SUMMARY

The Opinion on the 2021 General State Account (GSA) assesses the State financial activity, as reported by the GSA, which covered, in 2021, the cash budget execution of 483 Central Administration (CA) Entities and the consolidated account of 11 social security (SS) entities, also presented on an accrual basis. It includes a qualified opinion and emphasis on the legality, financial correction of the values reported in the GSA and on internal control. As in previous years, it is underlined the important limitation of the Account, as it still does not include a CA balance sheet and an income statement.

The 2021 GSA was submitted according to the 2015 Budgetary Framework Law (BFL)on 16th May 2022, for the first time, and one and a half months ahead of the latest schedule. However, its elements are still not substantially different from those of previous years insofar as it does not include the budget and financial statements of the State Accounting Entity because the law has provided for its postponement until 2023. There are limitations of various kinds at the level of accounting standards and practices, management and control systems, and information report (see the Judgment and Recommendations issued in this Opinion). These limitations reduce the reliability, completeness, and transparency of the 2021 GSA.

In this context, 49 recommendations are issued to the Government and the Parliament, many of which were reiterated in previous Opinions, given that the situations that justified their formulation still exist, namely limitations of a structural nature that depend, on a large extent, on the implementation of the reform of public finances and developments of information systems and legislation. At the same time other cases might be implemented in the short term. There were also found cases of improvements in reporting, notably on budget amendments, the impact of COVID-19 measures, real estate transactions of the Reclassified Public Entities (RPE), SS's outgoing revenue and SS entities' administration expenditure.

The reform process with no results and a poorly articulated budgetary process.

1. The 2021 budget execution was marked by economic growth (4.9%) and by a public support still primarily directed to the pandemic (with a negative impact on the budget balance estimated at €5.0 bn); by the lack of results concerning the public financial reform projects; by an execution level of the Recovery and Resilience Plan (RRP) still incipient (€71 m) and by a reporting that remains fragile.
2. Implementation deadlines for key BFL projects were postponed twice, with a phased implementation to be completed in the 2027 State Budget. However, the Court is concerned that there is no evidence of a commitment concerning the accomplishment of those deadlines. A detailed and realistic plan – including a full schedule, identifying targets and milestones (by project) – to ensure monitoring and the introduction of any corrective measures has not yet been disclosed. Although the RRP may allow greater dynamism in implementing the reform, there are still factors that cast doubts regarding compliance with the deadlines, in particular, the inclusion of the State Accounting Entity in the 2023 State Budget and of consolidated budgetary and financial statements in the 2023 GSA.

   The reform also includes the application of the new accounting standards for public entities (SNC-AP) by the majority of the entities within the budget perimeter, having verified that, in 2021, about 30% of the entities have not yet rendered accounts in SNC-AP, including the 11 SS entities. **(see point A.1)**
3. It would be useful to have consistency between the whole documentation of the 2021 budgetary process, namely the State Budget Report, the Law on the 2019-2023 Plan Major Options, the Stability Programme, and the GSA

Report. It appears that these do not allow an assessment of the results of the policies carried out in relation to the forecast values, as there are several weaknesses in the articulation and coherence between the information reported. They are also absent on the impact of the public finance reform on budgetary reporting and incomplete in the treatment of matters provided for in the BFL, such as the principle of intergenerational equity and future risks to public finances. **(see point B.1)**

4. There are still significant deviations between the amounts forecasted and those implemented, with the under-budgeting of tax and contributory revenue and over-budgeting of other current and capital revenue, which, even taken into account the uncertainty underlying any forecast, reveals weaknesses. **(see point B.2)**

5. The relevance of incorporating the medium-term perspective into the budgetary process is highlighted in the parallel audit in which the Court participated with six other Supreme Audit Institutions of the European Union (EU) on Medium-Term Budgetary Frameworks (MTBF), together with the annual spending review exercise linked to the multiannual framework and the political commitment to these medium-term objectives. It was found that the non-binding nature of the MTBF or the annual revisions of the expenditure limits makes it difficult to assess effective compliance. **(see Box 1)**

The deficit amounts €8 billion, with revenue and expenditure up by €7 billion and €3.8 billion, respectively.

6. The budget deficit of the consolidated account was €3.2 bn lower than in 2020 and amounts €8.3 bn. In the revenue side (€84.2 bn), the increase in tax revenue (€2.4 bn) is noteworthy, derived mainly from indirect taxes (€1.4 bn from VAT), but also from contributions to SS and the Civil Servants Pension Scheme) (€1.8 bn) and transfers from EU (€1.2 bn). Expenditure (€92.5 bn), except for interest, recorded increases in all its components: i) acquisition of goods and services (€1.2 bn); ii) pensions and social benefits paid to households by SS and CGA (€817 m); iii) support from COVID-19 measures (€830 m); and iv) personnel expenditure (€737 m). Expenditure under the RRP came to a final total of €71 m, €64 m of which by CA entities and €7 m by SS entities **(see point C.1.1).**

7. Expenditure on support granted by CA to entities outside the general government sector, through subsidies and transfers, amounted to €4.3 bn (73% funded by the State Budget and 33.8% more than in 2020). This includes many public policy measures, of which those financed by national funding being directed to the area of Environment, Energy and Territorial Planning (€617 m), followed by Employment, Work and Vocational Training (€456 m), Science, Technology and Higher Education (€276 m) and Education (€206 m). Excluding the value of COVID-19 support (€918 m), these values are close to those of 2020. **(see point C. 4.3)**

8. Public financial support to the financial sector in 2021 reached the lowest value since 2008. However, in cumulative terms, from 2008 to 2021, expenditure reached €29.6 bn and revenue €7.5 bn, resulting in an unfavourable balance for the State of €22.0 bn. In 2021, this balance was €213 m, and the most significant expenditure was the transfer of €429 m from the Portuguese Resolution Fund (PRF) to Novo Banco, under the contingent capitalization agreement. Contingent liabilities associated with this support, in 2021, decreased to €39 m (€200 m, on 31st December 2020). **(see point C.4.2)**

9. Concerning reporting, it should be noted that: i) although not included in actual expenditure, there are still operations classified as expenditure on financial assets which aim to pursue essentially social and public policy objectives and are not intended to produce a financial return, undermining the use of this classification into question. This situation includes the capital increase of airline company TAP, amounting to €998 m; ii) there were weaknesses in the reporting of policy measures adopted under the pandemic, particularly regarding transfers from the EU, counter-guarantees executed under the credit lines and support to social sector institutions. In terms of consolidation, the degree of consistency of the information on the consolidated revenue and expenditure of CA and SS has not evolved and still does not cover all materially relevant operations and is incomplete as regards interest on public debt. **(see points C.1.1 and C. 2.12.1)**

A Central Administration Account with limitations.

10. Throughout the year, there were **budgetary amendments** - such as the use of management balances or allocations from previous years, of provisional allocations and centralized allocations, the increase in actual own or assigned revenue, and the so-called flexible management - which increased the deficit initially forecasted by €3.7 bn. In addition to the captivations (€318 m at the end of the year), the following were used: the provisional allocation (€474 m) to reinforce under-budgeted allocations, mostly unduly, as they were not intended for unforeseeable and unpostponable expenses, and the allocations centralized in the Ministry of Finance (€736 m). However, in both cases, the principle of specification of expenditure provided for in the BFL is not observed, reducing some of the significance of the structuring of expenditure by budgetary programmes.

    The under-budgeting of Education and Health sectors required reinforcement of the respective budgets by €452 m and €298 m. In the Health sector, there is also the €1.1 bn capitalization of corporate public hospitals on account of allocations for "Exceptional expenditures" from the Ministry of Finance, which brings the sums transferred to the Ministry of Health to €1.4 bn (€5.1 bn in the last five years). **(see point C.2.2)**

11. **CA revenue and expenditure** totalled €63.8 bn and €74.5 bn, respectively, leading to a deficit of €10.6 bn (an improvement of €3.0 bn compared to 2020). Revenue increased by €4.8 bn (8.1%): €2.4 bn (5.4%) in tax revenue, €2.3 bn (16.6%) in current non-tax revenue and €142 m (13.3%) in capital revenue. Expenditure increased by €1.8 bn (2.5%) due to increased spending on measures to respond to the COVID-19 pandemic (€908 m), but also due to an increase in current transfers not directly related to the pandemic (€905 m). **(see point C.2.5)**

12. **CA tax revenue** (€46.2 bn) increased by €2.4 bn (5.4%). In the context of direct taxes, it should be underlined the revenue from income tax (€14.5 bn), which increased by €972 m (7.2%), while corporate income tax (€4.9 bn) fell by €120 m (2.4%). Indirect tax revenue (€26.2 bn) increased by €1.6 bn (6.4%), especially VAT (€17.7 bn), up €1.4 bn (8.3%).

    Tax revenue earmarked to various entities reached €4.2 bn, €214 m (5.4%) more than in 2020. However, as the Court has pointed out, it translates into a reduction in funding for general expenditure, limiting overall financial management. 66% of this revenue went to social security, road infrastructure, and local entities. **(see point C.2.3.1)**

    The €2.4 bn (15.9%) increase in **non-tax revenue** (€17.7 bn) resulted from exceptional situations such as i) the auction for licensing the 5th generation of mobile communications, which increased the fees collected by ANACOM (+€410 m); ii) the increase in revenue from the Environmental Fund within the scope of the trade of auction sales of CO2 emission licenses (+€258 m); and iii) the increase in revenue under the **due compensation principle** (+€248 m). The increase in transfers from the EU (+€728 m) should also be noted due mainly to the impact of revenue from the Recovery and Resilience Mechanism (RRM) and REACT-EU. **(see point C.2.3.2)**

    The Tax and Customs Authority **debt under coercive collection** amounted to €23.3 bn, €1.2 bn (5.6%) more than in 2020. The irrecoverable debt, which has more than doubled since 2016, increasing from €3.2 bn (142.4%) to €7.8 bn in 2021, constitutes a risk factor for the sustainability of public finances. In addition, collection declined in 2020 and 2021 due in part to measures to postpone tax enforcement as to mitigate the effects of the pandemic, which has led to an ever-increasing amount of outstanding debt. At the end of 2021, only 29.7% of the portfolio corresponded to active debt (collectible in current proceedings), 36.9% was suspended, and 33.5% were classified as uncollectable. **(see point C.2.3.3)**

13. **Current expenditure** (€68.9 bn) increased by €1.9 bn (2.8%) due to an increase of €1.2 bn in expenditure on purchases of goods and services, €905 m in current transfers (excluding the effect of pandemic response measures), €730 m in personnel costs, €329 m in subsidies and a reduction of €623 m in interest and other charges. **Capital expenditure** (€5.5 bn) fell by €93 m, mainly due to the €606 m decrease in the transfer from the Portuguese Resolution Fund (PRF) to Novo Banco, which was higher than the €497 m increase in investment expenditure. **(see point C.2.4.1)**

14. At the end of the year, the National Health System arrears on the acquisition of goods and services (€104 m) accounted for 72.8% of the total arrears in CA, which recorded the lowest value of the last three years, standing at €151 m, €50 m less (24.9%) than in 2020. **(see point C.2.4)**

15. Non-effective revenue and expenditure include **extra-budgetary operations** (e.g. European funds related operations), which totaled €26.1 bn and €18.5 bn. Their reporting demonstrates weaknesses, namely the lack of accounting for operations that may reach materially relevant values. **(see point C.2.6)**

16. **Financial flows between Portugal and the EU** in 2021 presented a balance of €5.5 bn, an increase of €2.6 bn, due to the 58.2% increase in financial flows from the EU (€3.0 bn more), mainly from the RRM and REACT-EU (€2.8 bn). The concerns expressed by the Court in previous opinions on the pace of implementation of European funds are confirmed. The cumulative implementation rate of Portugal 2020, at 70.6%, is insufficient two years before its closure, in addition to the need, during this period, to boost the implementation of the investments planned in the RRP and the start of the new multiannual financial framework (Portugal 2030). Under the RRP, there were problems in reporting the funds made available to entities (€1.0 bn), including the omission of €158 m in extra-budgetary operations and the overestimation of revenue from the SS because €70 m of unspent revenue in the year was not deducted. **(see points C.2.7.1.1.1 and 3.6)**

17. **Financial flows to the public corporate sector** amounted to €6.6 bn, in capital contributions (€4.0 bn), loans (€480 m), compensatory indemnities (€375 m), and other operations (€1.7 bn, including €633 m of the settlement of the State debts to Parpública, €622 m of the road service contribution to Infraestruturas de Portugal and €184 m of the audiovisual contribution to RTP). By sector, it is worth highlighting the transport companies and road and rail infrastructure (€4.3 bn), of which €2.3 bn for Infraestruturas de Portugal and €998 m for TAP, and corporate public hospitals (€1.1 bn). Revenue totalled €670 m, of which €336 m came from dividends from the Banco de Portugal and €303 m from Caixa Geral de Depósitos **(see Section C.2.7.2)**.

18. **Financial flows to the autonomous regions** amounted to €1.1 bn (€636 m for the Azores and €443 m for Madeira). Revenue from the autonomous regions totalled €81 m (€44 m from Azores and €37 m from Madeira), mostly from loan repayments and interest payments (€46 m). **Flows to local entities** totalled €5.1 bn and revenue from local government was €223 m. **(see section C.2.7.3)**

19. At the end of 2021, the overall balance of the State's treasury totalled €12.7 bn. The decrease of €7.1 bn (35.8%) in relation to 2020 was significant due to the exceptional situation of that year, which led to a review of the State's financing needs under the Supplementary State Budget. The information in the GSA on the cash position and the actual balance of the entities included in the budget perimeter remains incomplete and of limited usefulness insofar as it is limited to the movement of funds in the State's Treasury, excluding the accounts that the entities hold with commercial banks. **(see point C.2.11.1)**

20. The Opinion continues to emphasize the **State Treasury unity principle**. It identifies that if, on the one hand, in 2021, the number of entities with cash unduly outside the Treasury decreased (54, while in 2020, there were 72 entities, corresponding to at least €263 m (€371 m in 2020)), on the other hand, the number of entities that were exempted from complying with the State Treasury unity principle increased (149 entities, 138 in 2020), covering cash assets totalling €5.9 bn (€6.0 bn in 2020). Moreover, there is still a need to revise the legal framework of the State Treasury to overcome the legislative fragmentation in this area. **(see point C.2.11.2**)

21. The CA account does not include the budget execution of four entities at the reporting level. In turn, the economic classifier of revenue and expenditure remains outdated. The one applicable to the RPE of a simplified regime does not provide for essential economic classifications, leading to the recording of materially relevant operations in residual items, compromising the transparency of budget execution and the consolidation of flows between entities that make up the GSA. It was also noted that a significant part of the extra-budgetary operations' revenue and expenditure (at least €1.8 bn) was not recorded in the systems that support the GSA (Revenue Management System-SGR and Budgetary Management Information System-SIGO). **(see point C.2.12)**

22. Tax expenditure on **tax benefits** recorded in the GSA (€12.3 bn) decreased by €527 m compared to 2020 due to the revised classification of 103 benefits, which became structural tax relief, with an overall impact of €931 m. Furthermore, this report still does not show all the existing benefits: of the 336 identified by the Tax and Customs Authority, only 186 were quantified as expenditures **(see point C.4.4)**.

Central Administration Account without a complete report on public debt, financial assets, real estate assets, guarantees, and public-private partnerships - elements that affect the sustainability of public finances.

23. The value of the debt of the Autonomous Services and Funds (ASF) and RPE (at least 90 entities with debt) is not included in the GSA report (€20.6 bn). The **consolidated financial debt of the central administration** calculated in this Report amounted to €256.9 bn, a value close to the one of 2020, and generated interest charges of €6.2 bn (€6.5 bn in 2020). In addition, although the debt service of Integrated Services and ASF is accounted for (revenue obtained with debt issues, repayments, interest, and other charges), the associated flows are not fully consolidated. **(Cf. point C.2.8.)**

24. The GSA still does not present the entities' **financial assets portfolio** completely and transparently. In 2021, the nominal value of financial assets was €119.2 bn, with more than half of the portfolio (61.4%) made up of assets relating to entities in the CA perimeter. The consolidated value (€46.1 bn) decreased by €1.2 bn (2.5%) in relation to 2020.

    - The State's portfolio is made up mainly of: i) equity investments (€34.3 bn), focused in Infraestruturas de Portugal (€9.9 bn), CP – Comboios de Portugal (€4.0 bn) and Caixa Geral de Depósitos (CGD) (€3.8 bn); ii) loans (€25.2 bn), with three entities absorbing more than half of that amount, the Resolution Fund (€6.4 bn), Parvalorem (€4.1 bn) and Metro do Porto (€3.3 bn); and iii) international participations (€21.7 bn), of which 80.6% refers to the European Stability Mechanism (€17.5 bn). As a result of the year's operations, the State now holds a share of €904 m in the share capital of TAP, and €95 m in that of the NB.

    - The financial assets held by 183 ASF amounts to €33.0 bn, including public debt certificates (€15.8 bn), loans (€8.5 bn) and equity investments (€4.1 bn) standing out; more than half of these assets are concentrated in five entities: Caixa Geral de Depósitos (€5.4 bn), Agency for Competitiveness and Innovation - IAPMEI (€4.6 bn), Parvalorem (€3.2 bn), Parpública (€2.3 bn) and Agency for Development and Cohesion (€2.1 bn). **(see point C.2.9)**

25. There is still a lack of inventory and adequate valuation of the State's real estate. The reporting of CA's real estate assets in the GSA Report is relevantly incomplete, reflecting the weaknesses of the State Real Estate Information System. In the scope of this Opinion, it is reiterated that although a new system has been planned, since 2020, within the range of RRP financing, advances in the reporting of information require a strategic and integrated approach to public real estate, expressly provided for in the respective legal regime. The information on real estate operations remains incomplete, omitting, for example, revenue from sales, about 40% of the total, and continues to present inconsistencies with the budget execution. It is highlighted the increase in revenue from compensation for occupation of state-owned real estate (from €22 m in 2020 to €315 m in 2021). **(see point C.2.10)**

26. The Account also does not entirely report the liabilities for **guarantees** granted by the entities that make up the GSA perimeter and still does not include an analysis of the budgetary risk underlying the liabilities for guarantees provided. In 2021, the guarantees assumed by the State remained at a significant level (€20.5 bn, compared to €20.6 bn in 2020). Although the impact of COVID- measures to support businesses, namely bank credit lines and credit insurance, was substantially lower than in 2020, in cumulative terms, the *stock of* COVID-19 guarantees showed a variation of €635 m, reaching €7.7 bn. **(see point C.4.5)**

27. The 2021 GSA reports €1.5 bn of net public charges with **public-private partnerships** (PPPs) (€1.5 bn in 2020 and €13.4 bn from 2011 to 2021). These charges concern only 35 of the 39 PPPs identified, with no information on other concessions. The estimated €4.3 bn for the public sector's net charges with PPPs between 2022 and 2062

is already deducted from the estimated revenue for the airport sector (€2.9 bn from 2023 to 2062), remains unaccompanied by a forecast of the investment to be made by private partners. And, above all, in the information reported in the 2021 GSA, the following deficiencies remain: the universe of contracts to be certified, the actual revenue of each concession to be fully monitored, recorded, and reported, the relevant part of the information to be provided, the integrity and consistency of the data to be validated and the fulfilment of the essential purposes of the PPPs to be assessed. **(see point C.4.6)**

The Social Security Account (SSA) maintains weaknesses that affect its reliability. The year's economic growth improved the financing of the pensions to 65.5% covered by contributions from employees and employers.

28. The **SSA budget balance** (in terms of effective execution of the year) reached €2.3 bn, up 9.2% compared to 2020, given that the increase in revenue (4.4%) was more significant than that in actual expenditure (4.1%). In turn, the accumulated budget balance was €4.0 bn, 33.7% less than in 2020, with the balance for the year contributing €2.0 bn less. It should be noted that in 2021 the value for integrating balance from the previous year was 76.5% higher than in 2020. **(see point C.3.3.3)**

29. Total SS **revenue** (€46.4 bn) increased by €977 m (2.2%) compared to 2020, or €1.4 bn (4.4%) considering the effective revenue. This growth resulted in particular from the 9.5% increase in contributions' revenue (€1.7 bn, covering 60% of effective revenue) since transfers from central administration (€1.0 bn, covering 32.4% of effective revenue) decreased by 8.7%. Capital gains also decreased by €2.9 bn, reflecting the 28.8% down in income from financial assets (€2.9 bn). **(see point C.3.3.1)**

    Total **expenditure** (€42.8 bn) grew by €3.0 bn (7.7%), compared to 2020, mainly due to the 18.8% increase in expenditure on financial assets (+€1.8 bn). Effective expenditure (€31.2 bn) also increased (€1.2 bn, 4.1%), reflecting the increase in: i) social benefits (€28.9 bn, +€782 m), namely pensions and supplements (+€474 m), family and business support benefits (€118 m), unemployment and employment support measures (€77 m), and social action (€147 m); and ii) transfers and subsidies for professional training and active employment policies (€2.0 bn, +€423 m). The extraordinary update of pensions gave rise to an expense, in 2021, of €747 m and an accumulated expense, since 2017 of €1,8 bn. **(see point C.3.3.2)**

30. Pensions paid by **SS and by the Civil Servant Pension Scheme** reached €28.9 bn (an increase of 2.0% compared to 2020), mostly (84.2%) retirement and disability pensions. Almost two-thirds of this amount (65.5%) were funded by contributions from active beneficiaries and employers (+6.4% than in 2020) and 33.0% by the State Budget (an effort 4.4% lower than in 2020). **(see point C.4.1)**

31. The **Social Security Financial Stabilization Fund (SSFSF)**, at the end of 2021, was worth €23.2 bn, an amount sufficient to satisfy commitments with pensions from the contributory system for 18.2 months but still short of the 24 months identified as necessary to guarantee the future financial stabilization of the previdential system – pay-as-you-go regime. The growth in the value of the Fund (6.5%) was due, in part (56.6%) to gains obtained in financial investments and, in another part (43.4%), to capital inflows, mainly from the transfer of the balance of the welfare system-distribution (€581 m) and earmarked tax revenue from the solidarity additional on the banking sector (€34 m). It should be noted that in 2021, revenue from additional Municipal Property Tax and Corporate Tax consigned to the SSFSF were, exceptionally, allocated to the previdential system – pay-as-you-go regime. **(see point C.3.5)**

32. The **assets and financial situation of SS** reflected in the balance sheet totalled, in net terms, €36.6 bn, which represents a positive variation of €2.6 bn (7.5%) in relation to 2020.

    Net assets consist mostly (85.1%) of cash and cash equivalents (€31.2 bn), up €2.6 bn (9.0%) compared to 2020. Third-party debt and fixed assets are areas with high risk regarding the reliability of the values shown in the balance sheet, although not very representative (13.7% and 1.1%, respectively), with the former decreasing by

1.0% and the latter increasing by 6.2% compared to 2020.

Own funds are mainly made up of assets (€23.1 bn), especially from SSFSF (€21,6 bn, 93.6%), and registered an increase of 8.2% (€2.7 bn). This increase essentially results from the increase in retained earnings (€2.0 bn) due to the allocation of net income from the previous year (€2.0 bn), the assets of SSFSF (€916 m), and the decrease in net income for the year (€312 m).

In total liabilities (€1.5 bn), the most important are the accruals accounts (€1.1 bn), essentially deferred income with a weight of 68.6% (€1.0 bn), and debts to third parties (€373 m), both with decreases from the previous year of 4.9% and 13.4%, respectively **(see point C.3.4.1)**

33. **Net income** was €2.6 bn, less €312 m compared to 2020, with the three groups of results contributing to this decrease: operating income was €1.0 bn (-€165 m); financial income was €802 m (-€90 m), and extraordinary income was €744 m (-€58 m). **Income and gains** (€43.8 bn) increased 14.3% (€5.5 bn), mainly due, on the one hand, to the increase in social security contributions and levies (declared in 2021, €1.6 bn, and corrected for previous years, €4.2 bn), European funds (€424 m) and, on the other hand, to the decrease in financing from the State Budget for COVID-19 measures (€1.4 bn) and compliance with the Social Security Framework Law (€211 m). Total **costs and losses** (€41.2 bn) rose 16.3% (€5.8 bn) due mainly to: the increase in cancellations of social security contributions and levies (€4.6 bn), social benefits (€712 m) and transfers and subsidies (€445 m), which were essentially for vocational training. **(see point C.3.4.2)**

34. Applying the **due compensation principle** to SS properties in 2021 resulted in the collection of €248 m, or only 1.7% of the amount due. The occupying entities, mostly entities in the health sector, have not paid the respective financial counterparts and have not expressed any position on the proposals to sign the rent contracts. **(see point C.3.4.3)**

35. There are **weaknesses in the SSA,** essentially in the following items: i) accounts receivable, given the impossibility of validating the value of the debt from taxpayers, the balance of debt from social benefits (which is overestimated), irrecoverable debts from clients and interest accrued on tax debt (which was not recorded); ii) fixed assets, due to the existence of errors or omissions in the valuation of property and errors in the calculation of depreciation affecting the net value of property; and iii) accounts payable, due to incomplete accounting records. Moreover, the SS financial information system does not include information on the operations of the Institute for the Management of Social Security Capitalization Funds and the Social Security Financial Stabilization Fund, which prevents the consolidation by the system and the automatic extraction of SSA documents.

The examination of the SSA is also affected by the fact that it is only a summary annex to the GSA Report and by the fact that it does not include the opinion of the Advisory Council of the Social Security Financial Management Institute, the report of the statutory auditor and the legal certification of the account of this Institute.

It is still missing the approval or update of the following instruments: SS single treasury legal framework, caps for the capital investments of the Social Security Financial Management Institute, financing framework of the previdential system – funded regime, and the Salary Guarantee Fund assets and financing needs. **(see point C.3)**