

## **MANAGEMENT SUMMARY OF THE AUDIT OF THE CZECH STATISTICAL OFFICE STATISTICS METHODOLOGY**

**Audited subject:** Household Budget Statistics

**Audited department:** Household Surveys Department

**Audit took place:** February 2013 – August 2013

### **AUDIT TEAM MEMBERS:**

Jakub Fischer (University of Economics, Prague) – team leader

Stanislava Hronová (University of Economics, Prague)

Alena Kaščáková (Faculty of Economics, Matel Bel University in Banská Bystrica)

Jaroslav Sixta (Czech Statistical Office, National Accounts Department)

Jan Zeman (University of Economics, Prague)

### **MAIN AUDIT CONCLUSIONS:**

Based on the audit of the methodology, the audit team stated the following:

- 1) The household budget statistics represents a valuable data source both to external and internal users of statistics. The accent on information on living standard of various social groups in regions of the Czech Republic is considered to be insufficient and not reflecting the current needs of the users because of demand for reliable estimates at the level of regions (NUTS-3). On the contrary, the emphasis on frequency and level of detail of information required from respondents may seem redundant.
- 2) The household budget statistics has been currently delivering objectives as follows:
  - a. provide information on a detailed structure of expenditure ;
  - b. provide information for making of assessment of a short-term development (quarterly processing);
  - c. provide information on economy of social groups of households; and
  - d. provide information on economy of households in regions.
- 3) It is questionable if one type of survey, moreover a relatively expensive one and thus limited due the budget, may cover so multiple objectives at once. In addition, it may not be overlooked that the Czech Republic is the only one of the countries compared, which has been selecting reporting units on the basis of an (intentional) quota sample.

### **MAIN AUDIT RECOMMENDATIONS:**

Based on the audit of the methodology, the audit team stated the following:

- 1) Measures proposed in the conclusions of the audit of the methodology of the household budget survey [the previous audit of the methodology of the HBS in 2005] have been implemented at large; issues have been pertaining in the field of information value of both national and regional estimates and furthermore in the field of communication with the users. The household budget statistics provided by the Czech Statistical Office has been carried out fully compliant with recommendations of Eurostat.
- 2) The audit team deems the impossibility to deliver all its particular objectives simultaneously the most important issue in the current form of the household budget statistics. The team considers suitable arranging for a workshop of external and internal users and other experts and starting this way a discussion on priorities of the household budget statistics. The audit team thinks the priority should be given to an increased regional representativeness of data the best way reliable estimates broken down by social group of households and by region could be built.
- 3) The audit team proposes to expand the use of the balance principle, to pay more attention to the relation of income and expenditure of respective social groups of households and this way make the data basis of higher quality in terms of the analysis of living standard of respective social groups of households. Within this framework, the audit team proposes the HBS is more interconnected with the SILC, towards, at least, elementary verification of differences in between income and expenditure of households, or to a better verification and calibration of results, as the case may be.

- 4) Following the conclusion under point 2, the audit team recommends to reduce the scope of data surveyed at monthly and quarterly periodicity, respectively (that means to survey the data at a higher level of aggregation), and, conversely, to introduce a detailed survey at the periodicity of 3–5 years, as in it is in the majority of the countries compared. Similarly, there is a potential to increase the number of respondents at the same time with a substantial reduction of burden on these respondents (this would open the option to reduce their rewards). The audit team thinks that in the case of a substantial reduction of the level of detail of the survey, households would become more willing to participate in the survey.
- 5) Following the practice in the countries compared the audit team proposes to reverify the potential of introduction of random sampling of reporting units, of course, after a discussion and potential implementation of other measures proposed, inter alia, for the purpose of the possibility to trace accuracy and reliability of the estimates built.
- 6) The audit team recommends making a business trip of crucial employees of the audited department to some of the countries, which may bring inspiration for potential improvements in the household budget statistics in the Czech Republic.

### **RESPONSE OF THE AUDITED DEPARTMENT:**

Based on the audit conclusions the Task Force for the Household Budget Statistics Reform (TF HBSR) was established, which, based on results of the audit of the methodology in 2013 prepared a proposal of the HBS reform with three alternative capacities by the target sample size in the period January – September 2015. On 18 November 2015 the Collegium of the President of the Czech Statistical Office approved the alternative of the HBS reform with procedures as follows:

- a. integrating into the SILC;
- b. maintaining the annual survey with the permanent network of experienced interviewers;
- c. shortening the reference period of filling logs by households (for testing in the pilot run: two times for four weeks);
- d. a new simplified log (chronological recording, PAPI, potentially an electronic log);
- e. updating data from the SILC at the starting interview (CAPI) and thus a substantial shortening of the introductory interview in the household,
- f. maintaining the financial reward to respondents because of the demanding survey; and
- g. consolidating the CZSO network of interviewers (based on the current system of the CZSO network of interviewers, development of a stable network of universal interviewers and their involvement into the HBS, and, on the contrary, reduced hiring of external interviewers).

In 2016 the pilot run of the new HBS model shall be carried out and then, following its verification, the survey shall be launched applying the new HBS model since 2017 with a gradual run-up to the target sample size to reach in 2019.