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Directorate D: Government Finance Statistics (GFS) and quality

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**- FINAL FINDINGS -**

**EDP dialogue visit to Italy**

**2- 3 February 2015**

## Executive summary

Eurostat undertook an EDP dialogue visit to Italy on 2-3 February 2015 as part of its regular visits to Member States. The main aim was to review institutional responsibilities in the field of government finance statistics (GFS), including EDP reporting, and analyse information on data sources provided in the EDP inventory, to follow up on some recommendations and action points from the previous dialogue visits, to clarify issues relating to EDP tables raised in the context of previous notifications, to clarify sector delimitation of general government, to analyse the application of the accrual principle in national accounts and in EDP and to ensure that provisions from the ESA 2010 Manual on Government Deficit and Debt are implemented and that specific government transactions are appropriately recorded in the Italian EDP notification and national accounts.

In particular, the discussions focussed on the follow-up of the previous upstream dialogue visit (UDV) of November 2012 and standard dialogue visit (SDV) of 4-5 February 2013, including the issue of sector classification of inactive entities, the recording of trade credits by sub-sectors of general government and the compilation of Gross Fixed Capital Formation (GFCF), on the implementation of ESA 2010, mainly for sector classification of units and tax credits, including DTAs, as well as on government specific transactions and some interventions of Cassa Depositi e Prestiti (CDP) in the context of the financial crisis.

Eurostat reviewed the **institutional responsibilities** in the framework of the EDP and GFS reporting, including the formalised cooperation with the Ministry of Finance (MEF), Bank of Italy (BoI), the Italian Court of Auditors (CoA) as well as with other providers of data needed for the compilation of GFS and EDP.

Eurostat was updated on the characteristics of the **source data and revision policy** and agreed with the Italian statistical authorities on the timetable for the updating of the Inventory of sources and methods for the compilation of GFS and EDP (the **EDP Inventory**).

The implementation of the **Directive 2011/85** was discussed, including expected improvements in the data reported and published in this context.

As a **follow-up of the UDV of November 2012 and of the SDV of February 2013**, Eurostat welcomed the implementation of the recommendations and action points agreed. However, there was a need to follow-up on some recommendations, especially some closely linked to the compilation of the government accounts, as well as on a few action points (like the monitoring of the operations conducted by Cassa Depositi e Prestiti (CDP) and the compilation of GFCF on an accrual basis.

On the **actual data of the October 2014 EDP reporting**, the discussions concentrated on the revisions of data in the **EDP tables** (and the correspondingly Questionnaire related to EDP tables) as well as on the recording and reporting of the **stock of trade credits**.

Eurostat welcomed the work done to reduce **statistical discrepancies** as a mean of ensuring the quality of government accounts.

Concerning the data reported in the **tables on the financial crisis**, Eurostat was informed that the decrease of the outstanding amount of guarantees was due to the cancellation of the government guarantees, on the request of the banks which have solved their problems in terms of solvability. Moreover, the bank Monte dei Paschi di Siena had reimbursed significant amount of Monti bonds.

The discussions on methodological issues focussed mainly on the delimitation of the government sector, the implementation of the accrual principle as well as on the recording of specific government transactions (e.g. government guarantees, capital injections, securitisation operations, sale and lease back, recording of EU flows, recording of military equipment, financial derivatives and PPP contracts).

On the **delimitation of the general government sector**, Eurostat discussed with the Italian statistical authorities the sector classification of inactive units, of the Italian Central Stockholding Entity, energy scheme, schools and universities, hospitals and public TV and Radio broadcaster as well as of deposit guarantee schemes. Eurostat has also analysed the Questionnaire on government controlled units classified outside general government and enquired about the application of the 50% criterion, on a regular basis. In particular, Eurostat asked for an analysis concerning the sector/sub-sector classification of a number of government controlled corporations, especially those with zero employees and those having the feature of captive financial entities.

Eurostat and the Italian statistical authorities reviewed the **implementation of the accrual principle** concerning taxes and social contributions, interest and Gross Fixed Capital Formation (GFCF).

On **taxes**, ISTAT presented a project for the improvement of the calculation of taxes on an accrual basis, related to the Special Statute Regions (Regioni a Statuto Speciale). Moreover a change in the time lag for the recording of IMU on farmland was discussed. The recording of tax credits related to deferred tax assets (**DTAs**) was also tackled.

On the calculation of **interest** on an accrual basis, the discussions focussed on the reported data by instruments, as well as on the decrease of the difference between interest accrued and paid in the EDP tables.

Most of the **GFCF** is still calculated by ISTAT based on cash data, due to the fact that the data source planned to be used for the recording of strategic infrastructure on an accrual basis is not appropriate. However, there are major steps towards the improvement of the estimations, due to the recent measures taken by the Italian government (the new accounting rules, the electronic invoice system and the monitoring system of public infrastructure works).

Eurostat discussed the existence and treatment of **standardised guarantees** provided by government, as well as the reporting in tables 9.1-9.3 of the Questionnaire related to EDP notification tables.

On the issue of **dividends**, Eurostat enquired about the super dividend test for a number of public corporations. Moreover, Eurostat discussed the availability of data on **capital injections** for local government.

Eurostat was informed that the data on **debt assumptions/ cancellations** at the level of local government will be collected soon from the CoA survey.

Eurostat took note of the explanations provided by ISTAT on the recording of **EU flows**, and agreed that the Italian statistical authorities will investigate the recovery of the agricultural funds by the EU and the recording in national accounts for the years 2014 and 2015.

Eurostat and the Italian statistical authorities discussed the list of **PPP** projects sent by ISTAT prior to the dialogue visit. Only very few contracts, and for limited amounts, are recorded off government balance sheet.

Eurostat requested a list of **securitisation operations** undertaken in 2011 to 2014, including information on the amounts involved and the recording in national accounts.

The Italian statistical authorities confirmed that there were no recent **sale and lease back** operations by local government.

On **military equipment**, the Italian statistical authorities confirmed once again that there is no possibility to identify pre-payments from post-delivery payments from the data provided by the Ministry of Defence. Eurostat encouraged ISTAT to take concrete steps in order to improve the reporting in table 7 of the Questionnaire related to EDP tables.

Eurostat and the Italian statistical authorities discussed the recording of **financial derivatives** and agreed that the Italian statistical authorities will investigate if there have been any financial derivative operations by the public corporations recently reclassified in the government sector.

Under **other** methodological issues, it was agreed that ISTAT will inform Eurostat about the findings of the Regional CoA, on a number of regions, as soon as they will be available.

On the **ESA 2010 transmission tables** for the general government sector, Eurostat appreciated the very good and fruitful cooperation with the Italian statistical authorities and discussed the reporting of some items in the quarterly GFS tables.

# FINAL FINDINGS

## Introduction

In accordance with Article 11 (1) of Council Regulation (EC) No 479/2009, as amended, as regards the quality of statistical data in the context of the excessive deficit procedure, Eurostat carried out an EDP dialogue visit in Italy on 2-3 February 2015.

The delegation of Eurostat was headed by Ms Lena Frej Ohlsson, Head of Unit D2 (Statistics for the Excessive Deficit Procedure I). Eurostat was also represented by Mr Luca Ascoli, Mr Denis Besnard and Ms Cecilia Pop. The Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) participated in the meeting as observers. The Italian statistical authorities were represented by the Italian Statistical Institute (ISTAT), the Ministry of Economy and Finance (MEF) and the Bank of Italy (BoI).

The previous Eurostat dialogue visit to Italy took place on 4- 5 February 2013.

The main objectives of this EDP dialogue visit were to review institutional responsibilities in the field of government finance statistics (GFS) including EDP reporting and analyse information on data sources provided in the EDP inventory, to follow up on some recommendations and action points from the previous dialogue visits, to clarify issues relating to EDP tables raised in the context of previous notifications, to clarify sector delimitation of general government, to analyse the application of the accrual principle in national accounts and in EDP and to ensure that provisions from the ESA 2010 Manual on Government Deficit and Debt are implemented and that specific government transactions are appropriately recorded in the Italian EDP notification and national accounts.

In particular, the discussions focussed on the follow-up of the previous UDV (November 2012) and SDV visits (4-5 February 2013), including the issue of sector classification of inactive entities, the recording of trade credits by sub-sectors of general government and the compilation of GFCF, on the implementation of ESA 2010, mainly for sector classification of units and tax credits, including DTAs, as well as on government specific transactions and some interventions of Cassa Depositi e Prestiti (CDP) in the context of the financial crisis.

In relation to procedural arrangements, in accordance with Article 13 of Regulation 479/2009, as amended, the *Main conclusions and action points* will be sent within days to the Italian statistical authorities, who may provide comments. Within weeks, the *Provisional findings* will be sent to the Italian statistical authorities in draft form for their review. After adjustments, *Final Findings* will be sent to the Economic and Financial Committee (EFC) and published on the website of Eurostat.

Eurostat appreciated the quality of the information provided by the Italian statistical authorities prior to the mission. Eurostat also thanked the Italian statistical authorities for the explanations given during the mission and considered that the discussions were transparent and constructive.

## **1. Statistical institutional issues**

### **1.1. Review of institutional responsibilities in the framework of the EDP and GFS data reporting**

#### *Introduction*

There have been no changes in the institutional responsibilities since the last EDP dialogue visit. The institutional arrangements are described in the published EDP Inventory, Part A.

Under this item of the agenda, Eurostat and the Italian statistical authorities discussed on the formal cooperation agreements with providers of data needed for the compilation of national accounts, with a focus on GFS and EDP data.

#### *Discussions and methodological analysis*

The Italian statistical authorities recalled the cooperation and formal agreements between ISTAT and the MEF (Ragioneria Generale dello Stato) which was signed in November 2012 and is valid for a period of 3 years. At the request of Eurostat, it was mentioned that the annex to the MoU between ISTAT and MEF is being updated for the provision of quarterly data and on some details of specific items.

The cooperation between ISTAT and BoI is based on the agreement signed in 2011, and it can be revised/updated in case of need. It relates to the overall exchange of statistical information, including the EDP data.

There is a formalised cooperation between ISTAT and the Ministry of Health. ISTAT also mentioned the existing agreement with the Ministry of Defence for the data on military expenditure.

Eurostat requested information about formal agreements for the data from regions and municipalities. ISTAT explained that the data for municipalities is obtained from the surveys run by the Ministry of Interior, while the data for regions are obtained directly from them, based on the statistical law and the statistical plan.

There is a signed agreement with the Italian Court of Auditors. However, there is no direct relationship with the Regional Court of Auditors and their reports are obtained in a centralised way or ISTAT can consult them when published. ISTAT plans to establish an alert system with CoA to receive the reports especially for the regions.

A formal working group established in 2005, between the representatives of ISTAT, MEF (State General Accounting Department, Treasury Department, Finance Department) and BoI meets, regularly, to discuss common working issues related to the EDP notification process. The group is chaired by Istat and meets before every round of EDP notification.

Moreover, a representative of the Court of Auditors representing the regions is a member of the "comitato di coordinamento" which met in 2014 three times.

## *Findings and conclusions*

*Action point 1: In the context of the formal cooperation agreement between ISTAT and the national Court of Auditors (CoA), ISTAT will take steps to ensure a regular reporting of the outcome of the findings of the Court of Auditors' regional branches. ISTAT will report to Eurostat on the progress of this action point. Deadline: end September 2015<sup>1</sup>*

### **1.2. Data sources and revision policy in the context of the ESA 2010 implementation; EDP Inventory**

#### **1.2.1. Availability and use of data sources, revision policy**

##### **Data sources**

###### *Introduction*

Under this item of the agenda, Eurostat and the Italian statistical authorities reviewed the main data sources used for the compilation of national accounts for general government and EDP data.

###### *Discussions and methodological analysis*

Prior to the EDP dialogue visit, ISTAT provided an updated part A of the EDP Inventory of sources and methods. In addition to the reference to ESA 2010, there were no major changes on this part, as compared to the EDP Inventory already published in December 2013.

ISTAT pointed out that a detailed list of units composing the government sector is published in the Official Journal n.210 of the Italian Republic on 10 September 2014 and can be found on ISTAT's website.

ISTAT explained the main data sources for the compilation of the accounts by sub-sectors of government, as described in the EDP Inventory of sources and methods, Part A: for the central government, the local government and the social security funds. Also the characteristics of the data sources have been briefly explained.

The harmonisation of the SIOPE (General Government Transactions Information System – collecting information on receipts and payments of public bodies, on a daily basis, via the Italian Interbank Network) codes was discussed. The Italian statistical authorities explained that the harmonisation is expected to take place with the adoption of the new Chart of accounts (Law 126/2014), which will enter into force completely with the 2016 reference year, and the new Siope, which should enter into force in 2017.

###### *Findings and conclusions*

*Eurostat took note of the explanations relating to the availability and use of data sources.*

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<sup>1</sup> On 30 September 2015, ISTAT informed Eurostat about the implementation of the formal agreement with the CoA, relating to the regular reporting of the findings of the Regional branches.

## ***Revision policy***

### *Introduction*

The revision policy is described in the EDP Inventory. Since 2012, Istat publishes the accounts of the General Government on the 1st of March and the 1st of October of year t for the years from t-4 to t-1 at the same time with the GDP release. These are the same data as provided in the EDP notification and they are fully consistent with national accounts variables composing the GDP aggregate.

### *Discussions and methodological analysis*

ISTAT described the ordinary revisions which depend on the sources used in the calculation of B.9 for each year: the only updated source, between March and September, is the State Budget Reporting of year t-1, which is approved every year in June. Therefore, the revision of EDP figures between the first and the second notification are made only for the State and for other occasional changes resulting from specific events and information or from bilateral discussions with Eurostat.

For the local government sector (with the exception of LHUs), the revision is made according to the change in the data source between the year t-3, t-2 and year t-1 (in April and October of year t, the t-1 estimations are made using cash data derived from the SIOPE system, or by the cash flows from the MEF, while for the year t-2 the new source replaces the estimations done previously using Siope data). The year t-4 is, in general, only marginally revised.

In general, backward revisions of the Maastricht debt, due to source update and methodological changes are implemented in the first month following the update/change. The same revision policy is adopted for Financial Accounts.

Other revisions are performed due to the existence of new data sources/details, changes in methodology and for other reasons. The revisions due to changes in methodology are implemented for benchmark estimates or after bilateral discussions with Eurostat.

ISTAT confirmed that, in principle, the working balance is not revised between April and October, because the cash data is recorded via Siope and it is not possible that a unit would not send the data in Siope.

ISTAT also confirmed that there are no plans to change the revision policy in the future.

### *Findings and conclusions*

*Action point 4: ISTAT will analyse the possibility to improve the timeliness of the data for the local government sub-sector in order to be able to revise the data in October rather than in the subsequent April notifications. Deadline: end September 2015<sup>2</sup>*

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<sup>2</sup> On 30 September 2015, ISTAT sent a note confirming that the timeliness is expected to be improved once the standardization of the accounts will be implemented in 2016.

## 1.2.2. Compliance with Council Directive 2011/85

### *Introduction*

For the implementation of Directive 2011/85, the Italian statistical authorities are publishing on the MEF website a detailed reconciliation table showing the methodology of transition between cash-based data and data based on the ESA standards as well as the cash-based fiscal data (monthly for central government and social security sub-sectors and quarterly for the local government sub-sector), before the end of the following month or quarter.

Moreover, the Italian MEF published data on guarantees for 2010-2013, off-balance PPPs for 2010-2013 and non-performing loans for 2013 in % of GDP, in November 2014.

### *Discussions and methodological analysis*

For the guarantees, the Italian statistical authorities confirmed that the data published in the table are coherent with the data reported in the questionnaire related to the EDP notification of October 2014.

Eurostat enquired about the availability of the split of guarantees between "one-off" and "standardised". The Italian statistical authorities explained that the data source for the local government sub-sector, the banking supervisory report, contains data on all guarantees but without the distinction between one-off and standardised.

Eurostat enquired if there were any plans to change the data source. The Italian statistical authorities explained that no change of the structure of the database has been foreseen, as this would be a difficult task. However, BoI will introduce a data collection system for the standardised guarantees in March/April and expects to obtain the needed information for October.

For the non-performing loans, the availability of the data only for the years 2012 and 2013 was discussed. Moreover, Eurostat enquired about the absence of the data for the local government sub-sector. The Italian statistical authorities explained that, at the time of the provision of data, there are currently no data for local government and that some steps will be taken in order to complete the data.

The Italian statistical authorities confirmed that, although the data related to Directive 2011/85 are published on the MEF website, ISTAT and BoI are involved in the compilation of a number of tables.

### *Findings and conclusions*

*Action point 5: ISTAT will report to Eurostat the results of the survey conducted by BoI in order to identify possible standardised guarantees for the local government sub-sector. Deadline: end September 2015<sup>3</sup>*

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<sup>3</sup> At the end of September 2015, Eurostat received a note informing about the results of the survey conducted by BOI relating to standardized guarantees at the level of local government.

*Action point 6: The Italian statistical authorities will take steps in order to improve the reporting of non-performing loans, especially at the level of local government. Deadline: end September 2015<sup>4</sup>*

### **1.2.3. EDP Inventory**

#### *Introduction*

MS have been asked to update the EDP Inventories of sources and methods for GFS and EDP using a new template, taking into account the changes relating to the implementation of ESA 2010 and other changes. Prior to the EDP dialogue visit, ISTAT sent to Eurostat a timetable for updating the EDP Inventory under the ESA 2010 format as well as a bridge table between public accounts items (e.g. budgetary classification) used as a basic data source for national accounts under ESA 2010 codes, for the main central government entity (the State budget).

#### *Discussions and methodological analysis*

Eurostat and the Italian statistical authorities discussed the proposed timetable and agreed with some changes. A timetable for the update of the Part B of the EDP Inventory was agreed, with a view of publishing the new version in December 2015, taking into account the changes due to the implementation of ESA 2010.

It was also agreed that some paragraphs of Part A of the EDP Inventory (sent prior to the visit) should be updated.

Moreover, it was agreed that, in case of need, the annexes will have to be updated too (both the publishable and the non-publishable ones).

The bridge table containing the revenue and expenditure of the State budget was analysed.

One table shows the transition from the public expenditure items (more than 10000 items) to the national accounts items and the second table the transition from the public accounts revenue (about 1000 items) to national accounts revenue. The discussions mostly focussed on the partite finanziarie and TV fees.

#### *Findings and conclusions*

*Action point 2: ISTAT will send to Eurostat a revised version of Part A of the EDP Inventory according to ESA 2010, incorporating also the clarifications discussed during the meeting. Deadline: 1 June 2015<sup>5</sup>*

*Action point 3: ISTAT will send to Eurostat Part B of the EDP Inventory under ESA 2010, including the updated annexes. Deadline: 15 June 2015<sup>6</sup>*

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<sup>4</sup> Eurostat received on 2 October a note explaining the steps taken in relation to the non-performing loans for the local government sub-sector.

<sup>5</sup> The revised Part A of the EDP inventory following the implementation of ESA 2010 was sent according to the deadline.

<sup>6</sup> The EDP Inventory under ESA 2010 (including the revised Part B) was sent on 19 June 2015, following the agreement between Eurostat and ISTAT.

## 2. Follow-up of the previous EDP dialogue visits to Italy (UDV November 2012 and SDV February 2013)

### *Introduction*

Eurostat undertook a UDV visit in November 2012 and a SDV in February 2013.

For the UDV, ISTAT sent documentation prior to the dialogue visit, mainly relating to the inactive entities classified in S.13, S.11 and S.12, explaining the negligible impact on net lending/net borrowing and debt (recommendation 13). Moreover, ISTAT sent updated follow-up notes for recommendations 21, 23 and 24, on the use of estimated data for the April notifications, on the improvement of the estimates for the trade credits as well as on the recording of government investment on an accrual basis.

Concerning the SDV, the action points have been implemented, except those relating to the GFCF, which have been only partially implemented and have been closely monitored. Moreover, Eurostat asked to be informed about the status of the monitoring of the operations conducted by Cassa Depositi e Prestiti (CDP) in order to ascertain if there was a need to reroute some operations through government (Action point 5 of the February 2013 dialogue visit).

### *Discussions and methodological analysis*

#### **2.1. Follow-up of the UDV**

***Recommendation 13:*** Eurostat recommends Istat to investigate this matter and provide Eurostat, by end of June 2013, with an explanation demonstrating how inactive companies have negligible impact on net lending/net borrowing and debt, approximately how many such companies may exist at any time and how are these wound up in a reasonably timely manner

ISTAT explained that a number of inactive units are included in the general government sector (S.13), in the 2014 version of the list (like in previous versions). ISTAT explained that the inactive units are those that underwent structural changes, changes in their identification codes (VAT or fiscal code) or units that are no more active according to a legislative act determining their closure. There are 1034 inactive units included in the S.13 list in 2014.

Regarding the government-controlled units that are outside the S13 sector, the inactive entities are excluded from the list.

ISTAT agreed that among government-controlled inactive units, some may still have remaining residual economic transactions. However, it stressed that taking into account the year 2012 data (used to define the S13 list in 2014), the inactive government-controlled units were 486 (while government-controlled active units were 4,426) and their impact is negligible in terms of deficit and debt.

Eurostat stressed that public entities have to be analysed to see if they are institutional units or not. Those units that are not institutional units have to be consolidated with the unit controlling them, which in the case of government controlled units means reclassified in the government sector. For the institutional units (active or inactive) the market conditions have to be checked, including the 50% criterion.

Eurostat wondered if some of the inactive units comply with the 50% test, which means that they are market producers. ISTAT agreed to check them, as well as to find out which units were in liquidation.

ISTAT agreed to correct the deficit and debt in the EDP tables, including the inactive units which will be reclassified in the government sector, making sure that there will not be any double counting of those which are merged with other units.

***Recommendation 21:*** *Real data should be used as soon as possible for year T-1 rather than estimates, which is currently the case. Eurostat believes that the new systems that are being implemented in the Italian government sector will give the opportunity to report data earlier and not rely on estimates for the early notifications. Eurostat recommends that Istat investigate this issue.*

The Italian statistical authorities explained the situation to date and stressed that, for the local government and social security funds, some improvements in timeliness in the collection of data are expected in the near future. Moreover, with the full implementation of the law 196/2009 on public accounting and finance and law 42/2009 on fiscal federalism, from the year 2016 onwards (and not 2015, as previously announced), data for t-1 should be available, possibly for the October notification.

***Recommendation 23:*** *Some of the actions being undertaken should assist in improving estimates on expenditure and trade credits and Eurostat recommends that Istat look into this.*

The Italian statistical authorities explained that some steps have been taken by the Italian government for the estimation of payables for public administrations. On one hand, some measures relate to the reduction of the amount of trade credits and to speeding up the payments of goods and services. On the other hand, a mechanism has been established to prevent the accumulation of large stocks of unpaid invoices in the future.

ISTAT explained that one of the measures relates to the new accounting rules for the collection of all necessary information on the debt situation of local entities, directly from their balance sheet, introduced with the legislative decree 126/2014, which entered into force in 2015. Through this reform, the obligations are recognised when they arise, and are recorded in the financial statement according to their due time. This makes the financial accounting system closer to the accrual basis method.

The second measure described by the Italian statistical authorities is the electronic invoice and the PCC system introduced in 2013 to manage the automatic release of credit certification. The system allows tracking the full life cycle of the trade credit liabilities of general government units. The public administrations transmit electronically all information related to the receipt of an invoice or equivalent requests for payments, as well as all information related to the payments done.

Since June 2014, the electronic invoice system has been fully operational for the units of the State, for social security funds and for fiscal agencies. It is expected that, from March 2015 onwards, the electronic invoice will be operational for all general government units.

When fully operational, the system will deliver a complete set of information, allowing monitoring the public administration purchases on an on-going basis.

The Italian statistical authorities also explained the obligation of all administrations, including at regional and local level, to fully disclose the amounts of trade debt arrears, according to the Decree Law 35/2013. This measure is expected to improve transparency and allow reliable estimates of the overdue payments.

While the communication is compulsory by law, there are still a number of administrations which have not yet complied.

***Recommendation 24:*** *With regard to investment such as that by the Ministry of Infrastructure and Transport, this is currently reported on a cash basis. Eurostat is of the opinion that there now appears to be sufficient information at the Ministry of Infrastructure and Transport for accrual based reporting, at the very least for strategic investment. Istat is investigating this entire issue. Since the upstream dialogue visit, Istat provided Eurostat with some information which was followed up at the standard dialogue visit of 4-5 February 2013. Eurostat recommends that Istat take whatever steps it can to identify the proper information for accrual recording.*

The issue was discussed below, as well as under item 4.2.3 (GFCF).

## **2.2. Follow-up of the last SDV**

### *Discussions and methodological analysis*

Eurostat recalled the discussions during the summer 2014, when ISTAT was asked to report about the involvement of Cassa Depositi e Prestiti (CDP) in some operations. Eurostat has enquired on the involvement of CDP in the financial crisis. CDP's acquisition of strategic participations in some companies was also under discussion.

The following cases, which might have the feature of activities undertaken on behalf of government, were discussed during the dialogue visit: "Plafond beni strumentali", "Plafond Casa", "Plafond PMI" and "Obbligazioni garantite".

For "Plafond beni strumentali", the Italian statistical authorities explained that these are instruments through which CDP supports the funding of the banks towards small and medium enterprises (SME) so that the cost of loans taken by SME is lower.

Based on the explanations and description of the instruments, Eurostat agreed that the risk remains with the banks and ultimately with CDP.

"Plafond casa" is similar to "Plafond beni strumentali", however it relates to mortgage loans. CDP provides funds to the banks which give mortgage loans. The hypothec (the guarantee on the real estate) is reverted from the banks to CDP.

It was agreed that CDP is running the risk of the operation, acting like a private bank.

The Italian statistical authorities explained that "Plafond PMI" relates to funds provided by CDP to banks for financing investment and increasing the capital of firms (similar to the previous one and more general than the first case).

Based on the description of the case, and the discussions with the Italian statistical authorities, it was concluded that the risk is with the private banks.

"Obbligazioni garantite" are asset backed securities purchased by CDP, according to an agreement between CDP and ABI. The purpose is to provide liquidity to banks to open mortgage loans, similar to "Plafond casa". The bonds are purchased at market conditions.

The Italian statistical authorities confirmed that none of the 4 operations discussed above benefits from any guarantee of the government.

ISTAT confirmed that, apart the CDP operations discussed above, there were no other operations which might be for public policy purposes and mentioned the informal agreement with CDP, according to which ISTAT will be informed regularly about any activity which might be undertaken on behalf of government.

Moreover, Eurostat asked for some information about two more action points from the dialogue visit of February 2013:

Action point 19: The Italian statistical authorities will propose immediate steps in order to be able to report debt assumptions/debt cancellations by local government units before 2015, when these data will be available starting from the year 2014, with the implementation of the new Law on accounting. ISTAT will investigate if they can use the information from the Supreme Audit Institution's questionnaire, or propose other measures. Deadline: September 2013.

Eurostat enquired about the status of the work, knowing that the full implementation of the Law was delayed.

The Italian statistical authorities explained that specific questions about debt cancellations and sale and leaseback operations have been inserted in the questionnaire sent annually to the Board of Auditors of local government units. The first results show that there are no significant amounts. For the April 2015 the results will be analysed and the figures reported in the EDP tables.

Action point without number: Eurostat took note that, for the time being, no information is available about the possible acquisitions of F35 airplanes and is expecting to be informed by ISTAT as soon as they can obtain it.

Eurostat took note that there was no new information related to the acquisition of F35 fighters.

In addition to the action points discussed above, the issue of the new estimation method for the GFCF has been followed-up. Due to the fact that the expected new method was not giving the expected results, there has been an agreement between Eurostat and ISTAT, that further efforts were needed and new data sources to be found.

Eurostat requested explanations on the coverage of the accrual calculation for GFCF of the government sector.

ISTAT explained that about 25% of the total investment is currently compiled on an accrual basis (covering mostly the Local Health Units, the social security funds and ANAS).

ISTAT expects that the new government measures, including the new accounting law, the monitoring of the public works (replacing the envisaged data source from the Ministry of Infrastructure and Transport- MIT) and the system of electronic invoices, might be sufficient in terms of data sources to allow the compilation of the whole investments on an accrual basis. However, ISTAT expresses caution as far as the quality

of the data for the first reporting was concerned and stressed that a careful check of the database is needed to ensure that the data for all units of the public administration are covered.

ISTAT also stressed that, for the EDP notification of April 2015, probably it would not be possible to make significant steps forward. However, the MEF committed itself to provide the data soon.

Eurostat enquired if the new information would allow improved estimates of GFCF for the previous years. The Italian statistical authorities explained that all the data about the projects which started in 2014 will be available, however the information is from the year when the project started (each project will have a code which would allow the traceability of the project in time).

The Italian statistical authorities expressed their hope to be able to use the new information already for the EDP notification of October 2015.

### *Findings and conclusions*

*Action point 7: Eurostat takes note that ISTAT will receive from Cassa Depositi e Prestiti (CDP) regular information on operations which might have the features of being undertaken on behalf of government. ISTAT will send to Eurostat their analysis of the issue. Deadline: Continuous*

*Action point 8: Eurostat took note that, following the cooperation with the CoA, ISTAT will include, for the first time, data on debt assumptions/debt cancellations for the local government in the April 2015 notification: Deadline: end March 2015<sup>7</sup>*

*Action point 9: Eurostat took note about the delays in the implementation of the accrual recording of GFCF due to unsuitability of the previously identified data sources. ISTAT will report to Eurostat on the implementation and the results of the use of the new data sources, introduced recently at the level of the MEF. Deadline: end September 2015<sup>8</sup>*

## **3. Actual data – the October 2014 EDP notification**

### **3.1. Examination of the EDP tables and the Questionnaire related to EDP Tables**

#### *Introduction*

During the assessment of the deficit and debt data in October 2014, it has been agreed that a number of issues will be followed-up in the EDP dialogue visit. It concerned some cases for which more analyses was needed but where the impact on deficit and/or the debt was expected to be limited.

In addition, prior to the EDP dialogue visit, ISTAT has provided a description of the work for the compilation of the stock of liabilities of trade credits and advances (AF81L),

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<sup>7</sup> Action point implemented according to the deadline, the data on debt assumptions/debt cancellations for the local government was included in the April 2015 notification.

<sup>8</sup> On 30 September 2015, ISTAT informed Eurostat about the first results of the use of the newly introduced data source, at the level of municipalities.

by sub-sectors, as well as a reconciliation table of other accounts receivable/payable between EDP tables 2 and 3.

### *Discussions and methodological analysis*

On **EDP table 2A**, the discussion focused on the content of the working balance, the adjustments to the working balance for the recording of the transactions on an accrual basis and the revisions between April and October EDP notifications.

Eurostat asked for clarifications about the revisions by ESA categories, for which it was not always clear from the questionnaire related to EDP notifications (tables 1) how the data was revised. ISTAT had explained that, for the April notifications, the data source is the State budget, on a cash basis, as well as data for commitments/ assessments. The revision of the State budget (usually in June) is taken on board for the compilation of the working balance for the October notification. To this, the data on other bodies (not in the State budget) in central government are added. The accrual data for the latter are estimated for the April notification from the flows of cash.

ISTAT confirmed that the accrual data are of good quality. However the coding of the transactions is not always correct, therefore a correction is sometimes needed between April and October (e.g. if a transaction is incorrectly labelled as "compensation of employees" instead of "current transfer" in April, when reporting the data in October, a revision of both transactions is shown in table 1 of the Questionnaire related to EDP tables). For transparency reasons, ISTAT chose to show in table 1 all the revisions to cash and to accrual figures.

The statistical discrepancies in EDP table 2A come from the fact that the exact line in the data source can't always be identified.

For **EDP table 2C**, the revisions mainly relate to the revision of distribution of taxes between local and central government. However, exceptionally in October 2014, the revision was due to the correction of the recording of the EU flows. To avoid such kind of revisions in the future, a more accurate system to correctly identify the final beneficiaries is being implemented by the MEF for the EU funds for the years 2014-2020.

The issue of the stock of trade credits (AF8L) reported in **EDP Table 4** was discussed in detail. The Italian statistical authorities explained the provisions of the Decree Law (DL) 35/2013, which sets the obligation for all administrations, including at regional and local level, to fully disclose the amount of trade credits arrears. However, ISTAT pointed out that a number of units still have not yet complied with the provisions of the DL. Nevertheless, it is expected that all public administration will use the electronic invoices by the end of 2015. The estimation of the stock of arrears will be improved starting with the data for the year 2013, as a reference year.

Therefore, for the time being, the category AF8L will continue to be estimated as in the past, through the statistical integration of data from different sources, as described in the EDP Inventory.

Eurostat asked for explanations about the differences between the figures reported by BoI and the stock of trade credits reported in EDP table 4. The statistical authorities confirmed that there is a difference in the perimeter.

The Italian statistical authorities also explained that the figures of the stock of trade credits would be furthermore revised, due to the improvements in the calculation of the Gross Fixed Capital Formation (GFCF). There will also be an impact on the stock of trade credits, due to the new government policy of speeding the process of payment of the invoices.

Eurostat asked for confirmation that its decision of 2012 about the recording of factoring without recourse is fully implemented. The Italian statistical authorities confirmed that the use of a new data source allows to fully implement Eurostat's decision and this is done already since October 2012.

#### *Findings and conclusions*

*Action point 10: Eurostat welcomed the recent introduction of the electronic invoice system, which should improve the data related to trade credits at all levels of the general government. ISTAT will send a progress report to Eurostat on the issue. Deadline: end September 2015<sup>9</sup>*

### **3.2. Statistical discrepancies in EDP tables**

#### *Introduction*

There are still statistical discrepancies in EDP tables 2A, 2C, 3A and 3B. This issue has also been discussed in the previous EDP dialogue visits, as well as during the assessment of EDP data. Before the visit, the Italian statistical authorities have sent a note updating the status of the work undertaken in this respect.

#### *Discussions and methodological analysis*

ISTAT and BoI explained their work to reduce the statistical discrepancies. A specific working group in charge of analysing the statistical discrepancies has been formalised and includes representatives of Istat, MoF and BoI. The working group reports to the inter-institutional Committee on the Quality of EDP Statistics. The work was concentrated in particular to table 3 (a simulation of EDP tables on infra-annual basis and the analysis of specific transactions by sub-sectors, which led to more in depth work on social security funds).

For EDP tables 2, the working group is analysing some statistical discrepancies which may be the result of the consolidation of the sources used to compile the accounts of general government. Moreover, the work concentrates on the split of deposits between sub-sectors as well as on more in depth analysis of the items included in "partite finanziarie" as well as their counterpart.

#### *Findings and conclusions*

*Action point 11: Eurostat welcomes the progress on the reduction of statistical discrepancies and encourages the working group set up for this purpose to continue its work at all the levels of the general government. Deadline: Continuous*

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<sup>9</sup> A progress report of the implementation of electronic invoices was sent by ISTAT at the beginning of October 2015.

### **3.3. Tables on the financial crisis**

#### *Introduction*

Prior to the EDP dialogue visit, the Italian statistical authorities sent a note on current and foreseen government operations relating to the financial crisis.

#### *Discussions and methodological analysis*

Eurostat pointed out the decrease of the outstanding amount of guarantees on bonds issued by banks (from 81.7 €bn to 23.4 €bn), which can be noted in the tables. The Italian statistical authorities explained that there have been a large number of requests for cancellation of guarantees as a result of the fact that the economic and financial situation of the beneficiaries improved.

Moreover, the bank Monte dei Paschi di Siena has reimbursed a significant amount of Monti-bonds (in November 2013 the EU Commission agreed on the recapitalisation of the bank, provided that it would redeem the full amount of state bonds within five years).

At the request of Eurostat, the Italian statistical authorities explained that the data on guarantees are reported on a cash basis in both EDP table 2A and in the table on the financial crisis; however the cash amounts are very close to the accruals.

Eurostat enquired about any plans of government for new measures in this context and asked to be provided with an overview of the most likely ones. Eurostat also asked if there has been any analysis carried out on the possible impact on government deficit and/or debt. The Italian statistical authorities mentioned that there have been some proposals but none was adopted for the time being.

#### *Findings and conclusions*

*Eurostat took note of the explanations provided by the Italian statistical authorities on the government interventions in the context of the financial crisis.*

## **4. Methodological issues**

### **4.1. Delimitation of general government, classification of institutional units according to ESA 2010, including specific units like captive financial institutions**

#### *Introduction*

ISTAT is responsible for the sector classification of units. During the last year, discussions took place between Eurostat and ISTAT about the sector classification of several entities for which the market/non-market test was under 50% or close to 50%.

Prior to the visit, ISTAT provided a note on the reclassification of 137 units inside the general government sector, for other reasons than the implementation of ESA 2010, as well as an updated list of general government units.

## *Discussions and methodological analysis*

ISTAT explained that the list of units included in the general government sector is published in the Official Journal of the Italian Republic once a year in September. However it is updated at regular intervals or whenever it is necessary to change the classification of institutional units. The latest list was published on 10 September 2014 and reflects the reclassifications done in the context of the implementation of ESA 2010 (there are about 11000 units in the government sector).

In some cases, due to the lack of detailed information, for the market / non-market distinction and compliance with the ESA definition (the 50% criterion), ISTAT applies a prudential approach: the whole amount of subsidies received (irrespective of their nature) is subtracted from the sales and all current taxes are included in the production cost.

### ***Changes in the sector classification of entities***

ISTAT pointed out that 137 units have been classified inside the general government (most of them in the local government sub-sector) due to the usual updating of the S13 list, rather than the implementation of ESA 2010. These units are mainly involved in the provision of social services, water services and environmental protection as well as recreational and cultural areas.

Eurostat took note that the impact of the reclassification on the government deficit and debt was not significant.

ISTAT explained that from 300 thousands non-profit units<sup>10</sup> analysed, 62 institutions, controlled and financed by the government, are foundations. The 62 foundations will be included in a survey in June 2015 to verify the existence of features according to which they could be classified in the general government sector. The results are expected for September 2015 and will cover the years 2013 and 2014. However, according to ISTAT, the potential impact on net lending /net borrowing is not significant. Eurostat asked explanations about a number of ancillary units and artificial subsidiaries. Moreover, it pointed out that all entities with zero employees should be checked in order to decide if they should be classified as government units.

ISTAT committed itself to analyse the entity FCT Holding and to propose a sector classification, possibly as an operating holding to be reclassified in the general government sector.

Eurostat asked the Italian statistical authorities to analyse the units currently classified in the financial corporations sector (S.12) in order to see if they are not captive financial institutions belonging to general government sector.

### ***Sector classification of the Italian Central Stockholding Entity (OCSIT)***

The Italian statistical authorities explained that OCSIT was created in December 2012, by law 249/2012 which transposes Council Directive 2009/119/EC that establishes Member States obligation to keep a minimum stock of crude oil and petroleum products, in order to guarantee the availability of oil stocks and the safeguarding of energy supply.

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<sup>10</sup> It should be pointed out that about 4.5 million enterprises and institutions exist in Italy.

OCSIT operates under the control of the Ministry of Economic Development, which determines its tasks and the amount of payments made by the economic operators (the payments are compulsory and should not exceed the full costs of the services). The activity started in 2013 and the financial flows of the unit were negligible. The first year when the unit was fully operational was 2014.

Based on the information available so far, and the explanations given by the Italian statistical authorities, Eurostat agreed with the conclusion that OCSIT will be included in the list of government units in September 2015, although its accounts will be integrated in the accounts of the government from the starting of the activity.

### ***Sector classification of energy schemes***

The sector classification of the Gestori Servizi Energetici S.p.A. (GSE S.p.A.) has been discussed bilaterally in 2014. ISTAT has confirmed the inclusion of the unit in the list of government units since September 2014.

Eurostat exchanged some information about the financing of GSE and it was concluded that the taxes and subsidies relating to the energy support schemes are to be recorded directly in the government accounts and therefore there is no need of rerouting.

### ***Sector classification of schools and universities***

Taking into account the explanations about the functioning and financing of public schools and public universities, Eurostat accepted their classification in the government sector.

### ***Sector classification of hospitals***

ISTAT explained that the sector classification of public hospitals was not reconsidered when implementing ESA 2010. The public hospitals are classified among the Local Health Units inside general government. The public hospitals are autonomous entities and manage their own financial, accounting, managerial and technical issues.

### ***Sector classification of the public TV and radio broadcaster***

Prior to the EDP visit, ISTAT provided to Eurostat a note on the classification of the public TV and Radio broadcasting unit and on the recording of fees versus taxes for the right to receive public television and radio signals.

ISTAT explained that the Italian public TV RAI S.p.a. is a corporation totally owned by the Ministry of Economy and Finance and currently classified in the S.11 sector. The fees paid by the users are recorded as revenue of the company as their use is restricted to the fulfillment of the tasks concerning the general public service.

RAI has to provide, in its financial statement, separate accounts for revenue derived from fees and the costs for the provision of public service. Those separate accounts are designed to isolate, in the overall activity, the one relating to public service, in order to prevent other areas of market activity of the company to be partly subsidised from public funds.

The discussion between Eurostat and ISTAT focused on the recording of the fees in national accounts, e.g. on their nature as sales or taxes. A Law relating to the financing of the public TV and radio broadcasting is being proposed, which might change the nature

of the fees from sales to taxes. ISTAT committed itself that, once the Law is in force, it will analyse the recording of the revenue from broadcasting with a view of a possible reclassification of RAI S.p.A. in the government sector.

### ***Sector classification of deposit insurance and resolution funds***

Prior to the EDP dialogue visit, ISTAT sent to Eurostat a note on the classification of deposit insurance and resolutions funds.

ISTAT explained the characteristics of the two deposit guarantee schemes: “Fondo Interbancario di Tutela dei Depositi” and “Fondo di Garanzia del Credito Cooperativo”. Eurostat analysed the Statute of both funds and concluded that they are private consortium of banks, while the government is not involved at all in the setting up of the tasks, management or the contributions of the banks to the funds.

Eurostat analysed the Law setting up the two funds and, based on the available information, agreed that, taking into account the ESA provisions and the MGDD (paragraphs 1.5.10-13), the guarantee funds should be classified outside the government sector (in S.12).

Eurostat took note that there were no resolution funds in Italy.

### *Findings and conclusions*

*Action point 12: Eurostat took note that the deficit and debt for the inactive entities classified in general government is negligible. ISTAT will provide to Eurostat the exact amounts of the deficit and debt of these units. Deadline: end March 2015<sup>11</sup>*

*Action point 13: ISTAT will analyse the identified 486 inactive public entities currently classified outside general government in order to see if they do not have to be included within the general government sector. Eurostat takes note that the impact on deficit and debt will not be significant. Deadline: end March 2015<sup>11</sup>*

*Action point 14: The analysis of the inactive entities which are in liquidation (see Action point 13) should be done also in the light of the forthcoming discussions in the Eurostat methodological Taskforce. Deadline: end September 2015<sup>11</sup>*

*Action point 15: ISTAT will analyse the 62 foundations identified to be possibly classified in S.13 according to ESA 2010, based on the recent survey. Eurostat takes note that the impact on the deficit and debt would be negligible. Deadline: end September 2015<sup>12</sup>*

*Action point 16: ISTAT will send to Eurostat a note on the sector classification of FCT Holding, according to ESA 2010. Deadline: end March 2015<sup>11</sup>*

*Action point 17: ISTAT will analyse all entities included in the questionnaire on government controlled entities classified outside government with zero employees, in*

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<sup>11</sup> ISTAT sent to Eurostat a note on the sector classification of the units, as discussed during the EDP dialogue visit, according to the deadline. For the action points 12, 13, 16, 17 and 18 a first note was sent at the end of March 2015, and an updated one at the end of September 2015.

<sup>12</sup> On 30 September 2015, ISTAT sent a report on their analysis relating to the sector classification of the foundations.

*order to see whether they have the nature of public holdings and should be reclassified in S.13. Deadline: end March 2015<sup>11</sup>*

*Action point 18: The Italian statistical authorities will analyse all entities in the questionnaire on government controlled entities classified outside government currently classified in S.12, to see if they have the feature of captive financial institutions, as described in ESA 2010 MGDD. Deadline: end March 2015<sup>11</sup>*

*Action point 19: ISTAT informed Eurostat that OCSIT (the Italian oil stock holding company) will be reclassified in the general government sector in September 2015. Eurostat takes note that the impact on the deficit and debt will be negligible. Deadline: end September 2015<sup>11</sup>*

*Action point 20: Eurostat and ISTAT agreed that the current radio and TV fees will be reclassified as taxes in case they will be paid with the electricity bill in the future. Deadline: as soon as the Law is in force*

*Action point 21: Eurostat took note that the deposit guarantee funds are currently correctly classified in S.12, due to the complete non-involvement of the government.*

## **4.2. Implementation of the accrual principle**

### **4.2.1. Taxes and social contributions**

#### *Introduction*

Prior to the EDP dialogue visit, Eurostat received an updated questionnaire on taxes and social contributions as well as a note on the recording of deferred tax assets (DTAs).

#### *Discussions and methodological analysis*

#### **Compilation of taxes on an accrual basis**

Eurostat and the Italian statistical authorities discussed the availability of data for taxes, at the level of central government, regions and municipalities, as well as the compilation of each type of tax.

Based on the questionnaire on taxes and social contributions, Eurostat enquired on a number of taxes which seem to be recorded on a cash basis. ISTAT explained that in fact, most of those taxes can be considered as being recorded on a time adjusted cash basis, where the timelag is very close to the cash payment. ISTAT committed itself to send to Eurostat a description of the recording of those taxes and update Eurostat on the timelag.

Eurostat enquired about the reasons of the revisions of receivables and payables for taxes in October 2014, other than the implementation of ESA 2010 and asked for a note on this issue.

The Italian statistical authorities presented to Eurostat their work for the improvement of the calculation of taxes on an accrual basis, for central government and for local government (Special Statute Regions). In this context, ISTAT and the MEF started a project in November 2014 aimed at analysing the cash flows between the State and the Special Statute Regions as well as the accrual recording (for which the so called “regulation system” is applied).

As a first step, a scheme was set up tracking the recording of tax revenue for the year 2012 from the moment when the tax payer pays through the direct payment method (F24), or other methods of collections with less significant impact, to the registration of the amount in the working balance. The scheme was applied to IRES, and allows analysing both cash and accrual data on taxes, for the State and for the regions with special statute.

It was agreed that Eurostat will be informed as soon as more concrete results from this project are available.

The Italian statistical authorities drew to the attention of Eurostat a change in the legislation (the Decree Law 185 of 16 December 2014) concerning the postponement of the payment for IMU, applied to farmland, due for the year 2014 to the end of January 2015. In addition, another Decree Law (4 of 24 of January 2015) has further postponed the payment of the IMU on farmland, for the year 2014, to 10 February 2015. The amount is not known for the moment. ISTAT asked for Eurostat's approval to change the time lag for IMU on farmland to 2 months.

It has been agreed that ISTAT will inform Eurostat as soon as the information on the amounts becomes available.

### **Recording of tax credits related to DTAs under ESA 2010**

ISTAT recalled that tax credits related to DTAs (payable tax credits) were reported in the October 2014 deficit and debt notification. Already in the spring 2014, the recording had been clarified between Eurostat and ISTAT. ISTAT has confirmed that payable tax credits related to DTAs are recorded in national accounts as expenditure for the full amount at the time they are recognised by government and not at the time they are used by beneficiaries.

It was agreed that the tax credits booked each year as expenditure would need to be monitored until the full tax credit is used. This information is available to ISTAT from the tax declaration.

Eurostat enquired about the “statistical validation” and wondered what would happen if some declarations are not validated.

Moreover, Eurostat wondered if it would be possible that, in 2014, a firm used already the DTAs to reduce the tax due, without having the tax declaration validated. ISTAT considered that, normally, this should not create problems, because the information on DTAs used is available on a monthly basis. However, it is recognised that the statistical chapter of the tax declarations is quite complicated, which might lead to errors. On the other hand, the information is also available from F.24, which is a solid data source.

### **Social contributions**

ISTAT explained that accrual social contributions are calculated for INPS and INAIL (the two institutions most exposed to non-collecting risk) using the time adjusted cash method and that the amounts are attributed to the period when the activity takes place. ISTAT also explained that the two institutions cover about 90% of the social contributions.

For the other units composing the social security funds sub-sector (e.g. private funds), the data is calculated based on assessments.

Eurostat enquired if ISTAT receives the information directly from the nineteen private funds classified in the social security funds subsector. ISTAT explained that the cash and accrual data are obtained from a census survey, as well as from their profit and loss accounts, and that the data is cross checked with the budget.

#### *Findings and conclusions*

*Action point 22: ISTAT will send a note to Eurostat explaining the rationale of the recording of some taxes on a pure cash basis. Deadline: end March 2015<sup>13</sup>*

*Action point 23: ISTAT will send to Eurostat a table detailing the reasons for revisions in taxes in October 2014. Deadline: end March 2015<sup>14</sup>*

*Action point 24: Eurostat took note of the work undertaken by ISTAT and MEF on the improvements in the calculation of taxes on an accrual basis. ISTAT will send to Eurostat the result of this work. Deadline: 10 March 2015<sup>15</sup>*

*Action point 25: ISTAT will send to Eurostat a note on the delayed payment of IMU from 2014 to 2015 in order to agree on the time of recording. Deadline: 10 February 2015<sup>16</sup>*

### **4.2.2. Interest**

#### *Introduction*

Prior to the EDP dialogue visit, the Italian statistical authorities provided a table containing the calculation of interest on an accrual basis, by instrument.

#### *Discussions and methodological analysis*

The calculation of interest expenditure included in the net lending/net borrowing of the general government is done by the MEF (the Treasury). The interest expenditure is calculated according to the accrual basis on the entire portfolio of government securities.

Eurostat asked about the differences for interest on securities in the tables provided prior to the visit, compared to what had been reported in EDP tables 2A and 3B. The Italian statistical authorities explained that, for the table 2A, the net flows of swaps are excluded, while in the table provided prior to the visit, the data include the net flows of the swap transactions accrued during the reference period. For the EDP table 3B, the difference mainly relates to the capital uplift. In addition to this, a difference is also due to cash discounts of zero coupon bonds (BOTs and CTZs) that are equal to zero in EDP table 3B (the cash repayments impacting "currency and deposits" balance the effect in item "change in central government consolidated gross debt").

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<sup>13</sup> A note explaining the rationale of the recording of some taxes on a cash basis was sent by ISTAT according to the deadline.

<sup>14</sup> The detail of the revisions of taxes for the October 2014 EDP notification was sent according to the deadline.

<sup>15</sup> The description of the scheme and the results of the work undertaken were sent to Eurostat according to the deadline.

<sup>16</sup> Action point implemented according to the deadline: ISTAT sent a note and the monthly figures for the IMU. Eurostat and ISTAT agreed on the recording.

Eurostat enquired about the reasons of the decrease of the difference between interest accrued and paid in 2013 (table 2A and 3B). The Italian statistical authorities explained that the decrease is due to the fact that, during 2012, they issued below par and in 2013 above par. Moreover, postal bonds (F.2) have been repaid during the year 2013.

#### *Findings and conclusions*

*Eurostat took note of the explanations provided by the Italian statistical authorities about the recording of interest.*

### **4.2.3. GFCF**

#### *Introduction*

Prior to the EDP dialogue visit, ISTAT sent a note on the progress in the implementation of accrual recording for GFCF.

#### *Discussions and methodological analysis*

In addition to the discussions under item 2 of the agenda, the state of play concerning the calculation of GFCF on an accrual basis was reviewed.

ISTAT recalled that, in addition to the first step (in 2012 and 2013) when the cash data was substituted with data from balance sheets for LHUs, ANAS and social security funds, as a source to calculate GFCF on accrual basis, a cooperation between ISTAT and the MIT on the strategic infrastructure data base has started. However, it has been concluded that the structure of the database, if modified to allow a statistical use of it, would not be in line with MIT purposes and too far from the aims for which it was originally designed and built. This explains the subsequent postponement of the implementation of the calculation of GFCF on an accrual basis.

At the beginning of 2014, the Italian statistical authorities have decided to use a new source for GFCF in strategic infrastructure, which is being set up following the decree 229/2011, which defines the monitoring of the public infrastructure works.

According to the decree mentioned above, the MEF (RGS Department) has launched the monitoring (MOP- Monitoraggio delle Opere Pubbliche) in 2014, as follows: the Unique Project Code (CUP) released by the Presidency of the Council of Ministers (PCM) and the Public Tender Identification Code (CIG). All administrations involved have to register in the MOP database and verify all the information related to CUP and CIG. In this way the MOP database contains all the necessary elements to ensure exhaustiveness of the information related to the strategic infrastructure.

The link to other databases (the SIOPE system, the electronic invoice system and the electronic platform on credit certification) is considered useful.

#### *Findings and conclusions*

*Eurostat took note of the additional explanations related to the recording of the GFCF on an accrual basis.*

### **4.3. Recording of specific government transactions**

#### **4.3.1. Government guarantees**

##### *Introduction*

Under this item of the agenda, the recording of standardised guarantees, as well as the data on other guarantees reported by the Italian statistical authorities with tables 9 of the Questionnaire related to EDP notification, were discussed.

##### *Discussions and methodological analysis*

Eurostat thanked the Italian statistical authorities for the data on standardised guarantees provided within the questionnaire related to EDP tables (table 9.4), on a voluntary basis.

The data relate to a scheme providing guarantees to small and medium enterprises (Fondo centrale di garanzia per piccole e medie imprese). Following the MGDD rules, ISTAT has recorded in table 9.4 of the questionnaire related to EDP notification, a stock of standardised guarantees at the level of the provisions set by the MEF.

Eurostat recalled that, in table 9.1 of the Questionnaire related to EDP tables, not all the data contain information about guarantees at the level of local government and encouraged the Italian statistical authorities to improve the compilation of this table.

Eurostat asked ISTAT to provide a list of guarantee calls recorded as expenditure in government accounts, and reported in tables 9.1 and 9.3, for the period 2011 to 2014.

Concerning the data reported in table 9.2, it was confirmed that the government does not assume any debt, other than the debt of public corporations. It was also stressed that the data source used to report these figures (BoI) is a reliable source.

##### *Findings and conclusions*

*Action point 26: ISTAT will send to Eurostat the list of guarantees called from 2011 to 2014. Deadline: end March 2015<sup>17</sup>*

#### **4.3.2. Capital injections, superdividends, privatisations**

##### *Introduction*

Under this item of the agenda the discussions were based on the data reported by the Italian statistical authorities through table 10 of the Questionnaire related to the notification tables of the October 2014 deficit and debt notification. Moreover, prior to the visit, ISTAT provided a list of dividends paid to government by Enel, CDP and the Bank of Italy for the period 2010-2013, their profits and a note detailing the super dividends test.

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<sup>17</sup> Action point implemented according to the deadline.

### *Discussions and methodological analysis*

ISTAT confirmed that there are no capital injections to public corporations in national accounts undertaken by the central government. For municipalities and other local government bodies, a detailed analysis is performed for all the flows towards public corporations, combining several data sources: a subset of the Structural Business Register (ASIA- “Statistical register of active enterprises”), the database of enterprises balance sheets, the analytical database of the budgets of the municipalities, regions, etc. and cash data of local government units.

Eurostat enquired about the availability of the data for the April notifications. ISTAT explained that, in April, the data is available for the year t-2. For the year t-1, the data is estimated.

Eurostat enquired about the dividends of three big public corporations and asked if the Italian statistical authorities performed the super dividends test. ISTAT confirmed that they are systematically analysing them and concluded that they are dividends and not super dividends.

Moreover, Eurostat asked about the dividends at the level of local government. ISTAT explained that there are some cases at the level of local government (e.g. ATM Milano), where the dividends are not paid (no cash transaction) but are recorded in compensation of debts towards controlling unit.

### *Findings and conclusions*

*Action point 27: ISTAT will send to Eurostat a note explaining how the capital injections for local government are estimated in the April notifications. Deadline: end March 2015<sup>18</sup>*

*Action point 28: ISTAT will send to Eurostat a note on the treatment in national accounts and EDP of dividends between ATM Milano and its controlling unit. Deadline: end March 2015<sup>19</sup>*

*Action point 29: ISTAT will send to Eurostat the super dividend test for ENI and Poste Italiane for the recent years available. Deadline: end March 2015<sup>20</sup>*

### **4.3.3. Debt assumptions/debt cancellations/write-offs**

#### *Introduction*

Under this item of the agenda, the discussions were based on the data reported in table 8 of the Questionnaire related to EDP tables and the description of the issue in the EDP Inventory of sources and methods.

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<sup>18</sup> Action point implemented according to the deadline.

<sup>19</sup> ISTAT sent a note, including the amounts, on dividends and super dividends related to the activity of ATM Milano for the period 2011-2014.

<sup>20</sup> Action point implemented according to the deadline.

### *Discussions and methodological analysis*

ISTAT confirmed the full coverage of central government claims reported in table 8 of the questionnaire related to EDP tables.

At the request of Eurostat, on the issue of cancellation of loans by local government, ISTAT explained that the loans granted by local government to less developed countries are "soft loans", at maturity and interest rates more advantageous than the market ones. There were only few cancellations of some debt in this context.

ISTAT also explained that until the new set of information will become available in the frame of the Integrated Plan of Accounts, the survey run by the CoA is a source of information for debt assumptions/cancellations at the level of local government. The data goes back to the year 2012 and there will be no older data than that year. The coverage is not full, but the survey covers a large number of units of the local government sector.

### *Findings and conclusions*

Eurostat took note of the explanations provided by the Italian statistical authorities on the debt assumptions/debt cancellations.

#### **4.3.4. Recording of the EU flows**

##### *Introduction*

Prior to the EDP dialogue visit, ISTAT provided a note on the recording of EU flows in national accounts and EDP tables, including a detailed description of the EU flows at local government level.

##### *Discussions and methodological analysis*

ISTAT explained that the data needed for the compilation of EU flows and the recording in national accounts are provided by the General Inspectorate for Financial Relations with the European Union (IGRUE) and the General Inspectorate for Accounting and Public Finance (IGECOFIP), both being part of the MEF.

IGRUE provides quarterly data relating to reimbursements from the EU and to claims submitted to the EU and by final beneficiary, as well as the payments. IGECOFIP provides data on inflows and outflows to/from special treasury accounts related to the European Agricultural Guarantee Fund (EAGF) and to the other Structural Funds (ESF, ERDF, EAFRD, EFF).

The recording of EU flows in the accounts of the government follows the provisions of the MGDD.

Eurostat enquired about the correction of an error signalled by the European Court of Auditors in the identification of the final beneficiaries of some funds. Moreover, Eurostat asked why the correction was implemented only in October 2014, while the issue had been known before.

The Italian statistical authorities explained that the correction was done using the opportunity of the benchmark revision of autumn 2014. A more accurate system to correctly identify the final beneficiaries is being implemented by MEF for the EU funds related to the years after 2014.

Concerning the European Agricultural Funds, Eurostat explained that a number of Member States have to pay back to the EU budget some amounts. If Italy is also concerned, ISTAT will have to record a capital transfer for the years 2014 and 2015, from the government to the EU.

#### *Findings and conclusions*

*Eurostat took note of the implementation of a more accurate system by the MEF for the recording of the EU flows.*

*Action point 31: ISTAT will investigate the recovery of the agricultural aid by the EU Commission in 2014 and 2015 in order to ensure a correct recording in government accounts. Deadline: end February 2015<sup>21</sup>*

### **4.3.5. PPP contracts, securitisation and sale and leaseback operations**

#### *Introduction*

Prior to the EDP dialogue visit, ISTAT provided a list containing all PPP contracts, not reported in table 11 (which only requests the 10 biggest contracts) of the questionnaire related to EDP notification, indicating the recording on or off government balance-sheet. Moreover, sale and lease back and securitisation operations were discussed under this item of the agenda.

#### *Discussions and methodological analysis*

##### **PPP contracts**

Eurostat enquired if the list provided was exhaustive. ISTAT confirmed that there were no other PPP contracts and pointed out that the amounts of the capital value are not significant.

ISTAT also confirmed that there were no changes relating to the on-going PPPs, modifying the original contractual conditions, which may have material impact on the qualitative assessment of PPPs already analysed. In case of any change, ISTAT would be informed.

##### **Sale and leaseback operations**

The Italian statistical authorities confirmed that, according to their knowledge, there were no recent cases of sale and leaseback operations at the level of central government.

For the local government units, more information about this kind of operations will be obtained from CoA, by the end of the year.

##### **Securitisation operations**

Eurostat requested to be updated on the new securitisation operations, their nature and recording and asked to receive an updated list covering the period 2011-2014.

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<sup>21</sup> Action point implemented according to the deadline.

### *Findings and conclusions*

*Eurostat took note of the explanations about the availability of data related to the PPP contracts and of the fact that only a limited number of contracts and for limited amounts, are not recorded on government balance sheet.*

*Action point 32: ISTAT will send to Eurostat an updated list of securitisation operations undertaken in the period 2011-2014. Deadline: end March 2015<sup>22</sup>*

#### **4.3.6. Military equipment expenditure**

##### *Introduction*

Prior to the EDP dialogue visit, ISTAT provided an updated Chapter 6.3 of the EDP Inventory on the recording of military expenditure under ESA 2010. A comprehensive description was provided, including two charts showing the flow of information and the recording of the military expenditure in national accounts. Under this item of the agenda, also table 7 of the Questionnaire related to EDP notification was analysed.

##### *Discussions and methodological analysis*

Eurostat and the Italian statistical authorities reviewed the data sources used for the compilation of military equipment expenditure (from the Ministry of Defence and MEF), on different types of contracts.

ISTAT explained that, for contracts on delivery of military equipment, both prepayments and post payments occur, in general. However, it is very difficult, if not impossible, to distinguish the advance payments from the payments following delivery related to each single military good on the basis of the structure of the State budget reporting. Therefore, the prepayments relating to military equipment are included in the total cash expenditure and are not distinguished.

Eurostat pointed out that this has already been discussed during the previous EDP dialogue visit and urged the Italian statistical authorities to make the necessary steps in order to be able to distinguish the receivables from the payables of the military expenditure.

##### *Findings and conclusions*

*Action point 33: Eurostat took note that, to date, there has been no progress in making the distinction between receivables and payables for military equipment and encourages ISTAT to take concrete steps in cooperation with the Ministry of Defence in order to improve the reporting in Table 7 of the questionnaire related to EDP notification. A progress report will be sent to Eurostat. Deadline: end September 2015<sup>23</sup>*

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<sup>22</sup> Action point implemented according to the deadline.

<sup>23</sup> Action point implemented according to the deadline. Improved data is expected to be available for the April 2016 deficit and debt notification.

### 4.3.7. Recording of financial derivatives

#### *Introduction*

The Italian statistical authorities were requested to provide, before the EDP dialogue visit, a note on financial derivative operations concluded before 1997, relating to restructuring/renegotiations of swaps, lump sum payments on swap cancellations, swaptions, off-market swaps.

#### *Discussions and methodological analysis*

Referring to the information provided prior to the visit, Eurostat asked the Italian authorities to confirm that, concerning the years 1995 and 1996, the only derivative operations were cross-currency swaps to cover bonds issued in foreign currency. The Italian statistical authorities also confirmed that there were no restructurings or renegotiations of financial derivatives prior to the year 1995 and that there were no off-market swaps.

Eurostat enquired about any swap operations or restructuring of swaps at the level of local government. The Italian statistical authorities explained that local government units started using swaps in the nineties. According to a Law in 1996, local government could issue bonds in foreign currency. However, since 2008, all the swaps activities have been stopped at the level of local government and only some small amounts might still exist.

Eurostat wondered if public corporations (now reclassified in the general government sector) could have entered in swaps operations and if there could have been a restructuring of those operations.

Eurostat also asked about the recording of swap cancellations in the context of the implementation of ESA 2010 and explained that, in case the payment would not be made one-off but in instalments (e.g. 3 instalments), this would have to be recorded as a loan, with an impact on the Maastricht debt. The Italian statistical authorities confirmed that usually it is paid one-off.

The Italian statistical authorities mentioned that they expect two off-market swaps to be signed in 2015, in addition to the one in 2014, which will be recorded with impact on the Maastricht debt, according to the new provisions of MGDD. They confirmed that the swaps restructured in 2012-2013 will not be restructured again, due to the fact that the Maastricht debt would be impacted.

#### *Findings and conclusions*

*Action point 30: The Italian statistical authorities will investigate if there have been any financial derivatives operations undertaken by the public corporations classified in the general government sector. Deadline: end March 2015<sup>24</sup>*

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<sup>24</sup> ISTAT sent a note informing about this issue on 30 March 2015.

#### **4.3.8. Others**

##### *Introduction*

In summer 2014, the Italian Regional CoA published their reports. The findings of some of these reports have been discussed bilaterally between Eurostat and ISTAT. Prior to the EDP dialogue visit, ISTAT sent a note explaining the impact on the government accounts of the findings of the regional COA.

##### *Discussions and methodological analysis*

Eurostat has requested information about the possible impact on the deficit and/or on the debt for the Region Liguria, where the CoA rejected the accounts regarding some specific chapters of the financial statements and some items of the balance sheet. ISTAT explained the reasons of rejection of the accounts and concluded that the national accounts might be impacted by small amounts.

For Piemonte and Calabria, the findings of the audit would not impact the deficit or the debt, while for Sicilia, there is no need of correction, because Court findings have already been implemented during the audit.

The Italian statistical authorities pointed out that other audit reports are not yet finalized. As soon as the reports will be available, ISTAT will inform Eurostat about the findings and the possible impact on the government accounts, if any.

##### *Findings and conclusions*

*Action point 34: ISTAT will inform Eurostat about the results of the Regional audit of Liguria and other regions as discussed in the meeting. Deadline: when available*

### **5. Other issues**

#### **5.1. ESA 2010 Transmission programme**

##### *Introduction*

Eurostat's GFS team appreciates the good cooperation with the Italian statistical authorities and the improvements in the data delivered.

##### *Discussions and methodological analysis*

For the quarterly financial accounts for general government, Eurostat asked if the Italian statistical authorities intend to revise the data back to 1995, as there is a break in the series of AF.8 in 1998. The Italian statistical authorities confirmed that they will go back until 1995, on the basis of best estimates.

Slight differences between ESA table 27 and ESA table 28 for the recording of deposits were also discussed.

Eurostat enquired about the recording in the quarterly accounts of capital transfers relating to DTAs, for the years 2012, 2013 and 2014 and asked ISTAT to send a note explaining how the quarterly figures are compiled.

*Findings and conclusions*

*Action point 35: ISTAT will inform Eurostat about the data sources used for the quarterly reporting of some transactions, like capital transfers, for the years 2012, 2013 and 2014. Deadline: end September 2015<sup>25</sup>*

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<sup>25</sup> Action point implemented according to the deadline.

## List of participants

### **Eurostat representatives:**

- Ms. Lena Frej Ohlsson
- Mr. Luca Ascoli
- Ms. Cecilia Pop
- Mr. Denis Besnard

### **ECFIN representatives:**

- Ms. Barbara Bernardi

### **ECB representatives:**

- Mr. Henri Maurer

### **Istat representatives:**

- Mr. Gian Paolo Oneto - Director of the National Accounts Directorate
- Mr. Manlio Calzaroni – Director of the Administrative and Statistical Registers Directorate
- Ms. Maria Emanuela Montebugnoli
- Ms. Fiorella Boscaino
- Ms. Assunta Lisa Carulli
- Mr. Giuseppe Cinquegrana
- Ms. Marinella Cosco
- Ms. Maria Letizia D’Autilia
- Mr. Gerolamo Giungato
- Ms. Liviana Mattonetti
- Ms. Giovanna Ottaviani
- Ms. Susanna Riccioni
- Ms. Rosa Bianca Sanna
- Ms. Grazia Scacco
- Ms. Luisa Sciandra
- Ms. Barbara Vaglianti
- Mr. Nicola Vallo

### **Ministry of Economy and Finance representatives:**

#### Treasury Department

- Ms. Maria Cannata - General Director of the Directorate II - Public Debt

#### State Accountant General Department

- General Inspectorate for Public accounting and finance (Igecofip)
  - Mr. Pierpaolo Italia (General Director)
  - Ms. Sabrina Ciaralli
  - Ms. Daniela Mariani
  - Ms. Mara Meacci
  - Ms. Emilia Scafuri
- General Inspectorate for the Budget (Igb)
  - Mr. Biagio Mazzotta (General Director)
  - Ms. Daniela Collesi

**Bank of Italy (Banca d'Italia) representatives:**

*Economic and Financial Statistics Department - Financial Account Unit*

- Mr. Gabriele Semeraro
- Mr. Stefano Piermattei

*Structural Economic Analysis Department Public Finances Division*

- Ms. Stefania Zotteri
- Mr. Domenico Depalo
- Mr. Angelo Pace
- Mr. Emilio Vadalà

# **AGENDA OF THE EDP DIALOGUE VISIT TO ITALY**

## **AND LIST OF DOCUMENTS TO BE PROVIDED**

**2-3 FEBRUARY 2015**

Starting on 2 February 2015 at 9.30

### **1. Statistical institutional issues**

#### **1.1. Review of institutional responsibilities in the framework of the EDP and GFS data reporting**

#### **1.2. Data sources and revision policy in the context of the ESA 2010 implementation; EDP Inventory**

##### **1.2.1. Availability and use of data sources, revision policy**

##### **1.2.2. Compliance with Council Directive 2011/85**

##### **1.2.3. EDP Inventory**

#### *Documentation to be provided:*

- 1. Updated part A of the EDP inventory, if relevant (ESA 2010 format)*
- 2. Timetable for updating the EDP Inventory under the ESA 2010 format*
- 3. Annex to EDP Inventory - Bridge table between public accounts items (e.g. budgetary classification) used as a basic data source for national accounts under ESA 2010 codes (or ESA95, if ESA 2010 not available yet) for the main central government entity (the State budget)*

### **2. Follow-up of the previous EDP dialogue visits to Italy (UDV November 2012 and SDV February 2013)**

#### *Documentation to be provided:*

- 4. A note on the inactive entities classified in S.13, S.11 and S.12 explaining how these have negligible impact on net lending/net borrowing and debt, approximately how many such companies may exist at any time and how these are wound up in a reasonably timely manner (recommendation 13 of the upstream EDP dialogue visit – request of Eurostat 10 March 2014)*
- 5. A note on the follow-up of recommendation 21 of the Eurostat visit November 2012*
- 6. A note on the follow-up of recommendation 23 of the Eurostat visit November 2012*
- 7. A note on the follow-up of recommendation 24 of the Eurostat visit November 2012*

### **3. Actual data – the October 2014 EDP notification**

### **3.1. Examination of the EDP tables in relation with the Questionnaire related to EDP Tables**

Documentation to be provided:

8. *Reconciliation of F.8 between EDP tables 2 and 3 for the years 2012-2013 (Annex 1)*
9. *A note explaining the status of the work for compiling AF81L for the whole reporting period (the description should detail the issue by sub-sectors)*

### **3.2 Statistical discrepancies in EDP tables**

Documentation to be provided:

10. *A note updating the status of the work undertaken by the Italian statistical authorities to reduce statistical discrepancies, in both EDP tables 2 and 3, by sub-sectors*

### **3.3 Tables on the financial crisis**

Documentation to be provided:

11. *A note on current and foreseen government operations relating to the financial crisis*

## **4. Methodological issues**

### **4.1. Delimitation of general government, classification of institutional units according to ESA 2010, including specific units like captive financial institutions**

Documentation to be provided:

12. *Update of the list of the general government units indicating changes (if any) from the list published in September 2014*
13. *A note on the reclassification of the 137 units inside general government sector, for other reasons than the implementation of ESA 2010*
14. *A list of public units classified as public corporations and meeting the 50% criterion (between 50% and 75%) for the years 20011-2013, unless this information was provided in the Questionnaire on government controlled units classified outside general government (the deadline of the latter is end December 2014, please see Eurostat's email of 24 November 2014)*
15. *A note on the classification of public TV and Radio broadcasting and recording of fees versus taxes for the right to receive public television and radio signals*
16. *A note on the classification of deposit insurance and resolutions funds*

### **4.2. Implementation of the accrual principle**

#### **4.2.1. Taxes and social contributions**

#### **4.2.2. Interest**

### **4.2.3. GFCF**

#### Documentation to be provided:

17. Updated questionnaire on taxes and social contributions (deadline 31 December, as requested in Eurostat's email of 23 July 2014).
18. Completed/updated Annex 2a on Interest (if Annex 2b cannot be completed)
19. A note on the progress in the implementation of accrual recording for GFCF

### **4.3. Recording of specific government transactions**

#### **4.3.1. Government guarantees**

#### **4.3.2. Capital injections, superdividends, privatisations**

#### Documentation to be provided:

20. A list of dividends paid to government by Enel, CDP and Bank of Italy for the period 2010-2013, their profits and an accompanying note detailing the test for superdividends

#### **4.3.3. Debt assumptions/debt cancellations/write-offs**

#### **4.3.4. Recording of the EU flows**

#### Documentation to be provided:

21. A note on the recording of EU flows in national accounts and EDP tables, including a detailed description of the EU flows at local government level

#### **4.3.5. PPP contracts, securitisation and sale and leaseback operations**

#### Documentation to be provided:

22. A list with all the PPP contracts which are not in table 11 of the questionnaire related to EDP notification, indicating if they are classified on or off government balance-sheet

#### **4.3.6. Military equipment expenditure**

#### Documentation to be provided:

23. Updated Chapter 6.3 of the EDP Inventory on the recording of military expenditure under ESA 2010, including information about planned operations, if relevant

#### **4.3.7. Recording of financial derivatives**

#### Documentation to be provided:

24. A note on any financial derivative operations concluded before 1997, relating to restructuring/re negotiations of swaps, lump sum payments on swap cancellations, swaptions, off-market swaps, etc

#### **4.3.8. Others**

### **5. Other issues**

#### **5.1. ESA 2010 Transmission programme**

##### **Other documents:**

##### Documentation to be provided:

25. *A note on the reports issued by the Regional Courts of Auditors in 2014, explaining, by region, if there will be any impact on the deficit and/or the debt and for which year(s). As a minimum, the note should refer to the following regions: Campania, Veneto, Piemonte, Friuli, Sicilia, Sardegna, Calabria*

26. *Draft list of participants*