

## Guidance on evidence to support the scoring of the indicators

The presentation of evidence and explanation to support indicator scoring is an essential part of applying of the PEFA set of high level indicators and/or the PFM Performance Report.

This note provides guidance of two types : (i) general guidance on presentation of adequate evidence, covering both qualitative and quantifiable data, and (ii) specific guidance on the quantifiable data to be collected and processed.

### (i) General guidance on evidence

This guidance applies in general to the collection and presentation of evidence. In order to ensure that adequate evidence is used and reported in order to justify and explain the scoring against the indicators, it is suggested that :

- The explanation that is reported identifies the **factual evidence** (including qualitative and quantifiable data), that has been used to substantiate the assessment. The evidence is specific and precise, and identifies the source of the evidence.
- The evidence used and reported to justify the scoring refers only to **actual performance achieved**, and not to performance that is expected to arise in future because of reforms implemented, under implementation or promised.
- The explanation gives a clear understanding of **the actual performance of each of the PFM dimensions captured by the indicators** and the rationale for its scoring. Each dimension of the indicator is addressed in a way that enables understanding of the specific level (A, B, C or D) achieved by the dimension.
- Any issues of **timeliness or reliability of data or evidence** are reported.
- If **no information** exists either for a whole indicator or one of its dimension, the text explicitly mentions it. If it is felt that scoring is still possible despite a lack of information for one of the dimension, the rationale for the scoring is made explicit.
- **Primary source material** should be reviewed or copies obtained, rather than relying on statements that conditions are met.

More detailed guidance on reporting can be found in Annex 2 of the PEFA PFM Performance Measurement Framework.

### (ii) Specific guidance on quantifiable data required

This list shows the quantifiable data (such as quantities, amounts, dates, time periods and frequencies) that need to be collected and processed in order to provide the required basis for scoring the indicators. The dimension of the indicator to which the data is relevant is indicated in brackets – (i) etc.

Qualitative data is generally NOT included in the following list; the general guidance above should be applied in collection and recording of qualitative data. The list, therefore, is not exhaustive as regards information required or recommended for scoring the indicators. The data listed is necessary but not sufficient for scoring the indicators and is shown here as a help to evaluators in planning their data collection work.

Useful supplementary data is also suggested for selected indicators/dimensions. This is data that may not always be available and is not directly required for scoring an indicator, but may be helpful in assessment of performance and impact of the systems considered by the indicator.

<b>QUANTIFIABLE DATA</b>	
<b>A. PFM OUT-TURNS: Credibility of the budget</b>	
<b>PI-1</b>	<b>Aggregate expenditure out-turn compared to original approved budget</b>
Data	(i). Actual primary expenditure minus budgeted primary expenditure as a percentage of budgeted primary expenditure, for each of the last three fiscal years (primary expenditure should exclude donor funded project support).
<b>PI-2</b>	<b>Composition of expenditure out-turn compared to original approved budget</b>
Data	(i) Actual expenditure and budgeted expenditure for each of the main functional classifications or for each of 20 largest budget heads in the administrative classification (with the remaining administrative heads lumped together as a '21 <sup>st</sup> admin head). This data is needed for each of the last three fiscal years (must be the same years as for PI-1). Use the calculation model on this website to insert the data and obtain the annual calculations of expenditure variance for each year.
<b>PI-3</b>	<b>Aggregate revenue out-turn compared to original approved budget</b>
Data	(i) Actual domestic revenue minus budgeted revenue as a percent of budgeted revenue for each of the last three fiscal years.
<b>PI-4</b>	<b>Stock and monitoring of expenditure payment arrears</b>
Data	(i) Level of expenditure arrears (preferably at end of last fiscal year) as a percentage of total expenditures (for the last fiscal year) Change in level of expenditure arrears during the last fiscal year (or similar period)
<b>B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency</b>	
<b>PI-5</b>	<b>Classification of the budget</b>
Data	Requires review of types of classification actually in use in budget documents and chart of accounts.
<b>PI-6</b>	<b>Comprehensiveness of information included in budget documentation</b>
Data	Requires review of the types of information included in actual budget documentation
<b>PI-7</b>	<b>Extent of unreported government operations</b>
Data	(i) Amount of extra-budgetary expenditure as a percentage of total expenditure (excluding donor funded project/program support); Proportion of actual extra-budgetary expenditure that is not included in fiscal report.

	<b>QUANTIFIABLE DATA</b>
	(ii) Donor funded project/program expenditure as a percentage of total expenditure; Actual donor funded project/program expenditure included in fiscal reports as a percentage of total estimated donor funded project/program expenditure.
<b>PI-8</b>	<b>Transparency of inter-governmental fiscal relations</b>
Data	(i) Proportion of transfers to SN government by value for which allocations among the SN government entities are determined by transparent rules or formulas. (ii) Period between the date on which SN government administrations are provided firm information on the transfers from central government and the date on which the SN government administrations must submit their budget proposals for final approval. (iii) Total annual expenditure of SN governments for which data by sectoral or functional categories are centrally collected and consolidated, as a percentage of all SN government expenditure. The period from end of the fiscal year (covered by the latest consolidated report on SN government) to the date of issue of the consolidated report.
<b>PI-9</b>	<b>Oversight of aggregate fiscal risk from other public sector entities.</b>
Data	(i) List of AGAs and PEs with value of turnover and frequency of submission of fiscal reports to government.
<b>PI-10</b>	<b>Public access to key fiscal information</b>
Data	(i)-(v). Number of days after relevant event that reports are made available to the public (concerns annual budget documents, in-year budget execution reports, year-end financial statement, audit reports and contract awards above the value of USD 100,000.)
	<b>C. BUDGET CYCLE</b>
<b>PI-11</b>	<b>Orderliness and participation in the annual budget process</b>
Data	(i) Number of weeks from when MDAs receive budget circular till they have to submit detailed budget proposals to MOF. (ii) Date of Cabinet approval of budget circular compared to date of MOF issue of budget circular to MDAs. (iii) Delay in budget approval by the legislature after start of fiscal year, for the last three fiscal years.
<b>PI-12</b>	<b>Multi-year perspective in fiscal planning, expenditure policy and budgeting</b>
Data	(ii) Dates for debt sustainability analyses during the last three years (external and domestic debt respectively) (iii) Amount of primary expenditure in sectors that have prepared fully costed sector strategies as a percentage of total primary expenditure during the last year.
<b>PI-13</b>	<b>Transparency of taxpayer obligations and liabilities</b>
Data	Qualitative only.

<b>QUANTIFIABLE DATA</b>	
<b>PI-14</b>	<b>Effectiveness of measures for taxpayer registration and tax assessment</b>
Data	(ii) Interest rate for late payment of taxes compared to interest rates for commercial overdraft.
<b>PI-15</b>	<b>Effectiveness in collection of tax payments</b>
Data	(i) Tax arrears collected during the last fiscal year as a percentage of gross tax arrears (including amounts in dispute / under litigation) at the beginning of that fiscal year. (ii) Frequency of transfers of tax revenue from RA(s) to the Treasury. (iii) Frequency and delay in reconciliation of records of tax assessment, collection, arrears and payment to Treasury.
<b>PI-16</b>	<b>Predictability in the availability of funds for commitment of expenditures</b>
Data	(i) Frequency of cash flow forecasting/updates by the Treasury for the last year. (ii) Frequency of issue of commitment ceilings to MDAs and the period covered, for the last year. (iii) Frequency of in-year budget adjustments by MOF and/or the legislature; and the value of expenditure involved for each adjustment event.
<b>PI-17</b>	<b>Recording and management of cash balances, debt and guarantees</b>
Data	(i) Frequency of updating and reconciliation of data for all government debt; Frequency of debt report issue. (ii) Number of bank accounts for which balances are calculated and consolidated by the Treasury. Frequency of such calculation/consolidation.
<b>PI-18</b>	<b>Effectiveness of payroll controls</b>
Data	(ii) Frequency of updating of personnel records and payroll data. Average delay in number of days from change in personnel status to personnel records and payroll data are updated. (iv) Dates of payroll audit events during the last three years.
<b>PI-19</b>	<b>Competition, value for money and controls in procurement</b>
Data	(i) Number of contracts awarded on the basis of open competition as a percentage of all contracts awarded, for the last fiscal year or other recent period (only include contracts above the national 'small purchase' threshold).  <u>Useful supplementary data:</u> Prices paid by public sector for goods, works and services is comparable to prices paid by the private sector for similar items.
<b>PI-20</b>	<b>Effectiveness of internal controls for non-salary expenditure and assets management</b>
Data	Qualitative only.  <u>Useful supplementary data:</u> Error rates or rejection rates in routine financial transactions as reported by government financial controllers and/or internal or external audit bodies.
<b>PI-21</b>	<b>Effectiveness of internal audit</b>
Data	(i) Percentage of internal audit staff time spent on systemic issues.

<b>QUANTIFIABLE DATA</b>	
	<u>Useful supplemental data</u> : Number of material weaknesses found per year and the remediation rates – ie the percentage of material weaknesses corrected within 12 months of notification.
<b>PI-22</b>	<b>Timeliness and regularity of accounts reconciliation</b>
Data	(i) Frequency of reconciliation of Treasury managed bank accounts. Number of days from end of reconciled period to date of reconciliation is completed for Treasury managed bank accounts. Frequency of reconciliation of government bank accounts not managed by Treasury. Number of days from end of reconciled period to date of reconciliation is completed for government bank accounts not managed by Treasury. (ii) Frequency of reconciliation/clearance of suspense and advance accounts. Average number of days from end of quarter/year to the clearance of the accounts.
<b>PI-23</b>	<b>Availability of information on resources received by service delivery units</b>
Data	Qualitative only
<b>PI-24</b>	<b>Quality and timeliness of in-year budget reports</b>
Data	(ii) Frequency of in-year budget execution reports. Number of days following end of quarter that quarterly budget report is disseminated within the government, during the last year.
<b>PI-25</b>	<b>Quality and timeliness of annual financial statements</b>
Data	(ii). Number of months after end of year that consolidated financial statements (or all individual financial statements by central government budget entities) are submitted to the SAI.
<b>PI-26</b>	<b>Scope, nature and follow-up of external audit</b>
Data	(i) Percentage of all central government entities including AGAs (by value of expenditure) that were audited during the last year. (ii) Number of months after receipt of financial statements by SAI that audit reports are presented to the legislature. Number of months after end of period audited, that audit reports are presented to the legislature (for other audits than financial statements).
<b>PI-27</b>	<b>Legislative scrutiny of the annual budget law</b>
Data	(iii). Number of days the legislature has to review the detailed budget proposals and, if applicable, any earlier review of proposed macro-fiscal aggregates.
<b>PI-28</b>	<b>Legislative scrutiny of external audit reports</b>
Data	(i). Average number of months following submission of external audit reports to the legislature before specialized legislative committee completes examination of the reports, for the last year.

<b>D. DONOR PRACTICES</b>	
<b>D-1</b>	<b>Predictability of Direct Budget Support</b>
Data	(i) Actual receipt of direct budget support from donors minus forecast of direct budget support issued by donors as a percentage of the forecast, for each of the last three fiscal years. (ii) Actual quarterly distribution of receipt of direct budget support from donors and the forecast of quarterly distribution of direct budget support as issued by donors, for each of the last three fiscal years.
<b>D-2</b>	<b>Financial information provided by donors for budgeting and reporting on project and program aid</b>
Data	(i). Project/program support amounts of donor agencies (with estimated annual disbursement to or on behalf of government) that submit budget estimates in time for incorporation into government budget formulation, (and with a breakdown corresponding to government budget classification); compared to total estimated project/program support to government from all donor agencies. (ii). Percentage of donor project/program support flows for which information on actual disbursements are reported to government within one month of end of quarter for the last year (At the aggregate level and also for key expenditure categories in accordance with the government budget classification).
<b>D-3</b>	<b>Proportion of aid that is managed by use of national procedures</b>
Data	(i). Calculate the average of the following four percentages: Percentage of all donor funds to government that use national procurement procedures; Percentage of all donor funds to government that use national payment/accounting procedures; Percentage of all donor funds to government that use national audit procedures; Percentage of all donor funds to government that use national reporting procedures.

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