



PFM

REPORTING FRAMEWORK

The Public Financial Management Reporting Framework

Empowering SAIs to make a meaningful contribution towards the Sustainable Development Goals



Implemented by:
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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Gentellela Aljal



Welcome, Anthony Malayo

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- UI Elements
- Data Presentation
- UI Elements
- Data Presentation
- Using Data

Total Users
2500
+6% From last Week

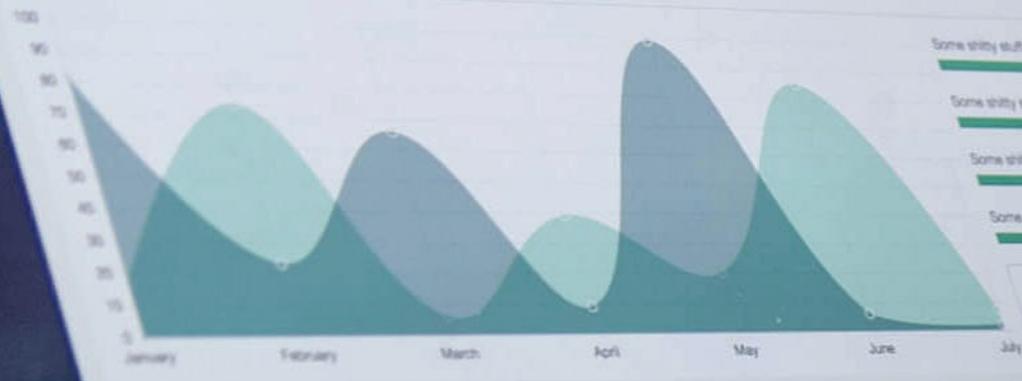
Average Time
1.51 Sec
-3% From last Week

Total Males
2,500
+34% From last Week

Total Females
4,567
-12% From last Week

Total Collections
2,315
+34% From last Week

Network Activities User Signup Converted Sales Profit Made



Daily active users
Sessions

Daily active users
Sessions

App Usage across versions



Top 5 Disbursement Progress



TABLE OF ABBREVIATIONS

AFROSAI-E	African Organisation of English-speaking Supreme Audit institutions
CSO	Civil Society Organisation
CV	Curriculum Vitae, resume
DP	Development Partner
DRP	Disaster Recovery Procedure
FDI	Foreign Direct Investment
FMIS	Financial Management Information Systems
GDP	Gross domestic product
GFG	Good Financial Governance
GFS	Government Finance Statistics
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Cooperation)
HR	Human Resources
ICS	Internal control systems
IFMIS	Integrated Financial Management Information System
IGF	Internally generated funds
IIA	Internal Audit Agency
INCOSAI	International Congress of Supreme Audit Institutions
INTOSAI	International Organization of Supreme Audit Institutions
IT	Information Technology
MDA	Ministries, departments and agencies
MoF	Ministry of Finance
MP	Member of Parliament
MTBF	Medium-Term Budgetary Framework
MTEF	Medium-term expenditure Framework
MTFF	medium-term fiscal framework
NDP	National Development Plan
OBI	Open Budget Index
PAYE	Pay As You Earn
PEFA	Public Expenditure and Financial Accountability Framework
PFM	Public Financial Management
PIP	Public Investment Plan
RA	Revenue Authority
SAI	Supreme Audit Institution
SDG	Sustainable Development Goal
SNA	System of National Accounts
SOE	State-owned enterprise
TIN	Taxpayer Identification Number
TV	Television
VAT	Value Added Tax
WB	World Bank

THE PUBLIC FINANCIAL MANAGEMENT REPORTING FRAMEWORK

Empowering SAIs to make a meaningful contribution towards the Sustainable Development Goals

Background

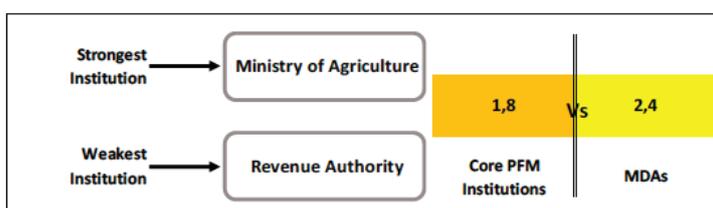
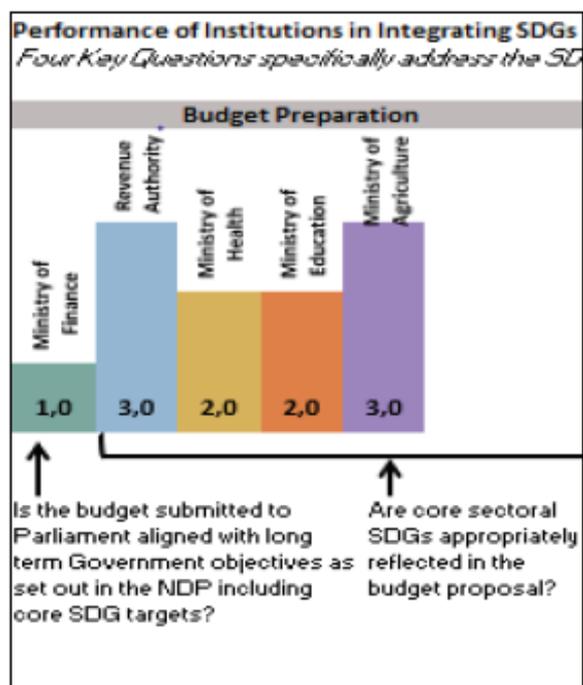
At the INCOSAI In Abu Dhabi in 2016, INTOSAI members committed to make a meaningful contribution to the Sustainable Development Goals (SDGs). One of the ways of doing this is to rethink the way public financial management is audited and reported upon. Sound public financial management (PFM), as a catalyst for government performance, is crucial for achieving the SDGs. Functioning PFM systems ensure government finances are sustainable, allow for budgets to reflect political priorities and ensure efficient service delivery.

Against this backdrop, AFROSAI-E and GIZ joined forces and developed a new tool that allows Supreme Audit Institutions (SAIs) to report holistically on public financial management risks. Currently, SAIs do not assess PFM risks in a systematic manner. Although SAIs make important observations at the level of individual entities, there is an absence of assessment focusing on the overall functioning of the system, and the linkages between functioning PFM systems and achievement of SDGs is not articulated. The fact that PFM processes build on each other, are interrelated and often involve several entities is not sufficiently considered, and recommendations often address symptoms rather than underlying causes.



What is the PFM reporting framework?

The PFM reporting framework is an excel-based tool which allows auditors to assess the performance of public financial management processes along the whole budget cycle. It is inspired by existing assessment frameworks like Public Expenditure and Financial Accountability, while catering for the specificities of the work of SAIs. The assessment covers core PFM policy making institutions such as the Ministry of Finance, Parliament and Revenue Authority, as well as important sector ministries and departments. These spending ministries are selected based on their potential contribution to the achievement of the SDGs and typically include the Ministries of Health and Education. The PFM reporting framework considers the different roles of the entities involved in public financial management and allows auditors to assess the PFM performance of each of them. For each assessment question the auditor selects a level of performance which is then graded and automatically converted into a dashboard graphically presenting the results of the assessment:



- Identifying key PFM risk areas:** The PFM reporting framework looks at the whole budget cycle and strives at detecting the main PFM risk areas. This ensures parliament and government can focus their reform efforts on the main identified weaknesses. It also helps the SAI to select priority issues for more in-depth audits. Identified risk areas can be the starting point for the planning of compliance, performance or forensic audits.
- Comparing entity performance:** The performance assessments are entity-specific: auditors grade the level of functionality of each process in each entity. This allows comparing results between entities. When stark differences are noted auditors can make recommendations regarding potential best practices based on the experience of better performing entities.
- Understanding root causes:** For each finding, auditors are encouraged to undertake a root cause analysis. This ensures that recommendations emanating from the assessments address the underlying systemic causes of under performance.
- Understanding PFM trends:** If the assessment is conducted on an annual basis, it will be possible to monitor changes and to see whether the PFM performance of the assessed entities is improving, and whether previous years' recommendations have been implemented.
- Simplicity for users:** Most information needed to complete the excel table is already available through existing audit procedures. After using the tool for the first time, auditors will quickly identify which information is missing, and be encouraged to collect the missing information during their future audits.
- Clear reporting to stakeholders:** On the reporting side, results on public financial management are not well communicated and rarely spur debates in Parliament. In many countries, the recommendations are not implemented. The PFM reporting framework is not about lengthy technical notes. It directly translates the results of the tool into a dashboard and ensures stakeholders can immediately grasp the PFM performance of each entity. This summarized information is easier to digest and more likely to encourage discussion. Progress over time can easily be monitored by external stakeholders.

PFM REPORTING FRAMEWORK HANDBOOK

ASSESSMENT QUESTIONS

1. PFM PROCESS MACROECONOMIC POLICY, FISCAL POLICY AND STRATEGIC BUDGETING

1.1 PFM sub-process macroeconomic policy, fiscal policy and strategic budgeting

1.1.1 PFM Output: Macro-fiscal forecasting and analysis was accurate, well-coordinated and integrated with MTEF

Question MoF-1: Were the prior year's macro-fiscal forecasts accurate?													
Key terms:	The term macro-fiscal forecasts refers to the forecasting of fundamental economic data, e.g. GDP growth, inflation rates, interest rates, (un)employment, consumption data, investment data, etc. MTEF stands for Medium-Term Expenditure Framework; the concept is explained more thoroughly in question MoF-12.												
Purpose of question:	Macroeconomic forecasts produce crucial data that are utilized for the preparation of the national budget. GDP growth, inflation, unemployment and consumption for instance have direct impact on domestic revenue mobilization. Inflation might impact the costs of the public service payroll. And an increase of interest rates increases the costs of debt service. By forecasting higher than realistic growth rates and / or revenues, Governments can make higher expenses appear to be sustainable. This is often done in order to avoid hard budgetary choices. By forecasting lower than realistic growth rates or revenues, Government can create a not planned for revenue surplus which increases their discretion. Both tactics lower budget credibility.												
Sources of information:	National statistical service, ministries of finance, e.g. budget estimates, economic statistics/data.												
Grading:	<table border="1"> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No published or own current forecast of key fiscal and macroeconomic indicators for previous year available</td> </tr> <tr> <td>1</td> <td>Significant variation between forecasts of key fiscal and macroeconomic indicators and outcomes</td> </tr> <tr> <td>2</td> <td>Robust macro-fiscal analysis broadly forecasting revenue, expenditure and budget balance for prior year</td> </tr> <tr> <td>3</td> <td>Robust and published macro-fiscal analysis accurately forecasting revenue, expenditure and budget balance for prior year</td> </tr> <tr> <td>4</td> <td>Robust and published macro-fiscal analysis forecasting accurately revenues, expenditures and budget balance for prior 3 years</td> </tr> </table>	No Grade	<i>No information</i>	0	No published or own current forecast of key fiscal and macroeconomic indicators for previous year available	1	Significant variation between forecasts of key fiscal and macroeconomic indicators and outcomes	2	Robust macro-fiscal analysis broadly forecasting revenue, expenditure and budget balance for prior year	3	Robust and published macro-fiscal analysis accurately forecasting revenue, expenditure and budget balance for prior year	4	Robust and published macro-fiscal analysis forecasting accurately revenues, expenditures and budget balance for prior 3 years
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Question MoF-2: Is an adequately designed and implemented process in place for coordinating macroeconomic and fiscal forecasts?		
Key terms:	Macro forecasts: see MoF-1. Fiscal forecasts: refer to all projections on fundamental fiscal data. These include: public revenues, tax-to-GDP ratios, spending needs, fiscal deficits, primary surpluses, debt ratios etc. Fiscal data are a crucial source of information in the budget preparation process.	
Purpose of question:	Macroeconomic forecasts are a crucial input variable for fiscal forecasting. To enhance the quality of fiscal forecasts beside adequate forecasting models, reliable macro data and a regular and strong coordination between the different involved stakeholders is necessary. This includes coordination between the responsible divisions/units within MoFs, RAs, Statistical Services, Ministries of Economic Planning, and Ministries of Economic Affairs.	
Sources of information:	National Statistical Service, Ministry of Finance or Planning (Research/Forecasting Divisions; Marco/Fiscal Affairs) – Interviews.	
Grading:	No Grade	<i>No information</i>
	0	No published or own current forecast of key fiscal and macroeconomic indicators for previous year available
	1	Significant variation between forecasts of key fiscal and macroeconomic indicators and outcomes
	2	Robust macro-fiscal analysis broadly forecasting revenue, expenditure and budget balance for prior year
	3	Robust and published macro-fiscal analysis accurately forecasting revenue, expenditure and budget balance for prior year
	4	Robust and published macro-fiscal analysis forecasting accurately revenues, expenditures and budget balance for prior 3 years

Question MoF-3: Did the previous year's fiscal policy outcomes correspond with the stated medium-term fiscal policy and/or MTEF?		
Key terms:	Medium-term fiscal policy / MTEF: normally sets out three-five year rolling fiscal targets for specific fiscal indicators and macro forecasts.	
Purpose of question:	Larger discrepancies between actual fiscal outcomes and previous forecast in the absence of economic/fiscal shocks can indicate either improper forecasting models or lack of quality data. In case MTEFs do not provide precise forecasts, or their stated policy outcomes are ignored during either preparation or implementation of the annual budget, their application as a planning tool can be questioned. This is an impediment for the planning of medium- and long-term government programmes and their funding through the budget.	
Sources of information:	MTEF, budget (estimates), annual reports	
Grading:	No Grade	<i>No information</i>
	0	Statistics on fiscal policy outcomes contradictory; no uniform data
	1	Fiscal policy outcomes - deficit to GDP or debt to GDP ratio - missed by high percentage; overspending and/ or under collection of revenues
	2	Fiscal policy outcomes - deficit to GDP or debt to GDP ratio - missed by medium to low percentage; overspending and/ or under collection of revenues

	3	Fiscal policy outcomes - deficit to GDP or debt to GDP ratio - achieved; MTEF foresees fiscal consolidation
	4	Fiscal policy outcomes - deficit to GDP or debt to GDP ratio - achieved or slightly overachieved; MTEF foresees sustainable path including mobilisation of domestic resources

1.1.2 PFM Output: Fiscal Governance mechanisms are functioning to mitigate risks

Question MoF-4-SDG: Have SDGs been domesticated, and responsibilities allocated?													
Key terms:	<p>Ratified refers to countries officially agreeing and accepting with a signed commitment to work towards Agenda 2030, Sustainable Development Goals (SDGs).</p> <p>Domestication or Mainstreaming of the SDGs refers to the incorporation and alignment of the Sustainable Development Goals, targets and indicators into the National Development Plans (NDP), national strategies, budgets, and data systems and tailored to suite the context of the country.</p>												
Purpose of question:	The 2030 Agenda, often referred to as the SDGs consists of altogether 17 Goals, 169 Targets and 232 Indicators. With regards to the targets, they are defined as aspirational and global, with each government having to set its own national targets guided by the global level of ambition but also considering national circumstances. Governments are expected to take ownership and create national frameworks for the achievement of the goals.												
Sources of information:	National mandate or signed commitment from highest institution of government (e.g. presidency) to implement the SDGs NDP Responsibility matrix - roles and responsibilities within Government Entities												
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Question MoF-5: Does government implement a debt management policy/strategy that aligns with their medium-term fiscal strategy including reporting to parliament?	
Key terms:	Debt Management Strategy: Effective public debt management helps to reduce fiscal vulnerabilities, contributes to macroeconomic stability, preserves debt sustainability and protects a government's reputation among investors. Effective debt management helps to assess risks and to mitigate them by utilizing a diverse range of financing sources, while trying to keep borrowing costs at low levels.

Purpose of question:	Medium-term debt management strategies and medium term fiscal strategies need to be harmonized. If the debt management strategy is not in line with the medium-term fiscal framework the figures will be inaccurate as debt management directly impacts e.g. fiscal space, macro-economic stability and economic development. Financing costs (interest payments, repayment of capital, need for issuance of new debt) may be over- or underestimated, rendering the budget proposal unrealistic and negatively impacting on its credibility. During budget execution, cash-flow management may become a problem due to unforeseen demands on government to repay debt.	
Sources of information:	Medium Term Debt Strategy, MTEF/Budget Estimates	
Grading:	No Grade	<i>No information</i>
	0	No current debt management strategy in line with legislation in place
	1	Current debt management covering major indicators (interest rates, refinancing, currency risks) in place
	2	Medium-term debt management strategy covering existing and targeted debt with target ranges for all indicators in place
	3	Full debt management strategy in place in alignment with medium term strategy; annual borrowing is aligned with debt management policy
	4	Full debt management strategy in place in alignment with medium-term strategy; annual borrowing is aligned with debt management policy and reported to Parliament

Question MoF-6: Does government undertake regular and debt sustainability analysis?

Key terms:	Debt sustainability analyses aim at assessing the current debt burden and its development in medium- and long-run. Often it looks at the maturity structure of loans, when repayments are due, the interest structure, the currency of issuance and how the debt is structured between domestic and foreign creditors.	
Purpose of question:	Regular and high quality debt sustainability analyses that are utilized to inform the financing strategy of government are important for governments to identify vulnerabilities in the debt structure or the policy framework before countries slip into financial/fiscal turmoil. This allows governments to introduce policy corrections before payment difficulties/financial distress arises, e.g. by identifying and assessing alternative debt-stabilizing policy parts. Public debt crises seldom only have fiscal effects, most often they trigger / occur simultaneously with banking and economic crises which can have devastating effects on the livelihood of citizens.	
Sources of information:	Debt Sustainability Analysis, Public Debt Reports	
Grading:	No Grade	<i>No information</i>
	0	No own debt sustainability analysis; only external debt sustainability analysis availability (IMF or others)
	1	No regular process of producing or updating debt sustainability analysis
	2	Government regular undertakes debt sustainability analysis and other macroeconomic scenario forecasts
	3	Government regular undertakes and publishes debt sustainability analysis and other macroeconomic scenario forecasts
	4	Government regular undertakes and publishes debt sustainability analysis and other macroeconomic scenario forecasts which inform its financing and borrowing strategies

Question MoF-7: Is there functioning cooperation between the finance ministry and the central bank debt management?		
Key terms:	-	
Purpose of question:	There is a strong interdependence between debt management, monetary policy and financial stability. For instance size and maturity structure of the government debt have important implications for monetary policy. Moreover, central banks are also active in sovereign bond markets. For instance they conduct open market operations and quantitative easing, which include the purchase and sale of government debt. Further they issue their own securities when acquiring foreign reserves. Hence government and central bank together directly influence the mix of short and long-term debt securities held by the public. Against this background a functioning coordination between the central bank and the ministry of finance in debt management and debt analyses is crucial to maintain a sustainable debt structure.	
Sources of information:	Debt Sustainability Analysis, Public Debt Reports, Medium Term Debt Strategy	
Grading:	No Grade	<i>No information</i>
	0	No evidence of cooperation between MoF and Central Bank on debt management
	1	Central Bank manages short- and long term debt by default (lack or outdated policy by MoF)
	2	Clear agreement in place with regard to division of responsibilities in handling and issuance of debt and guarantees and others
	3	Clear agreement in place with regard to division of responsibilities in handling and issuance of debt and guarantees and others based on MoF debt strategy
	4	Clear agreement in place with regard to division of responsibilities in handling and issuance of debt and guarantees and others and regularly monitored with regard to efficiency and economy of debt administration

Question MoF-8: Are contingent liabilities (including guarantees for SOEs and others) quantified and is a strategy in place to mitigate identified risks?		
Key terms:	Contingent liabilities are potential liabilities that only come into effect in the case of an unfavourable outcome of a certain event, or are present obligations that are not probable or not reliably measurable. Contingent liabilities are measured as the best estimate of the expenditure required to settle the obligation. Governments incur contingent liabilities for instance as guarantees for the building of infrastructure by the private sector, as guarantees for the banking sector, old age pensions, insurance and many more.	
Purpose of question:	Contingent liabilities, as any other government liability, need to be quantified such that the total amount of government debt is known at any point in time. A crisis can trigger government default on its obligations if there are no risk mitigation strategies in place.	
Sources of information:	Debt Sustainability Analysis, Public Debt Reports, Medium Term Debt Strategy	
Grading:	No Grade	<i>No information</i>
	0	No documentation on contingent liabilities available
	1	Some contingent liabilities identified in financial reporting
	2	Most contingent liabilities including for SOEs identified and quantified
	3	Regular reporting on level and growth of all contingent liabilities; risk management strategy in place
	4	Regular reporting on level and growth of all contingent liabilities and evidence of active risk management measures taken

1.1.3 PFM Output: RA contribution to key macro-fiscal forecasts is accurate, timely and evidence based

Question RA-1: Does the revenue authority provide accurate, timely and evidence-based revenue forecasts to the MoF for incorporation in their macro-fiscal analysis and policy-making?													
Key terms:	Revenue forecasts are estimations about the expected tax revenues collected by the tax administration. Normally forecasts are done for all tax types, i.e. income taxation, sales tax/ VAT, customs and excise taxation. Revenue forecasting is done for the medium-term future as input for the budget preparation and the MTEF, but also as an on-going in-year process to allow for adaptations in the budget execution in case there is a short-fall of revenues or an unexpected increase. Revenues overall typically depend on economic growth; in a recession, less will be collected; in a boom, government will receive more funds. and will therefore be able to spend more. However, the exact amount of revenue growth is different for different types and typically correlated with the growth of their base, that is, employment for PAYEE, production for income tax, consumption for VAT etc.												
Purpose of question:	Revenue projections are crucial input factors in the budget preparation process. Accurate revenue forecasts give the ministry of finance and line ministries precise information about the available resources in the next fiscal year. This gives the government the opportunity to translate policies in concrete governance programmes and to endow those programmes with sufficient resources. The use of inaccurate revenue data can have the following effects: in the case of an overestimation of economic growth and revenues, on paper government will have more fiscal space, thus the expenditures authorized by parliament are likely to be too high with regard to real revenue. This can lead to (increased) fiscal deficits which increases debt and at high percentages can destabilize the economy. Alternatively, if revenues were underestimated, this can lead to an improper utilization of available resources because they have not been included into the budget and thereby increase discretion by government, or lead to delayed or incomplete implementation of government programmes.												
Sources of information:	Revenue Estimates from Revenue Authority, Budget (Estimates), Annual Reports												
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2. PFM PROCESS: BUDGET PREPARATION

2.1 PFM Sub-Process: Budget Preparation

2.1.1 PFM Output: Government budget is prepared and organised in line with MTEF and NDP.

Question MoF-9: In the previous year, what was the deviation between the approved aggregate budget of government and actual expenditure outturn?													
Key terms:	This key question looks at the extent to which the total budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports.												
Purpose of question:	<p>In the absence of unexpected shocks the deviation between the approved budget and the actual expenditure outturn is a good indicator for the accuracy of forecasts and the aggregate budget control. Aggregate budget deviations indicate that the budget is not affordable, which makes the budget unrealistic and thus not credible. However, the deviation does not say anything about the reasons for the deviation. The deviation could be a result of improper forecasting, poor budget execution (both PFM problems) or a result of (e.g. macroeconomic, political) shocks or poor political decision-making (fiscal issues).</p> <p>This indicator originally derives from PEFA, and is used as SDG indicator 16.6.1 to assess the degree to which effective, accountable and transparent institutions at all levels are in place. The SDG indicator framework understands the reliability of government budgets as key so that there is a sound basis for development. Thus this framework directly contributes to the measurement of SDGs.</p> <p>What a high or medium deviation is depends on your country's circumstances. You may take guidance from PEFA, where 15% deviation is seen as high, less than 10% is medium, and less than 5% would be seen as low; or you may stipulate your own thresholds with a view to past performance and reasonable level of expectations.</p>												
Sources of information:	Budget (Estimates), Annual Reports												
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Question MoF-10: Does the MoF conduct an effective and comprehensive consultation process with the MDAs in line with legal requirements (i.e. the budget calendar, budget call circular and associated expenditure ceilings)?													
Key terms:	Budget Consultation: The consultation process of the budget includes top-down, bottom-up processes and negotiation. Normally a good process starts with a top-down allocation of available resources by the Ministry of Finance setting spending ceilings (hard or indicative) for each line ministry. This then kicks off an iterative budget preparation process, where line ministries prepare budget proposals and then negotiate those proposals with the ministry of finance. If no agreement can be reached at this stage, decisions may be taken by the political leadership. A bottom-up process would start with proposals by the line ministry which the Ministry of Finance assembles; this however can lead to difficulties in reaching an agreement on the overall allocation per line ministries.												
Purpose of question:	The effective and comprehensive consultation in the budget process is necessary in order to prepare affordable, realistic and credible budgets that are in line with overall government policy. Top-down processes are necessary to inform MDAs about the available resources and the government's priorities. Bottom-up processes allow MDAs to express their expenditure needs to cover recurrent costs and fund the investments that are necessary to implement sector policies. If funding requests are not consistent with available resources, consistent with government policies or not implementable, negotiations take place between the ministries of finance and the line ministries. In case no agreement can be reached, the executive branch of government needs to decide about the reallocation of funds, the cutting down of expenditures, the mobilization of additional revenues, or debt financing. Only proper consultation processes allow government to prepare well-informed, affordable, realistic and coherent budget proposals.												
Sources of information:	Budget calendar, description of budget process, guidelines on budget preparation												
Grading:	<table border="1"> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No consultation held</td> </tr> <tr> <td>1</td> <td>Insufficient communication on timelines, formats, ceilings etc</td> </tr> <tr> <td>2</td> <td>MDA input given but routinely ignored</td> </tr> <tr> <td>3</td> <td>Comprehensive consultation process in line with legal requirements effectively steered by MoF</td> </tr> <tr> <td>4</td> <td>Quality budget document produced as result of effective comprehensive and compliant coordination between MoF and MDAs</td> </tr> </table>	No Grade	<i>No information</i>	0	No consultation held	1	Insufficient communication on timelines, formats, ceilings etc	2	MDA input given but routinely ignored	3	Comprehensive consultation process in line with legal requirements effectively steered by MoF	4	Quality budget document produced as result of effective comprehensive and compliant coordination between MoF and MDAs
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4	Quality budget document produced as result of effective comprehensive and compliant coordination between MoF and MDAs												

Question MoF-11: Are total life cycle costs of major investment projects (both capital and recurrent) included in the budget document?	
Key terms:	Investment projects need to budget the cost for the implementation of the project (capital/development cost) and the cost that are necessary to operate and maintain the investment (recurrent costs.)
Purpose of question:	Often the entire costs of an investment are not properly calculated and hence budgets are not realistic. If capital costs are underestimated, investment might not be finalized and the spent funds are lost. More often recurrent costs of investment projects over the full life time of the asset (often 30 years in case of major infrastructure developments) are not fully included into the projects' budgets and hence the investment's outputs cannot be properly operated and sustained/maintained. Often, while the current year's budget includes the estimates of capital and maintenance cost, this is not upheld and in particular maintenance costs of existing projects are not regarded in later budgets.
Sources of information:	Budget Estimates and MTEFs, Public Investment Plan (PIP), Investment reports

Grading:	No Grade	<i>No information</i>
	0	No data on investment project planning and costing in budget document
	1	Investment project capital and recurrent costs captured in separate documents but not integrated in budget document
	2	Capital costs of investment for the current year captured in budget document
	3	Capital costs and recurrent costs for at least the next three years are captured in budget document
	4	Complete alignment between multi-year budgeting instruments (e.g. MTEF, PIP) and annual planning for both capital and recurrent costs over investment life cycle

Question MoF-12: Is the budget classification system applied by government in line with international standards (e.g. IMF GFS 2001, 1993 SNA).

Key terms:	Budget Classification Systems determines the manner in which the budget is recorded, presented and reported, and as such has a direct impact on the transparency and coherence of the budget. The IMF's Government Finance Statistics (GFS) in its latest version of 2001 provides a comprehensive conceptual and accounting framework for government revenues and expenditures, including stocks (balance sheet of government assets and liabilities), and flows (all government transactions). It is harmonised with the 1993 System of National Accounts (SNA), which is the international standard for compilation of national accounts statistics and for the international reporting of comparable national accounting data.	
Purpose of question:	A budget classification system provides a framework for both (policy) decision-making and accountability. Classifying expenditures and revenues appropriately is key for (a) policy formulation and performance analysis; (b) the efficient allocation of resources; (c) ensuring compliance with the budgetary resources approved by the legislature; and (d) day-to-day administration of the budget.	
Sources of information:	Budget Estimates, Financial Reporting Templates, Guideline	
Grading:	No Grade	<i>No information</i>
	0	No clear categorisation possible
	1	Budget classification system is outdated or inconsistently applied across government
	2	Budget classification system is currently under review and upgrade
	3	Budget classification system is consistently applied in line with international standards
	4	Budget classification system is current; consistently applied; in line with international standards

Question MoF-13: Is the budget submitted to Parliament aligned with long-term Government fiscal sustainability objectives as set out in the MTEF?													
Key terms:	MTEF: Medium Term Expenditure Framework (MTEF) is a budgeting framework that attempts to plan and implement government finances in an integrated manner with a medium-term perspective. It normally sets out three-five year rolling fiscal targets for specific indicators and macro forecasts. Other concepts typically used are Medium-Term Fiscal Frameworks (MTFF), a statement of fiscal policy objectives and medium-term macroeconomic indicators; a Medium-Term Budgetary Framework (MTBF) which develops an MTFF further by adding medium-term spending estimates for MDAs. The MTEF builds further on this by adding activities and outputs to the MTBF.												
Purpose of question:	The failure to link policy, planning and budgeting is held to be the single most important cause of poor budgeting outcomes in developing countries. Good budgets should be affordable, realistic and credible over the medium-term, which includes projections about the immediate upcoming budget years. In the preparation process of the yearly budget, the line ministries and the ministry of finance under the supervision of the highest level of the executive branch should come up with a budget proposal that meets these criteria. The proposal should also be in line with the targets in MTEF in order to ensure sustainable budgets and a sustainable implementation of government policies. Budgets however frequently disregard the MTEF targets, rendering the forward planning exercise fruitless. The quality of the MTEF essentially relies on the quality of revenue and debt forecasting; weaknesses in this area, as measured in MoF-1, 2 and 8 as well as RA-1.												
Sources of information:	Budget (Policy) Statement, Budget (Estimates), MTEF												
Grading:	<table border="1"> <tbody> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No valid / outdated or inconsistent medium-term expenditure framework</td> </tr> <tr> <td>1</td> <td>No clear fiscal sustainability objectives or unsustainable level of spending proposed in view of revenues generated</td> </tr> <tr> <td>2</td> <td>Budget spending proposal reflects considerations from fiscal sustainability perspective</td> </tr> <tr> <td>3</td> <td>Budget proposal is broadly aligned with fiscal sustainability objectives in terms of deficit and debt</td> </tr> <tr> <td>4</td> <td>Budget proposal is aligned with fiscal sustainability objectives in terms of deficit and debt and domestic resource mobilisation capacity</td> </tr> </tbody> </table>	No Grade	<i>No information</i>	0	No valid / outdated or inconsistent medium-term expenditure framework	1	No clear fiscal sustainability objectives or unsustainable level of spending proposed in view of revenues generated	2	Budget spending proposal reflects considerations from fiscal sustainability perspective	3	Budget proposal is broadly aligned with fiscal sustainability objectives in terms of deficit and debt	4	Budget proposal is aligned with fiscal sustainability objectives in terms of deficit and debt and domestic resource mobilisation capacity
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4	Budget proposal is aligned with fiscal sustainability objectives in terms of deficit and debt and domestic resource mobilisation capacity												

Question MoF-14: Is the budget submitted to Parliament aligned with long-term Government objectives as set out in the NDP including core SDG targets?	
Key terms:	<p>NDP: Is the national development plan that lays out the medium- to long-term development strategy and the development objectives of a country.</p> <p>SDGs: Are the sustainable development goals set by the UN to transform the world to a more sustainable growth path until 2030. Overall there are 17 goals and 167 targets which are allocated to the different SDGs.</p> <p>The SDGs are being localized by their integration into the NDP, thus every country will have to explain how they will contribute to these global goals at the local level.</p>

Purpose of question:	The implementation of the NDP and the contribution to the SDGs and its targets require a substantial amount of policy programmes and their implementation to be reviewed to what extent their targets reflect the global targets and / or the domesticated national targets. To do this properly the implementation plans need correct and sustainable costing. If budgets submitted to parliament are not aligned to NDPs and the SDG targets an implementation is unlikely and the government will not be able to achieve its development objectives. Budgets that are aligned to NDPs and SDG targets increase the credibility of the government and strengthen policy coherence.	
Sources of information:	MTEF, Budget (Estimates), Long-term Development Strategies and Medium-term Development Strategies, national SDGs	
Grading:	No Grade	<i>No information</i>
	0	No valid / outdated or inconsistent strategic plan, NDP, or no alignment with SDGs
	1	No clear budget spending priorities or spending priorities not aligned with policy priorities
	2	National priority SDG targets receive appropriate funding
	3	National priority SDG targets receive majority of planned budget
	4	National priority SDGs receive majority of planned budget based on evidence

Question MoF-15-SDG: Are the domesticated SDGs incorporated in the National budget?		
Key terms:	National mandate is the official order of the highest institution in government to link the Domesticated SDG targets to the national budget.	
Purpose of question:	It is critical for budget information to be meaningfully mapped to country goals (as in NDP), targets and indicators and possibly to the domesticated SDGs with clear links to performance information to ensure that performance is measured, and the focus is on improving the lives of citizens, development impact and value for money. Output and outcome indicators for different goals and targets can be identified with some relating more closely to expenditures.	
Sources of information:	Budget proposal and approved/enacted budget	
Grading:	No Grade	No information
	0	There is no national mandate to incorporate the domesticated SDGs into the Budget.
	1	There is a national mandate to incorporate the domesticated SDGs into the National Budget, but it has not been done.
	2	There is a national mandate to incorporate the domesticated SDGs into the National Budget, but it is currently in the planning stage.
	3	There is a national mandate to incorporate the SDGs into the National Budget, but it is partially incorporated.
	4	There is a national mandate to incorporate the SDGs into the National Budget and this is fully incorporated.

Question MoF-16-SDG: Are the domesticated SDGs included in the budget planning processes of all government entities?		
Key terms:	Government Entities' budget planning process is the budget proposal by each MDAs to MoF. Involved entities are MoF setting the requirements for budget proposals to MDAs and RA as well as MDAs and RA include and discuss the domesticated SDGs in the preparation of their institutional budgets.	

Purpose of question:	SDGs should be included and discussed during the preparation of the government budget and linked to the relevant SDG targets to ensure that SDGs are domesticated and implemented across all MDAs and RA.	
Sources of information:	Budget proposals by Government entities and RA to MoF.	
Grading:	No Grade	No information
	0	SDGs are not domesticated at the MDA level and therefore not included in the Government Entity budget.
	1	Domesticated SDGs are not included in the MDA budgets but there is an instruction to do so
	2	Domesticated SDGs are not included in the MDA budgets but there is an instruction, plan and strategy to do so.
	3	Domesticated SDGs are being included in the institutional budget but not fully linked to relevant SDG targets.
	4	Domesticated SDGs are included in MDA budget and there is a clear link to all relevant targets.

Question MoF-17-SDG: What percentage of the budget is allocated to SDGs ?		
Key terms:	IFMIS refers to the national Integrated Financial Information Management System / charts of accounts and this will need to reflect the SDGs (goals, targets or indicators)	
Purpose of question:	A larger proportion of budget being allocated to SDGs demonstrates a stronger commitment towards achieving national priorities in line with the SDGs.	
Sources of information:	integrated financial information management system / charts of accounts	
Grading:	No Grade	No information
	0	0-20%
	1	20-40%
	2	40-60%
	3	60-80%
	4	80-100%

Question MoF-18: Does the MoF have emergency response mechanisms in place to allow for emergency spending, expenditure reprioritizations and supplementary budgets to meet unforeseen demands during disaster periods?		
Key terms:	none	
Purpose of question:	In times of disaster governments have to finance emergency responses (disaster-sector specific and economic support) outside of the initially approved budget. Thus, MoFs need to be in a position to reprioritize spending, e.g. by reallocation or virements and/or establish supplementary budgets.	
Sources of information:	National disaster management plan and/or disaster preparedness and response plan, due process and procedure	

Grading:	No Grade	No information
	0	The MoF has no emergency provisions in place to allow for emergency spending, expenditure reprioritizations and supplementary budgets to meet unforeseen demands during disaster periods.
	1	The MoF has some emergency provisions in place which allow for emergency spending. However, these provisions are largely undefined and ad hoc.
	2	The MoF has some defined emergency provision in place which have limited applicability for emergency spending.
	3	The MoF has emergency provision in place which allow for emergency spending, expenditure reprioritizations and supplementary budgets to meet unforeseen demands during disaster periods.
	4	The MoF has comprehensive and tested emergency provisions in place to allow for emergency spending, expenditure reprioritizations and supplementary budgets to meet unforeseen demands during disaster periods.

2.2 PFM Output: RA/MDA budget is prepared and organised in line with MoF guidance, sector strategies and NDP.

Question RA-2 and MDA-1: Are budget spending priorities aligned to the strategic plan, NDP and other key policies?	
Key terms:	<p>NDP: see Question MoF-13.</p> <p>Key policies: In addition to the aggregated NDP, this overarching policy document is normally broken down into various sector policies, that lay out a clear policy targets and strategies to achieve the national development targets in the different sectors. Key policies might relate to the following topics: infrastructure development, climate change, food security, health, education, trade etc. The responsibility for the implementation of these policies lies with the respective line ministries and their subordinated departments and agencies (MDAs).</p>
Purpose of question:	<p>On the one hand, the costs of those plans and policies need to be estimated correctly in order to request for sufficient funds. On the other hand – if costing is done properly – sufficient funds need to be allocated to MDAs to allow them to implement the activities laid out in their plans/policies. Only this ensures credibility and policy coherence. If spending priorities are not consistent with the true costs of those plans/policies, their implementation might not be possible. In case MDAs receive more money than necessary, public funds will not be utilized efficiently or have to be reallocated during the budget execution.</p>
Sources of information:	Budget (Estimates), Strategic Plan, Long- and medium-term development plans, relevant sector policies.

Grading:	No Grade	<i>No information</i>
	0	No valid / outdated or inconsistent strategic plan, NDP, sector policy document
	1	No clear budget spending priorities or not aligned with policy priorities
	2	Budget spending priorities are sourced from strategic plans
	3	Budget spending priorities receive majority of planned budget for the sector
	4	Policy priorities receive majority of planned budget for the sector based on evidence

Question RA-3 and MDA-2: Are core sectoral SDGs appropriately reflected in the budget proposal?

Key terms:	Sectoral SDGs: The 17 SDGs and their underlying targets cover different sectors. When localizing the SDGs, each sector will have to adjust its targets and programs to contribute to the SDGs. Ideally national sectoral SDG targets are coherent with general sector policy/policies.	
Purpose of question:	Similar to the need of aligning the budget proposal to the NDP and key sectoral policies also the national commitments to contribute to the global SDGs need to be reflected in the budget proposal. The localized SDGs are only achievable if public resources are provided accordingly, hence when the budget has funds readily available to finance the provision of public goods and services necessary to meet the targets/SDGs.	
Sources of information:	Budget (estimates), budget proposals, SDGs, key sector policies.	
Grading:	No Grade	<i>No information</i>
	0	No uptake of SDGs in national planning documents
	1	Planning documents contain reference to SDGs but not in budget proposal
	2	Link between priority SDGs and budget allocation exists but weak
	3	National priority SDGs / targets receive appropriate funding
	4	National priority SDGs / targets receive appropriate funding based on performance evidence

Question RA-4 and MDA-3: Are previous years' funding shortfalls, continued liabilities, arrears and rolled-over accruals addressed and considered in this year's budget?

Key terms:	Funding shortfalls might can either lead to backlog in implementation or if implementation is continued despite shortfalls lead to an increase of arrears and liabilities. Further contracts signed by public entities might lead to the creation of future payment obligations (accruals). All have in common that they lead to future payment obligations and bind future resources, without official authorisation by Parliament or even Ministry of Finance, without transparency, and without any explicit and inclusive decision-making process.
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Purpose of question:	Funding shortfalls, liabilities, arrears and accruals should be reflected in the budget, as they are future payment obligations. If they are not included into the budget proposal, the MDA will not be endowed with sufficient funds. Nevertheless the payment obligation will stay valid whether they are reflected in the budget or not. Hence not considering them in the budget will mean either reallocating funds from the existing budget or a further increase of arrears and liabilities. In case funds have to be reallocated this could lead to delayed implementation of other government programs or an increase of arrears or liabilities in those areas that experience shortfalls due to reallocations of funds. In some countries, arrears can reach high levels with respect to GDP or budget expenditure, thus rendering the budget as voted upon completely obsolete as these spending obligations will need to be acted upon with priority. The existence of high ratios of arrears is therefore a risk to budget credibility and financial sustainability. PEFA considers a ratio of arrears to expenditure of 10% as high, below 6% as medium, and 2% and below as low. Your definition of the respective thresholds should take history, development path, and unexpected events into consideration.	
Sources of information:	Budget (estimates), budget proposals, SDGs, key sector policies.	
Grading:	No Grade	<i>No information</i>
	0	Unknown number of arrears, liabilities, roll-overs
	1	High ratio of arrears, liabilities or roll-overs to expenditures; completeness doubtful
	2	Medium ratio of arrears, liabilities or roll-overs to expenditures; higher than planned impact on this year's budget possible
	3	Low ratio of arrears, liabilities or roll-overs to expenditures; no surprises expected
	4	No unrecorded liabilities, arrears or other shortfalls impacting on this year's budget

Question RA-5 and MDA-4: In the previous year, what was the deviation between the approved budget of the RA/MDA and actual expenditure per budget category?		
Key terms:	Approved budgets and actual expenditure can deviate for various reasons. They can be explained with inaccurate projections of revenues, poor costing of expenditures, deficient absorption and implementation capacities, macroeconomic shocks or special events that require reallocations within the budget (e.g. natural disasters, armed conflicts).	
Purpose of question:	Deviations between budgets and actual outturns may lead to the accumulation of arrears, increased liabilities etc. The consequences of this are described under question RA-4 and MoF-3. In the long-run, if these issues are structural they might cause fiscal and/or macroeconomic instabilities. You may take guidance from PEFA, where 15% deviation is seen as high degree of deviation, less than 10% is medium, and less than 5% would be seen as low; or you may stipulate your own thresholds with a view to past performance and reasonable level of expectations	
Sources of information:	Budget, annual reports, quarterly or half-yearly spending reports	

Grading:	No Grade	<i>No information</i>
	0	High deviation between approved MDA budget and actual expenditure overall and by programs or functions; and/or charging to contingency vote; no exceptional event
	1	High degree of over- or underspending as compared to approved MDA budget; high variance in expenditure composition; some explanatory factors (economic shock, crisis, disasters)
	2	Medium degree of over- or underspending as compared to approved MDA budget; medium variance of expenditure composition
	3	Actual expenditure does not deviate positively or negatively from approved budget for MDA
	4	No deviation between approved MDA budget and actual expenditure despite unforeseen events

Question RA-6 and MDA-5: Does the RA/MDA comply with the budget preparation procedures (legal requirements, budget calendar, budget classifications etc.)?

Key terms:	<p>Budget calendar: lays out a schedule for the budget/fiscal year that indicates at what time of the year different steps have to be taken to prepare the budget on time and to receive approval from parliament.</p> <p>Budget Classification: A classification systems determines the manner, in which the budget is recorded, presented and reported, and as such has a direct impact on the transparency and coherence of the budget.</p>	
Purpose of question:	<p>Only if time, legal and administrative standards are followed correctly the budget preparation can be finalized in a smooth manner. In case preparation procedures are disrupted it may lead to longer negotiations, confusions and inaccuracies as well as difficulties in reconciliations between the MDAs and the MoF and might cause a delay in finalizing the draft budget for parliament.</p>	
Sources of information:	<p>Registers / documentation of delivery, interviews, national laws/acts (e.g. PFM Act, Financial Administration Act), budget proposals, budget, guidelines, budget calendar.</p>	
Grading:	No Grade	<i>No information</i>
	0	Degree of compliance cannot be established due to lack of documentation or procedure
	1	Budget preparation procedures in place but shortfalls (incomplete / unrealistic / or late communication)
	2	Procedures appropriate but high degree of delays, or incorrect classifications, or incompleteness of MDA budget proposal
	3	Procedures appropriate and low degree of delays, and correct classifications, and completeness of MDA budget proposal
	4	MDA fully complies with all requirements

Question RA-7 and MDA-6: Has the budget preparation process within the RA/MDA involved consultation with key stakeholders and through the media, civil society and development partners?	
Key terms:	Depending on the stakeholders, consultation processes either take place in non-public or public meetings. Budget preparation hearings usually serve as platform to discuss budget proposals for a sector publicly – they include open meetings that for instance include media, civil society and development partners.
Purpose of question:	Consultations help to strengthen legislative and public scrutiny of the government’s strategy and the budget. Public hearings can provide a mechanism for consulting the appropriateness of policies. The government should try to get feedback on its policies and budget proposals from the civil society. Consultations give stakeholders the opportunity to comment on the budget proposal itself, but also to develop an understanding of the budget, its programmes and objectives as per sector strategy to hold the government accountable. Participation and accountability are important elements of governance. However, although consultations should have an impact on budget decisions, the influence must not be mechanical, as the budget preparation has to be in line with the legal framework and the official procedures in order to get a timely approval and protect it from the excessive pressure of powerful interest groups.
Sources of information:	Agendas, invitations to and protocols of meetings; Interviews (with CSOs, DPs), revised versions of budget proposal, other minutes of internal consultation meetings.
Grading:	No Grade <i>No information</i>
	0 No consultation held
	1 No record / evidence of consultations held
	2 Certain stakeholders consulted but lack of timely, thorough and inclusive consultations
	3 Timely, thorough and inclusive consultations held
	4 Budget proposal reflects adaptations after timely, thorough and inclusive consultations

Question RA-8-SDG and MDA-7-SDG: Have SDGs been domesticated, and responsibilities allocated?	
Key terms:	<p>Ratified refers to countries officially agreeing and accepting with a signed commitment to work towards Agenda 2030, Sustainable Development Goals (SDGs).</p> <p>Domestication or Mainstreaming of the SDGs refers to the incorporation and alignment of the Sustainable Development Goals, targets and indicators into the National Development Plans (NDP), national strategies, budgets, and data systems and tailored to suite the context of the country.</p>
Purpose of question:	The 2030 Agenda, often referred to as the SDGs consists of altogether 17 Goals, 169 Targets and 232 Indicators. With regards to the targets, they are defined as aspirational and global, with each government having to set its own national targets guided by the global level of ambition but also considering national circumstances. Governments are expected to take ownership and create national frameworks for the achievement of the goals.
Sources of information:	<p>National mandate or signed commitment from highest institution of government (e.g. presidency) to implement the SDGs</p> <p>NDP</p> <p>Responsibility matrix - roles and responsibilities within Government Entities</p>

Grading:	No Grade	No information
	0	The SDGs have not been ratified by the country.
	1	The SDGs have been ratified but they have not been domesticated or mainstreamed in the country.
	2	The SDGs have been ratified and domesticated but there are no clear priorities, goals and targets.
	3	The SDGs have been ratified and domesticated with priorities, goals and targets.
	4	The SDGs have been ratified and domesticated with priorities, goals and targets. It is also well-integrated in the country's national development plans.

Question RA-9-SDG: Are specific SDG targets included in the budget planning processes for the RA?

Question MDA-8-SDG: Are the core sectoral SDG targets included in the budget planning processes for the MDA?

Key terms:	Government Entities' budget planning process is the budget proposal by each MDAs to MoF. Involved entities are MoF setting the requirements for budget proposals to MDAs and RA as well as MDAs and RA include and discuss the domesticated SDGs in the preparation of their institutional budgets.	
Purpose of question:	SDGs should be included and discussed during the preparation of the government budget and linked to the relevant SDG targets to ensure that SDGs are domesticated and implemented across all MDAs and RA.	
Sources of information:	Budget proposals by Government entities and RA to MoF.	
Grading:	No Grade	No information
	0	SDGs are not domesticated at the MDA level and therefore not included in the Government Entity budget.
	1	Domesticated SDGs are not included in the MDA budgets but there is an instruction to do so
	2	Domesticated SDGs are not included in the MDA budgets but there is an instruction, plan and strategy to do so.
	3	Domesticated SDGs are being included in the institutional budget but not fully linked to relevant SDG targets.
	4	Domesticated SDGs are included in MDA budget and there is a clear link to all relevant targets.

Question RA-10-SDG and MDA-9-SDG: What percentage of the budget is allocated to SDGs ?

Key terms:	IFMIS refers to the national Integrated Financial Information Management System / charts of accounts and this will need to reflect the SDGs (goals, targets or indicators)	
Purpose of question:	A larger proportion of budget being allocated to SDGs demonstrates a stronger commitment towards achieving national priorities in line with the SDGs.	
Sources of information:	integrated financial information management system / charts of accounts	
Grading:	No Grade	No information
	0	0-20%
	1	20-40%
	2	40-60%
	3	60-80%
	4	80-100%

3. PFM PROCESS: BUDGET APPROVAL

3.1 PFM Sub-Process: Budget Approval

3.1.1 PFM Output: A complete and comprehensive budget including supplements is submitted in line with laws

Question MoF-19: Is a complete and comprehensive budget proposal submitted to parliament on time and in line with national laws?	
Key terms:	Budget proposal or draft budget is the final version of the budget documents as outcome of the preparation process, and that is presented to legislature and then followed by legislative hearings and debate.
Purpose of question:	Only if a complete and comprehensive budget proposal is submitted, the parliament can fulfill its function properly. The parliament in an ideal case debates and approves the full set of documents, including macro assumptions, revenue forecasts, the medium-term fiscal framework, fiscal rules, debt strategy, but also the structure and classification of the budget, as well as revenues and expenditures. In more limited cases, the Parliament reviews only revenues and expenditures. In addition to that, also the timely provision is important as it takes time to review the budget properly.
Sources of information:	Parliament (registration of submission, evidence of documents submitted, interviews), draft budget, budget, legal documents/framework, budget calendar
Grading:	No Grade <i>No information</i>
	0 Budget process not followed
	1 Budget proposal submitted to Parliament without adequate time to debate and amend and incomplete
	2 Budget proposal submitted to Parliament without adequate time to debate and amend
	3 Complete and comprehensive budget proposal submitted to Parliament on time in the current and prior budget year
	4 Complete and comprehensive budget proposal submitted to Parliament always on time in the 3 previous budget years

Question MoF-20: Is a complete and comprehensive supplementary or mid-year/revised budget proposal submitted to parliament on time and in line with national laws, where it is necessary to do so?	
Key terms:	The supplementary budget is an in-year revision of the budget. It takes into consideration developments in the fiscal and macroeconomic environment as well as changed spending requirements of MDAs.
Purpose of question:	<p>Only if a complete and comprehensive supplementary budget proposal is submitted, the parliament can fulfill its mandate properly. Often, government in contradiction to, or absence of, detailed regulations, may unilaterally amend the budget in year considerably, shifting expenditures not only between line items but also between programs or even MDAs, or undertake new borrowing or increasing deficit. Even if legal requirements are clear on nature and extent of budget adjustments in-year, rules may not be always adhered to.</p> <p>To fulfill its function properly the parliament has to be involved in the review and approval of both the budget and the supplementary budget. Also here the legislature has to be equipped with sufficient time.</p>
Sources of information:	Ministry of Finance supplementary budgets, Legal documents/framework, supplementary budget, interview at Parliament

Grading:	No Grade	<i>No information</i>
	0	Supplementary budget process not followed
	1	Supplementary budget submitted to Parliament without adequate time for deliberation and amendment; and incomplete
	2	Supplementary budget submitted to Parliament without adequate time for deliberation and amendment
	3	Complete and comprehensive supplementary budgets was submitted to Parliament on time according to legal requirements in the current and prior budget year
	4	Complete and comprehensive supplementary budgets always submitted to Parliament on time according to legal requirements for last 3 years

3.1.2 PFM Output: The budget is well debated, goes through due process and is approved in accordance with the law

Question Par-1: Is parliament provided with sufficient resources to scrutinise, debate and potentially amend the budget proposal prior to approval?		
Key terms:	The parliament is endowed with public funds through the budget. These funds are predominantly used to finance the MPs, their staff and the parliamentary administration in order to fulfil the legislative mandate.	
Purpose of question:	<p>The parliament needs to be equipped with sufficient resources. Apart from law-making and legislative oversight, a core role also includes the approval of the budget. The budget calendar has to allow for a suitable timeframe for the legislative to refer the budget to the competent committee, have the committee review the budget, conduct hearings, report back to plenary, and finalise the plenary debate. The timeframe will also stipulate the date by which the budget has to be approved (at the latest before the start of the budget year).</p> <p>Scrutinizing, debating and amending the budget proposal does not only require time but also resources. MPs have to be supported by their staff and need the support of the parliamentary administration to do this properly. Parliament furthermore needs resources to hold meetings, including for external assistance like researchers, CSOs, think tanks etc. In case the parliament is underfunded, it will not be able to do so and will not fulfil its mandate, which it was given by the citizens/electorate. This leads to less transparency and negatively affects citizens' trust in government.</p>	
Sources of information:	Review of timelines in budget calendar, Parliamentary budget, work plans, interviews	
Grading:	No Grade	<i>No information</i>
	0	Parliamentary committees do not meet due to insufficient funds
	1	Parliamentary committees require prior authorisation from MoF for funding
	2	Lack of technical expertise or support for in-depth scrutiny of budget
	3	Parliament has sufficient time, budget, and HR capacity at its disposal for full-fledged analysis and amendment of budget
	4	Parliament has sufficient time, budget, and HR capacity including external expertise at its disposal and uses it for full-fledged analysis and amendment of budget

Question Par-2: Is the parliamentary debate on the budget open to observation by the public?		
Key terms:	After hearings in the competent committees, the parliamentary debate on the budget normally takes place during a plenum session. During the debate representatives of the parties represented in parliament can address the executive branch of government with questions and comments on the budget proposal.	
Purpose of question:	The MPs are the representatives of the general public. Hence a public debate is important for various reasons: 1. It allows citizens to develop a critical view on the budget. 2. It strengthens citizen participation and 3. A public debate allows them to also scrutinize the MPs themselves.	
Sources of information:	Legal framework, visitors register, radio/TV program	
Grading:	No Grade	<i>No information</i>
	0	No Parliamentary debate on the budget
	1	No access of public at Parliamentary budgetary debate
	2	Selected access by invitation of certain public stakeholders at Parliamentary budgetary process
	3	Full access of public and society including live media coverage and public reports of the budgetary debate
	4	Full access of public and society including live media coverage, speaking rights by public, and public reports of budgetary debate

Question Par-3: Does the law provide for parliamentary involvement in in-year budget review, supplementary budget review, reserve fund utilisation and are these provisions adhered to?		
Key terms:	Budget and supplementary budget review gives the government the opportunity to announce the revision of economic targets, which whose include the country's macroeconomic performance and forecasts for the remaining year. It also analyses the country's revenue targets and expenditures.	
Purpose of question:	If the government should effectively scrutinize the government and its budget it needs to be involved throughout the budget year. If the parliament is only involved in the budget approval prior to the begin of the fiscal year, it cannot effectively scrutinize the government and hold it accountable. In this case the government would be able to revise and amend budgets without any legislative control. See MoF-15	
Sources of information:	Legal framework, budget execution reports (Ministry of Finance), budget amendments, meeting calendar and agenda of Parliament committee meetings	
Grading:	No Grade	<i>No information</i>
	0	No legislative calendar for oversight in-year in place
	1	Legislative calendar in place but foresees insufficient time for Parliamentary oversight
	2	Legislative calendar in place with sufficient time for Parliamentary oversight in-year but frequently not complied with
	3	Legislative calendar in place with sufficient time for Parliamentary oversight in-year and mostly complied with
	4	Legislative calendar in place with sufficient time for Parliamentary oversight in year and always in all aspects complied with for the last 3 years

Question Par-4-SDG: Have SDGs been domesticated, and responsibilities allocated?													
Key terms:	<p>Ratified refers to countries officially agreeing and accepting with a signed commitment to work towards Agenda 2030, Sustainable Development Goals (SDGs).</p> <p>Domestication or Mainstreaming of the SDGs refers to the incorporation and alignment of the Sustainable Development Goals, targets and indicators into the National Development Plans (NDP), national strategies, budgets, and data systems and tailored to suite the context of the country.</p>												
Purpose of question:	The 2030 Agenda, often referred to as the SDGs consists of altogether 17 Goals, 169 Targets and 232 Indicators. With regards to the targets, they are defined as aspirational and global, with each government having to set its own national targets guided by the global level of ambition but also considering national circumstances. Governments are expected to take ownership and create national frameworks for the achievement of the goals.												
Sources of information:	<p>National mandate or signed commitment from highest institution of government (e.g. presidency) to implement the SDGs</p> <p>NDP</p> <p>Responsibility matrix - roles and responsibilities within Government Entities</p>												
Grading:	<table border="1"> <tbody> <tr> <td>No Grade</td> <td>No information</td> </tr> <tr> <td>0</td> <td>The SDGs have not been ratified by the country.</td> </tr> <tr> <td>1</td> <td>The SDGs have been ratified but they have not been domesticated or mainstreamed in the country.</td> </tr> <tr> <td>2</td> <td>The SDGs have been ratified and domesticated but there are no clear priorities, goals and targets.</td> </tr> <tr> <td>3</td> <td>The SDGs have been ratified and domesticated with priorities, goals and targets.</td> </tr> <tr> <td>4</td> <td>The SDGs have been ratified and domesticated with priorities, goals and targets. It is also well-integrated in the country's national development plans.</td> </tr> </tbody> </table>	No Grade	No information	0	The SDGs have not been ratified by the country.	1	The SDGs have been ratified but they have not been domesticated or mainstreamed in the country.	2	The SDGs have been ratified and domesticated but there are no clear priorities, goals and targets.	3	The SDGs have been ratified and domesticated with priorities, goals and targets.	4	The SDGs have been ratified and domesticated with priorities, goals and targets. It is also well-integrated in the country's national development plans.
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4	The SDGs have been ratified and domesticated with priorities, goals and targets. It is also well-integrated in the country's national development plans.												

Question Par-5-SDG: Do parliament's debates on the budget include domesticated SDGs in the budget and does the approved budget have clearly mapped resource allocations?	
Key terms:	Allocated resources are clearly mapped financial resources if the proposed budget makes reference to the various budget lines and their respective contribution to achieving the domesticated SDGs.
Purpose of question:	The Parliament in its role as supreme legislative organ is responsible for enacting laws and holding government to account. In this capacity, Parliament has the task to set requirements on the MoF's budget proposal and has, in principle, powers to change the budget before approval, thereby ensuring that domesticated SDGs are budgeted for.
Sources of information:	Budget proposal / budget speech, minutes of budget debates, approved budget document

Grading:	No Grade	No information
	0	The domesticated SDGs are not included in the budget debates in parliament and national budgets are approved without consideration thereof.
	1	The domesticated SDGs are included in the budget debates in parliament but there is no link between the approved national budgets and the domesticated SDGs.
	2	The domesticated SDGs are not included in the budget debates in parliament but there are some links between the approved national budgets and the domesticated SDGs
	3	The domesticated SDGs are included in the budget debates in parliament and there are some links between the approved National budget plan/programme to the domesticated SDG programmes.
	4	The domesticated SDGs are included in the budget debates in parliament and the approved National budget plan/programme has clearly mapped resource allocations to the domesticated SDG programmes

3.1.3 PFM Output: Approved RA/MDA budget is sufficient for RA/MDA to deliver its core services

Question RA-8 and MDA-7: If Parliament amended the RA/MDA budget as submitted, has the revised budget been taken into account for planning purposes?		
Key terms:	-	
Purpose of question:	Not the budget proposal/draft is binding but the budget that has been approved by the parliament. Hence the approved budget needs to be the basis for planning, be uploaded into the government's IT system (IFMIS) and cash planning and procurement plans. In case planning is not in line with the approved budget, work plans cannot be implemented in the envisaged way. If the envisaged spending is bigger than the available resources this might for instance lead to a delay in implementation and the accumulation of arrears and liabilities.	
Sources of information:	Budget proposals of RA/MDA, amended budget of parliament/approved budget; MDA budget as uploaded in IFMIS and used for cash and procurement planning.	
Grading:	No Grade	<i>No information</i>
	0	No amendment
	1	Limited parliamentary amendment (just line items), no update of planning documents
	2	Parliamentary amendment but no update of planning documents by MDA or MoF
	3	Revised budget partially reflected in planning documents
	4	Revised budget correctly and adequately reflected in planning documents

Question RA-9 and MDA-8: Is the RA/MDA budget as approved by Parliament aligned with the NDP, MTEF and other statements of government expenditure policy?		
Key terms:	-	
Purpose of question:	Although the budget proposal of MDAs/RA might be aligned to the NDP, MTEF and other statements of government expenditure policy, this could be changed based on the debate in parliament. This could for instance happen if comments or suggested amendments are integrated into the budget without scrutinizing whether those changes would contradict government policies and lead to policy incoherence.	
Sources of information:	Budget of RA/MDAs, Strategic plan, sector policies, NDP, MTEF etc.	

Grading:	No Grade	<i>No information</i>
	0	No valid / outdated or inconsistent strategic plan, NDP, sector policy document
	1	No clear budget spending priorities or not aligned with policy priorities
	2	Budget spending priorities are sourced from strategic plans
	3	Budget spending priorities receive majority of approved budget for the sector
	4	Policy priorities receive majority of approved budget for the sector based on evidence

Question RA-10 and MDA-9: Does the budget make provision for unexpected events, for example through contingency or reserve funds, in line with the budget law?

Key terms:	Contingency/reserve funds: is a dedicated financing source for handling the costs of unexpected risks or events. Normally such funds have restrictive rules regarding how resources can be used.	
Purpose of question:	Making provision for unexpected events through contingency funds or reserves allows governments to immediately have funds available to respond in case of an emergency in a speedy and flexible manner without having to mobilize those funds through reallocating funds within the budget or accessing foreign grants/loans. With regards to funds a financial buffer can be accumulated in times that are free of unexpected events. Often they also allow more flexibility in planning expenditures across budget/fiscal years. Nevertheless, often these funds are kept outside the normal budget and are utilized for purposes other than emergencies, with a view to the easy and flexible way for government of accessing extra financing. Thus the rules applicable or exercised and oversight conducted might differ from the ordinary budgetary framework to the detriment of accountability and transparency.	
Sources of information:	Budget, extra-budgetary funds, legal framework.	
Grading:	No Grade	<i>No information</i>
	0	Unknown number / volume of off-budget funds
	1	High ratio of non-specified contingency or reserve funds to budget expenditure; drawing procedures exclude parliament
	2	Medium ratio of non-specific contingency or reserve funds to expenditures; clear and transparent drawing processes
	3	Medium ratio of non-specific contingency or reserve funds to expenditure; processes always complied with
	4	Provisions for unexpected events in line with evidence of prior years' needs; core role of Parliament respected

4. PFM PROCESS: FINANCIAL MANAGEMENT AND SERVICE DELIVER

4.1 PFM Sub-Process: Procurement

4.1.1 PFM Output: Procurement systems are functioning in a transparent, competitive manner including appeals

Question MoF-21: Are systems in place to monitor procurement processes and outcomes?	
Key terms:	(Public) procurement: Refers to the government processes of purchasing materials, equipment, goods and services that are necessary to fulfil its different functions e.g. like implementing policies and service delivery to its citizens.
Purpose of question:	Public procurement is one of the core functions of budget execution. Good procurement processes can help to expand public service provision, curtail fraud and corruption and allow lower tax rates due to the efficient use of public funds. However, to achieve this state, there needs to be a system in place that allows the monitoring of public procurements and the evaluation of procurement outcomes. If this is not the case public procurement offers a lot of space for inefficiencies, fraud, bribery and waste.
Sources of information:	Public procurement legal framework (e.g. public procurement act), description of implemented procurement system, audit findings, interviews.
Grading:	No Grade <i>No information</i>
	0 No data available on number, volume, duration and results of bidding processes
	1 Only disaggregated data available at procurement units but no central analysis undertaken
	2 Central unit regularly compiles data on procurement processes and outcomes
	3 Regular monitoring, reporting and follow up on procurement processes and outcomes
	4 Effective e-procurement system in place with routine monitoring and follow up including public reporting undertaken

Question MoF-22: Have significant deviations from procurement legislation (anomalies) occurred?	
Key terms:	Anomalies are instances of non-standard application of procurement rules.
Purpose of question:	A high number of deviations from the procurement legislation indicates weaknesses in the system. Deviations might be caused by incorrect application of rules due to lack of capacity, technical knowledge and skills, lack of effective oversight mechanisms, corruption, collusion with the private sector, and/or bribery. Such instances typically mean a waste of public funds, reduced public service provision, and might erode the trust of citizens in the government. Significant deviations emphasize the need for institutional reform in this realm to safeguard the public procurement system effectively against violation of the legal framework. The significance of the anomalies are to be estimated as a ratio of overall yearly government procurement.
Sources of information:	Contracts, tender documents, registered complaints, interviews with procurement authority and CSOs, SAI reports, procurement audits, procurement agency oversight reports, internal audit reports.

Grading:	No Grade	<i>No information</i>
	0	Number of deviations and significance unknown due to insufficient documentation
	1	Medium amount of significant procurement anomalies occurred; procurement oversight is following up on cases
	2	Central unit regularly compiles data on procurement processes and outcomes
	3	Low amount of procurement anomalies occurred; effective procurement audit system in place
	4	Low amount of insignificant procurement anomalies occurred; no evidence of high-profile cases or complaints lodged; procurement oversight system functions well

Question MoF-23: Is public procurement information accessible in the form of open data (rules, announcements, specifications, bidding documentation, contracts awarded, etc.)?

Key terms:	Open data is a form of access to information for citizens. In particular in public procurement transparency is seen as key for preventing corruption and misuse of public funds.	
Purpose of question:	To give citizens the opportunity to hold their government accountable and to increase transparency it is important that citizens have access to procurement document (e.g. tenders, biddings, evaluations of offers and awarded contracts). Only with access to procurement documents CSOs, bidders and normal citizens have the opportunity to scrutinize governments' tenders and procurement decisions.	
Sources of information:	Interviews with procurement authority, academia, CSOs, websites of MDAs and procurement authority for documents (e.g. tenders, contracts), Africa Integrity Indicator no. 26, Open Budget Index, Global Integrity.	
Grading:	No Grade	<i>No information</i>
	0	Incomplete or outdated information on public procurement across MDA
	1	Selected elements of public procurement information published in Government gazette (e.g. over certain threshold)
	2	Selected up to date elements of public procurement information published online (e.g. over certain threshold)
	3	Complete up to date information including bidding documentation, contracts etc published but restricted / user fee
	4	Complete up to date information including bidding documentation, contracts etc accessible online free of charge

Question MoF-24: Are there procedures in place and effective to allow for procurement award disputes and appeals?

Key terms:	Dispute and appeals mechanism give suppliers the opportunity to issue formal complaints against procurement awards and report irregularities.	
Purpose of question:	Appeal mechanisms help to detect and document corruption and fraud and increase transparency. To assess the effectiveness of such mechanism also the costs related to appeals and the duration of review processes are important. Moreover, it is relevant who is responsible to handle appeals and how the responsible entity is embedded in the PFM system.	
Sources of information:	Legal framework, interviews with key stakeholders	

Grading:	No Grade	<i>No information</i>
	0	No disputes or appeals foreseen by relevant legislative frameworks
	1	No evidence or public information of use of appeals procedures available
	2	Procurement award disputes characterised by long duration or major backlog of cases; no public information on cases available
	3	Procurement award disputes generally solved in fair, transparent and timely manner; minor backlog of cases
	4	Procurement award disputes always solved in fair, transparent and timely manner; no backlog of cases

4.2. PFM Sub-Process: Procurement

4.2.1 PFM Output: Procurement is done in a transparent and fair manner which is in line with legislation / policies

Question RA-11 and MDA-10: Have significant deviations from procurement legislation (anomalies) occurred?		
Key terms:	See Question MoF-17.	
Purpose of question:	A high number of deviations from the procurement legislation indicates weaknesses in the system. Deviations might be caused by incorrect application of rules due to lack of capacity, technical knowledge and skills, lack of effective oversight mechanisms, corruption, collusion with the private sector, and/or bribery. Such instances typically mean a waste of public funds, reduced public service provision, and might erode the trust of citizens in the government. Significant deviations emphasize the need for institutional reform in this realm to safeguard the public procurement system effectively against violation of the legal framework. The significance of the anomalies are to be estimated as a ratio of overall yearly government procurement.	
Sources of information:	Contracts, tender documents, registered complaints, interviews with procurement authority and CSOs, SAI reports, internal audit reports.	
Grading:	No Grade	<i>No information</i>
	0	Number of deviations and significance unknown due to insufficient documentation by MDA
	1	Significant anomalies including fraud cases; lack of legal redress
	2	Medium amount of significant procurement anomalies occurred; lack of effective legal redress (high backlog of complaints)
	3	Low amount of insignificant procurement anomalies occurred; low backlog of complaints
	4	Low amount of insignificant procurement anomalies occurred with immediate action taken by procurement oversight bodies

Question RA-11 and MDA-10: Have significant deviations from procurement legislation (anomalies) occurred?	
Key terms:	See Question MoF-17.
Purpose of question:	A high number of deviations from the procurement legislation indicates weaknesses in the system. Deviations might be caused by incorrect application of rules due to lack of capacity, technical knowledge and skills, lack of effective oversight mechanisms, corruption, collusion with the private sector, and/or bribery. Such instances typically mean a waste of public funds, reduced public service provision, and might erode the trust of citizens in the government. Significant deviations emphasize the need for institutional reform in this realm to safeguard the public procurement system effectively against violation of the legal framework. The significance of the anomalies are to be estimated as a ratio of overall yearly government procurement.
Sources of information:	Contracts, tender documents, registered complaints, interviews with procurement authority and CSOs, SAI reports, internal audit reports.
Grading:	No Grade <i>No information</i>
	0 Number of deviations and significance unknown due to insufficient documentation by MDA
	1 Significant anomalies including fraud cases; lack of legal redress
	2 Medium amount of significant procurement anomalies occurred; lack of effective legal redress (high backlog of complaints)
	3 Low amount of insignificant procurement anomalies occurred; low backlog of complaints
	4 Low amount of insignificant procurement anomalies occurred with immediate action taken by procurement oversight bodies

Question RA-12 and MDA-11: Is public procurement information accessible in the form of open data (rules, announcements, specifications, bidding documentation, contracts awarded, etc.)?	
Key terms:	See question MoF-18
Purpose of question:	To give citizens the opportunity to hold their government accountable and to increase transparency it's important that citizens have access to procurement document (e.g. tenders, biddings, evaluations of offers and awarded contracts. Only with access to procurement documents CSOs, bidders and normal citizens have the opportunity to scrutinize governments' tenders and procurement decision.
Sources of information:	Contracts, tender documents, registered complaints, interviews with procurement authority and CSOs, SAI reports, internal audit reports.
Grading:	No Grade <i>No information</i>
	0 Incomplete or outdated information on public procurement across MDA
	1 Selected elements of public procurement information published in Government gazette (e.g. over certain threshold)
	2 Medium amount of significant procurement anomalies occurred; lack of effective legal redress (high backlog of complaints)
	3 Complete up to date information including bidding documentation, contracts etc. published but restricted / user fee
	4 Complete up to date information including bidding documentation, contracts etc. accessible online free of charge

4.3 PFM Sub-Process: Payroll

4.3.1 PFM Output: Payroll is effectively managed to ensure payments are done accurately and efficiently

Question MoF-25, RA-13 and MDA-12: Is MoFs/RA's/MDA's payroll robust?		
Key terms:	A robust payroll means e.g. payroll details match the actual workforce and integrity of the payroll is regularly reviewed.	
Purpose of question:	Public sector salaries typically make up for a large percentage of government expenditure. It is thus vital to ensure the integrity of the payroll itself as well as of the control environment geared to ensure correctness of amounts paid and of number and identity of persons entitled to receive pay. This includes regular reviews for “ghost employees”, regular clean up of records, robust procedures in case of retirement and death, supervision of overtime pay etc.. An integration of payroll and personnel management databases is key. However, prior to the integration both data bases need to be concurrently screened – here computerization can be of great help when matching personal and payroll data. To ensure integrity effective controls need to be established and regular audits need to be conducted.	
Sources of information:	Payroll data, personnel data, organization structure and staffing, audit reports, payroll controls.	
Grading:	No Grade	<i>No information</i>
	0	Integrity of payroll unknown; no reviews conducted
	1	Integrity of payroll doubtful; sample reviews conducted from time to time
	2	Integrity of payroll subject to regular reviews; HR and payment systems not automatically integrated
	3	Integrity of payroll subject to regular reviews; HR and payment systems automatically integrated; proof of effectiveness of controls
	4	Payroll monthly actualised against verified list of employees matching authorised HR structure of MDA

Question MoF-26, RA-14 and MDA-13: Is there an efficient and lawful use of temporary employees in terms of their role, remuneration and number?	
Key terms:	Temporary employees: employees with short-term contracts and persons with special assignments (e.g. consultants, advisors).
Purpose of question:	The use of short-term contracts for temporary employees can be a way of circumventing hiring freezes in the public sector. The higher the ratio of temporary employees to regular payroll the more this points to a need for a more thorough review of the HR system in terms of its ability to deliver on its mandate. Typically, higher salaries than as per civil service laws will be applied, which increases the danger of inefficiencies or fraud, if the persons employed do not possess the requisite capacities or were hired for different reasons than merit. Therefore, the number of temporary employees needs to be closely monitored. Here it is interesting to also look at sanction mechanisms and corrective measures, if limits and other rules were violated.
Sources of information:	HR policies, appointments letters, contracts, payroll of temporary employees, personnel registers/databases.

Grading:	No Grade	<i>No information</i>
	0	Number, remuneration and role of temporary employees unknown; lack of policy
	1	No / irregular monitoring; rules not adhered to; high expenditure in relation to regular payroll on temporary employees by MDA
	2	No / irregular monitoring; sample shows rules adhered to; medium expenditure in relation to regular payroll on temporary employees by MDA
	3	Regular monitoring and reporting on efficient and lawful use of temporary employees
	4	Regular monitoring, reporting and effective follow up on efficient and lawful use of temporary employees

Question RA-15 and MDA-14: Were the RA's/MDA's salary payments done on time and in full?

Key terms:	-	
Purpose of question:	There might be discrepancies between salaries captured in the payroll and the actually received payments of RA/MDA staff. Cash management problems may result in delayed or reduced payments. Issues of system robustness, e.g. in terms of capturing of decentral public servants such as teachers or health staff, or lack of system integration or regular updates can also play a role in underperformance in this area. This is a risk area that needs to be closely monitored to prevent fraud from happening.	
Sources of information:	Payroll data and banking statements, work contracts, internal audit reports.	
Grading:	No Grade	<i>No information</i>
	0	Lack of information concerning timing and / or completeness in previous budget year
	1	MDA personnel in more than 6 out of 12 months receives salary payment delayed or partially
	2	MDA personnel in more than 3 out of 12 months receives salary payment delayed or partially
	3	MDA personnel in 1 or more out of 12 months receives salary payment delayed or partially
	4	MDA personnel paid in full and on time every month in the previous budget year

Question RA-15 and MDA-14: Were the RA's/MDA's salary payments done on time and in full?

Key terms:	-	
Purpose of question:	There might be discrepancies between salaries captured in the payroll and the actually received payments of RA/MDA staff. Cash management problems may result in delayed or reduced payments. Issues of system robustness, e.g. in terms of capturing of decentral public servants such as teachers or health staff, or lack of system integration or regular updates can also play a role in underperformance in this area. This is a risk area that needs to be closely monitored to prevent fraud from happening.	
Sources of information:	Payroll data and banking statements, work contracts, internal audit reports.	

Grading:	No Grade	<i>No information</i>
	0	Lack of information concerning timing and / or completeness in previous budget year
	1	MDA personnel in more than 6 out of 12 months receives salary payment delayed or partially
	2	MDA personnel in more than 3 out of 12 months receives salary payment delayed or partially
	3	MDA personnel in 1 or more out of 12 months receives salary payment delayed or partially
	4	MDA personnel paid in full and on time every month in the previous budget year

Question MoF-27, RA-16 and MDA-15: Are public sector worker allowances, non-salary remuneration and other non-salary benefits appropriately managed, monitored and recorded?

Key terms:	This might include travel allowances, sitting allowance, the provision of official cars, air time and residence, schooling money, subsidized loans and mortgages etc.	
Purpose of question:	Allowances and benefits are typically regulated in accordance with the rank of the civil servants. However, often these payments, remuneration and benefits are granted in a discretionary manner. Also in this area there is a lot of space for fraud and misuse of funds, which only can be avoided if such benefits are properly recorded, monitored and audited.	
Sources of information:	HR policy, payroll data, approved benefits, internal audit reports.	
Grading:	No Grade	<i>No information</i>
	0	Absence of documentation on allowances, non-salary remunerations and benefits; absence of policy or regulation
	1	Policy or regulation formally adopted but not regulating effective management, monitoring and archiving system
	2	Appropriate policy, and: Allowances account for high ratio of payroll; or irregular monitoring or audit triggered by request; or no follow up on results
	3	Appropriate policy, and: Allowances account for medium ratio of payroll; and regular monitoring or audits; and follow up on findings
	4	Appropriate policy, and: Allowances account for low proportion of payroll; and regular monitoring or audits; and malpractices effectively deterred

Question MoF-28, RA-17 and MDA-16: Are payroll systems and the main government IFMIS system interlinked to provide complete, accurate and timely information on public sector salary expenditure in compliance with ceilings?

Key terms:	IFMIS: Integrated Financial Management Information Systems can be broadly defined as a set of automation solutions that enable governments to plan, execute, and monitor the budget by assisting in the prioritization, execution, and reporting of expenditures, as well as the custodianship and reporting of revenues. Accordingly, FMIS solutions can contribute to the efficiency and equity of government operations (WB definition).
Purpose of question:	The use of IFMIS and its link to other systems/data bases, such as payroll system/data bases helps to provide more reliable data and to detect inconsistencies between different systems/data bases. IFMIS can for instance be used as an early-warning system that indicates whether payroll ceilings are violated. The excess of payroll ceilings can indicate different circumstances: e.g. payroll costs have been underestimated in the budget proposals, a salary increase in the cause of the budget year or manipulations. The use of manual interfaces such as the uploading of monthly excel-based payment lists into the IFMIS is to be avoided as this provides opportunities for manipulation.

Sources of information:	Payroll data and IFMIS.	
Grading:	No Grade	<i>No information</i>
	0	No comprehensive IT infrastructure for payroll;
	1	Payroll system and IFMIS stand-alone systems, not interlinked; manual entry of remuneration into IFMIS
	2	Payroll systems and IFMIS stand-alone systems; automated interface with no evidence of manipulations occurred
	3	Payroll system and IFMIS interlinked; information on salary expenditure available on request; no regular monitoring of overall expenditure
	4	Payroll system and IFMIS interlinked and provide complete, accurate and timely information on total salary expenditure of public sector including breakdown of salary vs. non-salary remuneration, within legislated ceiling

4.4 PFM Sub-Process: Information Systems

4.4.1 PFM Output: Information Systems are adequately managed and overseen

Question MoF-29: Is the MoF adequately exercising effective control, oversight and regular maintenance of key government IT systems?		
Key terms:	The key government IT systems would be an IFMIS system (see question MoF-23). Sometimes it is not MoF but an e-government department or MDA in charge or administrative reforms that is responsible for the maintenance of the IFMIS: in this case, please answer this question but note it is for the respective department or MDA.	
Purpose of question:	IT can help to increase the efficiency of governments, reduce manual interfaces, increase transparency, assist with archiving, ensure proper audit trails, and thereby reduce the risk for fraud and corruption. Nevertheless, if not properly controlled, overseen and maintained IT systems can also be a crucial risk factor prone to external and internal fraud, manipulation and the potential loss of funds. Therefore constant monitoring of loopholes and security holes is a key task that is to be carried out permanently. Although many governments rely on specialized service providers, own staff with the ability to interrogate the system and provide fixes in case of security breaches or manipulation is a core element of an effective control environment.	
Sources of information:	ICT strategies/policies, audit reports	
Grading:	No Grade	<i>No information</i>
	0	No IT unit or policies with regard to IFMIS at MoF level
	1	IFMIS maintenance and oversight provided off-site by external supplier on contract basis
	2	In-house IT unit provides routine maintenance but dependency on external supplier for troubleshooting
	3	In-house IT support provides core control over and maintenance of IFMIS and interfaced applications with external troubleshooting from time to time
	4	In-house IT support effectively provides oversight over and maintenance of IFMIS and interfaced applications including major upgrades

Question MoF-30: Is the MoF exercising an adequate coordination role for MDAs with regard to IFMIS implementation (training, updates, communication, addressing problems)?		
Key terms:	For IFMIS see question MoF-23	
Purpose of question:	IFMIS can only be used effectively if all potential users are familiar with its use and application. Problems that occur in its usage by the line ministries need to be communicated to the MoF, so that it can address those issues systemically. Frequent use of manual systems in all or some MDAs can point to communication or oversight issues on MDA side, and maintenance and oversight issues on MoF side .	
Sources of information:	IFMIS reports, communication between MoF and line ministries, IFMIS training, interviews with MoFs, MDAs and external service providers.	
Grading:	No Grade	<i>No information</i>
	0	No coordination on IFMIS implementation
	1	Steering committee on IFMIS implementation chaired by MoF; frequent instances of non-functioning of system
	2	Frequent meetings of Steering Committee discussing pertinent issues
	3	MoF providing active guidance and support to MDAs for implementation challenges including training
	4	Smooth IFMIS implementation observed in constant dialogue with MDAs

Question MoF-31: Has the MoF put Disaster Recovery Procedures in place for IFMIS?		
Key terms:	Disaster Recovery Procedures are IT policies that describe the procedures in case of a disaster such as fire, earthquake or others. A secure and constantly updated server with key government data and independent energy source must be provided for. In case another department or MDA is responsible for DRP, please answer the question and note which department.	
Purpose of question:	In order to prevent the loss of crucial data in case of a disaster, IFMIS data has to be replicated regularly and backups stored at a disaster recovery site. Moreover, there is the need for a disaster recovery plan, the application of which needs to be practiced regularly by a clearly appointed disaster recovery team.	
Sources of information:	Interviews, disaster recovery plan.	
Grading:	No Grade	<i>No information</i>
	0	No adequate and approved IT policy
	1	No adequate DRP provisions in IT policy
	2	DRP defined but absence of physical provisions
	3	DRP defined, physical provisions, but absence of awareness / knowledge / training
	4	Fully functional DRP including preparedness trainings

4.2. PFM Sub-Process: Information Systems

4.5.2 PFM Output: Information systems are effectively supporting the RA's/MDA's PFM processes

Question RA-18: Is the RA's IT system effectively integrated with the governments IT systems?													
Key terms:	–												
Purpose of question:	For the Revenue Administration, to have its IT system integrated with MoF system is essential for ensuring up to date information on revenue collection including swift transfer of funds to government accounts. This assists in creating a reconciled government ledgers. It is also essential to have access updated data from MoF & other MDAs directly, utilize different data bases and to more easily detect fraud and manipulation, for instance in the area of payroll but also in the identification of tax payers or in risk assessments. A disadvantage of integrating with other IT system is the fact that it might make the RA's IT system more vulnerable to external manipulation.												
Sources of information:	IT strategy, IFMIS reports, interviews												
Grading:	<table border="1"> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>RA IT system meets government IT and accounting standards</td> </tr> <tr> <td>1</td> <td>RA IT system meets government IT and accounting standards and interfaces with government accounting system</td> </tr> <tr> <td>2</td> <td>Effective interface; and all tax payments received are posted to government accounts within 3 business days</td> </tr> <tr> <td>3</td> <td>Effective interface; and all tax payments received are posted to government accounts within 3 business days and regularly audited</td> </tr> <tr> <td>4</td> <td>Tax revenue collections are routinely reconciled with government ledger and to value of tax payments deposited in Government's accounts</td> </tr> </table>	No Grade	<i>No information</i>	0	RA IT system meets government IT and accounting standards	1	RA IT system meets government IT and accounting standards and interfaces with government accounting system	2	Effective interface; and all tax payments received are posted to government accounts within 3 business days	3	Effective interface; and all tax payments received are posted to government accounts within 3 business days and regularly audited	4	Tax revenue collections are routinely reconciled with government ledger and to value of tax payments deposited in Government's accounts
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3	Effective interface; and all tax payments received are posted to government accounts within 3 business days and regularly audited												
4	Tax revenue collections are routinely reconciled with government ledger and to value of tax payments deposited in Government's accounts												

Question RA-19 and MDA-17: Are there effective controls, oversight and regular maintenance of key government IT systems?													
Key terms:	The key government IT systems would be an IFMIS system (see question MoF-23).												
Purpose of question:	IT can help to increase the efficiency of governments, reduce manual interfaces, increase transparency, assist with archiving, ensure proper audit trails, and thereby reduce the risk for fraud and corruption. Nevertheless, if not properly controlled, overseen and maintained IT systems can also be a crucial risk factor prone to external and internal fraud, manipulation and the potential loss of funds. Therefore, constant monitoring of loopholes and security holes is a key task that is to be carried out permanently. Although many governments rely on specialized service providers, own staff with the ability to interrogate the system and provide fixes in case of security breaches or manipulation is a core element of an effective control environment.												
Sources of information:	IT policies/strategies, maintenance reports												
Grading:	<table border="1"> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>Status of key IT systems not known; no appropriate IT policy in place</td> </tr> <tr> <td>1</td> <td>IT policy formally adopted but not regulating effective controls, oversight and regular maintenance</td> </tr> <tr> <td>2</td> <td>Appropriate IT policy in place but irregular controls, lack of oversight, and/or urgent maintenance needs in hard- and software</td> </tr> <tr> <td>3</td> <td>Appropriate IT policy in place, and regular controls, effective oversight, and regular maintenance</td> </tr> <tr> <td>4</td> <td>Appropriate IT policy in place, and regular controls, effective oversight, fully functional system and equipment with proven Value for Money</td> </tr> </table>	No Grade	<i>No information</i>	0	Status of key IT systems not known; no appropriate IT policy in place	1	IT policy formally adopted but not regulating effective controls, oversight and regular maintenance	2	Appropriate IT policy in place but irregular controls, lack of oversight, and/or urgent maintenance needs in hard- and software	3	Appropriate IT policy in place, and regular controls, effective oversight, and regular maintenance	4	Appropriate IT policy in place, and regular controls, effective oversight, fully functional system and equipment with proven Value for Money
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3	Appropriate IT policy in place, and regular controls, effective oversight, and regular maintenance												
4	Appropriate IT policy in place, and regular controls, effective oversight, fully functional system and equipment with proven Value for Money												

Question RA-20 and MDA-18: Are Disaster Recovery Procedures in place?		
Key terms:	See question MoF-26. Disaster Recovery Procedures are IT policies that describe the procedures in case of a disaster such as fire, earthquake or others. A secure and constantly updated server with key government data and independent energy source must be provided for. Apart from central policies each MDA should have their specific set of rules and procedures in place for the event of a disaster.	
Purpose of question:	In order to prevent the loss of crucial data in case of a disaster, IFMIS data has to be replicated regularly and backups stored at a disaster recovery site. Moreover, there is the need for a disaster recovery plan, the application of which needs to be practiced regularly by a clearly appointed disaster recovery team.	
Sources of information:	Interviews, disaster recovery plan.	
Grading:	No Grade	<i>No information</i>
	0	No adequate and approved IT policy
	1	No adequate DRP provisions in IT policy
	2	DRP defined but absence of physical provisions
	3	DRP defined, physical provisions, but absence of awareness / knowledge / training
	4	Fully functional DRP including preparedness trainings

4.6 PFM Sub-Process: Revenue policy and management

4.6.1 PFM Output: Revenue policy and administration are effectively steered by MoF

Question MoF-32: Are there adequate steering processes for tax policy development in place with key stakeholders (revenue authority, customs, ministry of trade, Parliament, private sector)?	
Key terms:	Adequate steering processes refer to the regulation of cooperation, i.e. the way in which policies, concepts, regulatory reforms and other initiatives are discussed between the MDA responsible for setting tax policies (typically MoF, but also Ministry of Trade / Industry, Presidency etc) in collaboration with other stakeholders such as academia, private sector and civil society organisations.
Purpose of question:	Tax policy development is a policy area that as other public policies requires participatory modes of policy-making. Due to its complexity, its wide impacts and its different objectives (fiscal, redistribution, steering) a broad range of different interests within government such as stimulation of economic growth (Ministry of Trade), maximization of revenue collection (Ministry of Finance), attraction of foreign investment (Presidency), ease of revenue collection (revenue administration) etc. In addition, further expertise from outside government may be included. This includes private sector and civil society organizations as well as parliament in preparation for the legislative process.
Sources of information:	Interviews, registers and minutes of stakeholder consultation meetings..

Grading:	No Grade	<i>No information</i>
	0	No effective process of tax policy development
	1	Tax policy set at MoF level without key stakeholder consultation
	2	Tax policy set at MoF level with some key stakeholder consultation on case-by-case basis
	3	Joint process with shared responsibilities; meetings on tax policy have taken place
	4	Regular effective working level and high level exchange on tax policy development

Question MoF-28: Does the MoF ensure adequate oversight over the Revenue Authorities exercise of its mandate and operations?

Key terms:	<p>Many revenue authorities have a semiautonomous status. They are often outside the realm of the public service with respect to HR laws, policies and regulations. Instead they have a more corporate character. They normally enjoy more flexibility with regards to budgets, procurement and asset management – they are not limited by public service rules. Still the RA is part of the public administration and its relationship with government is through the ministry of finance which is accountable to the legislature for the RA’s performance. Moreover, RAs are normally overseen/supervised and monitored by a governing body/board, which also includes a representative of the ministry of finance. In systems where the RA is integrated in the ministry of finance, the line of command is more direct.</p>	
Purpose of question:	<p>Due to their semiautonomous character, and revenue collection operations, RAs enjoy more discretionary powers than other MDAs. While giving RAs a more corporative character and a different incentive structure to operate efficiently, they are also less regulated by the government and vulnerable to other forms of fraud and corruption compared to other MDAs. Therefore, the RAs need to be closely monitored/overseen by the MoF through the RA Board in its operations. The MoF in particular needs to review the nexus between tax policy and administration in order to ensure an efficient interface. Further the MoF will have to scrutinize budget proposals, monitor audit reports and annual reports as well as approve loans, grants and subsidies.</p>	
Sources of information:	RA Act, audit reports, annual reports/statements, MoF reports, interviews.	
Grading:	No Grade	<i>No information</i>
	0	No evidence of MoF oversight over RA
	1	Insufficient MoF capacity for exercising RA oversight; or limitations of RA mandate not respected
	2	Infrequent oversight on case by case basis
	3	Adequate oversight reported by stakeholders
	4	Effective oversight as per public evidence

4.7. PFM Sub-Process: Revenue Policy and Management

4.7.1 PFM Output: Revenue policy development is supported and effectively implemented at Revenue Authority level

Question RA-21: Does the revenue authority contribute towards the tax policy development process?													
Key terms:	Normally the tax policy remains the mandate of the MoF. See question MoF-27. The RA only has the mandate to assess and collect taxes and duties and administer and enforce the revenue law, including the development of below-law instruments such as regulations and implementing circulars, directives or similar. In some countries, the RA is also officially mandated to advise the MoF on tax policy laws/design. This reflects its knowledge about administrative procedures and the sometimes narrow difference between law and regulation.												
Purpose of question:	Although tax/revenue policy making normally the mandate of the MoF, the RA has the expertise in enforcing the laws and collecting taxes. Therefore, it makes sense to include the RA when developing new tax policies or revising existing ones. Without the involvement of the RA in the tax policy development there is a risk that the MoF develops tax policies that are not consistent with RA's capacities, which might lead to circumstances where tax laws cannot be enforced and tax revenues cannot be collected in intended amount.												
Sources of information:	RA reports/publications, minutes of RA/MoF meetings, interviews with RA and revenue policy division in MoF, PFM Act												
Grading:	<table border="1"> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No evidence of contributions of RA towards tax policy</td> </tr> <tr> <td>1</td> <td>Tax policy set at MoF level without RA consultation</td> </tr> <tr> <td>2</td> <td>Tax policy set at MoF level with some RA consultation</td> </tr> <tr> <td>3</td> <td>Joint process with shared responsibilities; meetings on tax policy have taken place</td> </tr> <tr> <td>4</td> <td>Regular effective working level and high level exchange on tax policy development</td> </tr> </table>	No Grade	<i>No information</i>	0	No evidence of contributions of RA towards tax policy	1	Tax policy set at MoF level without RA consultation	2	Tax policy set at MoF level with some RA consultation	3	Joint process with shared responsibilities; meetings on tax policy have taken place	4	Regular effective working level and high level exchange on tax policy development
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3	Joint process with shared responsibilities; meetings on tax policy have taken place												
4	Regular effective working level and high level exchange on tax policy development												

Question RA-22: Does the revenue authority assess and take mitigative action with regards to compliance risks within the tax system?													
Key terms:	The compliance risk differs across tax types (VAT, income tax, PAYEE etc) and across taxpayer groups (self-employed, high net worth individuals etc). An adequate strategy to assess and mitigate compliance risks has to take this fact into account.												
Purpose of question:	In case the revenue authority does not assess compliance risks properly and does not take tax types and taxpayer group specific mitigation action it risks ineffective tax audits and might not detect tax evaders.												
Sources of information:	RA acts, manuals and strategies.												
Grading:	<table border="1"> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No comprehensive information on compliance risks or mitigative action</td> </tr> <tr> <td>1</td> <td>Policy on compliance risk assessment and quantification exists</td> </tr> <tr> <td>2</td> <td>In response to policy, risk register and risk mitigation strategy in place</td> </tr> <tr> <td>3</td> <td>Monitoring and evaluation of risk register and risk mitigation strategy</td> </tr> <tr> <td>4</td> <td>Up-to-date core risk register is used by RA to increase compliance of taxpayers; results regularly monitored and reported on</td> </tr> </table>	No Grade	<i>No information</i>	0	No comprehensive information on compliance risks or mitigative action	1	Policy on compliance risk assessment and quantification exists	2	In response to policy, risk register and risk mitigation strategy in place	3	Monitoring and evaluation of risk register and risk mitigation strategy	4	Up-to-date core risk register is used by RA to increase compliance of taxpayers; results regularly monitored and reported on
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3	Monitoring and evaluation of risk register and risk mitigation strategy												
4	Up-to-date core risk register is used by RA to increase compliance of taxpayers; results regularly monitored and reported on												

Question RA-23: Does the revenue authority manage the taxpayer database with regard to integrity, completeness, accuracy and validity?	
Key terms:	A proper taxpayer database is a prerequisite to administer taxes. Ideally all businesses and individuals that are required by law are registered as taxpayers. It is the task of a good RA compile a complete database and to maintain it properly.
Purpose of question:	An accurate, correct and complete taxpayer database is a prerequisite to efficiently and effectively enforce tax laws and to ensure the intended tax base. In case the tax register is not established or maintained properly there is high likelihood that the tax authority only taxes those that are easy to identify, i.e. those are already registered. Beside the fact that the government does not utilize its full potential to mobilize revenue, this situation also leads to real and perceived unfairness of the tax system and sets incentives to avoid and evade taxes. Even worse, due to the incomplete taxpayer database the tax base shrinks and the easy-to-tax might even be taxed at higher rate, which might further erode the acceptance of the tax system and voluntary compliance.
Sources of information:	Taxpayer registration forms, interview, observations, data bases of registrar general
Grading:	No Grade <i>No information</i>
	0 No assessment on integrity of taxpayer database available
	1 Taxpayer database(s) without unique Taxpayer Identification Number in use;
	2 Taxpayer database(s) with unique Taxpayer Identification Number; routine identification of non-filers;
	3 Taxpayer database(s) with unique Taxpayer Identification Number; routine identification of non-filers; identification of dormant registrations; working IT interfaces
	4 Integer database as evidenced by use of unique Taxpayer Identification Number, automatic check of duplicate records, working IT interfaces, checks on dormant registrations, frequent initiatives to detect unregistered taxpayers; customized reports and audit trails
Question RA-24: Does the revenue authority actively support taxpayers towards voluntary compliance with relevant tax legislation?	
Key terms:	Voluntary compliance by taxpayers means taxpayers voluntarily declaring their taxes, without need for punitive actions by the tax authority.
Purpose of question:	Identifying unregistered taxpayers is more complicated and expensive than getting taxpayers voluntarily into the tax net and make them comply with the tax system. Voluntary compliance can be improved for instance by: providing better guidance/information, treating taxpayers as customers of the RA, reducing the cost of compliance by streamlining processes and reducing the distance to the taxpayer through physical offices or e-services etc. The absence of programs to strengthen voluntary compliance could e.g. narrow the tax base, lead to a loss in tax revenues, exacerbate the perception of an unfair tax system and lead the government to more costly actions of enforcing compliance.
Sources of information:	Interviews, strategic plan, tax compliance programmes,

Grading:	No Grade	<i>No information</i>
	0	No documentation on support by RA
	1	RA has outreach and information campaign in place
	2	RA has well-designed outreach and regular information campaign in place
	3	Active support measures by RA well known by taxpayers
	4	High degree of voluntary compliance by taxpayers

Question RA-25: Are the revenue authority's revenue targets reasonable, and does it meet its own performance indicators with respect to current year's tax collection targets?

Key terms:	Revenues forecasts are normally calculated jointly by RAs, MoFs and other entities (e.g. Statistic Offices). However, the final collection targets are set by the MoF in collaboration with the government's executive branch.	
Purpose of question:	The RA only has realistic chance to meet the collection targets if they are based on reasonable forecasts in line with realistic estimates of economic growth (see question MoF-1 and RA-1). In case targets are not met the MoF needs to be informed immediately to adapt the envisaged expenditures. Underperforming tax collection can lead to expenditure cuts, delay in policy implementation, budget deficits liabilities and the accumulation of payment arrears.	
Sources of information:	Collection targets and revenue forecasts/estimates.	
Grading:	No Grade	<i>No information</i>
	0	No own performance indicators / no revenue targets set
	1	Assumptions behind revenue targets questionable; or not made transparent
	2	Revenue target increases linear (prior year + x%); no reflection of changing circumstances (e.g. economic growth, draught, FDI); or major difference between forecast and collection (both over- and under collection)
	3	Revenue targets are reasonable but significant difference between forecasted and collected
	4	Ambitious and realistic tax collection targets met on a continuous monthly basis

Question RA-26: Is the tax dispute resolution system in place and effective?

Key terms:	A tax dispute can be understood as a disagreement or dissatisfaction between a RA and a taxpayer. A dispute resolution system must safeguard a taxpayer's right to challenge an assessment resulting from an audit and to get a fair hearing. The process should be based on a legal framework, be known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.	
Purpose of question:	To increase trust in the tax system and the government in general it is important to have an effective and independent resolution system in place. A taxpayer should be entitled to dispute three elements of a tax assessment: (1) the accuracy of the facts relied upon by the auditor; (2) the correctness of interpretation of the tax law; and (3) the amount of penalties imposed by the tax administration. The absence of such a system might set incentives for domestic taxpayers to get registered as taxpayers and might have negative impacts in foreign investments.	
Sources of information:	Legal framework (e.g. tax appeals tribunal act), interviews, reports, survey	

Grading:	No Grade	<i>No information</i>
	0	No tax dispute resolution system in place
	1	Tax dispute resolution system in place, but frequent disputes / complaints or no performance information
	2	Dispute resolution process is independent, accessible to taxpayers, with yearly increasing stock of unresolved claims
	3	Dispute resolution process is independent, accessible to taxpayers, and effective in resolving disputes (low ratio of unresolved claims)
	4	Dispute resolution process is independent, accessible to taxpayers, and effective in resolving disputes in a timely manner (absence of backlog)

Question RA-27: Are there adequate oversight mechanisms over the revenue authority's operations?

Key terms:	See question MoF-28. Many revenue authorities have a semiautonomous status. They are often outside the realm of the public service with respect to HR laws, policies and regulations. Instead they have a more corporate character. In addition to that they normally enjoy more flexibility with regards to budgets, procurement and asset management – they are limited by public service rules. Still the RA is part of the public administration and its relationship to the government is through the minister of finance who is accountable to the legislature for the RA's performance. Moreover, RAs are normally overseen/supervised and monitored by a governing body/board, which also includes a representative of the ministry of finance.	
Purpose of question:	Due to its semiautonomous character and powers of revenue collection, RAs enjoy more discretionary powers than other MDAs. While giving RAs a more corporate character and a different incentive structure to operate efficiently, they are also less regulated by the government and vulnerable to other forms of fraud and corruption compared to other MDAs. Therefore, the RAs need to be closely monitored/overseen by the MoF, the RA Board, the SAI and the parliament. In case oversight mechanisms are not designed adequately there is a risk for fraud, misuse of funds and poor service delivery.	
Sources of information:	RA Act, external and internal audit reports, MoF reports, parliamentary reports and minutes, interviews.	
Grading:	No Grade	<i>No information</i>
	0	No or outdated policy on oversight mechanisms
	1	Oversight mechanisms described in law or policy but no/ little evidence of implementation
	2	Oversight mechanisms described in law or policy and some evidence of implementation of controls
	3	Regular exercise of oversight by internal control, internal audit, MoF on policy level, and Parliament
	4	Evidence of regular exercise of complete system of oversight mechanisms including public reporting on results

Question RA-28: Does the revenue authority disclose revenue raised, revenue foregone, revenue uncollected and other key metrics of revenue performance by end of the budget cycle?	
Key terms:	Tax expenditures are revenues foregone due to preferential tax provisions such as tax exemptions, waivers and reductions. This is a synonym for tax incentives. Revenue uncollected: Are revenue that a taxpayer is owing the RA after a tax assessment but that has not been paid/collected yet (tax arrears).
Purpose of question:	The disclosure of major revenue performance metrics is important for the sake of transparency and for citizens, CSOs and businesses to hold the government accountable. In case the RA is not meeting its revenue targets it is important to see possible explanations for this. To find a solution it makes a big difference whether the RA is not able to register sufficient taxpayers, collect outstanding tax liabilities, recover arrears or whether too much revenue is lost due to tax exemptions, reductions and waivers.
Sources of information:	Budget/budget estimates, annual reports, quarterly reports
Grading:	No Grade <i>No information</i>
	0 No data available on revenue raised, foregone, uncollected and others
	1 Partial information available at RA records at request
	2 Partial information regularly reported to MoF/Parliament
	3 Regular complete report on revenue raised, foregone, uncollected etc. to MoF/Parliament
	4 Up to date comprehensive information available online to citizens

4.8. PFM Sub-Process: Revenue Policy and Management

4.8.1 PFM Output: Revenue management at MDA level is effective and efficient

Question MDA-19: Are the MDA's revenue targets based on reasonable assumptions including past history of revenue collected versus forecasted, and are they being met?	
Key terms:	Revenue targets can only be considered as reasonable if they are based on proper scientific forecasts. The revenue targets itself are set by the MoF and the executive branch of government.
Purpose of question:	Expenditures are normally based on the expected revenues, which correspond with the revenue targets. In case targets are not met the MoF needs to be informed immediately to adapt the envisaged expenditures. Underperforming tax collection can lead to expenditure cuts, delay in policy implementation, budget deficits liabilities and the accumulation of payment arrears.
Sources of information:	MDAs' revenue statistic, statistics on internally generated funds, approved budgets, budget proposals, revenue forecasts
Grading:	No Grade <i>No information</i>
	0 No revenue targets defined
	1 Assumptions behind revenue targets questionable; or not made transparent
	2 Revenue target increases linear (prior year + x%); no reflection of changing circumstances (e.g. economic growth, draught, FDI); or major difference between forecasted and collected (both over- and under collection)
	3 Revenue targets are reasonable but medium difference between forecasted and collected (both over and under collection)
	4 Ambitious and realistic tax collection targets met on a continuous monthly basis

Question MDA-20: Are debtors being monitored and followed up?		
Key terms:	-	
Purpose of question:	Tax arrears and a high ratio of arrears to revenues indicates that the MDA has difficulties in enforcing the payment of fees, levies, charges etc. In case arrears are high, it means the MDA has to deal with their recovery. The successful following up of debtors can be measured by looking at the amount of recovered arrears and the ration of recovered arrears to total arrears. In case debtors are not monitored and followed up the likelihood is high that a MDA will experience a shortfall of revenues.	
Sources of information:	MDA balance sheets, documentation on arrears follow up, Interviews, reports/strategy on arrear management	
Grading:	No Grade	<i>No information</i>
	0	No data available on stock of revenue debtors
	1	High stock of arrears on outstanding debts on revenues; no monitoring and depreciation policy in effect
	2	Medium stock of arrears of outstanding revenue debt; no monitoring and depreciation policy in effect
	3	Low stock of arrears; regular monitoring; collection and follow up process
	4	No significant stock of debtors on books; effective collection process evidenced

Question MDA-21: Are transfers of revenues from commercial banks or other non-government financial entities to the central bank/national treasury done regularly and swiftly?		
Key terms:	Often taxes, levies, fees and charges are not directly paid to the RA or MDA but are paid to banks and are collected by banks and businesses and transferred to the government through financial entities.	
Purpose of question:	For revenue and cash management purposes a regular – ideally a daily – transfer of collected revenue is crucial. A regular transfer allows the MoF, MDAs, RA and government to accurately monitor the flow of revenues and identify deviations from the revenue targets. With regards to cash management regular transfers are necessary to enable a permanent availability of funds. In case funds are not transferred regularly a shortfall in revenue collection might be realized too late and would lead to a delay in counter measures, such as spending cuts, reallocation of funds and the use of short-term bonds.	
Sources of information:	Cash receipts, bank statement, cashbook, bank reconciliation statements	
Grading:	No Grade	<i>No information</i>
	0	No data available on exact volume of revenue or transfers
	1	Irregular volumes transferred not in line with forecast; or no reporting; or no interest accrued transferred; or no compensation
	2	Irregular volumes transferred not in line with forecast; or no reporting; or no interest accrued transferred; or no compensation
	3	Regular transfer of volumes in line with forecast; no interest accrued transferred
	4	In previous year, every month complete transfer of revenue from all sources to government accounts on time; documentation complete

Question MDA-22: Are revenue reconciliations being performed regularly?	
Key terms:	All public entities that collect central government revenues need to reconcile their accounts regularly. Revenue reconciliations should ensure that the collection and transfer systems operate in the intended way and that arrears and revenue float are monitored and minimized. Revenue reconciliation helps to identify any difference between amounts assessed or levied by assigned entities and amounts received by the Treasury. In case differences are identified they need to be explained.
Purpose of question:	Revenue reconciliation is an important part of revenue management. If it is not done regularly the RA or MDAs might not be aware of outstanding payments and could not reveal embezzlement of public funds, e.g. in case revenues are collected but not entirely transferred to the treasury. Thus revenue reconciliation is key in order to minimize arrears and prevent financial leaks.
Sources of information:	Cashbooks, bank statements, bank reconciliations
Grading:	No Grade <i>No information</i>
	0 No policy for revenue reconciliation
	1 Revenue not reconciliated: MDA usually keeps as cash income to offset cash flow insufficiencies
	2 Revenue reconciliated irregularly: high stock of non-reconciling items
	3 Reconciliation done monthly; no information on non-reconciling items or non-follow up of non-reconciling items
	4 Complete reconciliations; non-reconciling items recorded and followed up; zero backlog

Question MDA-23: Does the MDA have in place systems, processes and procedures to manage internally generated funds (e.g. fees, charges, donations etc.) in accordance with law and regulations?	
Key terms:	Internally generated funds (IGF) are those funds that are realized through the efforts or operations of the entity itself, i.e. the funds were not borrowed or realized through other external means.
Purpose of question:	As IGF are part of the government revenue and expenditure system it is important that they are integrated into the government's system of budgeting and accounting. Here it would be beneficial if the RA and all MDAs use the same systems, instead of setting up parallel systems.
Sources of information:	Cash books, rules/guideline on internal generated funds, audit reports, IFMIS reports
Grading:	No Grade <i>No information</i>
	0 No policy in place
	1 Policy or regulation formally adopted but not regulating effective management, systems or capacity to manage internally generated funds
	2 Policy formally in place but no regular management of funds
	3 Policy in place: internally generated funds ordinarily managed but exceptions
	4 Full accountability for internally generated funds at all times

Question MDA-24: Does the MDA disclose revenue raised, revenue foregone, revenue uncollected and other key metrics of revenue performance by end of the budget cycle?	
Key terms:	Foregone revenues might occur due to waivers and reductions. Revenue uncollected: Are payments that citizens owe to the MDA, as they used their services but that have not been paid/collected yet.
Purpose of question:	The disclosure of major revenue performance metrics is important for the sake of transparency and for citizens, CSOs and businesses to hold the government accountable. In case the MDA is not meeting its revenue targets it is important to see possible explanations for this. To find a solution it makes a big difference whether the MDA is not able to collect because of lack of enforcing payments, recover arrears or whether too much revenue is lost due to reductions and waivers.
Sources of information:	Budget/budget estimates, financial statements
Grading:	No Grade <i>No information</i>
	0 No data on revenue raised available
	1 No disclosure of information on revenue raised
	2 Metrics on performance measurement available but incomplete (no revenue foregone; uncollected)
	3 Full disclosure on key metrics on revenue performance
	4 Full disclosure on key metrics on revenue performance; online available for citizens

4.9 PFM Sub-Processes: Cash Management

4.9.1 PFM Output: Clear, documented Cash Management procedures are being adhered to

Question MoF-34: Is the budget uploaded on the IFMIS the one approved by Parliament?	
Key terms:	For IFMIS see question MoF-23
Purpose of question:	Only the budget approved by parliament is legally binding for the government. In case the budget on IFMIS differs from the one approved by parliament MoF might release more/less funds than officially approved, MDAs might exceed expenditure ceilings or might not implement their planned activities due to a shortfall in funds.
Sources of information:	Approved Budget, budget on IFMIS
Grading:	No Grade <i>No information</i>
	0 No data on budget uploaded after approval
	1 High variation between IFMIS budget and approved final budget, concerning more than 1 MDAs or local level
	2 Medium variation between IFMIS budget and approved final budget, concerning 1 MDA
	3 Low variation between IFMIS budget and approved final budget, concerning certain budget lines (not program level)
	4 No variation as internal control mechanisms ensure compliance with approved budget document

Question MoF-35: Does the MoF ensure that overall MDA spending is in line with approved budgets?		
Key terms:	There are two ways violating the compliance the approved budget: (1) overt non-compliance stems from excessive cash payments over the authorized amount in the budget and (2) covert non-compliance stems from a lack of control over commitments. The objective of compliance with the approved budget is violated in both cases. However, the covert non-compliance has additional adverse effects: it can create payment obligations for future fiscal years, reduce fiscal transparency, harms government credibility etc. Internal controls are crucial to prevent over-spending and over-commitments.	
Purpose of question:	Cash management is a core task of the MoF. In order to ensure spending in line with the approved budget both cash payment and commitments need to be controlled. The objective of compliance with the approved budget is violated in both cases (overt and covert non-compliance). However, the covert non-compliance has additional adverse effects: it can create payment obligations for future fiscal years, reduce fiscal transparency, harms government credibility and creates other costs and problems, for instance the accumulation of arrears.	
Sources of information:	Budget, monitoring and controlling systems (contract data banks), interviews	
Grading:	No Grade	<i>No information</i>
	0	No policy or no MoF controls or no data on commitments or no current data on overall spending at MoF level
	1	Policy or IT system with commitment control in place but module not effective; or widespread use of manual procedures
	2	Commitment control processes in place but evidence of non-compliance in sample months
	3	Commitment control processes in place
	4	Overall spending in line with monthly ceilings and available cash; no payment obligations created for government for future budgetary years

Question MoF-36: Is there a clear and documented process for deciding on and approving the release of cash to the MDA in line with approved budget; and is this process adhered to?	
Key terms:	Ideally there should be a budget implementation plan for each MDA and funds should be released based on these plans. Moreover, there needs to be a cash plan that is consistent with the budget implementation plan. The cash plan should project cash in- and outflows as well as borrowing needs. It needs to be updated regularly based on development that influence cash flow, such as interest rates, exchange rate, payment schedules, spending commitments etc. Based on this the MoF needs to: (1) inform MDAs about the amounts they are allowed to spend and when and 2) release the funds on time.
Purpose of question:	If spending authorizations are not in line with budget ceilings, it may be too late to reduce expenditures, as spending is already authorized and MDAs can make commitments. Instead it will lead to the accumulation of arrears, which increases government liabilities and reduces future fiscal space.
Sources of information:	Budget implementation plans, cash plans, IFMIS reports, evidence of arrears or commitments, interviews, financial statements

Grading:	No Grade	<i>No information</i>
	0	No process
	1	Process description available but defects (unclear responsibilities, overlaps, outdated, draft version)
	2	Process clearly described and documented but evidence of frequent cash rationing (more than once release of less cash than the approved budget to some MDAs)
	3	Process clearly described and documented but evidence of at most one example of cash rationing (release of less cash than the approved budget to one MDA)
	4	Process clearly described and documented and release of cash always in line with the approved budget to all MDAs

Question MoF-37: Are reconciliations between actual spending and approved plans done monthly?

Key terms:	–	
Purpose of question:	Reconciliation between actual and approved spending plans help to detect overt non-compliance of MDAs. If reconciliations are done regularly excess payments above the authorized/approved plans come to surface earlier and negative impacts of overspending can be curtailed. Yet reconciliations do not prevent covert non-compliance from happening. This risk needs to be mitigated via commitment controls/control processes.	
Sources of information:	IFMIS, cash plans, spending accounts.	
Grading:	No Grade	<i>No information</i>
	0	No process in place
	1	Policy / Regulation / Instructions in place but outdated or in draft version or other defects
	2	Clear regulatory framework for monthly reconciliations in place
	3	Monthly reconciliations in line with regulatory framework undertaken but evidence of major backlog of non-reconciling items or lack of follow up or other issues detected
	4	Monthly reconciliations in line with regulatory framework undertaken; all non-reconciling items followed up swiftly; no backlog.

Question MoF-38: Does the MoF have specific mechanisms in place to ensure availability of cash in times of heightened demands?

Key terms:	None
Purpose of question:	During disaster times, liquidity management is paramount to ensure governments can meet their obligations (e.g. procurement of health care equipment, payment of benefits to affected communities). In the short term, disasters require significantly higher disbursements of cash.
Sources of information:	National disaster management plan, and/or disaster preparedness and response plan, procedures and guidelines

Grading:	No Grade	No information
	0	The MoF has no mechanisms in place to ensure availability of cash in times of heightened demands.
	1	The MoF is in the process of developing specific and identifiable mechanisms to ensure availability of cash in times of heightened demands during disaster periods.
	2	The MoF has general mechanisms in place to ensure availability of cash in times of heightened demands during disaster periods.
	3	The MoF has specific and identifiable mechanisms in place to ensure availability of cash in times of heightened demands during disaster periods.
	4	The MoF has specific and identifiable mechanisms in place to ensure availability of cash in times of heightened demands during disaster periods. Those mechanisms have been tried and tested.

Question MoF-39: Does the MoF have emergency controls in place to fast-track expenditure authorizations in order to ensure timely disbursement of cash to service delivery units?

Key terms:	None	
Purpose of question:	During periods of disaster, financing and liquidity needs increase significantly. Additional resources need to be made available timely and efficiently to service delivery units to meet their obligations (e.g. procurement of medical goods, payments of economic benefits). Controls should not be bypassed but allow for the prioritizations of priority items.	
Sources of information:	National disaster management plan, due process and procedure	
Grading:	No Grade	No information
	0	The MoF has no emergency controls in place to fast-track expenditure authorizations in order to ensure timely disbursement of cash to service delivery units in disaster periods.
	1	The MoF is in the process of developing emergency controls to fast-track expenditure authorizations in order to ensure timely disbursement of cash to service delivery units in disaster periods.
	2	The MoF has general emergency controls in place to fast-track expenditure authorizations in order to ensure timely disbursement of cash to service delivery units in disaster periods.
	3	The MoF has specific and identifiable emergency controls in place to fast-track expenditure authorizations in order to ensure timely disbursement of cash to service delivery units during disaster periods.
	4	The MoF has specific and identifiable emergency controls in place to fast-track expenditure authorizations in order to ensure timely disbursement of cash to service delivery units during disaster periods. Those controls have been tried and tested.

Question RA-29 and MDA-25: Is the budget uploaded on the IFMIS for the RA/MDA the one which was approved by Parliament?		
Key terms:	–	
Purpose of question:	Only the budget approved by parliament is legally binding for the government. In case the budget on IFMIS differs from the one approved by parliament MoF might release more/less funds than officially approved, MDAs might exceed expenditure ceilings or might not implement their planned activities due to a shortfall in funds.	
Sources of information:	Budget, budget on IFMIS	
Grading:	No Grade	<i>No information</i>
	0	No data on budget uploaded after approval
	1	High variation between IFMIS budget and approved final budget
	2	Medium variation between IFMIS budget and approved final budget
	3	Low variation between IFMIS budget and approved final budget
	4	No variation as internal control mechanisms ensure compliance with approved budget document

Question RA-30 and MDA-26: Are in-year cash allocations to the RA/MDA in line with the approved budget and are these released regularly based on the cash requirements of the RA/MDA?		
Key terms:	-	
Purpose of question:	<p>Ideally there should be a budget implementation plan for each MDA and funds should be released based on these plans. Moreover, there needs to be a cash plan that is consistent with the budget implementation plan. The cash plan should project cash in- and outflows as well as borrowing needs. RA/MDAs need to be updated regularly based on development that influence cash flow, such as interest rates, exchange rate, payment schedules, spending commitments etc.</p> <p>If spending authorizations are not in line with budget ceilings, it may be too late to reduce expenditures, as spending is already authorized and MDAs can make commitments. Instead it will lead to the accumulation of arrears, which increases government liabilities and reduces future fiscal space.</p>	
Sources of information:	Budget implementation plans, cash plans, IFMIS reports, arrears or commitments, interviews, financial reports	
Grading:	No Grade	<i>No information</i>
	0	No record of monthly cash allocations to MDA
	1	Cash allocations to MDA irregular and stays below allocated budget ceiling
	2	Cash allocations to MDA rationed but over the year reaching the allocated budget ceiling
	3	Cash allocations to MDA in line with budgetary requirements of MDA
	4	Cash allocations to MDA in line with budget, requirements of MDA, and regularly released every month

Question RA-31 and MDA-27: Does the RA/MDA have effective commitment control processes in place to ensure that overall spending is approved in line with budgets and/or cash availability?		
Key terms:	Commitment controls play an important role in establishing a system of expenditure control and controlling the accumulation of payment arrears. Their purpose is to prevent MDAs to enter commitments that have not been authorized.	
Purpose of question:	Commitment controls processes should mitigate the risk of convert non-compliance. If commitment controls are not in place this could lead to the accumulation of payment arrears leading to fiscal distortion, additional costs and eroding government credibility. Arrears will need to be financed from next year's budget or additional financing / government loans or remain unpaid to the private sector.	
Sources of information:	Audit reports, IFMIS reports	
Grading:	No Grade	<i>No information</i>
	0	No data on commitments or contracts MDA has closed with payment obligations over coming budgetary years
	1	IT system with commitment control in place but module not effective; or widespread use of manual procedures
	2	MDA commitment control processes in place but evidence of non-compliance
	3	MDA commitment control processes in place
	4	MDA spending in line with budgetary ceilings and available cash; no payment obligations created for government outside budgetary year

Question RA-32 and MDA-28: Does the RA/MDA submit regular and complete expenditure and performance reports to the MoF?		
Key terms:	Expenditure/performance reports give an overview about the expenditure or collected revenues of an MDA/RA.	
Purpose of question:	Expenditure and performance reports are an important source of information for the MoF for its cash management as they allow to compare actual performance to intended expenditures and revenues in the budget. In case those reports are not submitted regularly the MoF cannot adapt its cash management based on current data. This might delay necessary adaptation in the cash and procurement plans and lead to the accumulation of arrears and delay in the implementation of government programs.	
Sources of information:	Expenditure and performance reports	
Grading:	No Grade	<i>No information</i>
	0	No reporting process in place
	1	MDA does not report on expenditure or performance
	2	MDA reports irregular or incomplete or partial (expenditure or performance)
	3	MDA submits regular and complete reports on expenditure
	4	MDA submits regular and complete reports; figures are accurate

Question RA-33 and MDA-29: Is the RA's/MDA's financial officer professionally qualified?		
Key terms:	-	
Purpose of question:	The officer responsible for the financial tasks within the RA/MDA needs to be qualified for the position. In case he/she is not fully qualified it might have negative repercussions for the quality of the functions exercised. In particular where use of IT systems is required, such as for cash management, spending approval, uploading of budget information into the IT system, bank reconciliation etc, suitable qualifications as well as working knowledge with regard to government accounting and IT systems is essential.	
Sources of information:	Organigram, job profiles, interviews, CVs	
Grading:	No Grade	<i>No information</i>
	0	No data on qualification obtainable
	1	Officer not suitably qualified
	2	Officers qualified but constant rotation
	3	Officers possess relevant financial qualification and government experience
	4	Demonstration of use of financial qualification and suitable experience in government

4.10 PFM Sub-Process: Internal Controls and Audit

4.10.1 PFM Output: Internal Controls and Audit are in place and effective

Question MoF-40: Did the MoF design and communicate to MDAs to implement an internal control system to mitigate PFM risks including regular monitoring of effectiveness?	
Key terms:	Internal control systems (ICS): Normally each stage of expenditure is equipped with specific types of controls: the financial (commitment stage), physical (verification stage), accounting (before payment is made) and audit (after the expenditure cycle is completed) controls. The responsibility for each type of control lies with different units within the MoF or inspection and payment agencies.
Purpose of question:	Internal controls are a key factor in mitigating PFM risks. For a proper implementation of internal controls, the MoF needs to inform, supervise and assist the MDAs. Moreover, the effectiveness of these controls needs to be monitored/audited regularly and if necessary internal controls need to be revised/amended. The SAI plays an important part in ensuring the effectiveness to of ICS.
Sources of information:	Audits reports on effectiveness of ICS, IFMIS (reports), internal controls guideline/strategy/policy, interviews.
Grading:	No Grade <i>No information</i>
	0 No or outdated or partial ICS regulatory framework or policy
	1 ICS not suitably designed, regulated and communicated to MDAs
	2 ICS suitably designed, regulated and communicated to MDAs but no monitoring by MoF
	3 ICS suitably designed, regulated and communicated to MDAs and some evidence of monitoring by MoF on implementation by MDAs
	4 ICS in effect as evidenced by compliance of all MDAs and absence of over spending, misuse of assets or unauthorized spending

Question MoF-41: Does the MoF regularly report and review key financial management issues and is this information used to inform decisions?	
Key terms:	Key financial management issues refer to key processes of the entire budget cycle i.e. macro and fiscal forecasting, budget preparation, budget approval, budget execution as well as accounting, reporting and oversight.
Purpose of question:	Risks in the PFM system can only be identified when the system is regularly reviewed. Identified risks need to be reported and if counter measures are taken MDAs need to be informed about these decisions. If such reviews are not undertaken regularly, risks remain under the surface and cannot be mitigated.
Sources of information:	Public Expenditure and Financial Management Review/Reports
Grading:	No Grade <i>No information</i>
	0 No monitoring of key financial management issues by MoF
	1 No monitoring of key financial management issues for whole of government by MoF
	2 Regular reports for whole of government by MoF
	3 Regular reports across whole of government discussed with evidence of decisions taken to mitigate risks
	4 Evidence of active risk management with effective mitigation actions

Question MoF-42: Does the MoF/Central Internal Audit Unit provide guidance and monitoring of adherence to procedures by audit committees of MDAs?		
Key terms:	(Central) Internal Audit Agency/Division/Unit: is an oversight entity that has the mandate co-ordinate, facilitate, advise and provide quality assurance for internal audit activities within MDAs and sometimes also for subnational entities. It can either be an independent entity or part of MoF. Internal audit is an independent and objective assurance and advisory activity designed to add value and improve governance and operations of the entity it audits, by evaluating and improving risk management, control and governance processes (IIA definition).	
Purpose of question:	Internal auditing entities are usually present at MDA level, but in order to ensure their independence, a central coordinating body can help MDAs to conduct proper risk management by assisting them in the realm of internal audit. Assistance includes advice, capacity building and monitoring. In the absence of a function coordinating and monitoring entity there is a higher risk of non-compliance with rules and procedures.	
Sources of information:	Legal framework, organogram of MoF, interviews	
Grading:	No Grade	<i>No information</i>
	0	No MoF/Central Internal Audit Unit guidance and monitoring
	1	MoF/Central Internal Audit Unit guidance and monitoring defective ((lack of regulatory framework, HR, resources)
	2	Guidance and monitoring of MDA Audit committees / audit reports partially effective
	3	Guidance and monitoring of MDA effective (comprehensive audit plans fully implemented, no evidence of ICS failure
	4	MoF guidance and monitoring actively improves governance in MDA (evidence of recommendations implemented)

Question MoF-43: Is the MoF following up on internal and external audit reports, Parliamentary recommendations, and judgements?		
Key terms:	–	
Purpose of question:	High quality internal and external audit reports, solid discussion of audit reports in parliament, the development of useful and implementable recommendations and fair judgments only have little value if they are not being followed up by the MoF. If the MoF does not follow-up there is the risk that no one bears the consequences for misconduct. Even worse, identified systemic problems may not get solved. .	
Sources of information:	External and internal audit reports, recommendations and interviews.	
Grading:	No Grade	<i>No information</i>
	0	No follow up by MoF
	1	At MoF level no comprehensive information on internal and external audit reports, Parliamentary recommendations or judgements
	2	MoF reviews internal and external audit reports as well as Parliamentary recommendations but no follow up
	3	MoF reviews and follows up internal and external audit reports as well as Parliamentary recommendations
	4	Evidence of actions taken and clear implementation record

Question RA-34 and MDA-30: Did the MDA implement an Internal Control System effective to mitigate PFM risks (e.g. over spending, collusion, misuse of assets, unauthorised spending)?		
Key terms:	Internal control systems (ICS), compare question MoF-33: Normally each stage of expenditure is equipped with specific types of controls: the financial (commitment stage), physical (verification stage), accounting (before payment is made) and audit (after the expenditure cycle is completed) controls. The responsibility for each type of control lies with different units across the MoF and beyond (inspection, payment agency, etc).	
Purpose of question:	In case MDAs do not implement the internal control systems there is a higher risk that: (1) MDAs enter unauthorized commitments, (2) collusion and fraud occurs and (3) assets are misused, the MDAs exceeds expenditure ceiling and engages in unauthorized spending.	
Sources of information:	Audits reports, IFMIS (reports), internal controls guideline/strategy/policy, interviews.	
Grading:	No Grade	<i>No information</i>
	0	No ICS at MDA level
	1	No compliance with core ICS principles or MoF guidance
	2	ICS suitably designed and regulated but lack of implementation by MDA of certain features
	3	ICS suitably designed and regulated and implemented by MDA
	4	ICS effective as evidenced by full compliance of MDA; in particular absence of over spending, misuse of assets or unauthorized spending

Question RA-35 and MDA-31: Is the RA/MDA internal audit function effective (number of audits conducted and recommendations implemented)?		
Key terms:	–	
Purpose of question:	To be effective, internal audits need to take place regularly and in a comprehensive manner. Recommendations based on audit findings need to be followed up otherwise there will be no consequences for misconduct. Even worse, there is a risk that identified systemic problems do not get solved.	
Sources of information:	Internal audit reports, management responses	
Grading:	No Grade	<i>No information</i>
	0	No internal audit function in MDA
	1	Internal audit function in MDA defective (lack of regulatory framework, HR, resources)
	2	Internal audit function in MDA partially effective (lack of prioritisation of audits, audit plans not implemented)
	3	Internal audit function in MDA effective (comprehensive audit plans fully implemented, no evidence of ICS failure)
	4	Internal audit function in MDA actively improving governance in MDA (evidence of recommendations implemented)

Question RA-36 and MDA-32: Does the audit committee review and follow up on internal audit reports and recommendations?		
Key terms:	Audit committees are committees in each Ministry, Department or Agency that have oversight responsibility over the effective functioning of internal audit. If your country system does not foresee audit committees, assess to what extent internal audit reports are reviewed and followed up by the leadership of the MDA (controlling officer).	
Purpose of question:	If audit committees do not follow-up on the reports from internal audit there is a high likelihood that findings from internal auditors do not bear consequences. This in turn may mean that identified problems, unauthorized spending, irregularities, lack of value for money, governance issues etc do not get resolved.	
Sources of information:	Internal Audit Reports, internal Audit Annual Work Plan, Audit Committee Minutes and Management responses.	
Grading:	No Grade	<i>No information</i>
	0	Audit committees not established / not meeting
	1	Irregular meetings of audit committees; no protocols of meetings available
	2	Audit committees review internal audit reports but no follow up
	3	Audit committees review and follow up on internal audit reports and recommendations;
	4	Audit committees review and follow up on internal audit reports and recommendations; records of subsequent meetings show evidence of action taken

4.11 PFM Sub-Process: Monitoring of Service Delivery

4.11.1 PFM Output: Effective overall system of monitoring of service delivery in place

Question MoF-44: Does the MoF regularly monitor and review overall performance against SDG targets, including appropriate corrective action?	
Key terms:	Monitoring and reviewing the development performance is not always an exclusive task of the MoF – in some cases there are also development (planning) entities that are a key stakeholder of this process. If there is a separate MDA with the mandate of tracking progress, please indicate the respective MDA and answer the question by assessing its performance.
Purpose of question:	<p>In order to achieve the SDGs the MoF and other key stakeholders need to regularly monitor progress of budget programs not only in terms of spending but also in terms of achievement of targets, which should be aligned with the SDGs (see questions MoF-13 and RA-3 MDA-2). If there is no alignment with SDGs but national development plans please rate the question with 0 and assess the monitoring performance with regard to the NDP with MoF-38.</p> <p>This includes monitoring inputs in terms of funding and status of implementation of the programs, but also following up whether the intended outputs have been produced and whether the envisaged outcomes could be achieved. A constant performance monitoring allows to timely identify whether implementation of programs is off track as well as to change plans and to adapt programs when necessary.</p>
Sources of information:	Progress reports on development strategy, monitoring reports on SDGs, Expenditure reviews

Grading:	No Grade	<i>No information</i>
	0	No system of performance monitoring by MoF in place
	1	No overall SDG performance monitoring taking place at MoF level across MDAs
	2	Overall monitoring and review of SDG performance done yearly
	3	Quarterly monitoring and review of overall performance against SDG targets including corrective action
	4	Whole of government regularly achieves highest performance levels against SDG targets

Question MoF-45: Does the MoF regularly monitor and review overall performance against the predetermined service delivery objectives and the budget, including appropriate corrective action?

Key terms:	Monitoring and reviewing the service delivery is not always an exclusive task of the MoF – in some cases there are also development (planning) entities that are a key stakeholder of this process. If there is a separate MDA with the mandate of tracking progress, please indicate the respective MDA and answer the question by assessing its performance. The overall performance is not only measured against SDG targets, but also against the national development strategy’s targets and programme budget targets, which are not necessarily coherent with the SDGs.	
Purpose of question:	In addition to monitoring progress on SDGs it is also important to follow-up on the overall performance regarding service delivery targets such as programme budgets, the national development strategy etc. Constant monitoring (inputs, outputs, outcomes) against service delivery objectives on the one hand allows to timely identify whether the implementation of programmes is off track. On the other hand the close monitoring helps to identify conflicts between different service delivery objectives in case they are not coherent. Consequently, monitoring is key to reveal shortcomings in service delivery and take corrective actions where necessary, i.e. in the implementation plans but also in the targets itself.	
Sources of information:	Progress reports on national development strategy, monitoring reports on national development strategy, Expenditure reviews	
Grading:	No Grade	<i>No information</i>
	0	No system of performance monitoring by MoF in place
	1	No overall performance monitoring taking place at MoF level against objectives and budget across MDAs
	2	Overall monitoring and review of overall performance done yearly
	3	Quarterly monitoring and review of overall performance including corrective action taken
	4	Whole of government regularly achieves highest performance levels against service delivery objectives and budget

4.8. PFM Sub-Process: Revenue Policy and Management

4.12.1 PFM Output: Effective monitoring of service delivery in place

Question MoF-46-SDG and MDA-38-SDG: Are budgets utilised effectively, economically and efficiently towards achieving the domesticated SDG targets and programmes		
Key terms:	Definitions for effectiveness, efficiency and economy as per ISSAI 3000 Standard for Performance Auditing	
Purpose of question:	To promote transparency and accountability and enable clear connections between spending and outcomes to be established, a budget performance evaluation system or result orientated evaluation system must be in place.	
Sources of information:	Budget performance indicators as part of monitoring systems of MDAs	
Grading:	No Grade	No information
	0	There is no mechanism in place to monitor how budgets are utilised in relation to achieving the domesticated SDGs in the institutional budgets.
	1	There is a budget monitoring system in place to monitor how budgets are utilised in relation to achieving the domesticated SDGs in the institutional budgets, but it is not utilised
	2	There is a budget monitoring system to monitor how the institutional budget is utilised, but there are no links to the performance information of the domesticated SDG programmes.
	3	There is a budget monitoring system in place that provides some links between spending and Domesticated SDG programmes
	4	There is a budget monitoring system in place that monitors transparency and accountability and provides clear links between spending and achievement of Domesticated SDG programmes

Question MoF-47-SDG: To what extent does your country's annual Voluntary National Reviews (VNR) meet the UN reporting expectations?		
Key terms:	VNRs are part of the follow-up and review of the 2030 Agenda for Sustainable Development. Such reviews are carried out by the High-Level Political Forum on Sustainable Development (HLPF) under the auspices of the Economic and Social Council (ECOSOC). They are to be voluntary, state-led, undertaken by both developed and developing countries.	
Purpose of question:	The VNR aim to facilitate the sharing of experiences, including successes, challenges and lessons learned, with a view to accelerating the implementation of the 2030 Agenda.	
Sources of information:	UN Handbook for the preparation of VNR, National VNR Report	
Grading:	No Grade	No information
	0	Country has not submitted VNR to date.
	1	Country has not submitted VNR to date however systems and processes have been set up at national level to ensure that VNR report is submitted as soon as it is practically possible.
	2	VNR submitted only focused on the prioritised SDGs at national level and not all the 17 SDGs.
	3	VNR submitted measures SDG progress at national level on all 17 goals. However, the VNR is not adequately substantive and knowledge based.
	4	VNR submitted measures SDG progress at national level on all 17 goals. The VNR is substantive and knowledge based, with a particular focus on the poorest, most vulnerable and those furthest behind.

Question MoF-47-SDG missing!

Question MoF-48, RA-42 and MDA-39: Are contingency measures (business continuity plans) in place to ensure service delivery continuity when faced with large-scale absence of staff during disaster periods?		
Key terms:	None	
Purpose of question:	During a disaster, human capital is one of the elements of productivity that is threatened. Any system in place will still require knowledgeable human being to execute it.	
Sources of information:	National disaster management plan, due process and procedure	
Grading:	No Grade	No information
	0	No contingency measures are in place to ensure service delivery continuity when faced with large-scale absence of staff during disaster periods.
	1	The government is in the process of developing specific and identifiable contingency measures to ensure service delivery continuity when faced with large-scale absence of staff during disaster periods.
	2	The general human capital resource plan is deemed adequate to ensure service delivery continuity when faced with large-scale absence of staff during disaster periods.
	3	Specific and identifiable contingency measures (business continuity plans) are in place to ensure service delivery continuity when faced with large-scale absence of staff during disaster periods.
	4	Tried and tested contingency measures (business continuity plans) are in place to ensure service delivery continuity when faced with large-scale absence of staff during disaster periods.

Question RA-40-SDG and MDA-36-SDG: Does the RA/MDA regularly monitor and review its performance against SDG targets, and is there a sufficient performance level?													
Key terms:	<p>Monitoring and reviewing the development performance in the sector is not always an exclusive task of the sectoral MDAs – in some cases there are also development (planning) entities that are a key stakeholder of this process. In this case please report which other entities are included or responsible for the monitoring.</p> <p>In case of non-domestication of SDGs with the national development plans, please rate this question with 0 and assess performance in terms of NDP monitoring under questions RA-38 and MDA-34.</p>												
Purpose of question:	In order to achieve the SDGs in the relevant the responsible MDAs need to regularly monitor progress. This includes monitoring inputs in terms of funding and activities necessary to implement government programmes, but also following up whether the intended outputs have been produced and whether the envisaged outcomes could be achieved. A constant performance monitoring allows to timely identify whether the implementation of programmes is off track as well as to change plans and to adapt programmes when necessary.												
Sources of information:	Sector progress and sector monitoring reports, performance reports of MDAs, SDG data, interviews.												
Grading:	<table border="1"> <tbody> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No system of performance monitoring in place</td> </tr> <tr> <td>1</td> <td>No SDG performance monitoring taking place at MDA level</td> </tr> <tr> <td>2</td> <td>Monitoring and review of SDG performance done yearly</td> </tr> <tr> <td>3</td> <td>Quarterly monitoring and review of performance against SDG targets including corrective action</td> </tr> <tr> <td>4</td> <td>MDA regularly achieves highest performance against SDG targets</td> </tr> </tbody> </table>	No Grade	<i>No information</i>	0	No system of performance monitoring in place	1	No SDG performance monitoring taking place at MDA level	2	Monitoring and review of SDG performance done yearly	3	Quarterly monitoring and review of performance against SDG targets including corrective action	4	MDA regularly achieves highest performance against SDG targets
No Grade	<i>No information</i>												
0	No system of performance monitoring in place												
1	No SDG performance monitoring taking place at MDA level												
2	Monitoring and review of SDG performance done yearly												
3	Quarterly monitoring and review of performance against SDG targets including corrective action												
4	MDA regularly achieves highest performance against SDG targets												

Question RA-38 and MDA-34: Does the RA/MDA regularly monitor and review its performance against the predetermined service delivery objectives and the budget, and does it have a sufficient performance level?	
Key terms:	<p>Monitoring and reviewing the service delivery in a specific sector is not always an exclusive task of the sectoral MDAs – in some cases there are also development (planning) entities that are a key stakeholder of this process. In this case please report which other entities are included or responsible for the monitoring.</p> <p>The overall performance is not only measured against SDG targets, but also against targets of the national development strategy and targets of the sectors programme budgets, which are not necessarily consistent with the SDGs.</p>
Purpose of question:	It is important to follow-up on the performance of other service delivery targets in the sector – for instance from programme budgets and the national development strategy. Constant monitoring (inputs, outputs, outcomes) against service delivery objectives on the one hand allows to timely identify whether the implementation of government programmes in the sector is off track. On the other hand, the close monitoring helps to identify conflicts between different service delivery objectives in case they are not coherent. Hence, monitoring is key to reveal shortcomings in service delivery and take corrective actions where necessary, i.e. in the implementation plans but also in the targets itself.
Sources of information:	Sector progress and sector monitoring reports, performance reports of MDAs, SDG data, interviews

Grading:	No Grade	<i>No information</i>
	0	No system of performance monitoring in place
	1	No performance monitoring taking place at MDA level
	2	Monitoring and review of performance done yearly
	3	Quarterly monitoring and review of performance including corrective action taken
	4	MDA regularly achieves highest performance levels against service delivery objectives and budget

5. PFM PROCESSES: ACCOUNTING, REPORTING AND OVERSIGHT

5.1 PFM Sub-Processes: Accounting

5.1.1 PFM Output: Appropriate accounting policies are in place

Question MoF-39: Did the MoF design and communicate to the MDAs to follow up on approved, adequate and appropriate legal frameworks and policies covering financial accounting and reporting?		
Key terms:	Public money can only be protected if it is accounted for. It can only be accounted for if the expenditures are adequately reported. And last but not least, it needs to be assured that the money that has been spent has been utilized for the purposes for which it was authorized and that it has been used efficiently. Therefore, an appropriate accounting system, proper archives, reliable and consistent reporting and robust auditing are a crucial elements of well-functioning PFM system.	
Purpose of question:	To increase trust in the government and the public administration government needs to document how it has spent the citizens' money. This is only possible if there is a proper accounting and reporting framework in place and the public administration adheres to this framework. In case the MoF cannot ensure a proper application of the accounting and reporting framework across all MDAs this might erodes the citizens' trust. The other way around the MoF can also increase the citizens' trust by introducing a reporting and accounting system and ensuring its use across all MDAs.	
Sources of information:	Accounting and reporting framework/system, assessments of accounting and reporting framework/system, annual reports, interviews.	
Grading:	No Grade	<i>No information</i>
	0	No legal framework and policies
	1	Legal framework or policies outdated, conflicting, not approved, inadequate or inappropriate
	2	Legal framework and policies suitably designed, regulated and communicated to MDAs but no monitoring by MoF
	3	Legal framework and policies suitably designed, regulated and communicated to MDAs and some evidence of monitoring by MoF on implementation by MDAs
	4	Legal framework and policies in effect as evidenced by full compliance of all MDAs

5.2 PFM Sub-Process: Financial Reporting

5.2.1 PFM Output: Clear and comprehensive financial reporting systems are applied by stakeholders

Question MoF-40: Are responsibilities for accounting and reporting clearly set out among key stakeholders?													
Key terms:	–												
Purpose of question:	Clear responsibilities for accounting and reporting are necessary to ensure smooth accounting and reporting processes. Having clear responsibilities helps to identify capacity gaps and take steps to build capacities where necessary. Moreover, clear responsibilities are necessary to hold key stakeholders accountable for the provision of comprehensive, accurate and timely accounts and reports. Ideally the responsibility for accounting and reporting lies with different persons/entities.												
Sources of information:	National reporting and accounting standards, legal guidelines/provisions.												
Grading:	<table border="1"> <tbody> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No information or outdated accounting and reporting responsibilities</td> </tr> <tr> <td>1</td> <td>Responsibilities for accounting and reporting not clearly regulated by MoF</td> </tr> <tr> <td>2</td> <td>Policy with division of responsibilities for accounting and reporting in place but not observed by some MDAs</td> </tr> <tr> <td>3</td> <td>Policy with division of responsibilities for accounting and reporting in place and mostly observed by all MDAs</td> </tr> <tr> <td>4</td> <td>Full compliance by all MDAs with accounting and reporting responsibilities</td> </tr> </tbody> </table>	No Grade	<i>No information</i>	0	No information or outdated accounting and reporting responsibilities	1	Responsibilities for accounting and reporting not clearly regulated by MoF	2	Policy with division of responsibilities for accounting and reporting in place but not observed by some MDAs	3	Policy with division of responsibilities for accounting and reporting in place and mostly observed by all MDAs	4	Full compliance by all MDAs with accounting and reporting responsibilities
No Grade	<i>No information</i>												
0	No information or outdated accounting and reporting responsibilities												
1	Responsibilities for accounting and reporting not clearly regulated by MoF												
2	Policy with division of responsibilities for accounting and reporting in place but not observed by some MDAs												
3	Policy with division of responsibilities for accounting and reporting in place and mostly observed by all MDAs												
4	Full compliance by all MDAs with accounting and reporting responsibilities												

Question MoF-41: Is the financial reporting system comprehensive (covering all government transactions including e.g. contingent liabilities, commitments, non-tax revenue etc.)?													
Key terms:	Government transactions are the entirety of payments and obligations entered into by government during the budget year.												
Purpose of question:	A comprehensive reporting system provides a better basis for assessing how well the government is managing the public finances. Moreover, a comprehensive reporting system can increase the transparency. Often, however, payments are higher than records, indicating holes in the government accounting records, be it for interest payments, foreign exchange, unusual transactions, revenue generated by MD-Ass (non-tax revenue) and others. This negatively impacts the credibility of the government accounting records.												
Sources of information:	National reporting and accounting standards, monthly/quarterly reports, annual reports												
Grading:	<table border="1"> <tbody> <tr> <td>No Grade</td> <td><i>No information</i></td> </tr> <tr> <td>0</td> <td>No evaluation of comprehensiveness of financial reporting system</td> </tr> <tr> <td>1</td> <td>Financial reporting system has material gaps (no reporting on contingent liabilities, commitments, non-tax revenues, foreign transactions or others)</td> </tr> <tr> <td>2</td> <td>Financial reporting system has some gaps</td> </tr> <tr> <td>3</td> <td>Financial reports produced by MoF are comprehensive for the previous year</td> </tr> <tr> <td>4</td> <td>Financial reports produced by MoF are comprehensive for each of the last 3 years</td> </tr> </tbody> </table>	No Grade	<i>No information</i>	0	No evaluation of comprehensiveness of financial reporting system	1	Financial reporting system has material gaps (no reporting on contingent liabilities, commitments, non-tax revenues, foreign transactions or others)	2	Financial reporting system has some gaps	3	Financial reports produced by MoF are comprehensive for the previous year	4	Financial reports produced by MoF are comprehensive for each of the last 3 years
No Grade	<i>No information</i>												
0	No evaluation of comprehensiveness of financial reporting system												
1	Financial reporting system has material gaps (no reporting on contingent liabilities, commitments, non-tax revenues, foreign transactions or others)												
2	Financial reporting system has some gaps												
3	Financial reports produced by MoF are comprehensive for the previous year												
4	Financial reports produced by MoF are comprehensive for each of the last 3 years												

Question MoF-42: Is the government consolidated financial report prepared in line with the approved accounting framework and tabled in parliament as per the legal requirements?		
Key terms:	The consolidated/annual report normally covers the consolidated financial operations of the government. Ideally it at least covers a period of two years to allow for comparisons. In addition to that it preferably is in line with the IMF's Government Financial Statistics Standards and additionally includes information about debt, expenditures at the verification stage and payment arrears. The report is generally submitted to both parliament and the Supreme Audit Institution (SAI).	
Purpose of question:	If the annual report is not prepared in line with the approved accounting and reporting framework it is more difficult for the parliament and SAI to scrutinize and audit the report. Moreover, reports should not be submitted with delays as it makes them rather useless for purposes of follow up.	
Sources of information:	National reporting and accounting standards, legal guidelines/provisions	
Grading:	No Grade	<i>No information</i>
	0	No consolidated financial report
	1	Consolidated financial report prepared with delays or not complying with accounting framework or not tabled in Parliament
	2	Consolidated financial report prepared with delays or not tabled but complying with accounting framework
	3	Consolidated financial report prepared in line with accounting framework and tabled in Parliament
	4	Consolidated financial report prepared in line with accounting framework and tabled in Parliament every year for the last 3 years

5.2.2 PFM Output: The RA/MDA generates timely, appropriate, comprehensive and transparent reports

Question RA-39 and MDA-35: Does the RA/MDA comply with the legal framework, deadlines, policies and formats covering financial accounting and reporting?		
Key terms:	-	
Purpose of question:	If the accounting and reporting is not prepared in line with the legal framework, policies, deadlines and formats it is more difficult for MoF, parliament and SAI to consolidate, scrutinize and audit the reports. Not meeting submission deadlines makes reports less useful as the benefits of following them up decrease.	
Sources of information:	Reporting and accounting standards, legal guidelines and provisions.	
Grading:	No Grade	<i>No information</i>
	0	At MDA level no or incomplete or outdated information on frameworks, deadlines, policies and formats
	1	Serious non-compliance by MDA on a range of issues
	2	Partial compliance by MDA mostly with minor deviations, e.g. deadline
	3	Full compliance by MDA as evidenced by financial statements for prior year
	4	Full compliance by MDA as evidenced by financial statements over last 3 years for each year

Question RA-40 and MDA-36: Are responsibilities for accounting and reporting observed by the RA/MDA?		
Key terms:	-	
Purpose of question:	Clear responsibilities for accounting and reporting are necessary to ensure smooth accounting and reporting processes. Having clear responsibilities helps to identify capacity gaps and take steps to build capacities where necessary. Moreover, clear responsibilities are necessary to hold key stakeholders accountable for the provision of comprehensive, accurate and timely accounts and reports. Ideally the responsibility for accounting and reporting lies with different persons/entities.	
Sources of information:	Reporting and accounting standards, legal guidelines and provisions	
Grading:	No Grade	<i>No information</i>
	0	No policy on accounting and reporting responsibilities
	1	Responsibilities for accounting and reporting not clearly regulated
	2	Policy with division of responsibilities for accounting and reporting in place but frequently not observed
	3	Policy with division of responsibilities for accounting and reporting in place and mostly observed
	4	Full compliance with accounting and reporting responsibilities

Question RA-41 and MDA-37: Is the RA's/MDA's financial reporting system comprehensive (covering all transactions including e.g. contingent liabilities, commitments, non-tax revenue etc.)?		
Key terms:	-	
Purpose of question:	A comprehensive reporting system provides a better basis for assessing how well the MDAs are managing their funds. Moreover, a comprehensive reporting system can increase the transparency.	
Sources of information:	National reporting and accounting standards, monthly/quarterly reports, annual reports	
Grading:	No Grade	<i>No information</i>
	0	No evaluation of comprehensiveness of financial reporting system
	1	Financial reporting system has material gaps (no reporting on contingent liabilities, commitments, non-tax revenues, foreign transactions or others)
	2	Financial reporting system has some gaps
	3	Financial reports produced by MDA are comprehensive for the previous year
	4	Financial reports produced by MDA are comprehensive for each of the last 3 years

Question MoF-53, RA-46 and MDA-43: Is there a specific mechanism in place for tracking and accounting for resources deployed in emergency response and reporting it transparently?		
Key terms:	None	
Purpose of question:	During disaster periods accountability and transparency are relaxed and, in some cases, sacrificed under the guise of responding quickly to the catastrophe.	
Sources of information:	National disaster management plan, due process and procedure	

Grading:	No Grade	No information
	0	There is no specific mechanism in place for tracking and accounting for resources deployed in emergency response and reporting it transparently.
	1	Government is in the process of developing specific mechanism for tracking and accounting for resources deployed in emergency response and reporting it transparently.
	2	A general mechanism in place and is deemed adequate for tracking and accounting for resources deployed in emergency response and reporting it transparently.
	3	There is a specific and identifiable mechanism in place for tracking and accounting for resources deployed in emergency response and reporting it transparently.
	4	There is a tried and tested specific mechanism in place for tracking and accounting for resources deployed in emergency response and reporting it transparently.

5.3 PFM Sub-Process: Oversight

5.3.1 PFM Output: Parliament reviews audit findings of the SAI and holds the executive to account for use of public funds

Question PAR-4: Does Parliament follow up on prior year resolutions on audit reports?		
Key terms:	Resolutions are recommendations the parliament/parliamentary committee developed based on findings of the audit reports that should help to solve detected risks and weaknesses.	
Purpose of question:	Audit results and the resolution of parliament will only lead to consequences if they are followed-up thoroughly. This means that problems identified in the PFM system are less likely to be solved without follow-up.	
Sources of information:	Legislative calendar, minutes of public hearings (e.g. Public Account Committee), committee reports, audit reports	
Grading:	No Grade	<i>No information</i>
	0	No prior year resolutions
	1	No follow up to prior year resolutions
	2	Follow up on prior year resolutions by evidence of letters sent by Parliament
	3	Hearing of MoF official in Parliament on resolutions and action taken; Parliamentary report issued
	4	Public hearing of Minister of Finance in Parliament and evidence of action taken; Parliamentary report issued

Question PAR-5: Do Parliament and the relevant committees appropriately review, comment and debate the findings of audit reports?		
Key terms:	Relevant committees: e.g. Public Accounts/Budget Oversight Committee	
Purpose of question:	Recommendation for actions and problem solution can only take place if those mandated to give recommendations appropriately review and discuss audits reports appropriately and derive possible solutions to identified problems.	
Sources of information:	Committee reports, minutes of hearings, videos of hearings, interviews	
Grading:	No Grade	<i>No information</i>
	0	No review or debate on audit report in the last 3 years
	1	Delay in review of audit report by Parliament
	2	Audit committee only reviews audit report
	3	Parliament and relevant committees review and debate audit report
	4	Parliament and relevant committees fully review and debate audit report and issue own report on findings for follow up to government
Question PAR-6: Is the legislative calendar for oversight on the PFM cycle (financial statements, audit reports, hearings and resolutions) being complied with?		
Key terms:	The legislative is an essential part of the Budget/PFM cycle. Thus it is important that all processes that are necessary to ensure legislative budgetary oversight are integrated into the official PFM cycle, e.g. by including them into the budget calendar. As parliament plays an important role in shaping the budget and as it is responsible to approve the budget and it also has to oversee and hold the government accountable for executing the approved budget. External audit and audit reports are not a means to itself but should enable the parliament to fulfill its oversight mandate.	
Purpose of question:	In case it is not complied with the legislative oversight calendar, parliament will not be able to effectively fulfill its oversight mandate in terms of scrutinizing audit reports on time, holding the government accountable and developing recommendations on solving systemic risks in the PFM system.	
Sources of information:	Budget Calendar/ /PFM Cycle, legislative calendar, actual schedules, interviews.	
Grading:	No Grade	<i>No information</i>
	0	No legislative calendar for oversights
	1	Legislative calendar in place but foresees insufficient time for Parliamentary oversight
	2	Legislative calendar in place with sufficient time for Parliamentary oversight but frequently not complied with
	3	Legislative calendar in place with sufficient time for Parliamentary oversight and mostly complied with
	4	Legislative calendar in place with sufficient time for Parliamentary oversight and always in all aspects complied with for the last 3 years

DATA ENTRY GUIDE: PFM REPORTING FRAMEWORK

GENERAL GUIDANCE

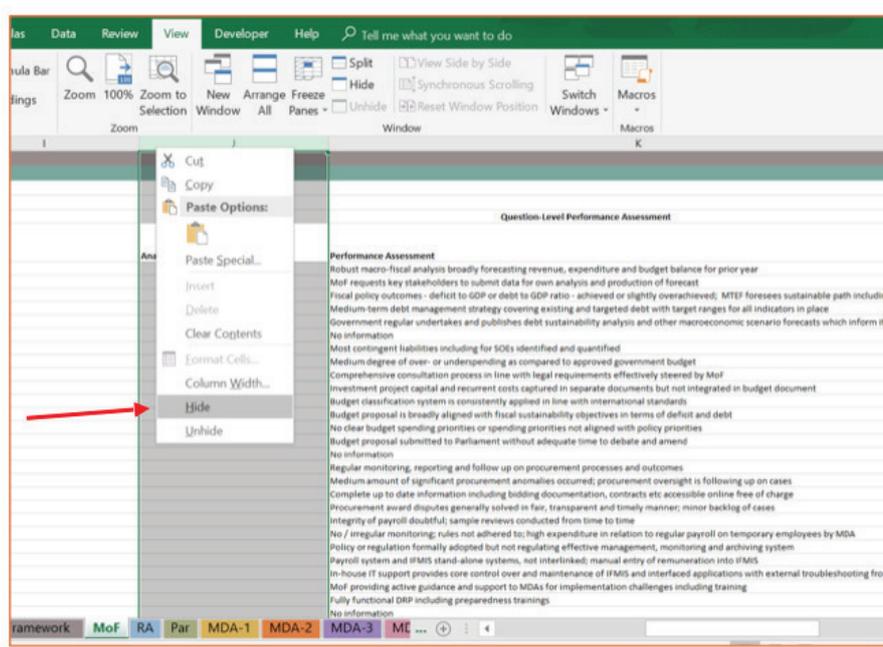
Setup of the Workbook

- **Instructions, Definitions, Framework Tabs:** The first three tabs of the workbook include key instructions, definitions, and the conceptual framework.
- **Institution Tabs:** There is one data collection tab for each institution. This is where you will review the questions relevant to the institution you are auditing and enter the appropriate responses.
- **Other Tabs (Dashboards, Data, Ref-Mapping, File Names):** These tabs are for analyzing the data after the data from all assessed institutions has been consolidated.

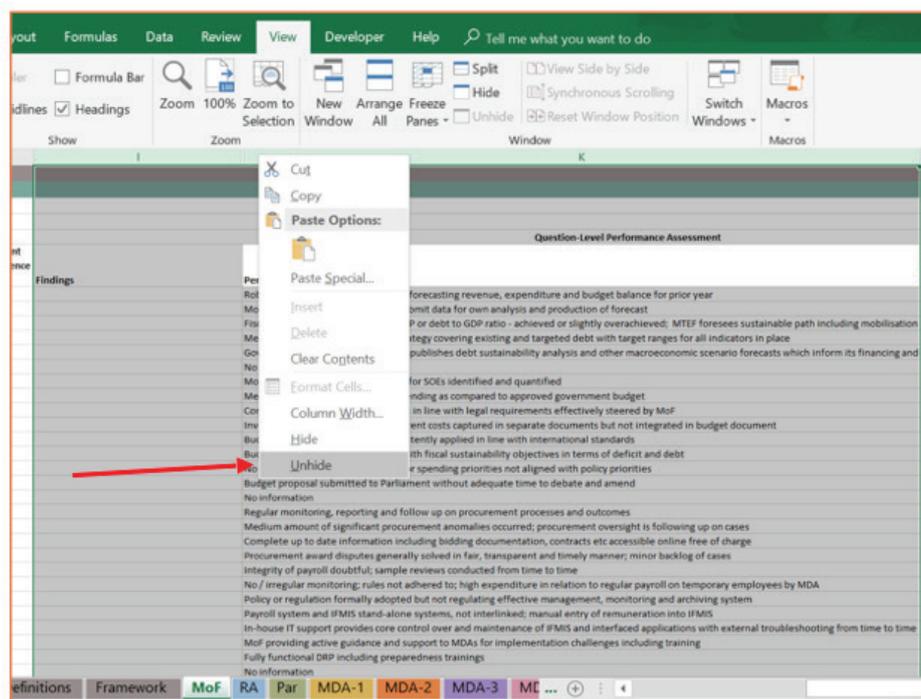
Entering Data into a Protected Worksheet

You will be working in a protected worksheet. This means that you have the ability to edit some parts of the worksheet but not others. This ensures that critical formulas and configuration, which will enable analysis of the entered data, cannot be accidentally altered during the data entry process. The details are as follows:

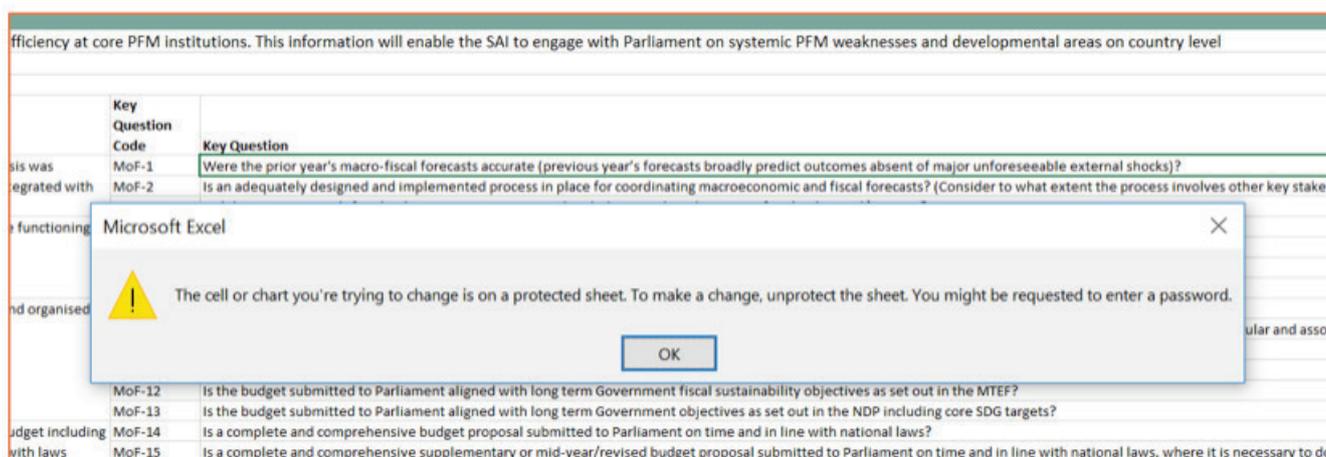
- **Editing cells:** You can enter text into columns G, H, I, J, L, and R. You can select from the drop-downs in columns K, N, and Q.
- **Hiding columns:** This is possible in the protected worksheet and may be helpful in the data entry process. For example, if you want to be able to see the *Key Question* in column F next to the *Performance Assessment* in column K while you are populating the Performance Assessment column, you could hide columns G, H, I, and J. To hide and unhide the columns, the steps are as follows:
 1. Select (highlight) the column(s) you want to hide, right click on the column(s), and select “Hide”. The column(s) will disappear from view.



- To unhide the column(s), select (highlight) the columns on either side of the hidden column(s), right click on these columns, and select “Unhide”.



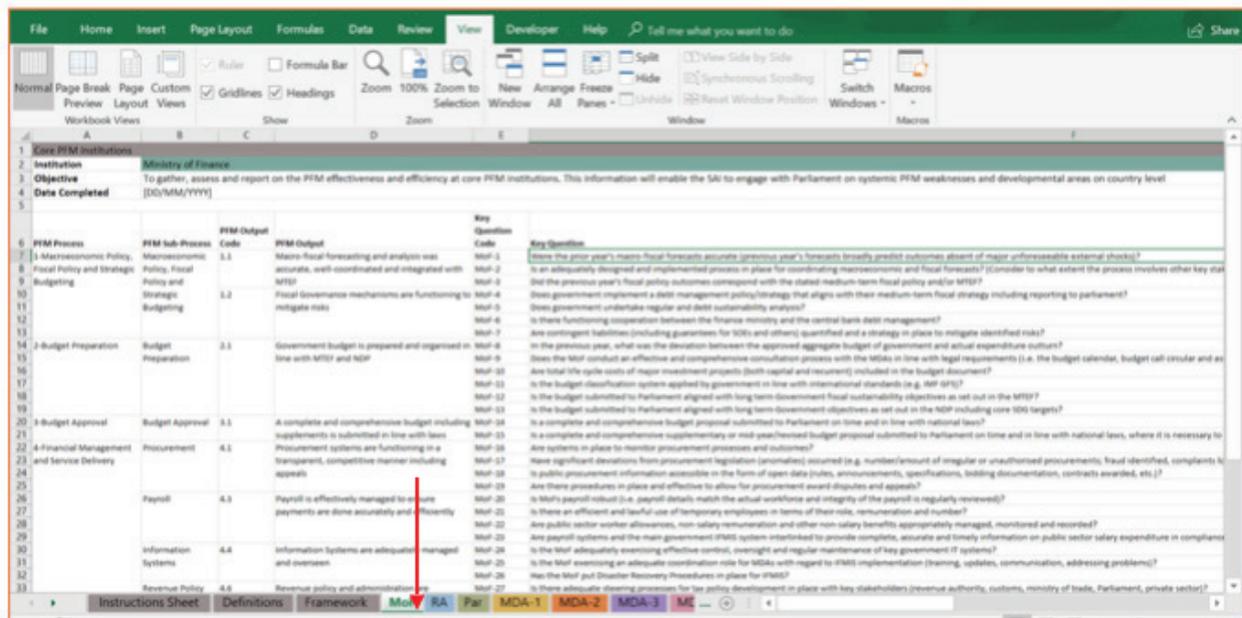
- Auto-fit row height: The row height will automatically adjust to fit the text that you have entered into the cells in rows G, H, I, J, and L. This will allow you to see and review all the text that has been entered within the cell.
- Locked cells: If you try to edit a cell that is locked and cannot be edited, you will get an error message. For example, if you try to edit one of cells in the Key Question column, you will be informed that the cell is on a protected sheet as shown below:



INSTRUCTIONS

1. Open the workbook and find the appropriate tab for data entry.

Each institution has its own tab in the **PFM Reporting Framework** workbook. Find the tab for the institution that you are auditing and click on this tab. For example, if you are auditing the Ministry of Finance, click on the MoF tab.



2. Enter the date that you are starting the audit in the top left corner (cell B4).

	A	B	C
1	Core PFM Institutions		
2	Institution	Ministry of Finance	
3	Objective	To gather, assess and report on t	
4	Date Completed	22/09/2018	
5			

3. Enter responses for each Key Question (listed in column F).

All responses for each Key Question should be entered in the relevant columns in the same row as that question according to the following guidance:

Section 1: Basis of Assessment

	G	H
1		
2		
3		
4		
5	Basis of Assessment	
6	Explanation: How was the assessment done?	Sources Used
7		
8		
9		

Explanation: How was the assessment done (column G): Click on the cell and enter the response.

Sources Used (column H): Click on the cell and enter the response.

	G	H
1		
2		
3		
4		
5	Basis of Assessment	
6	Explanation: How was the assessment done?	Sources Used
7		
8	Budget, Strategic plan 2014-2018, Education Policy 2014-2030, Kenya Vision 2010	2015-2016 Budgets and strategic plan July 2014-2018 documents and discussion with CFO

Section 2: Question-Level Performance Assessment

	I	J	K	L	M
1					
2					
3					
4					
5	Question-Level Performance Assessment				
6	Findings	Analysis (5 Why model)	Performance Assessment	If not available selected, provide explanation	Performance Grade
7					
8					
9					
10					
11					
12					
13					
14					

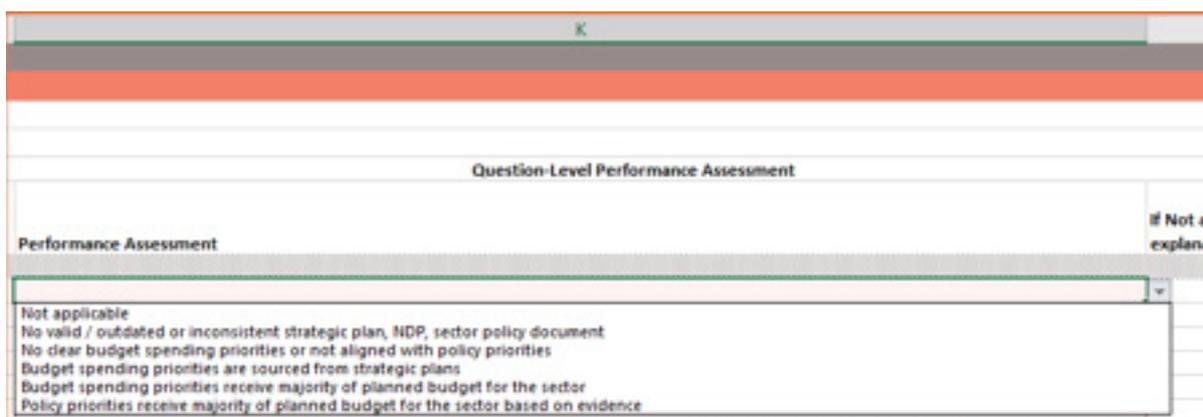
Findings (column I): Click on the cell and enter the response.

Analysis (5 Why model) (column J): Click on the cell and enter the response.

I	J
Findings	Analysis (5 Why model)
Free primary school Education programs were priorities areas identified in the Ministry of Education 2014-2018 Strategic Plan but have not been factored in 2015-2016 budget.	Why were priorities programs of free education not factored in the budget; Due to limited resources some priorities areas are not factored in the budget. Why were resources limited; National Treasury limits funds allocated to the Ministry; Why does the National Treasury limit funds allocated to the Ministry; Failure of KRA meeting targets. Why does the KRA fails to meet the target; Due to weak revenue collecting systems caused by human resources inefficiencies and lack of capacity.

Performance Assessment (column K): Click on the cell and select the appropriate response from the drop-down. The *Performance Assessment* needs to be entered for all questions. If it is not possible to assess a question due to lack of information, select “Not applicable” from the drop-down. Do not leave it blank.

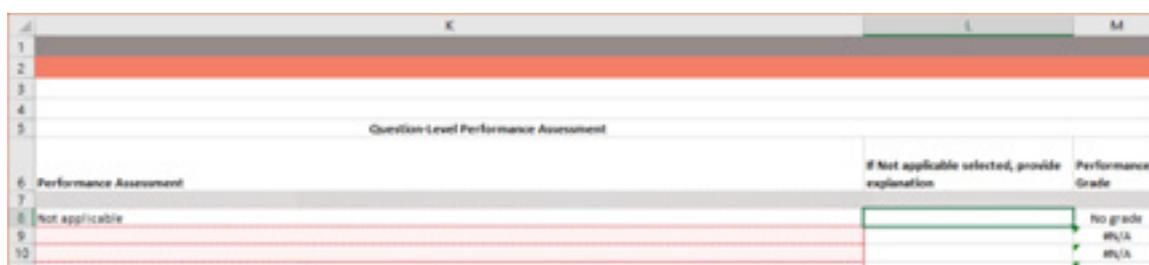
[new depiction below]



After selecting a response, the *Performance Grade* (column M) will automatically populate.

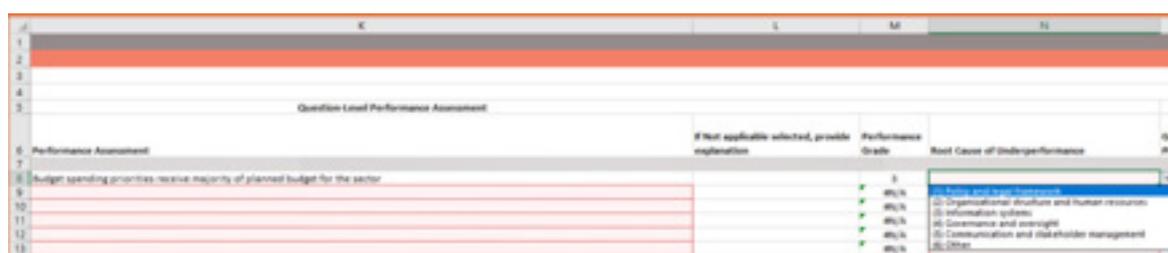


If Not applicable selected, provide explanation (column L): If not applicable is selected in column K, then an explanation must be provided in this column.



Root Cause of Underperformance (column N): If the Performance Grade is 0, 1, 2, or 3, click on the corresponding cell under Root Cause of Underperformance and select the appropriate response from the drop-down.

[new depiction below]



If the grade is “No grade” or 4, click on the corresponding cell under *Root Cause of Underperformance* and select “N/A” from the drop-down.

Example with grade of 4:



Example with grade of “No grade” due to selection of Not applicable:



Section 3: Overall Performance Assessment

[new depiction below]

O	P	Q	R
Overall Performance Assessment			
Grade for PFM Output	Grade for PFM Process	Conclusion for PFM Process: Dominant Root Cause	Conclusion for PFM Process: Other Observations
No grade	No grade		

Grade for PFM Output (column O) and *Grade for PFM Process* (column P): The grades in these columns will automatically populate. The Grade for PFM Output is the average of all the Performance Grades for all Key Questions under that output. The Grade for PFM Process is the average of all the Performance Grades for all Key Questions under that process.

[new depiction below]

Question Level Performance Assessment		Performance Grade	Root Cause of Underperformance	Grade for PFM Output	Grade for PFM Process
6. Performance Assessment	If not applicable selected, provide explanation				
8. No valid / outdated or inconsistent strategic plan, NIP, sector policy document		0	(2) Organizational structure and human resources		
9. Link between priority SOIs and budget allocation activity but weak		2	(1) Policy and legal framework		
10. Medium ratio of arrears, liabilities or roll-overs to expenditures, higher than planned impact on this year's budget possible		2	(3) Communication and stakeholder management		
11. Not applicable		No grade	N/A		
12. Procedures appropriate but high degree of delays, or incorrect classifications, or incompleteness of MIA budget proposal		2	(3) Information systems	3.0	3.0
13. Budget proposal reflects adjustments after timely, thorough and inclusive consultations		3	N/A		
14. The SOIs have been verified and demonstrated with priorities, goals and targets		3	(3) Information systems		
15. Demonstrated SOIs are not included in the MIA budgets but there is an instruction, plan and strategy to do so		2	(3) Information systems		
16. All SOIs		2	(4) Governance and oversight		

If there is a Performance Grade of “No grade” for all Key Questions under an output or process, the grade for that output or process will be “No grade” as well.

[new depiction below]

(4) Governance and Oversight		No grade	No grade
No grade	N/A		
No grade	N/A		
No grade	N/A		

Conclusion for PFM Process: Dominant Root Cause (column Q): Click on the cell and select the appropriate Dominant Root Cause of Underperformance for each Process from the drop-down.

[new depiction below]

Overall Performance Assessment		Conclusion for PFM Process: Dominant Root Cause
If not applicable selected, provide explanation	Performance Grade	Grade for PFM Output
	Root Cause of Underperformance	Grade for PFM Process
	0 (2) Organizational structure and human resources	
	(1) Policy and legal framework	
	(2) Organizational structure and human resources	
	(3) Information systems	
	(4) Governance and oversight	
	(5) Communication and stakeholder management	
	(6) Other	

If the Grade for PFM Process is “No grade” or 4, click on the corresponding cell under *Root Cause of Underperformance* and select “N/A” from the drop-down.

L	M	N	O	P	Q
Overall Performance Assessment					
If Not applicable selected, provide explanation	Performance Grade	Root Cause of Underperformance	Grade for PFM Output	Grade for PFM Process	Conclusion for PFM Process: Dominant Root Cause
N/A	4				
	No grade				
	4		4.0	4.0	
	No grade				
	4				
Plans.	4				
	4				
	4				

Conclusion for PFM Process: Other Observations (column R): Enter any relevant observations for the PFM process in this column. If “(6) Other” is selected under Dominant Root Cause (column Q), then please provide an explanation for why this was selected.

[new depiction below]

Q	R
Performance Assessment	
Conclusion for PFM Process: Dominant Root Cause	Conclusion for PFM Process: Other Observations
(6) Other	

FACILITATOR GUIDE: PFM REPORTING FRAMEWORK

OVERVIEW OF WORKBOOK SETUP

General Guidance

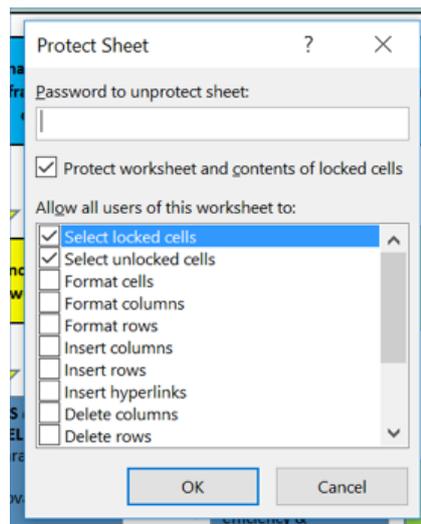
Protected Worksheets

All of the worksheets (tabs) are protected and only cells in which data needs to be entered are unlocked. The data entry worksheets and dashboards are setup so that they do not need to be unprotected for data to be entered or analyzed. The only reason that any of the worksheets would need to be unprotected is if changes need to be made to Key Questions, formulas, etc. Therefore, the password should not be given to the auditors.



Password: PFM123

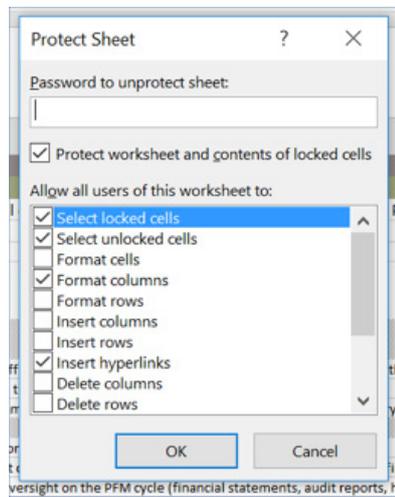
Users can select (and copy) cells in the Instructions, Definitions, Framework, Dashboard, Data, and Ref-Mapping tabs. Data can also be entered in the unlocked cells in the Instructions tab. The protection for these tabs is configured as follows:



In the institutions tabs – MoF, RA, Par, MDA-1, MDA-2, MDA-3, MDA-4, MDA-5, MDA-6, MDA-7, users can also do the following:

- Edit cells: Users can enter text into columns G, H, I, J, L, and R, and select from the drop-downs in columns K, N, and Q.
- Hide/adjust width of columns: Users can hide columns if needed during data entry, and they can adjust the width of the columns.
- Auto-fit row height: The row height will auto-fit the text that is entered into the cells in rows G, H, I, J, L, and R.
- Insert hyperlinks: Users can enter hyperlinks, but these will not be copied when the data is consolidated (further explanation provided in section 3).

The protection for these tabs is configured as follows:



Macros

There are two macros that are used in the workbook.

1. Clearing value in column N if value changes in column K: The purpose of this macro is to ensure that the Root Cause of Underperformance (column N) is cleared if the Performance Grade (column M) changes.

How it works: The macro listens for values in column M to change. If the value in column K is updated to a new value that changes the Performance Grade in column M, the contents of N are cleared.

Finding the macro: This macro is applied to all of the institution tabs (MoF, RA, Par, MDA-1, MDA-2, MDA-3, MDA-4, MDA-5, MDA-6, MDA-7). In the worksheet, click on the developer tab and then click “View Code”. If you want to make changes to this macro, the changes will need to be made to the code in all of the institution tabs.

Code: [new depiction below]

```
Private Sub Worksheet_Change(ByVal Target As Range)
    Dim KeyCells As Range
    Set KeyCells = Range("K1:K60")
    If Not Application.Intersect(KeyCells, Range(Target.Address)) _
        Is Nothing Then
        ActiveCell.Offset(rowOffset:=0, columnOffset:=3).ClearContents
    End If
End Sub
```

2. Auto-consolidation of data entry worksheets using “Import Data” button: The purpose of this macro is to enable the facilitator to easily import into one workbook the data entered into the institution tabs by the auditors (in multiple separate workbooks).

How it works: The macro reads the names of all the tabs and their respective file names in the “File Names” tab in columns A and B, respectively, to know which files to import into the master workbook. The columns from each tab that will be copied are listed in the array colArr and are (G, H, I, J, K, L, Q, R). The code is written to copy these columns specifically and this array should be edited with caution.

With the tabs, file names, and columns information stored, the macro begins to iterate through all the file names and checks to see if they exist at the same directory level as the master workbook that is doing the importing. For example, we want to import C:\ProjectFiles\MoF.xlsm into C:\ProjectFiles\Kenya_PFM Reporting Framework.xlsm. You will note that both files exist within the same folder and share the same

directory level. The macro does not search outside of a directory level, and files not located within the same folder/directory cannot be found and will not be imported.

After the file to import is found, the macro opens the file, navigates to the correct tab, and unlocks it. After finding the correct tab, the macro then copies specific columns as designated in the colArr, copying rows 7 through 60 as these are the rows containing data and not column headers, etc. When all of the columns and rows have been copied, the worksheet is locked and the file is closed. This process is repeated for all the files listed. After all documents have been imported, a notification is given showing which documents were found and imported.

Care should be taken to ensure that the “File Names” tab in the master workbook is populated correctly before running the import. If a tab is recorded, a corresponding file name should always be recorded.

Finding the macro: The macro is applied to the “Import Data” button in the File Names tab. In the File Names tab, right click on the button and select “Assign Macro.” Select “Button1_Click” from the list and then select Edit.

Code: [new depiction below]

```
Sub Button1_Click()  
With ThisWorkbook.Worksheets("File Names")  
    Dim FileNames(1 To 10) As String  
    Dim TabNames(1 To 10) As String  
    Dim index As Integer  
    Dim index2 As Integer  
    For index = 1 To 10  
        TabNames(index) = .Range("A1").Offset(index)  
        FileNames(index) = .Range("B1").Offset(index)  
    Next index  
End With  
Dim copyFrom As Excel.Workbook  
Dim sourceColumn As Range, targetColumn As Range  
Dim filePath As String  
filePath = Application.ActiveWorkbook.Path + Application.PathSeparator  
Dim colArr As Variant  
colArr = Array("Q", "R", "I", "J", "K", "L", "M", "O", "P")  
Dim failedDoc As String  
Dim importedDocs As String  
importedDocs = ""  
Application.ScreenUpdating = False  
For index = LBound(FileNames) To UBound(FileNames)  
    On Error Resume Next  
    failedDoc = FileNames(index)  
    If Not (Len(Dir(filePath + FileNames(index))) = 0) Then  
        Set copyFrom = Workbooks.Open(filePath + FileNames(index))  
        copyFrom.Windows(1).Visible = False  
        ActiveWorkbook.Worksheets(TabNames(1)).Unprotect Password:="PFM123"  
  
        For index2 = LBound(colArr) To UBound(colArr)  
            ActiveWorkbook.Worksheets(TabNames(index)).Range(colArr(index2) + "7:" + colArr(index2) + "60").Value =  
                copyFrom.Worksheets(TabNames(index)).Range(colArr(index2) + "7:" + colArr(index2) + "60").Value  
        Next index2  
        ActiveWorkbook.Worksheets(TabNames(1)).Protect Password:="PFM123"  
        copyFrom.Close savechanges:=False  
        importedDocs = importedDocs + FileNames(index) + ", "  
    End If  
Next index  
Application.ScreenUpdating = True  
MsgBox ("Import is complete. The following files were imported: " + importedDocs)  
Exit Sub  
End Sub
```

Worksheet/Tabs Setup

Instructions, Definitions, Framework Tabs

The first three tabs of the workbook include key instructions, definitions, and the conceptual framework.

Institution Tabs

There is one data collection/entry tab for each institution. This is where the auditors should enter data. Guidance on data entry can be found in the Data Entry Guide. Some key details on the setup of the sheets are below.

- **Color coding:** Each institution is assigned a color, and this is shown on the tab label, in the heading of the worksheet, and in the dashboards.
- **MDA tabs:** As explained in more detail in section 2 of this guide, the names of the MDAs that will be audited should be entered by the facilitator before the workbooks are distributed for data entry. The names need to be entered both in the tab label at the bottom of the worksheet and in row 2 of the worksheet.
- **Explanation: How was the assessment done** (column G), **Sources Used** (column H), **Findings** (column I), **Analysis (5 Why model)** (column J), **If Not applicable selected, provide explanation** (column L), **Conclusion for PFM Process: Other Observations** (column R): Text can be entered in the cells in these columns.
- **Performance Assessment** (column K): This was configured using Data Validation. The answers in the drop-down for each question can be found in the [Data-Performance Grading](#) tab. An example of the configuration for one cell (K7 in the MoF tab) is shown below. The formula is slightly different in each cell in column K.

`=‘Data-Performance Grading’!E2:E7`

- **Performance Grade** (column M): The grade populates using VLOOKUP. The referenced data can be found in the Data-Performance Grading tab. An example of the formula can be found below (M7 in the MoF tab). The formula is slightly different in each cell in column M.

`=VLOOKUP(K7,‘Data-Performance Grading’!E2:F7,2,FALSE)`

- **Root Cause of Underperformance** (column M): This was configured using Data Validation. The options for the Root Cause of Underperformance can be found in [Data-Root Causes](#). It is configured so that if the Performance Grade is less than or equal to 3, then the root causes will appear as options in the drop-down. If the Performance Grade is greater than 3 (i.e. 4) or is “No grade,” then the drop-down populates with the option of “N/A.” The formula, which is the same in all cells in column N, is found below.

`=IF(CELL(“contents”,INDIRECT(“M”&ROW()))<=3,‘Data-Root Causes’!A1:A6,‘Data-Root Causes’!A8:A8)`

- **Grade for PFM Output** (column O): This is calculated by averaging the Performance Grades in column M for all questions under this output. In addition to calculating the average, the formula also tells the cell to populate with “No grade” if there is an error. The example below is for PFM Output 1.1 in the MoF tab.

`=IFERROR(AVERAGEIF(M7:M14,“<5”),“No grade”)`

- **Grade for PFM Process** (column P): This is calculated by averaging the Performance Grades in column M for all questions under this process. In addition to calculating the average, the formula also tells the cell to populate with “No grade” if there is an error. The example below is for PFM Process 1 in the MoF tab.

`=IFERROR(AVERAGEIF(M7:M18,“<5”),“No grade”)`

- **Conclusion for PFM Process: Dominant Root Cause** (column Q): This was configured using Data Validation. The

options for the Root Cause of Underperformance can be found in [Data-Root Causes](#). It is configured so that if the Grade for the PFM Process is less than or equal to 3, then the root causes will appear as options in the drop-down. If the Grade for the PFM Process is greater than 3 (i.e. 4) or is “No grade,” then the drop-down populates with the option of “N/A.” The formula, which is the same in all cells in column M, is found below. The formula is the same for all processes as the options are the same for each process.

=IF(CELL(“contents”,INDIRECT(“P”&ROW()))<=3,’Data-Root Causes’!\$A\$1:\$A\$6,’Data-Root Causes’!\$A\$8:\$A\$8)

Dashboard Tabs

These tabs are setup to automatically analyze the data entered in the institution tabs. All the dashboards are setup to enable easy printing or converting to PDFs. Individual charts can also be copied and pasted as images into Powerpoint, Word Docs, etc., even when the sheet is protected. Details on the setup of each Dashboard are below.

Dashboard-Overall

- **Government Performance by PFM Process:** Graph references data in [Data-PerfResults1](#).
- **Dominant Root Causes of Underperformance by Institution:** The Dominant Root Causes of Underperformance will populate for the institution that is selected. The institution box is configured using data validation and references data in the [Data-RCResults1](#) tab:

=’Data-RCResults1’!\$B\$1:\$K\$1

- The Root Causes of Underperformance boxes are configured using VLOOKUP and reference data in the [Data-RCResults2](#) tab:

=VLOOKUP(O8,’Data-RCResults2’!B2:C11,2,FALSE)

Conditional formatting is also used to make the text grey/italics if the cell contains “N/A” or “No Root Cause of Underperformance was Assigned.”

- **Performance by Institution:** Graph references data in [Data-PerfResults1](#).
- **Performance of Institutions in Integrating SDGs into PFM Processes:** Graph references data in [Data-SDGs](#) tab.
- **Key Overall Risk Areas:** Table references data in [Data-PerfResults1](#) tab. Conditional formatting is used to highlight the cells in red with a pattern if the value is less than 2 and to clear any formatting if the cell is empty. Conditional formatting is also used for the institution headings to clear them of any formatting if the cell is empty (in case not all the MDA tabs are used, for example).

Dashboard-Processes

- **Contribution of Outputs to Performance of PFM Processes:** Conditional formatting is used to highlight the cells based on the grade that was calculated for each output, sub-process, and process. The formulas in the conditional formatting reference the [Data-PerfResults2](#) tab.

Dashboard-Institution

- **Performance of Institutions in PFM Processes**
 - o Graphs reference data in [Data-PerfResults1](#).
 - o Strongest Institution/Weakest Institution boxes reference data in [Data-PerfResults3](#) and use VLOOKUP to determine which institution in the strongest/weakest. Examples of the formulas for Process 1 are provided below.

Strongest Institution:

```
=VLOOKUP(MAXIFS('Data-PerfResults3'!A2:A11,'Data-PerfResults3'!A2:A11,"<5"),'  
Data-PerfResults3'!A2:B11,2,FALSE)
```

Weakest Institution:

```
=VLOOKUP(MINIFS('Data-PerfResults3'!A2:A11,'Data-PerfResults3'!A2:A11,"<5"),'  
Data-PerfResults3'!A2:B11,2,FALSE)
```

- o Core PFM Institutions vs MDAs data is pulled from Data-PerfResults1, and conditional formatting is used to highlight the cells based on the values in the cells.

Dashboard-SDGs

- **Overall Performance:** Data pulled from Data-SDGs
- **Performance by Process:** Graph references data in Data-SDGs.
- **Performance by Institution:** Graph references data in Data-SDGs.
- **Performance on Implementing Key SDG Activities:** Conditional formatting is used to highlight the cells based on the grade that was calculated for each activity, institution, and process. The formulas in the conditional formatting reference the Data-SDGs tab.

Dashboard-Disaster

- **Overall Performance:** Data pulled from Data-Disaster.
- **Performance by Process:** Graph references data in Data-Disaster.
- **Performance by Institution:** Graph references data in Data-Disaster.
- **Performance on Implementing Key SDG Activities:** Conditional formatting is used to highlight the cells based on the grade that was calculated for each activity, institution, and process. The formulas in the conditional formatting reference the Data-Disaster tab.

Dashboard-Process1/Process2/Process3/Process4/Process5

- **Overall Process Performance:** Data pulled from PerfResults1.
- **Key Risk Area?:** Using conditional formatting, the cell populates with “Yes” and highlights with red in a pattern if the value is less than 2, and populates with “No” if the value is greater than or equal to 2.
- **Quality Assessment:** For “Not applicable,” the formula counts the number of cells under Performance Assessment (column K) for that process that are populated with “Not applicable.”

```
=IFERROR(COUNTIF(MoF!K7:K18,"Not applicable"),0)+IFERROR(COUNTIF(RA!K7,"Not applicable"),0)
```

For “Total Questions,” the number of cells with any value are counted.

```
=IFERROR(COUNTIF(MoF!K7:K18,"*"),0)+IFERROR(COUNTIF(RA!K7,"*"),0)
```

- **Performance by Institution:** Graph references data in Data-PerfResults1.
- **Root Causes of Underperformance:** Graph references data in Data-RCResults1.
- **Dominant Root Cause of Underperformance by Institution:** Table references data in Data-RCResults2.
- **Sub-Process Analysis:** Conditional formatting is used for the cells with the grades for the Key Questions, the cells

with the outputs, and the cell with the sub-process. The conditional formatting highlights the cell according to the grade assigned. The cells with the Key Question grades reference the institution tab where that grade was assigned. The cells with the outputs and sub-processes reference [Data-PerfResults2](#).

Dashboard-Quality Assessment

- **Overall (table and graph):** They both reference data in Data-PerfResults2.
- **By Institution:** The graph references data in Data-PerfResults2.

Data Tabs

The data from the Institution tabs is consolidated and analyzed in these tabs. As detailed above, these tabs are the data source for the majority of the analysis in the Dashboard tabs.

- **Data-PerfResults1; DataPerfResults2; DataPerfResults2:** The Performance Assessment data is analyzed in these tabs.
- **Data-RCResults1; Data-RCResults2:** The Root Causes data is analyzed in these tabs.
- **Data-SDGs:** The data for questions that specifically address the SDGs is analyzed in this tab.
- **Data-Disaster:** The data for questions that specifically address disaster preparedness is analyzed in this tab.
- **Data-Performance Grading:** This tab contains all of the Performance Assessment options and corresponding grades for each Key Question. The Performance Assessment (column K) and Performance Grade (column M) columns in the Institution tabs both reference the data in this tab.
- **Data-Root Causes:** This tab contains the list of Root Causes of Underperformance. The Root Cause of Underperformance (column N) and the Conclusion for PFM Process: Dominant Root Cause (column Q) columns in the Institution tabs both reference the data in this tab.

Ref-Mapping Tab

The structure for the analysis is mapped in this tab. It maps the PFM Process → PFM Sub-Process(es) → PFM Output(s) → Key Questions. It also provides the codes that help to identify these various components throughout this workbook, including the PFM Process codes, PFM Output Codes, and Key Question Codes. This tab is purely for reference and is not linked to any of the other tabs in the workbook.

File Names Tab

This tab includes the setup for the “Import Data” button that is described in more detail under the description of the macros and in section 3.

2. SETTING UP THE WORKBOOK FOR DISTRIBUTION TO AUDITORS

1. Enter information into Instructions tab

Enter the Country, Date, Period-end, and W/P reference.

INSTRUCTIONS			
Reporting Framework on Public Financial Management			
Country:	Kenya	Period-end:	
Date:	10/9/2018	W/P reference:	

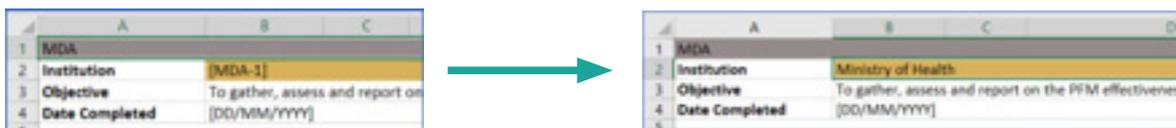
2. Label MDA tabs

After the MDAs to be audited have been identified, label the MDA tabs in 2 different places:

a.) Right click on the tab and select “Rename.” Enter the acronym for the institution (if any) or the full name of the institution. For example, enter MoH or Ministry of Health. Repeat for all MDAs to be audited.



b.) Type the name of the institution in the top left corner (row 2). Be sure to type the name in the correct cell as this information will be pulled into the Data tabs and into the Dashboards. In the example below, “Ministry of Health” is the institution to be audited and this name has been entered in place of “[MDA-1].”

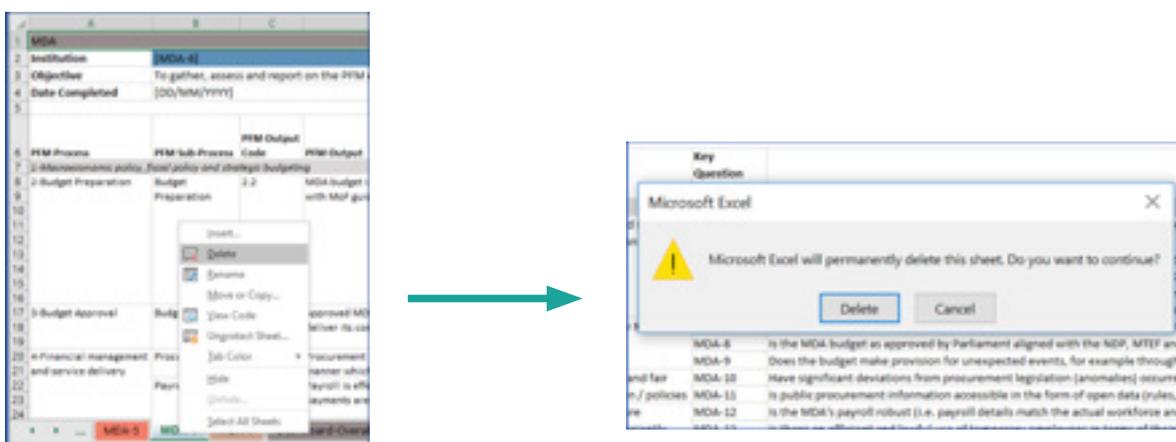


3. Remove tabs and tab references for MDA tabs that are not needed

If there are less than 7 MDAs that will be audited, a few manual steps need to be taken to adjust the workbook before it is distributed to auditors. For example, if you are only auditing the Ministry of Health, Ministry of Agriculture, and Ministry of Education, Ministry of the Environment, and Ministry of Justice, then only 5 of the MDA tabs will be used (MDA-1, MDA-2, and MDA-3, MDA-4, and MDA-5). You will then need to take a series of steps to remove the tabs for MDA-6 and MDA-7 and to remove references to these tabs in the Data tabs. The instructions, using this example, are provided below.

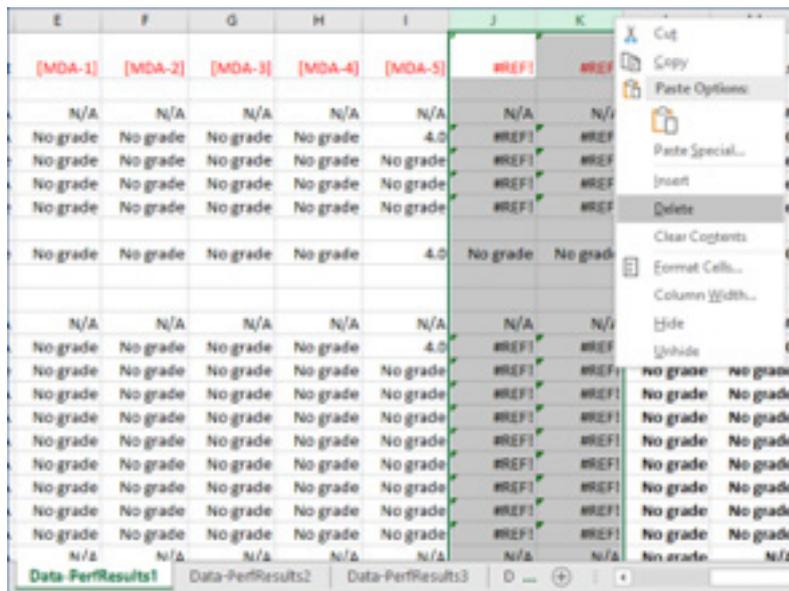
a) Right click on the tab(s), select “Delete,” and then confirm that you want to delete the tab in the pop-up box. Repeat for each tab that needs to be removed.

[new depiction below]



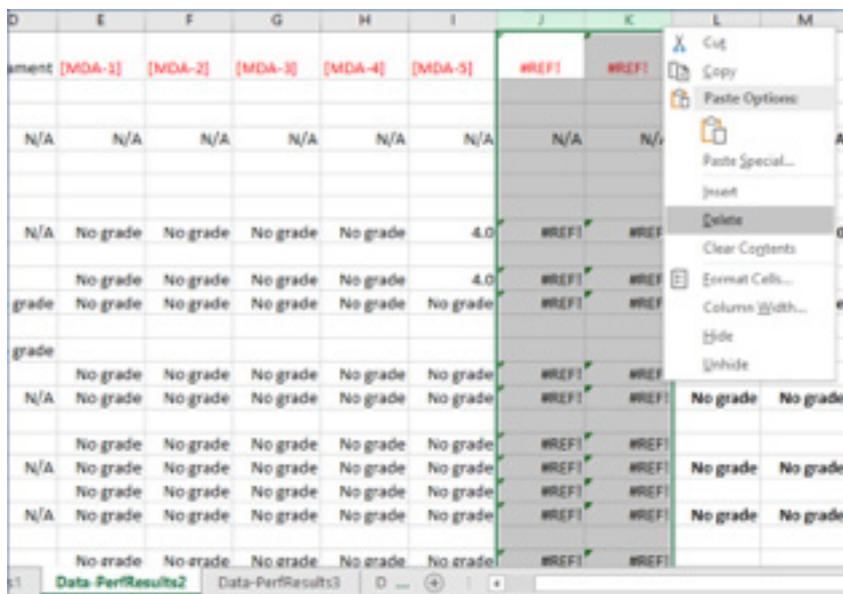
- b) In the Data-PerfResults1 tab → unprotect the sheet, highlight columns J and K (where MDA-6 and MDA-7 were previously listed), right click on the columns and select “Delete,” and reprotect the sheet.

[new depiction below]



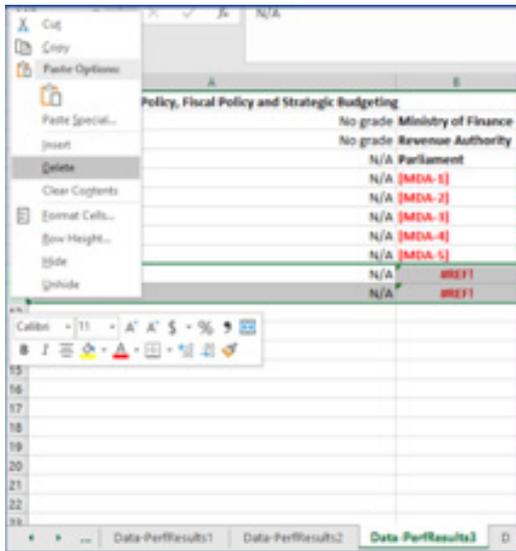
- c) In the Data-PerfResults2 tab → unprotect the sheet, highlight columns J and K (where MDA-6 and MDA-7 were previously listed), right click on the columns and select “Delete,” and reprotect the sheet.

[new depiction below]

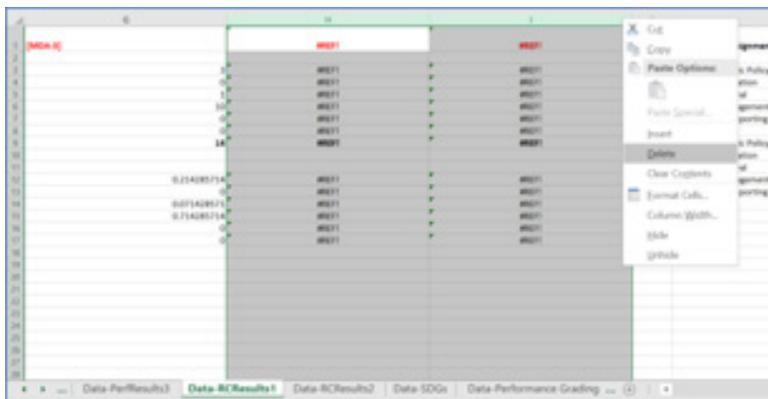


- d) In the Data-PerfResults3 tab → unprotect the sheet, highlight rows 10 and 11 (where MDA-6 and MDA-7 were previously listed), right click on the rows and select “Delete,” and reprotect the sheet.

[new depiction below]

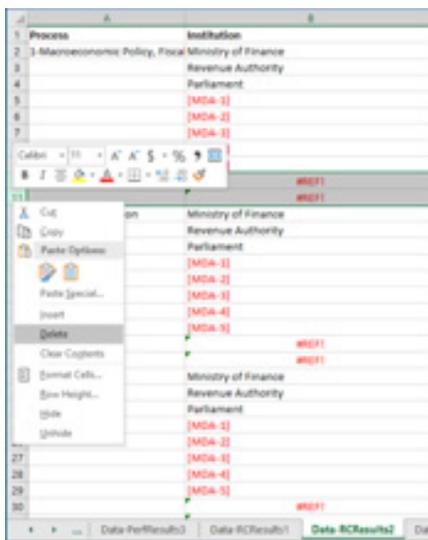


- e) In the Data-RCResults1 tab → unprotect the sheet, highlight columns J and K (where MDA-6 and MDA-7 were previously listed), right click on the columns and select “Delete,” and reprotect the sheet.



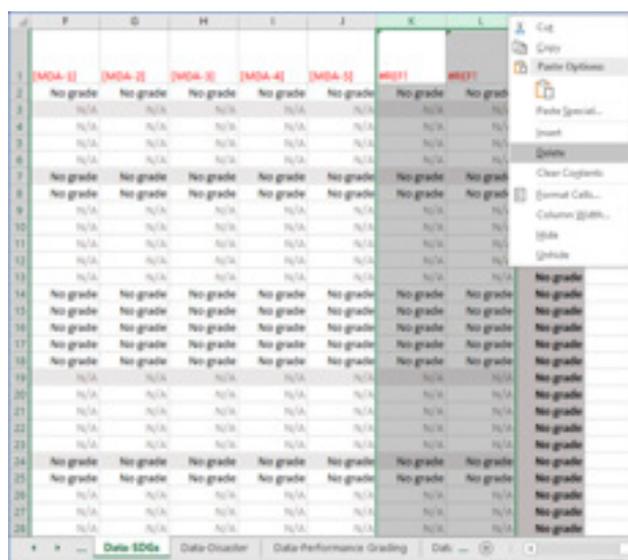
- f) In the Data-RCResults2 tab → unprotect the sheet, highlight rows 10 and 11 (where MDA-6 and MDA-7 were previously listed), right click on the rows and select “Delete,” and reprotect the sheet. Repeat to delete rows 20 and 21, 30 and 31, 40 and 41, 50 and 51.

[new depiction below]



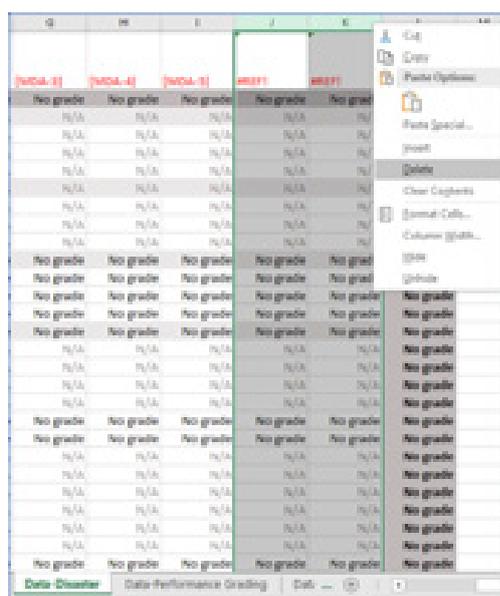
- g) In Data-SDGs → unprotect the sheet, highlight columns K and L (where MDA-6 and MDA-7 were previously listed), right click on the columns and select “Delete,” and reprotect the sheet.

[new depiction below]



- h) In Data-Disaster → unprotect the sheet, highlight columns J and K (where MDA-6 and MDA-7 were previously listed), right click on the columns and select “Delete,” and reprotect the sheet.

[new depiction below]



4. Save master workbook and duplicate workbook for distribution.

- After completing steps 1-3, save the workbook as the master workbook and give it a file name that includes the name of the country where the assessment is being completed. For example: Kenya_PFM Reporting Framework
- Create a new folder on your computer to store this workbook and the workbooks that will be populated by the auditors for each institution.

- c) Duplicate the file → Select the file, hold Ctrl+C, then hold Ctrl+V. This will copy and then paste the file into the folder.

Name	Date modified	Type	Size
Kenya_PFM Reporting Framework - Copy	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
Kenya_PFM Reporting Framework	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB

- d) Rename the file with the institution name. For example: MoF

Name	Date modified	Type	Size
Kenya_PFM Reporting Framework	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
MoF	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB

- e) Repeat steps c and d until there is a file for each institution.

Name	Date modified	Type	Size
Kenya_PFM Reporting Framework	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
MoA	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
MoE	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
MoF	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
MoH	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
Par	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB
RA	8/11/2018 5:55 PM	Microsoft Excel Macr...	414 KB

3. CONSOLIDATING THE DATA FROM MULTIPLE INSTITUTIONS AFTER DATA ENTRY IS COMPLETE

To import the data from the files completed by the institution auditors, an “Import Data” button (with a macro attached) in the File Names tab can be used. To ensure that the import works smoothly, it is critical that the following steps are followed. It is not necessary to unprotect any of the worksheets before completing the import.

1. Save all files (with data entered) in the same folder with the master workbook.
2. Update the File Names tab.
 - a) Before updating, the tab will be setup as shown below.

[new depiction below]

	A	B	C	D	E	F
1	Table	File Name				
2	MoF	MoF.xlsx				
3	RA	RA.xlsx				
4	Par	Par.xlsx				
5	MDA-1	MDA-1.xlsx				
6	MDA-2	MDA-2.xlsx				
7	MDA-3	MDA-3.xlsx				
8	MDA-4	MDA-4.xlsx				
9	MDA-5	MDA-5.xlsx				
10	MDA-6	MDA-6.xlsx				
11	MDA-7	MDA-7.xlsx				
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						

Import Data

Data-Root Causes | Ref-Mapping | **File Names**

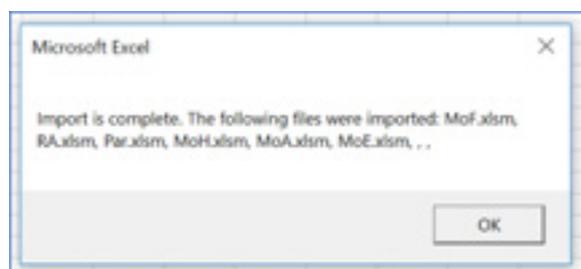
- b) Under Tabs (column A), update the tab names to match the Institution tabs in the workbook. Under File Name (column B), update the file names to match the actual file names. If the file names have been changed by the auditors, you can either rename the file or enter the file name as it is into the tab. Delete any tabs and file names that are not being used.

[new depiction below]

	A	B	C	D	E	F
1	Tab	File Name				
2	Mof	Mof.xlsx				
3	RA	RA.xlsx				
4	Par	Par.xlsx				
5	MoH	MDA-1.xlsx				
6	MoA	MDA-2.xlsx				
7	MoEd	MDA-3.xlsx				
8	MoEn	MDA-4.xlsx				
9	MoJ	MDA-5.xlsx				
10	MoT	MDA-6.xlsx				
11	Mol	MDA-7.xlsx				
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						

3. Click the “Import Data” button.

When you click on the button, it will take the import about 5-10 seconds to run. After it is complete, the following message will appear that tells you which worksheets were imported.



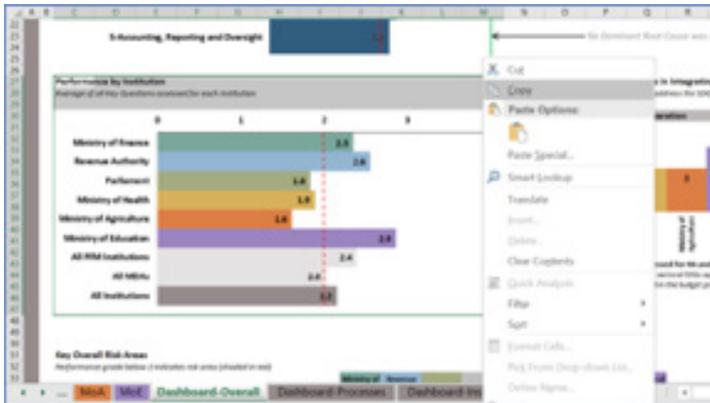
Details on the Macro are found in section 1, but some key details on how the macro works are:

- **Will still work if not all files to import are in the folder:** When it runs, it will search for all files listed in the Macro, but it will still work if not all the files are present. This will be helpful, for example, if you have received files for only some of the institutions but want to go ahead and import the data that you have.
- **Will override existing data:** You can run the import multiple times if you need to override the data. For example, if you receive a partially finished institution audit and go ahead and import it, and then later receive the fully completed form, then you can run the import again to override the data.
- **Only values will be copied:** To minimize risk of issues when importing (i.e. copying from Institution worksheets and pasting in master workbook) the data from the other workbooks, only the values in the cells will be imported. This means that if any hyperlinks have been entered into the cells (e.g. a link to a file on the auditor’s computer), these will not be copied.

4. COPYING AND PASTING DASHBOARD CHARTS AND TABLES

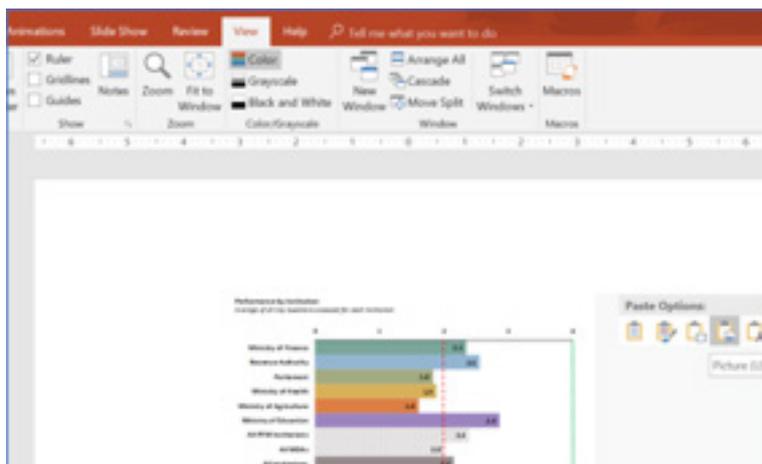
While protected, the pieces of analysis in the Dashboards can be copied and pasted into another application (e.g. Powerpoint, Word) for use in reports, presentations, etc.

1. Select the cells that you want to copy and then hold Ctrl+C or right click on the cells and select “Copy”.

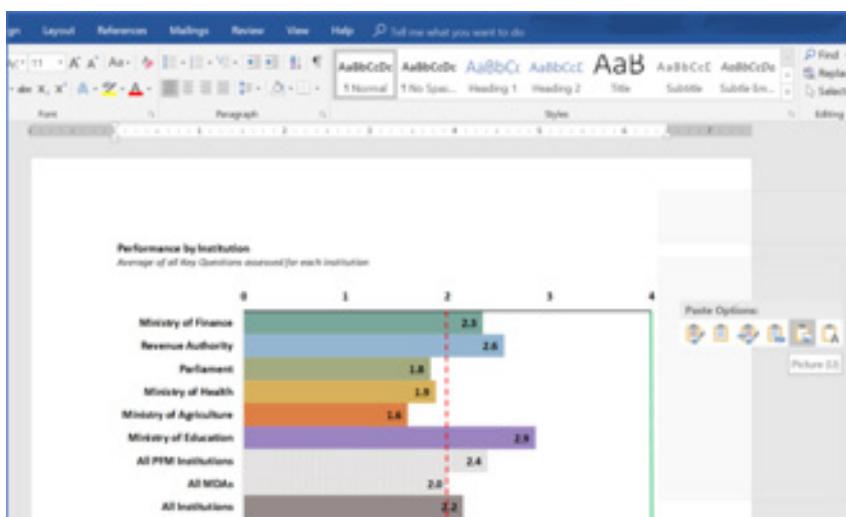


2. Open the application where you want to paste the chart/table and then right click on the page (or slide) and select “Picture” under Paste Options. Examples from Powerpoint and Word are shown below.

Powerpoint:



Word:





ABOUT AFROSAI-E:

Making a Difference in the Performance of Supreme Audit Institutions

AFROSAI-E is a member-based institution with 26 Auditors-General from English-speaking African countries making up our Governing Board. The organization was established in 2005 with the shared vision to make a difference in the performance of our member Supreme Audit Institutions (SAIs). Through our Executive Secretariat, which is hosted by the Auditor-General of South Africa, members are empowered to optimise their audit performance to comply with the INTOSAI Standards for Supreme Audit Institutions (ISSAIs) and to strengthen their institutional capacity to effectively implement their mandate.

For more information, visit www.afrosai-e.org.za



german
cooperation

DEUTSCHE ZUSAMMENARBEIT

Implemented by:

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

ABOUT GFG-GIZ:

The Good Financial Governance in Africa programme promotes transparency and accountability in public financial management and is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Its objective is to foster Good Financial Governance in Africa, more specifically to equip decision-makers in African public finance to use region-specific services, products and further education to improve financial governance.

The backbone of the programme is the partnership with networks of African government officials in the areas of taxation, budgeting and fiscal oversight to support their aim to strengthen public financial management capacities across Africa: the African Tax Administration Forum (ATAF), the Collaborative African Budget Reform Initiative (CABRI), the African Organisation of Supreme Audit Institutions (AFROSAI) and the 2013 founded African Organisation of Public Account Committees (AFROPAC). The programme supports these partner organisations in offering knowledge, training and exchange opportunities to their members to develop and implement joint standards and improve financial governance.

For more information, please visit www.giz.de or www.gfg-in-africa.org

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