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Spending Reviews

Manual_3_Public reporting and disclosures on spending reviews

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VERSION

Version 1

The Manual 3 on public reporting and disclosures on spending reviews (the Manual) was approved by the General coordination team on 14th June 2024.

It will be updated regularly to remove or add templates as needed.

Users are therefore encouraged to consult regularly GPEARI and DGO's websites to ensure that their knowledge remains up to date.

LIST OF ABBREVIATIONS

DGO	Budget Directorate of the Portuguese Ministry of Finance
GCT	General Coordination Team
GPEARI	Office for Economic Policy and International Affairs
MTBF	Medium-term Budgeting Framework
MTEF	Medium-term Expenditure Framework
PTMT	Permanent Technical Monitoring Team
TOR	Terms of reference
TT	Thematic Team

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A. Introduction

A1. OECD Best Practices on Spending Reviews

OECD Best Practices on Spending Reviews state that transparency supports the integrity, accountability, and oversight of spending reviews by promoting effective implementation and transparency around budget decisions. They suggest that:

- Governance arrangements and guidance materials are available publicly.
- Conclusions of spending reviews are available publicly.

A2. Purpose of this manual

This manual is intended to provide guidelines for public reporting and disclosure on spending reviews in line with OECD Best Practices for Spending Reviews.

A3. Framework and Responsibilities

The framework for spending reviews is established by the Ministerial Order No 7690/2023 issued on 25 July 2023 (the Ministerial Order).

The Ministerial Order serves as a regulatory anchor for the spending reviews framework by specifying the objectives of spending reviews and provides a detailed new governance structure.

The Ministerial Order establishes a governance structure that is three-tiered, involving a General Coordination Team (GCT), a Permanent Technical Monitoring Team (PTMT), and Thematic Teams (TTs).

Under the governance structure, the responsibility for producing reporting would fall under the PTMT, and responsibility for publishing the reports under the GCT.

Members of the GCT, which is the highest body in the governance structure, are holding full delegation of authority from the political level, including the Minister of Finance and State Secretary of the Budget. As part of this delegation of authority, the Minister of Finance, State Secretary of the Budget, and line minister should steer key decisions on spending reviews.

B. Guidelines

There are three main areas for public reporting and disclosure on spending reviews, as follows:

1. **Framework** – i.e., regulations and guidance for spending reviews.
2. **New reviews** – i.e., selected topics for the next year's spending review round.
3. **Past reviews** – i.e., outcomes of reviews completed as part of the current year and previous years' spending review rounds.

Nowadays, six different channels for public reporting and disclosure on spending reviews have been identified in Portugal:

1. The **Medium-term fiscal structural plan** lays out Portugal's fiscal plan over a four (or seven) - year period. It includes the Medium-term Budget Framework (MTBF).
2. The **Major Options Bill** contains multi-year budget programming for the central administration and social security subsectors, which is specified within the Medium-term Expenditure Framework (MTEF). It is published annually in April.
3. The **State Budget Report (SBR)** outlines budget policies and plans of the government, including resources allocated to budgetary entities for the coming year. The SBR is published annually in October.
4. The **General State Account** is the document explaining the implementation of the State Budget for Year n. It is submitted to the Portuguese Parliament by 15 May of year n+1.
5. The **Monitoring Reports** are prepared as part of the implementation of selected policy options and monitoring of results and provide detailed progress updates on past reviews and demonstrate the impact of spending reviews. They should be published annually.
6. GPEARI/DGO **website** provides for citizens and stakeholders to access information on spending reviews.¹ It is updated on on-going basis.

The table below shows how the three areas for public reporting and disclosure on spending reviews can be addressed in the six channels identified above.

¹ <https://www.gpeari.gov.pt/pt/web/pt/fp-revisao-de-despesa-publica>

Area	Channel	What
Framework	Webpage	Ministerial Order Manuals Other relevant document
	State Budget Bill	Changes to framework
New reviews	State Budget Bill/ Medium-term Fiscal Structural Plan	Objectives and topics of the coming spending review round, including key figures (e.g., saving or efficiency targets, share of public spending reviewed).
Past reviews	Webpage	Monitoring reports, including progress and results on past spending reviews.
	Medium-term Fiscal Structural Plan	Overview of spending reviews just concluded and expected impacts of selected policy options.
	General State Account	Outcome of the previous spending review round.
	Major Options Bill	Overview of spending reviews just concluded and expected impacts of selected policy options.
	State Budget Bill	Outcome of the previous spending review round, including selected policy options, undecided policy options and key figures (e.g., expected impacts).

C. Disclosure guidelines

C1. Medium-term fiscal structural plan

Framework	New reviews	Past reviews
		✓

Information on spending reviews just concluded can be provided at an aggregate level. It should comprise a short narrative providing:

- Overall qualitative and/or quantitative objectives of the spending reviews just concluded (e.g., identification of savings up to fund new government policies, improving efficiency and effectiveness of public services, identifying fiscal space, digital and green transition).
- Narrative on expected impacts from selected policy options.

C2. Major options bill

Framework	New reviews	Past reviews
		✓

Information on spending reviews just concluded can be provided at an aggregate level and on a narrative basis under the relevant section. It should comprise a short narrative providing:

- Overall qualitative and/or quantitative objectives of the spending reviews just concluded (e.g., identification of savings up to fund new government policies, improving efficiency and effectiveness of public services, identifying fiscal space, digital and green transition).
- Narrative on expected impacts from selected policy options.

Should the Major Options Bill include bridge tables to explain variations from one year to another on medium-term budget framework (MTBF) and medium-term expenditure framework (MTEF) aggregates, these bridge tables should identify impacts of selected policy options.

C3. State budget bill

Framework	New reviews	Past reviews
✓	✓	✓

Information about spending reviews should be provided typically in section on Quality of Public Finances.

FRAMEWORK

A narrative explaining the framework for spending reviews, including any change to this framework since the previous year.

PAST REVIEWS

A narrative explaining the qualitative and quantitative objectives of the review round just completed (e.g., identification of savings up to fund new government policies, improving efficiency and effectiveness of public services, identifying fiscal space, digital and green transition).

A narrative for **each topic** reviewed including:

- Short description of review objectives based on the Terms of reference (TOR) for the review.
- Share of public spending examined based on the TOR for the review.
- Short description of policy options put forward in the review report.
- Short description of selected policy option(s) and expected impacts from them (financial and non-financial). Financial impacts should be presented in consistent manner- - i.e., nominal amount and percent of total expenditure.

NEW REVIEWS

A narrative explaining plans for upcoming round of spending reviews, including topics to be reviewed, considering constraints and opportunities evidenced by the MTBF and MTEF.

C4. Monitoring Report

Framework	New reviews	Past reviews
✓		✓

The Monitoring Report is the only report specifically dedicated to spending reviews. It is published on annual basis.

Monitoring reports comprise two chapters, one on the framework and the other on the progress in implementation and results of selected options from past reviews.

FRAMEWORK

The chapter should discuss:

- What is a Spending Review: A description of a spending review framework in Portugal and its objectives.
- Governance: A description of the roles of the GCT, PTMT and TTs.
- Process: Overview of the spending review processes, including design and implementation.

IMPLEMENTATION STATUS

The chapter should include:

- Overview “traffic light” system that provides a summary of implementation progress on all selected policy options (see below).

		Measure	Responsibility	Implementation status
Name of spending review	Policy Option 1	Measure 1 Description of measure	Line Ministry or entity responsible	
		Measure 2 Description of measure	Line Ministry or entity responsible	
	Policy Option 2	Measure 3 Description of measure	Line Ministry or entity responsible	
		Measure 4 Description of measure	Line Ministry or entity responsible	
Name of spending review	Policy Option 1	Measure 1 Description of measure	Line Ministry or entity responsible	
		Measure 2 Description of measure	Line Ministry or entity responsible	
	Policy Option 2	Measure 3 Description of measure	Line Ministry or entity responsible	
		Measure 4 Description of measure	Line Ministry or entity responsible	

Key: **Red** = Not been implemented; **Yellow** = Partially implemented; **Green** = Implemented in full.

- Details on implementation progress for each selected policy options whose implementation is on-going or completed during the year with:

- Short description of review objectives based on Terms of reference (TORs) for the review.
- Short description of Government decision (selected policy option).
- Short narrative on progress made towards the implementation of each selected policy option.
- Description and quantification of financial and non-financial impacts.

C5. Webpage

Framework	New reviews	Past reviews
✓	✓	✓

The dedicated webpage on spending reviews, hosted by GPEARl, serves as a portal for citizens and stakeholders to access key information on spending reviews in one place.² The webpage should provide access to all relevant and available information on spending reviews. It is updated on on-going basis.

The webpage should provide access to:

- Ministerial Order.
- Manuals.
- Training material.
- Links to relevant annual budget documents comprising information on spending reviews.
- Any government communication on spending reviews.
- Evaluations or other reports by external stakeholders.

² <https://www.gpearl.gov.pt/pt/web/pt/fp-revisao-de-despesa-publica>

D. Strategic communications

At times, there may be a need for ensuring key messages are presented and awareness of spending reviews is raised outside of the public reporting cycle explained above.

Such instances can be on an “ad hoc” basis when Ministers need messaging on key occasions to Parliament, citizens, or the media on spending reviews objectives and decisions. This can be in the instance of special interest by the public on a specific spending review (e.g., education) or when the government wants to be proactive in messaging particular spending reviews to specific audiences.

In other instances, Ministers and/or senior officials wish to amplify the awareness of spending reviews, such as in the form of an op-ed or a blog post.

Different speakers and different audiences will have different information needs and production of relevant materials by the PTMT may help to leverage the impact of the awareness of spending reviews in the public.

Communication material could include:

- One-pager on spending reviews in Portugal.
- Standard talking points on spending reviews in Portugal.
- Slide deck on spending reviews in Portugal.
- Other: op-ed/blog, social media.