21 percent; and the primary sector, dominated by crop production and livestock, contributes 16 percent.⁶ The main agricultural products are peanuts, soybeans, wheat, and maize, and the province also accounts for 15 percent of the country's beef production and 28 percent of its dairy output. The industrial sector is also very dynamic: food processing has developed around products such as oil, milk, and cereal derivatives, and the province is also known for its automotive industry: 250 manufacturers of either motor vehicles or auto parts operate nowadays in Cordoba. The province contributes 9 percent of the country's exports.

7. Like that of the national economy, Cordoba's economic growth in 2008 was below that of 2007. Estimates for 2008 indicate real economic growth of about 6.5 percent, with higher growth in the service sector (7.3 percent) than in goods (5.2 percent).

8. As in most provincial jurisdictions, the fiscal situation in Province of Cordoba poses several challenges, one of the most important of which is the need to achieve medium- and long-run fiscal sustainability despite risks linked to the co-participation resources transfers from the federal government. In the last decade, the province's fiscal accounts have fluctuated widely. During 2005-08, partly because of the boost in economic growth throughout the country, the provincial public sector managed to sustain a financial surplus—even though this decreased over time. But the province will not have escaped the impact of the international crisis, and the statistics for 2009 are expected to show lower growth than in the preceding few years. The provincial government will attempt to underpin the economic and fiscal policy achievements attained thus far, and at the same time keep the fiscal situation under control.

B. Legal and Institutional Framework for Provincial PFM

9. The framework governing financial management in Cordoba is provided by federal legislation (the most relevant laws are the Federal Tax-Sharing Law and the Fiscal Responsibility Law), and by provincial norms and regulations (the provincial Constitution, Financial Administration and Internal Control Systems Law (LAF)⁷, Court of Accounts Organic Law,⁸ and State Modernization Law⁹).

⁵ The Province of Cordoba is the third jurisdiction in the country in terms of its budgetary size, behind the Province of Buenos Aires and Buenos Aires Autonomous City.

⁶ Data for 2006.

⁷ Spanish acronym for Financial Administration and Internal Control Systems Law (LAF) and Internal Control of the General Provincial State Management, N° 9086, published in the Official Bulletin on 02/21/2003 and regulated by Decree N° 150, 03/15/ 2004.

⁸ Organic Law of the Accounting Court N° 7630, approved in 1987. This law establishes the functions and attributions of this external control entity.

⁹ Provincial Law N° 8836, approved 03/25/ 2002. Its main goals are to improve the functioning of the provincial administration and to promote civilian involvement and control, private initiative, public management transparency, and constant accountability.

Federal Government

10. Public finance in Argentina reflects the quasi-confederal structure given by the country's Constitution. There are three levels of government: national, provincial, and municipal. Each province has its own constitution, executive, legislative, and judicial branches, and its own control entities. In 2008 the national government accounted for 55 percent of national-provincial consolidated non-financial public sector spending, while the 23 provinces and the Autonomous City of Buenos Aires accounted for the rest. Argentina is a good example of a federal system in which public expenditures are decentralized, being delegated to a great extent to the provinces and municipalities, and tax revenue collection is centralized, remaining concentrated at the national level. The resulting vertical fiscal gap is financed through a system of transfers from the national government to the provinces. In 2007 these transfers represented almost 62 percent of the total consolidated provincial tax revenue.

11. The tax sharing system is the main mechanism through which taxes collected by the national administration are allocated among the national and provincial governments. This tax-sharing system allocates the resources according to coefficients defined by Argentina's Law N° 23.548/88, as modified by many subsequent laws and federal and bilateral agreements. On average in 2007, the transfers received by the provinces through the tax sharing system represented 46 percent of the total provincial tax revenue.¹⁰

12. Argentina's Fiscal Responsibility Law¹¹ (FRL) defines the objectives and criteria of provincial fiscal discipline, and establishes the regulatory framework for bilateral financial agreements between the national government and provinces. The FRL also governs aspects related to PFM transparency, accountability, and sound fiscal performance. The Province of Cordoba adheres to the federal system of fiscal responsibility through Provincial Law N° 9237.¹² In October 2009, the Argentine Congress approved a suspension of key provisions of the Fiscal Responsibility Law for two years to avoid non-compliance with the provisions of law.

Provincial Government

13. Cordoba's Financial Administration and Internal Control Systems Law (LAF, which replaced the previous Organic Accountancy and General Budget Law except in hiring and goods agreements¹³) defines the general principles regulating the formulation and execution of the budget, treasury management, accountancy, issuance of debt, public investment, and control systems. It also provides the conceptual and implementation framework of the integrated financial management system. In 2007 the province issued a Compendium of Norms and Financial Management Procedures¹⁴, designed to reorganize, unify, and update the legislation on provincial financial management.

¹⁰ Article 75 of the 1994 National Constitution establishes that a new tax-sharing agreement should be approved by the end of 1996, but this constitutional requirement has not yet been satisfied; recent years have seen many failed attempts to introduce such a law.

¹¹ Law N° 25917, 2004.

¹² This law, approved on 05/11/2005, adheres to the FRL and invites municipalities and provincial communes to adhere to the mentioned regime.

¹³ Currently the Accountancy Law, N° 7631, has only two valid chapters: Chapter VII, Hiring Regime; and Chapter VIII, Public Goods.

¹⁴ This Compendium was updated in 2011 through Resolution # 4 issued by the Secretary of Finance Administration.

14. Cordoba’s Ministry of Finance (MOF) is part of the institutional structure in charge of the province’s public finances, and is responsible for the coordination, supervision, and maintenance of public financial administration sub-systems, namely: treasury, budget, accounts, public debt, and public investment. Through its Sub-secretariat of Finance, the Ministry is responsible for the public financial management of the province. Other key institutions that are part of the MOF are: the provincial General Directorate of Budgeting and Public Investment¹⁵, which is in charge of the budget process and public investment; the General Directorate of Treasury and Public Credit, which is in charge of the provincial treasury; and the provincial General Accounting Office (GAO), which is in charge of public accounting, public debt¹⁶, and—jointly with the Public Prosecutor—internal control.

15. The internal control system consists of the Public Prosecutor, who is responsible for controlling the legality of administrative acts, and defending the province’s patrimony; and of the Audit Directorate, which is within the GAO¹⁷ and is responsible for the internal control of economic, financial, and patrimonial management. External control and independent oversight is provided by the Court of Accounts for the public sector.

Public Sector in Cordoba

16. As shown in Table 2.1, Cordoba’s non-financial public administration consists of:

- The general administration (GA) (accounting for almost 80 percent of the budgeted provincial total expenditure in 2008). The general administration comprises (i) the 22 jurisdictions of the central administration (CA) (with 57 percent of the 2008 budget) and (ii) the consolidated decentralized entities¹⁸, which comprise firms, agencies, and other entities that are not part of the CA (23 percent of the budget).
- Social security institutions (20 percent of the budget).

Table 2.1. Cordoba-Provincial Public Expenditure: Non-Financial Public Administration Administrative Classification

In millions of AR\$

Non Financial Public Administration (NFPA)	Budget Law 2008	Percent
General Administration (GA)	11,625.6	79.8
Central Administration (CA)	8,293.3	57.0
Consolidated Decentralized Entities (CDEs)	3,332.2	22.9
Social Security Institutions (SSI)	2,933.9	20.2
Total NFPA	14,559.5	100.0

Source: Internal based on the modified General Budget 2008 from the General Directorate of Budgeting, MOF, Province of Cordoba.

¹⁵ Part of the Financial Management Secretariat of the Province of Cordoba MOF.

¹⁶ Through the Directorate of Credit and Public Debt Management.

¹⁷ Through the Audit Sub-Accountant General, who is under the hierarchical authority of the Executive Branch.

¹⁸ The entities are the provincial health insurance administration, the provincial energy company; Cordoba Lottery; Women’s Counsel; Cordoba Real Estate Corporation; and the cultural educational complex “Ciudad de las Artes.” The agencies are Cordoba Investment Agency and Financing S.E.M. (ACIF); Cordoba Sports Agency S.E.M.; Cordoba Tourism Agency S.E.M.; Pro-Cordoba Agency S.E.M. (PROCOR); and Public Goods Regulating Entity. The decentralized administration also includes the Cordoba Retirement and Pension Fund Institute.

17. Under the national Fiscal Responsibility Law, the Province of Cordoba consolidates information regarding public enterprises, agencies, and other entities of the decentralized administration, except for the provincial health insurance administration, provincial energy company, and the Cordoba Lottery, which together accounted for 12.4 percent of the general administration budget in 2008.

C. Cordoba's Fiscal Situation

18. The GA's total revenue for 2008 was AR\$10,993 million, representing about 14 percent of GGP; 81 percent of the total revenue was tax revenue (Table 2.2). One third of the tax revenue originates in the province and two thirds comes from transfers from the national government to Cordoba through the tax-sharing system.¹⁹ This share is larger in Cordoba than the average across all provinces (61.7 percent in 2007). Between 2005 and 2008, the GA's total revenue increased 110 percent, driven by a solid tax administration and prosperous economic conditions.

Table 2.2. Province of Cordoba: Executed Revenues and Expenditures of General Administration (CA and DA -Excluding Social Security Institutions)
In millions of AR\$ and percentage of GGP

General Administration	2005	% GGP	2006	% GGP	2007	% GGP	2008	% GGP
a. TOTAL INCOME	5,229.9	13.5	6,525.3	14.2	8,632.2	14.3	10,992.9	14.0
I. Current Income	5,108.2	13.2	6,229.0	13.5	8,159.9	13.5	10,350.5	13.2
Tax revenue (provincial origin)	1,470.0	3.8	1,848.9	4.0	2,279.8	3.8	2,913.6	3.7
Tax revenue (national origin)	2,868.6	7.4	3,576.0	7.8	4,727.6	7.8	5,969.7	7.6
Other taxes	769.6	2.0	804.1	1.7	1,152.6	1.9	1,467.2	1.9
II. Capital Income	121.7	0.3	296.3	0.6	472.3	0.8	642.4	0.8
b. TOTAL EXPENDITURES	4,557.9	11.7	5,681.4	12.3	7,868.4	13.1	10,413.7	13.3
III. Current Expenditures	4,059.0	10.5	4,977.4	10.8	6,683.2	11.1	9,245.3	11.8
Payroll expenses	2,042.8	5.3	2,602.5	5.7	3,470.9	5.8	5,220.6	6.6
Debt Interests	255.3	0.7	220.7	0.5	253.6	0.4	273.4	0.3
Other current expenditures	1,760.9	4.5	2,154.2	4.7	2,958.7	4.9	3,751.2	4.8
IV. Capital Expenditures	498.9	1.3	704.0	1.5	1,185.2	2.0	1,168.5	1.5
Public works	428.7	1.1	465.6	1.0	988.8	1.6	1,070.4	1.4
Financial investment	21.8	0.1	26.8	0.1	36.0	0.1	37.1	0.0
Other capital expenditures	48.4	0.1	211.6	0.5	160.4	0.3	61.0	0.1
V. Economic Result (I-III)	1,049.2	2.7	1,251.6	2.7	1,476.7	2.5	1,105.3	1.4
VI. Financial Result (a-b)	672.0	1.7	843.9	1.8	763.8	1.3	579.2	0.7
VII. Primary Result (VI + Debt Interests)	927.3	2.4	1,064.6	2.3	1,017.4	1.7	852.6	1.1

Source: Internal based on information from the Province and National MOFs.

¹⁹ Most of these resources are distributed according to the Federal Tax Co-participation System Law N° 23548, 1998 as modified. Execution year 2007, National Directorate of Fiscal Coordination with Provinces, National MOF. Cordoba's main taxes are the turnover (77 percent), property (12 percent), and stamp (7 percent) taxes. Data are expressed as percentage of the total tax collection originating in the province in 2008.

19. In 2007, the primary public expenditures executed by Cordoba's general administration amounted to \$7,615 million, or 3 percent of the consolidated primary public expenditures of Argentina²⁰ and 6.8 percent of the primary expenditure of the 23 provinces and the City of Buenos Aires. Between 2005 and 2008, the GA's total expenditures grew 128 percent, outpacing the increase in revenue.

20. An analysis of provincial expenditures in 2005-08 throws light on the province's fiscal situation.²¹ First, GA expenditures are very rigid, given that half of them are used for payroll expenditures and debt service. The GA has 86,000 public employees²², of whom 40 percent are teachers. Second, capital expenditures accounted for a low 12.4 percent, on average, placing Cordoba twentieth among the 24 provincial jurisdictions, whose provincial average was 17.7 percent. However, during the period Cordoba's provincial public investment grew by 134.2 percent, mainly because of a 149.7 percent increase in public works. About half of the GA's expenditures were devoted to social programs—basically education, health, and social assistance. Tax co-participation to municipalities and interior police categories follow in importance, with shares of 15.0 percent and 10.3 percent, respectively, on average during the period.

21. The unequal growth of expenditures and revenues reduced Cordoba's fiscal surplus from 1.7 percent of GGP in 2005 to a meager 0.7 percent in 2008. The fiscal deficit swelled the stock of provincial public debt to AR\$8,473.5 million in December 2008, 20 percent greater than in December 2005.

22. Being unable to borrow from international credit markets, Cordoba received financial assistance from the national government and international institutions, and by December 2008 71.5 percent of its debt was owed to the national government and 26.6 percent to international institutions (Table 2.3). In light of the Fiscal Responsibility Law, the province signed financial assistance agreements with the national government (called Orderly Financing Programs and Financial Assistance Programs). In 2008, as part of the financial assistance programs, the province used AR\$400 million to partially cancel that year's debt service.

Table 2.3. Province of Cordoba: Public Debt Stock, by Type of Creditor
In millions of AR\$ and percentage

Type of creditor	2005	Percent	2006	Percent	2007	Percent	2008	Percent
National Government ⁽¹⁾	5,134.8	72.7	5,561.9	73.2	5,965.7	73.8	6,058.8	71.5
International Institutions	1,720.3	24.4	1,860.0	24.5	1,950.1	24.1	2,258.2	26.6
Banking and Financial Institutions	199.2	2.8	167.7	2.2	162.8	2.0	146.5	1.7
Consolidated Debt	1.4	0.0	1.1	0.0	1.0	0.0	1.0	0.0
Public Bonds	9.1	0.1	9.0	0.1	9.0	0.1	9.0	0.1
Total Public Debt	7,064.7	100.0	7,599.6	100.0	8,088.5	100.0	8,473.5	100.0

⁽¹⁾ Includes debts with the Fiduciary Fund for the Province Development, Federal Regional Infrastructure Fiduciary Fund, and other debts with the national government.

Source: Provincial and national MOFs.

²⁰ That is, combining national and the 24 provinces' primary expenditure.

²¹ Annex A provides detailed information.

²² More than 90 percent concentrated in the central administration. Budget Law, 2008.

23. Cordoba's debt profile has improved since 2005, notwithstanding the growth of provincial public debt in absolute terms. The province's consolidated ratio of public debt to GGP declined from 18.2 percent in 2005 to 10.9 percent in 2008, as the result of strong provincial economic growth. In the same vein, the public debt ratio to total revenue fell from 149 percent to 86 percent during the same period of time.

3. PFM REFORM: MAIN ACHIEVEMENTS AND CHALLENGES AHEAD

24. Cordoba's budget process and PFM systems and practices show both strengths and challenges. Well-functioning accounting and financial management systems already facilitate the control of the budget execution for each program. This chapter describes the provincial government's recent PFM reforms and then, based on evidence obtained through the systematic use of PEFA indicators for 2006-08 (see Chapter 4), it highlights the main PFM-related strengths and opportunities for improvement.

A. Recent Achievements in PFM Reform²³

Financial Administration Law

25. In 2003, as noted in Chapter 2, the provincial government began implementing a new Financial Administration and Internal Control Systems Law (LAF). The objective of the law is to strengthen the control environment for the use of public resources and to improve efficiency and effectiveness in the use of these resources. The government's master plan for implementing the law seeks to integrate the processes for generating financial information and ensure their proper functioning, train personnel, improve information technologies, and promote transparency in the use of public resources. The LAF applies to all entities within the provincial non-financial public sector.

Financial Administration System (SUAF)

26. The Ministry of Finance is leading a process of re-design and re-engineering Cordoba's system of financial administration into an integrated financial management system named the Unique System of Financial Administration (SUAF). To be launched in 2010, the SUAF is expected to increase financial and economic efficiency by generating complete, reliable, and consistent financial information. As provided by the LAF (Article 77) the General Accounting Office will administer the new system, in coordination with administrative and financial services from all provincial public sector jurisdictions²⁴.

Debt Management

27. In 2008, the provincial government established a Directorate of Credit and Public Debt Management, within the GAO, for proper recording and management of public debt. The Directorate has instituted an efficient follow-up mechanism, and has begun transferring funds to municipalities related to the municipal tax sharing agreement. The Directorate is also designing and implementing a public debt management system (SIGADE). This system would facilitate the generation of precise and timely information on accruals and pending and past payments related to provincial debt servicing, and also would make it easier to analyze the main causes of variations reflected in the provincial debt stock.

Tax Administration

28. Significant progress has been made in provincial tax administration over the last few years. The government has introduced improved information technology to modernize the

²³ Note these PFM reforms relate to the situation as in 2008.

²⁴ The SUAF system was implemented from January 2010 following the Minister of Finances Resolution # 366/09 and is currently completely operational.

office of the provincial tax directorate, real estate registry, and the registry of general property, and has provided on-line connectivity and services. Staff training programs are helping to improve customer service and expedite taxpayer-requested services. To combat tax evasion, a fiscal police force was created in 2005; several agreements between the fiscal police and the National Fiscal Revenue Authority (AFIP) and other provincial tax authorities have helped to reduce tax fraud and evasion. The government has also improved the legal mechanisms to accelerate tax payments.

Foundations for Performance Budgeting

29. The provincial General Directorate of Budget and Public Investment is introducing performance indicators, in coordination with the provincial government secretariat in charge of planning. These indicators will allow the authorities to evaluate the achievements of the provincial budget programs. It is expected that by 2010 at least three programs per jurisdiction will be formulated using the strategic planning technique, i.e. defining performance objectives and using indicators to facilitate their proper evaluation.

Achievements in Six Core Dimensions

30. Cordoba is doing well in some aspects of six PFM core dimensions as defined by the PEFA methodology:

31. *Policy and program-based budgeting.* Cordoba leads the Argentine provinces in reforming its PFM systems, processes, and institutions. Notable among the recent reforms is the introduction of program budgeting with pre-defined targets. Several ministries, departments, and agencies (MDAs) have just begun adhering to a fixed budget calendar. Budget submissions are guided by a budget preparation manual²⁵. The budget is usually approved in line with the calendar established in the Provincial Constitution²⁶.

32. *Budget comprehensiveness and transparency.* Cordoba's budgeting system is quite comprehensive and transparent.²⁷ The annual budget documentation gives a complete picture of the provincial government's fiscal forecasts, debt financing, budget proposals, and out-turns from previous years.²⁸ The budget law (consolidated budget and annexes) provides full documentation of the total resources of the non-financial public sector (NFPS), along with information on public enterprises and other decentralized agencies and entities. Similarly, the consolidated provincial fiscal reports are comprehensive and cover the NFPS.²⁹

33. *Accounting, recording, and reporting.* Cordoba has also made progress in the timely recording of transactions and the preparation of reliable financial reports. All bank accounts of the central administration in Cordoba, including both those managed by the Directorate of General Treasury and Public Credit (DGTPEC) and those managed by jurisdictional treasuries, are reconciled monthly with their respective budget-accounting registries.³⁰ The government also has a good system for managing its cash resources. Advances, defined as cash payments made and from which no expenditures have yet been recorded, are only authorized for the management of minor expenditures and revolving funds, and are compensated in the corresponding budget accounts once expenditures are incurred, or are closed before the end

²⁵ Resolution # 175/2007

²⁶ The budget submission is done as formulated by procedures established by Resolution # 4/2011 and acknowledged by ISO 9001-2008 Quality Standards.

²⁷ See PEFA Indicator PI-5 in Chapter 4.

²⁸ See PEFA Indicator PI-6 in Chapter 4.

²⁹ See PEFA Indicator PI-7, first dimension, in Chapter 4.

³⁰ See PEFA Indicator PI-22, first dimension, in Chapter 4.

of the fiscal year.³¹ The financial management system facilitates the timely preparation of quality financial reports (PEFA Indicator PI-24) and their availability to management for decision making. Budget execution reports prepared by the GAO facilitate comparisons between the budget and actual out-turns; budget execution reports are prepared and published in a timely manner; and the information contained in these reports is more reliable. GAO's annual provincial consolidated financial statements are quite comprehensive, are prepared within three months after the close of the financial year, and are submitted for audit by the Court of Accounts to comply with the relevant legal provisions.³²

34. *Internal audit*³³. The Audit Department was established in 2008 under the GAO and is in charge of internal audits. Its audits are defined in the annual plan of the unit, and are usually performed in a timely manner and include most of the MDAs. There is not a manual of procedures, but audits comply with most of the internal audit standards used at the federal level. Conclusions and recommendations of the audits are sent only to jurisdictions audited and the Ministry of Finance, and the legislation does not require sharing with the COA. Most of MDAs adopt corrective measures following such recommendations. This high level of compliance is due to the monitoring activities carried out by the Audit Department.

35. *External audit*. The COA is the external auditor, responsible for auditing all expenditure and public revenues. It focuses mainly on financial aspects and review of transactions, without introducing performance audit considerations. Reports on the financial statements are sent to the Legislature within five months of the period covered. In general, MDAs produce a partially formal response although there is no regulatory framework that clearly establishes this process.

36. *Aggregate fiscal risk*. The government and the provincial legislature undertake annual monitoring of the financial situation of state owned enterprises and other major decentralized agencies through the budget process. The GAO receives quarterly fiscal reports for each public enterprise and decentralized public body, except for the Provincial Administration of Health Insurance, Provincial Energy Company of Cordoba and Cordoba Lottery, which submit annual financial reports. All state enterprises and decentralized agencies have audited financial statements and cannot borrow without the provincial government authorization³⁴. The provincial government does not monitor the municipalities' budgets or systematically track their fiscal situation. However, as municipalities enjoy political autonomy, administrative, economic, financial and institutional (art. 180 of the Provincial Constitution), they cannot generate fiscal liabilities for the provincial government³⁵.

B. Main PFM Challenges

37. Significant challenges nonetheless remain, particularly with regard to the budget—to improve performance orientation, cash-flow predictability, and the link to policy—and to the effectiveness and efficiency of the control framework.

Performance-oriented Allocation and Use of Resources

38. *Credibility of budget*. Cordoba still faces significant challenges in making its budget credible. In 2007 and 2008, for example, actual expenditures departed from budgeted

³¹ See PEFA Indicator PI-22, second dimension, in Chapter 4.

³² See PEFA Indicator PI-25, first and second dimensions, in Chapter 4.

³³ This is part of the PEFA dimension “Predictability and Control of the Budget Execution”.

³⁴ See PEFA Indicator, ID-9, first dimension

³⁵ See PEFA Indicator, ID-9, second dimension

expenditures by an amount equal to 20 percent of the budget³⁶; in both years current expenditures were over-executed and capital expenditures were under-executed. While the provincial government projections are detailed to the extent possible³⁷, the provincial government's ability to forecast and to execute expenditures as budgeted depends critically on the accuracy of the national government's revenue estimations, as set out in the national budget law. But at the national level, in general terms the budget is not yet credible and revenue is routinely underestimated (by about 17 percent in 2006-08). Although in Cordoba the deviations with respect to the original provincial budget law have been positive—i.e. showing expenditures as greater than budgeted—once the adjustments and modifications to the budget introduced during the corresponding fiscal year are considered, these deviations turn out to be negative—i.e. actual spending has been smaller than planned, with an average of about 5 percent of budgeted resources.³⁸

39. *Cash flow predictability.* Since a high proportion of the provincial government revenue depends on the national government transfers, the predictability of cash flow remains an issue. The forecast is also hampered by frequent adjustments that are made to the original budget allocations throughout the year. These shortcomings in the predictability of Cordoba's cash flow negatively affect both budget execution and service delivery.³⁹

40. *Policy-based budgeting.* Budgeting and policy planning are poorly linked, as a result of a lack of debt sustainability analysis⁴⁰ by the provincial Directorate of Public Debt and Credit. Sector strategies with multi-year costing of recurrent and investment expenditure are only prepared for the most important transport and housing infrastructure projects.⁴¹ In this context, most investment decisions show weak links to sector strategies and their implications for recurrent costs are included in forward budget estimates in only a few (though major) cases.⁴²

41. The analysis in Chapter 4, based on PEFA Indicators, reveals that despite Cordoba's considerable achievements and awareness of issues indicated above, further progress would be needed to convert the provincial budget into an instrument with which to measure whether public spending is producing its intended results at the least cost. First, the budget calendar allows too little time for thorough consultation among the institutional stakeholders.⁴³ Second, the provincial budget system still focuses almost exclusively on inputs, with no mechanism to measure performance. There is no effective multi-year budgeting and medium-term expenditure framework and no institutional framework that would support monitoring of public programs management and execution. As specified by the Fiscal Responsibility Law, during 2006-08 the provincial budget laws each included multi-year projections of expenditures and revenues for the following two years, but there is no evidence that these

³⁶ See PEFA Indicator PI-1. In 2008, for example, more than 1,028 changes took place, representing around 20 percent of the original budget.

³⁷ With respect to budget preparation activity.

³⁸ See Annex A for details.

³⁹ See indicator PEFA Indicator ID-16, first and second dimension in Chapter 4

⁴⁰ See PEFA Indicator PI-12, second dimension, in Chapter 4.

⁴¹ See PEFA Indicator PI-12, third dimension, in Chapter 4.

⁴² See PEFA Indicator PI-12, fourth dimension, in Chapter 4.

⁴³ Particularly with regard to the time allowed between preliminary discussion of budget ceilings at the Ministries Cabinet and the actual distribution of budget ceilings by MDAs. See PEFA Indicator PI-11, first dimension.

projections were used to set financial ceilings on subsequent budgets.⁴⁴ The provincial government is trying to mitigate this by establishing a foundation for performance budgeting.

Effectiveness and Efficiency of the Control Framework

42. Despite the overall reliability of the provincial control system, there are several opportunities for further improving its effectiveness:

43. *Payroll control.* Payroll remains an important opportunity to improve the provincial internal control framework; its reconciliation with personnel records remains deficient⁴⁵. Human resources has a central database⁴⁶ that collects information from the MDAs through the human resource system, Meta4. This information is then used to calculate and pay the monthly wage bill, which is electronically sent to each MDA and used by the budget management and fund movement system. With this information, the MDAs issue payment orders and the GDTPC transfers the corresponding funds to the MDA treasuries. Although the jurisdictions provide information on changes in their personnel records through the Meta4 system, the changes are typically incorporated with some lag (in some cases up to three months, especially for employees in distant locations), causing a frequent need for retroactive payroll adjustments.⁴⁷

44. The internal controls on changes to personnel records are not sufficient. Qualified personnel register modifications to statutes and wages, and a decree from the executive branch is required for hiring new personnel, which also authorizes the incorporation of the new employees' records into the database. However, these controls do not ensure the integrity of the data in a timely manner, as can be seen from the many retroactive payments.

⁴⁴ See PEFA Indicator PI-12, first dimension, in Chapter 4.

⁴⁵ See recent progress in this area in the description of indicator ID-18.

⁴⁶ This database is administered by the Directorate of Systems, which is part of the General Directorate of Human Resources of the Government General Secretariat.

⁴⁷ See PEFA Indicator PI-18, second dimension, in Chapter 4.

4. ASSESSMENT OF PFM SYSTEMS, PROCESSES, AND INSTITUTIONS

A. Budget Credibility

PI-1: Aggregate expenditure out-turn compared to original approved budget

Overall assessment “D”

Dimensions to be assessed	Scoring
<i>Difference between actual primary expenditures and originally approved budgeted primary expenditures.</i> In two of the last three years the actual expenditure has deviated from budgeted expenditure by an amount equivalent to more than 15 percent of budgeted expenditure.	D

45. Effective delivery of public goods and services relies heavily on the government’s ability to execute expenditures as budgeted. PEFA Indicator 1 measures this ability by comparing annual actual government expenditures to the original approved budget as defined by budget documentation and fiscal reports. The indicator is based on primary expenditures, which are measured by deducting from total expenditures two categories over which the government has little or no control: (i) interest payments, and (ii) expenditures related to programs financed with external resources.⁴⁸

46. Cordoba’s performance on PEFA Indicator 1 is evaluated considering expenditures budgeted and executed by the central administration as defined in the provincial budget law.⁴⁹ These expenditures represent approximately 60 percent of the expenditures of the non-financial public administration.

Table 4.1. Province of Cordoba Primary Expenditure Deviations^{1/}: Original Approved Budget vs. Out-turn, 2006-08

Millions of AR\$ and percentage

Year	Budget Law ⁽²⁾ (millions of AR\$)	Executed ⁽³⁾ (millions of AR\$)	Deviation (b) - (a) (%)
	(a)	(b)	
2006	4,945.9	4,844.1	-2.1
2007	5,863.0	7,202.6	22.8
2008	8,085.1	9,717.0	20.2

⁽¹⁾ Primary expenditures = total expenditures – interest debt payments.

⁽²⁾ Original approved expenditures of the central administration.

⁽³⁾ Budget executed until December 31st. Accrual accounting method.

Source: DBPI and General Accounting Office of the Province of Cordoba.

47. Table 4.1 shows the deviation of executed primary expenditures from budgeted expenditures for the central administration in 2006-08. It compares actual expenditures to the expenditures quoted in the budget law for each year. The table shows that during 2006-08 actual expenditures were significantly over-executed, being on average 13.7 percent higher than budgeted.

⁴⁸ Funds from international financial institutions and other sources of external financing are excluded. These funds are executed by the Córdoba Investment and Financing Agency, which is outside the central administration, and therefore outside the budget law. For 2008, the amount executed was AR\$328 million, representing 3.3 percent of executed consolidated expenditures. The percentages were approximately the same in 2006 and 2007.

⁴⁹ Source: Ministry of Finance of the Province of Cordoba, Fiscal Information (<http://www.cba.gov.ar/vercanal.jsp?idCanal=55098>).

48. As shown in Annex A, while current expenditures tended to be over-executed relative to the original budget, capital expenditures were under-executed. In 2006, actual current expenditures were 9.6 percent higher than budgeted, while capital expenditures were 74.6 percent lower than budgeted. In 2007, both deviations were positive, at 21.4 percent and 27.5 percent, respectively. In 2008 current expenditures were over-executed by 24.8 percent and capital expenditures were under-executed by 19.6 percent.

49. As noted in Chapter 3, once the adjustments and modifications to the budget introduced during the corresponding fiscal year are considered, the deviations turn out to be negative; available resources are underused by about 5 percent each year. During the period under analysis, most of the modifications to the budget were made because provincial and national revenue out-turns turned out to be greater than forecast. The authorities have taken a conservative approach to projecting Cordoba's resources. But since some two-thirds of Cordoba's revenues are national in origin, the provincial government's ability to forecast and execute expenditures as budgeted depends critically on the national government's revenue estimations as included in the annual national budget law.⁵⁰ It should be noted that the provincial budget cannot depart from macroeconomic estimates defined by the federal government, since the latter exercise control on any increase of current expenditure beyond the set guidelines. If the federal estimates are undervalued (as was the case during the latter years), it is most likely that the budget present discrepancies (from its formulation) with what actually happens, but this is not necessarily attributable to difficulties in budgeting process.

PI-4: Stock and monitoring of expenditure payment arrears

Overall assessment "C+"

Dimensions to be assessed	Scoring
<i>Stock of payment arrears (as a percentage of total actual expenditure for the corresponding fiscal year) and any recent change in the stock.</i> The stock of arrears constitutes 2-10 percent of total expenditure; and there is no evidence that it has been reduced significantly in the last two years.	C
<i>Availability of data for monitoring the stock of expenditure payment arrears.</i> Data on the stock of arrears is generated annually, but may not be complete for a few identified expenditure categories or specified budget institutions.	B

50. Expenditure payment arrears are expenditure obligations that have been incurred by the government and whose payment is overdue. For the government, they constitute a form of non-transparent financing. A high level of arrears can indicate a number of different problems, such as inadequate commitment controls, cash rationing, inadequate budgeting for contracts, under-budgeting of specific items, or lack of information. PEFA Indicator 4 measures the stock of arrears and the extent to which the systemic problem is being addressed. While special exercises may be needed to identify and pay off old arrears, they will not be effective if new arrears continue to be created (payments due during the last year but not made). Most fundamental, however, is the assessment of the existence and completeness of data on arrears.

51. For the Province of Cordoba, the amount of payment arrears is calculated through the concept of "deuda flotante" which is evaluated at the end of each quarter as the difference between accrued and paid amounts. The information does not show the maturity profile of obligations, though it does distinguish between current floating debt and debt from the previous fiscal year.

⁵⁰ On average, the National Government underestimated resources during 2006-08 by about 17 percent per year. See Annex A.

52. *Stock of expenditure payment arrears.* The "deuda flotante" is a concept that goes beyond of that of arrears, to include items which are expenditure already incurred but which are not yet due (and hence the corresponding charge)., Despite this limitation, it was decided to approach the analysis of arrears through this concept, measured at end of year, and it was observed⁵¹ the stock of payment arrears of the Central Administration increased from 4.1 percent of total expenditure in 2006 to 6.0 percent in 2008 (Table 4.2).

Table 4.2. Province of Cordoba: General Administration

Millions of \$AR and percent of total expenditure

Year	12/31/2006	12/31/2007	12/31/2008
Floating Debt	227.64	300.14	587.63
Total Expenditure	5,552.98	7,314.71	9,797.88
Floating Debt/Total Expenditure	4.1 percent	4.1 percent	6.0 percent

Source: Investment Account, 2008. GAO, Province of Cordoba.

53. *Data availability on payment arrears.* In the general administration, information about payment arrears is classified by expenditure categories, but no information is provided about the seniority of arrears or when they should be paid.

B. Budget Comprehensiveness and Transparency

PI-5: Classification of the budget

Overall assessment "A"

Dimensions to be assessed	Scoring
<p>The classification system used for formulation, execution and reporting of the provincial government's budget.</p> <p>The budget formulation and execution is based on administrative, economic and sub-functional classification, using GFS/COFOG standards or a standard that can produce consistent documentation according to those standards. (Program classification may substitute for sub-functional classification, if it is applied with a level of detail at least corresponding to sub-functional.)</p>	A

54. A robust classification system allows spending to be tracked on the basis of administrative unit, economic use, function, and program. Where standard international classification practices are applied, governments can easily track and monitor selected categories of expenditure. The international standard for classification systems is *Government Finance Statistics* (GFS), which provides the framework for economic and functional classification of transactions (Table 4.3). Under the UN-supported *Classification of Functions of Government* (COFOG), which is the functional classification applied in GFS, there are ten main functions at the highest level and 69 functions at the second (sub-functional) level.

⁵¹ For instance the salaries and pension arrears categories were considerably reduced following payment in the first weeks of the next fiscal year.

Table 4.3. Functions Defined by GFS

Nº	Function
1	General public services
2	Defense ⁽¹⁾
3	Security and law enforcement
4	Economic affairs
5	Environment protection
6	Housing and community services
7	Health Services
8	Recreation, culture, and religion
9	Education
10	Social protection

⁽¹⁾ Not relevant for provinces.

Source: IMF Government Finance Statistics Manual, 2001.

55. Cordoba's general administration uses comprehensive expenditure classifications in the budget law and its execution. Expenditures are classified and reported by institution, category, financing source, economic use, function, and program, using a similar classification system to that of the national government. The functional classification reports nine different expenditure purposes (Social Services, Assistance to Municipal Governments, Security Services, Justice, Economic Development, Fiscal Administration and Management, General Administration, and Public Debt) and is not as detailed as required by the GFS; only 20 functions are reported while the GFS includes 69 sub-functions. Cordoba has consistently used program budgeting since 1999 and currently has more than 200 programs.

PI-6: Comprehensiveness of information included in budget documentation

Overall assessment "A"

Dimensions to be assessed	Score
Share of the above listed information in the budget documentation most recently issued by the provincial government (in order to count in the assessment, the full specification of the information benchmark must be met). Recent budget documentation fulfils 7-9 of the 9 information benchmarks.	A

56. The PEFA methodology establishes that annual budget documentation (the annual budget and budget-supporting documents), as submitted to the legislature for scrutiny and approval, should provide a complete picture of provincial government fiscal forecasts, budget proposals, and out-turn of previous years. To be considered complete, the annual budget documentation should include information on the nine elements listed in Table 4.4.

Table 4.4. PEFA Methodology: Information That Should Be Included In the Budget Documentation

1. Macro-economic assumptions, including at least estimates of aggregate growth, inflation, and exchange rate.
2. Fiscal deficit, defined according to GFS or other internationally recognized standard.
3. Deficit financing, describing anticipated composition.
4. Debt stock, including details at least for the beginning of the current year.
5. Financial Assets, including details at least for the beginning of the current year.
6. Prior year's budget outturn, presented in the same format as the budget proposal.
7. Current year's budget (either the revised budget or the estimated out-turn), presented in the same format as the budget proposal.
8. Summarized budget data for both revenue and expenditure according to the main heads of the classifications used (ref. PI-5), including data for the current and previous year.
9. Explanation of budget implications of new policy initiatives, with estimates of the budgetary impact of all major revenue policy changes and/or some major changes to expenditure programs.

57. In the Province of Cordoba, information is provided on eight of the nine items shown in Table 4.4.⁵² Detailed information about financial assets (item 5) is not included in the documentation presented to the Legislature.

PI-7: Extent of unreported government operations

Overall assessment “A”

Dimensions to be assessed	Score
<p><i>The level of extra-budgetary expenditure (other than donor funded projects) which is unreported i.e. not included in fiscal reports.</i> The level of unreported extra-budgetary expenditure (other than donor funded projects) is insignificant (below 1 percent of total expenditure).</p>	A
<p><i>Income/expenditure information on donor-funded projects which is included in fiscal reports.</i> Complete income/expenditure information for 90 percent (value) of donor-funded projects is included in fiscal reports, and these expenditures represent less than 1 percent of executed expenditures of the general administration in 2008.</p>	A

58. Annual budget estimates, in-year execution reports, year-end financial statements, and other fiscal reports for the public should cover all budgetary and extra-budgetary activities of provincial government to allow a complete picture of government revenue, expenditures across all categories, and financing. PEFA Indicator 7 accounts for the relative size of extra-budgetary operations (government activities that are not included in the annual budget law, such as those funded through extra-budgetary funds), and for activities that are included in the budget but managed outside the government’s budget management and accounting system (mainly donor-funded projects).

59. *Level of unreported extra-budgetary expenditure.* The documentation included in Cordoba’s budget law (consolidated and annexes) covers the total resources of the NFPA. As noted above, the consolidated budget, which refers to expenditures by the central administration, pertains to about 60 percent of the total public resources. Annexes to the budget law provide information covering comprehensively all public enterprises, decentralized agencies, and other entities.⁵³

60. *Revenue/expenditure information on donor-funded projects that is included in fiscal reports.* External financing includes loans from international financial institutions. The budget and fiscal reports provide complete information about the expenditure funded through IFIs and donors operations. In 2008, AR\$336.8 million was paid by the Government, representing 3.4 percent of the consolidated budgeted expenditures.

⁵² Source: <http://www.cba.gov.ar>. In particular, items 1-4: <http://www.cba.gov.ar/imagenes/fotos/mep08.pdf>; items 6-7: <http://www.cba.gov.ar/vercanal.jsp?idCanal=36158>; items 8-9: <http://www.cba.gov.ar/vercanal.jsp?idCanal=56399>.

⁵³ These annexes were reviewed by the PFMA team with the client during the field mission.

PI-9: Oversight of aggregate fiscal risk from other public sector entities**Overall assessment “B+”**

Dimensions to be assessed	Scoring
<p><i>Extent of provincial government monitoring of Autonomous Government Agencies (AGAs) and public entities (PEs).</i> All major AGAs/PEs submit fiscal reports including audited accounts to provincial government at least annually, and provincial government consolidates overall fiscal risk issues into a report.</p>	B
<p><i>Extent of provincial government monitoring of sub-national governments’ fiscal position.</i> Local government cannot generate fiscal risk for the provincial government.</p>	A

61. Municipal governments, autonomous government agencies, public enterprises, and state-owned banks can potentially generate fiscal risks with important implications at the provincial level. Thus the provincial government should require and receive quarterly financial statements and audited year-end statements from autonomous government agencies and public enterprises, and monitor their performance against financial targets. Consolidation of information is important for achieving an overview and reporting the total fiscal risk for the provincial government.

62. *Extent to which the provincial government monitors autonomous public sector entities and public enterprises.* The GAO receives quarterly fiscal reports from each public enterprise and decentralized public entity except for the provincial health insurance administration, the provincial energy company, and the Cordoba Lottery, which present annual financial reports. All public enterprises and decentralized entities do present audited financial statements⁵⁴ that are attached to the provincial annual statements submitted to the parliament. To request a loan from either the public or the private sector, a public enterprise must obtain authorization from the national MOF. The authorization is then forwarded for approval by the provincial Legislature, GAO, and the Office of the Public Prosecutor. An up-to-date financial statement of the structure and the origin and destination of the borrowed funds must be provided.⁵⁵

63. *Extent of provincial government monitoring of the fiscal situation of local governments.*⁵⁶ The provincial government does not consolidate municipal expenditure budgets nor systematically follow the municipalities’ fiscal situation.⁵⁷ It does register, however, the transfers received by local governments as part of the tax co-participation system. These transfers represent most of the municipal resources. However, municipalities have political autonomy, administrative, economic, financial and institutional (art. 180 of the Provincial Constitution), so they cannot generate fiscal liabilities for the provincial government. Hence, the Court of Accounts is not required to monitor or audit the local governments’ public accounts. Municipal governments wishing to request loans must follow a similar procedure to that required of the provincial government: they must request explicit approval from the provincial government through a report that is later monitored by the Court

⁵⁴ In line with the law, all the PE and decentralized entities annual financial statements are required to be audited by the provincial COA.

⁵⁵ According to the Fiscal Responsibility Law and regulatory decree.

⁵⁶ There are 257 municipalities and 170 communes in the Province of Córdoba.

⁵⁷ Several channels of communication between the Ministry of Government and municipal governments have the objective of monitoring the municipalities’ fiscal solvency. Eventually, information on the latter is also communicated to the MOF. The provincial government does not systematically monitor the municipal governments’ fiscal situation nor prepare periodic reports. Municipal governments have total autonomy (financial, economic, administrative, institutional, and political), and the Province is not legally obliged to support an insolvent municipality.

of Accounts, and, in addition, they must accept conditions set forth in the Fiscal Responsibility Law.⁵⁸

PI-10: Public access to key fiscal information

Overall assessment “B”

Dimensions to be assessed	Scoring
<p><i>Number of the above listed elements of public access to information that is fulfilled (in order to count in the assessment, the full specification of the information benchmark must be met).</i> The government makes available to the public 3-4 of the 6 listed types of information</p>	B

64. Transparency in the budget process depends on whether information on the government’s fiscal plans, positions, and performance is easily accessible to the general public or at least the relevant interest group.

65. For the information elements considered essential by the PEFA methodology, the provincial government provides documentation as follows:

- *Annual budget documentation:* The public can obtain a complete set of documents through the provincial government website when the budget is submitted to the Legislature.
- *In-year budget execution reports:* Quarterly reports are made available to the public within one month after their completion through the provincial government website. The information is clear and comprehensive.⁵⁹
- *Year-end financial statements:* Investment account reports are made available to the public through the provincial government website within six months after the end of the fiscal year. The Court of Accounts must inform the Legislature about the previous fiscal year’s investment account though it need not specify whether the statements have been audited.^{60,61}
- *External audit reports:* Audit reports for the fiscal year are not available for public consultation on the provincial government website.
- *Contract awards:* The provincial government website does not show information about contracts awarded with values higher than USD 100,000.
- *Resources available to primary service units:* In the case of health services, detailed information is publicized by primary service units. For the education sector, information is available by programs but not by service units.

⁵⁸ Article 25 and Annex VI, National Decree N° 1,731/2004.

⁵⁹ <http://www.cba.gov.ar>.

⁶⁰ Article 127, Province Constitution.

⁶¹ As per PEFA Secretariat comment, criterion “year-end financial statements” is met even if the reports publicized are the un-audited version (ref. ‘Clarifications to the Framework’).

Progress since 2009

Progress in terms of transparency has recently reached a tipping point with the launch of the Province of Córdoba Transparency Portal. This portal makes available to the public, information on line of topics related to government administration, such as public spending, wages, vendor payments, grants and scholarships, travel expenses of employees, etc. (Link: <http://transparencia.cba.gov.ar/>)

The launch of this portal is the result of a policy explicitly aimed at government transparency. Since the enactment of the Financial Management Act # 9086 in 2003, the Provincial Government reinforced its policy to improve systems and increase the transparency of public finance management. On the other hand, following adherence to Federal Fiscal Responsibility Regime in 2004, the provincial government pledged to implement clear rules of fiscal behavior and to make concrete efforts to increase transparency in governance. Also, with the drive for modernization of processes and the incorporation of technology, more and better information have been made available to a growing audience. Recent specialized studies at national level have recognized the prime position of the province of Cordoba in visibility of information (cf: Center for the Implementation of Public Policies Promoting Equity and Growth (CIPPEC), 2010: " Provincial Budget Transparency "2nd ranking,; Argentina Institute of Fiscal Analysis (IARAF), 2011:" Fiscal Visibility in the Provinces. "1st ranking, Argentina Association of Public Financial Management and Budget (ASAP), 2011:" Survey of Budget Information in Argentina. "1st ranking)

C. Policy-Based Budgeting

PI-11: Orderliness and participation in the annual budget process

Overall assessment "B+

Dimensions to be assessed	Scoring
<p><i>Existence of and adherence to a fixed budget calendar.</i> An annual budget calendar exists, but is rudimentary and substantial delays may often be experienced in its implementation. It allows MDAs little time to complete detailed estimates, and many fail to complete them on time.</p>	C
<p><i>Clarity/comprehensiveness of, and political involvement in, the guidance on the preparation of budget submissions (budget circular or equivalent).</i> A comprehensive and clear budget circular is issued to MDAs, which reflects ceilings approved by Cabinet (or equivalent) prior to the circular's distribution to MDAs.</p>	A
<p><i>Timely budget approval by the legislature or similarly mandated body (within the last three years).</i> The legislature has, during the last three years, approved the budget before the start of the fiscal year.</p>	A

66. While the Ministry of Finance is usually the driver of the annual budget formulation process, participation in this process by other ministries, departments, and agencies, as well as the political leadership⁶², affects the extent to which the budget will reflect macroeconomic, fiscal, and sector policies. Full participation requires an integrated top-down and bottom-up budgeting process, involving all parties in an orderly and timely manner in accordance with a pre-determined calendar for budget formulation. Clear guidance on the budget process should be provided in the budget circular and budget formulation manual.

⁶² By 'political leadership' is meant the leadership of the Executive, such as the Cabinet or equivalent body.

67. *Existence of and adherence to a fixed budget calendar.* Cordoba's MOF, through the Secretariat of Financial Administration, prepares a timetable for each stage of the budget formulation process. The budget calendar is pre-set in the policy compendium of MOF, which provides an important legal and technical support, setting deadlines and procedures for the jurisdictions to arbitrate the resources required to budget formulation. In this regard, and before the end of September, the General Directorate of Budgeting and Public Investment (GDBPI) must conclude the first stage of the process: the preparation of preliminary expenditure and revenue estimates. From there, the jurisdictions, the GDBPI, and the MOF initiate a process that starts with the GDBPI's preparation of preliminary expenditure and revenue estimates in late September and ends with the presentation of the budget to the Legislature by mid-November (Table 4.5). Provincial budgetary authorities note that the budget calendar allows too little time between the preliminary discussion of budget ceilings at the Ministries Cabinet and the distribution of budget ceilings by MDAs. The time allotted for interaction between the MOF and the MDAs on budget ceilings (about one month) and the review process by the Legislature (on average one month) is short relative to international practice.

Progress since 2009

In 2011, the Compendium adopted in 2007 by the Secretary of Financial Management was subjected to a quality certification process review (finally certified in December of that year) which was used to improve the standard. In this review process, the budget fixed calendar was repealed and is now included in the Compendium which prescribes that each year, the GDBPI defines a specific timetable for the budget formulation process.

In other words, the GDBPI is governed by clear and orderly rules and in 2011, the formulation processes of the provincial budget were certified ISO 9001:2008. These facts added certainty about the transparency in and predictability of the procedures followed to prepare the draft budget law.

Table 4.5. Province of Cordoba: Budget Preparation

Final Date	Processes and Responsibilities
4th week of September	The DBPI prepares preliminary expenditure and revenue estimates.
1 ^o week of October	Analysis and definition of preliminary budget ceilings for discussion, adjustment, and approval by the Ministries Cabinet.
1 ^o week of October	Definition and description by each jurisdiction of its programmatic structure and personnel.
2 ^o week of October	Meetings between DBPI, MOF, and jurisdiction representatives to decide the allocation of budget ceilings.
2 ^o week of October	The DBPI sends a budget booklet requesting the distribution by programmatic category, expenditure purpose, public works plan.
3 ^o week of October	Each jurisdiction distributes the budget ceilings by programmatic and budget category, and public works plan.
1 ^o week of November	The DBPI, Secretariat of Financial Administration, and the MOF prepare the law that will be sent to the Legislature, and the message be delivered by the Governor.
2 ^o week of November	The DBPI prints out and controls the additional documentation sent to the Legislature.
2 ^o week of November	The DBPI and the Office of the Public Prosecutor send the Budget Law to the Legislature.
2 ^o week of December	The DBPI publishes the Budget Law.

Source: Own elaboration based on the Compendium of Norms and Procedures, Secretariat of Financial Management, MOF, Province of Cordoba.

68. *Clarity and comprehensiveness of, and political involvement in, the guidance on the preparation of budget submissions.* Budget preparation is guided by a budget booklet that communicates the financial ceilings for each jurisdiction. Credit limits are set by functional area and type of resource. However, the ceilings are approved by the Executive Power after the jurisdictions determine the detailed allocation of resources adjusted to those ceilings.

69. *Timely budget approval by the legislature.* During 2006-08, the Legislature consistently approved the budget in a timely manner before the beginning of the fiscal year. The budget law has always been published before December 31st.^{63 64}

Progress since 2009

The Government of The Province of Cordoba, through the General Directorate of Budget and Public Investment of the Ministry of Finance has incorporated indicators and measurements to the budgetary process in order to enrich the analysis of the budget formulation and its discussion in the Provincial Legislation. This articulation between the strategic planning with the budget is part of a major plan of standardizing processes framed under the Managing for Results Program. For 201,2 the proposal has been to move towards the implementation of a Results Oriented Public Budgeting, leveraging the number of initiatives with its identified physical targets in each programmatic category and with the incorporation of more results and products indicators. The 2012 draft Budget included 238 strategic objectives distributed between the 37 jurisdictions, for which 434 management indicators have been developed. 719 initiatives have been established with corresponding goals and activities schedule related to 245 programmatic categories. Finally, the initiatives will be monitored through 868 performance indicators that have been established to control the implementation of the programs.

PI-12: Multi-year perspective in fiscal planning, expenditure policy, and budgeting **Overall assessment “D+”**

Dimensions to be assessed	Scoring
<i>Preparation of multi -year fiscal forecasts and functional allocations.</i> Forecasts of fiscal aggregates (on the basis of the main categories of economic classification) are prepared for at least two years on a rolling annual basis.	C
<i>Scope and frequency of debt sustainability analysis.</i> No DSA has been undertaken in the last three years.	D
<i>Existence of sector strategies with multi-year costing of recurrent and investment expenditure.</i> Statements of sector strategies exist for several major sectors but are only substantially costed for sectors representing up to 25 percent of primary expenditure OR costed strategies cover more sectors but are inconsistent with aggregate fiscal forecasts.	C
<i>Linkages between investment budgets and forward expenditure estimates.</i> Many investment decisions have weak links to sector strategies and their recurrent cost implications are included in forward budget estimates only in a few (but major) cases.	C

70. Expenditure policy decisions have multi-year implications, and should be aligned with the availability of resources within a medium-term perspective. For effective allocation of resources and to allow budget planning of public policies, budget formulation needs to take a multi-year perspective, founded on multi-year fiscal forecasts of revenue, medium-term expenditure aggregates for mandatory expenditure, and potential deficit financing.

⁶³ For 2006, Provincial Law N° 9267 was approved on 12/7/05; for 2007, Provincial Law N° 9348 was approved on 12/20/06; and for 2008, Provincial Law N° 9441 was approved on 12/28/07.

⁶⁴ Articles 104 and 144 of the provincial constitution provides that the Governor must submit the draft budget law with a notice of no less than 45 days (i.e, November 15) before the expiration of the regular Parliament session.

71. *Multi-year fiscal forecasts and functional allocations.* As specified by the FRL, during 2006-08 Cordoba's budget laws included multi-year projections of expenditures and revenues for the following two years.⁶⁵ But there is no evidence that the multi-year projections are later used to set financial ceilings on subsequent budgets.

72. *Scope and frequency of debt sustainability analysis.* The Directorate of Credit and Public debt Management (DCPDM) analyzes the debt stock relative to GGP, providing a detailed explanation of the debt structure including currency, creditors, and indexation clauses. But since the analysis does not meet debt sustainability analysis characteristics, the score assigned to this dimension of public finance management is the lowest, i.e. "D".⁶⁶

73. *Existence of sector strategies with multi-year costing of recurrent and investment expenditure.* Cordoba's budget formulation process incorporates strategic considerations for primary sectors, with a clear explanation of their goals. For example, strategy-linked selection criteria have been established for public investment projects. Detailed information about the cost of the most important transport and housing infrastructure projects is also provided, although they represent altogether less than 8% primary executed expenditures.⁶⁷

74. *Linkages between investment budgets and forward expenditure estimates.* Investment plans are presented for the main sectors, including information about costs for all years. When the multi-year budget is formulated, operating costs throughout the years of operation are included for the most important projects. However, the limitations described earlier concerning sectoral strategies affect the linkage between investment planning and the subsequent budget.

Progress since 2009

The province has reported progress in budget management for results. The year 2012 is the 3rd year of pilot testing. A successful pilot was the case of Education (new law in 2010), which created the Council for Strategic Planning of Cordoba (COPEC). This is a very good example because it was reflected (since 2010) in the budget, with well-defined physical targets and adequate monitoring.

⁶⁵ The multi-year budget projections cover resources by type of expenditure, function, object, investment programs, municipal co-participation, type of debt, and budget policies.

⁶⁶ A DSA would consist in this case of the construction of medium-run projections (at least two or three years) of the debt/GGP ratio under different assumptions about economic growth, provincial fiscal performance, interest rates, exchange rates, the institutional and financial relationship with the national government, etc.

⁶⁷ As illustrated in Table A.4 from Annex A, 2008 total capital expenditures represented less than 8% of primary expenditures.

D. Predictability and Control in Budget Execution

PI-16: Predictability in the availability of funds for commitment of expenditures

Overall assessment “C+”

Dimensions to be assessed	Scoring
<i>Extent to which cash flows are forecast and monitored.</i> A cash flow forecast is prepared for the fiscal year exercise, and is updated monthly based on actual input and output of cash.	A
<i>Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment.</i> MDAs are provided reliable information for one or two months in advance.	C
<i>Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs.</i> Significant in-year budget adjustments are frequent, but undertaken with some transparency.	C

75. Effective execution of the budget, in accordance with the work plans, requires that the spending MDAs of the general administration receive reliable information on the availability of funds that they can commit for recurrent and capital inputs. This indicator assesses the extent to which the provincial MOF provides reliable information on the availability of funds to the MDAs that manage administrative (or program) budget heads (or votes) in the provincial government budget and are therefore the primary recipients of such information from the MOF.

76. *Extent to which cash flows are forecast and monitored.* At the beginning of the fiscal year, the General Directorate of Budgeting and Public Investment (GDBPI) determines the commitment caps, and the General Directorate of Treasury and Public Credit (GDTPC) and the treasury unit of each jurisdiction (Ministry or other budget entity) prepare annual estimations of monthly cash flows for the jurisdictions.. During the fiscal year, the GDTCP monitors the day-to-day cash flows of provincial and national resources, while the jurisdictional treasuries are responsible for their own resources. It should also be noted that the provincial cash flow forecast did not suffer from unexpected reduction since national government transfers, which represent about two thirds of total provincial revenues, have been consistently underestimated in relation to budgeted amounts during 2006-08⁶⁸.

77. *Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitments.* Ceilings for expenditure commitments are set monthly and are adjusted depending on the availability of resources and the financial needs of the jurisdictions. Reliable information is provided one month in advance. As long as the jurisdictions comply with the established expenditure ceilings, they are free to spend what they have been assigned. If the jurisdictions need to spend more than their quota, they must seek approval of GDBPI and GDTPC one month in advance. Additional spending requirements must not exceed the annual budget credit unless the budget has previously been adjusted.

⁶⁸ See PEFA Indicator ID-1

78. *Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs.* As noted earlier, adjustments to budget allocations are frequent. The budget law normally delegates to the Executive branch the power to modify the budget⁶⁹. The process is transparent to the extent that the Executive must follow certain specific rules and regulations to introduce these modifications. A new law must be approved if the modifications entail additional financing or an increase in provincial debt. All changes must be communicated to the Legislature.

PI-17: Recording and management of cash balances, debt, and guarantees
Overall assessment “B”

Dimensions to be assessed	Scoring
<i>Quality of debt data recording and reporting.</i> Domestic and foreign debt records are complete, updated, and reconciled at least annually. Data quality is considered fair, but some gaps and reconciliation problems are recognized. Reports on debt stocks and service are produced only occasionally or with limited content.	C
<i>Extent of consolidation of the government's cash balances.</i> Most cash balances are calculated and consolidated at least weekly, but some extra-budgetary funds remain outside the arrangement.	B
<i>Systems for contracting loans and issuance of guarantees.</i> Provincial government's contracting of loans and issuance of guarantees are made against transparent criteria and fiscal targets, and always approved by a single responsible government entity.	A

79. *Quality of debt data recording and reporting.* The maintenance of a debt data system and regular reporting on the main features of the debt portfolio and its development are critical for ensuring data integrity and related benefits such as accurate debt service budgeting, timely service payments, and well planned debt roll-over.

80. Cordoba's public debt is registered using spreadsheets by the GDTPC, which is responsible to the GAO. The information is up-to-date, is checked and verified using accounting records, and provides a complete description of debt services. However, the volumes of the operations involved call for a more sophisticated and reliable information system. As part of the new System of Financial Information (SUAF), by 2011 the government plans to incorporate a subsystem for debt management. Annual reports are published containing statistical data and information about debt management.

Progress since 2009

All information related to the stock of public debt is currently published on the website of the Province, and is updated quarterly. The stock is presented according to the following classification:

- *by currency and creditor*
- *by rate (fixed or variable) and creditor*
- *by due date.*

Details of the paid and projected debt service as well as information on debt profile and debt maturity through 2020 are also available. The Province also publishes detailed information on the use of the debt resources.

⁶⁹ For flexibility in the implementation of the budget, heads of the provincial institutions and Ministers have the authority to make budget changes within their own administrative department. This results in better performance without altering budget allocations between jurisdictions, and frequent adjustments

81. *Extent of consolidation of the government’s cash balances.* There are approximately 3,620 bank accounts in the general administration. Twenty of these accounts are related to specific expenditures financed by the national government and are held in the National Bank, which consolidates their cash balances monthly. All the rest are part of the Unified Fund (UF) in the Bank of the Province of Cordoba. This fund represents a contract between the provincial bank and the GDTPC, under which the provincial bank performs a daily consolidation of the bank accounts, regrouping their balances into a single temporary account. At the beginning of the following day, the balance of the UF is automatically redistributed without modifications to the original accounts. Even though the Law of Fiscal Responsibility includes the possibility of using a Treasury Single Account, this has not yet been implemented in Cordoba.

82. The Directorate of General Treasury and Public Credit is also responsible for administering all issues related to the opening, closing, and management of bank accounts.

83. *Systems for contracting loans and issuing guarantees.* The provincial government contracts loans and issues guarantees following transparent criteria and fiscal goals established by the Law of Fiscal Responsibility.⁷⁰ Next, the provincial government requires to the provincial Congress the approval of an indebtedness law authorizing these operations and delegates its management exclusively to the provincial MOF.

PI-18: Effectiveness of payroll controls

Overall assessment “C+”

Dimensions to be assessed	Scoring
<i>Degree of integration and reconciliation between personnel records and payroll data.</i> The database and payroll staff are directly linked to ensure data consistency and monthly reconciliation	A
<i>Timeliness of changes to personnel records and the payroll.</i> Up to three months’ delay occurs in processing changes to personnel records and payroll for a large part of changes. This leads to frequent retroactive adjustments.	C
<i>Internal controls of changes to personnel records and the payroll.</i> Controls exist, but are not adequate to ensure full integrity of data.	C
<i>Existence of payroll audits to identify control weaknesses and/or ghost workers.</i> Partial payroll audits or staff surveys have been undertaken within the last 3 years.	C

84. The effectiveness of payroll controls depends on the extent to which payroll information is integrated in a personnel database. This database, sometimes called the “nominal roll,” should provide a list of all staff who should be paid every month; it should be verifiable against the approved establishment list and the individual personnel records (or staff files). The link between the personnel database and payroll is a key control. Any amendments required to the personnel database should be processed in a timely manner through a change report, and should result in an audit trail.

85. The wage bill represented 44 percent of the province’s total budgeted expenditures in 2008.

86. *Degree of integration and reconciliation between personnel records and payroll data.* Personnel and payroll data are not directly linked in the Province of Cordoba. The nominal roll data are generated by data from human resources. The human resources database is loaded with information provided by MDAs through the human resource system, Meta4. This information is then used to calculate and pay the monthly wage bill, which is electronically

⁷⁰ The national MOF checks the fulfillment of these criteria. If these criteria are not fulfilled, the National MOF does not authorize the loan or the issuance of the guarantee.

sent to each MDA and used by the budget management and fund movement system. With this information, the MDAs issue payment orders and the DGTPC transfers the corresponding funds to the MDA treasuries. There is overall data integration between the MDA treasuries and human resources that allow effective and systematic control of the payroll process. Moreover, the calculation and payment of the wage bill is verified and compared to the wage bill of the previous month.

87. *Timeliness of changes to personnel records and the payroll.* Although the jurisdictions provide information on changes in personnel records through the Meta4 system, the changes are typically incorporated with some lag, in several cases up to three months,⁷¹ causing a frequent need for retroactive payroll adjustments.

88. *Internal controls of changes to personnel records and the payroll.* All changes related to human resources and payroll follow clear rules. Modifications to statutes and wages are registered by qualified personnel. To hire new employees, a decree from the executive branch is required; the decree also authorizes the incorporation of the new employees' records into the database. However, these controls are not enough to ensure the integrity of the data, as illustrated by frequent retroactive payments.

89. *Existence of payroll audits.* The audit plan of the Court of Accounts does not include an annual review of the nominal payroll. The COA undertakes a prior legal review of the payroll and then after, carry out the annual audit of the financial statements (which involves payroll review), but does not audit the payroll as such. Payroll audit of each MDA is undertaken by its administrative units and includes consolidated checks against payroll data, and exhaustive review of internal control procedures as well as a check against physical inspection or other external databases.

Progress since 2009

The government has reported progress in the issue of payroll administration, especially its link with the budget. Currently, according to recent efforts, the payroll and budgeting have been linked, so that: a) all payments to permanent staff budget are reflected in the budgeted staffing levels, b) all high level staff payments are reflected in the budgeted staffing and approved matrix, and c) any liquidation of temporary personnel is reflected in the budgeted amount.

⁷¹ For example, this is frequently the case for public employees located outside the provincial capital city.

PI-20: Effectiveness of internal controls for non-salary expenditure**Overall assessment “B+”**

Dimensions to be assessed	Scoring
<i>Effectiveness of expenditure commitment controls.</i> Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations (as revised).	A
<i>Comprehensiveness, relevance, and understanding of other internal control rules/procedures.</i> Other internal control rules and procedures incorporate a comprehensive set of controls, which are widely understood, but may in some areas be excessive (e.g. through duplication in approvals) and lead to inefficiency in staff use and unnecessary delays.	B
<i>Degree of compliance with rules for processing and recording transactions.</i> Compliance with rules is fairly high, but simplified/emergency procedures are occasionally used without adequate justification.	B

90. *Effectiveness of expenditure commitment controls.* Cordoba has a commitment stage for all expenditure categories, except for minor expenditures that are paid using revolving funds. The commitment stage is registered in the Budget Execution System (BES) by the accounting departments of each jurisdiction. The BES also incorporates comprehensive controls that limit expenditure commitments according to cash availability (conformity with budget allocations and availability). However, there is no effective and comprehensive procurement plan to ensure that the product acquired fulfils the intended purpose of the expenditure.

Table 4.6. Province of Cordoba: Stages of Spending Process

E. Stage	F. Registry of Budget Execution	G. Responsible
Preventive allocation of expenditure and verification of the budget allocation	In the BES	Accounting area of each MDA
Committed expenditure	In the BES	Accounting area of each MDA
Control of the committed expenditure		Court of Accounts
Accrued expenditure – Issuance of payment order	In the BES	Accounting area of each MDA
Control of the accrual stage and intervention of the payment order		Court of Accounts (1)
Payment of expenses less than AR\$ 54.000	In the BES	MDA Treasury
Payment of expenses greater than AR\$ 54,000	Registered in the Treasury System and consolidated in the BES	PGT
Control of public accounts		Court of Accounts

(1) Carried out controls on behalf of GAO. This situation started to change in 2008 when the GAO began to exercise prior control on payroll payment orders. And from 2010 onward, the GAO prior control extended to payment order which were prior-reviewed at accrual (commitment) stage by the Court of Account.

Note: The accounting registration is done automatically through the Budget Execution System (BES), from the accrual (commitment) stage.

91. *Comprehensiveness, relevance, and understanding of other internal control rules/procedures.* Internal controls are implemented through the BES and the delegates of the Court of Accounts in each jurisdiction. The controls are comprehensive at all budget execution stages. However, there are two limitations. First, the BES does not include a procurement module to control government purchases. Second, though the regulatory

framework for all processes is partly described in the Compendium of Norms and Financial Management Procedures, there is no formal procedures manual to communicate the rules on internal control. Finally, all the employees involved in expenditure management are familiar with the relevant practices, and the Audit Directorate is preparing a manual of internal control and internal audit.

92. *Degree of compliance with rules for processing and recording transactions.* Existing control mechanisms are understood and followed in almost all transactions. However, simplified procedures are occasionally used without further justification.

PI-21: Effectiveness of internal audit

Overall assessment “C+”

Dimensions to be assessed	Scoring
<i>Coverage and quality of the internal audit function.</i> Internal audit is operational for the majority of provincial government entities (measured by value of revenue/expenditure), and substantially meets professional standards. At least 50 percent of staff time focuses on systemic issues.	B
<i>Frequency and distribution of reports.</i> Reports are issued regularly for most government entities, but may not be submitted to the Ministry of Finance or the Supreme Audit Institution.	C
<i>Extent of management response to internal audit findings.</i> Prompt and comprehensive action is taken by many (but not all) managers.	B

93. The Audit Directorate, under the GAO, was created in 2008 and is responsible for internal audit. It consists of a director and twelve auditors, all of whom have the appropriate professional background. Cordoba’s Institute of Public Administration provides instruction in information technology and internal audit.

94. *Coverage and quality of the internal audit function.* The Audit Directorate only performs ex-post audits. These audits are defined in the unit’s annual plan, and focus on the activity of the MDA being audited. The audits are generally timely, and cover most of the MDAs. Though the Audit Directorate does not have a procedures manual, it follows most of the internal audit norms employed by its national counterpart, the National Government Internal Audit Agency (SIGEN). Besides, the Audit Directorate work program is focused on ex-post audit, and allocating over 50 percent of resources to systemic issues, and remaining resources are dedicated to ad-hoc investigations and special audits required by the GAO. It plans to issue a complete set of internal control norms and procedures by the end of 2010.

95. *Frequency and distribution of reports.* The Audit Directorate provides a report after concluding each audit. The conclusions and recommendations are sent only to the audited jurisdictions but the legislation does not mandate the sharing of audit reports with the COA. Authorities of the MOF receive a monthly summary of the conclusions from the reports.

96. *Extent of management response to internal audit findings.* Most of the MDAs adopt corrective measures in response to the recommendations of the internal audit. The high level of compliance is explained by the follow-up activities carried out by the Audit Directorate.

E. Accounting, Recording, and Reporting

PI-22: Timeliness and regularity of accounts reconciliation

Overall assessment “B+”

Dimensions to be assessed	Scoring
<i>Regularity of bank reconciliations.</i> Bank reconciliation for all provincial government bank accounts take place at least monthly at aggregate and detailed levels, usually within four weeks of end of period	A
<i>Regularity of reconciliation and clearance of suspense accounts and advances.</i> Reconciliation and clearance of suspense accounts and advances take place at least annually within two months of end of period. Some accounts have uncleared balances brought forward.	B

97. *Regularity of bank reconciliations.* All bank accounts of the central administration are reconciled monthly with the respective budget accounting registries, and reconciliations are completed within four weeks of end of period. Movements of funds are registered in the central administration financial information systems as follows. For those accounts managed by the DGTPC, the movements of funds are registered daily in the treasury system, while those managed by jurisdictional treasuries are also registered in the Budget Execution System and manual bank books.⁷² The reconciliation of bank accounts is performed with these registries.⁷³ Finally, bank reconciliations are submitted monthly for control purposes to the GAO.

98. *Regularity of reconciliation and clearance of suspense accounts and advances.* Advances—defined as cash payments made, from which no expenditures have yet been recorded—are only authorized for the management of minor expenditures and suspense accounts. During the fiscal year, advances are registered in suspense accounts, compensated in the corresponding budget accounts once expenditures are incurred, and later restored. At the end of each fiscal year, all pending transactions from suspense accounts are cleared and the balances of these accounts are closed.

PI-23: Availability of information on resources received by service delivery units

Overall assessment “C”

Dimensions to be assessed	Scoring
<i>Collection and processing of information to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to the overall resources made available to the sector(s), irrespective of which level of government is responsible for the operation and funding of those units.</i> Special surveys undertaken within the last three years have shown the level of resources received in cash and in kind by either primary schools or primary health clinics covering a significant part of the country OR by primary service delivery units at local community level in several other sectors.	C

99. Information about the resources actually received by front-line service delivery units (for example, schools, health clinics) is very important to guarantee that the resources are used for their intended purpose, avoid delays in transfers of resources, and prevent unjustified reallocations.

100. In the Province of Cordoba, the budget contains information about the transfer of resources to each hospital and also includes a program for each hospital. For education, the

⁷² The use of these manual bank books is formally authorized by the DGTPC.

⁷³ The aforementioned systems (both the Treasury System and the Budget Execution System) feed the Financial Management System, which includes accounting registries.

financial information available at the Ministry of Education is aggregated by educational level.⁷⁴ However, information about the resources received by each school is not readily available.

PI-24: Quality and timeliness of in-year budget reports

Overall assessment “B+”

Dimensions to be assessed	Scoring
<i>Scope of reports in terms of coverage and compatibility with budget estimates.</i> Classification allows comparison to budget but only with some aggregation. Expenditure is covered at both commitment and payment stages.	B
<i>Timeliness of the issue of reports.</i> Reports are prepared quarterly, and issued within six weeks of end of quarter.	B
<i>Quality of information.</i> There are no material concerns regarding data accuracy.	A

101. *Scope of reports in terms of coverage and compatibility with budget estimates.* The budget execution reports elaborated by the GAO are complete and cover the whole general administration. It is possible to compare (at an aggregate level, since detailed information by type of expenditure by the jurisdictions is not included) the budget execution to the estimates in the original budget⁷⁵. The budget and accounting classifications are equivalent and they are incorporated into the current budget execution system. The reports also include the commitment, accrual, and payment stages of the budget execution.⁷⁶

102. *Timeliness of the issue of reports.* Reports on budget execution are prepared quarterly by the GAO and are published in a timely manner within five weeks after the end of the third month. Jurisdictions and other government units have access to these reports through the official website.

103. *Quality of information.* Information about budget execution is accurate and reliable and can be obtained from the Budget Execution System.

PI-25: Quality and timeliness of annual financial statements

Overall assessment “C+”

Dimensions to be assessed	Scoring
<i>Completeness of the financial statements.</i> A consolidated government statement is prepared annually. These statements include, with few exceptions, full information on revenue, expenditure, and financial assets/liabilities.	B
<i>Timeliness of submission of the financial statements.</i> The statement is submitted for external audit within six months of the end of the fiscal year.	A
<i>Accounting standards used.</i> Statements are presented in consistent format over time with some disclosure of accounting standards.	C

104. *Completeness of financial statements.* The financial statements of the provincial administration are consolidated by the GAO, including all financial statements of the general administration and decentralized entities except the provincial health insurance administration, energy company, and lottery, which together represent 12.4 percent of the GA’s total expenditures.

⁷⁴ For example, primary or secondary school.

⁷⁵ From 2009, the budget reports included detailed information by nature of the expenditure.

⁷⁶ In Cordoba the accrual stage is called “ordered to pay.”

105. *Timeliness of submission of the financial statements.* The GAO complies with the submission requirements of the financial statements. During 2006-08, the financial statements were received by the Court of Accounts within three months after the end of the fiscal year, in compliance with the legal norms.⁷⁷

106. *Accounting standards used.* Financial statements are presented in a consistent format over time in line with national accounting practices and norms. The GAO is working on implementing accounting norms according to international accounting standards for the public administration.

Progress since 2009

Since 2009, The Province is implementing standards and accounting principles generally accepted in Argentina and adapted to the Provincial Public Sector by order of the Ministry of Finance No. 377/09. Currently the province is working toward adopting accounting rules based on International Public Sector Accounting Standards (IPSAS).

F. External Scrutiny and Audit

PI-26: Scope, nature, and follow up of external audit

Overall assessment “B+”

Dimensions to be assessed	Scoring
<i>Scope and nature of audit performed.</i> Provincial government entities representing at least 75% of total expenditures are audited annually, at least covering revenue and expenditure. A wide range of financial audits are performed and generally adheres to auditing standards, focusing on significant and systemic issues.	B
<i>Timeliness of submission of audit reports to legislature.</i> Audit reports are submitted to the legislature within 4 months of the end of the period covered and in the case of financial statements from their receipt by the audit office.	A
<i>Evidence of follow up on audit recommendations.</i> A formal response is made in a timely manner, but there is little evidence of systematic follow up.	B

107. The Court of Accounts is responsible for the external control of the public sector. Its functions are established by Cordoba’s Constitution and the Organic Law (Provincial Law N° 7630).

108. *Scope and nature of audit performed.* COA’s annual external audit covers all revenues and expenditures of the public sector. It focuses mainly on financial aspects and the review of transactions, without taking into consideration performance auditing aspects.

⁷⁷ Financial statements corresponding to the fiscal year closing December 31st should be sent before March 30th of the following year.

109. *Timeliness of submission of audit reports to legislature.* According to the Provincial Constitution, the COA sends audited public accounts/financial statements to the Legislature within five months after the end of the period covered.⁷⁸ The COA receives public accounts / financial statements from the GAO, three months after the end-of the fiscal period (as shown in PI-25) and submits the audited package to the Legislature within the following three months.

110. *Evidence of follow-up on audit recommendations.* A partial formal response is presented, even though there is no legal framework that clearly establishes this process. There is little evidence of follow-up on audit recommendations.

⁷⁸ By March 31st, the General Accounting Office of the Province submits the annual financial statements. From there, the COA has 60 days to finalize its audit and should report before June 1st to the Parliament

ANNEX A – TABLES

Table A.1. National Administration: Deviations Between Budgeted and Revenue Out-turns ⁽¹⁾*In millions of AR\$*

Year	Budget Law (a)	Revenue Out-turns (b)	Deviation (b) - (a) (percent)
2006	112,419	126,406	12.4
2007	137,802	164,451	19.3
2008	185,601	218,231	17.6
Average 2006-2008	145,274	169,696	16.8

⁽¹⁾ Revenues include domestic taxes and taxes on international trade.

Source: Own elaboration based on information from the Budget Laws, MOF.

Table A.2. Province of Cordoba: Primary Expenditure Deviations: Original Approved Budget vs. Out-turn, 2006*In millions of AR\$*

	Budget Law ⁽¹⁾ (a)	Modifications ⁽²⁾ (b)	Definitive budget (c) = (a) + (b)	Variation in Budget Law (%)	Executed (d)	Deviation (d) - (a) (%)	Deviation (d) - (c) (%)
Current Expenditures	4,412.7	562.4	4,975.1	12.7	4,834.3	9.6	-2.8
Capital Expend.	710.2	61.3	771.5	8.6	180.4	-74.6	-76.6
Total	5,122.9	623.7	5,746.6	12.2	5,014.7	-2.1	-12.7
Debt Interests	177.1	-6.5	170.6	-3.7	170.6	-3.7	0.0
Total Expend.	4,945.9	630.2	5,576.1	12.7	4,844.1	-2.1	-13.1

(1) Original approved expenditures of the Central Administration.

(2) Modifications to the Budget Law introduced during the fiscal year.

Source: Budget Law and Investment Account.

Table A.3. Province of Cordoba: Primary Expenditure Deviations: Original Approved Budget vs. Out-turn, 2007*In millions of AR\$*

	Budget Law ⁽¹⁾ (a)	Modifications ⁽²⁾ (b)	Definitive budget (c) = (a) + (b)	Variation in Budget Law (%)	Executed (d)	Deviation (d) - (a) (%)	Deviation (d) - (c) (%)
Current Expend.	5,363.9	1,099.8	6,463.7	20.5	6,514.3	21.4	0.8
Capital Expend.	689.2	333.1	1,022.3	48.3	879.0	27.5	-14.0
Total	6,053.1	1,432.9	7,486.0	23.7	7,393.3	22.1	-1.2
Debt Interests	190.2	3.0	193.2	1.6	190.7	0.2	-1.3
Total Expend.	5,863.0	1,429.9	7,292.9	24.4	7,202.6	22.8	-1.2

(1) Original approved expenditures of the Central Administration.

(2) Modifications to the Budget Law introduced during the fiscal year.

Source: Budget Law and Investment Account.

Table A.4. Province of Cordoba: Central Administration – Primary Expenditure Deviations: Original Approved Budget vs. Out-turn, 2008

In millions of AR\$

	Budget Law⁽¹⁾	Modifications⁽²⁾	Definitive budget	Variation in Budget Law	Executed	Deviation	Deviation
	(a)	(b)	(c) = (a) + (b)	(%)	(d)	(d) - (a)	(d) - (c)
						(%)	(%)
Current Expend.	7,299.3	1,857.8	9,157.1	25.5	9,109.1	24.8	-0.5
Capital Expend.	1,003.3	-192.3	811.0	-19.2	807.1	-19.6	-0.5
Total	8,302.6	1,665.6	9,968.2	20.1	9,916.2	19.4	-0.5
Debt Interests	217.6	-18.9	198.7	-8.7	199.2	-8.5	0.2
Total Expend.	8,085.1	1,684.5	9,769.6	20.8	9,717.0	20.2	-0.5

(1) Original approved expenditures of the Central Administration.

(2) Modifications to the Budget Law introduced during the fiscal year.

Source: Budget Law and Investment Account.

ANNEX B – STAKEHOLDERS INTERVIEWED

NAME	POSITION/ORGANIZATION
Zornberg, Mónica	Secretary of Financial Management, Ministry of Finance
Silvina Rivero	Secretary of Financial Management , Ministry of Finance
Frontera, Miriam	General Accountant of the Province, Secretariat of Financial Management. Ministry of Finance
Abramo, Andrea	Sub-accountant of the Province. Secretariat of Financial Management, Ministry of Finance
Lorena Zanon Argenti	Sub-accountant of the Province, Secretariat of Financial Management, Ministry of Finance
Daniela Rodolfi	General Accountant, of the Province, Secretariat of Financial Management, Ministry of Finance
Elettore, Aldo	Director of Information Technology, Ministry of Finance
Barrionuevo, Eduardo	President of the Province Court of Accounts
Luis Alberto Norte	Province Court of Accounts
Tommy Brodanovic,	Province Court of Accounts
Cecilia M. Scalerandi	Province Court of Accounts
Theiler, Darío	Director of Internal Audit
Podingo, Franco	Director of Fiscal Coordination and Programming, Secretariat of Financial Management. Ministry of Finance
García, Armando	General Director of Treasury and Public Credit, Secretariat of Financial Management. Ministry of Finance
Castellano, Silvana	General Sub-Treasurer of the Province, General Directorate of Treasury and Public Credit, Secretariat of Financial Management. Ministry of Finance
Braida, Nora	General Director of Administration and Human Resources, Ministry of Finance
Ezequiel Strómbolo	Procurement Area (Resource Management Directorate)
Cristina Ruiz	General Director of Budgeting and Public Investment
Pérez Simes, Luciana	Head of the Directorate of Fiscal Coordination and Programming Area, Ministry of Finance
Gross, María	Head of the Budget Management Area, General Directorate of Budgeting and Public Investment, Secretariat of Financial Management, Ministry of Finance.
Martínez, Araceli	Head of the Provincial Public Investment System Area, General Directorate of Budgeting and Public Investment, Ministry of Finance.
Adriana Varela	Budget Management Area, DGPIP
M. Clara Gross,	Budget Management, DGPIP
Astrada, Gladys	Head of the Human Resource Area, Ministry of Finance
Martin Manchado	Analyst, Secretariat of Financial Management, Ministry of Finance
Marcos González	IT Directorate
Elizabeth Juárez	IT Directorate
Aldo Marino Elettore	IT Directorate
Melina Lorefice	IT Directorate