

BY-LAW ON THE PREPARATION OF ACCOUNTABILITY REPORTS OF PUBLIC ADMINISTRATIONS

SECTION ONE Purpose, Scope, Legal Grounds and Definitions

Purpose and Scope

Article 1- This By-law has been prepared so as to define the preparation of accountability reports which shall be issued by public administrations within the scope of general budget, special budget administrations, social security institutions and local administrations, the submission of these reports to relevant administrations, announcement of these reports to the public, the durations related to these transactions and other principles and procedures.

Legal grounds

Article 2- This By-law is prepared pursuant to Article 41 of Public Financial Management and Control Law No 5018.

Definitions

Article 3- The following terms included in this By-law are defined as follows;

- a) **Ministry:** Ministry of Finance,
- b) **Accountability report:** refers to unit and administration accountability reports, general accountability report and local administrations general accountability report,
- c) **Public administrations within the scope of general government:** refers to public administrations mentioned in the Chart (I) annexed to the Law,
- d) **Spending unit:** refers to the unit for which appropriation is allocated within the budget of the public administration, and which is authorized to spend,
- e) **Law:** refers to Public Financial Management and Control Law No. 5018,
- f) **Local administrations:** refer to municipalities, special provincial administrations and to associations and administrations related to or established by them, or where they are a member which perform public activities with authorities limited to specific geographic regions and services
- g) **Fiscal year:** Calendar year
- h) **Public administrations within the scope of central government:** refer to public administrations in charts I, II and III of this Law

i) Special budget administrations: refer to public administrations in chart (II) of this Law

j) Performance based budgeting guide: refers to the Guide prepared by the Ministry in accordance with the Article 9 of the Law and which defines procedures, principles and standards regarding performance based budgeting,

k) Performance indicator: refers to the indicators used in order to measure, monitor and evaluate results of the activities carried out by public administrations to reach their performance objectives,

l) Performance objective: administrations' objectives that indicate the level of performance the administrations aim to realize in one fiscal year to reach their strategic objectives,

m) Performance program: refers to the program which includes the activities of an administration which shall be carried out within one fiscal year according to its strategic plan, the resource needs on the level of activities and projects, performance objectives and indicators and which constitutes the basis for the preparation of the administration budget and accountability reports,

n) Social security institutions: refer to public institutions defined in chart IV of this Law,

o) Strategic plan: refers to the plan which includes medium and long term goals, basic principles and policies, objectives and priorities and performance indicators of public administrations, as well as the methods and the resource distribution to achieve these,

p) Head of public administration: In the Ministry of National Defense the Minister, in the ministries the undersecretary, in other public administrations the highest administrator, in special provincial administrations the governor and in municipalities the mayor,

r) By-law: This By-law.

SECTION TWO

Reporting Principles

Principle of responsibility

Article 4- Accountability reports shall be prepared in a way to ensure fiscal transparency and accountability.

Principle of accuracy and impartiality

Article 5- Accountability reports shall include accurate, reliable, unbiased and impartial information.

Principle of clarity

Article 6- Accountability reports shall be prepared in a clear and understandable way to ensure that relevant parties and the public are provided with necessary information, the

expressions shall be written in simple language; when technical terms and abbreviations are used, these shall be clearly defined.

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Principle of full explanation

Article 7- The information included in accountability reports shall be complete, results of the activities shall be explained in all aspects.

Issues which are irrelevant to the activities of the administration shall not be included in the accountability reports.

Principle of consistency

Article 8- Same methods shall be used in the presentation and evaluation of activity results. In case of changes in methods, the changes shall be explained in the report.

Accountability reports shall be prepared in way to allow year-to-year comparison.

Principle of annual basis

Article 9- Accountability reports shall be prepared to present the activity results of one fiscal year.

SECTION THREE

Preparation of the Accountability Reports, Submission of them to the Concerned Administrations and the Durations relating to these Transactions

Unit accountability report

Article 10- Authorizing officers in public administrations within the scope of general budget, special budget administrations, social security institutions and local administrations to whom appropriations are allocated in the budget, shall prepare their unit accountability reports.

Unit accountability reports on the concerned fiscal year of public administrations within the scope of general budget, special budget agencies and social security institutions shall be submitted by the authorizing officers to the head of public administration no later than the end of March of subsequent year.

Unit accountability reports to be prepared by authorizing officers in local administrations shall be submitted to the head of public administration, latest by the end of February in the subsequent fiscal year.

The head of public administration, with an aim to monitor the activities and performance of the spending units, may request unit accountability reports covering three or six months.

Authorizing officers who prepare unit accountability reports, are accountable to the head of public administration for the contents and accuracy of the information included in the report.

Administration accountability report

Article 11- Based on the unit accountability reports, the head of public administration shall prepare the administration accountability report, which present the activity results of the administration.

Administration accountability reports on the concerned fiscal year of public administrations within the scope of general budget, special budget agencies and social security institutions shall be publicized by head of public administrations latest by the end of April in the subsequent fiscal year. A copy of those reports shall be submitted within the same period of time to the Turkish Court of Accounts and the Ministry.

Out of the administration accountability reports prepared by local administrations; accountability reports of special provincial administrations shall be submitted by the Governor or General Secretary to provincial council in March meeting, accountability reports of the municipalities shall be submitted by the Mayor to the city council in April meeting, accountability reports of local administration unions shall be submitted by the head of union to the union council in April.

Accountability reports of provincial administrations until the end of March, whereas accountability reports of the municipalities and local administration unions shall be publicized until the end of April by their head of administrations. A copy of these reports shall be submitted to the Turkish Court of Accounts and the Ministry of Interior within the same period of time.

In the preparation and submittal of accountability reports the durations provided to the municipalities shall be abided by.

In the event that Turkish Court of Accounts, Ministry of Finance or Ministry of the Interior request, accountability reports shall also be submitted to these institutions on electronic environment.

Heads of public administrations are accountable to the concerned Minister for the contents and the accuracy of the information included in the administration accountability reports; and in the local administrations, they are accountable to their councils.

General accountability report on local administrations

Article 12- The Ministry of Interior shall prepare a general accountability report on local administrations, based on the administration accountability reports of the local administrations.

General accountability report on local administrations shall be publicized by the Ministry of the Interior latest by the fifteenth of June in the subsequent fiscal year. A copy of

the local administrations general accountability report shall be sent to the Turkish Court of Accounts and the Ministry within the same period.

Scope of the general accountability report on local administrations

Article 13- In order to present the general condition of the local administrations, the general accountability report on local administrations shall include the following:

a) Information and evaluations relating to the revenue and expenditure objectives and realizations of the local administration budgets,

b) Information and evaluations relating to the domestic and foreign debts of the local administrations, organizations and enterprises which are affiliated to the local administrations and municipality partnerships,

c) Information and evaluations relating to the human and physical resources of local administrations,

d) Information and evaluations relating to all kinds of grants from the local administration budgets and social service expenditures,

e) General evaluations on strategic planning and performance based budgeting implementations of local administrations,

f) Information and evaluations about the internal audit results relating to the local administrations,

g) Brief information about the auditing and supervision activities carried out by the Ministry of Interior relating to the local administrations,

h) Information relating to the investments made by the local administrations during the year and the commitments carried over to subsequent years,

i) Other information deemed necessary by the Ministry and the Ministry of Interior.

General accountability report

Article 14- General accountability report shall be prepared by the Ministry and include the activity results of the administrations within the scope of the central government and the social security institutions in a fiscal year.

General accountability report is publicized by the Ministry, by the end of June in the subsequent fiscal year and submitted to the Turkish Court of Accounts within the due period.

Scope of the general accountability report

Article15- The general accountability report shall include the following:

a) Central government budget revenue and expenditure objectives, their realizations and reasons of deviations,

b) Developments in debt stock and other information on borrowing within the scope of public debt management report,

c) Charts displaying the status of assets and liabilities at the end of the year, and information thereon,

d) Charts displaying appropriation transfers and other appropriation transactions,

e) Activities performed by the Ministry with regard to the implementation of the budget,

f) General evaluations on the activities performed by the administrations pursuant to their strategic plans and performance programs,

g) Evaluations relating to the financial structures of the local administrations,

h) Evaluations relating to the activities of associations, foundations, unions, institutions, organizations, funds and similar entities that are subsidized from the budget,

i) Other information deemed necessary by the Ministry.

Submission of the accountability reports to the Turkish Grand National Assembly

Article 16- Except for the accountability reports of local administrations, the administration accountability reports, the general accountability report on local administrations and the general accountability report shall be submitted to the Turkish Grand National Assembly by the Turkish Court of Accounts taking into account the results of external audit, together with general conformity statement.

Priority is given to the deliberation of these reports submitted to the Turkish Grand National Assembly and general conformity statement.

Deliberation of the accountability reports by the Turkish Grand National Assembly

Article 17- Within the framework of the reports and evaluations submitted by the Turkish Court of Accounts, the public administrations' managerial accountability with regard to the acquisition and utilization of public resources are deliberated by the Turkish Grand National Assembly. It is compulsory for the head of public administration or deputy to be appointed by the head of public administrations to join these deliberations together with the related minister.

Administration accountability reports of the administrations within the scope of central government and social security institutions, general accountability report, external audit general evaluation report, final account draft law and central government draft budget law shall be deliberated together.

SECTION FOUR

Issues to be covered in the accountability reports of the units and administrations

Scope of the accountability reports of the units and administrations

Article 18- Unit and administration accountability reports compose of these chapters:

a) General information: This chapter includes brief information on the mission, vision, organizational structure and legislation of the administration; services provided; information on its human and physical resources; findings and evaluations in internal and external audit reports.

b) Goals and objectives: This chapter includes strategic goals and objectives of the administration, related year's priorities, basic principles and policies followed.

c) Information and evaluations on activities: This chapter includes detailed information on financial and performance information.

1) Under the title of financial information; utilized resources, budget objectives and realizations and the reasons of deviations that occurred, information on assets and liabilities, activities of unions, institutions and organizations which were provided with grants by the administration; key financial statements and explanations thereon shall be included. In addition to this, summary information on the results of internal and external audit shall also be included.

2) Under the title of performance information; activities and projects performed in accordance with the strategic plan and performance program of the administration, realization of performance objectives and indicators stated in the performance program, reasons behind the deviations that occurred, other performance information and evaluations thereon shall be included.

d) Evaluation of institutional capability and capacity: In this chapter an internal assessment of the current situation of the administration in terms of institutional structure, organizational skill, technological capacity during the process of reaching medium and long term objectives shall be made and strong and weak points of the administration shall be included.

e) Recommendations and Measures: Taking into consideration the annual activity results, general economic conditions, budget limitations and expectations; this chapter includes the recommendations for amendments that the administration plans to realize in its activities in the future, changes that might be seen in terms of the administration's objectives, possible risks and the measures that should be taken against these risks.

Form of unit and administration accountability reports

Article 19- Unit and administration accountability reports shall be prepared in accordance with the format presented in Annex-1. Unit accountability reports shall only include information on spending units.

Presentation text of the concerned Minister and head of public administration is included in the administration accountability reports whereas in unit accountability reports, unit administrator's presentation text shall be included.

Administration accountability reports shall include "Internal Control Assurance Declaration" signed by head of administration and "Declaration of Financial Services Unit Administrator" signed by head of financial services unit whose samples are available in Annex 2 and Annex 4, whereas unit accountability reports shall include "Internal Control Assurance Declaration" which is signed by authorizing officer and the sample thereof is available in Annex 3.

In order to ensure unity of implementation in public administration and facilitate the preparation of administration accountability reports through consolidating the reports of the units; other issues required to be included in these reports and annexes thereof shall be determined in the performance based budgeting guide which will be prepared by the Ministry.

SECTION FIVE

Miscellaneous and Other Provisions

Announcement of the reports to public

Article 20- In accordance with the durations stated in the relevant articles of the By-law, general accountability report, general accountability report on local administrations and administration accountability reports shall be announced publicly by means of a press release and furthermore be published on the website of the concerned administration. Administrations with no websites shall take the necessary measures for ensuring the availability of their accountability reports to the public.

Confidential information

Article 21- Accountability reports shall not include information that requires confidentiality such as those related to national security, defense and intelligence services; those having the nature of state secret or commercial secret and those to be kept confidential in terms of economic interests of the country.

Elimination of the uncertainties

Article 22- The Ministry is authorized to eliminate the uncertainties, which might arise during the implementation of this By-law, and to make the necessary arrangements.

First accountability report

PROVISIONAL ARTICLE 1- In accordance with the procedures and principles set forth in this By-law, public administrations shall prepare their first accountability reports for 2006 fiscal year.

Performance information

PROVISIONAL ARTICLE 2- Until the preparation year of first performance programs of public administrations, public administrations accountability reports performance information chapter shall only include information on activities and projects.

Enforcement

Article 23 – This By-law shall enter into force on its publication date to be valid as of 1/1/2006.

Execution

Article 24 – The provisions of this By-law shall be executed by the Minister of Finance.

Annex 1- Form of unit and administration accountability reports

..... (year)
..... (name of the administration)ACCOUNTABILITY REPORT

PRESENTATION OF THE MINISTER¹ PRESENTATION OF THE HEAD OF ADMINISTRATION CONTENTS

I- GENERAL INFORMATION

- A- Mission and Vision²
- B- Authorities, Duties and Responsibilities
- C- Information on the Administration
 - 1- Physical Structure
 - 2- Organizational Structure
 - 3- Information and Technological Resources
 - 4- Human Resources
 - 5- Services
 - 6- Management and Internal Control System
- D- Other Issues

II- GOALS AND OBJECTIVES

- A- Goals and Objectives of the Administration
- B- Basic Policies and Priorities
- C- Other Issues

III- INFORMATION AND EVALUATIONS ON ACTIVITIES

- A- Financial Information
 - 1- Budget Implementation Results
 - 2- Explanations Pertaining to Key Financial Statements
 - 3- Financial Audit Results
 - 4- Other Issues
- B- Performance Information
 - 1- Information on Activities and Projects
 - 2- Performance Results Table
 - 3- Evaluation of Performance Results
 - 4- Evaluation of Performance Information System
 - 5- Other Issues

IV- EVALUATION OF INSTITUTIONAL CAPABILITY AND CAPACITY

- A- Strengths
- B- Weaknesses
- C- Evaluation

V- RECOMMENDATIONS AND MEASURES

ANNEXES

¹ "Presentation of The Minister" shall only be included in the accountability reports of public administrations within the scope of central government and social security institutions.

² "Mission and Vision" sub chapter shall be included in the accountability reports of the public administrations following the preparation year of their first strategic plans.

Annex 2- Internal Control Assurance Declaration signed by head of administration

INTERNAL CONTROL ASSURANCE DECLARATION³

As the head of the administration, within my field of competence;

I hereby affirm that the information included in this report is reliable, complete and accurate.

I declare that resources allocated with the budget for the activities explained in this report have been utilized in line with the purposes set forth and in accordance with sound financial management principles and that the internal control system provides the sufficient assurance of the transactions in terms of the legality and regularity.

This declaration of assurance is based on my information and evaluations as the head of the administration and on issues such as internal controls, internal auditor reports and Turkish Court of Accounts reports.⁴

I declare that I have no information on any issue which has not been reported here and which is against the interests of the administration.⁵ (Location-Date)

Signature
Name-Surname
Title

³ Internal control assurance declaration signed by head of administration shall be enclosed to administration accountability report.

⁴ In the event that the head of administration changes during the year, the expression of “information that I have received from my predecessor/predecessors” shall be included.

⁵ In the event that head of administration has any concerns, the said concerns shall be added to the declaration in the form of a list, and the declaration shall be taken into consideration together with these concerns.

Ek-3: Internal Control Assurance Declaration signed by authorizing officer

INTERNAL CONTROL ASSURANCE DECLARATION ⁶

As the authorizing officer, within my field of competence;

I hereby affirm that the information included in this report is reliable, complete and accurate.

I declare that resources allocated with the administration budget to the spending unit for the activities explained in this report have been utilized in an effective, economic and efficient manner, and within my field of duty and competence, internal control system provides the sufficient assurance in terms of administrative and fiscal decisions and the legality and regularity of the transactions relating to these and that the process control is effectively implemented in the spending unit.

This declaration of assurance is based on my own information and evaluations as the authorizing officer and on issues such as internal controls, internal auditor reports and Turkish Court of Accounts reports.⁷

I declare that I have no information on any issue which has not been reported here and which is against the interests of the administration.⁸ (Location-Date)

Signature
Name-Surname
Title

⁶ Internal control assurance declaration signed by authorizing officers shall be enclosed to unit accountability report.

⁷ In the event that authorizing officer changes during the year, the expression of “ information that I have received from my predecessor/predecessors” shall be included.

⁸ In the event that authorizing officer has any concerns, the said concerns shall be added to the declaration in the form of a list, and the declaration shall be taken into consideration together with these concerns.

Ek-4: Financial Services Unit Administrator Declaration

FINANCIAL SERVICES UNIT ADMINISTRATOR DECLARATION

As the financial services unit administrator⁹, within my field of competence;

I declare that the activities performed in this administration are in compliance with financial management and control legislation and other legislation, internal control processes are operated and monitored in order to ensure effective, economic and efficient utilization of public resources and that my opinion and recommendations in terms of taking the necessary measures are reported in due time to the head of the administration.

I confirm that the information included in the section III/A-Financial Information of the Accountability Report (year) is reliable, complete and accurate. (Location-Date)

Signature
Name-Surname
Title

⁹ In Strategy Development Presidencies the President, strategy development departments the head of department, directorates where strategy development and financial services are rendered the director, other administrations the financial services unit manager shall be the financial services unit administrator.