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Directorate C: National and European Accounts
Unit C-3: Public Finance



REPORT ON THE EDP METHODOLOGICAL VISIT TO GREECE

29 May – 2 June 2006
27 – 29 September 2006

List of acronyms

Acronym	Meaning
BOG	Bank of Greece
CDS	Centralised Depository System
CSF	Community Support Framework
DEKA	Public Enterprise for Liquid Assets
DSD	Dematerialised Security Depository
EDP	Excessive Deficit Procedure
ESA 95 (79)	European System of Accounts 1995 (1979)
GAO	General Accounting Office
G-SPA	Greek Single Payment Authority
IKA	Health and social insurance scheme for workers
MEF	Ministry of Economy and Finance
MFI	Monetary and Financial Institution
MIS	Integrated Information System
NAD	National Accounts Department of the NSSG
NBG	National Bank of Greece
NPDD	Legal units of general government
NSSG	National Statistical Service of Greece
OGA	Insurance scheme for farmers
OPAP	Organisation for betting on football matches
PIP	Public Investment Programme
STA	Single Treasury Account
TEVE	Health and social insurance scheme for self-employed
TSA	Treasury Single Account

TABLE OF CONTENTS

Executive summary and Action Plan	5
Mandate and procedure	5
Eurostat findings	6
Conclusions and Action Plan	10
1. Short- and medium-term actions	10
1.1. Data sources	10
1.2. Budgetary central government	11
1.3. Extra-budgetary central government	12
1.4. Transactions with the EU budget	13
1.5. Local government	13
1.6. Social security funds	15
2. Long-term actions	17
2.1. Transparency	17
2.2. Centralisation	17
2.3. Accounting standards	18
3. Monitoring the implementation of the Action Plan	19
Main report	20
Part I – Nature of Eurostat's reservations	20
1. Eurostat's reservations	20
2. Main issue with general government accounts	20
3. Extra-budgetary funds	21
4. Transactions with the EU budget	21
5. Social security funds	21
6. Local government	21
Part II – Findings	22
0. Institutional arrangements	22
1. Structure of the source data: the annual and quarterly Surveys	22
1.1. Source data	22
1.2. Structure of the Survey and imbalances	23
1.3. Consistency checks and improvements to the Survey	23
1.4. Instructions and bridge table	25
1.5. Use of the Survey	26
1.6. Quarterly Surveys	26
1.7. Timeliness and coverage	26
2. The State	28
2.1. Source data	28
2.2. Intra-government transfers	28
2.3. EDP Table 3B1	29
2.4. Privatisation proceeds	29
2.5. Payables/receivables	29
3. Extra-budgetary funds	30
3.1. Delimitation of extra-budgetary bodies	30
3.2. Splitting EDP Table 3B	30
3.3. Examination of the Survey	30
3.4. Statistical methods	33
3.5. Transition from the Survey result to the net lending/net borrowing	33

4. Transactions with the EU budget	35
4.1. Organisation of EU operations	35
4.2. Compilation of payables/receivables – June 2006/Examination of the claims submitted	36
4.3. Compilation of payables/receivables – September 2006/Follow-up	38
4.4. Transition from the G-SPA tables to payables/receivables	39
5. Local government	40
5.1. The Census	40
5.2. The Survey and reporting to the General Accounting Office	40
5.3. Compilation methods	41
5.4. Survey consistency, timeliness and coverage	41
5.5. Transition from the Census result to net lending/net borrowing	42
5.6. EDP Table 2C	43
5.7. EDP Table 3D	43
6. Social security funds	45
6.1. The Survey	45
6.2. Investments of social security funds	47
6.3. The source data used in Table 3E (April 2006)	48
6.4. Proposed new source data used in EDP Table 3E (October 2006)	52
6.5. Transition from the Survey results to net lending/net borrowing	53
6.6. Other Surveys	55
6.7. Data for Year T-1	55
 Part III – Revision of data based on findings	 56
1. Revisions suggested by the June visit for the October 2006 EDP notification	56
2. Actual revisions made by the NSSG for the October 2006 EDP notification	57
3. Revisions expected for the April 2007 EDP notification	59
 Annexes	
Annex I – Revisions of deficits notified by Greece over the years	60
Annex II – Other payables/receivables reported	61
Annex III – Compilation of the Survey imbalances	63
Annex IV – Revisions of transactions in equity by Greek social security funds	66
Annex V – Transactions in equity (other than mutual funds) by Greek social security funds	67
Annex VI – Revisions of transactions in deposits by social security funds	68
Annex VII – Revisions of discrepancy and deficits in Greek social security funds	69
Annex VIII – Revisions suggested by Eurostat after the June visit for the October 2006 EDP notification	70
Annex IX – List of documents provided to Eurostat	72

Executive summary and Action Plan

Mandate and procedure

To follow up on the reservation expressed on Greece's fiscal data in the Eurostat News Release on government deficit and debt of 24 April 2006, a Eurostat EDP methodological visit took place in Athens from 29 May to 2 June 2006 and from 27 to 29 September 2006. The News Release stated that "*despite the recent improvement in the statistical processes and good co-operation between Eurostat and the national statistical authorities of Greece, issues remain related to the Greek government accounts of a structural and systemic nature. Eurostat will undertake a methodological visit in the coming weeks in order to clarify the pending issues*¹". It also referred to Eurostat News Release 120/2005 of 26 September 2005, which included the following reservation on the Greek data: "*Some pending issues remain for the recording of EU transactions, the accounts of social security and the amounts of other receivables and payables for the years 2002-2004*".

Eurostat² held discussions with the National Accounts Department (NAD)³ of the National Statistical Service of Greece (NSSG), the Ministry of Economy and Finance (MEF) (General Accounting Office – GAO – and Greek Single Paying Agency – G-SPA) and the Bank of Greece (BOG). Eurostat thanks the Greek statistical authorities for their very warm welcome and appreciates the high level of cooperation, particularly the speedy and broad access to source data.

The findings of the June methodological visit to Greece were in the main agreed with the Greek authorities. They provided the basis for a first draft report, sent on 25 July 2006 to the NSSG together with a tentative Action Plan, and for a preliminary estimate of likely changes in the reported data for the October 2006 EDP notification. Comments by the NSSG on this first draft were received on 13 September 2006. The second visit in September reviewed the findings and comments, along with the progress made by the NSSG in the mean time, and carried out further enquiries. On the last day of the visit, the Action Plan was discussed in detail between Eurostat and the Greek authorities.

Eurostat focused on examining the source data and compilation methods relating to social security funds, local government and extra-budgetary funds, plus transactions with the EU budget. Issues pertaining to budgetary central government (State accounts) were examined more briefly⁴.

The methodological visit is concluded by this report and by the Action Plan to improve Greece's government finance statistics. The Action Plan was agreed between Eurostat and the Greek statistical authorities. The short-term action is to be carried out in the months ahead and the long-term action over the next few years.

¹ Recital (11) of Council Regulation (EC) 2103/2005 states: "*Methodological visits should only be undertaken in cases where the Commission (Eurostat) identifies substantial risks or potential problems with the quality of the data, especially where it relates to the methods, concepts and classifications applied to the data, which Member States are obliged to report*".

² The May/June 2006 Eurostat delegation consisted of Mr Luca Ascoli (Head of Unit, Eurostat), Ms Ivana Jablonska, Mr Philippe de Rougemont (both from Eurostat) and one national expert, Mr Jacques Magniez (INSEE), plus observers from DG ECFIN and the ECB. The September 2006 delegation was made up of Mr Laurs Norlund (Director, Eurostat), Mr Luca Ascoli, Ms Ivana Jablonska, Mr Philippe de Rougemont and Mr Jacques Magniez, accompanied by observers from DG ECFIN and the ECB.

³ See page 2 for the acronyms used in this report.

⁴ In November 2004 Eurostat produced and published a report documenting the exchanges of views between the Greek authorities and Eurostat on various accounting issues over an extended period prior to 2004.

Eurostat findings

1. Source data: analysis of the Survey

Eurostat was informed by the Greek authorities that all public units keep their accounts (on a cash flow basis) using a common classification of operations established by law (except local government and the State, which follow a specific classification). No information reflecting these accounting data is available for use on a centralised basis. Therefore the NSSG uses a "Questionnaire for the quarterly and annual survey of general government units" (the Survey)⁵ to obtain the necessary information. A newly designed NSSG Survey collects information on inflows and outflows and on assets and liabilities, using a structure close to ESA95. This NSSG Survey of general government units was introduced in April 2004 (initially collecting data for 2002). During the two-year period that the Survey had been conducted (a time span necessary for the Survey to mature according to the NSSG) a number of gaps and inconsistencies had been detected in specific questions in the questionnaires.

Eurostat found a systemic failure in the use of the Survey and shortcomings in its design⁶. Eurostat observed a clear lack of ownership on the part of the NSSG, which did not feel responsible for the internal consistency of the Survey. Consistency checks carried out by Eurostat mainly at the aggregate level exhibited large inconsistencies between inflows and outflows on the one hand and between stocks and flows on the other hand (the "vertical" and "horizontal" checks, respectively). Eurostat nonetheless observed that those large inconsistencies tended to offset each other to some extent. Eurostat requested the NSSG to carry out internal checks, unit by unit, and suggested that the NSSG reflect on ways to re interpolate this exercise for past years over the months ahead.

(Recommendation: 1.1.1.; 1.1.2.)

Eurostat was informed that the Survey provides full coverage for social security funds but not for local government nor for extra-budgetary funds, and is conducted with a long delay. Eurostat recommended shortening the delays and increasing coverage, particularly of extra-budgetary units.

(Recommendation: 1.1.5.; 1.1.6.)

Eurostat was informed that the Survey was linked to the official classification of operations, which helped source data providers and made it possible to construe the Survey as an "accounting reporting" though structured statistically. However, Eurostat found that some codes were not bridged, creating a risk of gaps. It suggested completing the mapping and making a number of improvements to the coherence of the Survey template.

(Recommendation: 1.1.3.; 1.1.4.)

The current use of Surveys could be acceptable on condition that they provide sufficient coverage of units and are sufficiently timely. The NSSG should take overall responsibility for the results from both the non-financial and financial parts. In the long run, the law should be amended to ensure that public units provide accrual financial statements to their supervisory body or to the NSSG and publish them.

(Recommendation: 1.1.7.; 2.1.; 2.2.; 2.3.1.)

⁵ The annual questionnaire (survey) is mostly used.

⁶ Latest development: in the mean time the survey has been amended and some of the shortcomings have been removed.

Based on Eurostat's remarks, during the June 2006 methodological visit, on the analysis of the Survey, the NSSG intends to implement further changes to improve the quality of the Survey, in addition to the improvements it has already made.

Regarding the coverage and time-lags of the questionnaires on local government and extra-budgetary units, an effort will be made to collect the questionnaires on a timely and consistent basis.

2. Extra-budgetary central government

There are 385 extra-budgetary bodies classified in central government, which were reported to be generating considerable surpluses. Eurostat examined the data sources used for compilation of their net lending/net borrowing and the financial part of their accounts. The Survey with incomplete coverage is used for data compilation. Eurostat also identified marked vertical imbalances in the responses in this case.

In June, large equity flows reported by DEKA were identified, although the GAO explained that in fact they reflected repayments of convertible bonds issued a few years ago. Separately, in September Eurostat found that the proceeds received by DEKA from the Treasury had been recorded in national accounts as revenue of DEKA without being recorded as budgetary expenditure by central government. This mistake was corrected, increasing the deficit by €600 million in 2003 and €640 million in 2004.

The Greek authorities explained the contents of the table of transition from the results of the Survey to net lending/net borrowing. Eurostat found some of the transition items questionable and suggested considering other possible methods.

It was generally noted that the statistical discrepancy for central government was pronounced, underlining the need to produce a comprehensive Table 3B for both the State and other central bodies. This phenomenon, also observed in other countries, reflects the fact that Treasuries have extensive and complex financial operations and also manage off-budget accounts that create scope for discrepancies, when those operations are not properly accounted for.

(Recommendations: 1.3.)

3. Transactions with the EU budget

Officials from the Greek Single Payment Authority (G-SPA), the agency responsible for administering claims for refunds sent to the European Commission, participated actively in the discussion on EU funds. They explained the Integrated Information System that monitors events from the payment request by the contractor to the final repayment by the Commission.

In June 2006, Eurostat found that G-SPA possesses considerable detail on each government payment, but is not in a position to match exactly each repayment from the Commission to each item of expenditure. It noted that the date of submission of claims was often much later than the date of expenditure. Overall, Eurostat observed that transactions with the EU budget in connection with the Community Support Framework were having a noticeable impact on government accounts from one year to the next of the order of magnitude of about €1 billion. Although over the long term the impact of these transactions was neutralised correctly, the timing of recording seemed questionable.

On 7 July, G-SPA provided Eurostat with tables by year of expenditure in relation to the third CSF. From these, Eurostat was able to compile an estimate of annual corrections. Eurostat also examined

whether the payments made after 2001 under the second CSF should be entered in the financial accounts for non-negligible corrections.

However, during the September visit, G-SPA indicated that it was very common for expenditure incurred and not yet covered by the third CSF to become eligible later on, even long after the date of expenditure, and pointed to a recent Commission circular indicating that even nationally financed programmes could be considered retroactively eligible for the third CSF, apparently in a bid to ensure satisfactory completion of the programme. Under these circumstances, Eurostat felt that even though the impact of the EU transactions was clearly not neutral and for very large amounts, with the implied impact expected to increase further over the next couple of years, there seemed to be, at this stage, no reasonably solid source data for estimating sound accrual-revenue recording. On this point it therefore felt that measuring the revenue at the time the claim is submitted to the Commission was the appropriate second-best solution.

Finally, Eurostat reviewed the transition made by the NSSG from the G-SPA data to the receivables/payables reported in the EDP tables and suggested improvements.

(Recommendations: 1.4.)

4. Local government

There are 1 033 municipalities and about 1000 public corporations belonging to local government. The information on the former is collected via a census in the form of an exhaustive annual questionnaire, though the results come out only after a long delay: four years, which is much too long in the context of the EDP. Extrapolation techniques are used for calculating recent years, based on the (annual) Survey plus special reporting to the GAO. Eurostat made a number of recommendations on these techniques.

Local authorities send their budget outturns to the Ministry of Internal Affairs, but this source is not used by the NSSG. Possible use of this source should be further investigated. The NSSG will investigate the feasibility of using the budget outturn of local government units as a source⁷.

Eurostat understands that the census reflects the system of accounts used by local government and found the design of the census balanced. Logical checks of inflows and outflows are made explicitly by each reporter within the questionnaire, but are not cross-checked by the NSSG. The transition from the results of the census to the net lending/net borrowing of local government was satisfactorily explained by the Greek authorities.

As far as the Survey is concerned, Eurostat found that the coverage was fairly incomplete and did not recommend using a sampling procedure in the future, as planned by the NSSG. A sample has already been selected. The NSSG will investigate the impact of using it.

Eurostat observed differences between the results of the census/Survey and monetary and banking statistics. Eurostat suggested that the BOG make some specific comparisons, if possible, similar to the work done for social security funds. The BOG, however, considered that this is a rather difficult exercise, given the large number of such institutions and that their deposits are spread widely over commercial banks.

⁷ The Greek authorities stated that: "After communicating with the Ministry of Internal Affairs it was realised that the municipalities send their budget outturns to the national region where they belong. The national regions are under the administration of the Ministry of Internal Affairs and in total there are 13 national regions. The tables on the budget outturn are not processed by the national regions. Since national regions are scattered all over Greece, use of their data by the NSSG is not feasible."

(Recommendations: 1.5.)

5. Social security funds

The coverage of the survey for social security funds (149 funds and 134 hospitals) was 100% for 2002-2004. Responsibility for processing the results is currently shared between the NSSG (non-financial part) and the BOG (financial part). However, the BOG uses only aggregated data and no internal consistency checks are conducted on individual responses. Eurostat identified very large vertical and horizontal imbalances (which nonetheless partly offset each other).

An apparent anomaly was identified by Eurostat in the transition table from the Survey balance to net lending/net borrowing of social security funds, in the order of €0.3 billion per year, which seemed to explain the bulk of the "statistical discrepancy" in EDP Table 3E. This anomaly was immediately corrected by the NSSG, implying a change in the notified deficit.

The financial side of the reporting (EDP Table 3E) is generally sound, though the equity figures recorded in 2002-2003 could not be substantiated and seemed unrealistically large. A change introduced during summer 2006 in source data for deposits, while commendable for 2006 onwards, seemed somewhat hasty for the 2002-2005 data and may possibly have worsened the quality of the data reported to Eurostat for those years.

(Recommendations: 1.6.)

6. October 2006 notification

Changes in compilation methods were the main reason for the approximately €3.7 billion increase observed in the deficits reported for 2002-2005, including €1.3 billion for the anomaly in social security recording and €1.4 billion for extra-budgetary funds. A further €0.7 billion increase in the deficit was the result of the mistake in the estimate for the 2005 social security funds outturn, which was based in April 2006 on budgeted data, in the absence of any actual data three months after the end of the year.

Eurostat's findings, in cooperation with the Greek authorities, contributed to reducing the cumulated 2002-2005 statistical discrepancy by €2.3 billion from €2.6 billion to €0.3 billion. The statistical discrepancy is still none-negligible for social security funds in 2003 (notably reflecting disputable source data for deposits) and, to a lesser extent, for local government (mainly in 2002).

Annex I shows the various deficit levels notified from March 2004 to October 2006, both in absolute value (million euro) and relative value (in % of GDP) (using in this annex, for all the notifications, the GDP as reported in April 2006).

7. Action Plan

The report sets out a fairly detailed **Action Plan**, with short-term and long-term recommendations. This Action Plan was agreed between Eurostat and the NSSG. It will require some support at national level, particularly for the long-term recommendations. A mechanism for monitoring the progress made will be established, with a progress report in 2007. In an exchange of letter between the Commissioner and the Minister of Finance of Greece that took place early 2007, the Greek authorities committed, in the main, to the legislative and other administrative actions listed in the Action Plan, in particular with respect to the long-term recommendations, thus providing the necessary political support to the NSSG work.

Conclusions and Action Plan

The conclusions and points for action list all the consolidated recommendations made during the June and September 2006 visits, including, for transparency reasons, those that were implemented immediately, notably for the October 2006 EDP notification. Any comments by the NSSG or details of action already taken are added after the relevant recommendation.

1. Short- and medium-term actions

1.1. Data sources

Data processing

Recommendation 1.1.1. Eurostat recommends that, as a first step before further processing, the NSSG should verify the internal consistency of each individual response to the Survey across the various accounts and apply more extensive filters, rather than merely conduct additivity checks within each account, as is its current practice. One fundamental check is to ensure the equilibrium of the cash-flow account: all cash inflows minus all cash outflows should equal the change in cash. Eurostat pointed out the need to verify the consistency between changes in stocks and flows, although sometimes this could take the form of plausibility checks only.

The NSSG will apply such checks generally and, in future, will systematically return inconsistent Surveys to respondents.

Action: Immediate, results expected for the 2007 notifications.

Recommendation 1.1.2. Eurostat recommends immediately implementing, in the existing database, the specific consistency checks and plausibility checks suggested by Eurostat.

The NSSG considers that although the internal consistency of every questionnaire can be checked for data already collected for the whole spectrum of general government units, systematically returning questionnaires containing inconsistent responses is not a feasible solution, considering the large number of units and the limited time span and resources. However, the NSSG agreed to approach, selectively, the largest units whose Survey answers exhibit the biggest inconsistencies, notably for the 2005 returns.

Action: Immediate, limited results achieved for the October 2006 notification. More results expected for the 2007 notifications.

Survey structure

Recommendation 1.1.3. Eurostat recommends correcting the inconsistencies in the design of the Survey. For example, certain information is requested on flows but not on stocks (e.g. loans granted by units) or vice versa (e.g. mutual funds and repos). In addition, the advisability of supplementing the Survey on "other economic flow" information and on the other accounting items should be seriously studied.

A new updated Survey, amended as appropriate, will be sent to the units early in 2007.

Action: Early 2007, results expected for the 2007 notifications.

Recommendation 1.1.4. In relation to the bridge table between the Survey and the classification of accounts, Eurostat recommends: 1) to ensure, to the maximum extent possible, that classification of accounts codes are indicated for the financial part; 2) to check whether some inflow/outflow accounts have not been disregarded in the existing bridge.

The new updated Survey will include all classification of accounts codes, if necessary as memorandum items.

Action: Early 2007, results expected for the 2007 notifications.

Recommendation 1.1.4.1. Eurostat recommends that the explanatory notes on the Survey should include instructions so that the questionnaires are completed correctly, based on horizontal and vertical checks.

References to additivity checks will be added to the instructions on the new updated Survey. The NSSG suggests that Survey returns should also be signed by the public entities' auditors.

Action: *Early 2007, results expected for the 2007 notifications.*

Timeliness and coverage

Recommendation 1.1.5. One way of improving timeliness and coverage of the Survey might be to amend the existing laws or to adopt a new law. Another is to increase staff to ensure more comprehensive follow-up.

The NSSG suggested a two-pronged approach:

- (1) the NSSG national accounts unit will be reinforced with 10 additional members of staff in the next few months, four of whom would be assigned to government finance statistics, which would double its capacity;
- (2) the NSSG will enlist the support of the authorities responsible to ensure that the Survey is answered in good time.

The MEF indicated that the Greek government will in 2007 *"take the necessary administrative and/or legislative action to impose a response obligation within a specified deadline for the reporting units of all government bodies, and to advance the required response date for the reporting units of local government, with the objective of ensuring a better coverage and timeliness of the NSSG survey on budgetary and extra-budgetary government bodies and a better timeliness of the NSSG survey and census on local government."*

Action: *As soon as possible, results expected for the 2007 notifications.*

Recommendation 1.1.6. Noting that the quarterly Survey had been ineffective until now, Eurostat points out the need to ensure sufficient coverage of social security and extra-budgetary funds early enough, by running the Survey earlier and processing it faster, for instance focusing on larger entities in priority.

The NSSG intended to send the Survey much earlier, in mid-January, requesting answers by mid-March. Staffing will be reinforced to ensure sufficient coverage in time for the April 2007 notification.

Action: *Early 2007.*

Organisation

Recommendation 1.1.7. Eurostat recommends that the NSSG take full ownership of the Survey as a whole. At the same time the BOG should take into account all the information available in the Survey on the financial side and carefully consider whether or not the use of monetary/securities statistics should be given priority. The NSSG and BOG should hold regular consultations with a view to monitoring the discrepancies reported.

Action: *Immediate.*

1.2. Budgetary central government

Recommendation 1.2.1. Eurostat recommends reporting to Eurostat Table 3B1 to incorporate the information existing at the Treasury.

The NSSG agreed that this approach was useful.

Action: *Results expected by early 2007, to be implemented for the April 2007 notification.*

Recommendation 1.2.2. Eurostat recommends investigating the usefulness of working with the "balance sheet of the State".

Action: Results expected by early 2007, to be implemented for the April 2007 notification.

Recommendation 1.2.3. Eurostat recommends the detail of privatization proceeds be provided, as is customarily done by Member States and as requested in the *Questionnaire related to EDP tables* foreseen in Council Regulation 3605/93, as amended.

Action: Immediate, by the April 2007 notification at the latest.

1.3. Extra-budgetary central government

Recommendation 1.3.1. Eurostat recommends changing the way the Survey is run. Validation of the Surveys requires individual consistency and plausibility checks. This implies sending a clarification note to respondents and returning questionnaires not completed correctly.

The NSSG stated that this will be done in the future and that some major inconsistencies had already been detected and eliminated. Systematic returning of the Survey is, however, not feasible for past years⁸.

Action: Immediate, some results were achieved for the October 2006 notification. They will be completed for the 2007 notifications.

Recommendation 1.3.2. Eurostat recommends investigating DEKA's operations (large operations reported in shares and other equity). Eurostat recommends taking steps to ensure that the transfers received by DEKA from the government in 2003 and 2004 were consistently recorded in the books of the budgetary central government (the "State"). The NAD explained that the equity injections reported were in fact reimbursements of bonds. On the other hand, the NAD found that hitherto recording of State transfers to DEKA had been asymmetrical.

This anomaly has therefore been corrected by adjusting downwards the net lending/net borrowing of central government in October 2006.

Action: Done for the October 2006 notification.

Recommendation 1.3.3. Eurostat recommends that, when superior information observed from the budget replaces information from the Survey, the net lending/net borrowing should preferably be left unchanged.

The NSSG agreed that, under current circumstances, this was more reasonable.

Action: Done for the October 2006 notification.

Recommendation 1.3.4. Eurostat recommends testing various methods, such as indicators at aggregate level (total revenue/expenditure) for compilation of data for recent years (T-1 and T-2) or approaches summarising the Survey information by ESA95 categories. Eurostat suggested that the results should ensure that changes in net lending/net borrowing remain commensurate to the change in deficit reported in the Survey.

NAD staff have already applied various methods to this end.

Action: Done for the October 2006 notification.

Recommendation 1.3.4.1. Eurostat recommends treating some special large extra-budgetary units, such as DEKA, separately, in order to avoid distorting indicators.

Action: Immediate, results expected by early 2007.

⁸ The Greek authorities stated that: "A clarification note has now been sent to all units in order to apply the consistency tests before they send the questionnaire to NSSG. In that way, some anomalies will be avoided from 2006 onwards."

Recommendation 1.3.5. Eurostat recommends reporting to Eurostat Table 3B2, showing the transition between the deficit and the change in debt of the extra-budgetary "sub-sub-sector", by incorporating the existing information reported in the Survey.

The NSSG agreed that this approach would be useful.

Action: Immediate, results expected by early 2007.

Recommendation 1.3.6. Eurostat recommends ensuring full coverage and satisfactory timeliness, if necessary by means of legislative action. NAD staff have taken steps to improve significantly the coverage of 2003 (and 2004).

Staffing of the NSSG will be reinforced to improve coverage and timeliness.

Action: Preliminary results for the October 2006 notification regarding 2003. Results expected for the 2007 notifications.

Recommendation 1.3.7. Eurostat recommends re-examining the sectorisation of the extra-budgetary funds. This should be done on a regular basis as it is best practice.

Action: First exercise to be completed before the 2007 notifications.

Recommendation 1.3.8. Eurostat recommends listing extra-budgetary funds in an annex to the EDP inventories, a best practice followed by some Member States.

Action: By early 2007.

1.4. Transactions with the EU budget

Recommendation 1.4.1. Eurostat recommends considering changing the calculation of receivables and using the date of expenditure, as recorded by G-SPA (using a simple calculation method), unless the expenditure eligible for reimbursement could not be determined with a reasonable degree of certainty until long after the date of expenditure.

The NSSG considers, on advice from G-SPA, that, because such retroactive determination is widespread, it will continue using the date of submission of the claim.

Action: Done for the October 2006 notification.

Recommendation 1.4.2. Eurostat recommends treating the receipts under the second CSF as financial transactions, unless the same constraints apply as for the third CSF.

Action: Done for the October 2006 notification.

Recommendation 1.4.3. Eurostat recommends correcting the anomalies in the compilation of receivables.

Action: Immediate, results expected for the October 2006 notification.

Recommendation 1.4.4. Eurostat recommends that G-SPA provide the end-of-year position of the STA sub-account.

Action: Not done by the October 2006 notification. To be done in the April 2007 notification.

1.5. Local government

Recommendation 1.5.1. Eurostat recommends changing the way the Survey is run. Validation of the Survey requires individual consistency and plausibility checks. This implies sending a clarification note to respondents and returning questionnaires not completed correctly.

The NSSG will implement those changes. The NSSG will contact the largest municipalities showing substantial inconsistencies, initially for the questionnaires for 2005 and thereafter.

Action: Immediate, results expected for the 2007 notifications.

This notably implies creating a specific new code in the database.

Action: Done by mid-September 2006.

Recommendation 1.5.2. Eurostat recommends a unit-by-unit comparison of the Census and the Survey, at least for the largest municipalities, to assess the quality of the Survey and the link with the Census.

The NSSG will conduct such a comparison and also with data collected by Division 39 of the GAO.

Action: Results expected for the April 2007 notification.

Recommendation 1.5.3. Eurostat recommends that use of the Survey should at least include a check on net lending/net borrowing extrapolation, based on broad indicators. The NSSG may then consider whether benchmarking on such broad indicators is superior or not.

The NAD carried out this exercise and decided to keep the current procedure, which produced a more conservative result.

Action: Done for the October 2006 notification.

Recommendation 1.5.4. Eurostat recommends that EDP Table 2C show all the steps for the transition from the balance in the Census to net lending/net borrowing, taking the balance resulting from the Census (if necessary for 2002 only) as a working balance.

The NSSG submitted a new version of EDP Table 2C in October 2006, based on those principles, and will also study ways to report the transitional items for the years estimated (2003-2005).

Action: Done for the October 2006 notification.

Recommendation 1.5.5. Eurostat recommends that the line for transactions in shares and other equity (F.5) be revised and deleted if it cannot be substantiated. Eurostat noted that flows in the Survey were marginal, close to €1 million, and that stocks were low at around €100 million. In addition, to the extent that public corporations are classified within government, the related amount should be consolidated.

The NSSG and the BOG changed EDP Table 3D to this end in October 2006.

Action: Done for the October 2006 notification.

Recommendation 1.5.6. Eurostat recommends investigating the recording of petty cash.

The NSSG will carry out this investigation in due course.

Action: By the 2007 notifications.

Recommendation 1.5.7. Eurostat recommends improving the coverage of the Survey. The plan to introduce a sample strategy should be carefully analysed before it is implemented, in order to ensure satisfactory results for further use of data. In addition, use of the budget reports provided to the Ministry of Internal Affairs should be considered for cross-checking with the Survey and Census.

The Greek authorities, however, stated that: "Cross-checking with budget outturn tables of the Ministry of Internal Affairs is not feasible."

Action: Results expected for the April 2007 notification.

Recommendation 1.5.8. Eurostat recommends bringing forward the Census to improve timeliness, if necessary by means of legislative action.

The NSSG will investigate the steps necessary to bring forward the time limit for replying to both the Census and the Survey. The NSSG staff reinforcement will help in this respect.

Action: Administrative/legislative action to be taken in 2007. Results expected for the 2008 notifications.

1.6. Social security funds

Recommendation 1.6.1. Eurostat recommends changing the way the Survey is run. Validation of the Surveys requires individual consistency and plausibility checks. This implies sending a clarification note to respondents and returning questionnaires not completed correctly.

The NSSG stated that for 2006 and thereafter such checks will be performed to ensure the validity of the questionnaires. However, systematic returning of questionnaires is not feasible for past years, although some *ad hoc* measures could be taken.

Action: Immediate, partly done for the October 2006 notification and further results for the 2007 notifications.

Recommendation 1.6.2. Eurostat recommends amending the transitional items in the table showing the conversion of the Survey results into national accounts concepts. The transitional table has shown weaknesses, particularly in the items "transfers to hospitals from ordinary budget" on the revenue side and its counterpart "salaries of hospitals from the ordinary State budget" on the expenditure side. This issue should be studied in detail to avoid double counting (or not counting) the relevant items.

The NSSG agreed and promptly corrected the transitional table.

Action: Done for the October 2006 notification.

Recommendation 1.6.3. Eurostat recommends verifying that transfers of bonds are consistently accounted for by the recipients (other than the IKA, which confirmed consistent accounting to Eurostat during the visit in June).

The NSSG indicated that it had confirmed the consistent accounting of such transfers of bonds with the other social security funds concerned.

Action: Done for the October 2006 notification.

Recommendation 1.6.4. Eurostat recommends various actions for individual items in EDP Table 3E:

1.6.4.1. The NSSG will examine the usefulness of changing the compilation method for *Currency and deposits* (item F.2) using the information on stocks from the Survey for cash and for deposits not held at the BOG⁹. Eurostat does not recommend changing source data for 2002-2005.

1.6.4.2. *Securities other than shares* (item F.3) would use not only the CDS as source data, but also the information from the Survey on holdings of bonds other than government bonds and would include an estimate for accrued interest.

1.6.4.3. *Loans* (item F.4) would use the Survey accounts 2320 and 1430.

1.6.4.4. *Equity* other than mutual funds (item F.51) for 2002-2003 would need to be re-examined.

1.6.4.5. *Mutual funds shares* (item F.52) would switch to the social security funds Survey for stocks, but flows would still be compiled from the BOG index¹⁰.

Action: Points 1.6.4.2 to 1.6.4.5 were largely implemented in the October 2006 notification. Point 1.6.4.1 is still being investigated, although the October 2006 notification implemented the change in source data for 2002-2005. 1.6.4.4 requires further progress.

Recommendation 1.6.5. Eurostat recommends providing greater guidance on guaranteed borrowing in the explanatory notes to the Survey.

⁹ The information on the social security deposits held at the BOG would continue to use source data from the BOG. For the preliminary year (T-1), the flow might be based on the monetary survey, giving the estimated stock. The monetary and banking source data are used for 2001, which might be justified by the view that the difference between the survey and the monetary statistics reflects a question of float.

¹⁰ The information for 2002 will be derived from the BOG's mutual fund survey in the absence of other information. The BOG will examine its policy for determining the stock (AF.52) for the years prior to 2002. The preliminary year would still use the BOG mutual fund survey for flows and calculate the stock from this.

Action: Immediate, results expected for the 2007 notifications.

Recommendation 1.6.6. Eurostat recommends considering re-running the questionnaires for 2002-2004 to ensure the highest quality.

The NSSG considers that, whilst in theory this is correct and should be done, it is not feasible in practice to ask all social security funds and hospitals to complete questionnaires for three years. *Ad hoc* contacts may, however, address the biggest imbalances.

Action: Results expected for the 2007 notifications.

Recommendation 1.6.7. Eurostat recommends listing social security funds in an annex to the EDP inventories, a best practice followed by some Member States.

Action: By early 2007.

2. Long-term actions

Regulation 3605/93 as amended requires Member States to report their data on government deficit and debt applying the rules laid down by ESA95 (Regulation 2223/96), which requires recording of operations in accordance with accrual-accounting principles.

The same Regulation also provides for delivery of items which explain the transition between the deficit and the change in debt. This implies appropriate financial information on flows and stocks, notably on the assets side of entities. Although this information is collected by the Survey, its accuracy is impaired by the lack of information at public accounting level.

The long-term action is designed to create a situation where accounting reports compliant with accrual accounting, compatible with generally accepted standards and including balance sheets would be produced by each public unit, centralised by the relevant agencies and published. This would eventually give the NSSG access to high-quality source data that could replace or reinforce the Survey.

In an exchange of letter between the Commissioner and the Minister of Finance of Greece that took place early 2007, the Greek authorities committed in the main to the legislative and other administrative actions listed in the Action Plan in particular with respect to the long-term recommendations, thus providing the necessary support to the NSSG work.

The timetable takes into consideration the substantial groundwork necessary and the need for legislative action.

2.1. Transparency

Recommendation 2.1.1. Eurostat recommends obtaining publication of audited accounting reports of public units, by means of legislative action if necessary. In the longer term the accounting report should include the units' financial statements (income statement, balance sheet and cash flow statement, plus budget reporting).

2.1.1.1 In relation to social security funds, the NSSG will seek implementation of a legal act in 2007, with effect from 2008.

Action: Legislative action in 2007, the results might be expected in 2008.

2.1.1.2 In relation to local government, the NSSG will seek reinforcement of the existing legislation, if necessary by means of legal acts in 2007, with effect from 2008.

Action: Legislative action in 2007, the results might be expected in 2008.

2.1.1.3 In relation to extra-budgetary funds, in the next few months the NSSG will examine, with the Ministry of Finance, the best way of auditing and publishing the accounts of the 385 units involved.

Action: Approach to be defined by early 2007, with results expected in 2008.

2.2. Centralisation

Recommendation 2.2.2. Eurostat recommends that the audited accounting reports of extra-budgetary bodies be centralised by a government agency, presumably a Directorate in the MEF, by means of legislative action if necessary.

The NSSG will approach the MEF to ensure that budget outturns sent to supervisory ministries are copied to a central unit in the MEF, which may then ensure publication.

Action: Results are expected for 2008.

Recommendation 2.2.3. Eurostat recommends that the audited accounting reports of municipalities be centralised by a government agency, by means of legislative action if necessary.

Action: *The question will be studied in the next few months, with results expected for 2008.*

The MEF indicated that the Greek government will in 2007 "take the necessary administrative and/or legislative action to ensure a centralisation and publication of the audited accounting reports of public units." It anticipated implementation of this measure in 2008.

2.3. Accounting standards

2.3.1. Accrual accounting

Recommendation 2.3.1.1. Eurostat recommends introducing balance-sheet reporting as well as accrual-based accounting in public bodies. In the long run, the accounting principles required from the public units should be compatible with recognised accounting standards, such as international accounting standards. Over a transition period, this might be implemented step by step, following experience in various other countries.

The MEF indicated that the Greek government will in 2007 "initiate the necessary administrative and/or legislative action to achieve in 2008 a situation where public units provide publicly audited accrual-based accounting reports compatible with generally accepted standards for social security funds and local government." Furthermore the Greek government will in 2007 "consider the best way forward to achieve the same result insofar as extra-budgetary governmental bodies are concerned."

Recommendation 2.3.1.2. Eurostat recommends phasing in such reporting in line with an agreed timetable, giving priority to balance-sheet information, followed, successively, by staged introduction of accrual-based financial statements and, later, accrual budgeting.

Action: *Over 2010-2012.*

2.3.2. Public Accounting Committee

Recommendation 2.3.2.1 Eurostat recommends setting up a formal working group (Public Accounting Committee) to advise on a strategy on accounting reforms and to design the appropriate financial statements and budget reporting. The NSSG sees a need for any such working group to be sufficiently focused and have enough political backing.

Action: *By early 2007 at the latest.*

Recommendation 2.3.2.2. Eurostat recommends that in the forthcoming months the Public Accounting Committee should examine the experience gained by other countries, notably with a view to examining alternative phasing-in period options.

Action: *By early 2007 at the latest.*

Recommendation 2.3.2.3. Eurostat recommends that the Public Accounting Committee submit a report on proposed financial statements and budget reporting, along with a timetable for implementation. Implementation of the new reporting would be staged by priority, depending on the documents and units.

Action: *By mid-2007 for initial findings, with a proposal by 2008.*

The MEF indicated that the Greek government will in 2007 "establish a government working committee on public accounting to advice on a strategy and a staged implementation plan for public accounting reform in Greece. Proposals should be tabled in 2008."

3. Monitoring the implementation of the Action Plan

Recommendation 3.1. Eurostat recommends that it should be kept regularly informed of the steps taken in respect of the above-mentioned recommendations.

Recommendation 3.2. Eurostat recommends that the NSSG provide it with a formal progress report by the end of June 2007, as volunteered by the NSSG.

The MEF indicated that the Greek government *"will inform the Commission on progress on these actions on a regular basis and for the first time by end-June 2007 in the form of a report from the NSSG to Eurostat."*

Main report

Part I – Nature of Eurostat's reservations

1. Eurostat's reservations

The Eurostat News Release on government deficit and debt of 24 April 2006 expressed the following reservation on the quality of Greece's fiscal data: "*despite the recent improvement in the statistical processes and good co-operation between Eurostat and the national statistical authorities of Greece, issues remain related to the Greek government accounts of a structural and systemic nature. Eurostat will undertake a methodological visit in the coming weeks in order to clarify the pending issues*". Eurostat News Release 120/2005 of 26 September 2005 included the following reservation on the Greek data: "*Some pending issues remain for the recording of EU transactions, the accounts of social security and the amounts of other receivables and payables for the years 2002-2004*".

At the end of the 1990s and in the early 2000s Eurostat held continuous exchanges with the Greek authorities on the proper fiscal accounting methods, notably but not exclusively on the recording of capital injections, EU transactions and military expenditure. Following extensive revision of the data submitted during the September 2004 notification round, in November 2004 Eurostat produced and published a report documenting the exchanges of views between Eurostat and Greek authorities over an extended period prior to 2004¹¹. Despite the improvement in the statistical processes and good co-operation between Eurostat and the Greek statistical authorities since 2004, in April 2006 Eurostat believed that there were still structural and systemic issues that warranted a methodological visit.

During the EDP methodological visit, Eurostat focused on examining the source data and compilation methods relating to social security funds, local government and extra-budgetary funds, as well as to transactions with the EU budget. Issues pertaining to budgetary central government (State accounts) were examined more briefly.

2. Main issue with general government accounts

The main issue identified in April 2006 was the large discrepancy between the deficit measured from the revenue/expenditure accounts and the figure measured from financing, to the tune of €2.6 billion for 2002-2005 (or 0.4% of GDP in 2002, 0.1% in 2003, 0.6% in 2004 and 0.5% in 2005). This might have suggested some underreporting of government deficit. In addition, undocumented flows of equity (and, more marginally, of receivables¹²) seemed to provide scope to compound the problem.

After NSSG enquiries and in response to comments by Eurostat, the Greek statistical authorities had already repeatedly revised the Greek government deficit upwards from March 2004 to April 2006. It was increased in successive stages from the March 2004 to the April 2006 notification: by close to €3 billion a year from March 2004 to September 2004, then by about €0.5 billion a year from September 2004 to March 2005, by €1.5 billion a year from March 2005 to September 2005 and, finally, by a further €0.2 billion a year from September 2005 to April 2006.

¹¹ http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=GREECE

¹² Such flows had been drastically reduced in September 2005 and again in March 2006 by a total of nearly €6 billion for 2002-2004.

The accounts of social security funds were identified as one weakness, whilst the accounting of extra-budgetary funds also provided scope for errors. Finally, the recording of EU funds needed clarification.

3. Extra-budgetary funds

Central government accounts also exhibited substantial discrepancies adding up to €0.8 billion, creating a need to ascertain to what extent the accounts of extra-budgetary bodies which reported large surpluses were measured appropriately in practice.

4. Transactions with the EU budget

The problem with transactions with the EU budget concerned the appropriate time for recording transactions. The Eurostat decision¹³ on the recording of EU grants requires that transactions with the EU budget (payments from national Treasuries in advance of the EU or, conversely, payments received from the EU prior to the national expenditure) should have no impact on the government deficit, with cash flows recorded as financial transactions.

Given the size of the structural funds for Greece, it seemed important to monitor whether the rule was being followed properly. The NSSG had said that it recorded revenue at the time of submission of claims to the EU. It was therefore necessary to verify whether this was a good proxy to the date of expenditure. During 2005, the NSSG had changed the method for recording the advance for the third CSF¹⁴.

The issue had no impact on the statistical discrepancy, nor on the size of the cumulated government deficits, but concerned only the appropriate allocation of the government deficit in one year instead of another (time of recording issue).

5. Social security funds

One clearly identified cause for reservations was social security fund accounts. Although a new Survey had been commissioned, Eurostat still observed a persistently high discrepancy adding up to €1.3 billion over 2002-2005, as well as undocumented and implausible flows of equity (€2.5 billion over 2002-2005), which suggested a marked overestimation of social security surpluses and raised doubts about whether the new Survey was serving its purpose.

It was therefore necessary to examine whether the Survey was a sound device for measuring the government deficit, and whether the financing side was measured appropriately (mainly by the BOG). One aim was to identify the persistent errors, if possible.

6. Local government

Local government accounts also exhibited marked discrepancies of €0.6 billion over 2002-2005 (notably for 2002), which gave reason to enquire about the NSSG's compilation practice. Compilation of local government accounts is a notoriously difficult exercise and is a weakspot in general for most Member States.

¹³ News Release 22/2005 of 15 February 2005: The treatment of transfers from the EU budget to the Member States.

¹⁴ The Greek authorities have added that: "Regarding the discrepancy of 2003 and 2004, the NSSG will amend the corresponding payables/receivables transition upon the next (April 2007) EDP notification." (see below)

Part II - Findings

0. Institutional arrangements

The NSSG has overall responsibility for the compilation of the non-financial accounts for general government. The government finance statistics section of the NSSG has four staff members, included in the NAD. They are in charge of the ESA95 Transmission Programme Tables 2 and 25 (revenue and expenditure), Table 9 (detailed taxes) and Table 11 (expenditure by functions) and of EDP notification Tables 2A to 2D.

The NAD receives the detailed budget data for State operations from the MEF and runs Surveys (or censuses) to collect information from other government units.

The BOG compiles the ESA 95 Transmission Programme Tables 6 and 7 (the annual financial accounts) and Table 27 (the quarterly financial accounts of government). The BOG is one of the main contributors to EDP Tables 3A to 3E. The BOG is involved in the new Survey that includes financial information on balance sheets and transactions. According to the Greek authorities, the MEF compiles the Maastricht debt data, based on information provided by the BOG and from various other sources.

Eurostat observed occasions where the flow of information between parties was not optimal. It encouraged closer cooperation between the NSSG, BOG and MEF to ensure greater consistency in the data reported.

(Recommendation: 1.1.7.)

1. Structure of the source data: the annual and quarterly Surveys

1.1. Source data

Public units must keep their accounts using a common classification of operations (outflows and inflows) defined by Law 85101/96/1977, except for local government and the State, which follow a specific classification.

The Greek authorities provided Eurostat with a classification of the accounts of "legal units of general government" (NPDD) and the manually annotated bridge to national accounts categories (using ESA79 categories)¹⁵. The NPDD are public entities that are not "political entities", which excludes the State and local authorities. This NPDD classification of operations refers to reporting of inflows and outflows (cash basis). It was examined in detail by Eurostat and was published in the Official Journal in 1982.

Public units or local governments tend not to report their complete accounts to their supervisory ministries or not in a timely fashion. Consequently, according to the NSSG, no information reflecting accounting data is available or usable on a centralised basis. To obtain the information to be used for national accounts, in the distant past the NSSG developed surveys which, however, were incomplete in that they encompassed only non-financial transactions.

¹⁵ Eurostat noted that the NSSG continues to rely on bridge tables and other devices established by the team that advised the NSSG on improving compilation of national accounts, under the auspices of Eurostat over 1990-1995: Mr Vanoli, Mr Robin, Mr Seruzier and Mr Gallais (INSEE), Ms Chocron (Banque de France) and Mr Magniez (Eurostat).

At the behest of Eurostat, a working group was set up to design and implement a new "Quarterly and annual survey of general government bodies" (the "Survey"), finalised in 2004, that included financial transactions and balance sheet information.

1.2. Structure of the Survey and imbalances

The Survey questionnaire comprises around six pages accompanied by eight pages of instructions.

The NSSG sends a quarterly and annual questionnaire (the Survey) to social security funds, local government and extra-budgetary funds. The Survey covers inflows (accounts 11, 12, 13 and 14) and outflows (accounts 21, 22, 23 and 24), plus balance sheet information: assets (accounts 30 to 39) and liabilities (40 to 44).

The Survey incorporates ESA95 codes directly into the questionnaire and follows a general structure designed to accommodate them.

Eurostat noted that accounts 14 and 23 in the Survey questionnaire covering transactions in financial assets/liabilities would need to be examined carefully, and that account 141 reflecting the change in stocks of cash needed to be further examined. Eurostat found that the Survey was not verified for internal consistency before further processing.

Eurostat noted that the explanatory notes to the Survey included some information (although incomplete) on bridging with accounting codes.

Eurostat stated that the NSSG should generally verify the internal consistency of each individual response to the Survey across the various accounts and apply more extensive filters, rather than merely conduct additivity checks within each account, as is its current practice. For each of the sub-sectors Eurostat compiled apparent imbalances in the aggregated results of the Surveys, including rather large ones for social security funds (see below).

One interpretation for such imbalances was that respondents had difficulties to complete some parts of the questionnaire appropriately, predominantly the financial side. To this extent, some compilers thought such imbalances were not so worrying. Some also pointed out that other source data were used on the financial side.

However, Eurostat insisted on the need to make sure that the response of each institution is verified for internal consistency. This is all the more important in a context where Surveys are taken as a basis for compiling national accounts, in place of direct accounting sources. In more ambitious strategies, based on collecting comprehensive accounting results, the source data are by definition balanced. Eurostat stressed that starting with balanced source data is an essential condition for producing quality national accounts.

(Recommendation: 1.1.1.; 1.1.2.)

Eurostat believed that if a questionnaire strategy for collecting information were to be continued, it would be essential to strengthen the questionnaire and, more importantly, verification and use thereof.

1.3. Consistency checks and improvements to the Survey

Consistency checks

Eurostat suggested specific consistency checks in addition to plausibility checks. One fundamental check is to ensure the equilibrium of the cash flow account: all cash inflows minus all cash outflows should equal the change in cash.

Change in cash, in turn, can be found either in the flow account as sub-account 141 or as a change in amounts outstanding between the beginning and the end of the accounting period (changes in accounts 30 and 31).

Eurostat indicated the need to verify the consistency between changes in stocks and flows across the items on the balance sheet, although sometimes this may take the form of plausibility checks only: this is particularly the case with equity, which is supposed to be valued at market value in the Survey. However, this does not prevent establishing plausibility filters.

Suggested checks on the quarterly Survey			Nature of the check:
	Cash flow consistency		
	Inflows	11+12+13+142+143+144+145	<u>Consistency</u>
	Outflows	21+22+23+24	
	Net flows	11+12+13+142+143+144+145-(21+22+23+24)	
	141		
	"Vertical imbalance":	11+12+13+142+143+144+145-(21+22+23+24)-141=0	
	Deposits		<u>Consistency</u>
	Flow minus change in stocks	141-[(30+31)(t)-(30+31)(t-1)]	
Flow in t	141		
Stock in t	30+31 in t		
Stock in t-1	30+31 in t-1		
	Borrowing		<u>Consistency</u>
	Flow minus change in stocks	142-231-[(41+42)(t)-(41+42)(t-1)]	<u>/Plausibility</u>
Flow in t	142-231		
Stock in t	41+42 in t		
Stock in t-1	41+42 in t-1		
	Loans		<u>Consistency</u>
	Flow minus change in stocks	232-143-[(XX)(t)-(XX)(t-1)]	
Flow in t	232-143		
Stock in t	In t (not existing)		
Stock in t-1	In t-1 (not existing)		
	Securities		<u>Plausibility</u>
	Flow minus change in stocks	233-144-[(33+34)(t)-(33+34)(t-1)]	
Flow in t	233-144		
Stock in t	33+34 in t		
Stock in t-1	33+34 in t-1		
	Shares		<u>Plausibility</u>
	Flow minus change in stocks	234-145-[(36+37+38)(t)-(36+37+38)(t-1)]	
Flow in t	234-145		
Stock in t	36+37+38 in t		
Stock in t-1	36+37+38 in t-1		

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Compiled by: Eurostat visit, June 2006

Improvements

Eurostat noted some inconsistencies in the design of the Survey. For example, certain information is requested on flows but not on stocks (e.g. loans granted by units) or vice versa (e.g. mutual funds, repos).

In addition, the opportunity of supplementing the Survey on "other economic flow" information and on the other accounting items should be seriously studied.

(Recommendation: 1.1.2.)

1.4. Instructions and bridge table

Eurostat briefly examined the short instructions provided with the questionnaire. They usefully encompass the classification of accounting codes, but almost exclusively in relation to the non-financial flows. The explanatory notes provide no link between the items on balance sheets or on financial flows and the accounting classification (which is on a cash basis only).

Eurostat noted that the bridge between the Survey categories and the accounting codes in the instructions on the Survey was extremely useful to ensure that accountants complete the Survey properly. Conversely, the absence of budgetary codes for financial flows may explain the poor quality of the information reported. Eurostat suggested re-examining the possibility of identifying how the Survey categories pertaining to financial transactions and balance sheets correspond to the accounting codes (chart of accounts).

Eurostat identified a list of NPDD accounting codes that were not included in the Survey, with a consequent risk of imbalances:

- on the inflow side: 1190, 3340, 3350, 3530, 6430, 6440, 6450, 6490, 7110, 7120, 7210, 7220, 7230, 8220, 8510, 8520, 8610, 8620, 8630, 8640, 8650, 8710, 8720 and 9710.
- on the outflow side: 0270, 9770, 9810, 9850 and 9890.

Eurostat noted that some of these codes had even been bridged previously in ESA79 as non-financial transactions.

Eurostat found a need:

- to ensure to the maximum extent possible that classification of accounts codes are indicated for the financial part; and
- to include in the reporting the inflow/outflow accounts that had been disregarded in the existing bridge.

The NSSG stated that the code numbers not incorporated in the Survey instructions refer to the financial side of the Survey or are no longer operational (these codes have been deleted since 1982: a few codes have the same meaning and names, and the units fill out only the first code, leaving the other two blank). If only for formal reasons, the NSSG will include these non-financial code numbers in the relevant categories. The same procedure will be followed regarding code numbers that refer to financial transactions.

(Recommendation: 1.1.3; 1.1.4.; 1.1.4.1.)

1.5. Use of the Survey

The Survey is used in different ways, depending on the sub-sector in question, given the varying levels of coverage. Sometimes the Survey is used simply to compile indicators. Eurostat examined the statistical methods applied.

The Survey provided full coverage of social security funds, but not of local government and extra-budgetary funds.

Eurostat agreed with the Greek authorities that there might be occasions to prefer monetary and banking statistics for estimating financial transactions or balance sheets, rather than the results of the Survey, when they are more solid or, for provisional data, more timely.

(Recommendation: 1.1.7.)

1.6. Quarterly Surveys

Eurostat was informed that the results of the quarterly Survey had been rather disappointing and that the NSSG was considering whether to discontinue it. Eurostat noted that the current practice of sending all the questionnaires at the same time may contribute to the low response rate. Eurostat wondered to what extent a quarterly frequency could be useful to ensure better contact between respondents and the NSSG, in a manner that may secure higher coverage even on an annual basis.

Eurostat also noted that Commission Regulation (EC) No 264/2000 of 3 February 2000 and Regulation (EC) No 1221/2002 of the European Parliament and of the Council require Member States to use as much direct information as possible (threshold set at 90%) when compiling quarterly non-financial ESA95 accounts for general government, i.e. revenue and expenditure, to be sent to Eurostat. The ECB observer noted the need for quality quarterly data, as required by the European legislation, also in the context of compiling sufficiently good quality statistics for the euro area.

(Recommendation: 1.1.6.)

1.7. Timeliness and coverage

Timeliness

The Survey is run with a long delay, although it is much quicker than other traditional censuses or other annual surveys in Greece. The annual Surveys are sent out to public units in April with answers requested by June.

Eurostat noted that the current timing was extremely inconvenient in the case of social security, as it meant that, in the absence of quarterly data (see section I.1.6 above), the EDP data notified for T-1 in April are not based on any actual data. For example, Eurostat observed the very large revision of the 2005 social security data between the April 2006 and October 2006 notifications: €738 million (or 0.4% of GDP).

In addition, the units respond with considerable delay, with the result that coverage increases only slowly over time.

The NSSG should consider initiatives to improve timeliness and coverage by amending existing regulations, adopting a new law if necessary, and/or by increasing staff.

The NSSG indicated that it intended to send the Survey much earlier - in January, requesting answers by mid-March - and reported that a forthcoming reinforcement of staff will allow a quicker processing of the data, at least from the biggest units.

Coverage

Eurostat noted that whilst coverage of the social security funds was high/sufficient (close to 100%), this was not the case for extra-budgetary funds nor for local government.

Eurostat noted that between June and September a marked increase in coverage had been achieved on the initiative of some NSSG staff.

(Recommendation: 1.1.5.)

2. The State

The activities of the State were not the primary focus of the methodological visit. Some information was nonetheless collected in September, primarily as a mean to address other issues.

2.1. Source data

Eurostat was provided with the budgetary classification in September. On the last day of its visit Eurostat was also provided with the chart of accounts used by public (State) accountants. The accountants, in the 300 or so paying and tax authorities, keep records following the budget nomenclature and also the chart of accounts. The information on their operations is forwarded monthly to the General Accounting Office (GAO) which consolidates it to draw up a budget execution and a "balance sheet of the State".

The GAO noted the practice of making daily recordings in suspense accounts in the chart of accounts (such as "pending receivables") that are then transferred into the budget classification at the end of the month (to "revenue").

In September Eurostat was provided with the "balance sheet of the State" for 2002-2004. Although such a balance sheet is not comparable with the balance sheet concept in ESA95 or in business accounting, Eurostat felt that this information might be used to "close the books" on the side of the State, notably for compiling EDP Table 3. The balance sheet of the State reports some information on the Treasury bank account at the BOG for budget operations and on third-party accounts which may be of use. The GAO staff were less sure about how to use this information.

In relation to the budget nomenclature, Eurostat was informed that the reported inflows/outflows were, by design, balanced. Consequently, the starting line of EDP Table 2A (the "working balance"), which should show the budget execution reported to Parliament or as audited, is compiled using a selection of budget nomenclature codes.

(Recommendation: 1.2.2.)

2.2. Intra-government transfers

From the findings of Eurostat it can be concluded that the main statistical problems identified concern the proper accounting of intra-government transfers. This has been identified as one cause of the discrepancy for the social security funds (see section 6) and also for central government (see section 3, notably with DEKA). Eurostat discovered a practice of changing the net lending/net borrowing using counterpart information from the general budget. Although, on the one hand, it is fair to assume that the latter information is generally solid and, hence, should be used, on the other hand the total revenue measure arising from the Survey is also solid and should not be changed unless clear reassurances exist that this is correct to do so. Consequently, the normal best practice is to apportion the difference across other items of revenue. Large deviations would need to be investigated.

This more appropriate approach had already been followed for the local government accounts.

Eurostat investigated whether the general budget was precise enough to allow appropriate measurement of the beneficiary of transfers. Eurostat wondered whether only some of the public entities concerned were classified inside government and whether the State accountants, for budget preparation, might perhaps include beneficiaries not classified in general government or, conversely, exclude some that are. The NSSG felt that this was unlikely and said that detailed

information was available from the general budget, which is routinely compared with declarations by beneficiaries.

Eurostat felt that the issue needed to be closely monitored.

2.3. EDP Table 3B1

Eurostat advised splitting EDP Table 3B (transition from the deficit to the change in debt for central government) into a Table 3B1, reporting the State's operations, and a Table 3B2, reporting extra-budgetary funds. At the June meeting, the Ministry of Finance (GAO) staff produced a tentative split of Table 3B into two such tables. The tentative Table 3B2 is based on:

- the net lending/net borrowing calculated by the NSSG;
- the transactions in central government deposits (from the BOG monetary survey) from which the movements in the Single Treasury Account (STA) are deducted;
- the borrowing transactions from monetary and banking statistics.

It was pointed out that some extra-budgetary accounts held liquid assets outside the STA, which led to a situation where the split in deposits was to some extent fragile.

Discrepancies appeared in both Tables 3B1 and 3B2.

Table 3B2 can use some information from the extra-budgetary Survey (see section 3.2 below). Table 3B1 might use information from the balance sheet of the State or information on specific transactions kept by various Treasury departments. Although it is not mandatory to transmit this split to Eurostat with the EDP notification, it should be made available as supporting information.

(Recommendation: 1.2.1.)

2.4. Privatisation proceeds

Neither the MEF nor the NSSG was able to provide Eurostat with details of privatisation proceeds. Eurostat felt this situation was rather unusual, as such operations are generally well controlled by the Treasury and are often published/widely disseminated. All Member States are required to provide such information in the questionnaire related to EDP tables.

Total privatisation proceeds reported in Table 3B (under disposal of equity) added up to €1320 million in 2000, €96 million in 2001, €730 million in 2002, €1945 million in 2003, €731 million in 2004 and €2065 million in 2005, all outside the EDP table 2A working balance (except €345 million in 2003). According to information provided in September, DEKA carried out privatisations worth €116 million in 2002, €369 million in 2003, €650 million in 2004 and €0 in 2005.

Eurostat pointed out that, with a view to limiting discrepancies, the exact measurement of privatisation proceeds was important for compiling Table 3B and its splits (Tables 3B1 and 3B2).

(Recommendation: 1.3.2.)

2.5. Payables/receivables

Eurostat took note of the recorded flows of payables/receivables. This issue was a cause for concern owing to the revisions of those data (see Annex II) and the risk associated with large undocumented transactions.

Eurostat noted that those flows are explicitly identified, which is good practice, and, therefore, do not generally include unknown differences in timing, as is sometimes the case in reporting by some other Member States (see Annex II).

Significant flows were recorded for EU transactions (see section 4).

3. Extra-budgetary funds

3.1. Delimitation of extra-budgetary bodies

There are close to 5 000 public entities controlled by central government, the majority of which the NSSG considers are market producers. 385 of them are non-market entities and therefore classified in central government. Attaching the list to the EDP inventory would be useful.

Extra-budgetary bodies should not be confused with extra-budgetary accounts that have no autonomy of decision and are therefore considered within the State (i.e. budgetary central government) even though off-budget. Extra-budgetary accounts exhibit marked net lending/net borrowing reported in Table 2A (included in *other adjustments* under the item "extra-budgetary balances") owing, in particular, to a large account covering an interest-rate subsidies scheme for export support, which had few expenses despite receiving significant income. During the September 2005 EDP visit, Eurostat had been informed that the outstanding amount in all these accounts was estimated at €1.2 billion at the end of 2004 (and €0.5 billion in the biggest account, covering the interest-rate subsidies scheme). Operations in extra-budgetary accounts are not entered in the working balance. These operations are aggregated annually by GAO Division 24 (around September each year).

A number of other Treasury accounts exist to support specific operations that do not transit via the budget, via other central bodies or via extra-budgetary accounts, such as for military expenditure or for payments on guarantees. These are reported in EDP Table 2A (also under *other adjustments*). Most of the other operations in these other Treasury accounts are financial in nature.

(Recommendation: 1.3.7.; 1.3.8.)

3.2. Splitting EDP Table 3B

No further effort was made by the Greek statistical authorities to split Table 3B into 3B1 and 3B2 during summer 2006. Eurostat suggested that the results of the extra-budgetary funds Survey should provide useful information for completing Table 3B2, which in turn should lead to further fine-tuning of Table 3B1. Work on the Treasury side alone should lead to an estimate of Table 3B1 and reconciliation of all these results should generally help identifying anomalies and mistakes.

Eurostat noted that Table 3B1 could be presented as three groupings of operations: the budget, extra-budgetary accounts and other special accounts.

(Recommendation: 1.2.1.)

3.3. Examination of the Survey

Coverage

The NAD sends the Survey to the 385 bodies classified inside central government. The first Survey was conducted in 2004 with 290 units responding for 2003, followed by 197 for 2004 (by June

2006). A total of 286 responded to the new Survey for 2002, but this was judged insufficient and the results of the old survey were used (since then, the old survey has been discontinued). The NAD thought that in practice the coverage obtained might be reasonable as the largest bodies responded. Eurostat felt that the coverage was too low for such an important and complex sub-sector.

In September, Eurostat was informed that progress had been made, with 348 units now covered for 2003 and 240 for 2004 (with a common population of 230 units). Eurostat noted that these positive results were due to the initiative and dynamism of a NSSG staff and recognised that contacting units to obtain results and to advise on how to complete the Survey was important to ensure consistency. Eurostat congratulated the Greek authorities for their pro-active approach.

Timeliness

Besides coverage, timeliness also needs to be improved, ideally by a law imposing an obligation to reply by a set deadline.

Consistency

In June 2006, Eurostat examined the results of the Survey and found some vertical imbalances. It could not carry out stock-flow checks because there was only one year with satisfactory coverage. Eurostat advised that consistency and plausibility checks be carried out unit by unit.

(Recommendation: 1.3.6.)

Results of the Survey (in euro):

	290 units	197 units
	2003	2004
1100	564 488 653	455 692 860
1200	2 306 850 711	1 667 744 404
1300	45 949 445	37 487 750
142	229 532 996	170 030 054
143	1 295 590	1 172 576
144	495 119 136	334 722 835
145	496 538	439 922
Total inflow	3 643 733 069	2 667 287 401
2100	1 228 210 375	919 181 109
2200	686 773 226	578 481 466
2400	516 735 827	342 895 615
231	88 631 510	70 820 532
232	2 691 252	1 038 660
233	949 230 119	643 810 942
234	429 981	670 797
Total outflow	3 472 702 290	2 556 899 121
Net	171 030 779	110 388 280
141	104 839 863	213 061 437
Vertical imbalance	66 190 916	-102 673 157
Borrowing	140 901 486	99 209 522
F.4	1 395 662	-133 916
F.5	454 110 983	309 088 107
F.3	-66 557	230 875

Source: NSSG. Compiled by: Eurostat visit, June 2006

DEKA reporting in the Survey

Transactions in shares

In June 2006, Eurostat noted very large outflows classified as share acquisitions, as reported in the Survey, totalling €0.95 billion in 2003 and €0.64 billion in 2004, partly financed by inflows of €0.5 billion from disposals of shares in 2003 and €0.33 billion in 2004. Eurostat noted that *prima facie* these amounts were not reported in the EDP tables and needed to be investigated rapidly.

It became clear that those amounts related to DEKA. The MEF indicated that the €0.95 billion and €0.64 billion were not operations on the asset side (e.g., capital injections), but reimbursements of convertible bonds issued by DEKA a few years before and which matured in 2003 and 2004. The disposals of shares were genuine privatisation proceeds. In DEKA's accounting books, such bonds are treated as disposal of shares at the time of issue and as acquisition of shares at the time of redemption. However, in ESA95 such bonds are to be treated as debt and, for this reason, in the EDP tables they are reported as reimbursement of bonds and not as acquisition of shares.

In September 2006, the MEF provided more analytical data: over the period 1999-2001, DEKA issued four bonds convertible into shares (€896 million into ETE in 1999, €481 million into OTE in 2000, €375 million into ELPE in 2000 and €119 million into Emporiki bank in 2001). The bond holders only very marginally exercised their conversion rights. Most of the bonds were therefore redeemed on maturity in 2003 (€896 million), 2004 (€856 million) and 2006 (€119 million).

The BOG confirmed that those bonds were included in the Maastricht debt. Eurostat did not understand why in this case the draft Table 3B2 did not show redemptions of liabilities, and asked whether the privatisation receipts of DEKA had been reported in Table 3B. Eurostat suggested that NAD and GAO staff, together with the BOG, re-examine Tables 3B1 and 3B2 and produce a coherent Table 3B2 incorporating the information from the Survey.

In June 2006, Eurostat invited the NSSG to approach DEKA directly to obtain quick estimates of the amounts in 2002 and 2005. Eurostat also asked whether the use of the proceeds from the €2 billion in bonds issued by DEKA had been correctly recorded as government expenditure in 1999-2001.

DEKA revenue in the Survey

In September 2006, Eurostat undertook a detailed examination of DEKA's balance sheets and profit-and-loss accounts for 2002-2005. These financial statements seem consistent with the answers to the Survey. Eurostat identified €763 million in 2003 under accounts 1210 (€600 million) and 1233 (€163 million) and €640 million in 2004 (in account 1210). These revenue accounts are reported as intra-government current transfers (D.73). However, it transpired that no such transfer expenditure was recorded in the budget. The €600 million in 2003 and €640 million in 2004 are, in fact, off-budget cash transfers of Treasury privatisation proceeds, via special Treasury accounts.

As a result, those amounts of €763 million in 2003 and €640 million in 2004 had been recorded in EDP Table 2 as positive entries under "net lending/net borrowing of other central bodies", without any negative entry for the "working balance", leading to an underestimate of the central (and general) government deficit. Eurostat asked for clarification on account 1233.

The NSSG took immediate action by deleting those amounts from the Survey. There is, however, a difficulty with finding the appropriate financial transactions. Another more logical option would

have been to record a matching entry under other adjustments in EDP Table 2A to reflect government transfer expenditure not reflected in the working balance.

(Recommendation: 1.3.2.)

3.4. Statistical methods

Eurostat examined the statistical methods used for calculating the net lending/net borrowing for the years for which the results of the Survey were not complete. In general, Eurostat found that the NSSG staff applied sound sample extrapolation and grossing-up techniques.

Eurostat recommended treating independently the largest units, such as DEKA, for which results should not be extrapolated, and treating the remainder with statistical methods.

Eurostat suggested testing a method using an indicator at the aggregate level (total revenue/expenditure). If this were not successful, it felt that an approach based on estimating ESA95 categories could be applied systematically across the board.

Eurostat pointed to the need to monitor the results of statistical methods with a view to avoiding or justifying situations where the resulting change in net lending/net borrowing deviates markedly from the change in surplus/deficit recorded by the Survey.

(Recommendation: 1.3.4.; 1.3.4.1.)

3.5. Transition from the Survey results to net lending/net borrowing

In June, Eurostat received an explanation of the transition table from the Survey deficit to the net lending/net borrowing that underpinned the April 2006 notification.

In relation to 2003, the NAD replaces the amounts reported in the Survey, for intra-government current transfers (D.73) revenue and for gross fixed capital formation (P51) expenditure, with amounts from the State budget: the current budget and the Public Investment Programme (PIP). The State budget shows current transfers €81 million lower, and the PIP shows investment €118 million lower. This yields the following table:

(million euro)

	ESA 95	2003
EXTRA-BUDGETARY FUND (EBF) SURVEY SURPLUS		485
TRANSITION TO NATIONAL ACCOUNTS DEFICIT (B9)		
CURRENT TRANSFERS (SURVEY)	D73	1 502
TRANSFERS TO EBF FROM ORDINARY BUDGET		1 424
		-78
GROSS FIXED CAPITAL FORMATION (SURVEY)	P51	682
GROSS FIXED CAPITAL FORMATION (PIP)		564
		+118
CURRENT TRANSFERS EXPENDITURE (SURVEY)	D73	11
CURRENT TRANSFERS EXPENDITURE		0
		+11

TAX REVENUE (SURVEY)	D2	5
		0
		-5
SURPLUS IN NATIONAL ACCOUNTS		531

Source: NSSG. Compiled by: Eurostat visit, June 2006

In relation to 2004, the NAD explained that the coverage of the Survey was too low to use an estimation method based on indicators. Consequently, many categories in the national accounts had been estimated independently from the Survey and added to a balance that had low coverage. Eurostat thought that the current method seemed prone to errors.

Eurostat expressed concerns about the methods used, particularly changing net lending/net borrowing (often grossing up) based on counterpart information. Eurostat felt that generally the bridge table should not change net lending/net borrowing, unless there were very good reasons to do so.

In September 2006, the NSSG indicated that the €1424 million transfers from the EBF to the ordinary budget erroneously included €123 million from local government in addition to the €1301 million from the State, which needed correction.

Furthermore, after the revision for DEKA (see above), the *ex ante* difference between the transfers reported by extra-budgetary funds and the transfers reported by the State budget became very large. The NSSG therefore decided to neutralise the adjustments to the net lending/net borrowing figure in the transition table, with the full support of Eurostat.

(Recommendation: 1.3.3.)

4. Transactions with the EU budget

4.1. Organisation of EU operations

Integrated system

Staff from the Greek Single Payment Authority (G-SPA) explained their role and how the system was organised. The role of G-SPA is to submit to the European Commission claims for reimbursement on projects co-financed under the third (or second) CSF and the Cohesion Fund. It tracks the funds received from the EU which are credited to a dedicated sub-account of the Treasury Single Account (TSA).

An electronic Integrated Information System (MIS) links the beneficiary of the grants with the managing authority and G-SPA. The managing authority has control of the payments related to programmes. There are 25 programmes, 13 of them regional and 12 sectoral (e.g. on health, education, roads, railways and employment). Programmes are described in detail by priorities/measures/projects/contracts/payments.

The beneficiary enters all the relevant information in MIS and submits, also via MIS, a request for payment based on an invoice from the contractor. The payment can be made directly to the contractor or via the beneficiary. The beneficiary must enter in the system the date when the payment from the managing authority was made to the contractor.

The Commission co-finances specific shares of expenditure on investment projects which vary depending on the "measure" (e.g. 50% or 75%).

In this way G-SPA has access to information on the date of actual cash expenditure by the government.

Submission of claims and repayment

G-SPA draws up a reimbursement claim to the European Commission three times a year, detailing the billing down to the level of the measure (an electronic file is sent at this aggregate level – no original invoice is forwarded).

The Commission pays claims within a few months. The last claim is sent on 31 December each year. Consequently, a fair proportion of the claims submitted in a given year are settled in the following year.

Submissions, suspensions and rejections

Each submission from G-SPA combines all validated invoices paid to date. The Commission pays the difference from the last submission.

G-SPA may choose not to submit an invoice because of concerns about due process. It may even withdraw invoices that were previously submitted and paid. This in turn may lead to negative changes in submitted claims, potentially at programme level, in which case the programme is removed from the package of claims.

Similarly, the Commission may reject or suspend some or all of the additional claims, in which case G-SPA is notified. G-SPA kindly provided the mission with an example of a Commission letter

justifying an unpaid amount. Some rejections are because the system might inadvertently request a Community contribution that exceeds set Commission thresholds.

Rejected claims might be resubmitted later by G-SPA, after due diligence.

Payments by the EU

The EU payments transit via a dedicated sub-account of the TSA with the BOG. Within this sub-account, 67 sub-sub-accounts are opened, one for each programme and fund. This account is controlled by the GAO. But G-SPA issues payment orders.

In practice, G-SPA pays out cash as soon as it is received. As a result, the sub-accounts have small balances. The transfers are made to the PIP, as Law 2860 stipulates that all programmes must be financed by the PIP.

G-SPA will report to Eurostat the amount outstanding on this sub-account at the year-end for 2001-2005.

(Recommendation: 1.4.4.)

Starting date of the third/second CSF

The first claims relating to the third CSF were submitted in 2001, but the eligible date of payment to contractors started on 1 January 2000. Consequently, payments by the TSA to contractors started in 2000.

In 2001, an amount of €1550 million was paid by the European Commission as an advance (7%) on forthcoming claims. In 2005, Eurostat and the NSSG exchanged letters about how this was to be treated in the accounts. Additional small advances were paid in subsequent years (€218 million in 2002, €12 million in 2003, €101 million in 2004 and €87 million in 2005). Those amounts are reported in the PIP as revenue, i.e. entered in the working balance in EDP Table 2A. G-SPA provides a statement to the NSSG to this end. However, G-SPA noted that, in practice, the Greek government had paid for projects even earlier than the advance, which was in fact, to a large extent, a reimbursement.

The second CSF operated on a different basis, with advances made over the whole period. Significant amounts of the claims submitted in 2001-2005 related to expenditure under the second CSF from January 1999 to December 2001. Eurostat wondered if the repayments made by the Commission in 2002-2005 on the second CSF should be treated as financial transactions.

(Recommendation: 1.4.2.)

4.2. Compilation of payables/receivables – June 2006/Examination of the claims submitted

In June 2006, G-SPA provided Eurostat with two documents that were used to compile the payables/receivables to be included in EDP Table 2 (and Table 3B).

One document relates to advances from the European Commission to Greece, recorded as flows of payables.

The other document shows the amounts of claims by date of submission and date of payment. Eurostat closely examined this document together with the NSSG and G-SPA. G-SPA pointed out

that claims might refer to payments made in earlier years and that some might be rejected and later resubmitted.

Eurostat noted, however, that although the total claims submitted exceeded the amounts eventually paid by the Commission for claims pertaining to 2001 and 2002, the figure was in fact lower than the amount settled for claims pertaining to 2003 and 2004 (for small amounts). G-SPA investigated the matter expeditiously and provided comprehensive explanations of individual claims that accounted for the difference between the claims submitted and the amounts settled. The excess payments over the claims submitted could be due to payments on suspended claims (i.e. paid but not formally resubmitted).

G-SPA stated that although it had considerable detail on each payment, it was not directly possible to relate each Commission repayment to each item of expenditure. Whilst Eurostat understood this, it felt that G-SPA could nonetheless:

- either compile the amount of expenditure by year of payment, whether or not the claim had been submitted to the Commission, since the system reports both the amount paid out to the contractors and the associated Community contribution claimed;
- or apply an algorithm to its detailed database to obtain, for each year of expenditure, an estimate of the year of reimbursement by the Commission.

Eurostat felt that the NSSG could consider using the simpler method. G-SPA agreed to compile those figures and to provide them within days. Eurostat noted that, when there are very long submission and repayment lags, it might be appropriate to record a claim on the Commission in the national accounts at the time of cash expenditure and not at the time of submission. Eurostat would, however, need to clarify if the spirit of its News Release had been interpreted correctly.

On 7 July 2006, Eurostat received comprehensive information on expenditure co-financed by the EU by date of expenditure (and not by date of submission of the claim or date of entry in the MIS).

In June 2006, G-SPA pointed out that some expenditure on a given project might not be entered in the MIS until the relevant decision on its eligibility to an operational programme has been taken, which might be much later. In addition, the co-financing rate may change, depending on Commission decisions. For these two reasons, in June, Eurostat noted that the existing calculations of the amounts of co-financing for each year from 2000 to 2005 might change slightly over time and that statistical adjustments might be necessary.

In current EDP reporting, the date of expenditure is assumed to be the date of submission of the related claim. Consequently, the flow of receivables (also an adjustment item in EDP Table 2A) reflects only the time lag it takes for the European Commission to pay (item 6 in the table below), whilst the genuine flow of receivables should show the time lag between the date of expenditure and the date of reimbursement by the Commission (item 5). The flow of receivables is, in principle, equal to the EU share of the expenditure (item 2) minus any payment received from the EU (item 3).

In mid-September, the NSSG referred to a Eurostat draft entitled "Government and the EU Institutions: Grants from the European Commission", which stated that the amounts are recorded in the accounting period in which the obligation to pay arises. It also referred to G-SPA's response (clarifications about payments and payment requests) that "no correlation between the Community contribution and the expenditure of a specific year may be established, prior to finalisation of the definitive payment request". The NSSG felt that the best method is the one currently used, linking payment requests to the EU with actual cash receipts.

As the table below shows, the difference between the two approaches is considerable from one year to the next and has tended to be positive for the first three years of the CSF (2000-2002), with a cumulated difference of €1.2 billion, and negative for the next three years (2003-2005), with a cumulated difference of €0.7 billion.

(million euro)

Measurement of the correction for EU receivables on 3rd CSF and other CI in EDP table 2A

		2000	2001	2002	2003	2004	2005	2000-2005	2002-2005
expenditure made on 3rd CSF+CI	1	963	1747	2345	3220	3232	3324	14832	12122
expenditure made on 3rd CSF+CI claimable	2	639	1159	1556	2210	2146	2206	9917	8118
cash collected on 3rd CSF+CI	3	0	613	1299	1405	2274	2255	7845	7233
requests submitted on 3rd CSF+CI	4	0	869	1296	2243	2236	2836	9481	8612
Flow of receivable	5=2-3	639	547	257	805	-128	-49	2071	885
Flow of receivable in the EDP	6=4-3	0	256	-3	839	-37	580	1635	1379
Potential impact on the deficit	7=5-6=2-4	639	291	260	-34	-91	-629	436	-494

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Source: G-SPA. Compiled by: Eurostat, July 2006

Eurostat therefore found a need to consider the adoption of a different accrual adjustment, as these differences clearly indicate that EU transfers are not currently neutralised from the budget point of view.

4.3. Compilation of payables/receivables – September 2006/Follow-up

In September, however, G-SPA told Eurostat that there was a difficulty in applying the reasoning indicated in the table above:

- first, in practice it is very common that an expenditure incurred is not yet covered by the third CSF and does not become eligible until long after the date of expenditure;
- second, G-SPA indicated that, following a recent Commission circular, even nationally financed programmes could be considered retroactively eligible for the third CSF, apparently in a bid to ensure completion of the programme; and
- third, G-SPA itself holds up certification of expenditure for large amounts. Once certified, the data are updated (in the table above).

G-SPA said that it was not unusual for expenditure to be included in a programme after it was incurred, that this was even done in the majority of cases, and that the recent extension further changed the way the third CSF was implemented.

Eurostat observed that this would mean that the results presented in the table above would gradually shift upward over time.

G-SPA recalled that the third CSF set a target of €22 billion for transfers to Greece over 2000-2006, implying a €34 billion expenditure envelope. It had certified €15 billion to date.

Under the circumstances, Eurostat felt that even though the impact of the EU transactions was clearly not neutral and added up to very large amounts, with the implied impact expected to increase further over the next couple of years, there seemed to be, at this stage, no reasonably solid source data from which to estimate sound accrual-revenue recording. It therefore felt that measuring the revenue at the time of the claim was the second-best solution.

(Recommendation: 1.4.1.; 1.4.3.)

4.4. Transition from the G-SPA tables to payables/receivables

Acquisition of receivables or redemption of payables

The mission also noted that, apart from the question of payments made in 2000, submissions of claims needed to be recorded as a reduction in payables and not as an acquisition of receivables, because these claims should, in principle, be deducted from the original 2001 advance (by the same token, if government outflows in 2000 were treated as financial transactions, part of the 2001 advance would then be treated as a reduction in receivables and the remainder as an increase in payables).

Estimate of the stock of receivables

Eurostat noted that the stock of "receivables" (to be deducted from payables) to be considered at the end of each year T corresponds to the amount submitted in T and paid in T+1, T+2, etc., plus the amount submitted in T-1 and paid in T+1, T+2, etc., plus etc. In practice the stock was easily calculable. The change in stock enters the financial accounts. This implied slight changes to the calculation made by the NSSG for the April 2006 notification.

Anomaly in 2003-2004

Upon enquiry by Eurostat, it was felt that the NSSG might have shifted information on cash flows between 2003 and 2004, whilst the shift should have been only in terms of year of submission (with the date of cash flow unchanged). The NSSG would enquire. This might lead to a change in the data notified for these two years.

Revisions between the September 2005 and April 2006 notifications

The NSSG indicated that changes between the September 2005 and April 2006 notifications in receivables and payables relating to EU transfers were due to (1) the impact of the Commission decision, (2) a change for 2002 owing to the correction of an anomaly and (3) new information from G-SPA for 2004 that should in fact have resulted in a shift between 2003 and 2004.

Differences between the April and October 2006 notifications and the Eurostat calculation

Eurostat noted that the NSSG had not changed the data for the October 2006 notification despite the explanations provided, as no new information was, at that time, made available to the NSSG by G-SPA. Eurostat used G-SPA's official table and the algorithm used by the NSSG.

The table below shows the calculated stock of claims not yet paid at the end of each year (first line), the change therein corresponding to the flow of receivables (second line), the flow of receivables as notified (third line) and the difference (fourth line). Eurostat noted that the difference compensates to some extent between 2003 and 2004.

(million euro)

	2001	2002	2003	2004	2005
Stock of claims submitted in a given year not yet paid	513.8	291.2	1110.6	1077.9	1661.1
Change in this stock		-222.7	819.4	-32.8	583.2
As notified		-209.0	583.0	406.0	639.0
Difference: a + improves net lending		-13.7	236.4	-438.8	-55.8

(Recommendation: 1.4.3.)

5. Local government

There are 1033 municipalities and about 1000 public corporations belonging to local government in Greece. Information on municipalities is gathered via an exhaustive annual questionnaire, called the "census", after a long delay (only data for 2002 were available for the October 2006 notification). For recent years, the Greek authorities use extrapolation techniques, based on the annual Surveys for 2003 and 2004 and on the results of a specific quarterly administrative return to the GAO for 2005.

Local government units have a specific chart of accounts. Accounting results are not centralised by the relevant supervisory ministry. Budget outturns are nonetheless sent to the Ministry of Internal Affairs after approval by the local government councils. Under Law 3463/2006, local councils must approve the budget outturn and balance sheet (for year t-1) by the end of September at the latest. After they have given their approval, the budget outturns and balance sheets are submitted to the audit council in October at the latest.

The information on local public corporations is taken from compilations by the Research Department of Peta, an advisory organisation to local governments.

5.1. The Census

The census reports revenue and expenditure operations plus aggregate financial transactions. The census shows both assessed and cash data. It includes cross-information by economic and functional classifications. A logical check is made by each reporter on the consistency of inflows and outflows. However, the NSSG does not carry out this check itself. Eurostat felt that this should be done and that a specific code needed to be created in the database, both for the current processing of the 2003 census and also for 2002. This innovation would also provide information on the stock of deposits at the end of the year, rather than only at the beginning, which is useful for cross-checking other information.

The census questionnaire comprises 18 pages and includes references to the classification codes applicable (accounting). A new edition of the census will be released for reporting for 2005 and subsequent years to adapt to the change in the chart of accounts.

The census is completed by reporters only after approval of the budgetary outturn, contributing to the delays. However, Eurostat noted that under Law 3463/2006 local councils must approve the budget outturn and balance sheet (for year t-1) by the end of September at the latest; during October at the latest, the budget outturn and balance sheet are then submitted to the audit council.

The NAD does not receive individual information from the data centre of the NSSG. Eurostat felt that a unit-by-unit comparison of the census and the Survey would be useful to assess the quality of the Survey and the link with the census. This task should be carried out by the NAD itself.

(Recommendation: 1.5.2.)

5.2. The Survey and reporting to the General Accounting Office

The Survey provides incomplete coverage, with fewer than half of the units replying. To the extent that the biggest units have replied, the coverage by total expenditure is somewhat higher, estimated at 65% (in 2002). The NSSG plans to use a sample in future when sending the questionnaire, starting in 2006.

The Survey was changed for 2005 data reporting onwards, to adapt to the new classification system applicable to local government accounts. The Survey will also be adapted to local government circumstances and deviate from the questionnaire applicable to other public entities. Eurostat supported those initiatives.

The documentation on the Survey used to refer to the items on the chart of accounts applicable to units other than local government, which was not very useful for reporters. The new Survey now refers to the local government chart of accounts, as the census already does. All codes on the chart of accounts are mapped. This is expected to improve the quality of the response to the questionnaire.

The NSSG also received summaries of information reported to Division 39 of the GAO. This one-page document is used to produce the provisional accounts.

(Recommendation: 1.5.1.)

5.3. Compilation methods

The Survey is used to provide indicators for projecting the results of the census data available to date (currently for 2002). The method used is based on elementary indicators from the Survey, with no adjustment to ensure that changes in totals broadly reflect changes in the totals from the Survey.

Eurostat thought that the use of the Survey should at least include a check on the extrapolation of net lending/net borrowing, based on broad indicators. The NAD may then consider whether benchmarking on such broad indicators is superior or not.

In summer 2006, the NAD carried out such an exercise, based on the data from GAO Division 39, on the Survey with broad indicators and on the Survey with narrow indicators. It produced the following results for net lending/net borrowing:

(million euro)

Estimate of B.9 for S.1313	2003	2004	2005
Using GAO	249	82	163
Using the Survey – broad indicators	181	100	ND
Using the Survey – elementary indicators	120	110	ND

Source: NSSG. Compiled by: Eurostat visit, September 2006

The NAD felt that using elementary indicators was more appropriate.

(Recommendation: 1.5.3.)

5.4. Survey consistency, timeliness and coverage

Consistency checks

Eurostat found that the Survey was also showing cash-flow imbalances, although smaller amounts than for social security funds (see section 6. below).

(million euro)

	2002	2003	2004
Inflows	2602	2969	1423
Outflows	2545	2703	1338

Net	57	265	85
1410	154	138	57
Vertical Imbalance	-97	127	28

Source: NSSG. Compiled by: Eurostat, June 2006

The stock-flow consistency could be verified for 2003 only. Similarly to social security funds (see section 6.1), the stock-flow inconsistencies tended to offset the vertical imbalances, i.e. the reconciliation between the deficit and the change on financial balance sheets seems reasonably sound.

Eurostat reiterated that the validation of the Survey questionnaire requires applying individual consistency and plausibility checks.

(Recommendation: 1.5.1.)

Timeliness and coverage

The results of the census are finalised very late – for example, in 2006 only data for 2002 were finalised. The question of improving timeliness and coverage has to be addressed. The issue might be resolved by reinforcing the law or imposing obligations on the units concerned to reply by a set deadline, allowing the NSSG to process and report the data in a much shorter time (e.g. one year).

In the mean time, the coverage and timeliness of the Survey must be improved to ensure that the extrapolation is satisfactory. For the October 2006 notification, the Survey covered 456 units for 2003 and 196 units for 2004. By contrast, the GAO covered 540 units in 2003, 600 in 2004 and 600 in 2005.

(Recommendation: 1.5.7.; 1.5.8.)

5.5. Transition from the Census result to net lending/net borrowing

The NAD explained the transition from the census results to net lending/net borrowing, which is not organised by means of transition tables, but by directly bridging the census items to ESA95.

The NAD starts from the total receipts in the census (€4801 million in 2002) and excludes:

1630: funds returned
 12: borrowing
 1620: revenue on behalf of third parties
 1111 + 1112: treated as transactions in non-financial assets
 311: cash outstanding at the beginning of the year

This results in government revenue of €4103 million in 2002 in the ESA95 Transmission Programme Table 2.

The difference in current transfers from government (D.73), as recorded in the books of the State (general budget), is allocated to another revenue category, mainly to D.92, with net lending of local government unchanged.

The NAD excludes from the total census expenditure (€4420 million in 2002):

4140: petty cash
3120: repayment of debt
4120: return of funds
4110: payments on behalf of third parties

In addition, the deficit of local government public corporations is added (€40 million in 2002). This results in government expenditure of €4050 million for 2002 in the ESA95 Transmission Programme Table 2.

According to the NAD, expenditure in petty cash is recorded in the census on the appropriate line. Item 4140 covers the increase in reserves used in petty cash accounts. It was believed that the financial accounts would, in principle, be likely to show a stock of petty cash as an asset, in addition to account 311. This is to be investigated.

(Recommendation: 1.5.6.)

The NAD considers it appropriate that most local government-owned public corporations be classified inside government, except some that are market-oriented (e.g. water supply). Their aggregate deficit is included in the local government deficit. There are about 1000 such units, but a law to limit their number is under examination.

For other years, the deficit/surplus is based on extrapolations from the Survey and the GAO Division 39 reports.

5.6. EDP Table 2C

Eurostat recommended that EDP Table 2C should show all the steps described above, taking the balance resulting from the census as the working balance, either extrapolating it for recent years or, if necessary, for 2002 only.

In the October 2006 EDP reports, the NAD provided this new presentation, with an extrapolation of working balances for 2003-2005.

(Recommendation: 1.5.4.)

5.7. EDP Table 3D

Eurostat examined the source data and their consistency. The items "deposits" and "change in debt" are taken from monetary and banking statistics. Eurostat noted that the Survey and the census tended to yield rather different results.

Currency and deposits

For deposits, a significant difference can be observed in 2002:

Deposits of local government - flows in million euro					
	2002	2003	2004	2005	
Currency and deposits (F.2)	-242	169	30	247	<i>EDP table 3D</i>

Account 141	154	138	57		Survey
-------------	-----	-----	----	--	--------

Source: NSSG. Compiled by: Eurostat visit, June 2006

The difference is therefore particularly marked for 2002.

Change in debt

For borrowing, noticeable deviations are also observed for each year.

Eurostat wondered to what extent problems could arise with the identification of the borrowing units in monetary and banking statistics or, on the contrary, whether some guaranteed borrowing might not be reported by borrowers. The BOG indicated that many small local government-sponsored public corporations were classified as government units for monetary statistics purposes. Thus, it may reasonably be assumed that a flow of debt of €40 million a year could be added to the Survey (for 2002). It is also worth noting that the Survey provides incomplete coverage and would need some grossing-up, which would further narrow the gaps observed.

Change in debt/borrowing of local government – flows in million euro					
	2002	2003	2004	2005	
Change in local government (S.1313) consolidated(3) gross debt (2)	123	200	249	110	<i>EDP table 3E</i>
Survey Accounts 142 minus 231	-31	96	36		<i>Survey</i>

Source: NSSG. Compiled by: Eurostat visit, June 2006

More importantly, Eurostat also observed that for 2002, census item 12 minus census item 3120 exhibited an amount of -€120 million, even further away from the monetary and banking statistics.

Overall, the banking statistics show transactions in 2002 in net financial assets of -€365 million instead of +€185 million according to the Survey. This considerable difference essentially explains the very large discrepancy for 2002 of €409 million in EDP Table 3D.

The BOG would not object to using the Survey data for deposits and loans. However, both the timeliness and the coverage of these data must be addressed. Consequently, monetary and banking data on deposits and loans can be used as an alternative source of statistics, and a more satisfactory coverage of the local government population can be achieved. Eurostat agreed with this view for 2003-2005. However, for 2002 the information from the 2003 census will soon allow compilation of the change in deposits, and in the mean time the Survey data might be used.

Equity

Eurostat found it difficult to establish who was responsible for the item covering equity (F.5). Eurostat urged that this line be scrutinised and deleted if it could not be substantiated. Eurostat noted that flows recorded in the Survey were marginal, close to €1 million, and that the stocks were low: around €100 million. In addition, to the extent that many local public corporations are classified inside local government, the related amounts should be consolidated. The BOG has information from the CDS on quoted shares. However, only the Survey provides information on local government holdings of unquoted shares. The BOG agreed with Eurostat's proposals and the figures for item F.5 were revised accordingly.

(Recommendation: 1.5.5.)

6. Social security funds

The social security funds sub-sector comprises 149 social security funds and 134 hospitals. Attaching the list to the EDP inventory would be useful.

(Recommendation: 1.6.7.)

6.1. The Survey

Coordination and use of the Survey

The Survey is carried out for each of the subgroups. The social security funds coverage is 100% for 2002-2004.

Eurostat found that although the NSSG is sending the Survey, it had incomplete ownership thereof. The NSSG examines and controls only the non-financial sections: accounts 11, 12, 13 21, 22 and 24, leaving the BOG with sole responsibility for examining the financial side (accounts 14 and 23). In turn, the BOG does not use the flow accounts pertaining to financial transactions (accounts 14 and 23), focusing instead on balance sheet information, nor does it use the individual data received, but only aggregated data.

Eurostat considered the situation highly unsatisfactory, in the absence of checks on the internal consistency of the responses provided. Eurostat thought that the NSSG should carry out the consistency and plausibility checks on an individual basis, prior to sending the data to the BOG and should reject the questionnaire in case of anomaly. The BOG should also carry out such checks and question respondents if it discovered anomalies in the plausibility checks, for instance.

The NSSG stated that, from now on, it will carry out the consistency and plausibility checks on an individual basis, before sending the data to the BOG. In the event of inconsistencies, the NSSG will consult the individual respondents (the BOG has no authority for such bilateral contacts).

(Recommendation: 1.6.1.)

Inconsistencies of the Survey

Vertical checks

Eurostat carried out vertical checks on the inflow/outflow equilibrium and found a large and persistent vertical disequilibrium of an average of €0.9 billion per year over 2002-2004.

The vertical disequilibrium compares the net inflows/outflows (both non-financial and financial) with item 1410.

SSF+hospitals			
Million euro	2002	2003	2004
Vertical disequilibrium	854	1117	801
Inflows	28266	31880	33141
Outflows	26774	29729	31463
Net	1492	2150	1679
1410	638	1033	877

Source: NSSG. Compiled by: Eurostat visit, June 2006

Eurostat examined in detail the reporting by IKA, in the presence of its financial director, and noted that although a vertical imbalance existed it was markedly smaller (€80 million) despite the size of the institution (€12 billion of inflows).

The Greek authorities also provided Eurostat with the full database for 2004 on Excel (with names of institutions concealed). This confirmed that imbalances were quite common and not confined to just a few institutions. The findings add to the need to ensure the consistency of the Survey at the individual response level by:

- improving the guidance and the questionnaire;
- carrying out new individual checks.

Horizontal checks (stock-flow): deposits

Eurostat, in cooperation with the Greek authorities, carried out consistency and plausibility checks on stock-flow consistency. It noted that the cash/deposits consistency was poor, with a change in stock distinctly higher (€2 billion a year in 2003 and 2004) than the reported flow. Eurostat noted that this might reflect some symmetrical inconsistencies in the other direction for other instruments such as securities.

Cash and deposit imbalance – million euro

Survey account	2002	2003	2004
Cash / deposits flows minus changes in stocks		-1828	-2113
1410 Flow	638	1033	877
3100+3200 Change in stocks		2861	2990

Source: NSSG. Compiled by: Eurostat, June 2006

Horizontal checks (stock-flow): securities

The study of the stock-flow articulation for securities is more complex than for deposits. The Survey instructions require nominal valuation of securities other than shares, which tends to limit the size of other economic flows. On the other hand, capital transfers from the State to selected social security funds are not reflected in flows (because no cash flow is observable), despite leading to increases in assets (see section 6.5). Those need to be added back on. Conversely, conversion of some of IKA's portfolio of bonds into mutual fund shares creates a need for specific revision (see section 6.2)¹⁶.

Global vertical and horizontal imbalance

Eurostat also noted that the "vertical" imbalance could be perceived as largely reflecting a "horizontal" stock-flow imbalance, in that the two tended to partly compensate with each other, with the result that the inconsistency in the "deficit to change in net financial worth" in the Survey is more limited.

See Annex III for further details of these imbalances.

At this stage, Eurostat felt that, overall, the Survey appeared to have no major flaws.

(*Recommendation: 1.6.1.; 1.6.6.*)

¹⁶ Eurostat agreed that such dedicated mutual funds were not genuine mutual funds and would be classified in general government. However, the respondents to the Survey report their stakes as mutual funds.

Timeliness

The results of the Survey of social security funds are final for 2002-2004 from the October 2006 notification onwards. Data for 2005 will be final by the April 2007 notification. The problem of timeliness is less marked than for local government and extra-budgetary funds. However, there is a specific difficulty with the provisional estimate of T-1 in April (see section 6.7).

6.2. Investments of social security funds

Investment strategies of social security funds

This sub-section aims to provide useful background information.

Law 2611 of 1950 stipulated that all social security funds had to arrange for their cash management to be organised by the BOG or the Loans and Deposits Fund, originally in the form of zero-interest deposits. The Loans and Deposits Fund is a specific Monetary Financial Institution (MFI) which lends, in particular, to local governments and civil servants (housing loans).

In the 1980s the BOG established the practice of placing such funds received predominantly in T-bills and bonds, except for a part placed as working balances directly as deposits at the BOG. The placement mechanism organised by BOG is similar to that of a mutual fund, with participants receiving acknowledgment of deposits. Interest on such placements is credited twice a year. This "mutual fund" also has customers other than social security funds (notably, the Loans and Deposits Funds, the BOG staff union, etc.).

Later, the legislation allowed social security funds to place some of their funds with private banks or on the market, in the form of T-bills and bonds, but also in other bonds and shares.

Dedicated mutual funds

In 2003 and again in 2004, a dedicated mutual fund was established by IKA by placing about €300 million in securities each time. At the suggestion of the Greek authorities, Eurostat agreed that such entities were not genuine mutual funds and would be classified under social security (see the minutes of the EDP mission of 3 and 4 March 2005).

Reporting requirements

The instructions of the social security funds Survey require that holdings at the BOG in the form of this mutual fund be reported as deposits (Survey account 32) and not as securities nor as mutual funds. By contrast, dedicated funds are reported as mutual funds (account 3800) in the Survey.

Therefore, the BOG carries out appropriate corrections to neutralise the reporting observed in some of the source data.

Transfers to social security in the form of bonds

The State carries out transfers to some social security funds in the form of direct allocation of T-bonds. Those contributed substantially to their net lending, by nearly €2 billion a year over 2002-2004, falling sharply to €0.5 billion in 2005. IKA and OGA were recipients in 2002-2004 (along with some others in 2004) and OGA alone in 2005.

Million euro

		2002	2003	2004	2005
CAPITAL TRANSFERS	D99	1,893	1,960	1,916	450

Source: NSSG. Compiled by: Eurostat visit, June 2006

The bonds provided are identical to other traded bonds, with an ISIN code. They are therefore reflected in the Dematerialised Security Depository (DSD) (see below).

(Recommendation: 1.6.3.)

6.3. The source data used in Table 3E (April 2006)

Eurostat documented in detail the source data used for Table 3E and examined the changes in methodology and source data suggested by the BOG (see section 6.4).

Information on securities (F.3)

The item "securities" is drawn from the DSD system managed by the BOG. The DSD contains very precise information on resident investors (less detailed on non-residents) in a way that identifies the name and sector of investors (as reported by the reporting bank). Information is available on a security-by-security basis both at market value and at nominal (face) value. Transactions are then measured by changes in stocks at nominal value.

The DSD also reports on the T-bond holdings of the BOG special mutual fund, which are taken into account for compiling the totals.

The flows are calculated on the basis of changes in stocks at nominal value, and this creates scope for discrepancies owing to the discount or premium at issue or at purchase. However, the amortisation of any premium/discount would not be considered either in the flows and, therefore, in the long run the impact would tend to be neutral. By contrast, the use of nominal values tends to systematically underestimate financial flows, because it fails to include flows related to the accrued interest. There is no compensation in the long run in that the stock of accrued interest generally grows with time. The latter stock tends to change in line with changes in annual interest flows. The BOG will investigate the possibility of obtaining direct data on transactions from the DSD, instead of calculating the flows from changes in the outstanding amounts, or alternatively of making an estimate of such flows.

A separate correction is made to neutralise the apparent flow of securities as a result of the creation of the BOG mutual funds and to add back recorded transactions by IKA's dedicated mutual fund (see above).

(Recommendation: 1.6.4.2.)

Information on shares and other equity (F.5)

Eurostat pointed out the uncertainty with measurement of the flow of equity acquired by social security funds, as illustrated by the revisions of the reported data between the September 2004 and October 2006 notifications (see Annex IV). Eurostat welcomed the availability of independent information on the existing equity stock from 2003 onwards.

Quoted and unquoted shares (F.51)

Stocks

From 2003 onwards, the outstanding amount (stocks) of quoted shares is reported from the Centralized Depository System (CDS) of the stock exchange, which keeps detailed information on shareholders.

This information is given at market value and covers transactions (purchases/sales). The information on amounts outstanding reported in the Survey is extremely close to that from the CDS, which suggests *prima facie* relatively solid coverage, classification and valuation in the Survey. Instructions of the Survey explicitly require (current) market valuation of shares.

The stock for 2002 is taken from the Survey. The stock for 2001 is drawn from information from the Ministry of Employment and Social Protection (annual report).

The CDS started reporting statistics in the middle of 2002. Prior to its establishment, shareholders received different account statements that did not indicate the market value of their stakes.

Flows

The flows from 2004 and 2005 (€51 million and €579 million) are taken directly from the flow (purchase and sales) statistics of the CDS.

In 2005, some amounts were added to the CDS data (€341 million) to reflect direct subscriptions of €238 million. This is because the CDS does not include these. The BOG explained that direct subscriptions by social security funds are simply guesses based on the large operations carried out in 2005.

The BOG indicated that in 2005 four major entities raised capital: the Agricultural Bank of Greece (more than €1245 million, mainly subscribed by the State – as 85% shareholder), Emporiki Bank (€400 million), Phoenix Insurance Corporation (€100million), and OPAP (€1267 million)¹⁷, giving a total of €3012 million. Social security funds hold significant stakes in these four institutions and it has been assumed by BOG that they participated prorata in the rights issues, based on the fact that social security funds' overall holdings of shares (as a percentage of total market capitalisation) has not declined. At the end of 2003 it was 3.7%, at the end of 2004 it stood at 4.3%, and at the end of 2005 it was 4.9%. Eurostat noted that such increases could also reflect portfolio specialisation in the banking sector, as indicated by the BOG itself (see below). The BOG also assumed that the social security funds holders participated in the subscriptions on a prorata basis, partly because these were very good offers (selling at 70% of the market price). Eurostat thought that such assumptions had to be checked. The main social security fund subscribing to the Agricultural Bank is expected to be the social security fund for farmers. Eurostat encouraged the BOG to approach this specific fund for further information.

The flow for 2003 was calculated from changes in stocks based on an estimated revaluation of +11%, although in fact the stock market index increased by 29%. The flow for 2002 was based on unknown data. The BOG noted that the latter was broadly in line with calculations using a depreciation of 32%, corresponding to the fall in the stock market index in that year. The rationale for the 2003 flow was based on the fact that it is uncertain whether the Survey was at market value for 2002 and on the observation of the infra-annual pattern of the index.

Eurostat felt that, in the absence of information, there was no reason to apply two different methods in 2002 and in 2003. Eurostat noted that the change in stocks over 2002-2003 was +€130 million,

¹⁷ Organisation for betting on football matches.

whilst the two-year change in the index was -13%, leading to an implicit change in stocks of -€500 million (on a stock of €3000 million at the end of 2001). The implied €630 million of acquisitions (ignoring losses on acquisitions) is incompatible with the cumulated 2002-2003 flow of €1733 million (€933 million in 2002 plus €790 million in 2003) reported in the April notification. Eurostat felt that there was an implausible gap which would need to be further investigated and corrected.

During the September visit, the BOG submitted a revised estimate of the cumulated 2002-2003 flow of €1145 million (€750 million in 2002 plus €396 million in 2003), still distinctly in excess of the implied flow mentioned in June by Eurostat. The BOG stated that social security funds had invested substantially in the National Bank of Greece (NBG) and in Emporiki bank shares, with ownership of about 15% and 23% respectively at the end of 2005, and that their stocks moved considerably more than the market in those years, with a fall of 55% against -33% for the market in 2002, but with a similar performance in 2003. Eurostat disagreed with the BOG method of basing the flow in 2002 exclusively on the performance of NBG plus Emporiki, but agreed on using a mixed index (combining the general index with the NBG plus Emporiki index based on ownership). However, Eurostat re-emphasised that the **same** method would need to be applied for both 2002 and 2003.

Eurostat noted that about 45% of the social security funds portfolio was invested in those two banks, but that their performance in 2003 far exceeded the market (+55% against +29%) as in subsequent years (see Annex V). In total, over two years (2002-2003) the market fell by -13% against -30% for NBG plus Emporiki and -22% for a mixed index. Overall, the 2002-2003 data still did not seem satisfactory:

- (1) the implied flow using the Athens general index is between €514 million and €541 million¹⁸ (taking into account the losses on acquisitions);
- (2) the implied flow using a mixed index is between €770 million and €884 million; and
- (3) the notified flow reported in October 2006 is €1 146 million.

Eurostat added that whereas the implied flow for 2004-2005 using the general index (€770 million) was close to the notified figure (€630 million), the flow using the mixed index was far smaller (€39 million only). In total, over the 2002-2005 notification period, the reported transactions in equity other than shares of +€1776 million are well in excess of the implied calculation using the general stock exchange index (+€1283 million) and even more using the mixed index that takes into account the bias in investment pointed out by the BOG (+€808 million).

Finally, Eurostat noted that the flows reported in the Survey were very small. However, Eurostat agreed that these flow accounts of the Survey were **currently** structurally weak and need not be taken at face value for the time being for 2002-2004.

Amounts reported in the SSF Survey (million euro)

Survey items	2002	2003	2004
2330-1440 Flows in shares	7	-1	-19

Source: NSSG. Compiled by: Eurostat visit, June 2006

(Recommendation: 1.6.4.4.)

F.52 Mutual funds

¹⁸ The second estimate is compiled taking the two years 2002 and 2003 as a single period.

The information was drawn from a BOG mutual funds Survey, which identifies customers of the funds. These data are reflected in the financial accounts reported in the ESA95 Transmission Programme Table 7.

The flows are calculated using a mutual fund index calculated for the total economy.

Information on deposits (F.2) and change in debt

This information comes from the monetary survey.

Information on loan assets (F.4)

Eurostat noted that the Survey reported flows which might be considered for EDP reporting.

Amounts reported in the SSF Survey (million euro)

Survey items	2002	2003	2004
2320-1430 Flows	167	-63	23

Source: NSSG. Compiled by: Eurostat, June 2006

(Recommendation: 1.6.4.3.)

Information on other accounts receivable and payable (F.7)

The other financial assets row in EDP Table 3E reports the adjustment for social contributions and tax accruals, based on a time lag of one month. The 13th month is paid in December, leading to far higher social security contributions in January than in other months (from 50% to 100% higher).

The amounts due from hospitals to contractors, and officially borne by the central government until the end of 2004, do not appear as receivables of the social security funds (from central government) nor as payables. Consequently, no amounts are reported for 2002-2005. Instead, they appear only as payables of central government in EDP Table 3B. This is a change to the September 2005 notification, but of a cosmetic nature. Eurostat saw no difficulties with such a recording.

However, an amount of €450 million for new payablesto contractors in 2005 does appear under net incurrence in liabilities, which is appropriate.

The BOG indicated that there was some deviation from the annual financial accounts for F.7, as the latter take into account the reported information from the Survey for receivables and consider cheques as receivables. (1) From 2002 onwards, businesses could pay social security contributions by cheque, which led to a substantial (€200 million) increase in cash holdings in the form of cheques; these should be classified as receivables in the financial accounts. Eurostat said that EDP reporting Table 3E should follow ESA 1995. Eurostat agreed with the point on cheques, which need to be reflected as receivables. (2) However, Eurostat pointed out that the stock and flow of receivables for social security contributions reported in the annual financial accounts should be based on the time-adjusted cash method, as this had been selected by the Greek statistical authorities for measurement of social security contribution revenue and not the amount reflected in the social security funds' own accounts (this need not create a disequilibrium between sectors in the annual financial accounts, as the difference needs to be apportioned across the accounts).

Borrowing

The change in debt is taken from monetary and banking statistics, not from the Survey. The BOG said that hospitals tended not to report guaranteed borrowing under debt, and it was therefore more appropriate to use banking information.

Whilst Eurostat agreed with this more cautious approach, there was nonetheless the question of how such guaranteed borrowings are reported within the Survey, notably in terms of flow data. The guidance for the Survey might need to address this issue more specifically. Eurostat noted that the Survey explicitly included such a position. The instructions on the Survey could reemphasise this point.

(Recommendation: 1.6.5.)

6.4. Proposed new source data used in EDP Table 3E (October 2006)

BOG reconciliation exercise

Eurostat was informed of the recent reconciliation exercise carried out by the BOG, suggesting new arrangements in terms of source data, designed to take greater account of the social security funds Survey.

For selected social security funds, the BOG compared the Survey with the monetary and banking statistics. The Survey reports deposits held at the BOG, with the Loans and Deposits Fund and at other banks. The Survey reporters must include the holdings in the mutual fund of the BOG as deposits. Compared with the BOG's own data, when adding the information from the BOG mutual fund manager and from the BOG liabilities, high consistency was achieved with the Survey¹⁹.

By contrast, comparison of the data on deposits held with other banks revealed big differences. The BOG identified one case of misreporting by one large bank relating to the employment fund, which was misclassified in monetary statistics under central government. This was corrected (for 2002-2005). Eurostat noted that, to the extent that central government information on deposits in EDP Table 3B was also taken from monetary statistics, this misclassification was neutral from the general government point of view.

The BOG proposed to make fuller use of the social security funds Survey.

Proposed changes in the source data

F.2 would be compiled from the information on stocks in the Survey for cash and for deposits not held at the BOG. The information on deposits held at the BOG would continue to be taken from BOG data. For the preliminary year (T-1), the flow will be based on the monetary survey, and the associated stock will be based on the flow.

In June, the BOG suggested that the monetary source data should be retained for 2001, which might be justified by the view that the difference between the Survey and the monetary statistics seemingly reflects a question of cash float.

F.3 would be compiled using not only the CDS information but also the information from the Survey on holdings of bonds other than government bonds (which are very small) and will include an estimate of accrued interest.

¹⁹ The BOG described the difficulties encountered in the process; for instance, the original reporting from the BOG mutual fund manager considerably underestimated the assets of "IKA", because of the different spellings of IKA across the various BOG branches. This situation has now been corrected. This led to no changes in the statistics.

F.52 would be compiled from the social security funds Survey for stocks, and flows would still be compiled based on the BOG index. The information for 2002 will be drawn from the BOG mutual fund Survey in the absence of other information. The BOG has already revised stock data for mutual funds for the years prior to 2003, in order to reconcile BOG data with Survey data, and will examine its policy for determining the stock of AF.52 for the years prior to 2002. The previous year (T-1) would still be based on the BOG mutual fund Survey for flows, and this would be used to calculate the stock.

Impact on the discrepancies

In June the BOG told Eurostat that those innovations would reduce the discrepancy "by €400 million" over 2002-2005, including €600 million for the change in deposits (mainly in 2003), which Eurostat broadly welcomed.

However, on the last day of the September visit, Eurostat was informed that one figure in the June data for deposits had turned out to be wrong and that new information for 2005 had been provided. On this basis, the proposed change in method would increase the discrepancy by close to €0.9 billion, instead of reducing it by €0.6 billion. Eurostat expressed grave reservations about this.

Annex V shows the data notified for currency and deposits of social security funds (EDP Table 3E) across the notifications and during the methodological visit (June and September).

Annex VI shows the discrepancy for social security funds across notifications. The 2002-2005 accumulated discrepancy, reported at €1298 million in April 2006, was reduced to €657 million following changes on the financial side in June. However, it would have been reported as increasing to €2158 million without the error.

The €2050 million reduction in surpluses over 2002-2005 (see Annex VII and also sections 6.5 and 6.7) and the impact of other adjustments (including a reduction in equity of €737 million) brought the discrepancy back down to €731 million. However, the reduction would be more pronounced if the flow of deposits reported in April were applied, in which case the cumulated discrepancy would become negative at -€182 million (see "new estimate 1"). Finally, the elimination of some excess equity flow in 2002 and of uncertain primary market dealings in 2005 not substantiated by hard facts would possibly provide a smoother discrepancy profile over 2002-2005 (see "new estimate 2").

Position of Eurostat

Eurostat agreed with an immediate implementation of the improvement in compilation of F.3 and F.52. It was less sure of the wisdom of changing source data for 2002-2005 in relation to currency and deposits (F.2). Eurostat agreed that this would be appropriate when the Survey is adequately controlled for internal consistency. In the meanwhile, there was little merit in proposing a change that would considerably increase the discrepancy. Eurostat therefore recommended that the change should not be implemented for 2002-2005.

(Recommendation: 1.6.4.1; 1.6.4.2.; 1.6.4.5.)

6.5. Transition from the Survey results to net lending/net borrowing

Eurostat examined the NSSG transition table from the Survey balance to the S.1314 net lending/net borrowing that underpinned the April 2006 notification.

Million euro

	ESA95	2002	2003	2004	2005
SSF CENSUS SURPLUS		1,687.806	1,942.548	1,970.362	2,356.218
HOSPITALS CENSUS SURPLUS		14.611	42.234	114.273	56.093
TRANSITION TO NATIONAL ACCOUNTS B9					
TRANSFERS TO HOSPITALS FOR LIABILITIES	D73	802	848	474	0
CAPITAL TRANSFERS	D99	1,893	1,960	1,916	450
TRANSFERS TO HOSPITALS FROM ORDINARY BUDGET	D73	2,338.3	2,390.5	2,950.9	3,095.8
EMPLOYERS ACCRUAL ADJUSTMENT	D6111	85	72	11	144
EMPLOYEES ACCRUAL ADJUSTMENT	D6112,D6113	166	152	41	253
IMPACT TO INTER.CONST/ION DUE TO HOSPIT. LIABILITIES	P2	-802	-848	-474	-450
SALARIES OF HOSPITALS FROM STATE'S ORDIN.BUDGET	D1	-2,058	-2,253	-2,510	-2,643
SURPLUS IN NATIONAL ACCOUNTS	B.9 S.1314	4,126.702	4,306.013	4,492.847	3,261.894

Source: NSSG. Compiled by: Eurostat visit, June 2006

The item "transfers to hospitals" reflects the central government assumption of social security funds arrears to contractors and therefore matches the line "impact on intermediate consumption due to hospital liabilities", except for 2005, when central government did not take over those payables.

The item "capital transfers" reflects the injection in T-bonds benefiting the largest insurance funds (IKA, OGA, TEBE and lawyers' fund) which was not accounted for as social security revenue in the Survey. This was directly confirmed to Eurostat by IKA staff and, later, by other funds after an NSSG enquiry.

(Recommendation: 1.6.3.)

The accrual adjustment (employees and employers) reflects the accrual for social security contributions/taxes. This adjustment can also be observed in EDP Table 2D under "Other accounts receivable".

Eurostat discussed in more detail the entry "transfers to hospitals from the ordinary budget" and the partially compensating item "salaries of hospitals from State's ordinary budget". Those items are observed in the books of the State.

The NSSG explained that the State budget pays most salaries to hospital staff directly, without transiting via hospitals' accounts. The amounts therefore needed to be rerouted via general government, appearing as identical amounts on both sides of the accounts. Eurostat fully agreed with this approach.

It was also explained that other expenditure (than salaries) transit via hospitals' accounts. This is why these other amounts did not also appear in the transition table as negative entries. However, Eurostat noted that if these amounts were paid by the hospitals' accountants, then cash must have been received from the Treasury first and must have been recorded in the books of the accountants (and presumably bridged into revenue in the Survey). The NSSG said that the amounts reported under item 1210 were too low for this purpose and it had assumed that those receipts were in fact not reported in the Survey. Instead, item 1210 had been considered partial payments, i.e. payments from households. Eurostat expressed reservations about those entries. Afterwards, the NSSG checked with some big hospitals where the receipts from the State were classified. It found that in

fact those payments do not transit through hospitals' accounts at all. NAD staff agreed on the need to amend the transition tables, adding expenditure components which equal "transfers to hospitals from the ordinary budget".

The table was corrected in line with Eurostat's remarks during the methodological visit for the October 2006 EDP notification. This reduced the surplus by a cumulated -€1311.5 million (-€280.3 million in 2002, -€137.5 million in 2003, -€440.9 million in 2004 and -€452.8 million in 2005).

(Recommendation: 1.6.2.)

6.6. Other Surveys

The NAD stated that the old Survey was still run and used by another division of the NSSG. The NAD routinely compared the information.

In addition, in June, the NAD provided a new brochure from the Ministry of Employment and Social Protection reporting on some large social security funds. The NAD explained that this information was also based on a dedicated survey carried out by the Ministry of Employment and Social Protection and that the results were very close to those from the NSSG Survey. This brochure was released in 2004 and the NAD indicated that further issues would be released.

Eurostat felt that some streamlining of the flow of information to reduce the redundancies in data reporting might need to be considered.

6.7. Data for year T-1

The revision for 2005 from a surplus of €3262 million in April 2006 to €2071 million in October 2006 partly reflects the change in the bridge table (-€441 million) but mainly a change in data sources (-€738 million). In April, no Survey data are available for the previous year, and therefore a forecast is made based on the budget and on information from the general budget.

Part III - Revision of data based on findings

1. Revisions suggested by the June visit for the October 2006 EDP notification

From the findings of the June visit, corrections were suggested to the data reported under the EDP.

Some of the findings led to a change in the deficit, others to a change in the discrepancy, and many to changes in both (see Annex VIII). Findings on EU funds changed the deficit but not the discrepancy, because the amount of receivable/payable is adjusted accordingly.

Over the 2002-2005 reporting period, the deficit would have increased by €3.2 billion, predominantly for recent years. Half of the adjustment was due to the intra-governmental transfers inappropriately recorded in social security funds (€1.3 billion) and, possibly, in extra-budgetary funds (€0.4 billion estimated). The other half was due to the accounting of EU funds: the second CSF, the time of recording for the third CSF and a mistake in an algorithm introduced in the March 2006 notification.

The reduction in discrepancies would have totalled €1.7 billion over 2002-2005, leaving a cumulated discrepancy of €0.9 billion. At this stage, the discrepancy in social security funds would have been largely eliminated, while some discrepancies remained for local government (always a difficult area) and, more worryingly, for central government.

The changes in discrepancies partly reflected the changes in deficit, but also some corrections as a result of the examination of the flow of assets and the change in source data.

The NSSG accepted the correction concerning the social security funds, but not the suggested changes to the EU flows (second and third CSF). For some other changes (extra-budgetary funds and the line "Mistake in the April 2006 notification"), the NSSG indicated that these amounts needed to be clarified.

2. Actual revisions made by the NSSG for the October 2006 EDP notification

2.1. Change in deficit

In total, between the April 2006 and October 2006 notifications, the NSSG revised the cumulated deficit over 2002-2005 upwards by €3.7 billion, with €2 billion for social security funds, €1.5 billion for central government and only €0.1 billion for local government.

The revision in social security funds is the result of the correction of the €1.3 billion anomaly in the transition table and of an erroneous forecast made in April 2006 for 2005 of €0.7 billion, in the absence of any further information.

Source of the change in general government deficit From April 2006 to October 2006

million euro

		2002	2003	2004	2005	2002- 2005
General government	October 2006 notification	-7465	-9554	13110	-9495	-39624
Central government	October 2006 notification	11306	13762	17164	11578	-53810
Local government	October 2006 notification	-5	39	2	12	48
Social security	October 2006 notification	3846	4169	4052	2071	14138
General government	April 2006 notification	-7074	-8965	11681	-8222	-35942
Central government	April 2006 notification	11215	13331	16234	11494	-52274
Local government	April 2006 notification	0	0	0	0	0
Social security	April 2006 notification	4127	4306	4493	3262	16188
		2002	2003	2004	2005	2002- 2005
Deficit	April 2006 notification	7074	8965	11681	8222	-35942
Deficit	October 2006 notification	7465	9554	13110	9495	-39624
	April to September	-391	-589	-1429	-1273	-3682
Of which:						
Social security	Mistake in transition table	-280	-138	-441	-453	-1312
	New source data				-738	-738
Central government	DEKA		-763	-640		-1403
	Neutralisation of the transition table	-53	-53	-53	-53	-212
	Tax accrual	-17	-2	-51	156	86
	Other	-21	387	-186	-187	-7
Local government		-19	-21	-58	2	-96

Unit C.3

30/10/2006 21:50

The revision in central government arises from a mistake in recording DEKA transfers of €1.4 billion, the neutralisation of the bridge table effect (€0.2 billion) and some new tax accrual data (€0.1 billion reduction in deficit).

The NSSG made no changes in relation to EU transactions.

The revision in the deficit is more marked for 2004 and 2005 due to the DEKA correction in 2004 and to the error in the forecast for social security funds in 2005. The deficit in 2002 and 2003 was revised by less as the DEKA correction for 2003 is compensated for by other upward revisions.

2.2. Change in the discrepancy

The reported statistical discrepancy has been reduced considerably, by €2.3 billion over the period 2002-2005, from a cumulated +€2.6 billion to +€0.3 billion.

The fall in the discrepancy is less than the revision of the deficit (of €3.7 billion) due to offsetting operations, mainly a €0.7 billion reduction in the flow of equity of social security funds and a reduction in the deposits of social security funds owing to a change in estimation method.

New information on social security funds loans further reduced the discrepancy (by €0.2 billion), whereas a correction to equity held by local government slightly increased it.

The discrepancy is now distinctly negative for central government. A significant positive entry for local government in 2002 and a large positive entry in social security funds in 2003 still remain. The discrepancy pattern across the various sub-sectors might need further study.

Source of the change in general government discrepancy From April 2006 to October 2006

million euro

	2002	2003	2004	2005	2002- 2005
Discrepancy April 2006 notification	594	128	1070	818	2610
Discrepancy October 2006 notification	45	516	-149	-75	337
April to September	-549	388	1219	-893	-2273
Of which:					
Change in deficit	-391	-589	1429	1273	-3682
Change in social security equity	183	465	29	60	737
Change in social security deposits	-75	423	177	388	913
Tax accrual	17	2	51	-156	-86
Social security loans	-167	63	-23	-92	-219
Local government equity	-66	21	34	34	23
Other	-50	3	-58	146	-241

3. Revisions expected for the April 2007 EDP notification

At the occasion of the October 2006 EDP notification, Eurostat lifted its reservation about the data reported by Greece, because at this stage the risk of significant underestimation (or overestimation) of the deficit over the reporting period 2002-2005 is minimal and not substantially different to the risk for some other EU Member States.

As indicated throughout the report, there are, however, weakspots. Most of the changes suggested are deficit-neutral and aim only to provide more plausible financial flows, i.e. the transition between the deficit and the change in debt.

1. The flow of equity reported in social security funds in 2002 (or in 2002-2003) seems too high, whereas the flow estimated in 2005 needs to be substantiated.
2. The discrepancy in social security funds remains higher than expected, notably for 2003, and also considering that the flow of equity seems overestimated. All of this reflects a hasty choice to switch to a data source that, whilst very promising in future, appears weak for 2002-2005.
3. The discrepancy in local government might well be reduced, after taking account of the results of the census data for 2003.
4. The NSSG needs to rework the impact of EU transactions.
5. The NSSG needs to provide data on privatisation proceeds to provide evidence that no double counting has occurred.
6. The NSSG needs to step up work on splitting EDP Table 3B into two sub-tables (Tables 3B1 and 3B2), which might help identify anomalies.
7. The NSSG may identify and correct major mistakes in the Survey responses for 2002-2005.

Annex I: Revisions of deficits notified by Greece over the years

Greek government deficit												
Across various Notifications												
		in million Euro					In % of the GDP					
Notifications of:		2001	2002	2003	2004	2005	2002-2003	2001	2002	2003	2004	2005
EDP B9 S.13	Mar-04	-1897	-2026	-2646				-1.4	-1.4	-1.7		
EDP B9 S.13	Sep-04	-4860	-5276	-6997				-3.7	-3.7	-4.5		
EDP B9 S.13	Mar-05	-4716	-5783	-7934	-10148		23865	-3.6	-4.0	-5.1	-6.0	
							-1504					
EDP B9 S.13	Aug-05	-5447	-6245	-8785	-10339		25369	-4.1	-4.4	-5.6	-6.1	
							-1597					
EDP B9 S.13	Sep-05	-8010	-7038	-8823	-11105		26966	-6.0	-4.9	-5.7	-6.6	
							-754					
EDP B9 S.13	Mar-06		-7074	-8965	-11681	-8222	27720		-4.9	-5.8	-6.9	-4.5
							-2409					
EDP B9 S.13	Sep-06		-7465	-9554	-13110	-9495	30129		-5.2	-6.1	-7.8	-5.2
Revision in B9 March 2004 to September 2006			-5439	-6908					-3.8	-4.4		
Revision in B9 March 2005 to September 2006			-1682	-1620	-2962		6264		-1.2	-1.0	-1.8	
Revision in B9 March 2006 to September 2006			-391	-589	-1429	-1273	2409		-0.3	-0.4	-0.8	-0.7
GDP	Sep-06		143482	155543	168417	181088						
		131769	142369									
	21/10/2006 21:33											
	Unit C.3											

Annex II: Other payables/receivables reported

1. The table set out below shows the flow of receivables/payables of general government and of central government between various notifications.

The revision in receivables/payables between the March 2005 and September 2005 notifications, concentrating mainly on central government accounts, was largely the result of recognition of payables to suppliers of hospitals and of proper accounting of EU transactions.

The revision in receivables/payables between the September 2005 and April 2006 notifications was largely the result of a change in source data for measuring the receivables of social security funds (€1.5 billion) and the receivables of local government (€1 billion).

Transactions in receivables and payables of general and central government According to various reporting

million euro

		General government								Central government						
		F.7 net								F.7 net						
		2000	2001	2002	2003	2004	2005	2002- 2004	2002- 2005	2000	2001	2002	2003	2004	2005	
Notification	Sep-04	1886	1042	1120	2157					1886	1042	900	2161			
Notification	Mar-05		1529	1564	2471	2107		6142			1042	400	1542	1227		
Notification	Sep-05			-590	221	1705	1090	3016			-1077	-943	776	88		
Notification	Apr-06				-603	845	256	498	3690				-854	621	204	3245
Notification	Oct-06				-638	825	187	374	3603				-870	619	153	3447
		F.7 assets								F.7 assets						
		2000	2001	2002	2003	2004	2005	2002- 2004	2002- 2005	2000	2001	2002	2003	2004	2005	
Notification	Sep-04	737	740	1337	1885					737	740	1117	1889			
Notification	Mar-05		1227	2281	2849	2357		7487			740	1117	1920	1477		
Notification	Sep-05			555	2122	3334	2344	7800				-302	334	1601	592	
Notification	Apr-06				421	1276	753	2450	3975				170	1052	701	1128
Notification	Oct-06				405	1274	712	2391	4036				154	1050	660	1311
		F.7 liabilities								F.7 liabilities						
		2000	2001	2002	2003	2004	2005	2002- 2004	2002- 2005	2000	2001	2002	2003	2004	2005	
Notification	Sep-04	1149	302	-217	272					1149	302	-217	272			
Notification	Mar-05		302	-717	-378	-250		-1345			302	-717	-378	-250		
Notification	Sep-05			-1145	-1901	-1629	-1254	-4784				-775	-1277	-825	-504	
Notification	Apr-06				-1024	-431	-497	-1952	-285				-1024	-431	-497	2117
Notification	Oct-06				-1043	-449	-525	-2017	-433				-1024	-431	-507	2136

Unit C.3
09/03/2007 18:16

2. The table set out below shows the breakdown of other receivables and payables by amounts identified.

Most of the reported amounts relate directly to identified operations or accrual adjustments. The undocumented receivables/payables are therefore marginal amounts, which is good practice.

Transactions in receivables and payables of general government Documented detail

million euro			2002	2003	2004	2005	2002- 2005
Notification	Oct-06	F.7 net	-638	825	187	3229	3603
Notification	Oct-06	F.7 assets	405	1274	712	1645	4036
Notification	Oct-06	F.7 liabilities	-1043	-449	-525	1584	-433
Of which:		F.7 assets of central government	154	1050	660	1311	3175
		Accrual tax revenue	269	310	156	650	1385
		Accrual EU revenue	-209	583	406	639	1419
		Mobile phone licences	0	0	0	-48	-48
		Advanced payments for salaries and pensions	94	157	98	70	419
		Other	0	0	0	0	0
		F.7 liabilities of central government	-1024	-431	-507	2136	174
		EU Revenue - Advances	-217	-12	-101	-87	-417
		EU: Payments according to Court decisions	0	0	0	-418	-418
		Hospitals	-802	-848	-484	2586	452
		Retroactive salaries and other expenditure	-217	-31	203	59	14
		Payment orders	212	307	58	-34	
		Other	0	153	-183	30	0
		Social security contributions	251	224	52	334	861
		SSF liabilities to hospitals				-532	-532
		Local government	-19	-18	-18	-20	-75
		Total unidentified	0	153	-183	30	0

Unit C.3
09/03/2007 18:16

Annex III: Compilation of the survey imbalances

Social security			2002	2003	2004
	1000000				
		Total revenue	26542	29984	30994
1100	0	ΙΔΙΑ ΕΣΟΔΑ (1110+1120+1130+1140+1150)	22028	24060	24555
1200	0	ΕΠΙΧΟΡΗΓΗΣΕΙΣ (1210+1220+1230)	3989	5327	5946
1300	0	ΆΛΛΟΙ ΠΟΡΟΙ (1310+1320+1330+1340)	525	597	494
		Total expenditure	24854	28041	29023
2100	0	ΛΕΙΤΟΥΡΓΙΚΑ ΕΣΟΔΑ (2110+2120+2130)	24413	27638	28549
2200	0	ΕΠΕΝΔΥΣΕΙΣ (2210+2220+2230+2240)	286	239	226
2400	0	ΕΠΙΧΟΡΗΓΗΣΕΙΣ ΠΡΟΣ ΤΡΙΤΟΥΣ (2410+2420+2430)	155	164	249
		Balance	1688	1943	1970
1400			984	1480	1469
1410			638	1033	877
1420			26	31	10
1430			113	121	73
1440			31	10	43
1450			176	285	465
			0	0	0
			0	0	0
2300			556	281	997
2310			2	21	12
2320			280	57	96
2330			38	9	24
2340			237	194	866
11+12+13+142+143+144+145-(21+22+23+24)-1410		Vertical disequilibrium	839	1075	687
11+12+13+142+143+144+145		Inflows	26888	30431	31585
21+22+23+24		Outflows	25411	28323	30021
11+12+13+142+143+144+145-(21+22+23+24)		Net	1477	2108	1565
			1410	1033	877
		Liabilities check flows minus changes in stocks		-119	406
1420-2310		Flows	24	10	-1
		stocks changes		129	-407
2320-1430		assets loans check flows minus changes in stocks			
		Flows	167	-63	23
		stocks changes			
2330-1440		assets shares flows minus changes in stocks			
		Flows	7	-1	-19
		stocks changes		916	729
2340-1450		Securities check flows minus changes in stocks		476	1248
		Flows	61	-91	400
		stocks changes		1093	768
		In kind	1893	1960	1916
		Mutual fund		300	300
		Cash deposits check flows minus changes in stocks		-1828	-2113
1410			638	1033	877
3100+3200				2861	2990
		Total consistency flow-stocks		-1233	-1270
		Vertical disequilibrium		1075	687
		<i>Net</i>		-158	-583
Unit C.3 - Phr					
31/10/2006 13:11					

An illustration of the type of vertical or horizontal checks to be carried out is set out below. This presentation was given to NAD staff by Eurostat in June. It focuses on the aggregated totals in the Survey, but should be carried out unit by unit.

1. Vertical imbalance

The first part of the table consists of calculating the vertical imbalance.

Accounts 1 and 2 of the Survey cover cash flow items - inflows and outflows respectively. Some are revenue items (11+12+13) and expenditure items (21+22+24), others are for financial transactions on the assets or liabilities sides (142+143+144 and 23).

Item 141, however, is specific in that it shows changes in cash itself. Consequently, 11+12+13+142+143+144-21-22-23-24 corresponds to net cash inflows and should be equal to 141. Accordingly, in 2003 the total inflows were €30.4 billion and the total outflows €28.3 billion giving a total net inflow of €2.1 billion. However, item 141 is reported as only €1 billion. There is therefore a €1.1 billion imbalance.

Note that the total revenue was €29.9 billion, and a further €0.5 billion in inflows arose from financial transactions; the total expenditure was €28.1 billion, and a further €0.3 billion in outflows arose from financial transactions. Finally, the Survey balance of €1.9 billion differs from the above-mentioned net cash inflow of €2.1 billion, due to €0.2 billion (€0.5 billion minus €0.3 billion) in net cash inflow from financial transactions.

Aggregate 14 (€1480 million in 2003) has no meaning at all, aggregating inflows from financial transactions and the changes in cash itself. By the same token, aggregate 1=11+12+13+14 (€31464 million in 2003) has no meaning either. Aggregate 1 minus 2 (€3141 million in 2003) also has no meaning whatsoever.

The imbalance seems to be substantial and of the same sign over 2002-2004 in the range of €0.7 billion to €1.1 billion a year, pointing to an insufficient increase in the reported change in cash.

2. Horizontal imbalance

The second section of the attached tables calculates the implied "other economic flows" by type of instrument. The "other economic flows" (OEF) can be calculated as the change in the balance sheet position between the start and the end of the period minus the transactions over the period.

There can be genuine reasons for OEFs, mainly as a result of revaluations when an instrument is measured at market value (rather than at acquisition value) and/or is in foreign currency (for loans and deposits). They can also reflect reporting errors. As such, OEF must be closely monitored and routinely calculated.

For some categories, such as shares, large OEFs can be accepted, even though they should be compared with typical market prices such as stock indexes. For others, this might point to data issues.

OEFs on the liabilities side can be calculated, which yields +€119 million in 2003.

OEFs in loan assets cannot be calculated, because no balance sheet information is requested in the Survey. This has been flagged as an item for improvement in the report.

It can be seen that the implied OEFs in equity is quite large for shares, at +€917 million in 2003 and +€748 million in 2004, reflecting dynamic changes in stock positions matched by few transactions, which seems consistent with the stock market behaviour.

OEFs in securities can be measured, after some specific corrections. On the one hand, the change in stocks is reported as +€1093 million during 2003, but the Survey flow is reported at -€91 million. However, a correction must be made for bonds provided in kind (€1960 million) that were not measured in the flow in the Survey (this was documented by Eurostat with IKA staff, and by the NSSG with other social security funds concerned). Another correction must be entered for mutual funds (€300 million in 2003). The total implied OEFs -€476 million (1093 - (-91) - 1960 + 300) in 2003 and -€1248 million in 2004.

Finally, the change in cash in 2003 is reported to be €2861 million looking at the change in reported stocks (accounts 3100 and 3200) whereas the flow reported (account 1410) is only €1033 million, or €1.8 billion in OEF that seems mainly to reflect imbalances.

Whereas the latter OEF is clearly a genuine imbalance, with either the stocks erroneously classified or the flow misreported, it is also tempting to add the OEF across instruments (but excluding that for shares which seems plausible to relate to revaluations). The total OEFs are therefore: €1233 = 1828 - 476 - 119 million in 2003 and -€1270 million in 2004.

One important point to note is that not all total OEFs reflect imbalances, as securities (for instance) may change in value.

3. Comparison between the vertical and the horizontal checks

Even though those two checks are not of the same nature, as a vertical check is a consistency check, whereas a horizontal check is mainly a plausibility check, it is tempting to examine whether the two imbalances compensate each other to some extent.

One reason for this approach is, for instance, that if account 141 were underreported whereas the balance sheet were correct, a positive vertical imbalance would then arise as well as a matching negative horizontal imbalance (i.e. the emergence of OEF in deposits).

More systematically, whereas a positive imbalance could indicate that the surplus is overestimated if the financial flows are correctly measured, a negative imbalance would indicate, conversely, that the surplus is underestimated.

Put another way, excluding genuine OEF (such as those in shares), the change in net financial assets reported in the Survey balance sheet should match the Survey surplus. A gap can be measured as the sum of the vertical and horizontal imbalances.

If the rationale for comparing both imbalances is clear, it is still necessary to be extremely prudent in not over-generalising the approach. Such an approach must be reserved mainly for quality checking purposes.

Over 2003-2004, the vertical imbalances are largely compensated by the horizontal ones, giving a total of -€158 million in 2003 and -€583 million in 2004. These relatively small negative entries suggest that the changes in the balance sheets are slightly more optimistic than the Survey balance.

Annex IV: Revisions of transactions in equity by Greek social security funds

Transactions in equity by social security funds According to various reporting

million euro

		F.5						F.51				F.52				
		2000	2001	2002	2003	2004	2002- 2005	2002	2003	2004	2005	2002	2003	2004	2005	
Notification	Sep-04	1409	1400	1970	1854											
Notification	Mar-05		1014	1269	1340	156										
Notification	Sep-05		1014	944	810	88										
Notification	Apr-06			944	810	88	586	2428								
Eurostat visit	June			944	739	79	586	2348	933	790	71	656	11	-51	8	-70
Eurostat visit	September			761	345	59	662	1827	750	396	51	579	11	-51	8	83
Notification	Oct-06			761	345	59	526	1691								
April to September 2006				-183	-465	-29	-60	-737								

F.5: transactions in equity and shares

F.51: transactions in equity and shares other than mutual fund shares

F.52: transactions in mutual fund shares

Unit C.3

09/03/2007 18:16

Annex V: Transactions in equity (other than mutual funds) by Greek social security funds

Transactions in equity other than mutual funds by social security funds

million euro

F.51

	2001	2002	2003	2004	2005	2002- 2003	2004- 2005	2002- 2005	2002- 2003
Proposed flow in Table 3E:									
<i>Eurostat visit</i>									
<i>Eurostat visit</i>									
		933	790	71	656	1723	727	2450	1723
		750	396	51	579	1146	630	1776	1146
									-577
Stocks in F.51	3004	3112	3131	3977	5993				
Implied flow:									
Calculated by Eurostat (1)		1296	-783	110	659	514	770	1283	541
Calculated by Eurostat (2)		1866	-1097	-158	196	770	39	808	884
Stock index	3388.9	2591.6	1748.4	2263.6	2786.2	3663.9			
Annual change in index		-23.5%	-32.5%	29.5%	23.1%	31.5%			-12.7%
Emporiki+NBG index			-55%	55%	41%	55%			-30%
Mixed (45% ASE+55% NBG/Empo)			-45%	44%	33%	45%			-22%

(1) when using the ASE general index

(2) when using the mixed index

Unit C.3

09/03/2007 18:16

See text for more explanations.

Annex VI: Revisions of transactions in deposits by social security funds

Transactions in deposits by social security funds

According to various reporting
million euro

F.2

		2000	2001	2002	2003	2004	2005	2002- 2004	2002- 2005
Notification	Sep-04	-187	94	-587	-83				
Notification	Mar-05		94	-533	-55	240		-348	
Notification	Sep-05		94	-533	-55	225		-363	
Notification	Apr-06			-333	309	360	-70	336	266
<i>Eurostat visit</i>	June			-528	1138	314	-70	924	854
<i>Eurostat visit</i>	September			-258	-114	183	-458	-189	-647
Notification	Oct-06			-258	-114	183	-458	-189	-647
April to June				-195	829	-46	0	588	588
June to September				270	-1252	-131	-388	-1113	-1501
April to September				75	-423	-177	-388	-525	-913

Unit C.3

29/10/2006 22:56

See text for more explanations.

Annex VII: Revisions of discrepancy and deficits in Greek social security funds

Surplus and discrepancy in the social security funds

According to various reporting
million euro

Discrepancy		2000	2001	2002	2003	2004	2005	2002- 2004	2002- 2005
Notification	Sep-04	151	192	154	198				
Notification	Mar-05		192	-274	-457	318		-413	
Notification	Sep-05		192	151	117	253		521	
Notification	Apr-06			434	163	343	358	940	1298
<i>Eurostat visit</i>	June			538	-585	322	382	275	657
<i>Eurostat visit without error</i>	June			268	667	453	770	1388	2158
<i>Eurostat visit</i>	September			3	987	9	-268	999	731
Notification	Oct-06			3	987	9	-268	999	731
<i>Impact of the deposits (return to April 2006)</i>				75	-423	-177	-388	-525	-913
New estimate 1	Eurostat			78	564	-168	-656	474	-182
<i>Impact of equity</i>				200			238	200	438
New estimate 2	Eurostat			278	564	-168	-418	674	256
April to June 2006				104	-748	-21	24	-665	-641
June to September 2006				-535	1572	-313	-650	724	74
April to September 2006				-431	824	-334	-626	59	-567
Surpluses		2000	2001	2002	2003	2004	2005	2002- 2004	2002- 2005
Notification	Sep-04	2805	2093	4132	4565				
Notification	Mar-05		2093	4027	4262	4926		13215	
Notification	Sep-05		2093	4127	4306	4978		13411	
Notification	Apr-06			4127	4306	4493	3262	12926	16188
Notification	Oct-06			3846	4169	4052	2071	12067	14138
From April to October 2006				-281	-137	-441	1191	-859	2050
Of which due to the transitional table				-280	-137	-441	-453	-859	1312
Of which due to other				-1	0	0	-738	0	-739

Unit C.3

29/10/2006 22:56

See text for more explanations.

Annex VIII: Revisions suggested by Eurostat after the June visit for the October 2006 EDP notification

In the light of the findings of the June visit, the corrections identified could be made to the data reported under EDP.

Some of the findings lead to a change in the deficit, others to a change in the discrepancy, and many to changes in both. Findings on EU funds changed the deficit but not the discrepancy, because the amount of receivable/payable is adjusted accordingly.

Over the 2002-2005 reporting period, the deficit would increase by €3.2 billion, predominantly for recent years. Half of the adjustment is due to the intra-governmental transfers inappropriately recorded in social security funds (€1.3 billion) and, possibly, in extra-budgetary funds (€0.4 billion estimated). The other half is due to the accounting of EU funds: the second CSF, the time of recording of the third CSF and a mistake in an algorithm introduced in the March 2006 notification.

Identified changes in deficit

	2002	2003	2004	2005	cumulated 2002-2005
Deficit as reported on 24 April 2006					
% of GDP	-4.9%	-5.8%	-6.9%	-4.5%	
mio eur	-7074	-8965	-11681	-8222	
Social security funds	-280	-137	-441	-453	-1311
Local government					0
Extra-budgetary funds*	-100	-100	-100	-100	-400
EU Funds					0
2nd CSF**	-80	-379	-283	0	-742
3rd CSF	260.0304	-33.55651	-90.90085	-629.3953	-493.8223
Mistake in the April 2006 notification***	0.5	235.26	-437.58	-20.86	-222.68
Total change in deficit	-199.4696	-414.2965	-1352.481	-1203.255	-3169.502
Deficit after changes					
mio eur	-7273.47	-9379.297	-13033.48	-9425.255	
% of GDP	-5.1%	-6.0%	-7.7%	-5.2%	

* plausible estimate

** maximum amount

*** subject to confirmation by EL authorities

The reduction in discrepancies would total €1.7 billion, leaving a cumulated discrepancy of €0.9 billion. The discrepancy in social security is largely eliminated, while some discrepancy remains for local government (always a difficult area) and (more worryingly) for central government.

The changes in discrepancies partly reflect the changes in deficit, but also some corrections as a result of the examination of the flow of assets and the change in source data.

Identified change in the discrepancy

	2002	2003	2004	2005	cumulated 2002-2005
General government (Table 3A) as reported on 24 April in million euro	594	128	1070	818	2610
% of GDP	0.4%	0.1%	0.6%	0.5%	
<i>central government (Table 3B) as reported on 24 April in m euro</i>	-249	-102	482	626	757
<i>local government (Table 3D) as reported on 24 April in m euro</i>	409	67	245	-166	555
<i>social security funds (Table 3E) as reported on 24 April in m euro</i>	434	163	343	358	1298
* changes in extra-budgetary funds (change in deficit/surplus)	-100	-100	-100	-100	-400
* change in local government (change in equity)	-50				-50
* change in social security	-147	-174	-464	-453	-1238
-- of which change in deficit/surplus	-280	-137	-441	-453	-1311
-- of which loan assets	-167	63	-23		-127
-- of which overstated equity	300	300			600
-- of which change in deposits source data		-400			-400
Total change in discrepancy	-297	-274	-564	-553	-1688
<i>central government (Table 3B) after changes in m euro</i>	-349	-202	382	526	357
<i>local government (Table 3D) after changes in m euro</i>	359	67	245	-166	505
<i>social security funds (Table 3E) after changes in m euro</i>	287	-11	-121	-95	60
general government (Table 3A) after changes in m euro	297	-146	506	265	922
% of GDP	0.2%	-0.1%	0.3%	0.1%	

Annex IX: List of documents provided to Eurostat

Topic	No.	Title	Date	Provider	No of pages
Report	1	Methodological visit to Greece - Draft report (13 July 2006)	25.07.06	Eurostat	34
State	1	State Budget for 2006 - Book	29.05.06	GAO	155
	2	Split of other receivables/payables and other financial assets/liabilities for 2002-2005	29.05.06	GAO	1
	3	Who-to-whom information on D.73 for 2005	31.05.06	NSSG	1+ 5 (electronic)
	4	Codification of accounts for public entities	01.06.06	NSSG	87
	5	Balance sheet of the State	29.09.06	GAO	2
	6	Bridge table between the budget code and ESA95 categories	29.09.06	GAO	14
	7	Budget classification of the State	29.09.06	GAO	60
	8	Chart of accounts of the State	29.09.06	GAO	12
	9	Formula for calculation of the Working balance in Table 2A	29.09.06	GAO	1
EBF	1	List of EBF by industries (NACE)	29.05.06	NSSG	12
	2	Aggregated results of survey for 2003-2004 (non-financial side)	29.05.06	NSSG	2
	3	Aggregated results of survey for 2003-2004 (financial side totals)	01.06.06	NSSG	1
	4	Aggregated results of survey for 2003-2004 (financial side by category)	01.06.06	NSSG	1
	5	Additional adjustments from survey into national accounts for 2003	01.06.06	NSSG	1
	6	Additional adjustments from survey into national accounts for 2004	01.06.06	NSSG	1
	7	Simulation of Tables 3B1+3B2 for 2002-2005	31.05.06	GAO**	1
	8	Information on currency and deposits for 2001-2005	31.05.06	GAO**	1
	9	Results of survey for 2003-2004 (non-financial side) for 4 biggest funds	31.05.06	NSSG	2 (electronic)
	10	Results of survey for 2003-2004 (non-financial side) for 4 biggest funds	31.05.06	NSSG	2 (electronic)
	11	Results of survey for 2003-2004 (financial side)	31.05.06	NSSG	5 (electronic)
	12	Information on convertible bonds of DEKA	27.09.06	NSSG	1
	13	Balance sheets of DEKA for 2003 and 2004	27.09.06	NSSG	2
	14	Privatisation receipts of DEKA in 2002-2005	29.09.06	GAO**	1
	15	Additional adjustments from survey into national accounts for 2003 - UPDATE	27.09.06	NSSG	1
	16	Aggregated results of survey for 2004 (non-financial side) - new result (for 240 units)	27.09.06	NSSG	1
EU transactions	1	Note on treatment of EU funds	29.05.06	NSSG	2
	2	Applications submitted to the EU by programme - Information of September 2005	29.05.06	NSSG	1
	3	Applications submitted to the EU by programme - Information of May 2005	29.05.06	NSSG	1
	4	Table on treatment of EU transactions in national accounts	29.05.06	NSSG	1
	5	Ministerial agreement on information system for EU transactions	01.06.06	G-SPA*	88
	6	Example of a letter from the EC justifying suspensions of payments	01.06.06	G-SPA*	2
	7	Amounts of applications submitted and reimbursed by the EC under 3rd CSF	01.06.06	G-SPA*	1
	8	Document on the Greek Single Payment Authority	02.06.06	G-SPA*	2
	9	Advances	29.05.06	G-SPA*	1
	10	Example of registration of EU inflows	28.09.06	G-SPA*	
	11	Applications submitted to the EU by programme - Information of September 2006	28.09.06	NSSG	
LG	1	List of municipalities	29.05.06	NSSG	22
	2	Final results of the census of LG for 2002 - revenue	29.05.06	NSSG	2
	3	Final results of the census of LG for 2002 - expenditure	29.05.06	NSSG	2
	4	Table 3D for 2001-2005	30.05.06	BoG	1
	5	Template of the questionnaire for quarterly and annual survey (version for 2002-2004)	29.05.06	NSSG	6
	6	Template of the questionnaire for quarterly and annual survey (new - starting 2005)	29.05.06	NSSG	7
	7	Template of the questionnaire for census (version up to 2004)	29.05.06	NSSG	18
	8	Template of the questionnaire for census (new - starting 2006)	29.05.06	NSSG	20
	9	Results of survey for 2002-2003 - financial part	30.05.06	BoG	1
	10	Template of report requested by Division 39 of the General Accounting Office	30.05.06	NSSG	1
	11	Income - expenditure allocation code	30.05.06	NSSG	29
	12	Results of Survey for 2002-2004 for 4 biggest municipalities	30.05.06	NSSG	3 (electronic)
	13	Results of Survey for 2002-2004 (financial side)	30.05.06	NSSG	3 (electronic)
	14	Results of Survey for 2002-2004 (non-financial side)	30.05.06	NSSG	3 (electronic)
SSF	1	List of social security funds in 2004	29.05.06	NSSG	2+ electronic
	2	List of public hospitals in 2004	29.05.06	NSSG	2+ electronic
	3	Results of census for SSF for 2002-2004 (SSF+hospitals, non-financial side)	29.05.06	NSSG	4+ electronic
	4	Results of survey for SSF and hospitals for 2004 and 2005	29.05.06	NSSG	1+ electronic
	5	Additional adjustments to results of census into NB/NL for 2002-2005 ("Table 3")	29.05.06	NSSG	1+ electronic
	6	Guide to the survey questionnaire on SSF	30.05.06	NSSG	8
	7	Aggregated results of the survey for 2002-2004 (financial side, transactions)	30.05.06	NSSG	1
	8	Information on quoted shares of SSF for 2002-2005	30.05.06	BoG	1
	9	Financial accounts for SSF for 2002-2004 (row data) - stocks	30.05.06	BoG	1
	10	Financial accounts for SSF (with and without hospitals) for 2002-2004 (row data) - stocks	31.05.06	BoG	1
	11	Table 3E for SSF for 2001-2004 (stocks+flows)	30.05.06	BoG	1
	12	Table 3E for SSF for 2001-2004 (stocks+flows detailed by data sources)	31.05.06	BoG	1
	13	Information on deposits of SSF for 2004 - selected institutions	30.05.06	BoG	1
	14	Analytical information on deposits of SSF for 2004 - selected institutions	30.05.06	BoG	1
	15	Aggregated information on securities other than shares for 2004 - old questionnaire	30.05.06	BoG	1

	16 Aggregated information on securities other than shares for 2004 - new questionnaire	30.05.06	BoG	1
	17 Budget of IKA for 2006	30.05.06	IKA	37 book
	18 Shares of IKA for 2003-2004	01.06.06	IKA	4
	19 Transactions in quoted shares in 2005	31.05.06	BoG	1
	20 Report of BoG on shares and other equity	31.05.06	BoG	1
	21 Development of the stock prices index in 2003	31.05.06	BoG	1
	22 Government decision related to the questionnaire	31.05.06	BoG	2
	23 Template of the survey of the social statistics division of NSSG	01.06.06	NSSG	16
	24 Report on SSF published in 2005 by the Ministry of Social Protection	31.05.06	NSSG	383 book
	25 Transactions in shares	31.05.06	BoG	1
	26 Template of the questionnaire (version 2005)	29.05.06	NSSG	6
	27 Balance sheets of 5 biggest SSF for 2002-2004	29.05.06	NSSG	3 (electronic)
	28 Results of survey for 2002-2004 (non-financial side) for 5 biggest SSF	29.05.06	NSSG	3 (electronic)
	29 Details of survey for 2004	29.05.06	NSSG	3 (electronic)
	30 Calculation of indexes	29.05.06	NSSG	1 (electronic)
	31 Additional adjustments to results of census into NB/NL for 2002-2005 ("Table 3") - UPDATE	29.09.06	NSSG	1
	32 Transactions in quoted shares in 2005	28.09.06	BoG	1
	33 Table 3E for SSF for 2001-2004 (stocks+flows detailed by data sources) - UPDATE	29.09.06	BoG	1
Others				
	1 Study by Jacques Magniez on the questionnaire for SSF	10.07.06	JM***	17
	2 Bridge between classification of public legal entities and survey	10.07.06	JM***	2
	3 Law 1956 (on statistical reporting)	27.09.06	NSSG	16
	4 Law 2392 (on statistical reporting)	27.09.06	NSSG	5
Received by email				
	1 Additional information on EU transactions	07.07.06	NSSG/G-SP/	7
	2 Questionnaire on timeliness and coverage of annual surveys	26.07.06	NSSG	2
	3 Questionnaire on timeliness and coverage of quarterly surveys + updated annual survey	25.10.06	NSSG	

G-SPA

** GAO = General accounting office

*** JM = Jacques Magniez