



Agile PEFA 2021

Greenland

Project No. SIEA-2018-3556

*Final Agile PEFA Report
Based on PEFA 2016 Framework*

Date 30 12 2021



This project is funded by
The European Union



DT Global

A project implemented by
DT GLOBAL International Europe



Final Agile PEFA Report for Greenland

Project No. SIEA-2018-3556

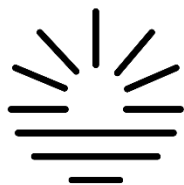
by

Mr. Soren Langhoff

and

Mr. Frans Hesse

Presented by



DT Global

The contents of this publication are the sole responsibility of DT GLOBAL International Europe S.L. and can in no way be taken to reflect the views of the European Union



GREENLAND

Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report

December 2021

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat
March 10, 2022

TABLE OF CONTENTS

1. Introduction.....	6
2. SUMMARY OF FINDINGS	10
3. ANALYSIS OF PFM PERFORMANCE – Pillars, indicators, and dimensions.....	16
PILLAR ONE: Budget Reliability.....	16
PI-1 Aggregate expenditure out-turn.....	18
PI-2 Expenditure composition out-turn	18
PI-3 Revenue outturn	19
PILLAR TWO: Transparency of Public Finances	20
PI-4. Budget classification	22
PI-5. Budget documentation.....	23
PI-6. Central government operations outside financial reports	25
PI-7. Transfers to subnational governments.....	26
PI-8. Performance information for service delivery.....	27
PI-9. Public access to fiscal information	30
PILLAR THREE: Management of Assets and Liabilities.....	32
PI-10 Fiscal risk reporting.....	34
PI-11 Public investment management	35
PI-12 Public asset management.....	37
PI-13 Debt management.....	39
PILLAR FOUR: Policy Based Fiscal Strategy and Budgeting.....	41
PI-14. Macroeconomic and fiscal forecasting	42
PI-15. Fiscal strategy.....	43
PI-16. Medium-term perspective in expenditure budgeting	45

PI-17. Budget preparation process	46
PI-18. Legislative scrutiny of budgets	47
PILLAR FIVE: Predictability and Control in Budget Execution.....	49
P-19. Rights and obligations for revenue measures.....	50
PI-20. Accounting for revenue	52
PI-21. Predictability of in-year resource allocation.....	53
PI-22 Expenditure arrears.....	54
PI-24 Procurement management	56
PI-25. Internal controls on non-salary expenditure	59
PI-26 Internal audit	60
PILLAR SIX: Accounting and Reporting.....	62
PI-27 Financial data integrity.....	63
PI-29 Annual financial reports.....	66
PILLAR SEVEN: External Scrutiny and Audit.....	67
PI-30 External audit	68
PI-31 Parliamentary scrutiny of audit reports.....	69
Annex 1: Assessment management and quality assurance arrangements	72
Annex 2: Public sector agencies covered by the assessment	74
Annex 3: Evidence for scoring indicators	75
Annex 4: Sources of data – persons interviewed.....	84
Annex 5: Observations on internal control	87
Annex 6: Tracking performance since previous PEFA assessments	90
Annex 7: Calculation of budget outturns for PI-1, PI-2 and PI-3.....	98
Annex 8: PEFA version 2011: Calculation of budget outturns for PI-1 and PI-2.....	104

ACRONYMS

bn	billion
CoA	Chart of Accounts
COFOG	Classification of Functions of Government
COSO	Committee of Sponsoring Organisations
DKK	Danish Crowns
ERP	Enterprise Resource Planning
GFSM	Government Financial Statistics Manual
GNP	Gross National Product
GoG	Government of Greenland [Naalakkersuisut]
GØR	Greenland Economic Council
FY	Fiscal year
IAS	International Auditing Standards
IFRS	International Financial Reporting Standards
Inatsisartut	Legislature of Greenland
IPSAS	International Public Sector Accounting Standards
IRIS	Electronic invoice management
ISSAI	International Standards of Supreme Audit Institutions
m	million
MoF	Ministry of Finance [Department of Finance and Internal Affairs]
PAC	Public Accounts Committee
PC	Public Corporations
PEFA	Public expenditure and financial accountability
PFM	Public finance management
PRISME	Financial Management Information System
Treasury	DcR [Den Centrale Regnskabsafdeling]
TSA	Treasury Single Account
UN SDG	United Nations Sustainable Development Goals
UPC	Unincorporated Public Corporations [Nettostyrede virksomheder]

Exchange rates
November 2021

EUR/DKK 7.44
USD/DKK 6.50

1. Introduction

This report presents the findings of the Greenland Agile PEFA assessment 2021. The preparation of the draft report has made use of the PEFA Secretariat’s “Agile PEFA: An approach for streamlining PEFA assessments – Guidance for assessors, August 2020” as well as the PEFA Secretariat’s “PEFA Handbook – Volume II: PEFA Assessment Field Guide, December 2018”.

Country context

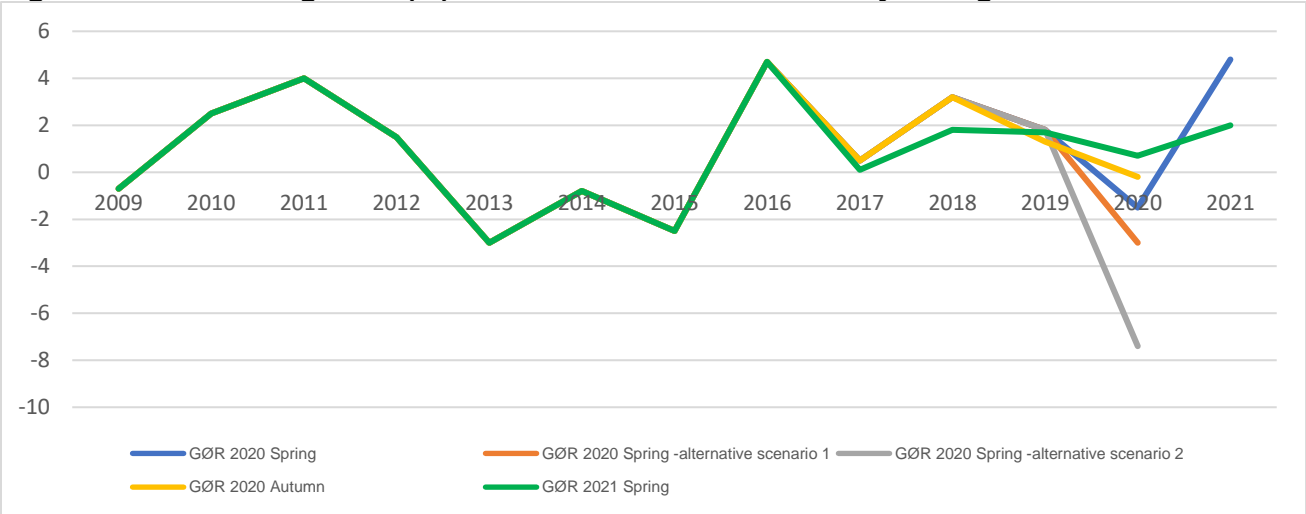
Government

Since 1979 Greenland has been a parliamentary democracy within the Kingdom of Denmark (self-governing territory) ruled by the Government of Greenland (GoG – Naalakkersuisut). Greenland was part of the European Community since 1973 through Danish Membership, however, Greenland formally withdrew from the European Community in 1985. Subsequently Greenland became one of the Overseas Country and Territories associated with the European Union in accordance with Part IV of the Treaty on the Functioning of the European Union, since the entry into force of the Greenland Treaty on 1 February 1985.

Economy

Greenland is the world’s largest island and a remote territory with a small population of 56,421¹ in 2021 and a per capita income of DKK 362,000² in 2020 (€ 48,721 or US\$ 55,692). The evolution in real GDP growth is depicted in figure 1.1. COVID 19 has added additional uncertainty to growth estimates. The Greenland Economic Council (GØR) in their Spring 2020 forecast in addition to the base forecast prepared additional scenarios for the GDP growth under different assumptions with regards to the effect of COVID 19.

Figure 1.1: Real GDP growth (%) and added forecast uncertainty during COVID 19



Data source: GØR reports

¹ <https://stat.gl/dialog/mainTheme.asp?lang=da&sc=GF&tname=BE>
² <https://stat.gl/dialog/mainTheme.asp?lang=da&sc=GF&tname=NR>

However, the GØR 2020 Autumn forecast and the GØR 2021 Spring forecast estimated that the Greenland economy will not be as hard hit as initially feared in the alternative scenarios, partly due to the support packages together with sanitary restrictions implemented by the GoG. Select key economic indicators are presented in table 1.1.

Table 1.1: Selected key economic indicators

	2018	2019	2020
GDP (2010=100) in million	15,267	15,523	15,663*
GDP per capita (current prices) in thousand	243.6	355.2	362.0
Currency: DKK			
GDP growth (%)	1.8	2.3	0.9*
CPI (annual avg. change %)	0.6	2.4	0.2
Gross government debt (% of GDP)	0.9	0.7	0.6
External terms of trade (annual % change)	1.2	-2.5	Not available
Current account balance (% of GDP³)	-4.5	-5.5	-2.0

Data Source: GØR, MoF and Greenland statistics

* Preliminary figure

Fiscal trends

Table 1.2 shows the overall fiscal trends in Greenland.

Table 1.2: Fiscal trends

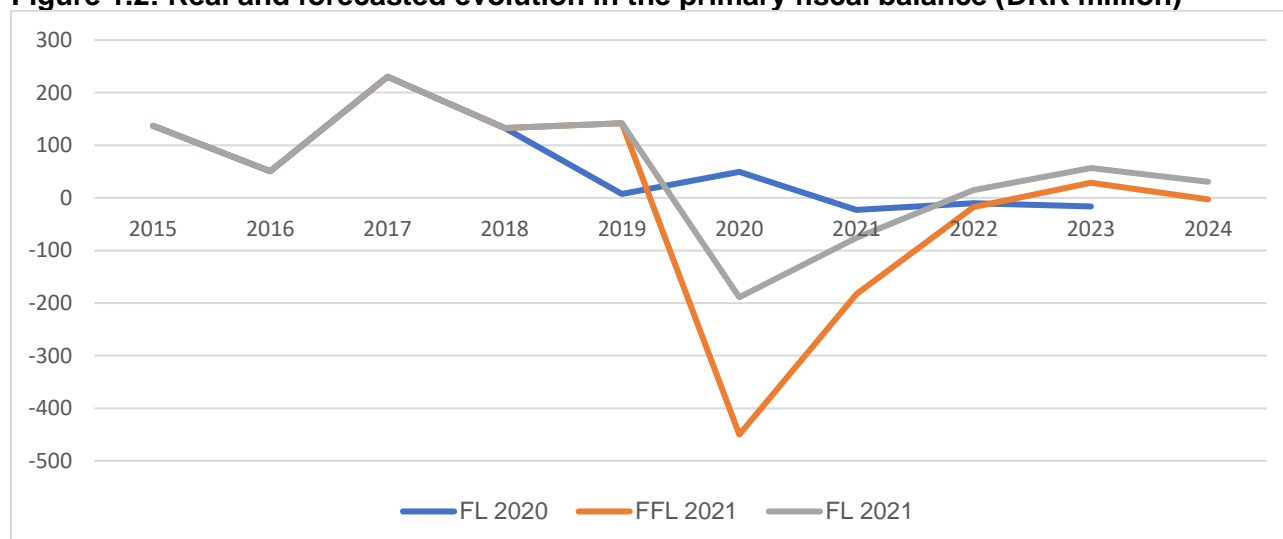
All figures in million DKK	2021	2022	2023
Total revenue	7,119.6	7,166.0	7,204.3
Own revenue	2,943.2	2,989.6	3,027.9
Grants	4,176.4	4,176.4	4,176.4
Total expenditure	7,185.6	7,141.1	7,137.9
Non-interest expenditure	7,171.6	7,127.0	7,123.7
Interest expenditure	-14,0	-14,1	-14,2
Aggregate deficit (incl. grants)	-66,0	24,9	66,4
Primary deficit	-66,0	24,9	66,4
Net financing	0,0	0,0	0,0

Data source: FL2021

The Greenland Budget and Accounts Act of 2016 requires fiscal balance over a 4-year period. Figure 1.2 shows that GoG has been running a surplus on the primary fiscal balance (DA-balance) until 2019. Based on early 2020 estimates (see figure 1.2) the budget proposal for 2021 (FFL2021) foresaw a significant negative impact of COVID 19 on the primary fiscal balance compared to earlier estimates in the enacted 2020 budget (FL2020). However, in the enacted budget (FL2021) the negative effect had been revised due to an improved fiscal outlook in the autumn of 2020.

³ GDP in current prices

Figure 1.2: Real and forecasted evolution in the primary fiscal balance (DKK million)



Data source: Ministry of Finance

Note: Figures in FFL 2021 and FL 2021 presents updated figures on 2019 and outer years compared to FL 2020.

Looking to the longer-term GOG will have to carry out further reforms to achieve fiscal balance and sustainability of public finances. GØR has estimated⁴ that – amongst others – shift in the Greenland demographics will increase public expenditure with between 5-6 % of the GDP. Unchecked this will lead to a deficit in the primary fiscal balance of approximately 1bn DDK over the next 10-15 years. Considering that public expenditure constitutes approximately 60 % of GDP and that 40 % of the workforce is employed in the public sector accentuates the need for a sustainability plan and for improved management of the various sectors in the GoG to guide prioritization of resource allocation in the public sector in coming years⁵.

Table 1.3: Forecast of stock of debt in central GoG, municipalities and public corporations

Forecast of debt stock (DKK million)	2020	2021	2022	2023	2024
GoG	119	95	71	47	23
Public corporations (owned by GoG)	4.979	5.703	6.599	6.247	6.403
Public corporations (owned by the municipalities)	213	1.020	1.693	2.220	2.599
Municipalities	67	54	41	27	16
Total	7.398	8.893	10.426	10.564	11.065

Data source: Ministry of Finance, 2021

Table 1.3 shows the forecasted development of the public stock of debt. It is noted that GoG during 2020 had a liquidity position of approximately 1.2bn. While GoG and the municipalities carry an insignificant amount of debt, a growing stock of debt is carried by public corporations owned by GoG and the municipalities. This underscores fiscal risks are increasing and must be managed by GoG.

Rationale and purpose of the assessment

⁴https://naalakkersuisut.gl/~/-media/Nanoq/Files/Attached%20Files/Finans/DK/Oekonomisk%20raad/GOR_ny/GØR%20rapport%20020%20da.pdf

⁵ However, these figures are not uncommon in small economies. GØR, autumn 2020, p. 33

The objective of the Greenland Agile PEFA assessment 2021 is to measure the current performance of public financial management systems using an objective, internationally recognized standard. This assessment identifies the key weaknesses in public financial management and the main underlying causes. It also tracks public financial management performance against the most recent formal PEFA assessment from 2014 in accordance with the PEFA Secretariat's guidance. The assessment will contribute to improved quality, transparency, accountability, and effectiveness of public finance management in Greenland. The first PEFA assessment was carried out in 2008.

The assessment will further be used to assess progress on Greenland current public financial management reform action plan, and will serve as a basis to develop suggested elements in an updated public financial management reform action plan of Greenland for 2021-2024, including proposal of a set of objectives and indicators to measure progress against the action plan.

Assessment management and quality assurance

The assessment team was led by Mr. Søren Langhoff (DT Global) and included Mr. Frans Hesse (DT Global) and Mr. Halfdan Pedersen (DT Global). Quality assurance has been carried out by the PEFA Secretariat.

Further details on the assessment management and quality assurance arrangements are presented in Annex

Methodology

The PEFA assessment was undertaken in accordance with the PEFA 2016 methodology using the pilot Agile PEFA approach. The assessment covers 31 indicators and 94 dimensions. The SNG sector of Greenland is constituted by 5 municipalities. Annex 6 tracks performance of selected indicators since the previous PEFA assessment in 2014 using the 2011 framework. The mapping of the 2014 assessment to the 2021 assessment has been carried out guided by the PEFA Secretariat's mapping table "PEFA 2016 vs. 2011 at a glance".

Field work was carried out remotely due to COVID 19 related travel restrictions.

Scope and coverage

The scope of the PEFA assessment covers the central government, i.e. entities receiving budget allocations from the central government's budget including 10 ministries and a total 68 budgetary units (line ministries and agencies). There are no units that are classified as extrabudgetary units. No extrabudgetary operations have been identified. Several public enterprises are due to the definitions in the GFSM 2014 classified as Public Corporation and outside of Central Government. A total of 14 Public Corporations have been considered with regards to the fiscal risk they present to the GoG. A list of the ministries covered by the assessment is presented at Annex 2.

PFM legal framework

Public financial management at central and municipal level is regulated by the Budget and Accounts Act 2016 and the Budget Regulation 2008. The Budget and Accounts Act 2016 provides the legal framework for audit activity. The Tax Agency is an agency under the MoF vested with

the responsibility to administer the tax code. The tax code is constituted by a number of individual Acts. Additional legislation covers Procurement for both public works (Law nr. 6 of June, 2019, and Circular of October 20, 2020, on Public procurement of goods and services and Law nr. 11 of December 2, 2009, on Public Work tenders.

Time period

The assessment is based on the following timelines:

Time period and time lines	
Remote field work	August 12, 2021 – September 2, 2021
Country fiscal year	January 1 to December 31
Last three fiscal years covered	FY 2018, 2019 and 2020
Latest budget submitted to legislature	FY 2021
Time of assessment (planned cut-off)	September 2, 2021

Sources of information

The assessment team consulted a wide range of documents from various sources including government ministries, independent councils and consultancy reports. Evidence used is highlighted for each indicator and dimension. Where this information is available publicly on the government website or other trustworthy websites the relevant link is noted. A consolidated list of documents used for this assessment, including by indicator, can be found in Annex 3. The names of all persons interviewed are listed in Annex 4.

2. SUMMARY OF FINDINGS

2.1 PFM strengths and weaknesses

The PFM system is mature, well-functioning and continues to develop. With the full introduction of the new ERP in the public sector, the GoG and the municipalities, coupled with a revised Chart of Accounts (CoA), budget planning and execution are streamlined and credible evidenced by just 1%-1.6% annual variations.

The ERP used in GoG is named PRISME and encompasses a number of relevant modules covering PFM work flows in GoG. PRISME includes modules providing support to General Ledger, budget execution of revenue and expenditure, reporting and accounting, electronic payments processing, payroll and a number of other functionality areas.

Although the budget presentation is comprehensive and aligned with COFOG, the presentation of the macro-fiscal framework could be improved, including assumptions and analysis of alternative scenarios. Also, the preparation of sector plans and the use of sector plans in conjunction with adopting an improved medium-term perspective on budgeting presents opportunities to improve public understanding of the budget planning process with better information on service delivery and outcomes. The budget calendar is fully respected, and there is a high degree of transparency of fiscal information available to the public on the GoG websites.

While GoG fiscal risks in terms of contingent liabilities are well reported and also individually by the corporations in the published annual audited financial statements, the overall financial risk scenario would be incomplete, if not consolidated reported. Though the GoG has a positive debt

position, it has significant risk exposure as the sole owner of the 14 corporations with a total net interest-bearing debt of 4bn and likely to increase. This should be taken into account when considering the potential impact on the fiscal space in perspective, as many of the corporations are systemic to the functioning of the country and cannot be shot down in case of economic problems.

While the management of financial assets leaves little to be desired, non-financial assets are only partially recorded which derives from the applied modified cash-based accounting. The informal goal of maintaining 10% liquidity of annual expenditure is generally achieved and also explains why there are no expenditure arrears.

Expenditure control of both payroll and non-payroll expenditures are sound and well-functioning with segregation of duties and underpinned by IT systems with built-in control features. System access controls and user profiles restrict access and audit trails track changes. All payment of invoices and salaries are done by electronic transfer to registered ID verified legal persons, or personal accounts. Notwithstanding, internal audit does not attain sufficient coverage of expenditure and professional standards for internal audit; and the lack of follow-up by auditees and management poses a challenge.

Revenue administration and accounting are well managed and without leakage supporting predictability of in-year resources. Revenue is collected directly into accounts under the consolidated control of the Treasury, which means the MoF has real-time access to the tax revenue balance.

Procurement management has developed with new legislation for procurement of goods and services defining open competition as default with few exceptions. The two websites with tender information on goods services and works are about to be unified. Information on upcoming tenders is announced as well as contract awards. The overriding challenge is the lack of procurement statistics as there is no procurement database for all procurement or oversight, which deprives the GoG of important expenditure information. The decentralised procurement system is no excuse for not recording all procurement given the capacity of the financial management system PRISME. With the adoption of Inatsisartutlov no. 7 of 12 June 2019 on the Complaints Board for Public Procurement there is now legal foundation for redress comprising all types of procurement and with a Board composition included independent legal and technical expertise. Complaints and decision are published on the Consumer and Competition Agency's website⁶

Financial data integrity is robust with the integration of the main IT systems in ERP. The number of bank accounts has been reduced by 43% to 108 compared to the PEFA 2014 report and account reconciliation is done monthly, though the Audit Protocol for 2020 found that some smaller bank accounts had not been continuously reconciled during the year. Access to records and changes to data in the IT systems is restricted, recorded and results in audit trails. However, there is no designated body to review IT data integrity and no periodic lists of users are produced for management review.

In-year budget execution reports have improved in terms of timeliness and content and are now published quarterly on the MoF website. The quarterly reports allow direct comparison with the original budget and the supplementary appropriations with explanatory annotations supplemented with an overview of liquidity.

⁶ <https://aqa.gl/udbud/>

The annual financial statements prepared by the Treasury in three dimensions: administrative, functional (Formål), and economic (Art) are submitted within six months to the accounting firm (Deloitte) appointed as the external auditor. Greenland has opted for this solution, instead of a supreme audit institution for cost-efficiency reasons. The external auditor is appointed by the Inatsisartut every year to ensure independence of the GoG. The external auditor carries out the audit comprising: financial, compliance and performance audit according to international standards, though the performance audit seems lite. The audit report for the years assessed have been unqualified and without adverse opinions, but with observations and recommendations on issues that warrant attention.

The legislative scrutiny of the annual audit reports and protocols is comprehensive and transparent with the public informed about the two hearings prior to approval. The Audit Committee reviews the audit report and prepares a report that mirrors the observations recommendations made by the external auditor and adding the Audit Committee's own observations. This report is then tabled for hearings in Inatsisartut before approval. Follow-up on the audit observation is systematic and done by both the external auditor and the Audit Committee, with status reported in the annual audit protocols.

2.2 Impact of PFM performance on three main fiscal and budgetary outcomes

1. *Aggregate fiscal discipline*

Although the budget documentation submitted to the parliament is very comprehensive, it fails to give an overview of the extent the current economic situation has influenced budget decisions. Moreover, the macro-fiscal information for the three forward years in the Finance Acts is fairly unsophisticated and without mention of assumptions, alternative scenarios and outcomes. Nevertheless, budget discipline is robust and is mandated by law as maintaining a balanced budget over a 4-year period. For the years assessed revenue has surpassed expenditure.

2. *Strategic allocation of resources*

The main objective of PEFA and PFM reform is to support sustainable development and better and more effective service delivery outcomes that meet the population's needs and priorities.

A prerequisite for strategic resource allocation requires plans for frontline sectors such as health, education and labour underpinned by indicators, results and outcomes. While this is the case for education sector and to a limited extent in the health sector, the majority of ministries do not publish either comprehensive plans nor a systematic set of indicators linked to outputs or outcomes.

3. *Efficient use of resources for service delivery*

Efficient service delivery is supported by good domestic revenue mobilisation and administration, seamless financial management processes and good liquidity ensuring that the budgeted funds are timely available to provide services. Payroll control is good backed by the integration of personnel data with payroll, segregation of duties when changes are made and monthly payroll lists verified by budget units; and payroll audit is annually by the external auditor. Control of non-payroll expenditure is equally reassuring, confirmed by the external auditor.

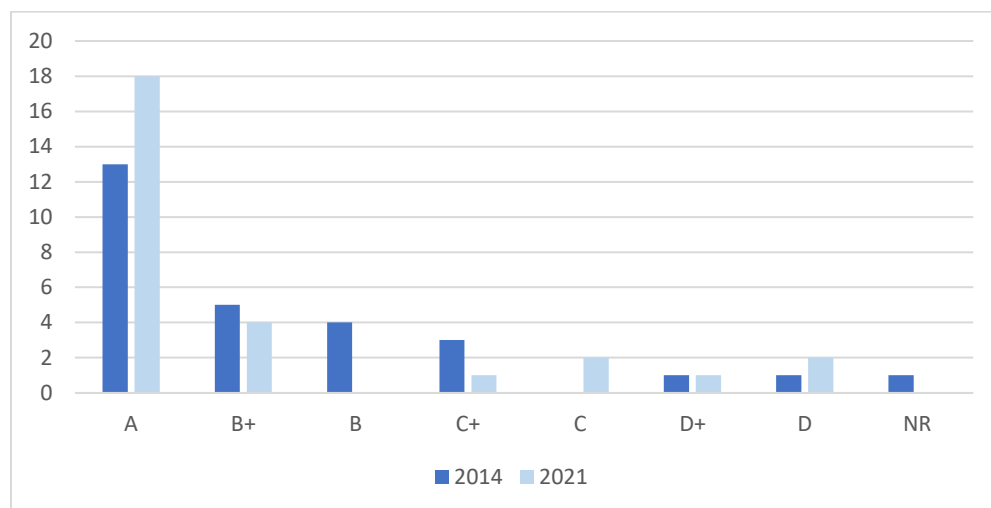
Procurement monitoring is an area that merits improvement in terms of recording and oversight of the decentralised procurement setup. A centralized registry needs to be put into place which in turn would enable performance audits to be carried out and also contribute to an improved ability to monitor and oversee overall procurement at central and municipal level.

External accountability for financial management is compatible with best practice with annual financial statements thoroughly audited (financial, compliance and performance) by Deloitte within 6 months of the end of the fiscal year. The scrutiny by Inatsisartut is equally thorough, transparent and timely with an active Public Accounts Committee and public hearings.

2.3 Performance change since previous assessment

Comparison between the 2014 and 2021 is guided by the PEFA Secretariate note⁷. It is not possible to make a direct comparison between the current assessment (which uses the PEFA 2016 framework) and the previous assessment undertaken in 2014 (which used the 2011 version of the framework). The report, therefore, includes an additional analysis that compares performance at this time using the same version of the framework used in 2014. This assessment is presented at annex 6.

Figure 2.1: Comparison of distribution of indicator scores between assessments in 2014 and 2021



Note: Comparison carried out utilizing the PEFA 2011 assessment framework

Figure 2.1 presents the comparison of the distribution of scores between the previous PEFA assessment in 2014 with the current PEFA assessment in 2021 using the 2011 framework.

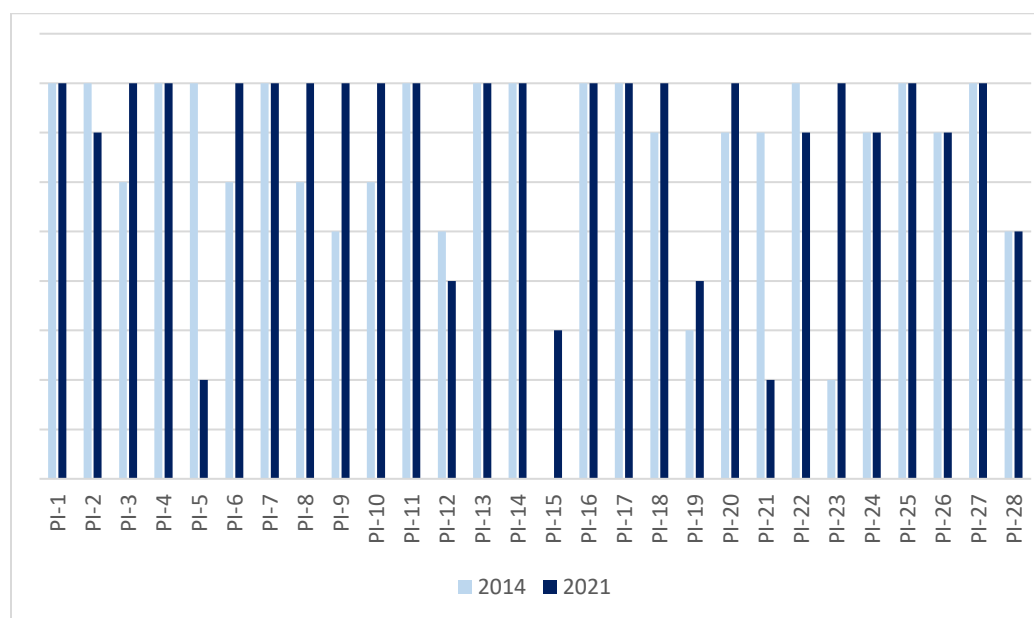
⁷ PEFA Secretariate: PEFA 2016: Guidance on tracking PFM performance for successive assessments (https://www.pefa.org/sites/pefa/files/resources/downloads/Tracking%20PFM%20Performance-Revised%20Guidelines%20New%20Logo_Feb20.pdf)

Overall, comparison of current performance with the performance assessed in 2014 shows that 10 indicators have improved, 5 declined, and 13 stayed the same signifying commendable performance.

Figure 2.2 highlights the changes by indicator. A more detailed explanation of variations for indicators and dimensions is presented in Annex 6. Since the last PEFA in 2014 Greenland has been implementing a PFM action reform plan which has been updated to include 2021.

In the area of Credibility of the budget PI-1 to PI-4 two indicators (PI-1 and PI-4) are unchanged while PI-2 has declined due to increased variability in 2020 in the outturn compared to the budget while improved improvements in revenue forecasting has led PI-3 to improve.

Figure 2.2: Comparison by indicator score between assessments in 2014 and 2021



Note: Comparison carried out utilizing the PEFA 2011 assessment framework

In the area of Comprehensiveness and transparency the PI-7 is unchanged. PI-5 has declined as capital expenditure is not budgeted on the economic classifier. Indicators PI-6, PI-8, PI-9 and PI-10 have all improved. PI-6 because the content of budget information has improved, PI-8 due to the implementation of a new governmentwide ERP system, PI-9 is improved due to the new fiscal risk report produced by GoG and PI-10 has improved as public access to key fiscal information has improved.

In the area of the Budget cycle:

- C(i) Policy-based budgeting: PI-11 is unchanged while the score of PI-12 has declined due to a decline of the grading of multi-year fiscal forecasting. In the area of the Budget cycle;
- C(ii) Predictability and control in budget execution: The grading of indicators PI-13, PI-14, PI-16 and PI-17 is unchanged. Indicators PI-15, PI-18, PI-19 and PI-20 have improved. PI-15 has seen an improvement in the monitoring of tax arrears. PI-18 has been upgraded due to the implementation of the new ERP that has improved payroll controls. PI-19 has

improved due to the implementation of a new Procurement complaints mechanism and PI-20 has improved as the new ERP has improved the control environment. PI-21 has declined as performance of internal audit has declined; and

- C(iii) Accounting, recording and reporting: PI-23 has improved as the ERP provides for more efficient reporting on resources allocated to service delivery, PI-24 and PI-25 remain with the same grading while the grading of PI-22 has declined as suspense accounts are not cleared on a monthly basis.

In the area of External scrutiny and audit PI-26, PI-27 and PI-28 remain with the same grades.

One major step forward has been the implementation of a new ERP system covering central government and the 5 municipalities with the last municipality enrolled in September 2021. The ERP implementation includes the implementation of a uniform CoA across central government and sub national entities (municipalities). This implementation has been the backbone of many of the improvements in indicator scores.

The PFM reform action plan comprises several areas, sector planning and costing, development and transparency of municipal financial management, internal controls and procurement which are all areas that have seen progress as measured by the indicators.

Summary of performance indicators

Explanation of scores:

- A : Performance consistent with best international practices.
- B: Performance aligned to best international practices.
- C: Basic level of performance consistent with good international practices.
- D: Less than the basic level of performance or insufficient information.

Table 1.2: Overview of the scores of the PEFA indicators – Greenland Agile PEFA 2021

PFM performance indicator		Scoring method	Dimension score				Overall score
			i.	ii.	iii.	iv.	
Pillar I. Budget reliability							
PI-1	Aggregate expenditure outturn	M1	A				A
PI-2	Expenditure composition outturn	M1	A	A	A		A
PI-3	Revenue outturn	M1	A	A			A
II. Transparency of public finances							
PI-4	Budget classification	M1	D				D
PI-5	Budget documentation	M1	A				A
PI-6	Central government operations outside financial reports	M2	A	A	NA		A
PI-7	Transfers to subnational governments	M2	A	C			B
PI-8	Performance information for service delivery	M2	D	B	B	C	C+
PI-9	Public access to fiscal information	M1	B				B
III. Management of assets and liabilities							
PI-10	Fiscal risk reporting	M2	A	D	B		B
PI-11	Public investment management	M2	B	B	B	A	B+
PI-12	Public asset management	M2	A	C	A		B+

PFM performance indicator		Scoring method	Dimension score				Overall score
			i.	ii.	iii.	iv.	
PI-13	Debt management	M2	A	A	A		A
IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	B	C	C		C+
PI-15	Fiscal strategy	M2	A	A	D		B
PI-16	Medium-term perspective in expenditure budgeting	M2	C	A	D	D	C
PI-17	Budget preparation process	M2	B	A	A		A
PI-18	Legislative scrutiny of budgets	M2	A	A	A	A	A
V. Predictability and control in budget execution							
PI-19	Revenue administration	M2	A	A	A	C	B+
PI-20	Accounting for revenue	M1	A	A	A		A
PI-21	Predictability of in-year resource allocation	M2	B	A	A	A	A
PI-22	Expenditure arrears	M1	A	NA			A
PI-23	Payroll controls	M1	A	A	A	A	A
PI-24	Procurement management	M2	D	D*	B	A	C
PI-25	Internal controls on non-salary expenditure	M2	A	A	A		A
PI-26	Internal audit	M1	D	C	D	D	D+
VI. Accounting and reporting							
PI-27	Financial data integrity	M2	B	A	A	B	B+
PI-28	In-year budget reports	M1	A	C	A		C+
PI-29	Annual financial reports	M1	B	B	C		C+
VII. External scrutiny and audit							
PI-30	External audit	M1	A	A	B	NA	B+
PI-31	Legislative scrutiny of audit reports	M2	C	NA	A	A	B+

On the PEFA website PEFA presents “Global trends in PFM performance”⁸ and this presentation is an excellent source for comparison of Greenland PEFA scores with other regions and economies. Also, more theoretical approaches to assessing PFM scores are available⁹.

3. ANALYSIS OF PFM PERFORMANCE – Pillars, indicators, and dimensions

PILLAR ONE: Budget Reliability

Pillar one measures whether the government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget.

⁸ <https://www.pefa.org/global-report-2020/report/global-pfm-performance>

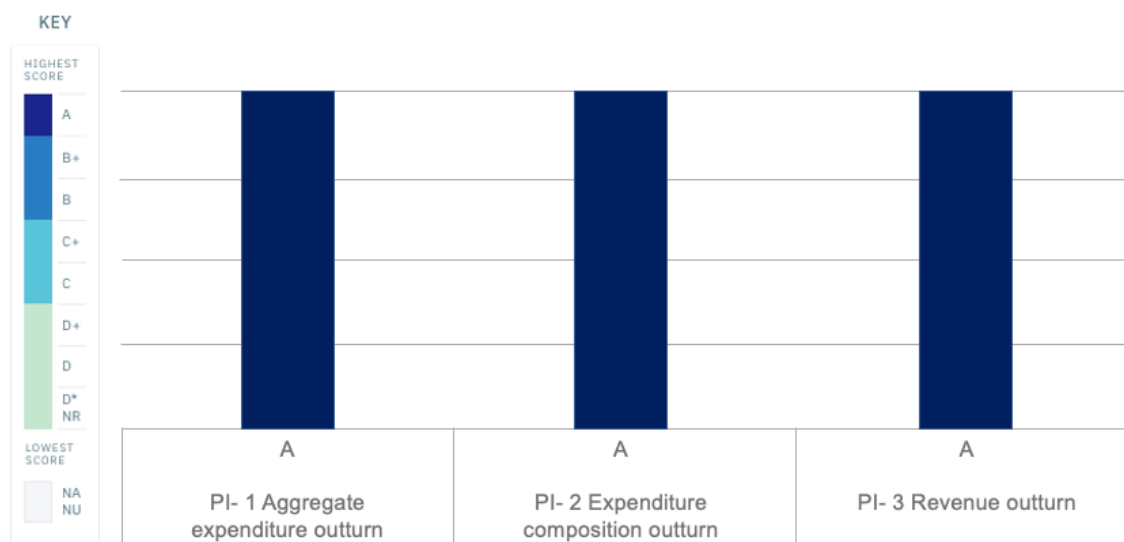
⁹ See for example: “The core PFM functions and PEFA performance indicators, Tommasi, July 2012, https://europa.eu/capacity4dev/macro-eco_pub-fin/documents/background-paper-2-core-pfm-functions-and-pefa-performance-indicators

Overall performance

The insignificant variations in aggregate spending from the budgeted amounts in all the three years, show the commitment and ability to maintain a prudent fiscal policy, where the supplementary appropriations serve to accommodate for conditions and events that were unforeseen at the time the Finance Laws were adopted. When the 2020 Finance Law was approved, the Covid-19 pandemic had not yet emerged. Subsequently during 2020 when the pandemic took hold, supplementary appropriations were enacted to cope with the situation¹⁰. This meant that the Ministry for Health received additional 322m, the allocation for the Department for Business was reduced by 184m and Construction reduced by 121m, which explains the relative high variance of expenditure composition in 2020, see PI-2.

Revenue outturn has consistently overshoot budgeted revenue. Given, that more than half of total revenue is from grants and subsidies that are relatively easy to estimate due to agreements, this indicates that a deliberate conservative approach is applied when estimating taxes and indirect taxes, however less so than in the past¹¹.

Figure PILLAR ONE: Budget Reliability



Possible underlying causes of performance

One main reason that GoG fares well on budget reliability is due to the fact that revenue estimates are of high quality and quite precisely foresees the development of revenue collection. As the GoG at the same time manages to prepare the expenditure budget within the available resource envelope means that the budget is realistic.

Both in the previous and actual PEFA assessment GoG has scored high on budget reliability because the budget subsequently is executed according to plans. This underscores that budget execution controls are in place and functioning but also points to well-functioning cash

¹⁰ Covid-19 related expenditures was 415m in 2020, Audited Financial Statements p.10, 2020, Deloitte.

¹¹ PEFA report 2014, PI-3

management and cash forecasting to ensure that budget units have available resources at the time they are needed and that budget execution is not constrained by cash shortages. Even in the face of COVID 19 the liquidity reserve held by the MoF was sufficient to ensure smooth operations and at the same time implement various support packages and sanitary initiatives.

The budget preparation and execution are underpinned by an adequate PFM legal framework which was updated with the 2016 Budget and Accounts Act and subject to on-going reviews and updates, as exemplified also with the well-functioning enactment of the 2019 Procurement Act for goods and services.

Recent and ongoing reform activity

The PFM reform action plan has been in vigor since 2014 and is regularly updated as objectives are achieved and new challenges appear. As part of the reform plan the implementation of the new ERP system and implementation of a uniform CoA across both central government and sub national entities (5 municipalities) has supported the overall PFM cycle.

PI-1 Aggregate expenditure out-turn

This indicator measures the extent to which aggregate budget expenditure outturn (original budget plus supplementary budget) reflects the amount originally approved, as defined in government budget documentation and fiscal reports. There is one dimension for this indicator.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-1: Aggregate expenditure outturn (M1)		A
PI 1.1 Aggregate expenditure outturn	Aggregate expenditure outturn has been just marginally lower than the budget plan for each of the last three years: 99.2% (2020), 99.0% (2019), and 98.4% in 2018.	A

Evidence for score

Annex 7 presents the PEFA framework spreadsheets showing the original budgets approved by parliament compared with the actual outturns from the audited financial statements 2018, 2019 and 2020.

Table 1-1: Aggregate expenditure outturn

Aggregate expenditure (DKKm)	2020	2019	2018
Approved budget	7,324	7,679	7,260
Outturn	7,262	7,602	7,141
Outturn as a percentage of budget	99.2%	99.0%	98.4%

Data source: Finance Laws: <https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Finanslov> and Annual Financial Statements, 2018-2020.

PI-2 Expenditure composition out-turn

This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-2. Expenditure composition outturn (M1)		A
PI 2.1 Expenditure composition outturn by function	The variance in expenditure composition by administrative classification was 9.6% (2020), 2.1% (2019) and 2.3% in 2018	A
2.2 Expenditure composition outturn by economic type	The variance in expenditure composition by economic classification was 4.1% (2020), 1.2% (2019) and 0.8% in 2018.	A
2.3 Expenditure from contingency reserves	An insignificant contingency amount (<i>Reserve</i>) is allocated within the MoF budget. However, no expenditures are recorded against the contingency, and funds are transferred to the ministries and expenditures recorded against relevant account codes.	A

Evidence for score

Table 2-1: Aggregate expenditure outturn variance compared to approved budget

Variance	2020	2019	2018
Administrative classification	9.6%	2.1%	2.3%
Economic classification	4.1%	1.2%	0.8%

Data source: Same as for table 1-1

PI-3 Revenue outturn

This indicator measures the change in revenue between the original approved budget and end-of- year outturn.

Indicator and dimension scores and analysis

Indicators/ Dimensions	Assessment of performance	Score 2020
PI-3. Revenue outturn (M1)		A
3.1 Aggregate revenue outturn	Actual revenue was 103.6%, 109.5% and 102.1% in 2020, 2019 and 2018 respectively.	A
3.2 Revenue composition outturn	The variance in revenue composition by category was 3.9%, 14.8% and 4.0% in 2020, 2019 and 2018 respectively. The relatively big composition deviation of 14.8% in 2019 relates to <i>Return on investment</i> and was triggered by Air Greenland paying an extraordinary dividend of 461m that was used to acquire the outstanding shares of Air Greenland held by the Danish State and the SAS to obtain 100% ownership.	A

Evidence for score

Annex 5 presents the PEFA framework spreadsheets showing the original budgets approved by parliament compared with the actual outturns from the annual financial statements for the respective years.

Table 3-1: Aggregate revenue outturn

Total revenue (DKKm)	2020	2019	2018
Approved budget	7,063	6,979	6,999
Outturn	7,284	7,616	7,110
Variance (as a % of original budget)	103.6%	109.5%	102.1%
Composition Variance	3.9%	14.8%	4.0%

Data source: Finance Laws and Treasury accounts 2018-2020.

PILLAR TWO: Transparency of Public Finances

Pillar two assesses whether information on public financial management is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.

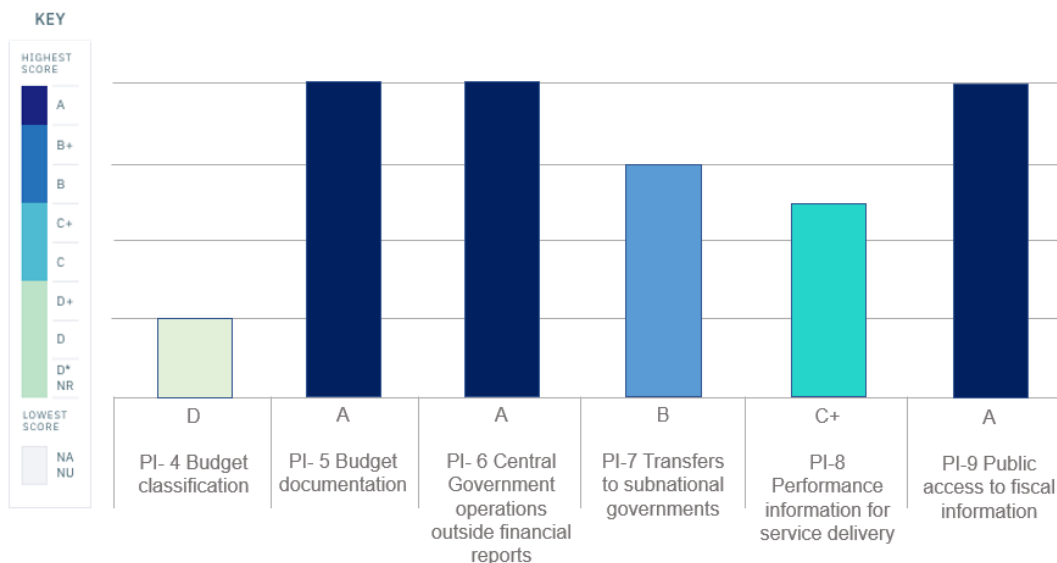
Overview

The budget classification system is based on economic, administrative and economic classifications but the use of the economic classification is limited to recurrent appropriations (bevillingstypen drift). With the recent implementation of the new ERP and chart of accounts the GoG is set to expand the use of the economic classification across the 5 types of appropriations. It is possible to map coding from the chart to GFS at a detailed level and a COFOG equivalent combination of classifiers is used in the budget enabling mapping to COFOG.

The full set of budget documentation available and submitted to the parliament is quite comprehensive and includes most of the key elements. The presentation of the macro-fiscal framework could be improved, including assumptions and analysis of alternative scenarios, and could be included in the budget proposal. Also, the preparation of sector plans and the use of sector plans in conjunction with adopting an improved medium-term perspective on budgeting presents opportunities to improve public understanding of the planning and budgeting process and improve information on service delivery.

The fiscal relations ships with the municipalities are quite clearly laid out in the budget documentation just as the comprehensiveness and coverage of budget documentation is good.

Figure PILLAR TWO: Transparency of public finances



Possible underlying causes of performance

Greenland in 2014 prepared a fiscal growth and sustainability plan¹² and has over the years prepared a number of strategies and plans for specific priority areas. However, the overall plan has not been broken down in costed sector plans and linked to the annual fiscal bills. Also, plans are rarely linked to expected outcomes. Moreover, a number of changes since 2014 in the portfolio under each ministry are also contributing to a lack of comprehensive sector plans linked to the annual fiscal bill.

GoG recognizes that in view of the challenges over the longer term to prioritize resources to achieve long term fiscal sustainability this presents a particular challenge as the GoG at present cannot establish a relationship between the achievement of outcomes and resource allocation in the fiscal bill. Although the annual fiscal bill does present a considerable amount of information on the production of outputs and activities the lack of a coherent framework has impacted on the ability to plan and monitor performance in the delivery of services to the public.

Recent and ongoing reform activity

The GoG are in the process of updating the growth and sustainability plan from 2014. Unfortunately, COVID 19 has temporarily halted the update process. The stated intention by GoG is to improve the overall planning and monitoring framework to enable an improved capacity to assess the results coming out of government and municipal activities.

¹²<https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Politisk%20Oekonomisk%20Beretning/HVP%20da.pdf>

PI-4. Budget classification

This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards based on the last completed fiscal year (2020).

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
4.1 Budget classification	The 2016 Greenland Budget and Accounting Act regulating both Naalakkersuisut and the municipalities requires that the Finance Act, the Supplementary Act and the annual Accounts are structured in a similar way ¹³ . The Act requires that all revenue and expenditure as well as assets and liabilities are included. Alongside the recent 2018 implementation of the ERP project in Greenland a new CoA has been implemented in 2019 which is used for both Naalakkersuisut and the municipalities. A common basis for budget formulation, execution and reporting has been implemented, however, capital expenditure is not budgeted (but execution and accounting are done) on the economic classifier. The structure of the economic classifier (artskontoen) is not constructed as the GFS but contains the same labels and categories and can be mapped to GFS, and allows for the presentation of GFS statements (e.g. Statement of Operations). Equally, a combination of relevant segments (i.e. Administrative, Economic and Functional classifiers) utilized in the Greenland CoA allows for mapping to the Classification of Expenditure by Functions of Government ¹⁴ .	D

Evidence for score

Table 4.1 Budget classification and chart of accounts

Element	Classification structure						
	Administrative (Y/N)	Economic: No. of digits and GFS compliance (Y/N)			Function (Y/N)	Subfunction/Program (S/P/N)*	COFOG Compliant (Y/N)
		Revenue	Recurrent	Capital			
Chart of accounts	Y	9 (Y)	9 (Y)	9 (Y)	Y	S	Y
Budget formulation	Y	9 (Y)	9 (Y)	NA (Y)	Y	S	Y
Budget execution and reporting	Y	9 (Y)	9 (Y)	9 (Y)	Y	S	Y

* Note: S=Subfunction; P=Program; Y=Yes and N=No

Data source: Fællesoffentlige kontoplan (Joint Public Chart of Accounts) and Accounting Manual

¹³ Inatsisartutlov nr. 26 af 28. November 2016 Municipalities and GoG Budgets and Accounts, § 35, stk. 2.

¹⁴ GFSM 2014, table 6A.1, p. 143.

PI-5. Budget documentation

This indicator assesses the comprehensiveness of the information provided in the annual budget documentation based on the last budget submitted to the legislature (2021).

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
5.1 Budget documentation	The 2021 budget documentation (Budget proposal, Finance Act, Political-Economical Statement (pre-budget statement), fiscal oversight documents and reports from the Greenland Economic Council) Satisfies the 4 basic elements and 7 of the 8 additional elements. It is noted, that in the assessment of the various elements the information made available to the public and the legislature prior to the presentation of the budget proposal has been considered as supporting documentation although some of the elements are not included in the executive's budget proposal document.	A

Evidence for score

Table 5.1 Budget documentation

Item		Included (Y/N)	Source of evidence and comments
Basic elements			
1	Forecast of the fiscal deficit or surplus or accrual operating result.	Y	The approved Finance Act 2021 (December 15, 2020) includes a forecast of the annual fiscal deficits (p.5) 2021 – 2024 indicated by the DAU (balance of operations (D), capital expenditure (A) and borrowing (U)).
2	Previous year's budget outturn, presented in the same format as the budget proposal.	Y	The approved Finance Act 2021 (December 15, 2020) includes previous years outturn (p.5). However, as the Act is approved in December it does not include accounts for 2020.
3	Current fiscal year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated outturn.	Y	The approved Finance Act 2021 (December 15, 2020) presents the 2020 actual fiscal budget alongside the 2021 approved budget (p.5) in the same format. It is noted that the supplementary appropriation for 2020 was approved on May 14, 2021, and the 2020 budget thus represents the actual budget. In addition, around the presentation of the budget proposal, the Naalakkersuisut MoF publishes the fiscal overview as mandated in the 2016 Budget and Accounts Act § 31 presenting, amongst other, the expected outturn for the year.
4	Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates.	Y	Both the budget proposal 2021 and the approved budget 2021 presents revenue and expenditure on the main heads of classification in use. Data is presented on an aggregate level as well as on a detailed level in cross-cutting tables, in budget contributions on functional and activity areas and in annexes to the Proposal/Act.
Additional elements			

Item		Include d (Y/N)	Source of evidence and comments
Basic elements			
5	Deficit financing, describing its anticipated composition.	Y	Naalakkersuisut operates a balanced budget and has been self-financing through surplus liquidity in the Bank of Greenland. In case need arises the Finance Act (p.38) authorizes the Naalakkersuisut MoF to make arrangements to incur debt and inform the Naalakkersuisut Finance- and Tax committee.
6	Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate.	Y	As part of the preparation process of the budget proposal the MoF has made arrangements with Statistics Greenland to provide assistance with regards to analysis and calculations of the budgetary impact of new legislation. In addition, and as mandated in the 2016 Budget and Accounts Act § 46, the MoF acts as Secretariat for the independent Greenland Economic Council (Grønlands Økonomiske Råd). Greenland Statistics and the Greenland Economic Council provides the macroeconomic input to the preparation of the budget proposal. The Naalakkersuisut uses this input to prepare the annual Political and Economic Statement (pre-budget statement) published in the spring prior to and leading up to the presentation of the budget proposal as mandated in the 2016 Budget and Accounts Act § 32.
7	Debt stock, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard.	Y	The Greenland stock of debt carried by the Naalakkersuisut is not significant and overall Greenland net debt position is positive incurred, for example due to COVID 19, it would be relevant to include a table demonstrating debt stock in the budget proposal.
8	Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard.	Y	The fiscal overview presented and made public in April 2020 includes an overview of financial assets and the evolution from May 2019 to April 2020 presented in a way mappable to GFS.
9	Summary information of fiscal risks, including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as public-private partnership (PPP) contracts, and so on.	N	The budget documentation does not include summary information on fiscal risks although Naalakkersuisut presents a discussion on possible risks associated to some of the public corporations due to the effects of COVID 19 is presented in the 2020 annual Political and Economic Statement.
10	Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs.	Y	The Budget and Accounts Act establishes proposals for new legislation must be accompanied by an analysis of the budgetary impact. This analysis is prepared in conjunction with Statistics Greenland (Lovmodellen). The analysis of every proposal is published on the Naalakkersuisut webpage.
11	Documentation on the medium-term fiscal forecasts.	Y	The medium-term fiscal forecasts are prepared on the basis of the reports published by the Greenland Economic Council. The tax agency (Skattestyrelsen) prepares an updated revenue forecast and together with an updated projection of prior years multiyear budget this will constitute the updated medium-term framework and serve to provide ceilings for the preparation of the budget proposal.
12	Quantification of tax expenditures.	Y	The Greenlandic tax code does not allow for any tax expenditure https://aka.gl/da and https://aka.gl/da/Borger/SKAT/Skattelove

PI-6. Central government operations outside financial reports

This indicator measures the extent to which government revenue and expenditure are reported outside central government financial reports.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-6. Central Government operations outside financial reports (M2)		A
6.1 Expenditure outside financial reports	There are no extrabudgetary units in Greenland's central government. There are no extrabudgetary expenditure in any ministry areas. Greenland receives budget support from EU and a Grant from Denmark. Both the budget support and the Grant are fully accounted for in the Finance Act and in the Annual Financial Statement. No donor funds are received and spent outside of the Treasury system.	A
6.2 Revenue outside financial reports	There are no Extrabudgetary Units in Greenland's central government. There are no extrabudgetary revenue in any ministry areas. Greenland receives budget support from EU and a Grant from Denmark. Both the budget support and the Grant are fully accounted for in the Finance Act and in the Annual Financial Statement. No donor funds are received and spent outside of the Treasury system.	A
6.3 Financial Reports of Extrabudgetary Units	There are no extrabudgetary units in Greenland Central Government.	NA

Evidence for score

Table 6.1 Identification of Extrabudgetary Operations

Existence of Extrabudgetary Operations	Under control of government	Budget	Within whole of Government Annual Financial Statement	Financial Reporting to Government	Any additional off-budget elements
Budgetary Units	Yes	Yes	Yes	NA	No
Extrabudgetary Entities	NA	NA	NA	NA	NA
Development Partners and Donors:					
• Budget support	Yes	Yes	Yes	NA	No
• In-kind	NA	NA	NA	NA	NA
• Project funds managed through host country systems	NA	NA	NA	NA	NA
• Project funds managed by project implementation units outside country systems	NA	NA	NA	NA	NA

Data Source: Finance Act 2020, Audited Financial Statement 2020, Overview of accounts under treasury control, Auditor (Deloitte)

Note: General government entities with individual budgets not fully covered by the main budget are considered extrabudgetary (GFSM 2014, 2.82). Public Corporations, even when all equity is owned by government, are not included in general government (GFSM 2014, 2.59). General government includes public enterprises, legally constituted as corporations, but that do not satisfy the statistical criteria to be treated as corporations (GFSM 2014, 2.64). The 3 Public Corporations (nettostyrede) owned by Naalakkersuisut all fall outside the definition of Extrabudgetary Units.

Table 6.2 Expenditure and revenue outside financial reports

Entity	Type of revenue outside government financial reports	Estimated amount of revenue reported outside government financial reports	Type of expenditure reported outside government financial reports	Estimated amount of expenditure reported outside government financial reports	Evidence and reporting
Extrabudgetary Units					
NA	NA	NA	NA	NA	NA
Budgetary Units					
NA	NA	NA	NA	NA	NA
Development Partner Contributions					
NA	NA	NA	NA	NA	NA

Data Source: Finance Act 2020, Audited Financial Statement 2020, Overview of accounts under treasury control, Auditor (Deloitte)

Table 6.3 Financial reports of extrabudgetary operations of development funds

Name of extrabudgetary unit	Date annual report received by CG	Content of annual financial report (Y/N)			Expenditure as a percentage of total extrabudgetary unit expenditure (estimated)
		Expenditure and revenues by economic classification	Financial and non-financial assets and liabilities	Guarantees and long-term obligations	
None	NA	NA	NA	NA	NA

Data Source: Finance Act 2020, Audited Financial Statement 2020, Overview of accounts under treasury control, Auditor (Deloitte)

PI-7. Transfers to subnational governments

This indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships to it.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-7. Transfers to subnational governments (M2)		B
7.1 System for allocating transfers	The horizontal allocation of all transfers from the GoG to the municipalities is determined by a fully transparent and rules-based system. The system is regulated by the Budget agreement between Naalakkersuisut and the Municipalities from 2016 and the annual calculation of block grants to each municipality is presented in the Naalakkersuisut budget proposal under § 20.05.20.	A
7.2 Timeliness of information on transfers	The Naalakkersuisut budget proposal under § 20.05.20 for fiscal year 2020 was presented on a press conference on August 9, 2019, including the size of transfers to each municipality, thus providing municipalities less than 4 weeks to complete their budget planning. The actual transfers to municipalities in 2020 were divided in rates of 1/12	C

Indicators/Dimension	Assessment of Performance	Score 2020
	and transferred on the first work day of each month. This has been the standard procedure (as regulated in the legislation) for many years in the relationship between municipalities and central government and is not formally informed to SNG's as they know the procedure. It is noted that the budget submission of municipalities to the legislature is determined by regulation regarding budgeting and accounting of February 3, 2012, determining time of approval of municipal budgets which is after September. It is noted that municipalities did receive forward information on their planned budget allocations in the month of May for budget preparation purposes, however, the official budget was presented on August 9 and municipalities submitted their budgets to SNG legislature by the end of August.	

Regulation regarding budgeting, accounting etc. in the municipalities of February 3, 2012 (<https://lovgivning.gl/lov?rid=%7B404EFEAB-42A4-4A4B-BE78-FCFB9FCAE45B%7D>)

Evidence for score

Table 7.1 System for allocating transfers

Name of SNG	Percentage of transfers that are based on transparent rule based system	Source of rules	Date of advice on transfers	Source of date of transfers	Date of budget submission to SNG legislature
Kommuneqarfik Sermersooq	100	Budget agreement between Naalakkersuisut and the Municipalities and Finance Act 2020	Block Grant is paid in rates of 1/12 per month on first work day in every month of 2020	MoF of Naalakkersuisut/ Kommuneqarfik Sermersooq	27/8-2019
Kommune Qeqertalik	100			MoF of Naalakkersuisut/ Kommune Qeqertalik	29/8-2019
Kommune Kujalleq	100			MoF of Naalakkersuisut	28/8-2019
Qeqqata Kommunia	100			MoF of Naalakkersuisut	29/8-2019
Avannaata Kommunia	100			MoF of Naalakkersuisut	27/8-2019

Data Source: Finance Act 2020, Audited Financial Statement of 2020, Budget agreement between Naalakkersuisut and the Municipalities (Budgetsamarbejdsaftale mellem Selvstyret og kommunerne), August 2016, MoF of Naalakkersuisut and validated with Kommuneqarfik Sermersooq and Kommune Qeqertalik.

PI-8. Performance information for service delivery

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-8. Performance information for service delivery (M2)		C+
8.1 Performance plans for service delivery	A number of initiatives are well under way to strengthen the programmatic approach in Greenland. However, the majority of Departments (ministries) do not publish either comprehensive plans nor a systematic set of indicators linked to outputs or outcomes.	D

Indicators/Dimension	Assessment of Performance	Score 2020
8.2 Performance achieved for service delivery	Most Departments publish an annual report on the quantity of outputs produced.	B
8.3 Resources received by service delivery units	Resources made available to frontline service delivery (SD) units are recorded and published in the annual audited financial statement. The information is compiled in several departments and published. Information includes data on resources received by GoG and reports/interviews with SD units, for example, schools and hospitals, including sources of funds. It is noted that Dep. of Education receives additional external funding from the EU which is channeled through the government system. With regards to SD most dep. in the GoG deliver Services directly, however, in the case of education SD is also carried out by the municipalities funded by own revenues and government transfers. SD by municipalities is not included in this assessment. Information of resources made available to SD units comes from the PRISME IFMIS system. Table 8.1 and 8.2 includes all SD units in the four principal SD departments.	B
8.4 Performance evaluation for service delivery	A number of evaluations have been produced for the period 2018-2020 however they do not systematically cover broader departmental areas and rarely include both assessment of efficiency and effectiveness.	C

Evidence for score

Table 8.1 and 8.2: Performance information for the largest service delivery agencies

Name of service delivery agency	Percentage of service delivery ministries	Program objectives specified (Y/N)	Key performance indicators (Y/N)	PI-8.1 Planned performance		PI-8.2 Actual performance		
				Planned outputs (Y/N)	Planned outcomes (Y/N)	Data on actual outputs produced (Y/N)	Data on actual outcomes achieved (Y/N)	Information on activities undertaken (Y/N)
Dep. of Social Affairs and Justice	841.442.000 (Total budget)							
Children and youth	40.046.000 4,76%	N	Y	Y	N	Y	N	Y
Handi-capped	17.251.000 2,05%	N	Y	Y	N	Y	N	Y
Preven-tive social affairs	15.724.500 1,87%	N	Y	Y	N	Y	N	Y
Dep. of Health	1.543.897.000 (Total budget)							
Specia-lized treatment	699.931.000 45,34%	N	Y	Y	N	Y	N	Y
Health regions	603.914.000 39,12%	N	Y	Y	N	Y	N	Y
Dental services	75.220.000 4,87%	N	Y	Y	N	Y	N	Y
Dep. of Educa-tion, Culture and Church	1.212.341.000 (Total budget)	Y	Y	Y	Y	Y	Y	Y

Name of service delivery agency	Percentage of service delivery ministries	Program objectives specified (Y/N)	Key performance indicators (Y/N)	PI-8.1 Planned performance		PI-8.2 Actual performance		
				Planned outputs (Y/N)	Planned outcomes (Y/N)	Data on actual outputs produced (Y/N)	Data on actual outcomes achieved (Y/N)	Information on activities undertaken (Y/N)
Dormitories	66.235.000 5,46%	Y	Y	Y	Y	Y	Y	Y
Primary school	33.014.000 2,72%	Y	Y	Y	Y	Y	Y	Y
Higher education	190.369.000 15,70%	Y	Y	Y	Y	Y	Y	Y
Vocational schools	312.996.000 25,82%	Y	Y	Y	Y	Y	Y	Y
Dep. of Nat. Resources and Labor Market	159.883.000 (Total budget)							
Labor market	83.892.500 52,40%	N	Y	Y	N	Y	N	Y
Total	3.757.563.000 (Total budget) 56,91% (Service delivery of total budget)	32,26%	100%	100%	32,26%	100%	32,26%	100%

Data Source: Naalakkersuisut MoF, Approved Fiscal Bill 2020, Sector ministries (Departments) webpages, Department of Education, Culture and Church: Education Sector strategy:
<https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Uddannelse/DK/Uddannelsesplaner/Uddannelsesplan%20I%202020%20Final%20031120.pdf>

Note: In each department the percentage of the budget for service delivery areas in relation to the total budget has been calculated. Under each service delivery area expenditure has been filtered to only include service delivery.

Note: The SD Ministries that have published information are: Dep. of Social Affairs and Justice, Dep. of Health, Dep. of Education, Dep. of Education, Culture and Church and Dep. of Natural Resources and Labor Market, constituting more than 75 % of SD ministries.

Table 8.4: Information on program evaluation

Ministry	Percentage of service delivery ministries	Program or service evaluated	Date of evaluation	Type of evaluation	Report author	Efficiency assessed (Y/N)	Effectiveness assessed (Y/N)
Dep. of Social Affairs and Justice 1)	4,76%	Children and Youth	Spring 2021	Performance evaluation	Working group under Naalakkersuisut	N	N
Dep. of Social Affairs and Justice 5)	4,76%	Children and Youth	August 2020	Evaluation of initiatives regarding Children and Youth	Naalakkersuisut, Danish Ministry of Justice, Danish Ministry of Social Affairs	N	N
Dep. of Health 3)	45,34%	Specialized treatment	2020	Evaluation of Cancer plan 2013	Government Institute of Public Health	Y	Y

Ministry	Percentage of service delivery ministries	Program or service evaluated	Date of evaluation	Type of evaluation	Report author	Efficiency assessed (Y/N)	Effectiveness assessed (Y/N)
Dep. of Nat. Resources and Labor Market 4)	52,40%	Labor market	November 2019	Evaluation of labor market strategy	Copenhagen Economics	N	Y
Dep. of Nat. Resources and Labor Market 2)	52,40%	Labor market	May 2019	Evaluation of Majoriaq	The Danish institute of Evaluation	Y	Y

Data Source (in Danish): 1) Bilag 4.1: Status på målopfølgning og evaluering, Naalakkersuisut Arbejdsgruppe, Forår 2021 2) Evaluering af vejlednings- og opkvalificeringsindsatser i Majoriaq, June 2019, Danish Institute of Evaluation 3) Evaluation of Cancerplan 2013, (Danish) Government Institute of Public Health, 2020, www.sdu.dk/sif 4) Evaluering af beskæftigelsesstrategi 2015, Copenhagen Economics, Juli 2019 5) Grønlandsk-Dansk tværgående arbejde for en styrket indsats for udsatte børn og unge i Grønland, sommer 2020, Naalakkersuisut, Danish Ministry of Justice, Danish Ministry of Social Affairs

PI-9. Public access to fiscal information

Indicators/Dimension	Assessment of Performance	Score 2020
PI-9. Public access to fiscal information (M1)		
9.1 Public access to fiscal information	Budget documentation fulfills 4 basic elements and 3 of 4 additional elements (where the 4th is NA). In all, 7 elements are made available to the public within the respective timeframes.	B

Evidence for score

Table 9.1: Budget documentation

Item	Criteria met within time-frame (Y/N)	Explanation	Source of evidence
Basic elements			
1	Y	The Budget proposal for 2020 (FFL2020) was presented on August 7, 2019 in a budget presentation by the minister of the MoF. Both the presentation and the budget proposal was available at the web-site of the MoF of Naalakkersuisut the same day.	MoF of Naalakkersuisut: https://naalakkersuisut.gl/-/media/Nanog/Files/Attached%20Files/Finans/DK/Pressemoeder/AN%20FFL2020-%20pr%C3%A6sentation%20DK%20-%20v2.pdf https://naalakkersuisut.gl/-/media/Nanog/Files/Attached%20Files/Finans/DK/Finanslov/2020/FFL2020%20-%20med%20sidetal%20og%20linket%20indholdsfortegnelse%20-%20DK%20-%2019-07-2019.ashx
2	Y	The Budget proposal was enacted on December 12,	Chairman of the Naalakkersuisut:

Item	Criteria met within time-frame (Y/N)	Explanation	Source of evidence	
Basic elements				
	legislature is publicized within two weeks of passage of the law.		2019, and made publicly available the same day on the website of the Chairman of the Naalakkersuisut which means that the document was made publicly available within two weeks of passage of the law.	http://lovgivning.gl/lov?rid={0F1F14DD-8BBF-46F3-80E8-1A2720A7F998}
3	In-year budget execution reports. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-28.	N	In-year budget execution reports are made available on the MoF of Naalakkersuisut's web-site. In 2020 three reports were publicized, however, due to translation not within the timeframe.	MoF of Naalakkersuisut: https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Budgetopfoelgning
4	Annual budget execution report. The report is made available to the public within six months of the fiscal year's end.	Y	The audited financial statement was made available to the public on May 21, 2021 on the MoF of Naalakkersuisut's web-site and serves as annual budget execution report.	MoF of Naalakkersuisut: https://naalakkersuisut.gl/-/media/Nanog/Files/Attached%20Files/Finans/DK/Landskassen%20regnskab/LandskassensRegnskab_2020_DK.pdf
5	Audited annual financial report, incorporating or accompanied by the external auditor's report, as assessed in PI-29 and PI-30. The reports are made available to the public within twelve months of the fiscal year's end.	Y	The audited financial statement was made available to the public on May 21, 2021 on the MoF of Naalakkersuisut's web-site.	MoF of Naalakkersuisut: https://naalakkersuisut.gl/-/media/Nanog/Files/Attached%20Files/Finans/DK/Landskassen%20regnskab/LandskassensRegnskab_2020_DK.pdf
Additional elements				
6	Prebudget statement. The broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.	Y	In accordance with the 2016 Budget and Accounts Act § 32 the Naalakkersuisut must present an annual statement (Political and Economic Statement/Politisk Økonomisk Beretning) on the economic and fiscal development in Greenland in the spring (forårssamling). The statement is a precursor to the presentation of the budget proposal. The statement presented on May, 29, 2020 and immediately after made available on the MoF of Naalakkersuisut's web-site.	MoF of Naalakkersuisut: https://naalakkersuisut.gl/-/media/Nanog/Files/Attached%20Files/Finans/DK/Politisk%20Oekonomisk%20Beretning/PØB2020%20final%20DK.pdf
7	Other external audit reports. All non-confidential reports on central government consolidated operations are	NA	There is no evidence of external audits other than the audit of the annual financial statement of the Naalakkersuisut.	

Item	Criteria met within time-frame (Y/N)	Explanation	Source of evidence
Basic elements			
	made available to the public within six months of submission.		
8	Summary of the budget proposal. A clear, simple summary of the executive budget proposal or the enacted budget accessible to the nonbudget experts, often referred to as a “citizens’ budget,” and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the executive budget proposal’s submission to the legislature and within one month of the budget’s approval.	Y	The presentation of the 2020 budget proposal presents a clear and simple summary of the budget proposal, underlying assumptions about macro-fiscal tendencies and expected impact on the economy. The summary budget proposal is presented in both the Danish and Greenlandic language and was presented on August 9, 2020.
			<p>MoF of Naalakkersuisut:</p> <p>Danish https://naalakkersuisut.gl/~medi a/Nanog/Files/Attached%20Files/Finans/DK/Pressemøder/AN%20FFL2020-%20præsentation%20DK%20-%20v2.pdf</p> <p>Greenlandic https://naalakkersuisut.gl/~medi a/Nanog/Files/Attached%20Files/Finans/GL/Praesentationer/AN%20FFL2020-%20præsentation%20gl%20-%20v2.pdf</p>
9	Macroeconomic forecasts. The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	Y	The 2016 Budget and Accounts Act § 46 establishes the independent Greenland Economic Council to provide macroeconomic and macro fiscal analysis and advice to Naalakkersuisut. The Council typically publishes reports in the spring and autumn. These reports are made available on MoF of Naalakkersuisut’s website immediately after their presentation. In the spring 2020 the report was presented on June 30, 2020.
			<p>MoF of Naalakkersuisut:</p> <p>https://naalakkersuisut.gl/da/Naalakkersuisut/Departementet/Finans/Oekonomisk-raad</p>

PILLAR THREE: Management of Assets and Liabilities

Pillar three measures the effectiveness of the government’s management of assets and liabilities and the extent to which this ensures that public investments provide value for money, assets are recorded, and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.

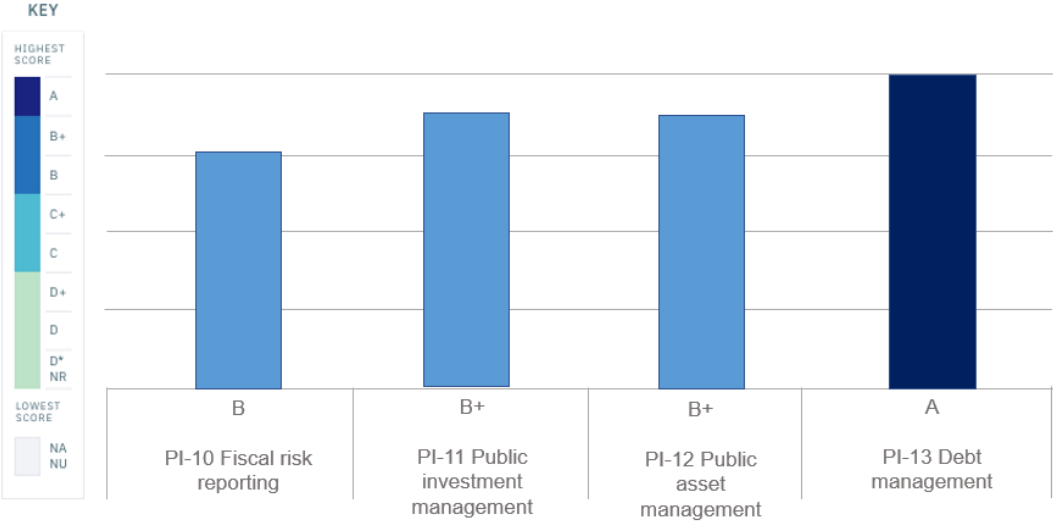
Overall performance

The public corporations (PC) incorporated as limited liability companies play a significant role in the economy and effective oversight is provided by the Board Secretariat that meets separately with the external auditors of each company to discuss the audit findings and recommendations

and generally ensures that the GoG ownership interests are exercised. The PC and the unincorporated public corporations (UPC) audited (IFRS) financial statements all disclose contingent liabilities included guarantees, and the same is the case for the GoG’s financial statements. Monitoring of the municipalities is done by the MoF, but no consolidated report on the municipal finances is published.

The national guideline on social-economic and environmental cost-benefit analysis and appraisal of all major investments reflects best practice, and there is evidence it has been used in recent years on three occasions. Non-financial assets are not reported in the GoG financial statements and only partly registered by ministries, however there is evidence that rules and procedures for asset disposal are adhered to. Debt management is hardly an issue with GoG foreign debt at just 0.06% of GDP and no domestic debt.

Figure PILLAR THREE: Management of assets and liabilities



Possible underlying causes of performance

In terms of fiscal risk reporting the GoG published an annual report covering the public corporations including a presentation of exposure to risk. However, with regards to the municipalities the score declines due to late submission of audited annual financial statements from the municipalities thus reducing the ability of GoG to react in a timely manner should issues become visible in the sub-national sector. Also, reporting on contingent liabilities and guarantees is prepared individually, but not consolidated into an overall annual report. In terms of public investments the sample of investments is small but showing that only partial information on investment decisions is made public. Moreover, GoG is not systematically maintaining a register of non-financial assets which leads to a reduction in the relevant score.

Recent and ongoing reform activity

The PFM reform action plan includes a plan to improve the process of consolidation of financial statements from municipalities. The first important steps have been taken with the implementation of the new ERP and a uniform CoA and with the recent inclusion of the last of 5 municipalities into the ERP. However, more work is needed to ensure that timeliness of reporting and quality and comprehensiveness of additional information from the municipalities can provide GoG with timely information for fiscal risk management purposes.

PI-10 Fiscal risk reporting

This indicator measures the extent to which fiscal risks to central government are reported.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-10 Fiscal risk reporting (M2)		B
10.1. Monitoring of public corporations	The 14 non-financial public corporations (PC) are incorporated as public limited companies operating according to the Danish law on limited companies. Though the GoG is the sole shareholder of the 14 corporations the GoG maintains an “arms-length” principle in their operations. Oversight of all the corporations is provided by the Board Secretariat under the Premier’s Office that publishes an annual consolidated report ¹⁵ on the PC performance and the three UPC ¹⁶ - operating as utility companies and included in the annual Finance Acts - with key financial ratios extracted from IAS audited and IFRS reported financial statements of the 14 PC and the 3 UPC. The three UPC are monitored by the ministries they are subordinated to. Moreover, the Audit Committee of the Inatsisartut supervises the GoG’s performance regarding its company ownership and shareholder interests. The audited financial statements of the 17 corporations are available on the companies’ homepages within 6 months after the end of the fiscal year.	A
10.2. Monitoring of subnational governments	The fiscal operations of the municipalities are strictly monitored by the MoF and regulated and by the Law on the municipalities and the Governments accounts and budgets, 2016 ¹⁷ . Municipal budgets must not be in deficit over a 4-year period and the total expenditure must be maximum 93% of the expected revenue over a 4-year period § 2. The municipalities cannot assume debt obligation of any kind. During the fiscal year the municipalities must report actual expenditure at intervals vis-à-vis the budget 25 §. One of the five municipalities’ 2020 financial statements had been published (not audited) by end-September 2021.	D
10.3. Contingent liabilities and other fiscal risks	Debts and guarantees can only be assumed if included in the Finance Act. Although the GoG and the three UPC financial statements disclose all contingent liabilities including guarantees	B

¹⁵ Annual report to Inatsisartut on GoG owned corporations, September 2020.

¹⁶ Nukissiorfiit, Mittarfeqarfiit and Asiaq are included in the GoG Finance Acts and audited financial statements.

¹⁷ Inatsisartutlov nr. 26 of 28. November 2016 Municipalities and GoG Budgets and Accounts.

	they are not consolidated and published together with other GoG financial risks. There are no public private partnerships (PPP).	
--	--	--

Evidence for score

Table 10-1: Monitoring of public corporations

Five largest public corporations	Financial turnover € m	Percentage of five largest public corporations	Date of publication of 2020 audited financial statement	Date 2020 financial report submitted to govt.	Are contingent liabilities disclosed in financial statement	Consolidated Report (Y/N) Source
Royal Greenland: royalgreenland.gl/da-gl/royal-greenland/om-royal-greenland/fakta-og-nogletal/	651	47%	14 April 2021	NA	Y	Y
KNI: kni.gl/da/kni/kni-i-tal/ financial year 01 April-31 March	340	25%	26 June 2021		Y	
Air Greenland: airgreenland.dk/om-os/organisation	152	11%	23 March 2021		Y	
Royal Arctic Line: ral.dk/regnskabertal	123	9%	16 March 2021		Y	
Tele Greenland: telepost.gl/da/om-telepost/baggrund/tal/aarsrapporter	108	8%	09 April 2021		Y	

Table 10-3: Contingent liabilities and fiscal risk

Coverage	Data quantified (Y/N)			Included in financial statement (Y/N)	Date published	Consolidated report (Y/N)
	Loan guarantees (Central Government)	State insurance scheme	PPPs			
Budgetary Units	Y	NA	NA	Y	21 May 2021	N
Extrabudgetary Units	NA	NA	NA	NA	NA	
Public Corporations (Ltd.)	NA	NA	NA	Y	See table 10-1	

Data source: The 2020 GoG audited annual report and those of the 3 PUE.

PI-11 Public investment management

This indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government. It also assesses the extent to which the government publishes information on the progress of the project, with an emphasis on the largest and most significant projects. It contains four dimensions.

Indicator and dimension scores and analysis

Evidence for score

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-11 Public investment management (M2)		B+
11.1. Economic analysis of investment proposals	The <i>“Instruction for Making Social-Economic Impact Assessments”</i> ¹⁸ is used to appraise major investment project applying best practice cost-benefit and environmental analysis of major investment projects. In this context only one major investment decision (Research Vessel) has been reviewed (the only investment in central government complying with the PEFA criteria). No major investments were carried out by central government in 2020. The instruction has been thoroughly applied resulting in a comprehensive socio-economic and environmental cost-benefit analysis of the investment. Some of the information from the investment analysis has been made public in the fiscal bill to the public domain, including acquisition costs and recurrent and capital costs for the initial 5 years of operation. The investment analysis was carried out by the Greenland Institute of Natural Resources, under the University of Nuuk, and reviewed by the MoF.	B
11.2. Investment project selection	The political process to decide the prioritisation of investment projects involves the Inatsisartut and the MoF. The strategic prioritisation of investment projects is done in accordance with the Debt and Investment Strategy, the Law on Municipalities and GoG on Budgets and Accounts and the mentioned Instruction using four criteria: (i) growth potential, (i) fiscal sustainability, (iii) sustainable social and environmental development and (iv) national and regional development in addition to calculations of economic profitability using a discount rate of 4% per annum as the opportunity cost of public capital. Before investments are included in the Finance Acts, they must undergo public hearings. The magnitude of these investments mentioned in 11.1 risks to violate the conditions of budget sustainability enshrined in the Law on Municipalities and GoG Budgets and Accounts.	B
11.3 Investment project costing	Following an open tender, a new Research Vessel was contracted in 2019 and delivered in 2021 with annual amounts allocated in the Finance Acts 2018-20 totalling 220m. Evidence reviewed shows the investment decision considered alternatives (refurbishment of existing vessel, buying second hand) and was accompanied by detailed capital cost components, together with an annual breakdown of projected recurrent and capital costs for the initial five years included in the budgets. ¹⁹ However, total life-cycle costs of the investment were not projected (Vessel has an expected 25-30 year life-cycle).	B

¹⁸ Guidance on preparation of socio-economic assessments (Vejledning i fremstilling af Samfundsøkonomiske Konsekvensvurderinger), MoF 2015. <https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Samfundsokomoniske-konsekvensvurderinger>

¹⁹ Decision to procure new vessel, OSK Ship-Tech A/S April 30, 2018.

11.4 Investment project monitoring	The investment has been judiciously monitored in terms of regular physical and financial progress reports by supervising engineer and bi-monthly virtual meetings between owner and contractor. Construction completed within budget.	A
---	---	----------

Table 11-1 and 11-2: Economic analysis and project selection of five largest major investment projects approved in last completed fiscal year (2018/19)

Five largest major investment projects (>1% of BCG expenditure)	Total investment cost of project DKK million	As a % of top 5 major projects approved	Data for PI-11.1 Economic analyses				Data for PI-11.2 Project selection	
			Completed (Y/N)?	Consistent with national guidelines (Y/N)	Published (Y/N)	Reviewing entity	Prioritized by central entity (Y/N)	Consistent with standard selection criteria
Research vessel	220 (Cost of acquisition and 5 years recurrent and capital expenditure)	100%	2019	Y	N	MoF	Y	Y

Note: Some information on the investment analysis and decision has been made public in the fiscal bill.

PI-12 Public asset management

This indicator assesses the management and monitoring of government assets and the transparency of asset disposal.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-12. Public asset management (M2)		B+
12.1. Financial asset monitoring	<p>Cash: The Treasury holds accounts in three commercial banks. The main accounts of the 118 bank accounts combine to a Treasury Single Account (TSA) system (Landskassen) that integrates the largest accounts (Tax Board and External subsidies, etc.) It is noted that many of the 118 accounts are connected to credit cards issued to GoG institutions and individuals. All bank accounts are set up, managed and controlled by the Central Department of Accountancy and consolidated daily. All payments are done by the Treasury (direct bank transfers) and cheques are not used. The cash position end-2020 was 0.7bn or 10% of annual aggregate expenditure.</p> <p>Securities: Each year the GoG publishes a detailed report²⁰ on its holdings in all PC and UPC with key performance financial data. The aggregate book value of the PC portfolio - a proxy for market value since the PC stocks are not publicly traded - is 7.3bn end-2020 or 36% of the BNP</p> <p>Loans: Loans to associated companies²¹ stood at 1.9bn and housing loans 0.6bn end-2020 and are reported in the notes to the audited financial statements 2020.</p>	A

²⁰ Annual report to Inatsisartut on GoG owned corporations, September 2020.

²¹ Nukissiorfiit, Sikuki Nuuk Harbour A/S and Kalaallit Airports International A/S.

	Receivables owned: The total amount on account receivable was 1.2bn by end-2020 made up of payment due by enterprises, individuals and municipalities, of which 0.7bn were due taxes and duties.	
12.2. Non-financial asset monitoring	<p>Land is not per se an asset as landownership does not exist, but user rights are transferable at a nominal fee.</p> <p>Buildings and structures. The Ministry of Housing and Infrastructure maintains a database²² of the GoG buildings and structures detailing: location, year of construction, acquisition, disposal, usage and ownership/administrator of asset.</p> <p>Minerals. The Ministry of Mineral Resources maintains a register of know mineral deposits²³. published.</p> <p>Hydropower. The hydropower potential is mapped, estimated and registered²⁴.</p>	C
12.3. Transparency of asset disposal	<p>Asset disposal is done according to section 9.3 of the Budget Decree that regulates asset disposal. and mentions it must be done at market value. The Ministry of Housing and Infrastructure manages asset disposal using comprehensive procedures for the preparation and execution assets disposal and transfer, predominantly real-estate.</p> <p>Disposal of assets (real estate, movables and operating assets) valued above 5m requires a prior authorisation in either the Finance Act or by supplementary appropriations. Asset disposal valued above 1m, but less than 5m requires the GoG Finance Committee is informed in an annual report. Disposal up to 1m is at the discretion of the Ministry of Housing and Infrastructure. By default, asset disposal is by public auction with evidence provided that procedure is complied with²⁵. Proceeds of sales are electronic and recorded in PRISME. Information on asset sales comprising the original cost, disposal value, date of acquisition, and date of disposal is reported and included in the GoG financial statements as “other revenue”.</p>	A

Evidence for score

Table 12-1: Financial asset monitoring - check list of record of holdings

AssetType	Holdings of financial assets maintained (Y/N)	Acquisition cost recorded (Y/N)	Fair value recognized (Y/N)	In line with international accounting standards (Y/N)	Information on performance published annually. (Y/N)	Source of information
Cash	Y	NA	NA	NA	NA	Audited financial statements
Securities	Y	Y	Y	Y	Y	
Loans	Y	Y	Y	Y	Y	
Receivables owned	Y	NA	Y	Y	Y	

Table 12-2: Non-financial asset monitoring – check list of record of holdings

²² All building in the database 26.08.21.

²³ Ministry of Mineral Resources: register if mineral resources (Nanoq - ID nr.: 17774064)

²⁴ <https://experience.arcgis.com/experience/52fdf0d749ee4a438af9ab042f0e0530/>

²⁵ Evidens (Nanoq - ID nr.: 17880735)

Register of fixed assets (Y/N)	Information on usage and age (Y/N)	Register of land assets (Y/N)	Register of subsoil assets (if applicable) (Y/N/NA)	Information on performance published annually. (Y/N)
Y	Y	N	Y	N

Table 12-3: Transparency of asset disposal

Procedures for non-financial asset transfer or disposal established (Y/N)	Procedures for financial asset transfer or disposal established (Y/N)	Information included in budget documents, financial reports or other reports (Full/Partial)	Register of subsoil assets (if applicable) (Y/N/NA)	Information on asset transfer and disposal submitted to legislature (Y/N)
Y	Y	Y	Y	Y

Data source: Evidence (Nanoq - ID nr.: 17881210)

PI-13 Debt management

This indicator assesses the management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE
PI-13. Debt management (M2)		A
13.1. Recording and reporting of debt and guarantees	The GoG has no domestic debt and the foreign debt is immaterial with loan balance end-2020 of just 119m or 0.6% of GDP. Debt and guarantees are recorded by the Treasury in the ERP and continuously updated. Debt and guarantees posted are reported in the annual audited financial statements as contingent liabilities and stood at 93m end-2020, see PI-10.	A
13.2. Approval of debt and guarantees	The 1993 Law on Borrowing Abroad ²⁶ authorises the GoG to obtain foreign loans up to 1.9bn. Loans and guarantees are regulated by § 6 of the 2016 Law on Budgets and Financial Management mentioned, setting stringent conditions for new financial obligations cf. PI-11.2. Before entering into any agreements or contracts entailing guarantees the Treasury is informed and must obtain MoF approval.	A
13.3. Debt management strategy	The 2016 Sustainability and Growth Plan (Holdbarheds- og Vækstplanen) evokes that new financial obligations should be appraised against four policy objectives and comply with the mentioned 2016 Law (The plan effectively constitutes a Debt Management Strategy). The Sustainability and Growth Plan is currently being updated. There are no foreign currency risks as foreign loans are either in DKK or in EURO (pegged to the DKK).	A

Evidence for score

²⁶Law nr. 13 of 28. October 1993 on Foreign Borrowing.

Table 13-1: Recording and reporting of debt and guarantees

Domestic and foreign debt and guarantee records maintained (Y/N)	Frequency of update of records (M/Q/A)	Records are complete and accurate (Y/N)	Frequency of reconciliation M=Monthly Q=Quarterly A=Annually N=Not done (Add whether All; Most; Some; Few)	Statistical reports (covering debt service, stock and operations prepared) M/Q/A/N	Additional information from reconciliation reported (if no statistical report) Y/N	Data source
Y	M	Y	M	M	N	Audited financial statements

Data Source: Treasury, audited financial statements.

Table 13-2: Approval of debt and guarantees

Primary legislation exists	Documented policies and guidance (Y/N, Name of regulation/policy)		Debt management responsibility (Y/N; Name and location of unit)		Annual borrowing approved by government or legislature (Y/N, specify last date of approval)	Data source
	Guidance to single debt management entity	Guidance to multiple entities	Authorization of debt granted to single responsible entity	Transactions reported to and monitored only by single responsible entity		
1. Law nr. 13 of 28. October 1993 on Foreign Borrowing	Y	N	Y	Y	NA (no annual borrowing)	Audited financial statements
2. Inatsisartutlov nr. 26 of 28 November 2016 on Municipalities and GoG Budgets and Financial Management.	Y	N	Y	Y	NA	Audited financial statements

Table 13-3: Debt management strategy

Debt management strategy has been prepared (Y/N)	Date of most recent update	Time horizon (No. of years)	Targets included in debt strategy				Annual report on debt strategy submitted to legislature (Y/N, Date)	Data source
			Interest rates (Y/N)	Refinancing (Y/N)	Foreign currency risk (Y/N)	Evolution of risk indicator only (Y/N)		
Y	2016	20	Y	Y	NA	NA	N	MoF

Data Source: Treasury, audited financial statements.

Note: There are no foreign currency risks as foreign loans are either in DKK or in EURO (pegged to the DKK).

PILLAR FOUR: Policy Based Fiscal Strategy and Budgeting

This pillar assesses whether the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.

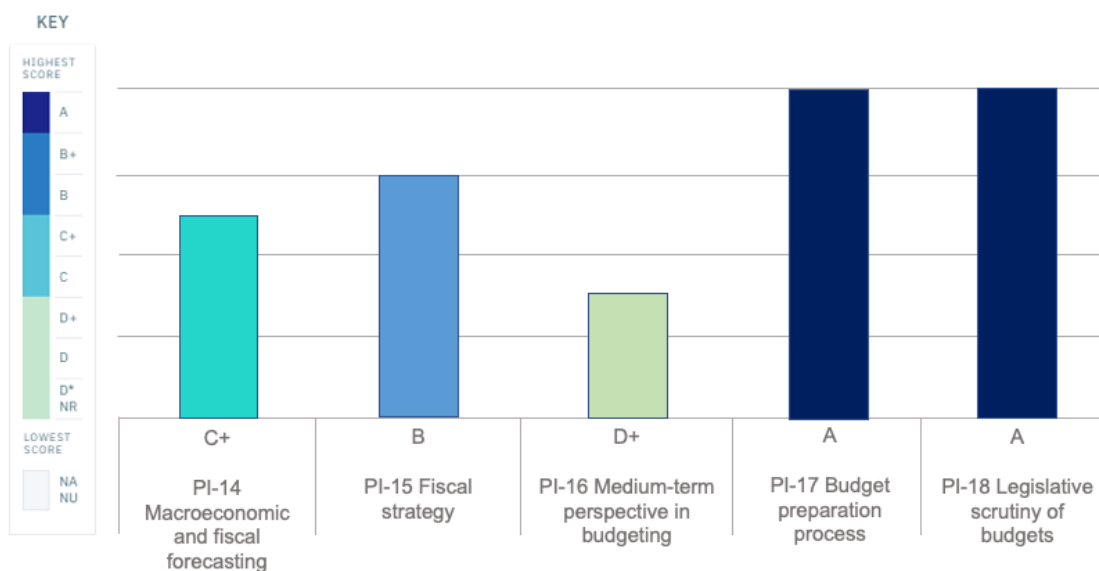
Overall performance

Overall GoG has managed to observe fiscal prudence over the medium term as also set out in the requirements of the 2016 Budget and Accounts Act mandating that GoG over a 4-year period operates a balanced budget.

The preparation of the macro-fiscal framework is divided between the Greenland Economic Council, Statistics Greenland, The Tax Agency and the Finance department. Information regarding the budget proposal can be found on the MoF web-site.

Both the budget process and the legislative scrutiny of the budgeting process is transparent and well regulated.

Figure PILLAR FOUR: Policy based fiscal strategy and budgeting



Possible underlying causes of performance

GoG has prepared credible budgets for a number of years and executed the budgets according to plans. This is testimony to the ability to properly forecast the macroeconomic environment and prepare the medium-term fiscal envelope accordingly. In the 2016 Budget and Accounts Act the GoG has commissioned the Greenland Economic Council to prepare macroeconomic forecasts and the spring report guides the preparation of the updated fiscal framework and the annual budget preparation process. With a few technical amendments the presentation of both the Spring report and the subsequent presentation of the proposed fiscal bill could satisfy PEFA criteria and warrant a higher score.

The inclusion of the fiscal balance requirement in the Budget and Accounts Act is laudable and monitoring of compliance will be implemented once a tabled amendment for the model to be used in monitoring is approved. GoG has been fiscal preparing the foundation for an improved costed sector planning and monitoring framework but the framework has yet to be implemented.

Recent and ongoing reform activity

The GoG is preparing the implementation of an updated macroeconomic forecasting tool, the Dream model. The dream model will replace the current model and is expected to provide a significant improvement in the forecasting environment. Also, GoG has tabled a proposal to amend the Budget and Accounts Act with regards to the specific model for monitoring the requirement of fiscal balance over a 4-year period. Finally, GoG is updating the Growth- and Sustainability plan which is expected to be a first step in the overhaul of the sector planning and monitoring framework.

As part of the PFM reform action plan GoG has been working towards the implementation of improved costed sector plans and this work is on-going and will be coordinated with the preparation of the updated Growth and Sustainability plan.

PI-14. Macroeconomic and fiscal forecasting

This indicator measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-14. Macroeconomic and fiscal forecasting (M2)		C+
14.1 Macroeconomic forecasts	The Greenland Economic Council (GØR) prepares a forecast of key economic indicators for the coming years which is presented to legislators. GDP growth is presented in real terms corrected by inflation forecasts presented by the Danish Central Bank. Interest rates and exchange rates are not presented as Monetary Policy as per the agreement with Denmark is supervised and regulated by the Danish Central Bank.	B
14.2 Fiscal forecasts	Naalakkersuisut prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years. The forecast is used to guide the budget preparation process but main fiscal indicators, including aggregate expenditure is NOT included in budget documentation submitted to the legislature.	C
14.3 Macro-fiscal sensitivity analysis	During the forecast process Naalakkersuisut analyses the impact of a set of different scenarios. The assessment is qualitative in nature, for internal use and forecast sensitivities are not presented in the budget documentation.	C

Evidence for score

Table 14.1: Macroeconomic and fiscal forecasting

Indicator	Budget document year	Years covered by forecasts			Underlying assumptions provided (Y/N)	Frequency of update 1= Once a year 2=more than once a year N=Not updated	Submitted to legislature 1=budget year only 3=budget year plus two following fiscal years N=Not published	Alternative fiscal scenarios prepared (Y/N)	Alternative scenarios published (specify relevant document)
		Budget	Forward year 1	Forward year 2					
Key macroeconomic indicators									
GDP growth	FY 2020	Y	Y	Y	Y	2	3	N	N
	FY 2019	Y	Y	Y	Y	2	3	N	N
	FY 2018	Y	Y	Y	Y	2	3	N	N
Inflation	FY 2020	Y	Y	Y	Y	2	3	N	N
	FY 2019	Y	Y	Y	Y	2	3	N	N
	FY 2018	Y	Y	Y	Y	2	3	N	N
Interest rates*	FY 2020	NA	NA	NA	NA	NA	NA	NA	NA
	FY 2019	NA	NA	NA	NA	NA	NA	NA	NA
	FY 2018	NA	NA	NA	NA	NA	NA	NA	NA
Exchange rate*	FY 2020	NA	NA	NA	NA	NA	NA	NA	NA
	FY 2019	NA	NA	NA	NA	NA	NA	NA	NA
	FY 2018	NA	NA	NA	NA	NA	NA	NA	NA
Fiscal forecasts									
Aggregate expenditure	FY 2020	Y	Y	Y	Y	1	N	N	N
	FY 2019	Y	Y	Y	Y	1	N	N	N
	FY 2018	Y	Y	Y	Y	1	N	N	N
Fiscal balance	FY 2020	Y	Y	Y	Y	1	N	N	N
	FY 2019	Y	Y	Y	Y	1	N	N	N
	FY 2018	Y	Y	Y	Y	1	N	N	N
Aggregate revenue	FY 2020	Y	Y	Y	Y	2	N	N	N
	FY 2019	Y	Y	Y	Y	2	N	N	N
	FY 2018	Y	Y	Y	Y	2	N	N	N
Revenue by type	FY 2020	Y	Y	Y	Y	2	3	N	N
	FY 2019	Y	Y	Y	Y	2	3	N	N
	FY 2018	Y	Y	Y	Y	2	3	N	N

Data Source: Naalakkersuisut MoF and Skattestyrelsen (Tax agency)

* **Note:** The financial system in Greenland is regulated by the Danish Central Bank (Nationalbanken). The currency in Greenland is the Danish Krone. According to the agreement with Denmark Naalakkersuisut cannot conduct independent Monetary and Exchange Rate Policies. The interest rates in the Greenland banking system follows the interest rates of the Danish Central Bank.

PI-15. Fiscal strategy

This indicator provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure proposals that support the achievement of the government's fiscal goals.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-15. Fiscal strategy (M2)		B
15.1 Fiscal impact of policy proposals	The 2016 Budget and Accounts Act requires that all new or changed appropriations must be accompanied by a calculation of the impact on the fiscal year and the two outer years.	A
15.2 Fiscal strategy adoption	The 2016 Budget and Accounts Act § 2-3 requires a balanced budget or a budget in balance over a 4-year period.	A
15.3 Reporting on fiscal outcomes	The 2016 Budget and Accounts Act § 4 requires that the head of the Naalakkersuisut finance department must present a report on the status related to the requirements under § 2-3 before the end of April in the following fiscal year. However, the reporting has	D

Indicators/Dimension	Assessment of Performance	Score 2020
	been suspended due to a tabling of a new model for monitoring the fiscal balance requirement.	

Evidence for score

Table 15.1: Fiscal impact of policy proposals

Estimates of fiscal impact of ALL proposed changes prepared			Data source
Budget year	Two following fiscal years	Submitted to legislature	
2018	Y	3/11-2017 18/11-2017	https://ina.gl/dvd/EM2017//pdf/media/2533524/pkt7_em2017_ffl1_8_bet_2beh_da.pdf https://ina.gl/dvd/EM2017//pdf/media/2534024/pkt7_em2017_ffl1_8_till_bet_3beh_da.pdf
2019	Y	9/11-2018 25/11-2018	https://ina.gl/dvd/EM2018//pdf/media/2537510/pkt7_em2018_ffl2_019_bet_2beh_da.pdf https://ina.gl/dvd/EM2018//pdf/media/2538111/pkt7_em2018_ffl2_019_tillbet_3beh_da.pdf
2020	Y	2/11-2019 19/11-2019	https://ina.gl/dvd/EM2019//pdf/media/2543747/pkt7_em2019_ffl2_020_bet_2beh_da.pdf https://ina.gl/dvd/EM2019//pdf/media/2544350/pkt7_em2019_ffl2_020_tillbet_3beh_da.pdf

Data Source: Webpage of the Finance and Tax Committee: <https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/>

Table 15.2: Fiscal strategy adoption

Fiscal strategy prepared (Y/N)	Submitted to legislature (Y/N, Date)	Published (Y/N, date)	Internal use only (Y/N)	Includes quantitative information			Includes qualitative objectives (Y/N)
				Time based goals and targets	Or objectives only		
					Budget	Forward years	
Y	Y	2016	N	Y			Y

Data Source: 2016 Budget and Account Law, including proposed amendment: https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi-k-ySr_HyAhXwxIsKHTU6DGwQFnoECBEQAw&url=https%3A%2F%2Fnaalakkersuisut.gl%2F-%2Fmedia%2FNanoq%2FFiles%2FHearings%2F2021%2F0706_budgetter_regnskab%2FDocuments%2FISL%2520%25C3%25A6ndring%2520budget-%2520og%2520regnskab%2520dk.docx&usq=AOvVaw0eRR-Oz3tXiflCgsbU1Jwh

Table 15.3: Reporting on fiscal outcomes

Progress report completed (Y/N)	Last fiscal year covered	Submitted to legislature (Y/N, date)	Published with budget (Y/N)	Includes explanation of deviation from target (Y/N)	Includes actions planned to address deviations
N	2018				
N	2019				
N	2020				

Data Source: 2016 Budget and Accounts Law, § 4.

Note: Also see Holdbarheds- og vækstplanen (Plan for Fiscal sustainability and Growth), 2016: <https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Politisk%20Oekonomisk%20Beretning/HVP%20da.pdf>

PI-16. Medium-term perspective in expenditure budgeting

This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-16. Medium-term perspective in expenditure budgeting (M2)		C
16.1 Medium-term expenditure estimates	The budget classification includes all three classifiers. While the administrative classifier is consistently used the economic classifier is only used with regards to some appropriations.	C
16.2 Medium-term expenditure ceilings	During the budget preparation process aggregate ceilings are presented to each ministerial area for the budget year and two outer years. The ceilings are approved by the Naalakkersuisut prior to issue of the first budget call circular.	A
16.3 Alignment of strategic plans and medium-term budgets	No ministries prepare medium-term strategic plans and expenditure policy areas in the annual budget are not aligned with strategic plans.	D
16.4 Consistency of budgets with previous year's estimates	The budget documentation does not provide an explanation of (some) the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level.	D

Evidence for score

Table 16.1: Medium-term expenditure estimates

Classification	Budget year (Y/N)	Two following fiscal years (Y/N)	Data source
Administrative	Y	Y	Budget proposal for 2022: https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Finanslov/2022/Finanslov2022%20samlet%20endelig%20dk.pdf
Economic	N	N	
Program/Function	Y	Y	

Data Source: Naalakkersuisut MoF

Table 16.2: Medium-term expenditure ceilings

Level	Budget year	Two following fiscal years	Date of advice	Data source
Aggregate ceiling	Y	Y	7/5/2021	MoF
Ministry ceiling	Y	Y	7/5/2021	

Data Source: Budget proposal for 2022: <https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Finanslov/2022/Finanslov2022%20samlet%20endelig%20dk.pdf>

Table 16.3: Alignment of strategic plans and medium-term budgets (five largest ministries)

Ministry	Budget allocation DKKm	Medium-term strategic plan prepared	MTSP costed	Expenditure proposals consistent with MTSP (Most, majority, some, none)	Data source
1. Health	1.597,4	N	N	N	Budget proposal for 2022: https://naalakkersuisut.gl/~media/Naanoq/Files/Attached%20Files/Finans/DK/Finanslov/2022/Finanslov2022%20samlet%20endelig%20dk.pdf
2. Education, Culture, Sports and Church	1.171,3	N	N	N	
3. Social Affairs and Labor Market	747,2	N	N	N	
4. Housing, Infrastructure, Natural Resources and Equality	238,3	N	N	N	
5. Children, Youth, Family and Justice	148,3	N	N	N	
Total/Coverage	3.902,5 (54 %)				

Data Source: Naalakkersuisut MoF

Table 16.4: Consistency of budgets with previous year's estimates

Ministry	Explanation of change to previous year's estimates prepared included in budget documents (Y/N)	Reconciled with medium-term estimates (Y/N)	Reconciled with first year of new budget estimates (Y/N)	Source of evidence
1. Health	N	N	N	Naalakkersuisut MoF
2. Education, Culture, Sports and Church	N	N	N	Naalakkersuisut MoF
3. Social Affairs and Labor Market	N	N	N	Naalakkersuisut MoF
4. Housing, Infrastructure, Natural Resources and Equality	N	N	N	Naalakkersuisut MoF
5. Children, Youth, Family and Justice	N	N	N	Naalakkersuisut MoF
Coverage % = 54 %				

PI-17. Budget preparation process

This indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-17. Budget preparation process (M2)		A
17.1 Budget calendar	A clear budget calendar is issued by the Naalakkersuisut MoF and for the fiscal year 2022 the budget calendar provided 4 weeks of preparation to all budgetary units (although any budgetary unit needing additional time was granted this).	B
17.2 Guidance on budget preparation	The budget circular and instructions to budgetary units is clear and comprehensive. Ministry ceilings approved by the Naalakkersuisut are coded into the budget preparation system.	A
17.3 Budget submission to legislature	Budget submissions to the legislature covering the budget years 2018-2020 have provided at least 2 months for treatment prior to the start of the fiscal year.	A

Evidence for score

Table 17.1: Budget calendar and budget circular

Budget calendar exists (Y/N)	Date of budget circular	Deadline for submission of estimates	Coverage	% of ministries complying with deadline	Date Cabinet approved ceilings	Budget estimates are reviewed and approved by Cabinet after completion (if ceilings not issued)(Y/N)	Data source
Y	7/5-2021	5/6-2021	100%	App. 75 %	5/5-2021	Y	Naalakkersuisut MoF

Data Source: 2016 Budget and Accounts Act http://lovgivning.gil/Lov?rid=%7b6BACB210-FDD7-4BB4-9537-761B338B8ECE%7d&sc_lang=da-DK and Budget directive 2008: <https://naalakkersuisut.gil/~media/Nanoq/Files/Attached%20Files/Finans/DK/Budgetregulativ%20og%20budgetlov/Budgetregulativ%202008-DK.pdf>

Table 17.3: Budget submission to legislature

Budget year	Date of submission of budget proposal	Data source
2018	21/8-2017	https://naalakkersuisut.gil/~media/Nanoq/Files/Attached%20Files/Finans/DK/Pressemoeder/FFL2018%20praesentation.pdf
2019	20/8-2018	https://naalakkersuisut.gil/da/Naalakkersuisut/Kalender/2018/08/2008_PeleB
2020	9/8-2019	https://naalakkersuisut.gil/~media/Nanoq/Files/Attached%20Files/Finans/DK/Pressemoeder/AN%20FFL2020-%20praesentation%20DK%20-%20v2.pdf

Data Source: Naalakkersuisut MoF

PI-18. Legislative scrutiny of budgets

This indicator assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the legislature scrutinizes, debates, and approves the annual budget, including the extent to which the legislature's procedures for scrutiny are well established and adhered to. The indicator also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature.

Indicator and dimension scores and analysis

Indicators/Dimension	Assessment of Performance	Score 2020
PI-18. Legislative scrutiny of budgets (M1)		A
18.1 Scope of budget scrutiny	All new legislation (including the Budget Proposal) must be tabled in 3 successive session in the Parliament. The Finance and Tax Committee scrutinizes the budget proposal prior to the 2nd and 3rd tabling and presents analysis and recommendations to the Parliament.	A
18.2 Legislative procedures for budget scrutiny	Procedures of the process of scrutiny are well described in the legislation.	A
18.3 Timing of budget approval	All budget proposals for the period 2018-2020 have been approved prior to the start of the fiscal year.	A
18.4 Rules for budget adjustment by the budget execution	The 2016 Budget and Accounts Act clearly defines rules for in-year budget adjustments by the executive. Legislation sets strict limits on the extent and nature of amendments and these are adhered to in all instances.	A

Evidence for score

Table 18.1: Scope of budget scrutiny

Legislature reviews budget (Y/N)	Coverage (Specify)				
	Fiscal policies	Medium-term fiscal forecasts	Medium term priorities	Aggregate expenditure and revenue	Details of expenditure and revenue
Y	Y	Y	Y	Y	Y

Data Source: Finance and Tax Committee: <https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/> - Area of work of the Finance and Tax Committee: <https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/fagomraader/>

Table 18.2: Legislative procedures for budget scrutiny

Legislative procedures exist (Y/N)	Approved in advance of budget hearings (Y/N)	Procedures are adhered to (Y/N)	Procedures include organizational arrangements (Y/N)
Y	Y	Y	Y

Data Source: Finance and Tax Committee: <https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/> - Area of work of the Finance and Tax Committee: <https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/fagomraader/>

Table 18.3: Timing of budget approval

Budget for fiscal year	Data of budget approval
2021	27/11-2020
2020	21/11-2019
2019	26/11-2018

Data Source: FFL2018: <https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/> - FFL2019: <https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/> - FFL2020: <https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/> - FFL2021: <https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/>

Table 18.4: Rules for budget adjustments

Clear rules exist (Y/N)	Rule include strict limits (extent and value)	Actual amount of reallocations in accordance with rules (% of BCG budget)	Extent of adherence to rules (All, most, some)
Y	Y	100 %	All

Data Source: 2016 Budget and Accounting Law § 19 - § 24, Annual audited accounts

PILLAR FIVE: Predictability and Control in Budget Execution

This pillar assesses whether the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.

Overall performance

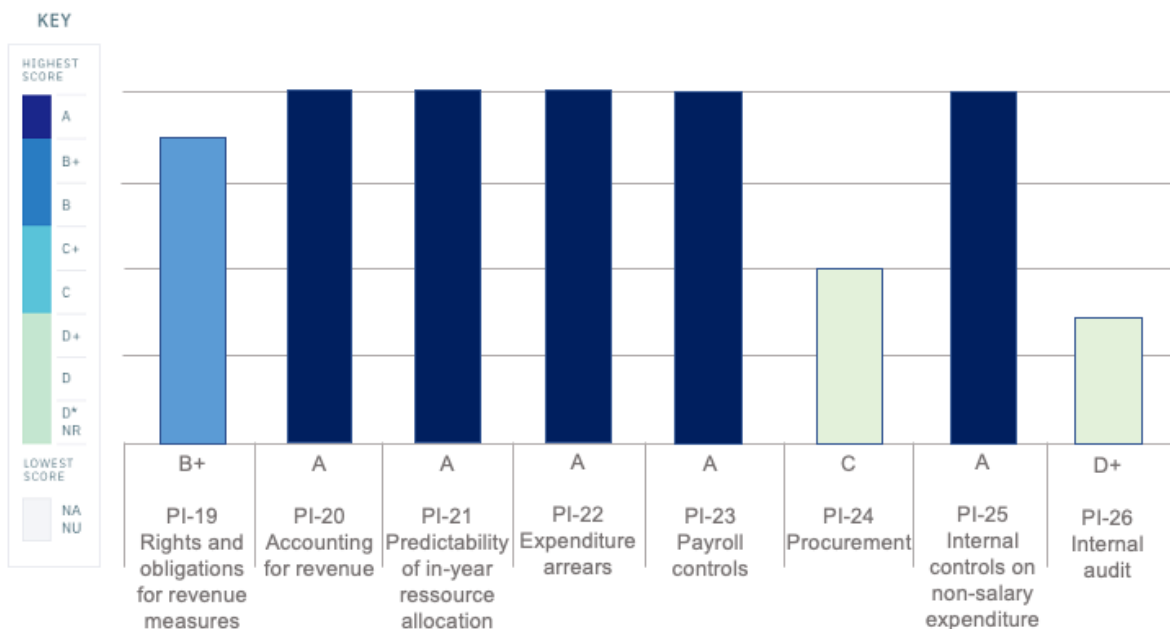
The GoG Budget is very well implemented.

Revenue collection and administration is found to be well executed, and on the side of expenditure GoG is equally operating well as measured by the various indicators.

In terms of procurement GoG should strengthen the ability to monitor and create an overview of procurement operations by establishing a comprehensive register of all procurement activities executed by the central procurement authority as well as by individual departments in both the area of capital investments and in the area of goods and services.

Internationally good practice requires a well-functioning internal audit function across government operations. While the internal audit do indeed produce analysis and reports there is scope for improvement in terms of follow-up, if the ambition is to approach international internal audit standards.

Figure PILLAR FIVE: Predictability and control in budget execution



Possible underlying causes of performance

The accumulation of tax arrears is the main barrier for improving the score regarding revenue measures. The lack of centralized register regarding procurement of both works and services and goods lead to a diminished score regarding procurement although the score has improved since the last PEFA assessment. Lack of management response to internal audit reports causes a relative low performance in this area.

Recent and ongoing reform activity

Both procurement and internal audit have been priority areas in the PFM reform action plan. The area of procurement has seen major improvements and the implementation of a centralized register capturing all procurement activities in both central and sub national governments would enable GoG to further improve procurement management. See annex 5 for further details on internal control and internal audit.

P-19. Rights and obligations for revenue measures

The indicator assesses the procedures used to collect and monitor central government revenues. It relates to the entities that administer central government revenues, which may include tax administration, customs administration, and social security contribution administration. It also covers agencies administering revenues from other significant sources such as natural resources extraction. These may include public enterprises that operate as regulators and holding companies for government interests. In such cases the assessment will require information to be collected from entities outside the government sector.

Indicator and dimension scores and analysis

Indicators/Dimensions	Assessment of Performance	Score 2020
PI-19. Revenue administration (M2)		B+
19.1 Rights and obligations for revenue measures	The Tax Agency makes available several channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures. One channel is through https://www.sullissivik.gl and other channels are used as well including mail, media and through the citizens website in Greenland.	A
19.2 Revenue risk management	The Division for "Taxes and Control" in Tax Agency is constituted by two offices covering respectively audit and control. An annual "Ligningsplan" (plan of control and audit) is executed and reported upon in the annual report of the Tax Agency.	A
19.3 Revenue audit and investigation	The Tax Agency executes its annual "Ligningsplan" and execution of the plan is generally on track with notable exceptions in 2020 due to the COVID 19 epidemic.	A
19.4 Revenue arrears monitoring	The Tax Agency has reported an accumulation in tax arrears leading to the corresponding score. Accumulated total arrears correspond to 24.9 % of total annual revenue.	C

Evidence for score

Table 19.1: Revenue administration (i) rights, obligations and risk management

Entity	Information available to taxpayers' rights and obligations				Risk management	
	Revenue obligations (Y/N)	Redress (Y/N)	Source of information (Specify)	Is up-to-date (Y/N)	Approach	Coverage
Skattestyrelsen (Tax agency)	Y	Y	https://www.sullissivik.gl	Y	Defined in the annual "Ligningsplan"	All taxes and customs with rotating focus.

Data Source: Skattestyrelsen (Tax Agency) <https://aka.gl/da>, Annual report from Tax Agency <https://aka.gl/da/Om-Skattestyrelsen/Om-Skattestyrelsen>

Table 19.2: Revenue administration (ii) audit, fraud investigation and arrears

Entity	Revenues		Audit and fraud investigations undertaken (Y/N)	In accordance with compliance improvement plan (Y/N)	Compliance improvement plan documented (Y/N)	Stock of arrears	
	DKKkm	% of all revenue				DKKkm	% of annual collection
Tax Agency 1)	2.447,3	84%	Y	Y	Y	609,3	24,9%
Other revenue	84,0	2,9%					

Entity	Revenues		Audit and fraud investigations undertaken (Y/N)	In accordance with compliance improvement plan (Y/N)	Compliance improvement plan documented (Y/N)	Stock of arrears	
	DKKm	% of all revenue				DKKm	% of annual collection
collected by other departments							

Data Source: Tax Agency

Note: Revenue not collected by the Tax Agency includes the block grant from Denmark, budget support from EU and investment revenue from Public Corporations.

Note: The aging profile of stock of arrears presented by the Tax Agency shows that revenue arrears older than 12 months are less than 75% of total revenue.

Table 19.3: Size of revenue collecting agencies

Entity	Receipts	%
Tax Agency	2.447,3	84%
Total	2.887,0	

Data Source: 2020 audited annual accounts and 2020 Budget Act

Table 19.4: Execution of compliance/Audit plan by Tax Agency

	Plan 2020	Actual 2020	%
Audit of tax returns	50.000	48.623	97%
Complex audits	1.300	1.255	97%

Data Source: Interview with the Tax Agency, Annual report 2020 (not yet publicly available). Ligningsplaner

PI-20. Accounting for revenue

This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and nontax revenues collected by the central government.

Indicator and dimension scores and analysis

Indicators/Dimensions	Assessment of Performance	Score 2020
PI-20. Accounting for revenue (M1)		A
20.1 Information on revenue collections	The Tax Agency and other departments collecting minor fees are using the PRISME GoG ERP system for all revenue administration and collection. Thus, the MoF has immediate and real-time access to revenue accounting information by revenue type. In addition, the Tax Agency provides the MoF with a monthly report on progress on the consolidated monthly tax collection.	A

Indicators/Dimensions	Assessment of Performance	Score 2020
20.2 Transfer of revenue collections	Revenue (with information on revenue type) is collected directly into accounts under the consolidated control of the Landskassen (Treasury).	A
20.3 Revenue accounts reconciliation	The Tax Agency accounts for taxes in the PRISME accounting system. All non-tax revenue is also managed and accounted for in the PRISME accounting system by, including revenue collected by other GoG entities. All revenue accounts are therefore reconciled in real-time with Treasury information on tax and non-tax collection, including revenues from external sources (e.g. Danish block grant).	A

Source: Naalakkersuisut MoF and Tax Agency

Note: Information on revenue includes i) block grant from Denmark, ii) budget support from EU and iii) investment revenue from Public Corporations constituting the balance (13,1 % of total revenue) of revenues in addition to the revenue collected in Greenland (86,9 % of total revenue).

Note: Revenue not collected by the Tax Agency includes the block grant from Denmark, budget support from EU and investment revenue from Public Corporations.

Evidence for score

Table 20.1: Accounting for revenue

Entity	Revenue and % of total CG revenue	Data collected by Ministry of Finance			Revenue collections deposited:		Reconciliation	
		At least monthly (Y/N)	Revenue type (Y/N)	Consolidated report (Y/N)	Frequency	To Treasury or MoF account	Frequency	Within
Revenue collected by budgetary units								
Other departments	84m (2,9%)	Y	Y	Y	Daily	Y	Daily	
Sub-total								
	84m							
Revenues collected by Extrabudgetary Units								
NA								
Sub-total	84m							
TOTAL	84m							

Data Source: 2020 Audited annual accounts

PI-21. Predictability of in-year resource allocation

This indicator assesses the extent to which the central Ministry of Finance is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery.

Indicator and dimension scores and analysis

Indicators/Dimensions	Assessment of Performance	Score 2020
PI-21. Predictability of in-year resource allocation (M2)		A
21.1 Consolidation of cash balances	The finance department consolidates all bank and cash balances on a weekly basis.	B
21.2 Cash forecasting and monitoring	The cash flow forecast is prepared on a yearly basis and is updated every month running into the coming fiscal year	A
21.3 Information on commitment ceilings	All budgetary units can plan and commit expenditure for at least six months in advance and the respective cash is available. The PRISME system does not impose ceilings on commitments and is open to registration of transactions all year.	A
21.4 Significance of in-year budget adjustments	Significant in-year budget year. adjustments are clustered around the preparation of supplementary appropriations which take place twice a year. All in-year budget adjustments are strictly adhering to the legislation regulating adjustments/supplementary appropriations.	A

Note: In-year budget adjustments are regulated by the 2016 Budget and Accounting Law as well as the 2008 Budget regulations.

Evidence for score

Table 21.1: Consolidation of cash balances

Extent of consolidation (All, Most, less than most)	Frequency of consolidation
All	Weekly

Data Source: Naalakkersuisut finance department

Table 21.2: Cash flow forecasts, commitment controls and budget adjustments

Cash flow forecast (Y/N)	Frequency of update (M/Q/A)	Update based on cash inflows (Y/N)	Frequency of release of commitment ceilings (M/Q/A)	Budget adjustments		
				Frequency	% of BCG expenditure	Transparent
Y	M	Y	Commitment ceilings not used in GoG	2 times a year	App. 8,5% net expenditure increase based on 2020 supplementary appropriation	Yes

Data Source: Naalakkersuisut finance department

PI-22 Expenditure arrears

This indicator measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-22. Expenditure arrears (M1)		A
22.1. Stock of expenditure arrears	The GoG has no expenditure arrears. According to section 3 of the Accounting Manual ²⁷ the “ <i>Treasury pays the amounts approved by the budgetary units</i> ”. Approved invoices are settled by the Treasury four times a week using PRISME interfaced with IRIS, the electronic invoice management system. Extract from IRIS shows that by end-2020 non-approved payments (not arrears) stood at 3.4m. The status of payment claims is tracked in IRIS and after approval transferred in real time to PRISME for payment.	A
22.2. Expenditure arrears monitoring	NA (no arrears)	

Evidence for score

Table 22-1. Stock and monitoring of expenditure arrears

Stock of arrears		Arrears monitoring		Data source
Year	As % of expenditure	Stock age and composition Y/N/NA	Frequency of reports (M/Q/A)	
2020	0	Continuously	Real-time	Treasury
2019	0	Continuously	Real-time	Treasury
2018	0	Continuously	Real-time	Treasury

Data source: Treasury (Nanoq - ID nr.: 17544095)

PI-23 Payroll controls

This indicator is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. The annual wage bill is approximately 2.0bn or 28% of total 2020 expenditure.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-23. Payroll controls (M1)		A
23.1. Integration of payroll and personnel records	The HR database with personnel files (stamoplysninger) is directly linked to the integrated payroll system KMD-Perspektiv administered by Payroll Services that is also linked to the IT time registration system Webtas. Both the personnel database and the payroll system are updated continuously and reconciled monthly by payroll lists communicated to budget units for ex-post verification.	A

²⁷ The Accounting Manual is continuously updated and latest in 2021

23.2. Management of payroll changes	The personnel records and payroll are updated continuously and monthly payroll lists are communicated to budget units for verification and comparison with the payroll list of the previous month, so discrepancies can be detected and corrected retroactively. Such corrections were approximately 5m in 2020 or 0.3% of total payroll expenditure.	A
23.3. Internal control of payroll	Access to make changes to the KMD database and the payroll system is restricted and at two levels: Access to read-only and access to change data. Segregation of functions is in place so that persons authorized to make changes are different from and those controlling the changes All changes to the system are recorded by the access log leaving audit trails.	A
23.4. Payroll audit	There is strong system of annual payroll audits comprising payroll documentation (monthly payroll lists) and controls as part of the during-the-year-audit by the external auditor and reported in the annual audit report of the GoG financial statements covering 100% of the payroll spend. Moreover, the external auditor takes account of the internal audit reports on payroll control and weaknesses. The 2020 audit report has no adverse opinions on payroll and control weaknesses.	A

Evidence for score

Table 23-1. Payroll controls

Function	Y/N	By whom	Frequency (if applicable)
Hiring and Promotion checked against approved staff list	Y	Manager and staff	Continuously
Reconciliation of payroll and personnel database	Y	Payroll staff	Continuously
Documentation maintained for payroll changes	Y	KMD officer	Continuously
Payroll checked and reviewed for variances from last payroll	Y	Payroll officer	Monthly
Updates to personnel records and payroll.	Y	HR staff	Continuously
Updates includes validation with approved staff list.	Y	HR staff	Continuously
Audit trail of internal controls	Y	IT logs	Continuously
Payroll audits in last three years. Define coverage.	Y 100%	External auditor	Every year

PI-24 Procurement management

This indicator examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-24. Procurement (M2)		C
24.1. Procurement monitoring	<p>Tenders above the respective ceilings are published on the tender portal with information on contract awards. Procurement is decentralised to ministries agencies and municipalities doing procurement under legislation that distinguishes between goods and services - and works. The two procurement categories are governed by separate laws. Good and services are regulated by the Law on procurement of goods and services adopted in 2019²⁸ and covers procurement by the GoG and the municipalities. The Law sets the threshold for public tendering at 500,000. The Circular on procurement of goods and services in the Government of Greenland dated 20 October 2020²⁹ sets the threshold at 250,000 for the purpose of coordinating purchases among budget units in the GoG, as the Law stipulates that it is the collected amount that counts towards the threshold (§5). The majority of contracts managed by the Office of Procurement are framework contracts that the budget units are obliged to use, encompassing contracts for services, consumables, ITC and office equipment. Budget units can, however, on own initiative procure goods and services not covered by the framework contracts. Budget units are obliged to send contracts they enter into on their own initiative to the Office of Procurement, in accordance with the Circular on delivery of contracts regarding the purchase of goods and services in the Government of Greenland (dated 13 November 2014), although this rarely happens. The municipalities are responsible for their own procurement processes, although they are often invited to join the contracts the GoG centrally enters into, and if they so choose, they too are obliged to use the contracts. There is no database covering the value of all procured goods and services on agreements due to the decentralization. Works-related procurement is governed by the 2009 Law on Inviting Tenders in the Construction Sector³⁰, with the latest revision in November 2020, setting the threshold for public tendering at 1.5m. There is no database for all works tender and contract.</p>	D
24.2. Procurement methods	<p>Insufficient data to calculate open procurement as percentage of total procurement by value.</p> <p>Public procurement of goods and services is defined in Inatsisartutlov nr. 6 af 12. June 2019, §§ 13-16. No. § 13 defines the “open procedure”. The “restricted procedure” is defined in § 14 and the “negotiated procedure” with or without notification is defined in §§ 15 and 16 respectively. The open and restricted procedures are freely applicable for contracting entities, whereas the negotiated procedures are applicable only if certain conditions are met.</p> <p>The law governing works states three procurement methods - open tender (offentlig licitation), restricted tender (begrænset</p>	D*

²⁸ Inatsisartutlov nr. 6 af 12. juni 2019 on Procurement of goods and services by public institutions.

²⁹ Circular of 20. October on Procurement of goods and services.

³⁰ Inatsisartutlov nr. 11 of 2. December 2009 on Procurement of Works.

	licitation), and invited offer (underhåndsbud) - it does not specifically define open tender as the default method. Though the Ministry of Housing and Infrastructure is the predominant tenderer of works and related project design contracts ³¹ , other budget units also tender work contracts.	
24.3. Public access to procurement information	Four of the six procurement elements fulfilled. 1. The 2019 law on procurement of goods and services is a distinct improvement to legal and regulatory framework for procurement. 2. Bidding opportunities are now available on (the Tender Portal) https://udbudsportalen.gl and published in the media. 3. Contract awards with value, name of contractor and purpose are also published on the same website. 4. Data on resolution of procurement complaints are published by the Complaints Board https://aua.gl/udbud/ . Most procurement operations are made available to the public as presentation of this information on the Tender Portal is now compulsory.	B
24.4. Procurement complaints management	The new law on the Procurement Complaints Board ³² provides legally defined rules and procedure for complaints, which till then was not the case. The Complaints Board functions since mid-2019 evidenced by the activities on its website. The law covers 5 of the 6 PEFA criteria. The 6 th criteria "Reasonable fees to lodge a complaint" is not fulfilled according to Transparency Greenland that considers a fee of 10,000 to lodge a complaint regarding procurement of goods and services prohibitive, based on contact with entrepreneurs.	B

Evidence for score

Table 24-1 Procurement

Database of records maintained A=All; M=Most; Ma=Majority	Percentage of procurement awards through competitive methods (%)	Public access to procurement information (Y/N)				
		Legal/regulatory framework	Procurement plans	Bidding opportunities	Data on complaints	Statistics
No	Insufficient data for calculation	Y	N	Y	Y	Limited

Table 24-2 Procurement complaints mechanism

Characteristics of procurements complaints body (Y/N):

³¹ In 2020 the Ministry of Housing and Infrastructure published and contracted 12 tenders at a total cost of 690m with description of work, contract value and name of the contract holder, Byggepriser i Grønland 2010 - 2021 byfordelt.

³² Inatsisartutlov nr. 7 af 12. juni 2019 on Complaints Board for Public procurement.

Not involved in procurement	Fees charged for lodging complaint	Clearly defined and publicly available complaints process	Has authority to suspend procurement process	Decisions made within timeframe specified in rules/regulations	Issues are binding
N	N	Y	Y	Y	Y

Source: Interview with the procurement complaints and corresponding regulation

PI-25. Internal controls on non-salary expenditure

This indicator measures the effectiveness of general internal controls for non-salary expenditures.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-25. Internal controls on non-salary expenditure (M2)		A
25.1. Segregation of duties	The key functions in the control framework: recording/inspection, authorization, custody of assets and reconciliation are functionally segregated. Segregation of payments involves three entities: two separate <i>Approvers</i> and the Treasury executing payments. The segregation of duties regarding expenditure control is codified in the IRIS Treasury Instruction on Approval Control ³³ that is part of the Accounting Manual ³⁴ . The invoice management programme, IRIS, mentioned in PI-22 includes two separate <i>Approvers</i> (Godkender). Approver 1 verifies that the invoice details correspond to the items delivered, while Approver 2 validates the invoice for payment to be executed by the Treasury.	A
25.2. Effectiveness of expenditure commitment controls	Expenditure commitment controls in the traditional sense are not applied by the GoG as each budgetary unit, is expected to execute its budget within the overall ceiling. The approval of the annual Finance Act gives authority for the GoG budgetary units to spend at the beginning of the fiscal year. Article 3 of the 1999 Law on the GoG budget (1999), ³⁵ authorises spending of appropriations with established rules and regulations, but also assigns the units the responsibility of the appropriations. Expenditure control is continuously carried out in real time (PRISME) with monthly overview reports on spending, see PI-28.	A
25.3. Compliance with payment rules and procedures	The ERP with integrated and separate payment approval, captures the prescribed processes and provides trails of individual payments. There is no evidence the payment rules and procedure described is not adhered to. This is confirmed in	A

³³ Circular on IRIS, Treasury 11.11.2019

³⁴ Accounting manual, Treasury (continuously updated)

³⁵ Landstingslov nr. 8 of 29. October 1999 on Government budget.

	the Audit Protocol ³⁶ by the external auditor who nevertheless recommends the introduction of professional management supervision to mitigate errors and mistakes. The Accounting Manual is updated continuously in tune with new features added to PRISME combined with training provided for the accounting staff of both the Treasury and the budgetary units. Rules and procedures are generally well understood and no concrete cases of non-compliance, misuse or deliberate violation of rules are known to have occurred. Exceptions to the regular payment procedure are rare and only in force majeure cases such as natural disaster and extreme urgency and can only be executed by the Head of the Treasury.	
--	--	--

Evidence for score

Table 25-1: Segregation of duties and commitment controls

Segregation of duties		Commitment controls		
Prescribed throughout the process (Y/N)	Responsibilities C= Clearly laid down M= Clearly laid down for most key steps N= More precise definition needed	In place (Y/N)	Limited to cash availability A= All expenditure M= Most expenditure P= Partial coverage	Limited to approved budget allocations A= All expenditure M= Most expenditure P= Partial coverage
Y	C	Y	NA	A

PI-26 Internal audit

This indicator assesses the standards and procedures applied in internal audit.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-26. Internal audit (M1)		D+
26.1. Coverage of internal audit	The responsibilities and functions of the Internal Audit Office are based on the 1990 Instruction on Internal Audit ³⁷ and the Regulation Public Accounting ³⁸ . The Internal Office has a staff of four without audit related background or training. The Office is placed within the Economy & Personnel Agency, part of the MoF. It refers directly to the Head of the Agency so as to ensure a level of independence from the accounting and payment processes. The work of the Internal Audit Unit covers all GoG	D

³⁶ Audit Protocol 2020 p.1376, Deloitte.

³⁷ Instruction on Internal Audit, Økonomidirektoratet 07. June 1990.

³⁸ Government Decree nr. 8 af 27. February 1995 on Government financial Management.

	budget units, and is based on a multi-annual audit plan that is developed in consultation with the external auditor. The audit plan sets out to audit the majority of the budget units in a 4-5 years cycle. However, the 2020 internal audits covered just some 136m of expenditure ³⁹ .	
26.2. Nature of audits and standards applied	The Instruction on Internal audit focuses on financial audit and compliance rather than general internal audit. All the internal audit reports are submitted to the external auditor. The internal audit work follows standardised procedure using a number of templates, and include assessments of the accounting procedures and internal controls, payroll data, physical assets, inventories, budgeting procedures, bank and petty cash assets, and bookkeeping documentation. Internal audit reports are submitted to the external auditor. A sample of two 2019 internal audit reports reviewed shows that the work of the internal audit is thorough and covers the relevant areas as per the standardised format and procedure, though the audits reports do not comply with recognised international standards, as COSO elements such as control environment and risk analysis are absent.	C
26.3. Implementation of internal audits and reporting	In 2020 16 internal audits were planned and 9 carried out due to Covid-19 restrictions. The Audit Instruction does not mandate internal audit to ask auditees or the relevant ministries for comments. Hence, follow-up on findings is neither systematic or monitored.	D
26.4. Response to internal audits	The draft audit reports are sent to the auditee and the final reports are submitted to the relevant ministry, the auditee and the external auditor. As the Audit Instruction does not require the parties to comment on the reports, the Internal Audit office informs, it rarely receives response from auditees and ministries. The Internal Audit Office sends an annual report of audits carried out to the Audit Committee of the Inatsisartut.	D

Evidence for score

Table 26.1: Coverage, nature and standards of internal audit:

Internal Audit units	Internal Audit Coverage 2020	Internal audit report prepared (Y/N)	Nature of Audits:	Quality assurance/ standards/ high risk focus (Y/N)	Management Response (Complete response, implementation and review by auditors),
Ministry of Finance - Economy & Personnel Agency		Y	Financial and compliance audits with some focus on internal	All audit reports communicated to external auditor for information -	No management response to internal audit

³⁹ Internal Audit 2020 (Nanoq - ID nr.: 18268544) and (Nanoq - ID nr.: 18270032).

(centralized internal audit)			control and business processes	not quality assurance. High risk focus not apparent	reports
Expenditure					
	136m				
Revenue					
	No data				

Table 26-2: Audits planned and conducted 2020

2020 Audit Plan – Audits Planned (16)	Reports issued related to subject area	Comprehensive report prepared consistent with audit plan (Y/N)
2020 Audits carried out (9)	ITR standard audits based on templates and the mentioned subject areas - duly utilized.	Yes

Covid-19 prevented 45% of the 2020 planned audits to be conducted barring site inspections and travel in-country.

PILLAR SIX: Accounting and Reporting

This pillar measures whether accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

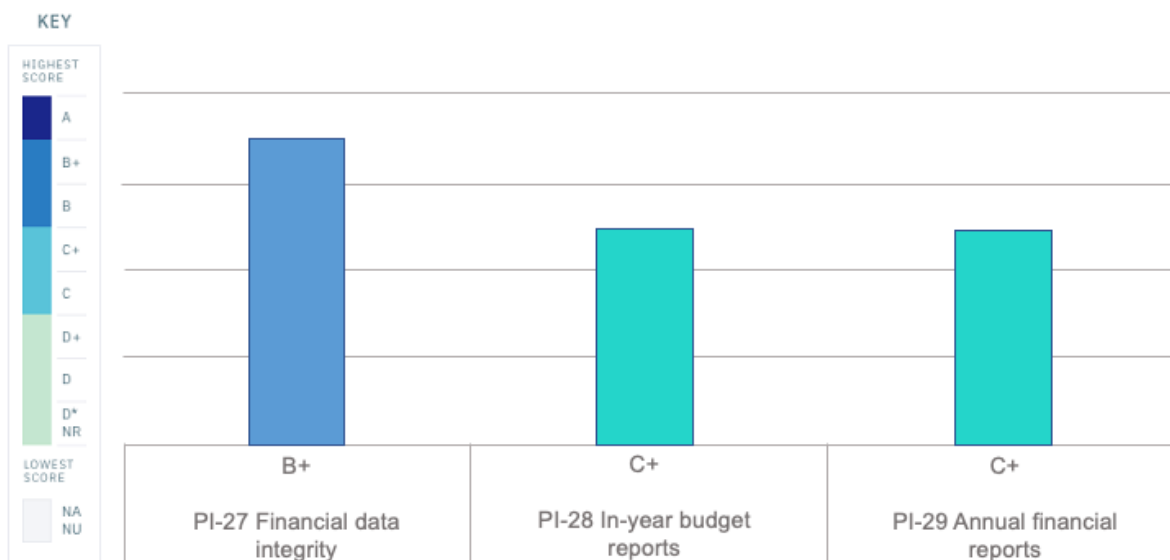
Overall performance

The new Chart of Accounts used in connection with the full application of the ERP and the integrated IT systems covering all revenue, expenditure and cash has enabled real-time accounting and reporting and reflects best practice.

The budgets unit can access the status on budget accounts in real time. The ability of the Treasury to provide the management of all budget units with a monthly summary of expenditure and revenue against budget accounts (Ledelsesinfo) is evidence of this capability. The objective to maintain on average 10% liquidity of annual expenditure is accomplished by the TSA system and the Treasury. Similarly, the ability to produce reliable annual financial statements within six months shows the benefits of the ERP.

Nonetheless, there are some weaknesses pertaining to the way the financial statements are presented. Fixed and tangible assets are not reported and not fully registered, and the financial statements do not mention or explain the deviations from IPSAS.

Figure PILLAR SIX: Accounting and reporting



Possible underlying causes of performance

Financial data integrity has improved significantly after the implementation of the new ERP system and further improvements are planned. The plans include the establishment of a designated body to verify financial data integrity and preparation of periodic lists of users for management review.

Annual financial reports are prepared in accordance with the 2016 Budget and Accounts Act.

Recent and ongoing reform activity

Implementation of the ERP system has been a central element in the GoG PFM reform action plan and further work is planned to be undertaken to fully utilize the ERP package.

PI-27 Financial data integrity

Indicator and dimension scores and analysis

INDICATORS DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-27. Financial data integrity (M2)		B+
27.1. Bank account reconciliation	The number of bank accounts held by GoG entities has been reduced from 189 ⁴⁰ to 108 eliminating minor accounts and centralising bookkeeping and payment functions as to improve the overall quality of accounting, including reconciliations, and further minimise the risk of errors. All the bank accounts are reconciled at least monthly, within four weeks of the end of the previous month, and the major accounts are reconciled continuously. The Audit Protocol for the 2020 accounts found that some smaller bank accounts, from entities had not been continuously reconciled during the year.	B

⁴⁰ PEFA report 2014 p.103

27.2. Suspense accounts	Reconciliation of the suspense account (mellemregningskonto) is done monthly by the Treasury and involving the budget units. By end-year the suspense account is cleared.	A
27.3. Advance accounts	Advances are given to staff for business travel expenses only according to the rules of the Accounting Manual section 5.2, and the travel expense module of XAL or IRIS are used to calculate, register and pay the advances to staff's personal bank accounts. All advances are cleared monthly. There are no advance payments to vendors and contractors, as this would require an approbation in the Finance Act.	A
27.4. Financial data integrity processes	Access to records and changes to data in the IT systems is restricted, recorded and results in an audit trail. There is no designated body to verify financial data integrity and no periodic lists of users are produced for management review.	B

Evidence for score

Table 27-1 Bank account reconciliation

All active accounts (Y/N)	Frequency (W/M/Q)	Within (1/4/8 weeks)	Aggregate and detailed level (Y/N)
M	M	4 weeks	M

Data source: GoG financial statements and information from Treasury

Table 27-2 Suspense and advance accounts

Suspense accounts reconciliation			Advance accounts reconciliation		
Frequency (M/Q/A)	Within 1 month; 2 month s; N = > 2	Timeliness of clearance Y= no later than end of fiscal year (unless justified)/N	Frequency (M/Q/A)	Within: 1 month; 2 month s; N = > 2	Accounts cleared timely A= All without delay M= Most without delay F= Frequent with delay N= <F
M	1 month	Y	M	1 month	A

Data source: Extracts from the PRISME, Treasury, GoG financial statements

Table 27-3 Financial data integrity

Access and changes to records		
Restricted and recorded (Y/N)	Results in audit trail (Y/N)	Financial integrity verified by operational team (Y/N)
Y	Y	N

PI-28 In-year budget reports

This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-28. In-year budget reports (M1)		C+
28.1. Coverage and comparability of reports	According to § 25 of the Budget and Accounting Act, the GoG must carry out expenditure control on an ongoing basis during the fiscal year. On this basis the Treasury prepares quarterly budget monitoring reports on expenditure and revenue in consultation with the line ministries drawn from PRISME ⁴¹ . The reports are communicated to the ministries and Inatsisartut and published ⁴² . The coverage and classification of data allows direct comparison with the original budget. Information includes all items of the original budget and the supplementary appropriations. The reports are accompanied by text detailing the state of the economy, analysis and explanations of spending and deviations and list the monthly cash and liquidity positions ⁴³ .	A
28.2. Timing of in-year budget reports	Monthly summary expenditure and revenue reports ⁴⁴ of all budget units are generated by the IT system five days after close of the months and used internally by the ministries as management information (Ledelsesinfo). The IT log in 2020 shows 34,890 queries on monthly reports and specific accounts ⁴⁵ . Data for the draft quarterly budget reports is sent to the ministries 11 days after the end-quarter for comments and annotations. After receipt by the Treasury the comments are collated and the draft sent to the MoF for quality check – a process taking 3-5 weeks. It's and then translated from Danish to Greenlandic after which it is published – in total some 6 weeks.	C
28.3. Accuracy of in-year budget reports	The quarterly budget monitoring reports are comprehensive with text annotations and detail budget spending and revenue by administrative classification. There are no material concerns regarding the data accuracy according to the external auditor.	A

Evidence for score

Table 28-1 In-year budget reports

Coverage and classification			Timeliness		Accuracy		
Allows direct comparison	Level of detail A=All budget items	Includes transfers to de-	Frequency W/M/Q N= >Q	Within: 2/4/8 weeks	Material concerns (Y/N)	H/Y Analyses prepared	Payment info E=Expenditure C=Commitment

⁴¹ The IT system gives the Treasury and budget units real-time status on expenditure and revenue.

⁴² <https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Budgetopfoelgning>

⁴³ Liquidity comprises bank balances plus Danish mortgage bonds.

⁴⁴ Management information from the ERP (Ledelsesinfo.erp.gl)

⁴⁵ Treasury: User log Management-info PEFA 2020.

to original budget (Y/N)	P= Partial aggregation M= Main administrative headings E=Main economic headings	concentrate dunits (Y/N)		N= >8weeks		(Y/N)	
Y	A	Y	Q	8 Weeks	N	Y	E

Note: W=Weekly; M=Monthly; Q=Quarterly

PI-29 Annual financial reports

This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-29. Annual financial reports (M1)		C+
29.1. Completeness of annual financial reports	The Treasury prepares the annual financial statements consistent with the approved budget and a summary of the expenditures for the past three fiscal years. The accounts are presented in three dimensions: administrative, functional (Formål), and economic (Art). The financial statements include a financial balance sheet which provides information on revenue, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations but excludes non-financial assets.	B
29.2. Submission of reports for external audit	Financial reports are submitted for audit within 6 months of the end of the financial year for the last three completed fiscal years.	B
29.3. Accounting standards	The financial statements are prepared in accordance with IPSAS modified cash basis and with the requirements of the of the Accounting Law. ⁴⁶ Variations between international and national standards are not disclosed or explained.	C

Evidence for score

Table 29-1 Annual financial reports

Completeness					Date of submission for external audit	
Prepared annually (Y/N)	Comparable with approved budget (Y/N)	Information F=Full P=Partial B=Basic	Cash flow statement (Y/N)	Balance Sheet C=Cash only FO=Financials only F=Full	Date of submission	Within: (3/6/9 months)
Y	Y	F	Y	F	1 May 2021	6

Table 29-2 Accounting standards

Accounting standards applied to all financial reports

⁴⁶ Law nr. 23 of 3. november 1994 on Government financial management.

Type of standard I= International C= Country	Consistency M=Most IS applied Mj= Majority IS applied C=Consistent over time only	Disclosure on standards (Y/N)	Disclosure on variations (Y/N)	Gaps explained (Y/N)
I	C	Y	N	N

PILLAR SEVEN: External Scrutiny and Audit

This pillar assesses whether public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.

Overall performance

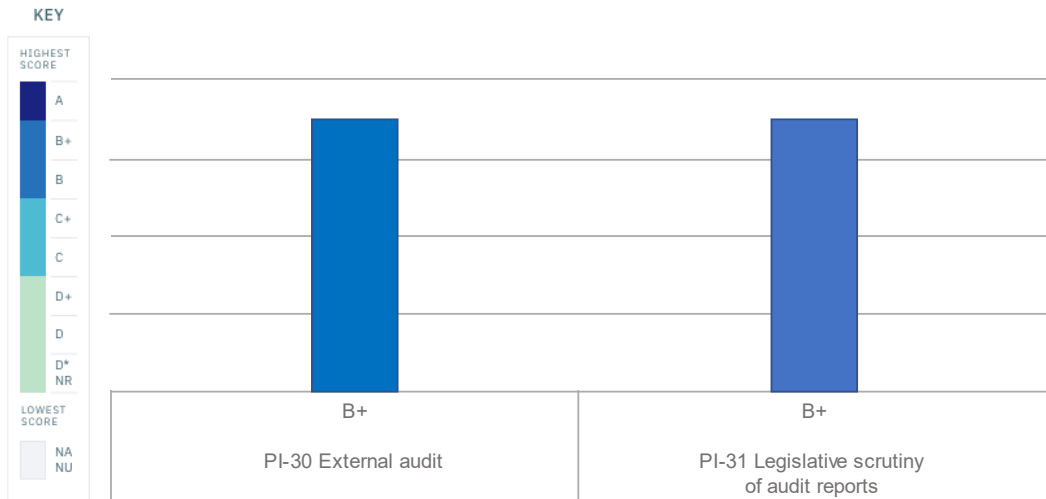
External scrutiny is robust and performed first by Inatsisartut's Audit Committee that prepares a report based on external auditor's audit findings. Second, this report undergoes two public hearing in the Inatsisartut (video recorded) before approval.

The pragmatic arrangement with an accounting firm (Deloitte) serving as external government auditor instead of a SAI has the advantage of ensuring that audits are effectively conducted in accordance with the prescribed international standards. The external auditor's independence is ensured by being appointed directly each year by the Inatsisartut and not by the GoG. The audit reports for the years assessed have all been unqualified and without any adverse opinions, but containing observations and recommendations regarding areas where improvements are warranted.

Implementation of the observations and recommendations by the auditor are jointly followed up primarily by the external auditor and secondly by the Audit Committee in a systematic way that has seen a decrease in the number of observations over the years.

The results of the assessment under this pillar are summarized in the figure below.

Figure PILLAR SEVEN: External scrutiny and audit



Possible underlying causes of performance

Performance in this area is good.

Recent and ongoing reform activity

Further improvements in this area would require that improved performance information is made available to the auditor in order to improve the performance audit.

PI-30 External audit

This indicator examines the characteristics of external audit.

Indicator and dimension scores and analysis

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-30. External audit (M1)		B+
30.1. Audit coverage and standards	For cost-effectiveness reasons the GoG has no Supreme Audit Institution (SAI) and in lieu the Inatsisartut appoints a private chartered accounting firm as external auditor each year during the autumn session. For the three years assessed Deloitte was the external auditor. The annual audit carried out by the external auditor covers three areas and applied the audit standards below consistent with ISSAI.	A

30.2. Submission of audit reports to the legislature	The audit reports were sent to the Inatsisartut within 3 months of receipt by the external auditor of the annual accounts for the last three completed fiscal years.	A
30.3. External audit follow-up	Follow-up is monitored by the external auditor evidenced in the Audit Protocols that include reviews on the implementation of recommendations made in the previous year's Audit Protocols. The implementation of the ERP shows a positive impact on systemic audit observations (new, closed and open). In the Audit protocol for the financial year 2018 seven observations were open. Four of these have been closed according to the Audit protocol for the financial year 2020, leaving three open and adding two new, leaving five observations open.	B
30.4. Supreme Audit Institution (SAI) independence	Greenland has no Supreme Audit Institution.	NA

Evidence for score

Audit scope and standards applied, 2018-2020

Scope of audit	Audit standards applied	Consistent with ISSAI
Financial audit	IAS	Yes
Compliance audit (Juridisk-kritisk revision)	Standard for Public Audit no. 6 (ISSAI)	Yes
Performance audit (Forvaltningsrevision)	Standard for Public Audit no. 7 (ISSAI)	Yes

Note: Standards for Public Audit (SOR) applied by the Danish SAI (Rigsrevisionen)

Table 30-1: Audit coverage, standards and submission to legislature

Fiscal Year	Date submitted to external audit	Date submitted to legislature	Standards applied: ISSAI/ National (consistent)/ National (other)	Issues highlighted: M = Material/ Systemic/Control OR S = Significant	Data source
2020	15 March 2021	28 May 2021	Consistent	No qualified or adverse opinions, but recommendations	Audit Protocol
2019	01 May 2020	03 July 2020	Consistent	No qualified or adverse opinions, but recommendations	Audit Protocol
2018	17 April 2019	02 May 2019	Consistent	No qualified or adverse opinions, but recommendations	Audit Protocol

PI-31 Parliamentary scrutiny of audit reports

This indicator focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf.

INDICATORS/ DIMENSIONS	ASSESSMENT OF PERFORMANCE	SCORE 2020
PI-31. Legislative scrutiny of audit reports (M2)		B+
31.1. Timing of audit report scrutiny	Audit reports for the last three years have been tabled at the Inatsisartut's autumn sessions beginning September going through two hearings in November. The time required by the Inatsisartut to scrutinise and approve the audit reports was within 6 months in 2020 and 2019, but exceeded in 2018.	C
31.2. Hearings on audit findings	The audit reports for the past three years contains <i>no qualified or adverse audit opinions or disclaimers</i> . Hence NA. Audit comments and observations are presented in the Audit Protocols, and submits them to the Audit Committee prior of the hearings allowing the Audit Committee to include the answers in its report.	NA
31.3. Recommendations on audit by the legislature	The Report prepared by the Audit Committee presents selected audit findings and GoG's comments together with the Committee's observations ⁴⁷ Both the Audit Committee and the external auditor follow up on implementation of audit observations and recommendations, while the external auditor reports on the implementation of the recommendations made in previous years' Audit Protocols, see PI-30, in parallel with the Audit Committee. Hence, the follow-up is assessed as systematic.	A
31.4. Transparency of legislative scrutiny of audit reports	The dates of the Inatsisartut hearings are made public three weeks before the two hearings are tabled, and the Audit Committee's report is published on Inatsisartut's homepage ⁴⁸ 3-4 days before. The public and the media have full access to the hearings where the Audit Committee's report is presented and discussed in full. The hearings are video recorded and available on the mentioned homepage.	A

Evidence for score

Table 31-1: Timing of legislative scrutiny of audit reports

Audited annual financial statements for fiscal year	Date of receipt of audited financial reports	Date of finalization of legislative scrutiny
2020	28 May 2021	16 November 2021
2019	03 July 2020	14 November 2020
2018	02 May 2019	20 November 2019

⁴⁷ Report by the Audit Committee concerning Proposal to Parliamentary decision to approve the audited financial statements.

⁴⁸ <https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/>

Table 31-2 and 31-3: Hearings on audit findings and issuance of recommendation

Audited annual financial statements for fiscal year	Hearings on audits reports that received a qualified or adverse opinion or disclaimer (Y/N)	Hearings conducted – entities with qualified audit A = All M = Most F = Few N = None	Legislature issues recommendations (Y/N)	Recommendations followed-up S = Follow-up systematically F = Follow-up
2020	Y	NA	Y	S
2019	Y	NA	Y	S
2018	Y	NA	Y	S

Table 31-4:

Transparency of legislative scrutiny of audit reports

Audited annual financial statements for fiscal year	Committee reports			Public hearings conducted A = All except limited circumstances F = Yes, with a few exceptions
	Published (Y/N – Method)	Provided to the full chamber of legislature (Y/N)	Debated in the full chamber of legislature (Y/N)	
2020	Parliament's homepage	Y	Y	2 hearings prior to approval
2019	Parliament's homepage	Y	Y	2 hearings prior to approval
2018	Parliament's homepage	Y	Y	2 hearings prior to approval

Data source: <https://ina.qi/samling/oversigt-over-samling/samling/punktliste/>

Data source: information provided by the Inatsisartut's Audit Committee Secretariat.

Annex 1: Assessment management and quality assurance arrangements

Oversight Team		
Name	Position/Organization	Role
Mr. Mete Han Esen	Government of Greenland	Chairperson/ Oversight Team member
Mr. Niels Kristian Skou	Government of Greenland	Oversight Team member
Mr. Per Aksel Petersen	Government of Greenland	Oversight Team member
Mr. Andreas Roettger	European Commission	Oversight Team member
Mr. Matthias Dalig	European Commission	Oversight Team member
Ms. Els Berghmans	European Commission	Oversight Team member
Assessment Team		
Name	Position/Organization	Role
Mr. Soren Langhoff	DT Global	Team Leader/Consultant
Mr. Frans Hesse	DT Global	Consultant
Mr. Halfdan Pedersen	DT Global	Translator
Quality Assurance		
Reviewers:		
Ministry of Finance, Greenland		
Ministry of Finance, Denmark		
European Commission		
PEFA Secretariat		
Eli Sumar, Macro Consultants		
Concept Note		
Date submitted for review	12.07.2021	
Date of final CN	02.08.2021	
PEFA report		
Date submitted for review:	28.09.2021	
Date submitted for follow-up	13.10.2021	

Date of final draft:	30.12.2021
Proposal date of publication:	

Annex 2: Public sector agencies covered by the assessment

The field work has focused on Central Government as per the definition of the GFSM 2014.

Some indicators require that Public Corporations are included in the scope (e.g. in terms of fiscal risks).

The PEFA field guide specifies the scope under each indicator.

The central government includes the following budgetary units: Premier's Office, Ministry of Finance, Ministry of Science and Environment, Ministry of Labour, Ministry of Housing and Infrastructure, Ministry of Foreign Affairs and Energy, Ministry of Mineral Resources and Industry, Ministry of Health, Ministry of Fisheries, Hunting and Agriculture, Ministry of Education, Culture and Church and Ministry of Social Affairs, Family and Justice.

Public corporations: include Air Greenland A/S, Great Greenland A/S, INI A/S, Illuut A/S and Sikuki Nuuk Harbour as well as Royal Greenland A/S, Royal Arctic Line A/S, KNI A/S, Kalaallit Airports A/S and Tele Greenland A/S.

Unincorporated public corporations: include Nukissiorfiit, (energi & water) Mittarfeqarfiit (airport management) and Asiaq (geo-technical data & mapping). These are included in the annual Finance Acts in terms of investment loans and deficit financing; they are not considered as extra-budgetary units according to GFS manual though they publish individual annual financial statements.

Municipalities: On January 1, 2018, Greenland was divided into 5 municipalities. The municipalities (Greenlandian name and their main cities) are: Avannaata (Avannaata Kommunia, Ilulissat), Kujalleq (Kommune Kujalleq, Qaqortoq), Qeqertalik (Kommune Qeqertalik, Aasiaat), Qeggata (Qeqqata Kommunia, Sisimiut) and Sermersooq (Kommuneqarfik Sermersooq, Nuuk).

Annex 3: Evidence for scoring indicators

Indicator/dimension	Data Sources
Budget reliability	
PI-1. Aggregate expenditure outturn 1.1. Aggregate expenditure outturn	<ul style="list-style-type: none"> Finance Acts 2018-2021 https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Finanslov. Annual Audited Financial Statements, 2018-2020. Treasury accounts 2018-2020 Treasury Inquiry (Forespørgsel) (Nanoq - ID nr.: 17564993) Treasury Revenue Indtægter - forbrug 2018-20 (Nanoq - ID nr.: 17665409) GFSM 2014
PI-2. Expenditure composition outturn 2.1. Expenditure composition outturn by function	
2.2. Expenditure composition outturn by economic type	
2.3. Expenditure from contingency reserves	
PI-3. Revenue outturn 3.1. Aggregate revenue outturn	
3.2. Revenue composition outturn	
Transparency of public finances	
PI-4. Budget classification 4.1 Budget classification	<ul style="list-style-type: none"> Inatsisartutlov nr. 26 af 28. November 2016 om kommunernes og Grønlands Selvstyres budgetter og regnskaber, § 35, stk. 2. (2016 Inatsisartutlov Budget and Accounts Act) Fællesoffentlige kontoplan (Joint Public CoA) Accounting Manual Finance Act 2020 GFSM 2014
PI-5. Budget documentation 5.1 Budget documentation	<ul style="list-style-type: none"> Finance Act 2021 Budget proposal 2021 Inatsisartutlov nr. 26 af 28. November 2016 om kommunernes og Grønlands Selvstyres budgetter og regnskaber, § 31 and 32 (2016 Inatsisartutlov Budget and Accounts Act) Political and Economic Statement (PØK) 2020, May 2020 Greenland Economy 2019, Greenland Economy, 2020, the Greenland Economic Council (GØR) Policy Brief, April 2020, the Greenland Economic Council (GØR) Greenland Economy, Spring 2020, the Greenland Economic Council Naalakkersuisut finance department fiscal overview, April 2020

	<ul style="list-style-type: none"> • Naalakkersuisut finance department fiscal overview, September 2020 • Tax Agency interviews
PI-6. Central government operations outside financial reports	<ul style="list-style-type: none"> • Finance Act 2020 • Audited Financial Statement 2020
6.1. Expenditure outside financial reports	<ul style="list-style-type: none"> • Overview of accounts under treasury control
6.2. Revenue outside financial reports	<ul style="list-style-type: none"> • Auditor (Deloitte)
6.3. Financial reports of extra-budgetary units	<ul style="list-style-type: none"> • Interviews
PI-7. Transfers to subnational governments	<ul style="list-style-type: none"> • Finance Act 2020
7.1. System for allocating transfers	<ul style="list-style-type: none"> • Audited Financial Statement of 2020
7.2. Timeliness of information on transfers	<ul style="list-style-type: none"> • Budget agreement between Naalakkersuisut and the Municipalities (Budgetsamarbejdsaftale mellem Selvstyret og kommunerne), August 2016 • MoF of Naalakkersuisut and validated with Kommuneqarfik Sermersooq and Kommune Qeqertalik • Approved 2020 budget Kommuneqarfik Sermersooq • Approved 2020 budget Kommune Qeqertalik
PI-8. Performance information for service delivery	<ul style="list-style-type: none"> • Naalakkersuisut MoF website, Approved Fiscal Bill 2020
8.1. Performance plans for service delivery	<ul style="list-style-type: none"> • Sector ministries (Departments) webpages, Department of Education, Culture and Church: Education Sector strategy:
8.2. Performance achieved for service delivery	<ul style="list-style-type: none"> • https://naalakkersuisut.gl/~/-/media/Nanog/Files/Attached%20Files/Uddannelse/DK/Uddannelsesplaner/Uddannelsesplan%20II%202020%20Final%20031120.pdf
8.3. Resources received by service delivery units	<ul style="list-style-type: none"> • Bilag 4.1: Status på målopfølgning og evaluering, Naalakkersuisut Arbejdsgruppe, Forår 2021
8.4. Performance evaluation for service delivery	<ul style="list-style-type: none"> • Evaluering af vejlednings- og opkvalificeringsindsatser i Majoriaq, June 2019, Danish Institute of Evaluation • Evaluation of Cancerplan 2013, (Danish) Government Institute of Public Health, 2020, www.sdu.dk/sif • Evaluation of employment strategy 2015, Copenhagen Economics, Juli 2019

	<ul style="list-style-type: none"> • Grønlandsk-Dansk tværgående arbejde for en styrket indsats for udsatte børn og unge i Grønland, sommer 2020, Naalakkersuisut, Danish Ministry of Justice, Danish Ministry of Social Affairs
<p>PI- 9. Public access to fiscal information</p> <p>9.1. Public access to fiscal information</p>	<ul style="list-style-type: none"> • Finance department of Naalakkersuisut: • https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Pressemoeder/AN%20FFL2020-%20præsentation%20DK%20-%20v2.pdf • https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Finanslov/2020/FFL2020%20-%20med%20sidetal%20og%20linket%20indholdsfortegnelse%20-%20DK%20-%2019-07-2019.ashx • Chairman of the Naalakkersuisut: http://lovgivning.gl/lov?rid={0F1F14DD-8BBF-46F3-80E8-1A2720A7F998} • Finance department of Naalakkersuisut: https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Budgetopfoelgning • Finance department of Naalakkersuisut: https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Landskassen%20regnskab/LandskassensRegnskab_2020_DK.pdf • MoF of Naalakkersuisut: https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Landskassen%20regnskab/LandskassensRegnskab_2020_DK.pdf • MoF of Naalakkersuisut: • Danish https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Pressemoeder/AN%20FFL2020-%20præsentation%20DK%20-%20v2.pdf • Greenlandic https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/GL/Praesentationer/AN%20FFL2020-%20præsentation%20gl%20-%20v2.pdf

	<ul style="list-style-type: none"> MoF of Naalakkersuisut: https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Oekonomisk-raad
Management of assets and liabilities	
PI-10. Fiscal risk reporting	
10.1. Monitoring of public corporations	
10.2. Monitoring of sub-national government	
10.3. Contingent liabilities and other fiscal risks	<ul style="list-style-type: none"> Årlig redegørelse til Inatsisartut om Selvstyrets aktieselskaber, September 2020. https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Formandens-departement/Bestyrelsessekretariatet/R edegoerelser Inatsisartutlov nr. 26 af 28. November 2016 om kommunernes og Grønlands Selvstyres budgetter og regnskaber. Audited Financial Statements of 2020
PI- 11. Public investment management	
11.1. Economic analysis of investment proposals	
11.2. Investment project selection	
11.3. Investment project costing	
11.4. Investment project monitoring	<ul style="list-style-type: none"> Vejledning i fremstilling af Samfundsøkonomiske Konsekvensvurderinger, MoF 2015 https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Samfundsokomoniske-konsekvensvurderinger
PI-12. Public asset management	
12.1. Financial asset monitoring	
12.2. Nonfinancial asset monitoring	
12.3. Transparency of asset disposal.	<ul style="list-style-type: none"> Ministry of Housing and Infrastructure: Alle bygninger i databasen 26.08.21. Procedure for afhændelse af aktiver (Nanoq - ID nr.: 17698713). Details on asset disposal Evidens (Nanoq - ID nr.: 17881210) Ministry of Mineral Resources: registrering af råstofressourser (Nanoq - ID nr.: 17774064). University of Greenland: Hydropower: HASTER PEFA - spørgsmål (Nanoq - ID nr.: 17845565). https://experience.arcgis.com/experience/52fdf0d749ee4a438af9ab042f0e0530/ Audited Financial Statement of 2020.
PI-13. Debt management	
13.1. Recording and reporting of debt and guarantees	<ul style="list-style-type: none"> Landstingslov nr. 13 af 28. October 1993 om optagelse af lån i udlandet.

13.2. Approval of debt and guarantees	<ul style="list-style-type: none"> • Departementet for Finanser og Indenrigsanliggender, Gælds- og Investeringsstrategi, 2012 • Audited Financial Statement of 2020.
13.3. Debt management strategy	
Policy-based fiscal strategy and budgeting	
PI-14. Macroeconomic and fiscal forecasting	<ul style="list-style-type: none"> • Naalakkersuisut finance department and Skattestyrelsen (Tax agency) • GØR (2017-2021)
14.1. Macroeconomic forecasts	
14.2. Fiscal forecasts	
14.3. Macro-fiscal sensitivity analysis	
PI-15. Fiscal strategy	<ul style="list-style-type: none"> • Webpage of the Finance and Tax Committee: https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/ • 2016 Budget and Account Law, including proposed amendment: https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi-k-ySr_HyAhXwxIsKHTU6DGwQFnoECBEQAw&url=https%3A%2F%2Fnaalakkersuisut.gl%2F~%2Fmedia%2FNanoq%2FFiles%2FHearings%2F2021%2F0706_budgetter_regnskab%2FDocuments%2FISL%2520%25C3%25A6ndring%2520budget-%2520og%2520regnskab%2520dk.docx&usq=AOvVaw0eRR-Oz3tXlflCqsbU1Jwh • 2016 Budget and Accounts Law, § 4. • Holdbarheds- og vækstplanen (Plan for Fiscal sustainability and Growth), 2016: https://naalakkersuisut.gl/~media/Nanoq/Files/Attached%20Files/Finans/DK/Politi sk%20Oekonomisk%20Beretning/HVP%20da.pdf
15.1. Fiscal impact of policy proposals	
15.2. Fiscal strategy adoption	
15.3. Reporting on fiscal outcomes	
PI-16. Medium-term perspective in expenditure budgeting	
16.1. Medium-term expenditure estimates	
16.2. Medium-term expenditure ceilings	
16.3. Alignment of strategic plans and medium-term budgets	
16.4 Consistency of budgets with previous year's estimates	

	<p>anslov/2022/Finanslov2022%20samlet%20endelig%20dk.pdf</p> <ul style="list-style-type: none"> • Budget proposal for 2022: https://naalakkersuisut.gl/~/-/media/Nanoq/Files/Attached%20Files/Finans/DK/Finanslov/2022/Finanslov2022%20samlet%20endelig%20dk.pdf • Naalakkersuisut finance department
PI-17. Budget preparation process	
17.1. Budget calendar	
17.2. Guidance on budget preparation	
17.3. Budget submission to the legislature	<ul style="list-style-type: none"> • 2016 Budget and Accounts Act http://lovgivning.gl/Lov?rid=%7b6BACB210-FDD7-4BB4-9537-761B338B8ECE%7d&sc_lang=da-DK and Budget directive 2008: https://naalakkersuisut.gl/~/-/media/Nanoq/Files/Attached%20Files/Finans/DK/Budgetregulativ%20og%20budgetlov/Budgetregulativ%202008-DK.pdf • https://naalakkersuisut.gl/~/-/media/Nanoq/Files/Attached%20Files/Finans/DK/Pressemoeder/FFL2018%20praesentation.pdf • https://naalakkersuisut.gl/da/Naalakkersuisut/Kalender/2018/08/2008_PeleB • https://naalakkersuisut.gl/~/-/media/Nanoq/Files/Attached%20Files/Finans/DK/Pressemoeder/AN%20FFL2020-%20praesentation%20DK%20-%20v2.pdf
PI-18. Legislative scrutiny of budgets	
18.1. Scope of budget scrutiny	
18.2. Legislative procedures for budget scrutiny	
18.3. Timing of budget approval	
18.4. Rules for budget adjustments by the executive	<ul style="list-style-type: none"> • Finance and Tax Committee: https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/ - Area of work of the Finance and Tax Committee: https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/fagomraader/ • Finance and Tax Committee: https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/ - Area of work of the Finance and Tax Committee: https://ina.gl/udvalg/lovpligtige-og-staaende-udvalg/finans-og-skatteudvalg/fagomraader/

	<ul style="list-style-type: none"> • FFL2018: https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/ - FFL2019: https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/ - FFL2020: https://ina.gl/samlinger/oversigt-over-samlinger/samling/punktliste/ • 2016 Budget and Accounting Law § 19 - § 24 • Annual audited accounts
Predictability and control in budget execution	
PI-19. Revenue administration	<ul style="list-style-type: none"> • One channel is through https://www.sullissivik.gl • Tax Agency Annual report • Tax Agency Ligningsplaner (Audit and control plans) • Skattestyrelsen (Tax Agency) https://aka.gl/da, Annual report from Tax Agency https://aka.gl/da/Om-Skattestyrelsen/Om-Skattestyrelsen
19.1. Rights and obligations for revenue measures	
19.2. Revenue risk management	
19.3. Revenue audit and investigation	
19.4. Revenue arrears monitoring	
PI-20. Accounting for revenues	<ul style="list-style-type: none"> • Naalakkersuisut MoF • Tax Agency • PRISME • Accounting manual and regulations • PRISME reports
20.1. Information on revenue collections	
20.2. Transfer of revenue collections	
20.3. Revenue accounts reconciliation	
PI-21. Predictability of in-year resource allocation	<ul style="list-style-type: none"> • Accounting manual and regulations • PRISME reports • Bank statements
21.1. Consolidation of cash balances	
21.2. Cash forecasting and monitoring	
21.3. Information on commitment ceilings	
21.4. Significance of in-year budget adjustments	
PI-22. Expenditure arrears	<ul style="list-style-type: none"> • Accounting Manual (continuously updated). • Treasury (creditors) (Nanoq - ID nr.: 17563107) • Treasury (debtors – non-approved) (Nanoq - ID nr.: 17544095)
22.1. Stock of expenditure arrears	
22.2. Expenditure arrears monitoring	
PI-23. Payroll controls	<ul style="list-style-type: none"> • Audited Financial Statement and Audit Protocol, 2020. • Internal audit reports 2019.
23.1. Integration of payroll and personnel records	
23.2. Management of payroll changes	

23.3. Internal control of payroll	<ul style="list-style-type: none"> • ASA (Nanoq - ID nr.: 17781512).
23.4. Payroll audit	
PI-24. Procurement	<ul style="list-style-type: none"> • Law nr. 6 of 12. June 2019 on Public procurement of goods and services. • Circular of 20. October 2020 on Procurement of goods and services. • Law nr. 11 of 2. December 2009 on Work tenders. • Guidance om procurement rules, September 2020. • https://naalakkersuisut.gl/da/Naalakkersuisut/Nyheder/2021/06/1406_Pisiniartar_nissanut-pilersaarut-2021 • https://udbudsportalen.gl/
24.1. Procurement monitoring	
24.2. Procurement methods	
24.3. Public access to procurement information	
24.4. Procurement complaints management	
PI-25. Internal controls on non-salary expenditure	<ul style="list-style-type: none"> • Accounting manual and regulations • Circular on Invoice approval (Godkendervejledning) IRIS, Treasury 11.11.2019. • Law nr. 8 af 29. October 1999 on Greenland's budget and accounts. • Budgetregulation, 17. juni 2008. • Audit Protocol 2020 p.1376, Deloitte.
25.1. Segregation of duties	
25.2. Effectiveness of expenditure commitment controls	
25.3. Compliance with payment rules and procedures	
PI-26. Internal audit	<ul style="list-style-type: none"> • Instruction on Internal Audit, 07. June 1990. • Regulation nr. 8 of 27. February 1995 on Accounting m.v. • Internal Audit (Nanoq - ID nr.: 17665791) • Two internal audit reports, 2019. • Check lists for internal audit.
26.1. Coverage of internal audit	
26.2. Nature of audits and standards applied	
26.3. Implementation of internal audits and reporting	
26.4. Response to internal audits	
Accounting and reporting	
PI-27. Financial data integrity	<ul style="list-style-type: none"> • Balance on suspense account 31.12.2020 (Nanoq - ID nr.: 17835167)
27.1. Bank account reconciliation	
27.2. Suspense accounts	
27.3. Advance accounts	

27.4. Financial data integrity processes	<ul style="list-style-type: none"> • Advance accounts and reconciliation - (Nanoq - ID nr.: 17755143) • Digitaliseringsstyrelsen (Nanoq - ID nr.: 17840753) • The ERP configuration.
PI-28. In-year budget reports	<ul style="list-style-type: none"> • In-year budget reports (Budgetopfølgning) March 2021 Departement of Finance (Nanoq - ID nr.: 17705316) • https://naalakkersuisut.gl/da/Naalakkersuisut/Departementer/Finans/Budgetopfolgning
28.1. Coverage and comparability of reports	
28.2. Timing of in-year budget reports	
28.3. Accuracy of in-year budget reports	
PI-29. Annual financial reports	<ul style="list-style-type: none"> • Law nr. 23 of 3. November 1994 on Accounting.
29.1. Completeness of annual financial reports	
29.2. Submission of the reports for external audit	
29.3. Accounting standards	
External scrutiny and audit	
PI-30. External audit	<p>Audit protocols, 2018, 2019 and 2020. Dates of Treasury's submission of financial statements 2018-20 to Deloitte (Nanoq - ID nr.: 17773506).</p>
30.1. Audit coverage and standards	
30.2. Submission of audit reports to the legislature	
30.3. External audit follow up	
30.4. Supreme Audit Institution independence	<p>PAC procedure (Forretningsorden for Revisionsudvalget), April 2013.</p> <p>Inatsisartutlov nr. 26 af 18. november 2010 om Inatsisartut og Naalakkersuisut</p> <p>Info mail from PAC 18.08.21 Steen Quorning <STQUO@ina.alla.gl> https://ina.gl/samlinger/oversigt-oversamlinger/samling/punktliste/</p>
PI-31. Legislative scrutiny of audit reports	
31.1. Timing of audit report scrutiny	
31.2. Hearings on audit findings	
31.3. Recommendations on audit by the legislature	<p>Inatsisartutlov nr. 26 af 18. november 2010 om Inatsisartut og Naalakkersuisut</p> <p>Info mail from PAC 18.08.21 Steen Quorning <STQUO@ina.alla.gl> https://ina.gl/samlinger/oversigt-oversamlinger/samling/punktliste/</p>
31.4. Transparency of legislative scrutiny of audit reports	

Annex 4: Sources of data – persons interviewed

Name and position	Insitution
<p>Emil Garney Special konsulent egar@nanoq.gl</p> <p>Per Aksel Petersen Afdelingschef. peap@nanoq.gl</p> <p>Rune Schou Larsen, Special konsulent. Rusl@nanoq.gl</p> <p>Peter Hansen Senior Konsulent PETER@nanoq.gl</p> <p>Thomas Garde Madsen Afdelingschef tnga@nanoq.gl</p>	<p>Ministry of Finance & Internal Affairs</p>
<p>Egon Skindhøj Regnskabschef. egsk@nanoq.gl</p>	<p>Treasury (DCR), Economy & Personnel Agency</p>
<p>Ann Blindkilde Storm fuldmægtig anbs@nanoq.gl</p>	<p>AC- First Secretary's Office (Formandens departement)</p>
<p>Embla Kristjánsdóttir, Afdelingschef. peap@nanoq.gl</p>	<p>Ministry of Housing, Infrastructure and Gender Equality</p>
<p>Ane-Louise Brandt Lange Kontorchef ANLA@nanoq.gl</p>	<p>Internal Audit, Economy & Personnel Agency</p>
<p>Naja Lydeking-Olsen nlyn@nanoq.gl</p> <p>Anders Malinovski Chefkonsulent andm@nanoq.gl</p>	<p>Purchasing Office, Economy & Personnel Agency</p>
<p>Frederik Schmidt Afdelingschef fsch@nanoq.gl</p>	<p>Payroll Office, Economy & Personnel Agency</p>

Name and position	Insitution
<p>Steen Quorning Committee secretary(udvalgssekretær) stquo@inatsisartut.gl</p> <p>Nicklas Lauritzen Committee secretary (current) (udvalgssekretær) nickla@ina.alla.gl</p> <p>Sakarias Amondson Committee secretary (former) udvalgssekretær saam@ina.alla.gl</p>	<p>Audit Committee of Inatsisartut</p> <p>Tax and Finance Committee of Inatsisartut</p> <p>Tax and Finance Committee of Inatsisartut</p>
<p>Klaus Nygaard Direktør nygaard@natur.gl</p>	<p>Institute of Nature</p>
<p>Esben Møller Nielsen Specialkonsulent emni@nanoq.gl</p>	<p>Ministry of Mineral Resources</p>
<p>Freja Lisby Nielsen Styrelseschef frln@nanoq.gl</p>	<p>Procurement Complaints Board</p>
<p>Ivan Damborg Direktør ivda@nanoq.gl</p>	<p>ERP Unit</p>
<p>Kim Neumann Nielsen, Styrelseschef. knn@nanoq.gl</p> <p>Miki Jensen Office Manager</p> <p>Kunuk Olsen, Chefkonsulent. kunu@nanoq.gl</p>	<p>Tax Agency</p>
<p>Bo Colbe Partner bcolbe@deloitte.dk</p>	<p>Deloitte, Nuuk</p>
<p>Anders Blaabjerg Statistikchef abla@stat.gl</p>	<p>Greenland Statistics</p>

Name and position	Insitution
<p>Najaraaq Christiansen staff. nakr@stat.gl</p> <p>Jonathan Marin Staff joma@stat.gl</p>	
<p>Niels Poulsen Økonomichef. nipo@sermersooq.gl</p> <p>Arne Ø. S. Andersen Regnskabschef. aosa@sermersooq.gl</p>	Kommuneqarfik Sermersooq
<p>Alida C. Rafaelsen, Regnskabschef. alra@qeqertalik.gl</p>	Kommune Qeqertalik

Annex 5: Observations on internal control

Internal control components and elements	Summary of observations
1. Control environment	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	<p>The PFM legislation and notably the recent 2016 law on Municipalities and GoG Budgets and Financial Management do not mention internal audit. The internal audit unit operates in accordance with the Instruction on Internal Audit of 7 June 1990 which states: § 9 <i>The internal audit performs the financial audit during the year so that the numerical side of the accounts and the accounting is checked and The internal audit checks that the transactions made are in accordance with the announced and given appropriations.</i> It is obvious that this Instruction is far from the basic requirements of internal audit with focus on just financial and compliance audit. There is no manual on internal audit, but the templates used by internal audit do show that work processes and system controls are carried out.</p> <p>The absence of follow-up by auditees and management infers a non-supportive environment in which it is difficult for internal audit to thrive and develop. The concept of internal audit as an important management tool and as a means to promote efficient resource allocation appears missing.</p>
1.2 Commitment to competence	The internal auditors have no previous experience in audit related areas and have not participated in training courses on internal audit.
1.3 The ‘tone at the top’ (i.e. management’s philosophy and operating style)	<p>Management’s non-supportive attitude to internal audit seems to reflect confidence in the IT systems’ built-in control features and the way manual control and approval processes are segregated. The external audit protocol 2002 supports this perception mentioning that: <i>Government’s work on internal control could be strengthened by a more conscious and structured approach to mapping risks for both conscious and unconscious errors.</i> This would also require better management control and oversight of control reliability and processes.</p>
1.4 Organizational structure	The roles of the various parties involved in the financial management control system are well established in the various areas of public financial management. The external auditor plays an important role in evaluating the effectiveness of internal controls in connection with the annual audits and supplemented by the internal audit reports received.
1.5 Human resource policies and practices	In connection with the Introduction of ERP and the application of the new Chart of Accounts the relevant staff received adequate training.
2. Risk assessment	
2.1 Risk identification	<p>Several PIs are related to the extent to which risks are identified, notably:</p> <p>Reporting on fiscal outcomes is rated ‘D’ in 15.3: The report prescribed by law on fiscal balances in forward years is not available.</p> <p>Procurement monitoring is rated ‘D’ in 24.1: Procurement data is not collecting across government entities and government has no oversight or overview of spending or procurement cost-efficiency.</p> <p>Procurement methods is rated ‘D’ in 24.2: Due to lack of procurement statistics it is not possible to calculate the portion of procurement tendered in open competition with consequences on transparency and cost-efficiency.</p>

2.2 Risk assessment (significance and likelihood)	See risk identification (2.1 above)
2.3 Risk evaluation	General: Macro-fiscal risks are evaluated in the report published by the Greenland Economic Council and reflected in the Political Economic Reports by the MoF published in connection with the preparation of the annual Finance Acts.
	Coverage of internal audit 26.1 is rated 'D': Coverage of annual internal audit 2019 does not cover the majority of annual expenditure.
2.4 Risk appetite assessment	
2.5 Responses to risk (transfer, tolerance, treatment, or termination)	Standard public sector HR policies are in place throughout the areas of control.
3. Control activities	
3.1 Authorization and approval procedures	Approval and authorisation procedures are prescribed in the detailed Accounting Manual used by all budget units, supplemented by guidelines and user instructions for the various IT applications. There is good understanding of business processes and no evidence of deliberate non-adherence.
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	Segregation of functions is established and functioning in the requisite areas of operation.
3.3 Controls over the access to resources and records	See 1.3
3.4 Verifications	General: The annual audits by the external auditor cover financial, compliance and performance and provide material correctness of government operations. Nature of internal audits and standards applied are rated 'C' in 26.2: The focus of internal audit is primarily financial and compliance and does not fulfil the COSO framework for internal audit.
3.5 Reconciliations	Banks account reconciliations are rated 'B' in 27.1. The Treasury reconciles all major accounts monthly – not weekly.
3.6 Reviews of operating performance	Procurement is an area where performance reviews are not currently carried out due to the lack of oversight of decentralized procurement initiatives. Internal audits are largely conducted according to the audit plans.
3.7 Reviews of operations, processes and activities	Business processes, operations, and activities are included in the scope of external audit, and to a limited extent by internal audit.
3.8 Supervision (assigning, reviewing, and approving, guidance and training)	Audit trails are generated by PRISME part of ERP. The Accounting manual is detailed and continuously updated and personnel receives training on new business processes.

4. Information and communication	
	<p>Digitilisation of communication throughout government and municipalities is 100%. Government websites provide detailed information on governance, social and economic matters, etc.</p> <p>Ref. PI-9 Public access to fiscal information.</p>
5. Monitoring	
5.1 Ongoing monitoring	Monitoring of subnational governments is rated 'D' in 10.2: Only one municipality had published the audit financial statement with 9 months after close of the fiscal year.
5.2 Evaluations	External evaluations are prepared for the education sector, labour market youth unemployment, public finance management.
5.3 Management responses	<p>Response to internal audits is rated 'D' in 26.4: Auditees and management do not follow-up on internal audit reports.</p> <p>External audit follow-up is rated 'B' in 30.3. Follow-up on implementation of audit recommendations is systematic and tracked annually closing some and adding new ones, leaving a small number open to be dealt with.</p>

Annex 6: Tracking performance since previous PEFA assessments

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
PI-1 Aggregate expenditure out-turn compared to original approved budget	A	A	Unchanged	Calculation of the indicator for the period 2018 - 2020 has been carried out excluding donor funded projects (EU funds) and still meets an A classification: 2,3 % (2018), 1,4 % (2019) and 1,1 % (2020) (Annex 8).
PI-2 Composition of expenditure out-turn compared to original approved budget	A	B+	Declined	When excluding donor funds the variability of out-turn compared to the budget increases in 2020 above the threshold to maintain an A.
(i) Extent of the variance in expenditure composition during the last three years, excluding contingency items	A	B	Declined	Excluding donor funded projects (EU funds) the calculation of the dimension for the period 2018-2020 is a B: 2,4 % (2018), 2,3 % (2019) and 10,2 % (2020) (Annex 8).
(ii) The average amount of expenditure actually charged to the contingency vote over the last three years	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A. No charges gained contingency funds in 2018, 2019 or 2020 (Annex 8).
PI-3 Aggregate revenue out-turn compared to original approved budget	B	A	Improved	Forecast of revenue has improved and in two of the three years revenue was within the range required for A for the period 2018-2020: 102,1 % (2018), 109,5 % (2019) and 103,6 % (2020) (Annex 7).
PI-4 Stock and monitoring of expenditure payment arrears	A	A	Unchanged	Still best practice
(i) Stock of expenditure payment arrears and a recent change in the stock	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (PI 22.1).
(ii) Availability of data for monitoring the stock of expenditure payment arrears	NA	NA	Unchanged	GoG continue to have no payments in arrears (PI 22.2).
B. COMPREHENSIVENESS AND TRANSPARENCY				
PI-5 Classification of the budget	A	D	Declined	New interpretation of the use of the economic classifier in budget presentation. Capital expenditure is not budgeted on the economic classifier (PI 4) in the 2018-2020 appropriation Acts.
PI-6 Comprehensiveness of information included in budget documentation	B	A	Improved	The amount and content of budget documentation has improved, including in the Political Economic statement and the Greenland Economic Council reports (PI 5).
PI-7 Extent of unreported government operations	A	A	Unchanged	Still best practice
(i) The level of extra-budgetary expenditure (other than donor-funded projects) which is unreported, i.e., not included in fiscal reports	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A. As reported under PI 6.1 and PI 6.2 there is no extra-budgetary spending in GoG.
(ii) Income/expenditure information on donor-funded projects which is included	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A. Complete information of income and expenditure related to EU funding of fisheries and education programmes is

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
in fiscal reports				available in the 2018-2020 appropriation acts and 2018-2020 financial statements.
PI-8 Transparency of inter-governmental fiscal relations	B	A	Improved	With the implementation of the new ERP and a standardized CoA GoG have improved consolidation of fiscal data across government.
(i) Transparency and objectivity in the horizontal allocation amongst Sub national Governments	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A as reported in PI 7.1.
(ii) Timeliness and reliable information to SN Governments on their allocations	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A as reported in PI 7.2.
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	D	A	Improved	With the implementation of the new ERP utilized at central and SN-level and a standardized CoA GoG access to consolidated information across SN level ex-ante and ex-post and central level is provided. Fiscal reports from central level and SN-level is reconciled and audited against the ERP within 10 months.
PI-9 Oversight of aggregate fiscal risk from other public sector entities	C+	A	Improved	The introduction of the annual report on Public Corporations fiscal position and risk has improved fiscal risk oversight.
(i) Extent of central government monitoring of autonomous entities and public enterprises	C	A	Improved	An annual report of the Public Corporations fiscal position and risk has been introduced, including SNG's ability to generate fiscal liabilities as also per PI 10.1.
(ii) Extent of central government monitoring of SN government's fiscal position	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A as also per PI 10.2.
PI-10 Public access to key fiscal information	B	A	Improved	The public now has access to 5 of 6 elements in the list (up from 3 in 2014).
C. BUDGET CYCLE				
C (i) Policy-based budgeting				
PI-11 Orderliness and participation in the annual budget process	A	A	Unchanged	Still best practice
(i) Existence of, and adherence to, a fixed budget calendar	A	B	Declined	The calculation of the dimension for the period 2018-2020 is an A, as per PI 17.1
(ii) Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent)	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A, as per PI 17.2.
(iii) Timely budget approval by the legislature or similarly mandated body (within the last three years)	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A, as per PI 18.3.
PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	C	Declined	Declined due to decline in grading of the preparation of multi-year forecasts.

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
(i) Preparation of multi-year fiscal forecasts and functional allocations	A	D	Declined	The calculation of the dimension for the period 2018-2020 is a D. There are no links between multi-year estimates and subsequent budget ceilings and not all forecasts are classified using the economic type classifier.
(ii) Scope and frequency of debt sustainability analysis	NA	A	Improved	GoG debt is just 0.6% of BNP and legislation requires that any new financial obligation must be assessed against policy objectives.
(iii) Existence of sector strategies with multi-year costing of recurrent and investment expenditure	D	D	Unchanged	The published sector strategies are not costed and without indicators
(iv) Linkages between investment budgets and forward expenditure estimates	C	C	Unchanged	The scoring of this dimension remains a C with weak links between sector strategies, budgets and investment decisions.
C (ii) Predictability and control in budget execution				
PI-13 Transparency of taxpayer obligations and liabilities	A	A	Unchanged	Still best practice.
(i) Clarity and comprehensiveness of tax liabilities	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A with extensive information available for all major taxes with virtually no discretionary powers vested in the revenue authority.
(ii) Taxpayer access to information on tax liabilities and administrative procedures	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A. Tax payers have access to very good information and the Revenue Authority provides adequate and suitable information on their web site.
(iii) Existence and functioning of a tax appeal mechanism	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A with the existence and functioning of a tax appeals mechanism.
PI-14 Effectiveness of measures for taxpayer registration and tax assessment	A	A	Unchanged	Still best practice
(i) Controls in the taxpayer registration system	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A, The scoring has taken into consideration additional data requirements in the 2011 framework, i.e. taxpayers are registered in an electronic database system with appropriate linkages to other government systems, e.g. the citizens and companies registers.
(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A satisfying additional data requirement in the 2011 framework. Penalties for non-compliance are administered consistently and assessed to be of a magnitude as to act as a deterrence to non-compliance.
(iii) Planning and monitoring of tax audit and fraud investigation programs	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A based on the existence and implementation of an annual tax audit and fraud investigation plan (Ligningsplan).

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
PI-15 Effectiveness in collection of tax payments	NR	D+	Improved	Since the last assessment in 2014 tax arrears are now being monitored. Accumulated tax arrears are significant.
(i) Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years)	NR	D	Improved	<p>The debt collection ratio in the two most recent years was 2,3 % in 2020 and 5,5 % in 2019 – thus with an average below 60 % - and with total amount of tax arrears being significantly higher than 2 % of total annual collections.</p> <p>Source: Revenue authority annual reports 2019 and 2020 pages 7/18/19 and 9/23/24 respectively.</p> <p>https://aka.gl/~media/Skattestyrelsen/Om%20Skattestyrelsen/Aarsberetning2020/Årsrapport%20skattestyrelsen%20-%20DANSK.pdf https://aka.gl/~media/Skattestyrelsen/Om%20Skattestyrelsen/Aarsberetning2020/Årsrapport%20skattestyrelsen%20-%20DANSK.pdf</p> <p>https://aka.gl/~media/Skattestyrelsen/Om%20Skattestyrelsen/Aarsberetning%202019/Årsberetning%202019%20-%20Dansk%20den%20endelige.pdf</p> <p>It is noted that the revenue administration in the years 2019, 2020 and 2021 has carried out a reassessment of tax arrears leading to updated figures in the ERP system entered during the period.</p>
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (see PI 20.2).
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records, and receipts by the Treasury	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (see PI 20.3).
PI-16 Predictability in the availability of funds for commitment of expenditures	A	A	Unchanged	Still best practice
(i) Extent to which cash flows are forecasted and monitored	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (see PI 21.2).
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 21.3)
(iii) Frequency and transparency of adjustments to budget allocations above the level of management of MDAs	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 21.4).

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
PI-17 Recording and management of cash balances, debt and guarantees	A	A	Unchanged	Still best practice
(i) Quality of debt data recording and reporting	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 13.1).
(ii) Extent of consolidation of the government's cash balances	B	B	Unchanged	The calculation of the dimension for the period 2018-2020 is a B (See PI 21.1).
(iii) Systems for contracting loans and issuance of guarantees	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 13.2).
PI-18 Effectiveness of payroll controls	B+	A	Improved	The implementation of the new ERP has strengthened payroll controls.
(i) Degree of integration and reconciliation between payroll and personnel	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 23.1).
(ii) Timeliness of changes to personnel records and the payroll	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 23.2).
(iii) Internal controls of changes to personnel records and the payroll	B	A	Improved	With the introduction of the new ERP internal controls have improved (See PI 23.3).
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 23.4).
PI-19 Competition, value for money and controls in procurement	D+	C	Improved	The overall score is improved due to the new complaints mechanism
(i) Transparency, comprehensiveness, and competition in the legal and regulatory framework	C	C	Unchanged	The calculation of the dimension for the period 2018-2020 is a C as requirements (iv) and (v) are not met in terms of respectively making open competitive procurement the default method and making procurement plans public.
(ii) Use of competitive procurement methods	D	D	Unchanged	Insufficient data to calculate percentage of competitive procurement
(iii) Public access to complete, reliable, and timely procurement information	D	D	Unchanged	The Government does i) does not make public procurement plans, ii) and does not operate a procurement database that can generate an overview of contract awards, and thus is not systematically making key procurement available to the public.
(iv) Existence of an independent administrative procurement complaints system	D	A	Improved	The 2019 law on the Procurement Complaints Board provides legally defined rules and procedure for complaints. The Board is operational and meets all criteria.
PI-20 Effectiveness of internal controls for non-salary expenditure	B+	A	Improved	The implementation of the new ERP has improved the control environment.
(i) Effectiveness of expenditure commitment controls	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 25.1 and PI 25.2)
(ii) Comprehensiveness, relevance and understanding	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A, including assessment of other internal control rules (Also see PI 25.2)

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
of other internal control rules/procedures				and PI 25.3) regarding e.g. revenue reconciliation and bank account reconciliation.
(iii) Degree of compliance with rules for processing and recording transactions	B	A	Improved	The new ERP with integrated and separate payment approval, captures the prescribed processes and provides trails of individual payments and ensures compliance (See PI 25.3).
PI-21 Effectiveness of internal audit	B+	D	Declined	Internal audit performance has worsened as expenditure and revenue audit coverage is less than 10% of GOG own expenditure (less SNG transfers) and as frequency and distribution of reports has worsened.
(i) Coverage and quality of the internal audit function	B	D	Declined	The calculation of the dimension for the period 2018-2020 is a D (See PI 26.1 and PI 26.2) as internal audit reports do not conform to COSO standards and has limited scope in terms of coverage.
(ii) Frequency and distribution of reports	A	D	Declined	The calculation of the dimension for the period 2018-2020 is an A (See PI 26.3)
(iii) Extent of management response to internal audit findings	B	D	Declined	The 1990 Audit Instruction does not require auditees or management to comment. Hence submitted audit reports remain largely uncommented (See PI 26.4).
C (iii) Accounting, recording and reporting				
PI-22 Timeliness and regularity of accounts reconciliation	A	B+	Declined	The score has declined because suspense accounts are not cleared on a monthly basis.
(i) Regularity of bank reconciliation	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 27.1) as bank reconciliation is carried out on a monthly basis.
(ii) Regularity and clearance of suspense accounts and advances	A	B	Declined	The calculation of the dimension for the period 2018-2020 is a B (See PI 27.2) as reconciliation of suspense accounts is carried out monthly while clearance of accounts is carried out annually.
PI-23 Availability of information on resources received by service delivery units	D	A	Improved	The implementation of the new ERP has significantly improved the compilation of data, in this case Primary Schools and Primary Health Care clinics (See PI 8.3). The accounting system provides reliable information on resources to primary school and primary health and annual financial reports are made available.
PI-24 Quality and timeliness of in-year budget reports	B+	B+	Unchanged	The indicator continues to perform well.
(i) Scope of reports in terms of coverage and compatibility with budget estimates	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 28.1).
(ii) Timeliness of the issue of reports	B	B	Unchanged	The calculation of the dimension for the period 2018-2020 is a B. Although reports are issued monthly they are not available within 4 weeks due to translation (See PI 28.2).
(iii) Quality of information	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A with no material concerns regarding data accuracy in the reporting (See PI 28.3).

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
PI-25 Quality and timeliness of annual financial statements	A	A	Unchanged	Still best practice
(i) Completeness of the financial statements	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 29.1).
(ii) Timeliness of submissions of the financial statements	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 29.2).
(iii) Accounting standards used	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 29.3).
C (iv) External scrutiny and audit				
PI-26 Scope, nature and follow-up of external audit	B+	B+	Unchanged	The indicator continues to perform well.
(i) Scope/nature of audit performed (including adherence to auditing standards)	B	A	Improved	The calculation of the dimension for the period 2018-2020 is an A. The external Auditor audits all of central government and in addition carries out both juridical-critical audits and performance audit (forvaltningsrevision) on select areas, including audit of systems and processes (See PI 30.1 and PI 30.4) following INTOSAI principles.
(ii) Timeliness of submission of audit reports to the Legislature	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 30.2).
(iii) Evidence of follow up on audit recommendations	A	B	Declined	The calculation of the dimension for the period 2018-2020 is a B (See PI 30.3) as follow up on some audit recommendations is still pending.
PI-27 Legislative scrutiny of the annual budget law	A	A	Unchanged	Still best practice
(i) Scope of the legislature scrutiny	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 18.1).
(ii) Extent to which the legislature's procedures are well established and respected	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 18.2).
(iii) Adequacy of time for review by legislature	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 17.3).
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	A	A	Unchanged	The calculation of the dimension for the period 2018-2020 is an A (See PI 18.4).
PI-28 Legislative scrutiny of external audit reports	C+	C+	Unchanged	Although taking action on recommendations by the auditor has improved audit reports are not tabled in Chamber.
(i) Timeliness of examination of audit reports by the legislature	B	C	Declined	The calculation of the dimension for the period 2018-2020 is a C (See PI 31.1) as scrutiny and approval by legislature of the 2018 audit report exceeded 6 months.
(ii) Extent of hearing on key findings undertaken by the legislature	C	NA	Declined	The audit reports for the past three years contains no qualified or adverse audit opinions or disclaimers. Audit comments and observations are presented in the Audit Protocols, and submits them to the Audit Committee prior of the hearings allowing the Audit Committee to include the answers in its report. Comments on the audit observations presented in the Audit Protocols, and submits

Indicator/ Dimension	2014	2021	Change	Descriptions of requirements met and progress between 2014 and 2021 using 2011 PEFA methodology
A. PFM-OUT-TURNS: Credibility of the budget				
				them to the Audit Committee ahead of the hearings (See PI 31.2). However, Audit reports are not tabled and debated in the Chamber.
(iii) Issuance of recommended actions by the legislature and implementation by the executive	C	A	Improved	The Report prepared by the Audit Committee presents selected audit findings and GoG's comments together with the Committee's observations. Both the Audit Committee and the external auditor follow up on implementation of audit observations and recommendations, while the external auditor reports on the implementation of the recommendations made in previous years' Audit Protocols. Hence, the follow-up is assessed as systematic (See PI 31.3).

Annex 7: Calculation of budget outturns for PI-1, PI-2 and PI-3

PI-1.1, PI-2.1

Calculation Sheet for Dimensions PI-1.1, PI-2.1 and PI-2.3

Step 1: Enter the three fiscal years used for assessment in table 1.

Step 2: Enter the **administrative** OR **functional** head for up to 20 heads.

The 21st line will be the sum of figures for all remaining heads (if any).

Step 3: Enter **budget** and **actual** expenditure data for each of the three years in tables 2, 3, and 4 respectively.

Step 4: Enter **contingency** data for each of the three years in tables 2, 3, and 4 respectively.

Step 5: Read the results for each of the three years for each indicator in table 5.

Step 6: Refer to the scoring tables for indicators PI-1 and PI-2 respectively in the Performance Measurement Framework in order to decide the score for each indicator.

Table 1 - Fiscal years for assessment

Year 1 =	2018
Year 2 =	2019
Year 3 =	2020

Table 2

administrative or functional head	Data for year = 2018		adjusted budget	deviation	absolute deviation	percent
	budget	actual				
01 Inatsisartuts Formandskab	101	91	99,3	-8,3	8,3	8,4%
10 Formanden for Naalakkersuisut	242	236	238,0	-2,0	2,0	0,9%
12 Grønlands Repræsentation	14	14	13,8	0,2	0,2	1,7%
20 Departementet for Finanser	1.735	1.729	1.706,6	22,4	22,4	1,3%
24 Skattestyrelsen	89	86	87,5	-1,5	1,5	1,8%
27 Departementet for Udenrigsanliggen.	30	30	29,5	0,5	0,5	1,7%
30 Departementet for Sociale Anliggen..	803	755	789,8	-34,8	34,8	4,4%
34 Departementet for Sundhed	1.496	1.509	1.471,5	37,5	37,5	2,5%
40 Departementet for Uddannelse,	1.243	1.237	1.222,6	14,4	14,4	1,2%
50 Departementet for Fiskeri og Fangst	52	51	51,1	-0,1	0,1	0,3%
51 Fiskeri, Fangst og ESU	82	78	80,7	-2,7	2,7	3,3%
62 Styrelse under Dep. for Erhverv,	11	11	10,8	0,2	0,2	1,7%
64 Departementet for Erhverv, Arbejds.,	213	204	209,5	-5,5	5,5	2,6%
66 Råstofstyrelsen	12	11	11,8	-0,8	0,8	6,8%
67 Departementet for Råstoffer	164	147	161,3	-14,3	14,3	8,9%
70 Departementet for Kommuner,	16	5	15,7	-10,7	10,7	68,2%
72 Boliger	255	250	250,8	-0,8	0,8	0,3%
73 Departementet for Natur og Miljø	26	24	25,6	-1,6	1,6	6,2%
77 Natur og Miljø	93	92	91,5	0,5	0,5	0,6%
80-87 Anlægsområdet	328	325	322,6	2,4	2,4	0,7%
89 Anlægs- og boligudlån	258	259	253,8	5,2	5,2	2,1%

allocated expenditure	7263	7144	7.144,0	0,0	166,7	
contingency	44					
total expenditure	7263	7144				
aggregate outturn (PI-1)						98,4%
composition (PI-2) variance						2,3%
contingency share of budget						0,0%

Table 3

Data for year = 2019

administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
01 Inatsisartuts Formandskab	96	88	95,1	-7,1	7,1	0,075023
10 Formanden for Naalakkersuisut	716	749	709,6	39,4	39,4	0,055573
12 Grønlands Repræsentation	14	14	13,9	0,1	0,1	0,009066
20 Departementet for Finanser	1.706	1.708	1.690,7	17,3	17,3	0,010249
24 Skattestyrelsen	84	82	83,2	-1,2	1,2	0,01496
27 Departementet for Udenrigsanliggen.	29	28	28,7	-0,7	0,7	0,02573
30 Departementet for Sociale Anliggen..	815	806	807,7	-1,7	1,7	0,002077
34 Departementet for Sundhed	1.539	1.538	1.525,2	12,8	12,8	0,00841
40 Departementet for Uddannelse,	1.248	1.225	1.236,8	-11,8	11,8	0,009531
50 Departementet for Fiskeri og Fangst	50	50	49,6	0,4	0,4	0,009066
51 Fiskeri, Fangst og ESU	79	78	78,3	-0,3	0,3	0,003707
62 Styrelse under Dep. for Erhverv,	11	11	10,9	0,1	0,1	0,009066
64 Departementet for Erhverv, Arbejds.,	162	156	160,5	-4,5	4,5	0,028307
66 Råstofstyrelsen	6	6	5,9	0,1	0,1	0,009066
67 Departementet for Råstoffer	170	154	168,5	-14,5	14,5	0,085905
70 Departementet for Boliger & Infrastruktur	16	16	15,9	0,1	0,1	0,009066
72 Boliger	259	251	256,7	-5,7	5,7	0,022102
73 Departementet for Natur og Miljø	20	19	19,8	-0,8	0,8	0,041387
77 Natur og Miljø	92	92	91,2	0,8	0,8	0,009066
80-87 Anlægsområdet	370	334	366,7	-32,7	32,7	0,089114
89 Anlægs- og boligudlån	198	206	196,2	9,8	9,8	0,049836
allocated expenditure	7680	7611	7.611,0	0,0	162,1	
contingency	36					
total expenditure rounded	7680					
aggregate outturn (PI-1)	7680	7611				99,1%
composition (PI-2) variance						2,1%
contingency share of budget						0,0%

Table 4

Data for year = 2020

administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
01 Inatsisartuts Formandskab	97	89	96,2	-7,2	7,2	0,075022
10 Formanden for Naalakkersuisut	90	98	89,3	8,7	8,7	0,097733
12 Grønlands Repræsentation	14	14	13,9	0,1	0,1	0,008122
20 Departementet for Finanser	1.725	1.720	1.711,1	8,9	8,9	0,0052
24 Skattestyrelsen	84	82	83,3	-1,3	1,3	0,015881

27 Departementet for Udenrigsanliggen.	29	29	28,8	0,2	0,2	0,008122
30 Departementet for Sociale Anliggen..	839	837	832,2	4,8	4,8	0,005719
34 Departementet for Sundhed	1.543	1.853	1.530,6	322,4	322,4	0,210661
40 Departementet for Uddannelse,	1.247	1.221	1.237,0	-16,0	16,0	0,012897
50 Departementet for Fiskeri og Fangst	53	52	52,6	-0,6	0,6	0,010899
51 Fiskeri, Fangst og ESU	79	81	78,4	2,6	2,6	0,033644
62 Styrelse under Dep. for Erhverv,	9	9	8,9	0,1	0,1	0,008122
64 Departementet for Erhverv, Arbejds.,	593	404	588,2	-184,2	184,2	0,313185
66 Råstofstyrelsen	5	5	5,0	0,0	0,0	0,008122
67 Departementet for Råstoffer	26	26	25,8	0,2	0,2	0,008122
70 Departementet for Boliger & Infrastruktur	15	14	14,9	-0,9	0,879148	0,059086
72 Boliger	254	249	252,0	-3,0	2,953571	0,011723
73 Departementet for Natur og Miljø	26	24	25,8	-1,8	1,790523	0,069426
77 Natur og Miljø	90	90	89,3	0,7	0,725113	0,008122
80-87 Anlægsområdet	486	361	482,1	-121,1	121,1	0,251168
89 Anlægs- og boligudlån	19	6	18,8	-12,8	12,8	0,681646
allocated expenditure	7323	7.264,0	7.264,0	0,0	697,7	
contingency	8					
total expenditure rounded	7323	7264				
aggregate outturn (PI-1)						99,2%
composition (PI-2) variance						9,6%
contingency share of budget						0,0%

Table 5 - Results Matrix

year	for PI-1.1	for PI-2.1	for PI-2.3
	total exp. Outturn	composition variance	contingency share
2018	98,4%	2,3%	
2019	99,1%	2,1%	0,0%
2020	99,2%	9,6%	

PI-2.2

Calculation Sheet for Expenditure by Economic Classification Variance PI-2.2

Table 1 - Fiscal years for assessment

Year 1 =	2018
Year 2 =	2019
Year 3 =	2020

Expenditure composition variance
by economic type

Table 2

Data for year = 2018						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Recurrent	3002	2956	2.952,8	3,2	3,2	0,1%

Statutory	1065	1020	1.047,5	-27,5	27,5	2,6%
Grants	2604	2578	2.561,3	16,7	16,7	0,7%
Capital	589	587	579,3	7,7	7,7	1,3%
Total expenditure	<u>7260</u>	<u>7141</u>	7.141,0	0,0	55,1	
composition variance						0,8%

Table 3

Data for year = 2019						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Recurrent	3045	2998	3.014,5	-16,5	16,5	0,5%
Statutory	1066	1062	1.055,3	6,7	6,7	0,6%
Grants	3000	3010	2.969,9	40,1	40,1	1,3%
Capital	568	532	562,3	-30,3	30,3	5,4%
Total expenditure	<u>7679</u>	<u>7602</u>	7.602,0	0,0	93,5	
composition variance						1,2%

Table 4

Data for year = 2020						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Recurrent	3260	3367	3.232,8	134,2	134,2	4,1%
Statutory	1115	1094	1.105,7	-11,7	11,7	1,1%
Grants	2443	2436	2.422,7	13,3	13,3	0,6%
Capital	506	366	501,8	-135,8	135,8	27,1%
Total expenditure	<u>7324</u>	<u>7263</u>	7.263,0	0,0	295,0	
composition variance						4,1%

Table 5 - Results Matrix

year	composition variance
2018	0,8%
2019	1,2%
2020	4,1%

PI-3.1

Calculation Sheet for Revenue

Step 1: Enter the three fiscal years used for assessment in table 1.

Step 2: Enter **budget** and **actual** expenditure data for each of the three years in tables 2, 3, and 4 respectively.

Step 3: Read the results for each of the three years for each indicator in table 5.

Table 1 - Fiscal years for assessment

Year 1 =	2018
Year 2 =	2019
Year 3 =	2020

Table 2

Data for year = 2018						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Foreign grants & subsidies	4181	4178	4.269,0	-91,0	91,0	2,1%
Direct Taxes	1150	1237	1.174,2	62,8	62,8	5,3%
Indirect taxes & duties	1124	1197	1.147,7	49,3	49,3	4,3%
Return on investments	484	443	494,2	-51,2	51,2	10,4%
Other Revenue	94	127	96,0	31,0	31,0	32,3%
Total revenue	<u>7033</u>	<u>7181</u>	7.181,0	1,0	285,3	2,1%
composition variance						4,0%

Table 3

Data for year = 2019						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Foreign grants & subsidies	4200	4199	4.597,3	-398,3	398,3	8,7%
Direct Taxes	1234	1227	1.350,7	-123,7	123,7	9,2%
Indirect taxes & duties	1141	1204	1.248,9	-44,9	44,9	3,6%
Return on investments	343	936	375,4	560,6	560,6	149,3%
Other Revenue	90	105	98,5	6,5	6,5	6,6%
Total revenue	<u>7008</u>	<u>7671</u>	7.671,0	0,0	1.134,1	9,5%
composition variance						14,8%

Table 4

Data for year = 2020						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Foreign grants & subsidies	4274	4287	4.427,2	-140,2	140,2	3,2%
Direct Taxes	1253	1420	1.297,9	122,1	122,1	9,4%
Indirect taxes & duties	1195	1237	1.237,8	-0,8	0,8	0,1%
Return on investments	283	289	293,1	-4,1	4,1	1,4%
Other Revenue	84	109	87,0	22,0	22,0	25,3%
Total revenue	<u>7088</u>	<u>7342</u>	7.343,0	-1,0	289,2	3,6%
composition variance						3,9%

Table 5 - Results Matrix

--	--

year	composition variance
2018	4,0%
2019	14,8%
2020	3,9%

Annex 8: PEFA version 2011: Calculation of budget outturns for PI-1 and PI-2

Calculation Sheet for PFM Performance Indicators PI-1 and PI-2 (as revised January 2011)

Step 1: Enter the three fiscal years used for assessment in table 1.

Step 2: Enter **budget** and **actual** expenditure data for each of the three years in tables 2, 3, and 4 respectively.

Step 3: Enter **contingency** data for each of the three years in tables 2, 3, and 4 respectively.

Step 4: Read the results for each of the three years for each indicator in table 5.

Step 5: Refer to the scoring tables for indicators PI-1 and PI-2 respectively in the Performance Measurement Framework in order to decide the score for each indicator.

Table 1 - Fiscal years for assessment

Year 1 =	2018
Year 2 =	2019
Year 3 =	2020

Table 2

administrative or functional head	Data for year = 2018		adjusted budget	deviation	absolute deviation	percent
	budget	actual				
01 Inatsisartuts Formandskab	101	91	99,3	-8,3	8,3	8,3%
10 Formanden for Naalakkersuisut	242	236	237,9	-1,9	1,9	0,8%
12 Grønlands Repræsentation	14	14	13,8	0,2	0,2	1,7%
20 Departementet for Finanser	1.735	1.729	1.705,5	23,5	23,5	1,4%
24 Skattestyrelsen	89	86	87,5	-1,5	1,5	1,7%
27 Departementet for Udenrigsanliggen.	30	30	29,5	0,5	0,5	1,7%
30 Departementet for Sociale Anliggen..	803	755	789,3	-34,3	34,3	4,4%
34 Departementet for Sundhed	1.496	1.509	1.470,6	38,4	38,4	2,6%
40 Departementet for Uddannelse,	1.017	1.011	999,6	10,9	10,9	1,1%
50 Departementet for Fiskeri og Fangst	30	29	29,6	-0,4	0,4	1,4%
51 Fiskeri, Fangst og ESU	82	78	80,6	-2,6	2,6	3,2%
62 Styrelse under Dep. for Erhverv,	11	11	10,8	0,2	0,2	1,7%
64 Departementet for Erhverv, Arbejds.,	213	204	209,4	-5,4	5,4	2,6%
66 Råstofstyrelsen	12	11	11,8	-0,8	0,8	6,7%
67 Departementet for Råstoffer	164	147	161,2	-14,2	14,2	8,8%
70 Departementet for Kommuner,	16	5	15,7	-10,7	10,7	68,2%
72 Boliger	255	250	250,7	-0,7	0,7	0,3%
73 Departementet for Natur og Miljø	26	24	25,6	-1,6	1,6	6,1%
77 Natur og Miljø	93	92	91,4	0,6	0,6	0,6%
80-87 Anlægsområdet	328	325	322,4	2,6	2,6	0,8%
89 Anlægs- og boligudlån	258	259	253,6	5,4	5,4	2,1%
allocated expenditure	7015,02	6895,7	6.895,7	0,0	164,7	
contingency	44					
total expenditure	7.059	6.896				
overall (PI-1) variance						2,3%
composition (PI-2) variance						2,4%

Table 3**Data for year = 2019**

administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
01 Inatsisartuts Formandskab	96	88	95,1	-7,1	7,1	0,07436
10 Formanden for Naalakkersuisut	716	749	709,1	39,9	39,9	0,05633
12 Grønlands Repræsentation	14	14	13,9	0,1	0,1	0,00979
20 Departementet for Finanser	1.706	1.708	1.689,5	18,5	18,5	0,01097
24 Skattestyrelsen	84	82	83,2	-1,2	1,2	0,01425
27 Departementet for Udenrigsanliggen.	29	28	28,7	-0,7	0,7	0,02503
30 Departementet for Sociale Anliggen..	815	806	807,1	-1,1	1,1	0,00136
34 Departementet for Sundhed	1.539	1.538	1.524,1	13,9	13,9	0,00913
40 Departementet for Uddannelse,	1.034	1.008	1.023,8	-16,2	16,2	0,01579
50 Departementet for Fiskeri og Fangst	28	28	27,9	0,3	0,3	0,01033
51 Fiskeri, Fangst og ESU	79	78	78,2	-0,2	0,2	0,00299
62 Styrelse under Dep. for Erhverv,	11	11	10,9	0,1	0,1	0,00979
64 Departementet for Erhverv, Arbejds.,	162	156	160,4	-4,4	4,4	0,02761
66 Råstofstyrelsen	6	6	5,9	0,1	0,1	0,00979
67 Departementet for Råstoffer	170	154	168,4	-14,4	14,4	0,08525
70 Departementet for Boliger & Infrastruktur	16	16	15,8	0,2	0,2	0,00979
72 Boliger	259	251	256,5	-5,5	5,5	0,0214
73 Departementet for Natur og Miljø	20	19	19,8	-0,8	0,8	0,0407
77 Natur og Miljø	92	92	91,1	0,9	0,9	0,00979
80-87 Anlægsområdet	370	334	366,4	-32,4	32,4	0,08846
89 Anlægs- og boligudlån	198	206	196,1	9,9	9,9	0,05059
allocated expenditure	7443,93	7371,8	7.371,8	0,0	167,9	
contingency	36					
total expenditure	7.480	7.372				
overall (PI-1) variance						1,4%
composition (PI-2) variance						2,3%
contingency share of budget						0,0%

Table 4**Data for year = 2020**

administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
01 Inatsisartuts Formandskab	97	89	96,0	-7,0	7,0	0,07319
10 Formanden for Naalakkersuisut	90	98	89,1	8,9	8,9	0,09991
12 Grønlands Repræsentation	14	14	13,9	0,1	0,1	0,01012
20 Departementet for Finanser	1.725	1.720	1.707,7	12,3	12,3	0,00719
24 Skattestyrelsen	84	82	83,2	-1,2	1,2	0,01393
27 Departementet for Udenrigsanliggen.	29	29	28,7	0,3	0,3	0,01012
30 Departementet for Sociale Anliggen..	839	837	830,6	6,4	6,4	0,00771
34 Departementet for Sundhed	1.543	1.853	1.527,5	325,5	325,5	0,21306
40 Departementet for Uddannelse,	1.013	975	1.003,0	-27,7	27,7	0,02762
50 Departementet for Fiskeri og Fangst	31	30	30,8	-0,6	0,6	0,0206

51 Fiskeri, Fangst og ESU	79	81	78,2	2,8	2,8	0,03569
62 Styrelse under Dep. for Erhverv,	9	9	8,9	0,1	0,1	0,01012
64 Departementet for Erhverv, Arbejdsm.,	593	404	587,1	-183,1	183,1	0,31182
66 Råstofstyrelsen	5	5	4,9	0,1	0,1	0,01012
67 Departementet for Råstoffer	26	26	25,7	0,3	0,3	0,01012
70 Departementet for Boliger & Infrastruktur	15	14	14,8	-0,8	0,84972	0,05722
72 Boliger	254	249	251,5	-2,5	2,45526	0,00976
73 Departementet for Natur og Miljø	26	24	25,7	-1,7	1,73951	0,06758
77 Natur og Miljø	90	90	89,1	0,9	0,90168	0,01012
80-87 Anlægsområdet	486	361	481,1	-120,1	120,1	0,24968
89 Anlægs- og boligudlån	19	6	18,8	-12,8	12,8	0,68101
allocated expenditure	7067,31	6.996,5	6.996,5	0,0	715,1	
contingency	8					
total expenditure	7075,31	6.996,5				
overall (PI-1) variance						1,1%
composition (PI-2) variance						10,2%
contingency share of budget						0,0%

Table 5 - Results Matrix

year	for PI-1 total exp. deviation	for PI-2 (i) composition variance	for PI-2 (ii) contingency share
2018	2,3%	2,4%	
2019	1,4%	2,3%	0,0%
2020	1,1%	10,2%	

Score for indicator PI-1:

Score for indicator PI-2 (i)

Score for indicator PI-2 (ii)

Overall Score for indicator PI-2

D+

NB: Donor funds (excluded above)	Budget	Actual
2018 Education support EU (§ 20 05 44)	226.120	226.487
2018 Fishery support EU (§ 50 01 17)	21.865	21.784
2018 Total EU	247.985	248.271
2019 Education support EU (§ 20 05 44)	214.209	217.399
2019 Fishery support EU (§ 50 01 17)	21.865	21.850
2019 Total EU	236.074	239.249
2020 Education support EU (§ 20 05 44)	233.830	245.688
2020 Fishery support EU (§ 50 01 17)	21.865	21.812
2020 Total EU	255.695	267.500

Revenue under § 20 and § 50 AND
expenditure under § 40 and § 50
respectively, see adjustment with green in
2018, 2019 and 2020 above