SELF-EVALUATION REPORT ON FISCAL TRANSPARENCY

I. CLARITY OF ROLES AND RESPONSIBILITIES	
1.1 The government sector should be clearly distinguished from the rest of the economy, and policy and management roles within government should be well defined.	
1.1.1 The boundary between the government sector and the rest of the economy should be clearly defined and widely understood. The government sector should correspond to the general government, which comprises the central government and lower levels of government, including extrabudgetary operations.	*The U.S. Federal budget approximates general government for the central government alone. It does not include the independent budgets of the state and local governments. The coverage of the Federal budget is based on the unified budget concept developed by the President's Commission on Budget Concepts in 1967. The Commission recommended that the budget be comprehensive of the full range of Federal activities and include all programs and transactions of the Federal sector. The amounts presented in the budget for total receipts, total outlays, and the total surplus or deficit generally follow this concept subject to the inevitable differences of opinion about the exact dividing line between the government and private sectors. The unified budget amounts therefore include all the types of activity encompassed in the "general government sector" concept, including social insurance funds. Unlike the general government sector concept, however, the budget also includes public enterprises, both financial and nonfinancial. They are, however, relatively small. Two programs are off-budget by law, social security (as the term is used in the U.S.) and Postal Service, and the budget strikes separate totals for on-budget and off-budget amounts.* *The national income and product accounts (NIPAs) include Federal and state/local sectors in which coverage and measurement are determined according to NIPA concepts. The coverage of the Federal sector is approximately the same as the unified budget. Tables for the Federal and state/local sectors are presented separately and are consolidated for the total government.* *The Financial Report of the United States Government presents financial statements for the central government on the basis of Federal financial accounting standards. State and local governments have their own independent financial reports prepared according to generally accepted financial accounting standards for state and local governments.*

1.1.2 Government involvement in the rest of the economy (e.g., through regulation and equity ownership) should be conducted in an open and public manner on the basis of clear rules and procedures, which are applied in a nondiscriminatory way.	*The U.S. Government has no equity participation in private companies. The Federal government claims about 12 percent of total GDP. Roughly half of these resource claims are associated with Federal regulation of the private sector. Federal expenditures are governed by the appropriations process; Federal regulations are established under the Administrative Procedures Act.* *The Administrative Procedure Act requires an open regulatory process with notice in the Federal Register of proposed regulations and opportunities for interested parties to participate in rule makings by submitting written data, views, or arguments and/or by making oral presentations. The published rule must incorporate a concise general statement of its basis and purpose. In addition, Executive Order 12866 issued by the President in 1993 also requires the Executive branch agencies to follow additional procedures designed to strengthen the notice and comment process and to improve the clarity, public understanding, and quality of regulations.* *Government ownership of the financial sector is very limited to nonexistent. The U.S. has a few government programs and government-owned corporations – such as the Federal Housing Administration and the Government National Mortgage Association (Ginnie Mae) – that guarantee mortgages and mortgage-backed securities. In addition, other programs also provide direct loans and loan guarantees, such as the small business loans made or guaranteed by the Small Business Administration; and the Federal Deposit Insurance Corporation insures deposits up to $100,000. But each of these provide credit enhancements and do not represent government ownership of retail financial institutions.* *Our government sponsored enterprises – such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) – are chartered by the federal government but are owned by the private sector. Each government sponsored enterprise is either cooperatively owned by private-owned financial institutions or issue common stock that trades on the New York Stock Exchange. In either case, there is no federal ownership.* *The quasi-fiscal activities are also very limited to non-existent. The Federal Home Loan Bank System – a government sponsored enterprise – must set aside 10 percent of its income (or at least $100 million) each year to make grants that support affordable housing.*
1.1.3 The allocation of	*The U.S. has a federal system of government under*

responsibilities between different levels of government, and between the executive branch, the legislative branch, and the judiciary, should be clearly defined.	*which the 50 states are substantially self-sustaining by virtue of their inherent powers. States control their budgets at all stages, based on their state constitutions, and localities control their budgets under powers designated by the states. The central government does not review or approve state or local budgets or their borrowing. Fiscal discipline is provided not by Federal Government controls but by state constitutional or legal requirements for balanced budgets and the discipline of the private credit markets through bond-rating agencies.* *The fundamental fiscal roles of the executive, legislative, and judicial branches are well-established under the Constitution, and have been fleshed out in legislation over the past two centuries. The most basic references to the Constitution and legislation are provided in the concepts chapter of the Analytical Perspectives volume of the Budget. From time to time these laws are modified by new legislation.*
1.1.4 Clear mechanisms for the coordination and management of budgetary and extrabudgetary activities should be established, and well-defined arrangements vis-à-vis other government entities (e.g., the central bank, and state-controlled financial and nonfinancial enterprises) should be specified.	*The Federal Government does not have significant extrabudgetary entities. The unified budget concept, based on the recommendations of the President's Commission on Budget Concepts (1967), is comprehensive of the full range of Federal activities and includes all programs and transactions of the Federal government. The Analytical Perspectives volume includes a chapter, "Off-Budget Federal Entities and Non-Budgetary Activities," which discusses off-budget entities and non-budgetary activities more fully.* *The central bank (The Federal Reserve) is an independent agency within the executive branch of the government, subject only to Congressional review. The government does not influence the central bank for fiscal policy purposes.* *Nonfinancial public enterprises are included in the annually-prepared Budget, together with general government, in accordance with the recommendations of the President's Commission on Budget Concepts (see the comment on question 1.1.1). They have separate accounts identified as "public enterprise funds" in the Analytical Perspectives volume chapter entitled "Federal Programs by Agency and Account," and in the Budget Appendix. Since their transactions are part of the budget totals, any surplus or deficit in their operations has an equal effect on the budget surplus or deficit. Management responsibilities depend on the authorizing statute, and the enterprises may be required to publish audited financial statements apart from the requirements*

	of the Chief Financial Officers Act.
1.2 There should be a clear legal and administrative framework for fiscal management.	
1.2.1 Fiscal management should be governed by comprehensive laws and administrative rules applying to budgetary and extrabudgetary activities. Any commitment or expenditure of government funds should have a legal authority.	*A network of statutes and administrative guidance such as 31 U.S.C. 1101 et seq. (requirement for President to submit budget to Congress), the Budget Enforcement Act of 1993, and Office of Management and Budget (OMB) Circular A-11 sets rules for requesting budget authority (defined comprehensively to include most forms of governmental financial obligations) from Congress, and statutes such as the Antideficiency Act and administrative guidance such as OMB Circular A-34 control expenditures by executive agencies in accordance with the appropriations statutes and other statutes creating budget authority.*
1.2.2 Taxes, duties, fees, and charges should have an explicit legal basis. Tax laws and regulations should be easily accessible and understandable, and clear criteria should guide any administrative discretion in their application.	*Taxpayer rights and obligations are generally set forth by statute and administrative guidance with judicial review available for certain types of violations of taxpayer rights. Regulations are generally drafted in a two-step process, which includes opportunity for oral and written public comments. All published guidance is readily available to the public from both public and private sources, and most internal guidance is also available to the public in redacted form. Statutory bases exist for compromise of tax liability, abatement of interest, and waiver of most penalties based on reasonable cause or other criteria.*
1.2.3 Ethical standards of behavior for public servants should be clear and well-publicized.	*The criminal conflict of interest statutes, 18 U.S.C. 201, et seq., and the Standards of Conduct for Employees of the Executive Branch, 5 C.F.R. part 2635, as well as an extensive regime of disclosure of employees' financial holdings, 5 C.F.R. part 2634, all are available to the public. Beyond mere availability, the Office of Government Ethics has an extensive training program as well as various forms of public outreach regarding these ethics rules and programs.*
II. PUBLIC AVAILABILITY OF INFORMATION	
2.1 The public should be provided with full information on the past, current, and projected fiscal activity of government.	
2.1.1 The annual budget should cover all central government operations in detail, and should also provide information on central government extrabudgetary operations. In addition, sufficient information	*The U.S. budget covers all of central government activities including all Federal Government accounts, both those subject to annual appropriation and those funded by permanent, indefinite appropriations. By law, the budget presents totals that exclude the transactions of certain social security programs and the U.S. Postal*

should be provided on the revenue and expenditure of lower levels of government to allow a consolidated financial position for the general government should be presented.	*Service. No information is included on state and local government budgets, as they are independent entities under the U.S. Constitution.*
2.1.2 Information comparable to that in the annual budget should be provided for the outturns of the two preceding fiscal years, together with forecasts of key budget aggregates for the two years following the budget.	*The same detailed information is provided for the past fiscal year and the current fiscal year as is presented in the President's request for the budget fiscal year. Outlays and budget authority by account, and receipts by source, are also published for the five years following the budget fiscal year.*
2.1.3 Statements should be published with the annual budget giving a description of the nature and fiscal significance of contingent liabilities, tax expenditures, and quasi-fiscal activities.	*Although there are no specific "statements" on contingent liabilities and quasi-fiscal activities, outlays arising from contingent liabilities and quasi-fiscal activities are included in the budget. Statements on tax expenditures are included in the main budget volume and, with more detail, in Analytical Perspectives.*
2.1.4 The central government should regularly publish information on the level and composition of its debt and financial assets.	*Such information is published annually in the Administration's Budget and Mid-Session Review of the Budget, required by law. The Treasury Department also publishes this information in detail in a number of sources (such as The Daily Treasury Statement, The Monthly Statement of the Public Debt of the United States, and The Treasury Bulletin) at various intervals (daily, monthly, quarterly, annually) throughout the year. The US also subscribes to the IMF's SDDS.*
2.2 A public commitment should be made to the timely publication of fiscal information.	
2.2.1 Specific commitments should be made to the publication of fiscal information (e.g., in a budget law).	*See response to 2.1.4.*
2.2.2 Advance release date calendars for fiscal reporting to the public should be announced.	*The Budget, Mid-Session Review of the Budget, and The Financial Report of the U.S. Government are published by dates set in law. The Monthly Treasury Statement and The Monthly Statement of Public Debt are published at a regular time each month; The Daily Treasury Statement is released at a regular time each day. The SDDS calendar is posted on the IMF website.*
III. OPEN BUDGET PREPARATION, EXECUTION, AND REPORTING	
3.1 Budget documentation should specify fiscal policy objectives, the macroeconomic framework, the policy basis for the budget, and identifiable major fiscal risks.	
3.1.1 A statement of fiscal policy	*The budget documents contain a statement of the*

objectives and an assessment of sustainable fiscal policy should provide the framework for the annual budget.	*government's medium-term fiscal policy objectives and priorities. The techniques or indicators of sustainability differ from year to year depending on economic conditions, the budgetary position of the government, and other considerations.*
3.1.2 Any fiscal rules that have been adopted (e.g., a balanced budget requirement and borrowing limits for lower levels of government) should be clearly specified.	*Under the Budget Enforcement Act of 1990, as amended, specific quantitative rules limit actions that might be taken to increase spending or decrease receipts. The fiscal rules are statutory and well-defined, but subject to periodic legislative revision and inevitable differences of interpretation at the margin.*
3.1.3 The annual budget should be presented within a comprehensive and consistent quantitative macroeconomic framework, and the economic assumptions and key parameters (e.g., effective tax rates) underlying budget estimates should be provided.	*The annual budget estimates are for the current year, the budget year, and the four subsequent years. They are based on a macroeconomic forecast summarized in the main Budget volume and discussed with more detail in the Economic Assumptions chapter of the Analytical Perspectives volume.*
3.1.4 Existing commitments should be distinguished from new policies included in the annual budget.	*As a formal part of the budget process, existing commitments are distinguished from new policies by publishing current service baseline estimates, which show what receipts, outlays, surpluses or deficits and budget authority would be if no changes were made to laws already enacted.*
3.1.5 Major risks to the annual budget should be identified and quantified where possible, including the variations in economic assumptions and the uncertain costs of specific expenditure commitments (e.g., financial restructuring).	*The chapter on economic assumptions in Analytical Perspectives contains a sensitivity analysis of the budget to the major macroeconomic variables.*
3.2 Budget estimates should be classified and presented in a way that facilitates policy analysis and promotes accountability.	
3.2.1 Government transactions should be on a gross basis, distinguishing revenue, expenditure and financing, and classifying expenditures on an economic and functional basis. In addition, expenditure should be classified by administrative category. Data on extrabudgetary operations should be similarly classified. Budget data	*Budget outlays are shown at the most detailed level by account in the Budget Appendix and the Analytical Perspectives chapter "Federal Programs by Agency and Account." The accounts are organized by the agency that administers them, and various tables throughout the budget show aggregated expenditure information by agency. The budget also publishes outlays by function and subfunction. Analytical Perspectives has a separate chapter (chapter 24 in the FY 2000 Budget) that shows gross outlays by agency and in total. While the budget*

should be presented in a way that allows international comparisons.	*does not follow GFS or SNA, it is possible that it is compatible with these standards. See also 1.1.1 & 1.1.4.*
3.2.2 A statement of objectives to be achieved by major budget programs (e.g., improvement in relevant social indicators) should be provided.	*All government departments and virtually every independent agency are annually required to set specific, measurable performance goals and indicators for their programs and activities. The statement of objectives is developed periodically, and, with the underlying performance goals and indicators, submitted to both the Executive of the President and the Congress with related budget documentation. This requirement was established by the Government Performance and Results Act of 1993.*
3.2.3 The overall balance of the general government should be a standard summary indicator of the government's financial position. It should be supplemented by other fiscal indicators (e.g., operational balance, structural balance and primary balance) when economic circumstances make it inappropriate to base judgements about fiscal policy stance on the overall deficit alone.	*The U.S. budget does not use the "overall balance," but rather the unified budget surplus or deficit (together with on- and off-budget splits). It contains many analytical tables showing clearly how the unified budget surplus or deficit is related to receipts and outlays, and it has an analytical table showing clearly how borrowing from the public is related to the unified budget surplus or deficit.*
3.2.4 The annual budget and final accounts should include a statement of the accounting basis (i.e., cash or accrual) and standards used in the preparation and presentation of budget data.	*OMB and the Treasury Department's Financial Management Service (FMS) issue guidelines that explicitly cover the accounting for and reporting of budget results, the accounting basis, and policies adopted in the federal government budget and accounts.*
3.3 Procedures for the execution and monitoring of approved expenditures should be clearly specified.	
3.3.1 A comprehensive, integrated accounting system should be established. It should provide a reliable basis for assessing payments arrears.	*Using guidelines provided by OMB and FMS, each agency develops an accounting system which ensures the accurate and timely delivery of all data covering expenditures made.*
3.3.2 Procedures for procurement and employment should be standardized and accessible to all interested parties.	*All statutes governing procurement and governmental employment, as well as the regulations issued by central government authorities to implement and interpret those statutes, are available at a variety of public sources. Additional regulations issued by individual procuring agencies also are required to be published in the Federal Register and frequently are available on the publishing agency's website and other broader focus websites.*

3.3.3 Budget execution should be internally audited, and audit procedures should be open to review.	*The Inspector General Act of 1978, as amended, created the role known as Inspector General (IG). IGs are senior government officials who head agency-wide, independent, audit and investigation units. One of the duties of the IGs is to conduct and supervise audits and investigations relating to the programs and operations of their agencies.* *The OIGs use Statements of Federal Financial Accounting Standards (SFFAS) as authoritative references when auditing financial statements. These Statements are first in the hierarchy of accounting principles and standards for agencies to follow in preparing financial statements in accordance with the Chief Financial Officers Act of 1990 as amended.*
3.4 Fiscal reporting should be timely, comprehensive, and reliable, and should identify deviations from the budget.	
3.4.1 During the year, there should be regular, timely reporting of budget and extrabudgetary outturns, which should be compared with original estimates. In the absence of detailed information on lower levels of government, available indicators of their financial position (e.g., bank borrowing and bond issues) should be provided.	*The U.S. government distinguishes between budgetary accounting, national income and product accounting, and financial accounting.* *Treasury publishes budgetary reports monthly within one month after month-end in the Monthly Treasury Statement of Receipts and Outlays. It also publishes a much more detailed United States Government Annual Report - Appendix within about 4 months of year-end. OMB publishes the budget, which includes detailed information on the last completed fiscal year (and historical tables), also about 4 months after the end of the fiscal year.* *The Bureau of Economic Analysis (Department of Commerce) publishes the national income and product accounts of the United States throughout the year, which are used for macroeconomic analysis and forecasting. The table on Federal Government receipts and current expenditures contains quarterly data and is updated throughout the year on a regular schedule.* *Treasury publishes annually the Financial Report of the U.S. Government based on financial accounting standards and principles.* *Lower levels of government publish their own budgets, including information about actual receipts and expenditures, and their own financial reports. Financial reports are generally audited. The National Income and Product Accounts include tables on state and local government receipts and expenditures like those of the Federal government, and they are updated on the same schedule. The Census Bureau publishes annual reports on state and local government finances.*
3.4.2 Timely, comprehensive,	*The U.S. Government prepares two types of final*

audited, final accounts of budget operations, together with full information on extrabudgetary accounts, should be presented to the legislature.	*financial account reports. One set is based on a combination of "obligations" and "cash. The other set is based on "accruals". The standards of coverage are high in both types. Many levels of reconciliation also occur routinely.*
3.4.3 Results achieved relative to the objectives of major budget programs should be reported to the legislature.	*The requirement for program evaluations and systematic reporting of program results and success was established by the Government Performance and Results Act of 1993.*
IV. INDEPENDENT ASSURANCES OF INTEGRITY	
4.1 The integrity of fiscal information should be subject to public and independent scrutiny.	
4.1.1 A national audit body, or equivalent organization, should be appointed by the legislature, with the responsibility to provide timely reports to the legislature and public on the financial integrity of government accounts.	*Budgetary reports are not audited, although some budgetary information that appears in financial reports in audited. Financial reports – based on financial accounting standards and principles – are prepared and audited for the cabinet departments, major independent agencies, and some of their components according to the provisions of the Chief Financial Officers Act of 1990 (CFO Act), as amended. These reports may be audited by the agency's Inspector General, or by a private accounting firm, as determined by the Inspector General. The financial report for the government as a whole is audited by the General Accounting Office (GAO) as required by the Government Management Reform Act of 1994.*
4.1.2 Macroeconomic forecasts (including underlying assumptions) should be available for scrutiny by independent experts.	*The macroeconomic forecast used for the budget is summarized in the main Budget, available to the public. The models and detailed assumptions underlying the forecast are not made public. The Congressional Budget Office, part of the legislative branch, prepares its own forecasts as a check on quality.*
4.1.3 The integrity of fiscal statistics should be enhanced by providing the national statistics office with institutional independence.	*There is no national statistics office in the U.S., but fiscal and other statistics are collected by a variety of federal agencies and the Congress provides independent oversight for statistical activities.*