

## **Guidance on evidence and sources of information 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 three types: (i) general guidance on presentation of adequate evidence, covering both qualitative and quantifiable data, (ii) guidance on sources of information for the required evidence and (iii) specific guidance on the coverage and scope of 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) Guidance on sources of information for the required evidence**

The matrix overleaf provides - in the column to the far right – a list of proposed sources of both quantitative and qualitative information related to each indicator. This list is not intended to be complete, as the scope of the assessment as well as institutional and organizational features of PFM systems and stakeholders in each country, will determine the potential and most important sources of information.

It is important that all indicator assessments are arrived at through triangulation between several different sources in order to arrive at an overall assessment with confidence. Also important for PFM systems that cut across the government or are fragmented in several independent systems (e.g. taxation, payroll and procurement systems), is to base the overall judgment on

information from various participants in such cross-government systems or from managers/supervisors of the different, fragmented parts of a system.

Donor agency staff who interact with government agencies regularly (e.g. in relation to technical assistance operations) might possess valuable information in relation to any indicator or may be able to suggest specifically valuable sources of information. Such donor agency staff are not listed in the matrix under each indicator.

### (iii) Specific guidance on the coverage and scope of quantifiable data required

The matrix below provides specific guidance on the coverage and scope (critical period/time) of 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 indicators.

| Dim  | Coverage                     | Critical period/time | Quantifiable data required  | Sources of information   |
|--|------------------------------|----------------------|---|--|
| <b>A. PFM OUT-TURNS: Credibility of the budget</b>                                   |                              |                      |   |  |
| <b>PI-1 Aggregate expenditure out-turn compared to original approved budget</b>      |                              |                      |   |  |
| (i)  | Budgetary central government | Last 3 FYs completed | 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 and debt service payments)   | MOF (if possible, same source for original budgets and actual expenditure)                   |
| <b>PI-2 Composition of expenditure out-turn compared to original approved budget</b> |                              |                      |   |  |
| (i)  | Budgetary central government | Last 3 FYs completed | Actual expenditure and budgeted expenditure for each of the main functional classifications or for each of the 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 the website to insert the data and obtain the annual calculations of expenditure variance for each year. | MOF (if possible, same source for original budgets and actual expenditure)                   |
| <b>PI-3 Aggregate revenue out-turn compared to original approved budget</b>          |                              |                      |   |  |
| (i)  | Budgetary central government | Last 3 FYs completed | Actual domestic revenue collected as a percent of budgeted domestic revenue for each of the last three fiscal years   | MOF & Revenue Authorities (if possible, same source for original budgets and actual revenue) |
| <b>PI-4 Stocks and monitoring of expenditure payment arrears</b>                     |                              |                      |   |  |

| Dim   | Coverage   | Critical period/time                 | Quantifiable data required  | Sources of information  |
|---|--|--------------------------------------|---|---|
| (i)   | Budgetary central government                                       | End of last FY before assessment     | Level of expenditure arrears (preferably at end of last fiscal year) as a percentage of total expenditures (for the last fiscal year)<br>Change in level of expenditure arrears during the last fiscal year ( or similar period)  | MOF   |
| (ii)  |  | End of last 2 FYs                    |   | MOF   |
| <b>B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency</b>            |  |                                      |   |   |
| <b>PI-5 Classification of the budget</b>  |  |                                      |   |   |
| (i)   | Budgetary central government                                       | Last completed FY                    | Requires review of types of classification actually in use in budget documents and chart of accounts.   | MOF (Budget & Accounting Depts)   |
| <b>PI-6 Comprehensiveness of information included in the budget documentation</b> |  |                                      |   |   |
| (i)   | Budgetary central government                                       | Last budget presented to legislature | Requires review of the types of information included in actual budget documentation   | Annual budget documents   |
| <b>PI-7 Extent of unreported government operations</b>                            |  |                                      |   |   |
| (i)   | Central government including autonomous government agencies        | Last completed FY                    | 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   | MOF, Auditor General, each significant AGA, and each ministry in receipt of significant unreported revenues |
| (ii)  | Budgetary central government                                       | Last completed FY                    | Donor funded project/ program expenditure as a percentage of total expenditure<br>Actual donor funded project / program expenditure included in fiscal reports as a percentage of total estimated donor funded project / program expenditure.   | MOF, aid administration agency, principal donors of project aid   |
| <b>PI-8 Transparency of inter-governmental fiscal relations</b>                   |  |                                      |   |   |
| (i)   | 1 <sup>st</sup> tier sub-national level of government <sup>1</sup> | Last completed FY                    | Proportion of transfers to SN governments by value for which allocations among the SN government entities are determined by transparent rules or formulas   | MOF, M/ Local government, Finance officers of major SN governments  |
| (ii)  |  | Last completed FY                    | Period between the date on which SN government administrators 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)   |  | Last completed FY                    | 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 the end of the fiscal year (covered by the last consolidated report on SN government) to the date of issue of the consolidated report. | MOF, Ministry of Planning, National Statistics Office   |
| <b>PI-9 Oversight of aggregate fiscal risk from other public sector entities</b>  |  |                                      |   |   |
| (i)   | Whole of public sector   | Last completed FY                    | List of AGAs and PEs with amount of expenditure and frequency of submission of fiscal reports to government   | MOF, oversight bodies, major AGAs major PEs   |
| (ii)  | 1 <sup>st</sup> tier SN level of government                        | Last completed FY                    |   | MOF, Finance Officers of major SN governments   |

<sup>1</sup> 1<sup>st</sup> tier sub-national government includes all sub-national government entities which receive grants or subventions directly from central government.

| Dim   | Coverage  | Critical period/time                     | Quantifiable data required  | Sources of information  |
|---|---|--|---|---|
| <b>PI-10 Public access to key fiscal information</b>                                      |   |  |   |   |
| (i)   | Budgetary central government                                      | Last completed FY                        | (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 US\$100,000) | MOF, Auditor General, Public procurement Authority, corroborated by government bookshops, websites and notice boards, and public interest groups such as governance NGOs, chamber of commerce, donor country offices. |
| <b>C. BUDGET CYCLE</b>  |   |  |   |   |
| <b>PI-11 Orderliness and participation in the annual budget process</b>                   |   |  |   |   |
| (i)   | Budgetary central government                                      | Last budget approved by the legislature. | Number of weeks from when MDAs receive budget circular till they have to submit detailed budget proposals to MOF  | MOF (budget dept), corroborated by Finance Officers of large spending MDAs  |
| (ii)  | Budgetary central government                                      | Last budget approved by the legislature. | Date of Cabinet approval of budget circular compared to date of MOF issue of budget circular to MDAs.   | MOF (budget dept), corroborated by Cabinet (Memoranda)  |
| (iii)   |   | Last 3 FYs budgets                       | Delay in budget approval by the legislature after start of fiscal year, for the last three fiscal years.  | MOF, corroborated by Clerk to Parliament  |
| <b>PI-12 Multi- year perspective in fiscal planning, expenditure policy and budgeting</b> |   |  |   |   |
| (i)   | Budgetary central government                                      | Last 2 completed FYs                     |   | MOF Planning & Budget Depts (Annual Budget Circular, MTEF, budget ceilings in following year Budget Circular)   |
| (ii)  |   | Last 3 years before assessment           | Dates of debt sustainability analyses during the last three years ( external and domestic debt respectively)  | MOF (Debt Management Dept) & Central Bank   |
| (iii)   |   | Last completed budget                    | Amount of primary expenditure in sectors that have prepared fully costed sector strategies as a percentage of total primary expenditure during the last year  | MOF Planning & Budget Depts (Ann. Budget Circular, Public Investment Programme, Approved Estimates)   |
| (iv)  |   | Last completed budget                    |   |   |
| <b>PI-13 Transparency of taxpayer obligations and liabilities</b>                         |   |  |   |   |
| (i)   | Major tax revenues arising from all central government activities | As at time of assessment                 | Qualitative data only   | MOF (Revenue Dept), Revenue Administration (incl. Income Tax, Customs, VAT) and investment promotion agency, corroborated by taxpayer groups  |
| (ii)  |   | As at time of assessment                 |   |   |
| (iii)   | Major tax revenues arising from all central government activities | As at time of assessment                 |   |   |
| <b>PI-14 Effectiveness of measures for taxpayer registration and tax assessment</b>       |   |  |   |   |

| Dim   | Coverage   | Critical period/time     | Quantifiable data required  | Sources of information   |
|---|--|--------------------------|---|--|
| (i)   | Major tax revenues arising from all central government activities                                    | As at time of assessment |   | MOF (Revenue Dept), Revenue Administration, M/Trade & Industry (Business Licensing), other agencies having databases containing potential taxpayers. |
| (ii)  |  |                          | Penalties for no or late registration for tax purposes and no or late submission of tax returns.  | MOF (Revenue Dept), Revenue Administration (incl. Income Tax, Customs, VAT) and investment promotion agency, corroborated by taxpayer groups         |
| (iii)   |  |                          |   | MOF (Revenue Dept), Revenue Administration (incl. Tax Audit Depts)   |
| <b>PI-15 Effectiveness in collection of tax payments</b>                                |  |                          |   |  |
| (i)   | Major tax revenues arising from all central government activities                                    | Last 2 completed FYs     | Tax arrears collected during the last two fiscal years as a percentage of gross tax arrears (including amounts in dispute / under litigation) at the beginning of each fiscal year. | Revenue Administration (incl. Income Tax, Customs, VAT)  |
| (ii)  |  | As at time of assessment | Frequency of transfer of tax revenue from RAs to the Treasury   |  |
| (iii)   |  | As at time of assessment | Frequency and delay in reconciliation of records of tax assessment, collection, arrears and payment to the Treasury   |  |
| <b>PI-16 Predictability in the availability of funds for commitment of expenditures</b> |  |                          |   |  |
| (i)   | Budgetary central government   | Last completed FY        | Frequency of cash flow forecasting /updates by the Treasury for the last year.  | Treasury, Finance Officers of major spending agencies  |
| (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 Recording and management of cash balances, debt and guarantees</b>             |  |                          |   |  |
| (i)   | Debt and guarantees issued by central government, excluding temporary overdrafts and supplier credit | As at time of assessment | Frequency of updating and reconciliation of data for all government debt; Frequency of debt report issue  | MOF (Debt Management Dept) & Central Bank  |
| (ii)  | All bank balances managed by Treasury and MDAs   |                          | Number of bank accounts for which balances are calculated and consolidated by the Treasury. Frequency of such calculations / consolidation.   |  |
| (iii)   | Loans and guarantees issued by central government  | Last completed FY        |   | MOF (Debt Management Dept) & Central Bank  |

| Dim  | Coverage  | Critical period/time                                   | Quantifiable data required   | Sources of information  |
|--|---|--|--|---|
| <b>PI-18 Effectiveness of payroll controls</b>   |   |  |  |   |
| (i)  | All payrolls of the central government, including all MDAs and AGAs.                          | As at time of assessment                               | Frequency of updating of personnel records and payroll data. Average delay in the number of days from change in personnel status to personnel records and payroll data are updated.  | Public Service Commission, Personnel Management Dept, Accountant General, Finance Officers of MDAs, AGAs and SN governments, corroborated by Auditor General and (dim (ii)) staff union |
| (ii)   |   |  |  |   |
| (iii)  |   |  |  |   |
| (iv)   |   | Last 3 years before assessment                         | Dates of payroll audit events during the last 3 years  |   |
| <b>PI-19 Competition, value for money and controls in procurement</b>                            |   |  |  |   |
| (i)  | All procurement for central government using national procedures including all MDAs and AGAs. | Last completed FY                                      | 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                              | MOF, Central Procurement Authority, Procurement Officers in heavy spending MDAs, corroborated by Auditor General and NGOs such as Chamber of Commerce.                                  |
| (ii)   |   | As at time of assessment                               |  |   |
| (iii)  |   |  |  |   |
| <b>PI-20 Effectiveness of internal controls for non-salary expenditure and assets management</b> |   |  |  |   |
| (i)<br>(ii)<br>(iii)   | Budgetary central government  | As at time of assessment                               | 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.   | MOF (Internal Audit), Accountant General, Heads and Finance Officers of major MDAs, corroborated by Auditor General   |
| <b>PI-21 Effectiveness of internal audit</b>   |   |  |  |   |
| (i)<br>(ii)<br>(iii)   | Budgetary central government  | Latest available financial and operational information | Percentage of internal audit staff time spent on systemic issues. <u>Useful supplementary data.</u> Number of material weaknesses found per year and the remediation rates – i.e. the percentage of material weaknesses corrected within 12 months of notification   | MOF (Internal Audit), Accountant General, Heads and Finance Officers of major MDAs, corroborated by Auditor General   |
| <b>PI-22 Timeliness and regularity of accounts reconciliation</b>                                |   |  |  |   |
| (i)  | Budgetary central government  | As at time of assessment                               | Frequency of reconciliation of Treasury managed bank accounts.<br>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.<br>Number of days from end of reconciled period to date of reconciliation is completed for government bank accounts not managed by the Treasury | Accountant General, corroborated by Auditor General   |
| (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 Availability of information on resources received by service delivery units</b>         |   |  |  |   |
|  | Front line service delivery units   | Last 3 years before assessment                         | Qualitative data only  | MOF (Budget Department) and Finance Officers of deconcentrated  |

| Dim  | Coverage   | Critical period/time                                  | Quantifiable data required  | Sources of information   |
|--|--|---|---|--|
|  | (whether falling under central or sub-national government) |   |   | ministries and SN governments, corroborated by community service organisations, civic interest groups, etc |
| <b>PI-24 Quality and timeliness of in-year budget reports</b>      |  |   |   |  |
| (i)  | Budgetary central government                               | Last completed FY                                     | 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   | MOF (Accountant General), corroborated by Auditor General  |
| (ii)   |  |   |   |  |
| (iii)  |  |   |   |  |
| <b>PI-25 Quality and timeliness of annual financial statements</b> |  |   |   |  |
| (i)  | Budgetary central government                               | Last annual financial statement prepared              | 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   | MOF (Accountant General), corroborated by Auditor General  |
| (ii)   |  | Last annual financial statement submitted for audit   |   |  |
| (iii)  |  | Last 3 years' financial statements.                   |   |  |
| <b>PI-26 Scope, nature and follow up of external audit</b>         |  |   |   |  |
| (i)  | Central government incl. all MDAs and AGAs                 | Last FY audited                                       | Percentage of all central government entities including AGAs ( by value of expenditure) that were audited during the last year.   | Auditor General, corroborated by Parliamentary Public Accounts Committee and civic interest groups         |
| (ii)   |  | Last annual audit report submitted to the legislature | Number of months after receipt of financial statements by SAI that audit reports, together with audited financial statements, are presented to the legislature.<br>Number of months after end of period audited, that other audit reports (audits without financial statements), are presented to the legislature |  |
| (iii)  |  | Last FY audited                                       |   |  |
| <b>PI-27 Legislative scrutiny of the annual budget law</b>         |  |   |   |  |
| (i)  | Budgetary central government                               | Last completed FY                                     | Number of days the legislature has to review the detailed budget proposals and, if applicable, any earlier review of proposed macro-fiscal aggregates.  | Respective Legislative Committees, corroborated by civic interest groups                                   |
| (ii)   |  |   |   |  |
| (iii)  |  |   |   |  |
| (iv)   |  |   |   |  |
| <b>PI-28 Legislative scrutiny of external audit reports</b>        |  |   |   |  |

| Dim  | Coverage  | Critical period/time   | Quantifiable data required  | Sources of information   |
|--|---|--|---|--|
| (i)  | Central government incl. all MDAs and AGAs.                                     | Audit reports submitted to legislature within the last 3 years | Average number of months following submission of external audit reports to the legislature before specialized committee completes examination of the reports, for the last year.  | Respective Legislative Committees, Auditor General and MOF, corroborated by civic interest groups  |
| (ii)   |   | Last 12 months   |   |  |
| (iii)  |   | Last 12 months   |   |  |
| <b>D. DONOR PRACTICES</b>  |   |  |   |  |
| <b>D-1 Predictability of Direct Budget Support</b>   |   |  |   |  |
| (i)  | All donors providing direct budget support to or through the central government | Last 3 FYs   | 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.  | All DBS donors, corroborated by MOF (Budget Dept and Accountant General)   |
| (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 Financial information provided by donors for budgeting and reporting on project and program aid</b> |   |  |   |  |
| (i)  | Major donors providing project support to or through the central government     | Last completed FY  | 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.  | Five largest project donors, corroborated by MOF (Budget Dept and Accountant General) and MDA Finance Officers or Project Management Units |
| (ii)   |   |  | Percentage of donor project/ program support flows for which information on actual disbursements are reported to government within one month of end of the 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 Proportion of aid that is managed by use of national procedures</b>                                 |   |  |   |  |
| (i)  | All aid to or through central government  | Last completed FY  | Calculate the average of the following four percentages:<br>Percentage of all donor funds to government that use the national procurement procedures:<br>Percentage of all donor funds to government that use the national payment /accounting procedures:<br>Percentage of all donor funds to government that use national audit procedures:<br>Percentage of all donor funds to government that use the national reporting procedures | Five largest project donors, corroborated by MOF (Budget Dept and Accountant General) and MDA Finance Officers or Project Management Units |