



Glossary of Key Terms for completing the 2022 OECD Survey on Financial Management and Reporting

For the purpose of this survey, the following definitions apply:

- **Central Budget Authority (CBA):** the Central Budget Authority (CBA) is the ministry, institution or department of the executive (or combination of such bodies), located at the central/national/federal level of government, which is responsible for preparation of the public budget and for financial reporting. In many countries, the Ministry of Finance is the CBA, but such functions may also be split between different institutions e.g. Ministry of Economy, Ministry of Finance and a National Treasury.
- **Line Ministries:** central government organisations responsible for designing and implementing policies in line with wider Government policies, and for the direction of Agencies/Executive Units under their authority. Line Ministries may be called Departments in some countries, and have responsibility for their own budget portfolios although they must report to CBAs and are subject to their review.

Section 1. Financial management and reporting practices

- **Accrual Basis:** countries are classified in this category when (i) transactions are budgeted or recognized in the financial reports at the time at which the underlying economic event occurs, regardless of when the related cash is received or paid, and (ii) assets and liabilities are budgeted or reported in a balance sheet, irrespective of exceptions regarding the reporting or measurement method of some specific assets and liabilities.
- **Cash Basis:** countries are classified in this category when transactions are budgeted or recognized in the financial reports only when the associated cash is received or paid, irrespective of their reporting of commitments.
- **Cash Transitioning to Accrual:** countries are classified in this category when some transactions are budgeted or recognized in the financial reports using cash basis, and some transactions are budgeted or recognized under accrual basis. Countries that recognize all transactions on accrual basis except for tax revenue should be classified under the Accrual Basis category.

- **Citizen's guide:** a citizens' guide is an easy-to-understand summary of the main features of the annual budget or other budget-related documents. It is a user-friendly summary which helps the general reader to make sense of the technical information and avoids technical language. A citizen's guide is generally a separate document aimed specifically at the general public, and should not be confused with an "executive summary" or "summary of key measures" which is often included by the CBA as a standard part of the budgetary documentation.
- **Contingent liabilities:** liabilities whose budgetary impact is dependent on future events which may or may not occur. Common examples include government loan guarantees, government insurance programmes, and legal claims against the government.
- **In-year budget execution reports:** they provide a snapshot of the budget's implementation during the budget year, and may signal to the government (and to the public) the need to take corrective action where appropriate.
- **Open data (machine-readable):** open data refers to a specific type of non-discriminatory data access and sharing arrangement, where data can be accessed and shared, free of charge, and used by anyone for any purpose subject, at most, to requirements that preserve integrity, provenance, attribution, and openness. Machine-readable refers to data whose format allows it to be easily processed by a computer.
- **Report on fiscal risks:** provides an overall assessment of the range and scale of factors which have the potential to affect the course of the public finances. Such reporting, if integrated alongside the annual economic and fiscal documentation, can provide a good sense of how robust and resilient the public finances are, thus informing the national debate about the appropriate budgetary strategy and whether there are sufficient safety mechanisms in place.
- **Supreme Audit Institution (SAI):** a Supreme Audit Institution is a legally or constitutionally independent institution that receives its mandate from the legislature (Parliament). Its central role is to audit the implementation of the budget of the executive (the government) and to report to Parliament.
- **Tax expenditures:** tax expenditures result from provisions of tax law, regulation, or practice that reduce or postpone revenue for a comparatively narrow population of taxpayers relative to a benchmark tax. Tax expenditures may take a number of different forms, such as allowances, exemptions, tax deferral and credits.
- **Year-end report:** the year-end report is the government's key accountability document, both for reporting on actual budget execution during the year (budget execution reports) and for illustrating the situation of the government's accounts at the end of the fiscal year (financial statements); although both of these functions may also be handled in separate documents. The year-end report shows compliance with the level of revenue and expenditures authorised by Parliament in the budget. Any in-year adjustments to the original budget may also be shown. Additionally, the year-end report, or related documents, may include non-financial performance information, including a comparison of performance targets and actual results achieved where practicable. Finally, the year-end report often contains a comprehensive discussion of the government's financial assets and financial liabilities, non-financial assets, and employee pension obligations.

Section 2. FMIS system(s) design

- **Financial Management Information System(s) (FMIS):** a software system for managing all financial aspects of government operations, including financial forecasting, budget preparation, control of budget execution, exercise of internal financial controls, treasury and cash management, cost accounting, financial accounting, financial reporting and analytics for management decision making purposes. An FMIS may support all or only some of these functions. At a minimum, an FMIS provides an accounting record of government financial transactions and supports the preparation of financial reports.
- **Central FMIS:** FMIS system(s) that are centrally controlled by CBA/Treasury or other central agency applying common standards, definitions and functionalities. Line Ministries and Agencies are granted access.
- **Decentralised FMIS:** FMIS system(s) developed and operated by line ministries/agencies. They may have different levels of independence of the central FMIS controlled by the CBA/Treasury and are possibly subject to some central government requirements.
- **Core PFM functions for FMIS:** include budget execution, treasury and cash management, accounting, and financial reporting.
- **Data management standards:** principles and rules that governments apply to the acquisition, storage, safeguarding, use, sharing, preservation and disposal of public data. Although these standards typically refer to digital information and electronic records they may apply equally to paper-based information.
- **Interoperability:** the ability of public entities to connect, exchange and communicate information and knowledge among people and systems to facilitate the digital transformation.

FMIS sections 2.2 – Central FMIS

- **Bespoke system developed by an external software developer:** a customized information system developed by local or regional software providers who generally supply services for the government to maintain the system. Also known as Locally developed software (LDSW).
- **Commercial-off-the-shelf (COTS):** an IT product or package that is designed to meet generic market needs rather than the needs of a country's FMIS. COTS are often extensively customized for governments to meet their specific requirements.

FMIS section 2.4 - Level of FMIS integration

- **Non-integrated FMIS:** core PFM functions are not fully integrated. Budget execution, treasury and cash management, accounting, and financial reporting are supported by multiple, not fully integrated IT systems. Data exchange is typically supported by interfaces and other interoperability layers.
- **Core FMIS:** an integrated Financial Management Information System for all core PFM functions that is supported by a common IT platform and shared central database(s). Such systems are sometimes referred to as “treasury systems”.

- **IFMIS (Integrated Financial Management Information System):** there is no essential difference between FMIS and IFMIS. However, IFMIS is commonly used to describe an evolved FMIS that increases the level of integration of information from different sub-systems or modules in order to strengthen overall management and control of public finances. Typically this involves integration of both core PFM functions and other financial management functions using a common IT platform and shared central database(s). Other financial management functions that governments might typically want to integrate include budget appropriations, forecast cash requirements, non-financial performance information, procurement, commitments, fixed assets and debt.
- **Main FMIS:** this refers to the main integrated FMIS for financial management functions. This would typically be a core FMIS (or IFMIS) that covers all core PFM functions, but might also be a more limited system covering fewer core functions. The functions are “integrated” in the sense that they are supported by a common IT platform, i.e. a shared operating system; servers, databases etc. which ensure smooth exchange of data for the purposes of transaction processing, control, monitoring etc.

FMIS section 2.5 – FMIS development status and challenges

- **Artificial Intelligence:** an advanced computer programming language aimed at enabling computers to emulate the human mode of reasoning (OECD Glossary of Statistical Terms).
- **Blockchain:** a blockchain is a tamper-proof distributed database that is capable of storing any type of data, including financial transactions (OECD Digital Economy Outlook 2017). Trusted third party validation is not required.
- **Business intelligence:** a term that refers to the analysis of business-related data as often stored in databases (data warehouses) and mainly used for business reporting and monitoring purposes.
- **Cloud-based computing services:** cloud computing refers to the on-demand delivery of computing power, database storage, applications, and other IT resources provided via the internet with pay-as-you-go pricing. Cloud computing enables services delivered over the internet to replace on-premises IT equipment and software (National Accounts Statistics Glossary). For governments, use of cloud computing is normally subject to concerns about national security and data privacy, which has led governments both to establish rules on use and to develop framework agreements with cloud service providers.

Section 3. Digital financial reporting

- **Digital financial reporting:** use of digital and online data tools to provide government financial reports typically including timely in-year provisional budget execution reporting, comprehensive audited year-end financial reporting, performance reporting, budget reporting or a combination of all of these. It may also allow users to explore details of pre-formatted financial reports in multi-faceted and connected ways, such as consolidated and entity-level formats and reports by type of expenditure or by objective/programme. Digital financial reporting may also enable users to structure their own queries, and to generate reports, infographics and open data sets. It is publicly available via the internet.
- **Centre of government:** the Centre of Government refers to the administrative structure that serves the President or Prime minister, and the Cabinet collectively. It has a wide variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/ministry of the Presidency, Council of ministers Office, etc.
- **Independent Fiscal Institution (IFI):** a publicly funded, independent body under the statutory authority of the executive or the Legislature which provides non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance. IFIs generally have a forward-looking ex ante diagnostic task (in contrast to public audit institutions which perform an equally indispensable ex post task).
- **Interoperability:** the ability of public entities to connect, exchange and communicate information and knowledge among people and systems to facilitate the digital transformation.
- **Open data (machine-readable):** open data refers to a specific type of non-discriminatory data access and sharing arrangement, where data can be accessed and shared, free of charge, and used by anyone for any purpose subject, at most, to requirements that preserve integrity, provenance, attribution, and openness. Machine-readable refers to data whose format allows it to be easily processed by a computer.
- **Minimum Viable Product (MVP):** a version of a product with just enough features to be usable by early customers who can then provide feedback for future product development.
- **Traditional financial reporting:** traditional government financial reporting refers to pre-defined reporting formats in paper based or pdf formats that typically include in-year budget execution reporting, year-end financial reporting and other financially related reports. These do not allow access to underlying data for more detailed analysis.
- **Use and reuse (of data):** use and reuse of data corresponds to a process through which raw data is available to be shared between systems and transformed into different outputs. This includes charts, tables, data visualisation tools, but also the reference of data in newspaper articles, academic papers and other types of publications.
- **User-driven approach:** describes government actions that allow citizens and businesses to indicate and communicate their own needs and, thereby, drive the design of government policies and public services.