



PEFA Handbook

Volume I: The PEFA Assessment Process – Planning, Managing and Using PEFA

October 18, 2016

PEFA Secretariat
Washington DC
USA

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List of Abbreviations and Acronyms

AM	Assessment manager
AT	Assessment team
CG	Central government
CN	Concept note
DeMPA	Debt management performance assessment
LO	Liaison officer
MAPS	Methodology for assessing procurement systems
M&E	Monitoring and evaluation
OT	Oversight team
PEFA	Public Expenditure and Financial Accountability
PIMA	Public investment management assessment
PFM	Public financial management
QA	Quality assurance
SAI PMF	State audit institution performance management framework
SNG	Subnational government
TADAT	Tax administration diagnostic assessment tool
TL	Team leader
ToR	Terms of reference
TT	Technical team

PEFA ASSESSMENT HANDBOOK

Preface

About PEFA

The Public Expenditure and Financial Accountability (PEFA) program provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM). PEFA uses quantitative indicators to measure PFM performance. PEFA is a snapshot of PFM performance at the time of the assessment, but the methodology can be replicated in successive assessments, giving a summary of changes over time. A PEFA assessment incorporates a PFM performance report for the government. The PEFA report includes an overview of the PFM system and evidence-based measurement of performance against 31 indicators. The report also includes an analysis of the findings with respect to the overall system performance and for desirable PFM outcomes.

PEFA is a tool that helps governments achieve sustainable improvements in PFM practices by providing a means to measure and monitor performance against a set of indicators across the range of important PFM institutions, systems and processes. The PEFA methodology draws on PFM international standards and good practices as identified by experienced practitioners and academics. PEFA provides a foundation for reform planning, dialogue on strategy and priorities, and progress monitoring. It emphasizes a country-led approach to performance improvement and the alignment of stakeholders on common methodology and data.

PEFA reports outline the economic environment faced by the public sector. They examine the nature of policy-based strategy and planning, and analyze how budget decisions are implemented. PEFA assessments examine the controls used by governments to ensure that resources are obtained and used as intended. PEFA also provides a framework for assessment of transparency and accountability in terms of access to information, reporting and audit, and dialogue on PFM policies and actions. PEFA considers the institutions, laws, regulations, and standards used by governments in the PFM process. It also examines the results arising from the operation of PFM in key areas such as budget outturns, effectiveness of controls and timeliness of reporting and audit.

PEFA does not include a detailed analysis of the causes of good or poor performance or the appropriateness of government policies. However identifies the consequences for PFM performance and highlights many of the key risks to the effectiveness of fiscal policies. It provides a foundation for further analysis and dialogue on the causes of performance outcomes and the appropriate actions to address systemic weaknesses.

Governments use PEFA to obtain a snapshot of their own PFM performance. PEFA offers a common basis for examining PFM performance across national and subnational governments (SNGs). Other users of PEFA include civil society organizations and international development institutions. PEFA scores and reports provide a quick overview of the strengths and weaknesses of a country's PFM system. Users can also see the implications of the overall performance results for the key goals of fiscal discipline, strategic resource allocation, and efficient service delivery.

The PEFA program also provides support, monitoring, and analysis of PEFA assessments. The PEFA Secretariat offers free advice on the use of PEFA as one of many sources of information for examining and improving PFM performance.

Released on 1 February 2016, PEFA 2016 is a substantial upgrade responding to the changing landscape of PFM reform and the evolution of good practices over the previous decade. The upgrade was informed by significant feedback from PEFA partners, users, beneficiaries and observers during global public consultation in 2014, followed by extensive testing during 2015. PEFA 2016 builds on the foundations of the 2005 and 2011 versions with four new indicators to assess public investment and asset management, macrofiscal forecasting and fiscal strategy. Existing indicators have been expanded and refined, particularly for budget outturns, revenue management and service delivery performance. Baseline standards for good performance have been recalibrated in many areas. PEFA 2016 introduces a stronger focus on the elements of internal financial control and establishes a clearer and more consistent structure for reporting PEFA findings. PEFA 2016 has replaced PEFA 2011 as the framework to be applied for all new PEFA assessments.

About the PEFA handbook

The purpose of the PEFA handbook is to provide users, including government officials, assessors, development partners and other interested stakeholders, with comprehensive guidance on planning, implementing, reporting and using PEFA 2016. It also offers detailed technical guidance on the scoring of all 31 performance indicators and their 94 dimensions and on preparing the PEFA report.

The handbook is presented in four separate volumes:

- *Volume I: The PEFA assessment process: planning, managing and using PEFA*, provides guidance to PEFA users and other stakeholders on the key phases and steps in the PEFA assessment process.
- *Volume II: PEFA assessment fieldguide*, is a detailed technical guidance on scoring the 31 performance indicators and 94 dimensions of PEFA 2016, including data requirements and sources, calculation and definitions. The fieldguide also includes a glossary of terms.
- *Volume III: Preparing the PEFA report*, contains advice on writing the report and a template and instructions for each section and annex of a standard PEFA report.
- *Volume IV: Supplementary information for assessing PFM performance*, offers information on the relationship between PEFA 2016 and other complementary diagnostic tools.

The handbook is a dynamic document and will be updated in response to common issues, good practices, suggestions and frequently-asked questions from PEFA users. Periodic updates to the handbook will be announced on the PEFA website (www.pefa.org). For ease of use, the entire PEFA 2016 framework document content has been replicated within the relevant parts of the handbook to avoid the need for cross-referencing between the various documents.

Volume I: The PEFA assessment process: planning, managing and using PEFA

About Volume I

Experience gained from more than 500 PEFA assessments has demonstrated that a well-planned and systematic process is essential for efficient and timely completion of a comprehensive, evidence-based PEFA.

Volume I of the PEFA handbook explains the phases and steps in a standard PEFA assessment process. It highlights key activities, responsibilities and timelines in planning and managing a PEFA assessment and in using the results of that assessment. Volume I provides users a chronological PEFA checklist, with detailed guidance on each phase and step in the assessment process, from initial discussions to preparation of the final report and beyond. It also includes templates and instructions to support the key activities.

Volume I is aimed at all PEFA users. It is structured around the four phases and ten key steps of the PEFA assessment process:

Phase one: Planning the PEFA assessment

- Step 1: Dialogue on the need for a PEFA assessment
- Step 2: Development of the concept note or terms of reference
- Step 3: Preparation of the assessment

Phase two: Field work

- Step 4: Assessment launch
- Step 5: Data collection and analysis

Phase three: The PEFA report

- Step 6: Draft PEFA report
- Step 7: Peer review and refinement of the draft report
- Step 8: Final PEFA report and publication

Phase four: PFM reform action

- Step 9: Reform dialogue
- Step 10: Monitoring and follow-up

The four phases are presented as modules within volume I of the handbook. Each step is a separate chapter within the relevant module. Volume I sets out specific guidance, suggested timelines and proposed allocation of responsibilities for each module. PEFA users can read, review and access all of volume I or simply refer to the part of the document that is most relevant to their work.

The diagram below, *PEFA in 10 steps*, provides a visual overview of the entire PEFA process. It includes an indicative timeframe for the four phases of planning, field work, reporting and PFM reform action.

PEFA in 10 Steps

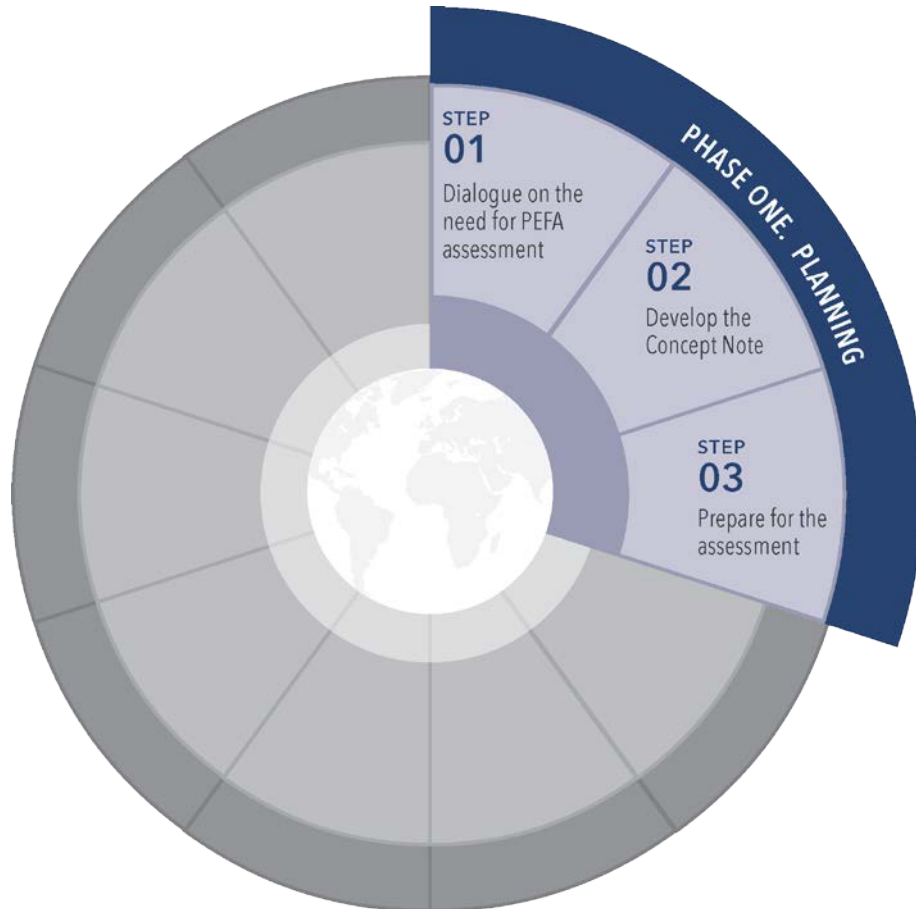


Diagram 1 emphasizes the links between each part of the integrated process. Each phase and step of the process is interdependent. It is important that the assessment is well planned from the beginning, in terms of stakeholder consultation, government commitment, and preparation. The field work may require the assessment team to undertake training and/or capacity development on the objectives and methodology of PEFA. It will also require the active engagement of country officials to participate in the process and provide relevant and high-quality data.

The drafting, reviewing and publication of the PEFA report establishes the basis for a dialogue among stakeholders to examine the reasons for strong or weak performance, including the possible application of drill-down tools such as the tax administration diagnostic assessment tool (TADAT), the public investment management assessment (PIMA), the debt management performance assessment (DeMPA), the methodology for assessing procurement systems (MAPS), and state audit institution performance management framework (SAI PMF). The process highlights PFM reforms and prioritizes actions to address weaknesses that are identified. Other drill-down tools may be useful to gain further insight into performance in specific areas during the dialogue steps at the beginning and end of the PEFA assessment process.

A handy summary table, *10 steps for planning, implementing and using PEFA*, that highlights the key tasks, the main issues, responsibility and indicative timeframe is included at Annex 1.1. The summary table also provides advice on where to locate PEFA Secretariat guidance needed for each step or task.

PHASE ONE: Planning the PEFA assessment



Phase one describes the key steps for planning and preparing the PEFA assessment. Careful planning and preparation are critical to the success of the PEFA assessment. Phase one establishes the basis for the government’s engagement in, and ownership of, the assessment process. It also defines the objectives, scope, coverage and resources required for the PEFA assessment. Phase one can take up to six months, but may be longer or shorter, depending on the extent of agreement between stakeholders and readiness to undertake the assessment.

STEP 1: DIALOGUE ON THE NEED FOR A PEFA ASSESSMENT

Step 1 examines the need for a PEFA assessment, usually through dialogue between senior government officials and other stakeholders, including development partners. The dialogue may be initiated as part of development support strategic discussions between the government and development partners, or as part of preparation for budget support operations. Governments themselves often initiate a dialogue on successive PEFA assessments to follow a previous report. The main considerations in deciding whether a PEFA assessment would be useful include:

- What PFM and policy objectives is the government seeking to address and what are their needs in addressing them?
- Have there been any other recent diagnostic assessments of PFM or related matters that might help to identify and analyze PFM reform needs or actions?
- How can PEFA help stakeholders to understand and address PFM reform needs?
- Does PEFA provide a timely and cost-effective contribution to PFM reforms?
- How long ago was the previous PEFA assessment?
- Are there other actions that may be needed and how are they related to PEFA?

Following agreement in principle to conduct a PEFA assessment by government, development partners and other parties supporting the assessment, a process is needed for gaining formal approval and for designing and undertaking a PEFA assessment.

Box 1: Key principles for a successful PEFA assessment

Once a decision has been made to undertake a PEFA assessment there are a number of key principles that need to be adhered to in order to ensure a high quality, transparent assessment that will provide a credible basis to inform the preparation or revision of a PFM reform strategy:

- i. Commitment of all major stakeholders, with government having ownership of the process
- ii. Adequate planning and management of the assessment that includes:
 - a) stakeholder agreement to a concept note (CN) or terms of reference (ToR) which identifies the objectives, scope, justification, management, sufficient resources (time, staff, funding) and quality assurance arrangements
 - b) timely and transparent procurement of suitably qualified and experienced consultants
 - c) adequate training in the use of the PEFA Framework prior to the assessment for people involved
 - d) compliance with good practices in the process of undertaking the assessment, complying with procedures for a PEFA Check process quality endorsement' (see *PEFA Check guidelines at Annex 1.2*)
 - e) in the case of a successive assessment, to adequately identify and explain performance changes since the previous assessment
- iii. Policy dialogue on the PEFA assessment and related information should serve as a platform for development partner's coordination and cooperation including a clear division of roles and responsibilities
- iv. A briefing or presentation to stakeholders on the completion of the assessment and PEFA report, and
- v. Government agreement to publish the PEFA assessment report.

1.1. Initiate dialogue on the need for a PEFA assessment

Dialogue on the need for a PEFA assessment is normally considered the starting point of the PEFA assessment process. Such a dialogue often evolves from a discussion of the need to improve PFM systems, which may be part of a broader PFM or public administration reform program or strategic partnership arrangements with development partners. The dialogue may also be the result of an internal discussion within government or between government and development partners and/or civil society organizations. The parties to the dialogue may be considering a PEFA assessment for the first time to set a baseline or they may be considering the need for a current assessment to follow one or more assessments completed in previous years.

Given the extensive time and resources required for a PEFA assessment and the need to gain wide acceptance among domestic stakeholders, the decision to undertake a PEFA assessment is best made at a senior operational level within the government such as the prime minister's office or the office of the minister of finance.

When development partners are involved in financing or managing PEFA assessments, the procedures and governance arrangements may need to comply with their standard project management procedures. These may differ in some respects to the approach proposed in this guidance but it is important to ensure that the main elements of the process described below are covered. If they are not, it may be prudent to expand on the partner's standard requirements to incorporate the missing elements.

1.2. Establish an oversight team

Following the decision to undertake an assessment, an oversight team (OT) should be established. The OT is a reference group, with members drawn from the leading government entity in the assessment, typically the ministry of finance, and from other government and non-government stakeholders, including the state audit office, the legislature, and key development partners. The OT effectively plays the central governance role in the assessment process. It directs the assessment, monitors progress and addresses any issues of policy, communication with other stakeholders or access to data or institutions that may arise throughout the assessment process.

Oversight team membership and responsibilities

The OT is usually chaired by the lead stakeholder. It is recommended that this be a senior government representative, for example, ministry of finance, but may also be another body, such as the state audit office or a development partner.

The initial task of the OT is to approve the CN or ToR which will set out the agreed objectives/purpose, scope, justification, management arrangements and roles of various stakeholders as well as the financing of the assessment. It is recommended that the OT also facilitate the process of PFM reform dialogue and planning following the completion of the assessment.

Assessment models

The assessment is usually undertaken through one of three assessment models:

- a) **a self-assessment undertaken by the government**, with arrangements for independent validation. This involves the government initiating the assessment and appointing the oversight team, assessment

manager and team leader. Members of the assessment team may include seconded government officials, and/or local and international experts recruited by the government.

- b) **a joint assessment**, i.e., government working with other stakeholders such as development partners, domestically-based academic or civil society organizations. A joint assessment is generally managed and led by the government but is often funded by development partners. The government will establish the oversight team, which will include representatives from the development partner. The development partner may help with design of the CN and arrange recruitment of assessment team members. In joint assessments the OT would agree on the assessment process. For example, whether the government and non-government members work separately and then discussing results, or the two groups work together. The latter approach is likely to be more efficient.
- c) **an external assessment** led by a non-government stakeholder, with technical and logistical support provided by government. An external assessment will be managed by the development partner, including establishment of the oversight team (if any), preparing the CN and appointing the assessment manager and assessment team. The government should be represented in the oversight team and is consulted on important aspects of the arrangements. This model may be preferred by governments which have capacity, resource and time constraints or that prefer the assessment is directly managed by a non-government stakeholder.

The model chosen will largely depend on the resources, capacity and preference of the government. The key steps in the assessment process are the same for each model but the composition and arrangements for establishing the OT may vary.

1.3. Identify resource requirements and funding sources

As precise resource requirements will vary from country to country, a standardized budget for PEFA assessment is not possible. Resources required will depend on many factors, including:

- the scope of the assessment (baseline or successive, CG or SNG);
- nature of the assessment (self-assessment or other);
- predicted ease of obtaining information;
- extent of centralization of responsibilities;
- amount of travelling that may be involved;
- language and the need for translators;
- the use of consultants;
- international or intra-country travel requirements, including number of field work and reporting missions planned.

Resource costs are likely to be considerably lower for self-assessments than the other assessment models due to shorter times required for all phases, lower travel costs, and lower personnel costs.

Resource requirements will be specified in the CN/ToR (see step 3) in the form of a table itemizing the planned costs of the assessment as set out in table 1. Successive assessments, using PEFA 2016 when the previous assessment used PEFA 2011 or 2005, will require additional resources compared to a baseline assessment only as a result of the additional work required in benchmarking performance using the earlier methodology (see section 3.1, volume III of the PEFA handbook).

Table 1. Resources required for PEFA assessment

Budget item	Resources required
Assessment team	
Consultant fees (#consultants x #days)	\$
Staff costs (#staff x #days)	\$
Travel costs (#days, #trips)	\$
Accommodation (#days)	\$
Per diem (#days)	\$
Training facilities hire (#days)	\$
Catering (people x unit price)	\$
Other incidental costs (translation, photocopying etc.)	\$
Total	\$

The resource requirements should also take into account the human resources necessary to finalize the report after QA and any role that the AT might be required to play in contributing to reform action planning. For example, significant additional information is often required to fill gaps identified after the first round of comments are received on the draft report. Translation between local language and the language of the final assessment can involve significant costs and should be considered during the cost estimation process.

1.4. Appoint an assessment manager

The AM is the day-to-day manager of the assessment process. The AM is responsible for the following activities as agreed with the OT:

- *Establishing the assessment team (AT)*, its size, composition, sourcing, procurement of consultants, qualifications and training requirements. The higher the quality and capability of the AT, the greater the chances of a high-quality assessment.
- *Preparing the assessment timetable* and meeting schedule, covering preparatory work (including initial learning workshop), the assessment process and any follow-up arrangements, such as an ex-post presentation of the assessment. It is important that the timetable allocate adequate time to carry out the assessment including accessing data, meeting the key people, and writing and reviewing the report.
- *Specifying the technical definitions*, i.e., level of government (CG or SNG), structure of the government (budgetary units, extra budgetary units and public corporation), terminology (including comparability with the International Monetary Fund’s Government Finance Statistics), main data requirements and likely sources;
- *Ensuring compliance* with the PEFA Check, a process quality assurance mechanism, as explained in section 1.6.

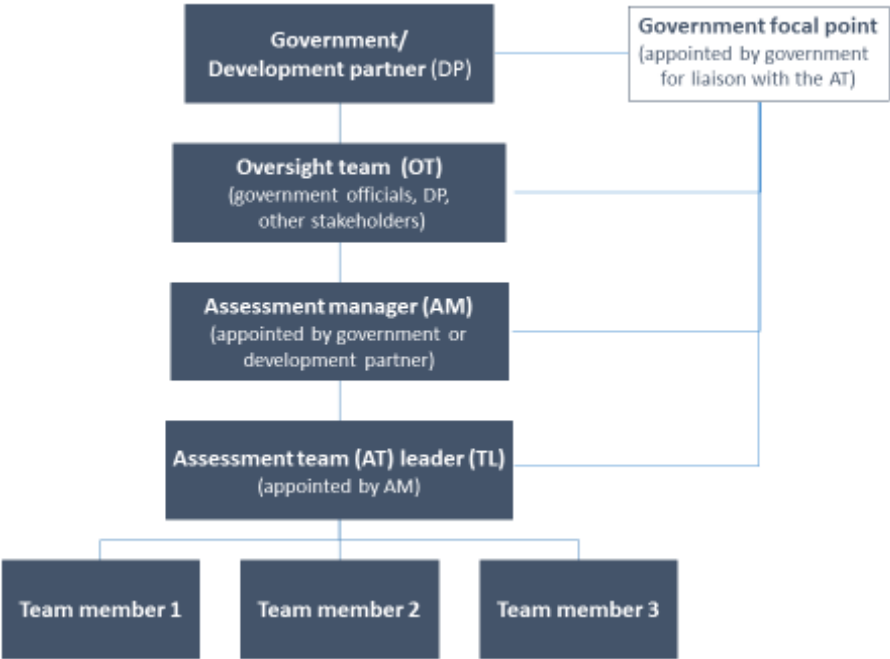
The AM should ensure the PEFA report includes an overview of changes in performance ratings in the case of a successive assessment (see section 3.1 of volume III of the PEFA handbook).

The AM may, or may not, also be the team leader (TL) of the AT. If the AM and TL are different people, the AM should confer periodically (e.g., once a week) with the TL so that problems such as cancelled meetings or the unavailability of data can be resolved promptly.

1.5. Appoint a government liaison officer

It is helpful if the government appoints a liaison officer (LO) for the assessment. This person will be the first point of contact within the government and will liaise with all interested stakeholders within government, development partners, the OT and the AM. The LO will facilitate data access for the AT and follow up on data gaps and additional documents on request. If required, the LO will provide logistical support such as arranging travel and accommodations. Depending on the assessment model chosen, the AM and the LO may be the same person.

Figure 1. Organizational structure for a PEFA assessment



STEP 2: DEVELOP THE CONCEPT NOTE OR TERMS OF REFERENCE

Once all key stakeholders have agreed in-principle to undertake a PEFA assessment, the next step in the PEFA process involves developing the CN or ToR. (The lead agency will determine whether the appropriate title for this document is CN, ToR or other title subject to their desired procedures.) The primary role of the CN/ToR is to set out the agreed purpose, objectives, scope, timing and resources for the assessment.

2.1. Prepare a draft concept note or terms of reference

The CN/ToR describes the background and context of the assessment, and its objectives and purpose. The document also describes the scope and coverage of the assessment and the management, QA arrangements, skills and resources required. It details the assessment's methodology, timeframe and desired outputs and outcomes. Once completed the CN/ToR will serve as the basis for formally obtaining the support of government and non-government stakeholders and confirming the sources of funding.

The scope and purpose section of the CN/ToR provides the reasons for the assessment and describes how it relates to the PFM and public sector reform agenda of the CG or SNG. It specifies which part of the public sector will be covered and includes a table that identifies the main units of government to be covered by the assessment. The discussion of the purpose of the assessment will reference the application of the 31 indicators and the structure of the PEFA report as described in the PEFA 2016 document.

If one or more indicators will not be used in the assessment, the CN/ToR will note that fact and will provide an explanation. As noted in the PEFA 2016 framework document (p7), assessments that score less than two-thirds (21) of the PEFA indicators should be referred to as "partial PEFA assessments" to distinguish the assessment from comprehensive application of the PEFA methodology. Nevertheless, partial use of the framework should be considered with care because there are many interrelationships between indicators that may be lost if some information is not collected and assessed. It may be appropriate to use particular indicators or dimensions for a specific purpose, for example, for analysis of a specific set of processes, such as budget planning, budget transparency or internal control, or as part of a government's own internal monitoring and evaluation (M&E) system.

The CN/ToR identifies the stakeholders, the extent of their involvement in overseeing the assessment and whether the assessment is government-led, joint or non-government led. Information on the composition (names, positions, and respective organizations' areas of expertise) and the budget resources of both the OT and AT is also presented.

The CN/ToR will explain how the assessment will be performed, including the methodology to be applied, QA arrangements, main references and information sources, relationship to other assessments (including previous PEFA), time frame, consultation and reporting. The AM is usually responsible for preparing the CN/ToR and the OT will normally provide direction to the AM on the objectives, scope and coverage of the assessment. Based on the scope of work, timing considerations and the model of assessment being used, the AM will prepare initial estimates of the size of the AT, its composition (staff, international and local consultants) and required expertise (including minimum requirements in terms of skills, local knowledge, etc.), training requirements, budget, funding sources and timetable.

Structure of the CN/ToR

The recommended outline and structure for the CN/ToR is as follows:

- 1. Background and context**
 - 1.1. Economic performance
 - 1.2. Fiscal management
 - 1.3. Governance and institutions
- 2. History of PFM reform**
 - 2.1. Previous PEFA assessment(s) and other PFM diagnostics
 - 2.2. PFM reform initiatives
- 3. Purpose, scope and coverage of the assessment**
 - 3.1. Purpose
 - 3.2. Scope and coverage
- 4. Managing the PEFA assessment**
 - 4.1. Management and oversight
 - 4.2. AT composition and inputs
 - 4.3. Resources
- 5. Approach and methodology**
 - 5.1. Methodology, information requirements and timetable
 - 5.2. Structure of the PEFA Report
 - 5.3. QA arrangements
 - 5.4. PEFA assessment findings and PFM reform

The CN/ToR usually does not exceed 12 pages. Further guidelines on the preparation of a CN/ToR and a template providing a standard format are provided at annex 1.3.

The levels of government to be assessed should be clearly defined (e.g., central government (CG), subnational government (SNG), or sample of SNGs). The team, person-days and average costs will depend on the scope and nature of the assessment, and the size of the country. If a previous assessment has been conducted, it will be important to identify whether tracking of changes since the previous assessment is appropriate. This may require additional data collection for tracking changes using a previous version of PEFA methodology, as explained in Box 3 in section 3.2.

A PEFA assessment should be planned and conducted as quickly as possible; otherwise, it loses relevance. However, the timetable needs to include sufficient flexibility to accommodate unforeseeable complications and to provide time to fill information gaps after initial comments are received from the reviewers.

2.2. Peer review

Once a draft of the CN/ToR has been prepared by the AM and approved by the OT, the CN/ToR will be shared by the AM (representing either government or the lead development partner) with the government and/or other relevant government institutions or officials that are not already part of the AT and with other peer reviewers.

The draft CN/ToR should be reviewed by at least four peer-reviewers, including the government and the PEFA Secretariat to comply with PEFA Check requirements. It is important to have a range of peer reviewers for the

concept note to ensure that all important issues have been addressed at the beginning of the process. PEFA Check reassures the users of PEFA reports that a reasonable consultation and peer review process has been conducted as part of the assessment. It provides the opportunity for the assessment to be critically reviewed by government and independent professionals before it is finalized.

The peer review of the CN/ToRs will take approximately two weeks.

2.3. Finalize CN/ToR

Next, the AM and OT will update the CN/ToR to reflect peer review comments. The final CN/ToR is then ready to be approved by government and submitted to the PEFA Secretariat and other peer reviewers (in accordance with the PEFA Check requirements) as the final version. The Secretariat will examine whether the scope, approach and findings presented in the draft report consistent with the requirements presented in the CN/ToR.

2.4. Preparation for the PEFA Check

The AM will also be responsible for ensuring an independent QA process. This is important for the credibility of the assessment report to all stakeholders. The QA process needs to check for accuracy and quality of supporting evidence and for compliance with the PEFA methodology. The PEFA Check ‘quality endorsement process’ developed by the PEFA Secretariat, ensures that the assessment and the QA process have followed recognized good practices in planning and implementation. The requirements for the PEFA Check are described further in step 7 and in annex 1.2. Box 2 summarizes the key assessment management and QA arrangements.

Box 2: Assessment management and quality assurance arrangements

PEFA assessment management organization

- OT – chair and members: [name and organization of each]
- AM: [name and organization]
- Assessment TL and team members: [name and organization of each]

Review of CN and/or ToR

- Date of reviewed draft CN and/or ToR:
- Invited reviewers: [name and organization of each, or identity of the group, e.g., the OT]
- Reviewers who provided comments: [name and organization of each, in particular the PEFA Secretariat and date(s) of its review(s), or identity of group, e.g., the OT]
- Date(s) of final CN and/or ToR:

Review of the assessment report

- Date(s) of reviewed draft report(s):
- Invited reviewers: [name and organization of each, in particular the PEFA Secretariat and date(s) of its review(s), or identity of group, e.g., the OT]; and reviewers who provided comments: [name and organization of each]

STEP 3: PREPARE FOR THE ASSESSMENT

Step 3 of the PEFA assessment process involves identifying and establishing the requirements to achieve the assessment objectives. This includes mobilizing the AT, identifying data requirements and sources, planning field work and interviews, and preparing data bases and templates for retention and storage of information collected.

An important part of this step is collecting and reviewing all available relevant information and data that can be obtained before field work commences. This could include previous PEFA reports and other analytical assessments as well as existing government data. Collecting as much information and data as possible in advance of field work and meetings will allow time in the field or in meetings to be used more effectively for clarification, detailed discussion and collection of missing or supplementary information.

3.1 Mobilize the assessment team

The AM will identify, assemble and mobilize the AT. A mix of technical skills and expertise on the AT is required to cover all facets of the PEFA assessment including macroeconomics, budget planning, preparation and execution, debt management, public sector performance measurement, capital and asset management, accounting, revenue administration, procurement, internal control and audit. The core AT members should be experienced PFM practitioners, ideally with prior knowledge of the country or government being assessed. The core members may be complemented by additional input from specialists in particular areas not covered by the core members. If expert consultants need to be hired, sufficient time should be built in to the planning stage to undertake procurement and secure the necessary expertise.

The AT is headed by a team leader (TL), who is responsible for the quality of the assessment. The TL will need to have previous experience in leading preparation of PEFA assessments. The TL will need to have good leadership, communication and organizational skills as well as the ability to build strong working relationships with the AT members and between the AT and client country officials and other stakeholders. It is important that all assessors on the AT have good analytical and written communication skills. The TL and AT members must also understand the linkages between the different components of the PFM system and the impact of the performance of each component on the broad outcomes of fiscal management. The AM will be responsible for establishing individual CN/ToRs for AT members. The AM will also establish protocols for communication between the TL and AM prior to the field work.

The size of the team will depend mainly on the scope of the assessment and the country context. If the assessment covers both CG and SNGs, or CGs with geographically dispersed de-concentrated entities, it may be more practical to have a larger team to allow all parts of the assessment to be performed around the same time.

The assessors will need to work as a team, but it may be useful to have one person (preferably the TL) responsible for coordination, providing work plans, setting timetables, calling internal team meetings and preparing the draft report. A crucial deliverable will be submission of a draft assessment report to the OT, with peer review by at least four independent PFM institutions, to be eligible for PEFA Check. The TL will be responsible for ensuring all contributions are made on time, and the report is prepared as a coherent, integrated assessment not simply a collation of separate individual contributions.

The evidence-based nature of the PEFA assessment, combined with a strong independent QA process, helps to reduce the risk of bias or unsubstantiated assertions. If external expert staff from PFM institutions or external consultants are used for all or part of the assessment, it is important that they have knowledge of the country's institutions and systems. Although external experts may sometimes be necessary due to the scope and complexity of PEFA 2016, working with local consultants will facilitate communication with the government team, enhance understanding of the PFM system and the context in which it operates, and help to fill data gaps after completion of the main field work. Involving local consultants also strengthens country capacity to undertake PEFA assessments.

The AM will be responsible for establishing individual ToRs and making arrangements to mobilize the AT. The AM will also establish protocols for communication between the TL and AM prior to the field work.

3.2 Identify data requirements and sources

The AM needs to identify data requirements and sources as part of the initial phase of information gathering and planning for the field work. Based on the CN/ToR, and following discussions with the AM, the TL will make an initial data request to the relevant government officials, possibly through the AM or the assessment liaison officer. The request should allow enough time for the information requested to be provided and examined before the main field work begins. The data requirements will reflect the scope of the assessment. Key documents will include budget documents, PFM legislation, financial reports, relevant procedures, rules and regulations.

Box 3: Data required for tracking changes from a previous assessment

Tracking changes where the previous assessment used PEFA 2011 or PEFA 2005

Tracking changes over time needs to apply the same methodology as the previous assessment. Where the previous assessment used an earlier version of PEFA (i.e., PEFA 2011 or PEFA 2005), a direct comparison of scores with PEFA 2016 will not be possible because of changes to measurement and scoring of indicators and dimensions.

The scores at the time of the new assessment must be calculated using the same version as the earlier assessment but for the same time period as used for calculating the PEFA 2016 scores. Recalibrating performance of the previous assessment using PEFA 2016 is not recommended as it will be difficult to obtain the historical data necessary for the new indicators, and may not provide a true comparison of changes.

Further information is provided in Section 3.1 of Volume III *Guidance on reporting performance changes in PEFA 2016 from previous assessments that applied PEFA 2005 or PEFA 2011*.

Tracking changes using PEFA 2016

The first assessment using PEFA 2016 will establish a new baseline for subsequent PEFA assessments. Successive assessments will not require reference to an earlier PEFA version so the changes can be explained using only the current and previous scores and narrative explanations. Successive PEFA assessments can be planned after three or more years to take another cross-sectional snapshot of progress across the entire PFM framework.

In the case of a successive assessment, the requirement to measure and document performance changes over time should be clearly and adequately explained in the CN/ToR (see below).

The list of data requirements and the sources identified by the AM will help inform the scheduling of meetings with key government officials (see task 3.3). Further details on data requirements and sources are set out in volume II and III of the PEFA handbook. A set of data requirements, calculations and data sources is presented in Annex 1.4.

The data required for an assessment may differ between countries according to institutional circumstances. Training at the commencement of the field work will help officials and stakeholders better understand the particular data requirements and sources.

In establishing data requirements, it is important that definitions and coverage be clear (e.g. SNG versus de-concentrated CG entity; domestic arrears, extra-budgetary units, classification of public corporations). The glossary accompanying volume II of this handbook provides definitions of many terms used by PEFA, but users should be careful to ensure that the definitions used in the country being assessed are consistent with the ones used by PEFA. Clear and consistent definitions are necessary for the AT to correctly assess performance.

3.3. Prepare schedule/agenda for the field work

Field work timetable

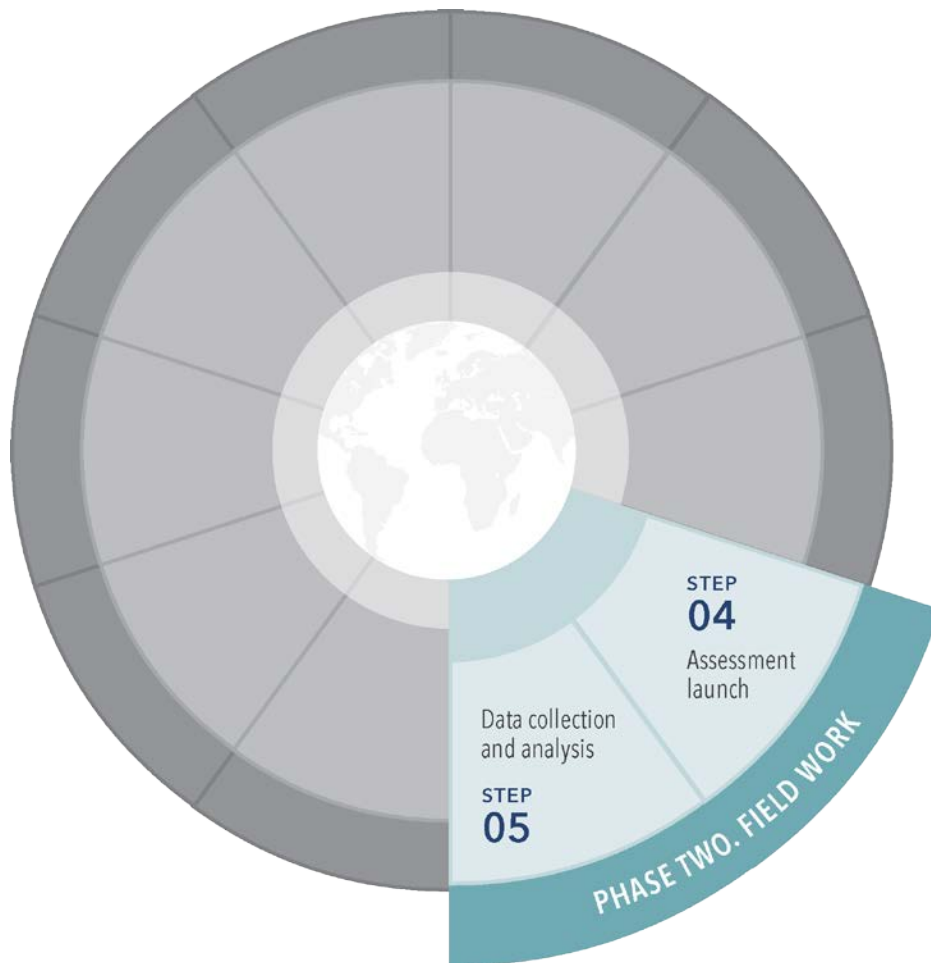
The field work in relevant host country institutions will be coordinated through the AM and/or OT. An itinerary setting out the timetable for meetings, names and positions of stakeholders to be interviewed, topics, key issues and questions to be addressed, and requests for supplementary data, should be agreed with the host country before the start of field visits.

It is recommended that the PEFA assessment be planned and conducted within a short time period. Otherwise, the assessment loses relevance and consumes extra resources. Nevertheless, the timetable included in the CN/ToR contains sufficient flexibility to accommodate unforeseeable complications and to provide sufficient time for filling information gaps. It should also take into consideration peak periods, holidays, and cultural or religious events of significance in the country.

3.4. Specify the communication and reporting requirements

The OT and AT will set out the PEFA assessment communication and reporting requirements during the planning phase. These requirements should include periodic briefings and briefing notes from the AT to the OT as well as discussions with the OT and senior government officials on initial findings at the end of the field work and on delivery of the final report.

PHASE TWO: Field work



Phase two involves the field work to collect evidence needed to score assessment dimensions and indicators and to obtain the information needed to write the narrative PEFA report and annexes. The field work phase often commences with an initial workshop for government officials, including representatives of the legislature and supreme audit institutions, and OT members and development partners. The purpose of the workshop is to explain the PEFA 2016 framework and methodology and the scope of the assessment. Thereafter, this phase involves extensive data collection and analysis by the AT, and meetings with OT members, senior government officials, development partners and other stakeholders.

Field work typically requires up to four weeks in-country depending on the size, scope, and coverage of the assessment and on other country circumstances.

STEP 4: ASSESSMENT LAUNCH

The assessment launch aims to broaden country-level support for the project. It also aims to strengthen awareness and understanding of the PEFA framework and assessment process, as well as the information needs of and expected benefits from the activity. An effective launch can help to cement cooperation among stakeholders and allay concerns about demands to be placed on government officials and about the use of information being requested. It will also help to manage expectations about the results and use of the PEFA assessment. The launch process usually includes briefings of high level government officials and a separate training workshop for operational management, their staff and other people who will be involved in the assessment or expected to provide data.

4.1 High level briefing to senior officials

The government is the beneficiary of the PEFA assessment and will be the owner of the final report. It will also be responsible for using the report findings as input to PFM reform plans and actions. Therefore it is crucial that senior officials and ministers be aware of the assessment activities and the importance of providing full and accurate information. Senior officials have a crucial role to play in ensuring that information is provided to the AT. Their understanding and cooperation is vital to success.

The briefing of senior officials is usually delivered when the field work begins so that they are aware of the itinerary and the need for their staff to provide data and meet with the AT. A separate briefing at the end of the field work, to report on progress and next steps, is also useful.

These briefings normally provide a brief overview of PEFA, how the current assessment relates to other initiatives and to any previous PEFA, and the main elements of the assessment process for the country. The briefings include an overview of the information to be collected, the organizations to be contacted, and the timeframe and deliverables for the assessment. Before these briefings, the members of the AT must ensure that they are aware of country circumstances, such as the main features of the economic situation and outlook, and any significant recent developments and areas of sensitivity or importance to the government. This knowledge will help to ensure that the briefing is relevant and useful to the recipients. The high-level briefing supplements the separate launch workshop (see 4.2).

4.2 Assessment launch and workshop

A formal launch event provides the opportunity to explain the objectives, methodology and application of PEFA 2016 to those in government who will have the most direct contact with the AT doing its field work. This event usually involves a general overview of the main features of PEFA, how it will be applied based on the CN/ToR, and the potential benefits to the beneficiaries.

It is important that government officials and those other individuals involved in contributing or benefiting from the assessment know what is required and why. Participants in the launch would usually include the heads of the key central agencies, such as prime minister's or president's office, MoF, revenue agencies, economic and planning ministries and heads of at least the main spending ministries.

Training in the use of the PEFA Framework is highly recommended prior to the commencement of the field work, irrespective of the assessment model or scope. Training would be expected to include a detailed explanation of the framework, the methodology for assessment of indicators, the construction and content

of the report, the process for implementing the assessment, and the next steps after the assessment is completed, such as the multistakeholder dialogue on strengths and weakness of PFM and actions to improve performance. Training in PEFA objectives and methodology can be covered in 1-3 days, depending on the depth of detail that is considered necessary.

STEP 5: DATA COLLECTION AND ANALYSIS

The main objective of the field work is to collect and analyze data and prepare a preliminary assessment of scores for each assessment dimension and indicator. The field work also helps to identify and fill any gaps in the information required to score the dimensions and to complete all parts of the draft report, including recommended tables and narrative content.

5.1 In-country data collection

Data obtained prior to the field work will always need to be supplemented with additional in-country data collection. In-country data collection includes any relevant legislation, rules and regulations and documents that were not provided in advance of the field work. Data collection also involves interviews and meetings with members of the OT, senior government officials and other key stakeholders such as members of the legislature, development partners and civil society organizations. Interviews and meetings are useful for accessing data and for validating and cross referencing other data or information that has been provided. For example, interviews with taxpayers' organizations can help verify whether rules and regulations governing access to information or appeals practices are carried out in practice.

Assessors will need to ensure that there is sufficient data to address all aspects of the scoring requirements and table contents. If not, it will be necessary to issue a follow-up data request. This request should explain why additional information is needed. Details of the data requirements and sources for each indicator and dimension are included in volume II of the PEFA handbook. Details of additional requirements for the PEFA report tables and narrative are explained in volume III of the PEFA handbook.

5.2 Data analysis and initial scoring of indicators

Data analysis and the scoring of dimensions and indicators are recorded in tables and spreadsheets during the field work phase. If time permits it is also useful to commence initial drafting of the report during this phase. In particular, introductory sections and report annexes relating to data can be drafted at this point. More detailed analysis of the implications of results for groups of indicators, referred to as pillars in the PEFA framework, the budget outcomes and internal control elements usually takes place after basic scoring and narrative explanations are well advanced.

It is important that assessors also verify that all necessary information has been collected. Experience indicates that it often takes considerably longer to obtain additional information if a request is submitted after the conclusion of field work, particularly if the AT is not based in the country.

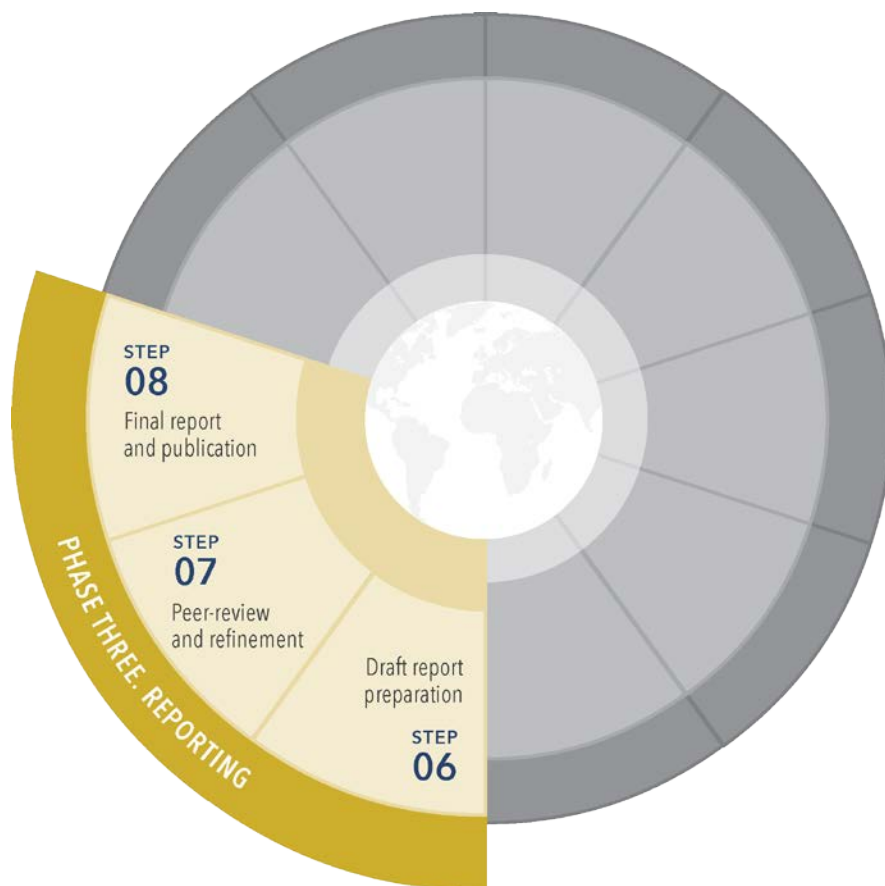
Guidance for assessors on measuring the indicators and dimensions is provided in *Volume II: PEFA Assessment Fieldguide*. Guidance on report content is provided in *Volume III: Preparing the PEFA Report*. Responses to frequently asked questions about the application of the PEFA framework can also be found on the PEFA website at <https://pefa.org/content/pefa-2016-faqs>.

5.3 Field work exit presentation: initial findings and data gaps

It is the usual practice for the AT to make a presentation to the OT and senior government officials on the initial draft findings of the field work and data analysis at the conclusion of the field work. This presentation

provides an opportunity to highlight any information or data gaps and to develop a plan and timeline for capturing and forwarding needed information to the AT.

PHASE THREE: The PEFA report



Phase three of the PEFA assessment process involves preparation of the PEFA assessment report. The primary audience for the PEFA report consists of government policy makers, officials and development partners. The report is intended to be owned by the government and is expected to inform PFM and associated reform initiatives. For the assessment to serve its purposes, it is crucial that government be engaged in the assessment, provide input and comments throughout the process and understand the rationale behind the report content, including scores.

The reporting phase can take up to two or three months. The time required is crucially dependent on the availability of sufficient information from the data collection and analysis phase and the timeliness of consultation and peer review. Any delays in obtaining sufficient data to validate scores, or slow feedback and peer review can have significant impact on the time taken to finalize the report. Local consultants are often very effective in closing the data gaps when they have strong connections with relevant officials and understand the processes for obtaining the data needed.

It is expected that PEFA reports will be published by governments and made available to those interested within and outside the country covered by the report. The PEFA Secretariat maintains a database of all PEFA

assessment reports submitted since the program commenced. All reports published by governments are also available to the public on the PEFA website at <https://pefa.org/assessments/listing>.

STEP 6: DRAFT PEFA REPORT

The PEFA report should provide a detailed and integrated assessment of a country's PFM performance. It should also assess the extent to which PFM performance has changed since earlier assessments. Comprehensive guidance on preparing the PEFA report is provided in volumes II and III of the PEFA handbook.

6.1 Prepare initial draft PEFA report

The draft report is prepared as soon as possible after the field work, with any supplementary data being incorporated when it is received. Extensive guidance on preparing the draft report is provided in volume III of the handbook.

As noted in the previous section, a basic outline for the report format and content can be created during the field work phase when some of the information required for the introductory chapter is available. ATs will also usually commence scoring and drafting the narrative of section 3 of the report (assessment of PFM performance). This can help with early identification of any gaps in data or additional data required to corroborate the information that has been collected.

It is good practice to present the preliminary PEFA findings to the government. Following discussion of the findings with government officials, the AT will finalize the first draft of the report for peer review.

STEP 7: PEER REVIEW AND REFINEMENT OF THE DRAFT REPORT

Peer review of a PEFA report is intended to provide an independent assessment of the report content. It is most effective where the reviewers, either individually or collectively, have a sound knowledge of the PEFA framework and the country or SNG being assessed. When the report has been peer reviewed the AT can have more confidence that they have produced a high-quality report and users of the report can be confident that it has been subject to informed external scrutiny and refinement.

The peer review process can only be effective if the AT addresses peer reviewers' comments. This can be done either by making appropriate changes to the report, or by giving a reasonable explanation why the changes suggested by the comments are not appropriate.

The process of peer review will be monitored by the PEFA Secretariat. This is part of the six-point PEFA Check QA process, explained in annex 1.2. It is essential for every assessment seeking to achieve PEFA Check recognition to complete this step comprehensively.

7.1 Submit draft report for peer review

The draft report is usually shared with a minimum of four peer reviewers (representing four independent PFM institutions) for comment and suggested refinement. The four peer reviewers should include the government, the PEFA Secretariat and at least two other independent institutions from within or outside the country with knowledge and expertise on the PEFA framework and country PFM. These reviewers could include, for example, an internal PFM reform group, an academic with understanding of country PFM, other governments, or development partners.

Peer review of the draft report will take at least three weeks. More complex or multiple reports such as a group of SNG reports may take longer.

7.2 Response to peer review and comments matrix

The initial draft report will be refined in response to comments. The revised draft assessment report must be accompanied by a separate matrix setting out peer-review comments and the AT's response.

Following the initial peer review, some assessments may also conduct a validation workshop where the government, and sometimes development partners, can provide their comments to the draft report. The draft report discussions may also coincide with additional in-country meetings to discuss details and explain the conclusions reached by the assessors as well as addressing any remaining gaps in data collection or verification.

7.3 Revised draft submitted to peer reviewers for follow-up review

Once the revised draft report is completed, the review matrix is finalized by the AT and the draft report and separate matrix of peer-review comments with AT responses is submitted to peer-reviewers for follow-up comments. Two weeks should be allowed for the follow-up review.

STEP 8: FINAL PEFA REPORT AND PUBLICATION

After follow-up review, validation and refinement, the PEFA report will be presented as a final report to the government. Governments are expected to publish their reports in the interests of transparency and to encourage dialogue on development and implementation of further reforms. Most PEFA reports are published and copies are also made available on the PEFA website when the Secretariat is informed that the government has consented to publication.

8.1 Presentation of final draft PEFA report to Government

Presentation of the final report by the AT or report sponsors to the government is often accompanied by a briefing arranged with the AT, OT, senior government officials and development partners. Sometimes governments hold a workshop with a wider audience to explain the key report messages and outline their response and proposed follow-up action.

The presentation of the final report provides the opportunity to commence a dialogue on the need for, and sequencing of, further reform initiatives (see step 9).

8.2 Submission of final draft report to PEFA Secretariat (PEFA Check)

The AM initiates request for the PEFA Check endorsement as part of a formal quality assurance process, managed by the PEFA Secretariat. Awarding of the PEFA Check is subject to meeting the criteria and process set out in annex 1.2. The PEFA Check endorsement is issued by the PEFA Secretariat.

8.3 Government approval of final PEFA report

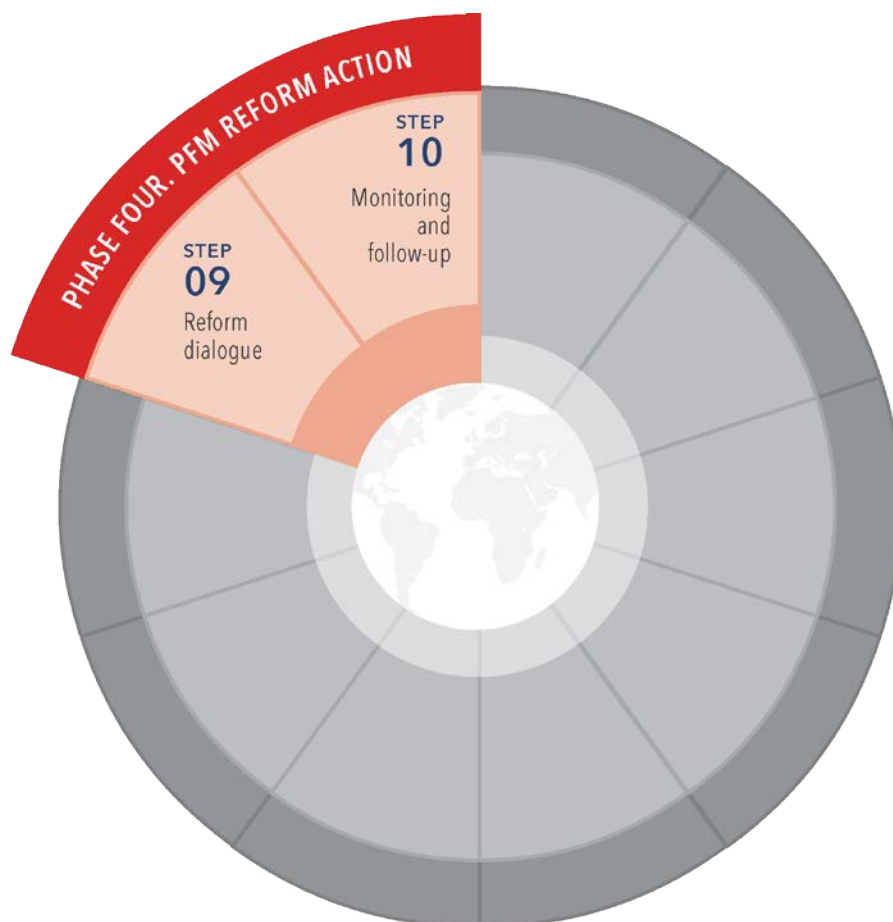
Following the PEFA Check, the final report is provided to the government for approval. The final report is owned by the government, not the sponsor, development partner or the AT.

8.4 Publication of the final PEFA report

Acceptance of the final report is expected to be followed by public release on the government website and often a dissemination event involving interested organizations and officials. The government's willingness to publish will often be affected by the extent of its involvement in the process and acceptance of the report findings. The likelihood of publication can be enhanced if a PFM reform follow-up program has been or is likely to be developed that is consistent with the PEFA report findings.

The PEFA Secretariat will publish the report on its website if authorized by the government in writing, or if the report has already been published by the government or by the government's development partner. The written authorization can be in the form of an e-mail or official letter. The final report is usually published on a government website and on the PEFA website in quick succession. It is important that the PEFA secretariat is informed when the government authorizes publication, otherwise it may not be recorded as public on the PEFA website.

PHASE FOUR: PFM reform action



Phase four focuses on actions to be taken after the PEFA assessment has been completed. This phase is not strictly part of the PEFA assessment but is a necessary process to make effective use of the assessment. Indeed, it is not clear whether an assessment would have any value without this phase.

In this phase, the assessment stakeholders should work to ensure that the completed assessment informs initiatives to strengthen PFM, that it facilitates stakeholder cooperation and that it serves as a common information pool for any subsequent diagnostic or PFM reform work. A final assessment workshop is usually held to disseminate the report to interested stakeholders. Such a workshop can provide the transition to the use of the assessment as input into further work on PFM reform.

The responsibility for work after completion of the PEFA report may or may not rest with the OT, depending on the purpose the OT was established, which would usually be spelled out in the CN/ToR. A final assessment workshop would in many cases provide the transition from the assessment to its input into further work on PFM reform. The timeframe for this phase will vary from country to country.

STEP 9: REFORM DIALOGUE

Following completion of the PEFA report, a dialogue is usually initiated by government and other stakeholders on the implications of the assessment findings for PFM. The PEFA report can be an important catalyst for change because it provides clear, evidence-based conclusions on the strengths and weaknesses of PFM. However the report alone is insufficient to develop a reform plan because it focuses on very specific, quantifiable aspects of PFM, and it does not address all PFM considerations, such as the cause of performance outcomes, policy initiatives, country capacity, political economy and the country's economic development strategy.

The dialogue on PFM reform that would be generated by the PEFA report is a crucial step towards identifying the needs and priorities for measures to improve PFM system performance. These could be formalized in a new or revised PFM reform strategy or action plan in the light of weaknesses identified by the PEFA assessment. The dialogue would be expected to include discussion of other relevant information and focus on the reform priorities, the need for a comprehensive and integrated strategy and reform program, and how such a reform program agenda could be financed and supported.

The length of the dialogue process will depend on the depth and nature of the PFM weaknesses identified in the PEFA assessment report, and the political, legal, institutional and capacity constraints to implementing reform measures. The process may be conducted within the government or may include external stakeholders, such as civil society and development partners.

9.1 Appoint a technical team to prepare reform plan and/or PFM action plan

A technical team (TT) may be appointed by the government or by the OT, if it continues after the PEFA assessment and has been mandated for such task. The TT may include members of the AT. The role of the TT is to facilitate dialogue and prepare a PFM reform strategy and/or action plan. The government will consider a range of factors in deciding priorities including other relevant information such as other diagnostics and relevant political, economic and environmental factors. The draft PFM reform strategy/plan should identify required actions, capacity development needs and costs.

9.2 Undertake consultations with stakeholders

The dialogue to achieve progress in PFM reform may involve consultations with the OT, if this body continues to be active, senior government officials, development partners and other key stakeholders. The dialogue could involve discussion of the PEFA report findings as well as other relevant information to determine a comprehensive and integrated strategy and reform program, and how such a reform program agenda could be financed.

When using the PEFA reports for prioritizing and sequencing PFM reforms, note that:

- PEFA assessment scores highlight strengths and weaknesses of a PFM system, useful when priority setting and sequencing PFM reforms.
- PEFA scores are only one of several inputs to the reform process; others include political economy, cultural, legal, administrative and resource factors and the capacity to initiate and implement reform actions.

- Governments themselves can consider all factors, including the PEFA assessment results, when determining priorities and sequencing. This can be a complex and challenging process and the government requires ample time and space for this process. The reform dialogue with development partners needs to take this into consideration.
- Indicator scores should not be used simplistically in reform formulation. A low indicator score alone is not sufficient justification for reform priority. The relative importance of the subject, the complexity and timeframe for improving the system element and its interdependence with the performance of other system elements all need to be taken into consideration. Other diagnostic tools are also available to complement such detailed analysis.

9.3 Prepare draft PFM reform strategy or action plan

Following the dialogue, the TT will prepare a draft PFM reform strategy, action plan or similar document for submission to the government for approval. The strategy and/or action plan should set out the specific needs being addressed, proposed actions, tasks and responsibilities, indicative timeframe and any resource or capacity development requirements.

9.4 Review and approve final PFM reform plan or action plan

Following consideration and any amendments, the government will be asked to approve the PFM reform strategy/action plan. At this time the government can also identify its priorities as well as a mechanism for monitoring and review of implementation (see step 10).

It is crucial that implementation be driven from the top within government: either the president's or prime minister's office or a senior fiscal and budgetary policy minister, such as the minister of finance. There must be clear accountability and responsibility for achievement of the specific, measurable goals in the plan that are linked to the overall reform objectives, within an explicit and manageable timeframe.

STEP 10: MONITORING AND FOLLOW-UP

Monitoring and follow-up measures ensure that actions identified are actually implemented and have the intended impact. A process for making changes to the reform plan is required so that objectives are achieved even if there are deviations from original objectives or when the results do not reflect those intended .

10.1 Monitor PFM reform progress over time using PEFA

When a reform strategy or PFM action plan is implemented, PEFA dimensions and indicators can be a useful element of the monitoring arrangements. In addition, successive PEFA assessments can be planned after three or more years to take another cross-sectional snapshot of progress across the entire PFM framework. In this way, PEFA can be integrated as part of the government's monitoring and evaluation (M&E) system with respect to its overall reform program. The government usually appoints someone to be responsible for M&E of the action plan.

The ministry of finance or other CG financial agency can be encouraged to lead discussion within government units on the potential of incorporating the PEFA indicators in their own M&E system, including regular data collection and reporting, where this is feasible. Such an approach will make much of the data collection needed for subsequent PEFA assessments a routine exercise. It will also enhance government ownership of both the assessment and the reform action plan.

However, some parts of PEFA are not suited to annual monitoring due to considerations of cost and complexity or where it is unlikely that there will be significant change over a relatively short time. Many PFM reforms can take several years to implement to the extent that they will affect PEFA dimension or indicator scores. Nonetheless, many new governments consider that having a PEFA assessment early in their appointment is a useful check on the status of PFM and serves as a benchmark for reform initiatives.

10.2 Review and refine actions

Those responsible for implementing reforms usually provide regular reports to the head of the M&E unit. The head of the M&E unit, or other responsible officer, then prepares regular quarterly or half-yearly updates for the government to ensure that the PFM reform process is transparent and ongoing.

Following an adequate period of monitoring and review (usually between three and five years) a successive PEFA assessment should be considered to examine progress more comprehensively. This would restart the PEFA assessment process.

ANNEXES

Annex 1.1 Summary table: 10 steps for planning, implementing and using PEFA

Annex 1.2 PEFA Check Guidelines

Annex 1.3 Guidance on the preparation of a PEFA Assessment Concept Note or Terms of Reference

Annex 1.4 Initial data request letter and data template

Annex 1.1. Summary table: 10 steps for planning, implementing and using PEFA

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support	
P L A N N I N G	1	Dialogue on the need for a PEFA assessment	1.1 Initiate a dialogue on the need for a PEFA assessment	<ul style="list-style-type: none"> Discussions should focus on: <ul style="list-style-type: none"> the purpose, scope, and coverage type of assessment timing resources and proposed funding source May be part of broader public administration reform dialogue May be internal discussion within government or between government and international organizations and civil society 	Government, Development Partners	F-6	<ul style="list-style-type: none"> <i>PEFA Handbook Volume I: PEFA Assessment Process</i>; Additional guidance and assistance as required.
			1.2 Establish an Oversight Team (OT),	<ul style="list-style-type: none"> The OT's role is to govern the process and oversee the PEFA assessment The OT should include all main stakeholders; OT members identify and agree: <ul style="list-style-type: none"> key responsibilities approach to assessment 	Government, Development Partners	F-6	
			1.3 Identify resource requirements and funding source	<ul style="list-style-type: none"> Requirements will depend on the scope of the assessment Need to identify expertise required Calculate staffing and consultancy costs Estimate other costs including travel, translation, administrative support etc. 	Government, Development Partners	F-6	
			1.4 Appoint the assessment manager (AM)	<ul style="list-style-type: none"> AM is responsible for day to day management of assessment process 	OT	F-5	
			1.5 Appoint a government liaison officer	<ul style="list-style-type: none"> Government appoints a liaison officer who is the focal point of, or main contact for, the assessment team, 	Government	F-5	

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support
			whether it is a self-assessment or external assessment			
2	Develop the Concept Note/Terms of Reference (CN/TOR)	2.1 Prepare draft of CN/ToR	<ul style="list-style-type: none"> • CN/ToR specifies: <ul style="list-style-type: none"> ○ Objectives, scope and coverage of the assessment ○ Size of the assessment team (number), its composition (staff, international and local consultants) and required expertise (minimum requirements in terms of skills, local knowledge), training requirements, budget, sourcing, and timetable ○ Approach and methodology ○ Management and oversight ○ QA arrangements • Government approval of the CN/ToR (see 2.3) is important for ensuring government's commitment and ownership 	AM; Government, Development partners	F-4	<ul style="list-style-type: none"> • CN/TOR guidelines and template in <i>PEFA Handbook Volume I: PEFA Assessment Process</i>
2.2 Peer review		<ul style="list-style-type: none"> • The Concept Note (CN) is shared with the government if they are not already part of the assessment team • Four peer-reviewers should be requested to review the CN/TOR and the report (see PEFA CHECK requirements), including Government representatives and the PEFA Secretariat • Allow at least 2 weeks for review. • This is an essential step for the report to qualify for the process quality endorsement, PEFA check (explained in the PEFA Handbook) 	AM, Peer Reviewers, PEFA Secretariat	F-4	<ul style="list-style-type: none"> • PEFA CHECK Check Guidelines (see Annex 1.2 of <i>PEFA Handbook Volume I: PEFA Assessment Process</i>) 	
2.3 Finalize CN/ToR		<ul style="list-style-type: none"> • Revise CN/TOR to address peer-reviewers comments • OT, then government, approve final CN/ToR 	AM, OT, Government	F-3	<ul style="list-style-type: none"> • CN/TOR guidelines in <i>PEFA Handbook Volume I: PEFA Assessment Process</i> 	

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support
			<ul style="list-style-type: none"> Submit approved CN/ToR to PEFA Secretariat 			
		2.4 Preparation for the PEFA Check	<ul style="list-style-type: none"> The PEFA Check ‘quality endorsement process’ ensures that the assessment and the QA process have followed recognized good practices in planning and implementation. 	AM		<ul style="list-style-type: none"> PEFA Check Guidelines (see Annex 1.2 of <i>PEFA Handbook Volume I: PEFA Assessment Process</i>)
3	Prepare for the assessment	3.1 Mobilize the assessment team (AT)	<ul style="list-style-type: none"> AM will identify, assemble and mobilize the AT The assessment team leader (TL) leads the assessment work and coordinates the assessment AT AM and assessment team leader (TL) will clarify roles and responsibilities of team members, how the team will function, communicate and coordinate within and outside the team 	AM, assessment TL and as appropriate government or development partner	F-2	<ul style="list-style-type: none"> <i>PEFA Handbook Volume I: PEFA Assessment Process</i>
		3.2 Identify data requirements and sources	<ul style="list-style-type: none"> Identify data requirements and sources for indicator set and PEFA report; <ul style="list-style-type: none"> Reviewing published/unpublished data prior to the field work can save significant time and resources AM issues an initial data request to relevant officials 	AM, AT Government representatives	F-1	<ul style="list-style-type: none"> <i>PEFA Handbook Volume I PEFA Assessment Process</i> includes data request to host country. <i>PEFA Volume II: PEFA Assessment Fieldguide</i> includes guidance on data requirements, calculations and data sources.
		3.3 Prepare schedule/agenda for field work	<ul style="list-style-type: none"> Announce planned field visit and agree agenda and meeting schedule with host country and organizations. Issue letter confirming arrangements Prepare data bases and templates for retention and storage of information required/collected 	AM in consultation with government officials and development partners	F-1	<ul style="list-style-type: none"> <i>PEFA Handbook Volume I: PEFA Assessment Process</i> includes template and draft letter for mission schedule

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support	
B F I E L D W O R K				AT			
			3.4 Specify the communication and reporting requirements	<ul style="list-style-type: none"> Includes periodic briefings, briefing notes to the OT, at end of fieldwork, discussion of final report with OT (and senior government officials) 	OT Lead agency	F-1	
	4	Launch and introductory training	4.1 High level briefing to senior officials	<ul style="list-style-type: none"> A special briefing should be provided to senior government officials and members of the OT regarding key aspects of PEFA and the assessment at the commencement of the fieldwork 	AT, Senior government officials		
			4.2 Assessment launch and workshop	<ul style="list-style-type: none"> The launch informs stakeholders including government officials, members of the OT and development partners, of the purpose, scope and assessment methodology and relevant features of the PEFA framework A formal launch provides the opportunity to explain PEFA and how the assessment will be performed. It is important that people responsible for providing data and others involved in the assessment know what is required and why Length of training can vary from 1 to 2 days 	AT, Government officials, development partners	F	<ul style="list-style-type: none"> PEFA Secretariat 'model' training workshop material included in <i>PEFA Handbook Volume I: PEFA Assessment Process</i> PEFA Handbook Volume I
	5	Data collection and analysis	5.1 In-country data collection	<ul style="list-style-type: none"> Data collection begins in Step 3, and continues with the in-country field work Assessors should ensure there is sufficient data to address all aspects of scoring requirements, calculations and required data tables Data will be captured from documents and interviews with key stakeholders 	AM AT	F	<ul style="list-style-type: none"> <i>PEFA Handbook Volume II – The PEFA Assessment Fieldguide</i> specifies data requirement, calculations and data sources.

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support
			including members of the OT, other government officials, development partners and civil society organizations			
		5.2 Data analysis and initial scoring of indicators	<ul style="list-style-type: none"> As data is collected assessors begin the process of analyzing data and, based on this evidence, scoring of indicators and dimensions It is also important to validate and cross-reference information received 			<ul style="list-style-type: none"> <i>PEFA Handbook Volume II – The PEFA Assessment Fieldguide</i> includes additional definitions, interpretation and measurement guidance
		5.3 Field mission exit presentation: initial findings and data gaps	<ul style="list-style-type: none"> Sometimes the AT makes a presentation to the OT and senior government officials and development partners at the conclusion of the field work to: <ul style="list-style-type: none"> Present initial scores and findings Identify any outstanding data requirements 	AT, OT, Senior government officials		<ul style="list-style-type: none"> <i>PEFA Handbook Volume I: PEFA Assessment Process</i> includes draft outline of a PEFA field work exit presentation.
	6	Draft assessment report preparation	6.1 Prepare initial draft PEFA report	AT	F+2	<ul style="list-style-type: none"> <i>PEFA Handbook Volume III: Preparing the PEFA Report</i> sets out the detailed structure of the PEFA report, guidelines and report template.

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support
7	Review, validation, and refinement	7.1 Submit draft report for peer review	<ul style="list-style-type: none"> The draft PEFA report is shared with at least four peer reviewers for comments <ul style="list-style-type: none"> Reviewers should include representatives of the government assessed, the PEFA Secretariat and at least two PFM independent institutions At least three weeks should be allowed for peer reviewers to provide comments 	AM, Peer reviewers (including government and PEFA secretariat)	F+2	<ul style="list-style-type: none"> PEFA Handbook Volume I: The PEFA Assessment Process includes a peer-review standard checklist.
		7.2 Response to peer review and comments matrix	<ul style="list-style-type: none"> Draft report is refined in response to comments and a separate matrix of peer review comments and assessment team response is prepared Following the initial review some assessments have a “validation” workshop at this point where the government and other stakeholders provide comments to the draft report 	Peer-reviewers	F+3	<ul style="list-style-type: none"> PEFA Handbook Volume I: The PEFA Assessment Process includes a template for a peer review comments matrix.
		7.3 Revised draft submitted to peer reviewers for follow-up review	<ul style="list-style-type: none"> Submit revised draft assessment report and separate matrix of comments to peer-reviewers <ul style="list-style-type: none"> Allow at least 2 weeks for a follow-up review 			
8	Final report and publication	8.1 Presentation of final draft PEFA report to Government	<ul style="list-style-type: none"> Once the refinements have been made to the draft report, the latter is finalized and provided to the government for acceptance A briefing is usually arranged with the OT, senior government officials and development partners This may involve a workshop for a wider audience 	AM, AT, Government, development partners	F+4	<ul style="list-style-type: none"> PEFA Handbook Volume III: Preparing the PEFA Report which includes template and guidelines.
		8.2 Submission of final report to PEFA Secretariat (PEFA Check)	<ul style="list-style-type: none"> AM initiates request for the PEFA check Subject to meeting requirements the PEFA Secretariat issues the PEFA Check 	PEFA Secretariat	F+4	<ul style="list-style-type: none"> PEFA Handbook Volume I: The PEFA Assessment Process,

		Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support
							sets out the PEFA Check guidelines
			8.3 Government approval of final PEFA report	<ul style="list-style-type: none"> Government approves final report 	Government	F+4	
			8.4 Publication of the final PEFA report	<ul style="list-style-type: none"> Acceptance of the final report is usually followed by public release and often a dissemination event involving interested organizations and officials If authorized by government, the PEFA Secretariat will publish the report on its website <ul style="list-style-type: none"> Authorization can be done by an e-mail The final report is usually published on a government website and on the PEFA website in quick succession 	Government, PEFA Secretariat, development partners (where relevant)	F+4	<ul style="list-style-type: none"> PEFA Secretariat will upload the PEFA report on its website following government approval to publish.
D P F M R E F O R M A C T I	9	Reform dialogue	9.1 Appoint a technical team to prepare reform plan and/or PFM action plan	<ul style="list-style-type: none"> TT is appointed by the government Its role is to facilitate dialogue and prepare a PFM reform strategy and/or action plan Government considers a range of factors in deciding priorities including other relevant information (such as other diagnostics, political, economic and environmental factors) Draft reform plan should identify required actions, capacity development needs and costs 	Government and/or development partners	Country specific	<ul style="list-style-type: none"> <i>PEFA Handbook Volume I – The PEFA Assessment Process</i>
			9.2 Undertake consultations with other stakeholders	<ul style="list-style-type: none"> The dialogue should involve consultations with senior government officials, development partners and other key stakeholders The dialogue should: <ul style="list-style-type: none"> discuss the PEFA report findings as well as other relevant information 	TT		

	Steps	Key Tasks	Main Issues	Responsibility	Indicative Timeline	PEFA Secretariat Support
O N			<p>including other diagnostics and current reform initiatives and</p> <ul style="list-style-type: none"> ○ focus on the need for a comprehensive and integrated strategy and reform program, and how such a reform program agenda could be financed and implemented 			
		9.3 Prepare draft PFM reform strategy or PFM action plan	<ul style="list-style-type: none"> ● Following the dialogue the TT will prepare a draft PFM reform strategy, action plan or similar document for submission to the government for approval 	TT		<ul style="list-style-type: none"> ● <i>PEFA Handbook Volume I – The PEFA Assessment Process</i>
		9.4 Review and approve final PFM reform plan or action plan	<ul style="list-style-type: none"> ● Following consideration and any amendments, the government should approve the PFM reform action plan. ● At this time the government should also identify its priorities as well as a mechanism for monitoring implementation (see Step 10) 	Government		
	10 Monitoring and follow-up	10.1 Monitor PFM reform progress over time using PEFA	<ul style="list-style-type: none"> ● The government (through the MoF or other central agency) can use PEFA indicators and dimensions to measure PFM reform progress over time ● The government should appoint someone to be responsible for monitoring implementation of the action plan and reporting back 	Government - MOF	Country specific	<ul style="list-style-type: none"> ● PEFA Handbook ● PEFA Website
		10.2 Review and refine actions	<ul style="list-style-type: none"> ● Regular reports to the head of the TT should be prepared by those responsible for implementing reforms (in accordance with the action plan). ● The head of the TT (or other responsible officer) should prepare regular updates (e.g. quarterly or half-yearly) for the government. ● Develop proposed follow-up activities including subsequent PEFA assessments 	Reform plan action officers; TT		

Annex 1.2. PEFA Check guidelines

PEFA CHECK: Quality endorsement of the PEFA assessment process

WHAT IT IS

PEFA CHECK is a mechanism for confirming the adequacy of quality assurance processes in planning and implementing a PEFA assessment. The objective is to increase user's confidence in the findings of the PEFA assessment and that the assessment will be a reliable contribution to a pool of information on PFM systems performance. PEFA CHECK requirements need to be considered early in the PEFA planning process when preparing the concept note or terms of reference, as outlined in the PEFA assessment cycle overview guidance, available from the PEFA website.

PEFA CHECK verifies if good practices in both planning and implementing an assessment have been followed. PEFA CHECK *is therefore not a judgment of the quality of the technical content but a verification of the compliance with commonly accepted and used practices in undertaking a PEFA assessment* by applying **six formal criteria** (see Box 1 below). The criteria for issuing the PEFA CHECK conform to the good practices agreed by the PEFA Partners and published in this guidance note. The mechanism seeks to encourage good quality assurance processes and to provide an incentive to use them.

Box 1. PEFA CHECK criteria

- 1) ***The Concept Note (CN) or similar document and the assessment report (draft and revised draft) follows an adequate peer review process.*** Documents are submitted to reviewers representing at least four PFM institutions. The peer reviewers should include the government assessed and the PEFA Secretariat and at least two other independent institutions from within or outside the country, such as development partners, PFM related NGOs, civil society groups or other governments.
- 2) ***The draft CN is submitted for peer review before the in-country assessment field work starts.***
- 3) ***A final version of the CN is shared with all peer reviewers.***
- 4) ***The complete draft PEFA report is submitted to all peer reviewers for review.*** All reviewers are invited to participate in the report finalization process.
- 5) ***A revised draft PEFA report and a separate matrix with peer reviewers comments and assessment team responses*** are submitted to all peer reviewers. The PEFA Secretariat carries out a follow-up review which evaluates whether its comments have been addressed.
- 6) ***The assessment management and quality assurance arrangements are described in the PEFA report*** including clear reference to the follow-up review, as shown in Box 2 below.

The PEFA Secretariat is not involved in performing or managing the assessment and cannot judge the quality of the technical content. However, the PEFA Secretariat provides an independent check on whether the quality assurance arrangements comply with the six PEFA CHECK criteria. The criteria aim to ensure that an adequate peer-review process has been followed during planning and implementing an assessment which involves the partner country and engages public financial management (PFM) institutions.

HOW IT WORKS

The PEFA CHECK process, carried out by the PEFA Secretariat, determines whether the six prescribed criteria were met during the assessment planning and implementing process. See Box 1 for details of the PEFA check criteria.

Chapter 1 of the PEFA report includes details of the scope, methodology, and process followed during an assessment. The PEFA *Framework for assessing public financial management* document¹ recommends that assessors include a summary of the quality assurance arrangements, as in Box 2, below. Inclusion of this summary is one of the six criteria for PEFA CHECK as explained in Box 1.

Box 2. Assessment management and quality assurance arrangements

PEFA assessment management organization

- Oversight Team – Chair & Members: [names & organizations]
- Assessment Manager: [name and organization]
- Assessment Team Leader and Team Members: [name and organization for each]

Review of concept note and/or terms of reference

- Date of reviewed draft concept note and/or terms of reference:
- Invited reviewers: [name and organization for each one, or as group e.g. the Oversight Team]
- Reviewers who provided comments: [name and organization for each one, in particular the PEFA Secretariat and date(s) of its review(s) or as group e.g. the Oversight Team]
- Date(s) of final concept note and/or terms of reference:

Review of the assessment report

- Date(s) of reviewed draft report(s):
- Invited reviewers: [name and organization for each one, in particular the PEFA Secretariat and date(s) of its review(s) or as group e.g. the Oversight Team]
- Reviewers who provided comments: [name and organization for each one]

If all six criteria in Box 1 are fulfilled, including the information in Box 2 above, the assessment manager can request the PEFA Secretariat to issue the PEFA CHECK endorsement. The procedure is as follows:

- 1) The assessment manager submits the final report to the PEFA Secretariat and requests the PEFA CHECK endorsement;
- 2) The PEFA Secretariat verifies and confirms that the assessment process fulfilled the requirements for a PEFA CHECK, i.e. complied with all 6 criteria;
- 3) The PEFA Secretariat issues the **endorsement with the PEFA CHECK logo**, sends it to the assessment manager and registers the endorsement in the PEFA CHECK data base;
- 4) The assessment manager includes the PEFA CHECK endorsement in the final report, either before the Executive Summary or as an Annex.

If any of the six criteria for PEFA CHECK are not fulfilled, the PEFA Secretariat will not issue an endorsement. This does not mean that a PEFA assessment did not follow a quality assurance process, or that the content of the report does not comply with PEFA guidelines. It simply means that the recommended process, required for PEFA CHECK,

¹ The PEFA Framework document is available at <http://www.pefa.org/en/content/pefa-2016-framework>

was not fully complied with. Managers of assessments that do not qualify for PEFA CHECK are encouraged to contact the PEFA Secretariat to discuss the implications of PEFA CHECK endorsement being refused and the options available to them regarding quality assurance.

POINTS TO NOTE:

- “Lead agency” means a partner government, a development partner, or any other party commissioning a PFM assessment based on the PEFA methodology.
- The reasons for deviating from the criteria should be explained in the assessment report. Any issues or concerns should be discussed with the PEFA Secretariat early in the planning phase.
- The lead agency may be included as a peer-review provided that the person providing the review is not directly involved in assessment. An independent, individual expert may fulfill the role of such institution. If the assessment is conducted by the government, peer reviewers from within the entities involved in the assessment are acceptable provided that they do not have a conflict of interest.
- The quality endorsement mechanism although not mandatory, is a mechanism that the PEFA Secretariat applies systematically to all reports submitted for review. It is the assessment manager’s responsibility to request the PEFA CHECK endorsement. It is not the responsibility of the PEFA Secretariat to determine whether a PEFA CHECK should be requested, but the Secretariat will endeavor to suggest to assessment managers that the PEFA CHECK be requested in all instances where it considers that the criteria may be met.
- The PEFA CHECK applies to all types and models of PEFA assessments, i.e. CG or SNG assessments and/or baseline assessments and successive assessments.
- A lead agency may choose not to display the PEFA endorsement in the report. Irrespective of whether it is decided to display the endorsement or not, the PEFA Secretariat will still mark the reports which qualify for PEFA CHECK as “endorsed” in its data base.
- Assessment managers are responsible for following good practices in the process of planning and implementing an assessment and the oversight team should monitor to ensure that they are followed.
- The PEFA Secretariat will review reports that do not meet the criteria if invited to do so and will provide advice, on request, regarding how to conduct and report on process quality

Annex 1.3. Guidance on the preparation of a PEFA Assessment Concept Note or Terms of Reference

Template and instructions for the preparation of a PEFA assessment concept note or terms of reference

This generic template for preparing a concept note or terms of reference for a public expenditure and financial accountability (PEFA) assessment should be used as a guide only. The content of the concept note or terms of reference should be adapted as necessary to the needs of government or assessment sponsors. Guidance on content is provided in red. Do not include the red text in the final terms of reference.

PEFA assessment concept note

1. Background and context

Under the subheadings below, describe the economic, fiscal, and political context for the PEFA assessment. Include information about population size, average income per capita, and other key characteristics of the nation or subnational entity.

(Recommended length: no more than 500 words, plus table 1.)

1.1 Economic performance

Briefly describe recent economic performance. Highlight the most important economic sectors and any recent events that have impacted on their performance (e.g., natural disasters, external economic shocks).

1.2 Fiscal management

Briefly describe recent fiscal performance—including fiscal deficit and debt—and identify recent fiscal initiatives.

Complete table 1 for country fiscal data in the last two completed fiscal years (FY T refers to the last full fiscal year and FY T-1 refers to the year before FY T).

Table 1. <Country> aggregate fiscal data, <T-1> to <T>

Element	FY T-1	FY T
Total revenue		
– Own revenue		
– Grants		
Total expenditure		
– Noninterest expenditure		
– Interest expenditure		
Aggregate deficit (incl. grants)		
Primary deficit		
Net financing		
– External		
– Domestic		
Public debt		
Ratio of public debt to GDP		

1.3 Governance and institutions

Briefly describe the main characteristics of the political system, including key institutions and how they are structured: the existence of a constitution and when it was established; the overall political structure (confederation, federation, unitary state, etc.); features of the legislature, and how legislators gain seats (e.g., by direct/indirect election, by executive appointment); the existence and powers of state audits; the basis of government and its main powers and authority; and the relationship of the executive to the judiciary.

2. History of public financial management (PFM) reform

Under the subheadings below, outline the recent history of PFM reform, including all previous PEFA assessments, other PFM diagnostics, PFM reform initiatives and what they have achieved to date, international cooperation activities, and PFM reform monitoring and evaluation arrangements.

(Recommended length: no more than 500 words.)

2.1 Previous PEFA assessment(s) and other PFM diagnostics

Briefly describe the timing and scope of any previous PEFA assessment(s) and other PFM diagnostics, and summarize their main findings. For example, which years did the assessments cover, and what were the main strengths and weaknesses they identified?

2.2 PFM reform initiatives

Briefly describe the history of PFM reform and its current status (e.g., PFM action plans), identifying the main areas of emphasis (e.g., tax administration, cash management, procurement). Include information on recent and ongoing activities, and the monitoring arrangements of the government and development partners. Identify the nature of any international cooperation and support initiatives (e.g., from the International Monetary Fund, IMF), such as those involving budget support, technical assistance and sector support.

3. Purpose, scope, and coverage of the assessment

Under the subheadings below, explain the reasons for the assessment and how it relates to the PFM and public sector reform agenda of the national or subnational government.

(Recommended length: no more than 500 words, plus table 2.)

3.1 Purpose

Briefly state the purpose of the assessment, within the context described above. Describe how results will be used to inform dialogue on PFM, and the development and implementation of PFM reform initiatives going forward.

3.2 Scope and coverage

Specify which part of the public sector will be covered by the assessment. Typically, this will be the central government, except where PEFA indicators specifically refer to a smaller or wider range, such as the budgetary units of the central government or government at all levels.

For subnational government assessments, the official name of the jurisdiction covered is required. If the assessment covers multiple subnational governments, then the method of their selection should be explained.

Complete table 2 with details on the units within the scope of the assessment. Include up to 10 main budgetary units such as ministries, departments, or agencies. In addition, the main extrabudgetary units or groups and public corporations should be included where they constitute a significant share of the government expenditure covered by the assessment.

Table 2. Main units of government to be covered by the assessment

Budgetary units (such as ministries, departments, or agencies)	Extrabudgetary units	Public corporations*
Example:	Example:	Example:
Office of the President	Health authority	Water corporation
Office of the Prime Minister	Civil aviation authority	Ports authority
Ministry of Finance	Universities	Electricity corporation
Ministry of Education	Technical colleges	Investment bank
Ministry of Health	Tourist board	
	Social insurance fund	
<p><i>* Only include institutional units within the scope of the assessment. For assessments of subnational governments, such units would be only those owned and controlled at the subnational level.</i></p>		

4. Managing the PEFA assessment

Under the subheadings below, describe the stakeholders and the extent of their involvement in overseeing the assessment. Include information on team composition, with as much detail as available on names, positions, and respective organizations' areas of expertise. Also include information on the estimated budget.

(Recommended length: no more than 500 words, plus tables.)

4.1 Management and oversight

List the stakeholders involved in the management and oversight of the assessment, and identify their roles. Stakeholders will include:

- The agency leading the assessment, and its team members*
- Involvement of government in the assessment*
- Development partners and their representatives or agents*

Complete table 3 for the management and oversight team.

Identify other stakeholders involved in management and oversight, such as the supreme audit institution, legislature, anticorruption agency, independent procurement agency, chamber of commerce, and civil society organizations.

Table 3. Management and oversight team

Organization name	Team member details
Government representative 1 (chair)	Name and position of representative
Government representative 2	Name and position of representative
Development partner 1	Name and position of representative
Development partner 2, etc.	Name and position of representative
Other	Name and position

4.2 Assessment team: composition and inputs

Describe the staff and consultants proposed for the assessment team, i.e. the team that will be performing the assessment, as well as the relevant areas of expertise required, including technical skills, languages, and local knowledge. Explain how the assessment team will be managed, and its relationship to the assessment management and oversight team.

Complete table 4, which summarizes inputs from the assessment team.

Table 4. Assessment team’s input to the PEFA assessment

Team member	Organization	Area of expertise	Preparatory work (no. of days)	Field work (no. of days)	Post-field work (no. of days)
Team leader: Name (where known)	Example: Consultants Ltd.	Example: Fiscal strategy and budgeting	Example: 10	Example: 25	Example: 30
Expert 1: Name (where known)	Pefalia Revenue Administration	Revenue management	3	3	3
Expert 2: Name (where known)	Pefalia Ministry of Finance	Expenditure management and reporting	5	20	10
Expert 3: Name (where known)	Consultants Ltd.	Public sector audit and financial control	3	5	5

4.3 Resources

Specify the budget and funding arrangements. Information will include the number of assessors; person-days; and costs of travel and related expenses, translation and interpretation, and printing and copying, etc. Expenses may be separated by source of funds or participating entity.

Complete table 5 with detailed information on the estimated resources by category. If the terms of reference are being prepared as the basis of a request for proposal (RFP) for contract assessors, this table may be circulated to appropriate stakeholders as a separate document.

Table 5. Resources required for PEFA assessment

Budget item	Resources required
Assessment team	
Consultant fees (#consultants x #days)	\$
Staff costs (#staff x #days)	\$
Travel costs (#days, #trips)	\$
Accommodation (#days)	\$
Per diem (#days)	\$
Training facilities hire (#days)	\$
Catering (people x unit price)	\$
Other incidental costs (translation, photocopying etc.)	\$
Total	\$

5. Approach and methodology

Under the subheadings below, summarize how the assessment will be performed, including the methodology to be applied, main references and sources of information, deliverables and time frame, report structure, quality assurance arrangements, and consultation, reporting and next steps.

(Recommended length: no more than 1,000 words, plus table.)

5.1 Methodology and information requirements

Methodology

State that the assessment will apply the PEFA 2016 methodology. Briefly describe whether all indicators and dimensions of PEFA 2016 are to be used, and if not, explain why.

For example, an indicator may not be relevant where there are no intergovernmental transfers. If the indicator is not used because it would duplicate related work using other diagnostic tools, this section should explain how the findings from other work will be reflected in the PEFA analysis and report. This section should also indicate when additional indicators are used, such as HLG-1 for transfers to subnational government, or drill-down or add-on indicators (complementing the information on purpose, scope and coverage in section 3).

Describe any arrangements to coordinate the assessment with any other related PFM work or development partner operations.

This subsection should refer to the PEFA 2016 guidance documents relevant to the assessment, which are available from the PEFA website: www.pefa.org. The methodology for any additional indicators or analysis to be undertaken as part of the assessment should also be referenced.

Data collection

Identify any key references for the assessment (such as previous PEFA reports) or other studies by development partners (such as World Bank public expenditure reviews, IMF fiscal transparency evaluations, Article IV or other analytical reports, donor assessments, government evaluations, and research studies). The main sources of information within the country should be identified, such as the ministry of finance, revenue administration, state audit department, ministry for economic affairs, office of the president, selected line ministries, chambers of commerce, and taxpayers' associations.

Describe the approach to data collection, such as the preparation of the team and counterparts, anticipated data requests, awareness-raising and training workshops, and the nature and extent of in-country data collection (e.g., expected meetings required, accessibility of nonpublic data, and coordination with government officials). Any known challenges or information gaps should be highlighted, and the approach to resolving these challenges should be outlined.

Main deliverables

Complete table 6 setting out the details of all major activities, deliverables and key dates should be included. It should identify the key stages, what needs to be completed or delivered, and the expected date for commencement and completion.

The deliverables should include as a minimum (i) a draft CN/ToR and final CN/ToR which takes into consideration comments on the draft CN/ToR and (ii) a draft report and a final report which takes into consideration comments on the draft report.

Other deliverables as determined by the government and other stakeholders, such as an inception report, training and workshop materials, presentations, templates and data sets should be included together with a timetable.

Successive assessments

If this a successive assessment explain the arrangements for tracking progress from previous assessments.

If progress will not be tracked from the previous assessment, briefly explain why. The CN/ToR should describe the approach to data collection, such as preparation for the team and counterparts, anticipated data requests, awareness-raising and training workshops, the nature and extent of in-country data collection such as expected meetings required, accessibility of nonpublic data, and coordination with government officials. Any known challenges or information gaps should be highlighted and the approach to resolving the challenges should be outlined.

Table 6. PEFA assessment implementation schedule

Task	Deliverable	Date(s)
Preparatory work		
• Establishment of the stakeholder oversight team	Team confirmation	Insert date(s)
• Finalization of the concept note/terms of reference	Concept note	Insert date(s)
• Coordination with governments and stakeholders (including meeting and workshop schedule)	Agreed work schedule	Insert date(s)
• Initial data request	Data request issued to responsible units	Insert date(s)
• Workshop preparation	Workshop materials in required language(s)	Insert date(s)
Field work		
• PEFA methodology workshop	Workshop delivery	Insert date(s)
• Data collection and interviews	All necessary data obtained	Insert date(s)
• Preparation of draft report by assessment team	Draft report	Insert date(s)
• Presentation of draft report and initial findings to authorities	Presentation initial findings	Insert date(s)
Post-field work		
• Review of comments and further drafting of report	Comments recorded and considered, draft revised	Insert date(s)
• Presentation of final report to authorities	Final report	Insert date(s)
• Publication of final report	Publication	Insert date(s)
Planned post-PEFA assessment activity (not part of the scope of the concept note/terms of reference)		
• PFM reform dialogue based on PEFA assessment findings	Briefing on the relevance of PEFA to government policy priorities	Insert date(s)
• Development of a PFM action plan or reform program	PFM action plan	Insert date(s)

5.2 Structure of the PEFA Report

Describe the proposed structure and format of the PEFA report, including annexes. Indicate whether the report follows the approved format set out in the PEFA 2016 framework document and highlight any additional content or other adjustments.

Specify who will be the principal recipient of the final report, noting that the government will be the owner of the final product.

Note whether the report will be published and, if not, an explanation of why not.

Arrangements for publication and dissemination of the report should also be included here.

5.3 Quality Assurance

Describe the proposed approach for disseminating and reviewing the quality of the draft CN/ToRs and draft and final PEFA reports.

Summarize the process being followed to attain the PEFA check including proposed reviewers and indicative timeline.

Note: For the PEFA Check a minimum of four reviewers from different organizations is required. One of the reviewers must be the government and one reviewer must be the PEFA Secretariat. Other reviewers may include other stakeholders including development partners and civil society organizations.

5.4 PEFA assessment findings and PFM reform

Describe arrangements for discussion of the findings and policy implications of the draft and final reports within government.

Explain the proposed process for linking the findings with a PFM reform dialogue to address policy development, prioritization and monitoring.

Identify the main stakeholders for such a dialogue.

Annex 1.4. Initial data request letter and data template

Dear (Permanent Secretary, Ministry of Finance²)

UPCOMING PEFA ASSESSMENT IN (Specify country)

Following the Government's approval of a Concept Note/ToR to undertake a Public Expenditure and Financial Accountability (PEFA) Assessment, an assessment team has now been established and has commenced preparations and preliminary analytical work.

The assessment team is, subject to agreement, planning a field mission to (insert name of country) on (insert dates) to launch the PEFA assessment and meet with government officials and other stakeholders.

As you know, a PEFA assessment uses an evidence based methodology for scoring a range of performance indicators. In order for the assessment team to make best use of its time in country we are also seeking your assistance in providing as much data as possible prior to the visit. A check list of data and data sources for each performance indicator and dimension, based on the PEFA 2016 framework document and fieldguide, is provided at Attachment 1.

Access to this data prior to the country visit will enable significant preliminary analytical work to be undertaken by the assessment team prior to the field work and will expedite the completion of the assessment. It will also provide more time for the assessment team to follow-up, verify and corroborate evidence during the visit.

We thank you for your assistance and look forward to working with you on this important project.

Yours sincerely

Assessment Manager or Assessment Team Leader

² Or other senior official who is acting as the liaison officer or focal point within government for the PEFA assessment.

PEFA Assessment: Data required and sources			
PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
Pillar I. Budget reliability			
PI-1: Aggregate expenditure out-turn			
1.1 Aggregate expenditure out-turn	<ul style="list-style-type: none"> The aggregate expenditure outturn and the approved aggregate budget expenditure for each of the last three completed fiscal years 	<ul style="list-style-type: none"> Annual budget law/documentation /estimates approved by the legislature; Annual budget execution report or Comparative Statement of Budget and Actual Results. 	
PI-2: Expenditure composition out-turn			
2.1 Expenditure composition outturn by function	<ul style="list-style-type: none"> The expenditure composition of the end-of-year outturn and of the originally approved budget for each of the main functional classifications or for each of the 20 largest budget heads in the administrative classification Should the number of main budget heads exceed 20, the composition variance should be assessed against the largest heads that together make up 75% of the budget (a minimum of 20 heads if an administrative classification), with the residual heads (excluding contingency items) aggregated into one line. Data are needed for each of the last three completed fiscal years. 	<ul style="list-style-type: none"> Annual budget law/documentation /estimates approved by the legislature Annual budget execution report or annual financial statements 	
2.2 Expenditure composition outturn by economic type	<ul style="list-style-type: none"> The expenditure composition of the end-of-year outturn and of the originally approved budget for each of the main economic classifications for each of the last three completed fiscal years 	<ul style="list-style-type: none"> Annual budget law/documentation /estimates approved by the legislature Annual budget execution report or annual financial statements 	
2.3 Expenditure from contingency reserves	<ul style="list-style-type: none"> The actual expenditure charged to a contingency heading (either as a separate vote, or as a subvote under the MoF, with a clearly marked title such as 'contingency reserves') for each of the last three completed fiscal years. 	<ul style="list-style-type: none"> Annual budget law/documentation/estimates approved by the legislature Annual budget execution report or audited annual financial statements 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
PI-3: Revenue out-turn			
3.1 Aggregate revenue outturn	<ul style="list-style-type: none"> The actual end-of-year revenue and the originally budgeted revenue, for each of the last three completed fiscal years 	<ul style="list-style-type: none"> Annual budget law/documentation/estimates approved by the legislature Annual budget execution report or audited annual financial statements Information on revenue outturn for the most recent completed fiscal year may also be presented in the budget estimates document The budget originally approved by the legislature on which budgetary units base their annual expenditure plans at the commencement of the fiscal year. 	
3.2 Revenue composition outturn	<ul style="list-style-type: none"> The value of revenue in the original approved budget, by category at the GFS three-digit level, or comparable classification, and the end-of-year outturn for the same categories for each of the last three completed fiscal years 	<ul style="list-style-type: none"> Annual budget law/documentation/estimates approved by the legislature Annual budget execution report or audited annual financial statements Information on revenue outturn for the most recent completed fiscal year may also be presented in the budget estimates document 	
Pillar II: Transparency of public finances			
PI-4 Budget classification			
4.1 Budget classification	<ul style="list-style-type: none"> Information on the content and application of classifications applied and evidence that the classification is actually used in the budget documents and the chart of accounts Where the classification differs from the GFS system, information on bridging methodologies and examples of statistics produced using the bridging methodologies 	<ul style="list-style-type: none"> relevant legislation and regulations identifying the application of the classification Annual budget document provided by the MoF for the last completed fiscal year Copy of the chart of accounts used for the last completed fiscal year 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	should be requested, if such conversions are made.		
PI-5 Budget documentation			
5.1 Budget documentation	<ul style="list-style-type: none"> Evidence that the 12 data elements listed are included in the annual budget proposal and supporting documentation has been submitted to the legislature for scrutiny and approval If the documents are not provided with the budget proposal, evidence is needed that a) they were provided in advance to the legislature; and b) fulfill the elements provided that all details required for that element are included; so they are sufficiently relevant to support decisions on the budget. 	<ul style="list-style-type: none"> Last annual budget proposal submitted to the legislature. Supporting documentation for the budget Additional documentation relating to the budget submitted to the legislature prior to the budget proposal 	
PI-6 Central government operations outside financial reports			
6.1 Expenditure outside financial reports	<ul style="list-style-type: none"> Evidence of expenditure not recorded in ex post government financial reports The total of such expenditure to be calculated as a percentage of total BCG expenditure 	<ul style="list-style-type: none"> Information from the MoF, central bank, SAI, and others about government bank accounts that are not managed by the Treasury Financial records of ministries and extrabudgetary units not reported in central government financial reports (e.g., bookkeeping and/or petty cash records, invoices, bank statements, etc.) 	
6.2 Revenue outside financial reports	<ul style="list-style-type: none"> Evidence of revenue not recorded in ex-post government financial reports The total of such revenue to be calculated as a percentage of total BCG revenue 	<ul style="list-style-type: none"> Information from the MoF, central bank, SAI and others about government bank accounts which are not Treasury managed. Financial records of ministries and extrabudgetary units not reported in central government financial reports (e.g. bookkeeping and/or petty cash 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
		records, invoices, bank statements etc.)	
6.3 Financial reports of extrabudgetary units	<ul style="list-style-type: none"> Evidence of the submission of financial reports by central government Date of submission of financial reports to central government. 	<ul style="list-style-type: none"> Annual financial reports of extrabudgetary units Correspondence with central agency regarding financial reports 	
PI-7 Transfers to sub-national governments			
7.1 System for allocating transfers	<ul style="list-style-type: none"> Horizontal rulebased system or other arrangements for determining the horizontal allocation of transfers to subnational governments for each type of transfer. 	<ul style="list-style-type: none"> Legislation or rules governing transfers from CG to SNG. Annual budget documents MoF, or specific entity in charge of subnational matters such as Minister of Local Government or Decentralization 	
7.2 Timeliness of information on transfers	<ul style="list-style-type: none"> The content of information provided to SNG on their annual transfers (to determine whether it is sufficiently clear and detailed) The date on which subnational government administrators are provided formal information on the transfers from central government The date on which the subnational government administrations must submit their budget proposals for final approval 	<ul style="list-style-type: none"> Legislation or rules governing transfers from CG to SNG. Annual budget documents to be obtained from the MoF, or specific entity in charge of subnational matters such as Minister of Local Government or Decentralization 	
PI-8 Performance information for service delivery			
8.1 Performance plans for service delivery	<ul style="list-style-type: none"> Published information on measurable performance indicators of outputs and outcomes for service delivery for each ministry that devotes expenditure to service delivery Published information on planned outputs and outcomes of services provided by ministries for the budget year 	<ul style="list-style-type: none"> Annual budget document and/or supporting budget documentation. Ministry budget statements and/or performance plans. Other documents on ministry service delivery plans containing performance information 	
8.2 Performance achieved for service delivery	<ul style="list-style-type: none"> Published information on actual quantity of outputs produced or delivered, and evidence of measurable progress on 	<ul style="list-style-type: none"> Annual budget document/s and/or supporting budget documentation 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<p>outcomes, associated with the programs or services delivered by each ministry for the last completed fiscal year</p> <ul style="list-style-type: none"> • Published information on activities performed in relation to service delivery that are undertaken by each ministry for the last completed fiscal year. 	<ul style="list-style-type: none"> • Ministry budget statements or annual reports • Other documents on ministry service delivery plans containing performance information 	
8.3 Resources received by service delivery units	<ul style="list-style-type: none"> • Resources received by the service delivery units of two or more selected ministries or other budgetary units • Reports compiling information on resources received for the relevant ministries 	<ul style="list-style-type: none"> • Annual budget documents; • Annual financial statements; • In-year budget execution reports • Financial reports or statements of donor organizations • Budget management system or accounting system 	
8.4 Performance evaluation for service delivery	<ul style="list-style-type: none"> • For each ministry devoting expenditure on service delivery, information on the number and coverage of: <ul style="list-style-type: none"> ○ Evaluation reports ○ Performance audit reports ○ Functional reviews ○ Internal audit reports 	<ul style="list-style-type: none"> • Line ministries and departments • SAI • Internal audit department • MoF 	
PI-9 Public access to fiscal information			
9.1 Public access to fiscal information	<ul style="list-style-type: none"> • The five basic and four additional data elements listed in the dimension measurement guidance that are available to the public. • The timeframe compared with the requirements specified in the list of elements. 	<ul style="list-style-type: none"> • Listed documents may be accessible from the MoF, State Audit Institution, and procurement authority. • Access should be, corroborated through availability at government bookshops, websites, public library, notice boards, and public interest groups as governance NGOs, chamber of commerce, development partner's country offices. 	

Pillar III: Management of assets and liabilities

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
PI-10 Fiscal risk reporting			
10.1 Monitoring of public corporations	<ul style="list-style-type: none"> • Date of submission to supervising government ministry and date of publication of the annual financial statements of each public corporation for the most recent fiscal year completed (including information on whether each one is audited). • Consolidated fiscal reports of public corporations or whole of government consolidated fiscal reports 	<ul style="list-style-type: none"> • A list of public corporations, and data on dates of submission, publication and audit should be compiled by the MoF or SAI • • 	
10.2 Monitoring of subnational governments	<ul style="list-style-type: none"> • Date of submission to supervising CG ministry and date of publication of the annual financial statements or reports of each subnational government, including whether they are audited. • Consolidated fiscal reports of subnational governments and frequency of publication based on the last report published. 	<ul style="list-style-type: none"> • MoF • Ministry of Local Government or similar • Triangulation with information from selected subnational governments 	
10.3 Contingent liabilities and other fiscal risks	<ul style="list-style-type: none"> • Reports on contingent liabilities by CG and by individual CG entities. • Consolidated report on contingent liabilities and information on the frequency of publication. 	<ul style="list-style-type: none"> • Annual financial statements • Financial or other reports of budgetary units • MoF 	
PI-11 Public investment management			
11.1 Economic analysis of investment proposals	<ul style="list-style-type: none"> • List of approved/ongoing investment projects with relevant data to identify them as 'major' • National guidelines to conduct economic analysis • Economic analysis documentation of approved/ongoing major investment projects • Documentation of the economic analyses review process by an agency other than the sponsoring agency • Documented publication of economic analyses results 	<ul style="list-style-type: none"> • Ministry of finance/planning • Line ministries and agencies • Agency in charge of public investments, if any • National guidelines to conduct economic analysis • Economic analysis of investment projects 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
11.2 Investment project selection	<ul style="list-style-type: none"> • List of approved/ongoing investment projects with relevant data to identify them as 'major' • Documentation of government's central review of major investment projects before inclusion of projects in the budget • Documentation on publication and adherence to standard criteria for project selection • Details of standard criteria for project selection 	<ul style="list-style-type: none"> • Ministry of finance/planning • Line ministries and agencies • Agency in charge of public investments, if any 	
11.3 Investment project costing	<ul style="list-style-type: none"> • List of 'major' approved/ongoing projects, along with data that support their significance • Budget projections for investment projects, supported by a cash flow forecast, financing plan, and maintenance costs over the full life of the investment • Medium-term budget data on project implementation (recurrent costs, maintenance costs) 	<ul style="list-style-type: none"> • Ministry of finance/planning • Line ministries and agencies • Agency in charge of public investments, if any • Legislation on public investment • Annual budget documentation • Medium-term expenditure framework, if available 	
11.4 Investment project monitoring	<ul style="list-style-type: none"> • List of 'major' approved/ongoing projects, along with data that support their significance • A comparison of projections with data on the actual execution of major investment projects at different stages (time, amount spent, physical progress, etc.), published in budget documentation or elsewhere • Evidence of the existence of, and compliance with, implementation procedures in the form of audit findings or quality assurance reports 	<ul style="list-style-type: none"> • Ministry of finance/planning • Line ministries and agencies • Agency in charge of public investments, if any • Guidelines on monitoring public investments • Databases • Project monitoring reports 	
PI-12 Public asset management			
12.1 Financial asset monitoring	<ul style="list-style-type: none"> • Value of financial assets under each class and information on the method(s) of valuation used <p>Published document or set of documents covering the performance of the portfolio of financial assets and</p>	<ul style="list-style-type: none"> • Consolidated financial statements, including notes relating to the holdings of financial assets. 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	information on the frequency of publication	<ul style="list-style-type: none"> • Asset management agency, if any. • Budget and extrabudgetary units holding financial assets • MoF, Treasury • Internal audit units • SAI 	
12.2 Nonfinancial asset monitoring	<ul style="list-style-type: none"> • Register(s) of fixed assets, possibly with information on their usage and age • Register(s) of land, possibly with information on their usage and age • Register of subsoil assets where relevant, possibly with information on their usage and age • Published document or set of documents related to one or more nonfinancial asset categories above mentioned 	<ul style="list-style-type: none"> • Asset management agency, if any • Budget and extrabudgetary units holding nonfinancial assets • MoF • Treasury • Internal audit units • SAI 	
12.3 Transparency of asset disposal	<ul style="list-style-type: none"> • Rules and regulations related to transfer or disposal of financial and nonfinancial assets • Set of documents submitted to the legislature for information or approval • Reports containing details of transfers and disposal of assets 	Financial reports from various possible sources including: <ul style="list-style-type: none"> • Asset management agency, if any • Budget and extrabudgetary units • MoF • Treasury • Internal audit units • SAI 	
PI-13 Debt management			
13.1 Recording and reporting of debt and guarantees	<ul style="list-style-type: none"> • Reports to identify how complete and updated the records are and evidence that debt records are reconciled along with information on how frequently. • The most recent management and statistical reports and information on how frequently they are issued. 	<ul style="list-style-type: none"> • MoF • Treasury • Debt Management office • Debt Management entities • Central Bank • Line ministries when necessary. 	
13.2 Approval of debt and guarantees	<ul style="list-style-type: none"> • Primary and secondary legislation for government debt management, including provisions for approving loans; issuing loan guarantees and undertaking debt related 	<ul style="list-style-type: none"> • MoF • Debt Management office • Debt Management entities • Central Bank. 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<p>transactions and documented policies; operational procedures and guidelines for approval, management, monitoring and reporting of these transactions and annual borrowing provisions.</p> <ul style="list-style-type: none"> • Documented procedures for undertaking debt management transactions. • Evidence of approval by government or the legislature for annual borrowing plans. 		
13.3 Debt management strategy	<ul style="list-style-type: none"> • The most recent Debt Management Strategy (DMS); the most recent report on DMS implementation. • Information on the process of DMS formulation and approval. • Legal requirements for publication of the annual report on debt management. 	<ul style="list-style-type: none"> • MoF • Treasury • Debt Management office • Debt Management entities • Central Bank 	
Pillar IV: Policy-based fiscal strategy and budgeting			
PI-14 Macroeconomic and fiscal forecasting			
14.1 Macroeconomic forecasts	<ul style="list-style-type: none"> • Forecasts of GDP growth, inflation, interest rates, and the exchange rate • Clear explanation of assumptions used to prepare forecasts • Evidence that the forecasts cover the budget year and the two following fiscal years, and are updated at least annually • Evidence of review of forecasts and assumptions by an entity other than preparing entity • Information about the authority of the reviewing entity, for example, legal, regulatory or procedural documents 	<ul style="list-style-type: none"> • Annual budget documents • Annual budget circular • Policy and analytical advice to government • MoF working papers • The reviewing entity • The unit preparing the initial forecasts 	
14.2 Fiscal forecasts	<ul style="list-style-type: none"> • Medium term fiscal forecasts • Underlying assumptions and basis of calculation of fiscal forecasts • Evidence that the information is provided as part of budget documentation submitted to the legislature 	<ul style="list-style-type: none"> • Annual budget documents • MoF • Records of legislative proceedings 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
14.3 Macroeconomic sensitivity analysis	<ul style="list-style-type: none"> Evidence of alternative fiscal scenarios in the same format as the medium term fiscal forecasts 	<ul style="list-style-type: none"> MoF 	
PI-15 Fiscal strategy			
15.1 Fiscal impact of policy proposals	<ul style="list-style-type: none"> Policy proposals submitted by ministries during annual budget process; Policy proposals submitted by ministries outside the budget process; Evidence that policy proposals are fully costed and include the recurrent costs of capital investment projects for the budget year and the following two fiscal years; 	<ul style="list-style-type: none"> MoF 	
15.2 Fiscal strategy adoption	<ul style="list-style-type: none"> Evidence of a fiscal strategy, either in a stand-alone document, statement of fiscal rules, or specified targets within the annual budget documentation 	<ul style="list-style-type: none"> MoF Office of the Prime Minister/President 	
15.3 Reporting on fiscal outcomes	<ul style="list-style-type: none"> A report of progress against the fiscal strategy, rules or targets sets out in the annual budget document. 	<ul style="list-style-type: none"> MoF 	
PI-16 Medium term perspective in expenditure budgeting			
16.1 Medium-term expenditure estimates	<ul style="list-style-type: none"> Medium-term budget estimates disaggregated by administrative, economic, and program or functional classification 	<ul style="list-style-type: none"> Annual budget estimates 	
16.2 Medium-term expenditure ceilings	<ul style="list-style-type: none"> Date of approved budget ceilings Details of the coverage and timeframe for budget ceilings Date of issuing the first budget circular to ministries, departments and agencies. 	<ul style="list-style-type: none"> Formal directions or instructions on ceilings to ministries Budget circular 	
16.3 Alignment of strategic plans and medium-term budgets	<ul style="list-style-type: none"> Strategic plans or sector strategies Budget proposals 	<ul style="list-style-type: none"> Ministry of Finance/ Planning (or equivalent entity) Large sector ministries 	
16.4 Consistency of budgets with previous year's estimates	<ul style="list-style-type: none"> Budget proposals Explanation of variations between the last medium-term budget and the current medium-term budget 	<ul style="list-style-type: none"> MoF Annual budget documents Large sector ministries 	
PI-17 Budget preparation process			

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
17.1 Budget calendar	<ul style="list-style-type: none"> • Budget calendar • Number of weeks budgetary units are allotted to complete their detailed estimates • Actual dates (timing) of the stages (actions) in the budget preparation process, compared to the original dates in the budget calendar • Content of the circulars relating to the preparation of detailed estimates 	<ul style="list-style-type: none"> • MoF (budget department), corroborated by finance officers of large spending budgetary units 	
17.2 Guidance on budget preparation	<ul style="list-style-type: none"> • Budget circular • Date of cabinet approval of budget circular compared to the date the MoF issues the budget circular to budgetary units • Date of cabinet approval of ceilings when they are not approved with the budget circular • Date of MoF transmission of ceilings to budgetary units when they are not approved with the budget circular 	<ul style="list-style-type: none"> • MoF (budget department), corroborated by the cabinet (e.g., memoranda) and large spending budgetary units 	
17.3 Budget submission to the legislature	<ul style="list-style-type: none"> • Number of months before the fiscal year's start that annual budget proposals have been submitted to the legislature in the last three years; specific dates of submission 	<ul style="list-style-type: none"> • MoF (budget department), corroborated by the legislature (budget/finance commission) 	
PI-18 Legislative scrutiny of budgets			
18.1 Scope of budget scrutiny	<ul style="list-style-type: none"> • Budget documents reviewed by legislature • Timing allocated to the legislature review, including timing allowed for revision by the executive, based on legislature's review, if needed • Details of matters covered by the legislature's review, such as records of meetings, findings and committee reports 	<ul style="list-style-type: none"> • Budget director, secretary or chair of budget committee(s) of legislature, corroborated by advocacy, civil society, and interest groups 	
18.2 Legislative procedures for budget scrutiny	<ul style="list-style-type: none"> • Records of legislative sessions and decisions • Content of legislative procedures for reviewing budget proposals 	<ul style="list-style-type: none"> • Legislature committees, corroborated by advocacy, civil society, and interest groups 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<ul style="list-style-type: none"> How and when the procedures were approved/issued Confirmation that procedures were adhered to, or information on non-adherence 		
18.3 Timing of budget approval	<ul style="list-style-type: none"> Date of budget approval by the legislature in each of the last three fiscal years 	<ul style="list-style-type: none"> MoF (budget department), corroborated by the legislature (budget/finance commissions) 	
18.4 Rules for budget adjustment by	<ul style="list-style-type: none"> Procedures and rules for in-year budget amendments by the executive Confirmation that procedures were adhered to, or information on non-adherence 	<ul style="list-style-type: none"> Legislature committees, corroborated by advocacy, civil society, and interest groups Internal and/or external audit reports 	
Pillar V: Predictability and control in budget execution			
PI-19 Revenue administration			
19.1 Rights and obligations for revenue measures	<ul style="list-style-type: none"> Information provided to payers on most revenue obligation areas, and rights, including at a minimum redress processes and procedures Notes on whether the information provided to payers is comprehensive, up to date, and easy to access The means by which information is provided. 	<ul style="list-style-type: none"> Tax code and other revenue legislation. In resource-rich countries, additional legislation may include relevant information as part of natural resource management arrangements Revenue agency websites and publications with information on key obligations and rights Customized information products tailored to the needs of key payer segments Documented procedures (of the entities collecting most or majority of the central government revenue) (The best information sources are the revenue authorities, and investment and promotion agencies. Information should also be triangulated with 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
		taxpayer and business associations, chamber/s of commerce, etc. <ul style="list-style-type: none"> Some countries have one-stop shops, government service centers, or e-government portals that perform some or all of the client service involved in revenue administration.) 	
19.2 Revenue risk management	<ul style="list-style-type: none"> Information on the procedures and approach used by entities collecting central government revenues to assess and prioritize compliance risks; and whether it covers (i) all categories of revenue; (ii) key payer segments (at a minimum, medium and large revenue payers); and (iii) payers' four main obligations 	<ul style="list-style-type: none"> Documented risk management approach used by revenue authorities to assess and prioritize compliance risks A register of identified compliance risks for each payer segment (and for large- and medium-sized payers at a minimum) (The best information sources are the entities collecting most or the majority of central government revenue.) 	
19.3 Revenue audit and investigation	<ul style="list-style-type: none"> The existence of a compliance improvement plan for each revenue-collecting authority or major revenue measure Data on the extent to which audit and fraud investigations are managed and reported on according to a documented compliance improvement plan The completion rate of audit and fraud investigations (i.e., a comparison of those planned and those conducted) 	<ul style="list-style-type: none"> Documented compliance improvement plan Status reports on progress in the implementation of planned risk-mitigation activities and audit and fraud investigations (The best information sources are the entities collecting most or the majority of central government revenue.) 	
19.4. Revenue arrears monitoring	<ul style="list-style-type: none"> The stock of revenue arrears at the end of the last completed fiscal year. The total revenue collection for the same year. The revenue arrears older than 12 months at the end of the last completed fiscal year. 	<ul style="list-style-type: none"> Revenue collection authority records such as a documented report on (i) the stock of revenue arrears; and (ii) revenue arrears older than 12 months 	
PI-20 Accounting for revenue			

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
20.1 Information on revenue collections	<ul style="list-style-type: none"> Evidence that information is received on all revenue by a central agency, through systems or separate reports Reports on revenue are organized by the central agency that receives information from collecting entities 	<ul style="list-style-type: none"> Entities/revenue authorities collecting CG revenue Treasury or other designated revenue recipients Central Bank 	
20.2 Transfer of revenue collections	<ul style="list-style-type: none"> Information on the approach(es) to transferring revenue collections to the Treasury and other designated agencies The promptness of transfers to the Treasury or other designated agencies 	<ul style="list-style-type: none"> Entities/revenue authorities collecting CG revenue, the Treasury or other designated revenue recipients, and the central bank 	
20.3 Revenue accounts reconciliation	<ul style="list-style-type: none"> Comprehensiveness, frequency, and timeliness of reconciliation undertaken by each major revenue-collection entity and involving aggregate amounts of assessments/charges, collections, arrears, and transfers to (and receipts by) the Treasury or other designated agencies 	<ul style="list-style-type: none"> Entities/revenue authorities collecting CG revenue Treasury or other designated revenue recipients Central Bank 	
PI-21 Predictability of in-year resource allocation			
21.1 Consolidation of cash balances	<ul style="list-style-type: none"> Number of bank accounts managed by the Treasury and other budgetary units. Number of accounts included in the TSA for which balances are calculated and consolidated by the Treasury Frequency of the consolidation of bank account balances 	<ul style="list-style-type: none"> Treasury Budgetary units Central Bank 	
21.2 Cash forecasting and monitoring	<ul style="list-style-type: none"> Evidence of the preparation of cash flow forecasts by a central entity and frequency of updates 	<ul style="list-style-type: none"> MoF and/or Treasury Budgetary units 	
21.3 Information on commitment ceilings	<ul style="list-style-type: none"> Evidence of the existence, and frequency of issue, of commitment ceilings for budgetary units 	<ul style="list-style-type: none"> Treasury Budgetary units 	
21.4 Significance of in-year budget adjustments	<ul style="list-style-type: none"> Requests and approvals of significant budget adjustments (e.g. supplementary estimates and virements between budget entities) 	<ul style="list-style-type: none"> MoF Budgetary units 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<ul style="list-style-type: none"> Timing and communication on adjustments from central units to other budgetary units Fiscal impact of budget adjustments 		
PI-22 Expenditure arrears			
22.1 Stock of expenditure arrears	<ul style="list-style-type: none"> Level of expenditure arrears (at end of each fiscal year) Total BCG expenditures (for each fiscal year) 	<ul style="list-style-type: none"> Treasury Budget directorate Government accounting office Budgetary units Debt Management Office Chamber of Commerce/Industry and other private sector representatives for triangulation 	
22.2 Expenditure arrears monitoring	<ul style="list-style-type: none"> Information on how expenditure arrears are defined and through what means (legislation, tender documents, contracts, court decisions) Recent data report(s) on expenditure arrears that indicate stock, composition and age profiles Frequency and delay of generating such reports during the past twelve months 	<ul style="list-style-type: none"> Treasury Budget directorate Budgetary units Government accounting office Debt Management Office 	
PI-23 Payroll controls			
23.1 Integration of payroll and personnel records	<ul style="list-style-type: none"> Documentation of payroll changes and corresponding personnel records Documentation of the procedures applied and demonstration of the process for dealing with changes to personnel records and reconciliation of payroll and personnel records Information on the timing of reconciliations 	<ul style="list-style-type: none"> Public service commission Personnel management directorate or department. Accountant General Finance officers of budgetary units and agencies SAI to triangulate information 	
23.2 Management of payroll changes	<ul style="list-style-type: none"> Frequency and timing of updating of personnel records and payroll data Information on the number and size of retroactive adjustments 	<ul style="list-style-type: none"> Public service commission Personnel management directorate or department Accountant General 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<ul style="list-style-type: none"> Delay in the number of days from change in personnel status to personnel records and payroll data are updated 	<ul style="list-style-type: none"> Finance officers of budgetary units and agencies SAI to triangulate information Staff union to triangulate information 	
23.3 Internal control of payroll	<ul style="list-style-type: none"> Procedures establishing roles and responsibilities Evidence that procedures are applied <p>HRMS log queries</p>	<ul style="list-style-type: none"> Public service commission Personnel management directorate or department. Accountant General Finance officers of budgetary units and agencies SAI to triangulate information Audit units to triangulate information 	
23.4 Payroll audit	<ul style="list-style-type: none"> Dates of payroll audit events during the last three fiscal years Coverage, scope and auditors of each event Action taken on audit findings 	<ul style="list-style-type: none"> Public service commission Personnel management directorate or department Accountant General. Finance officers of budgetary units and agencies. SAI to triangulate information. Audit units to triangulate information 	
PI-24 Procurement management			
24.1 Procurement monitoring	<ul style="list-style-type: none"> Data bases with information on what has been procured, the value of procurement, and who has been awarded the contracts Information on the accuracy and completeness of data 	<ul style="list-style-type: none"> MoF or entities where procurement monitoring has been centralized. In decentralized systems, see the five CG units with the highest value of procurement 	
24.2 Procurement methods	<ul style="list-style-type: none"> Data bases with information on contracts awarded through competitive and non-competitive methods and value. 	<ul style="list-style-type: none"> MoF or entities where the procurement monitoring has been centralized. In decentralized systems, see the five CG units with the highest value of procurement 	
24.3 Public access to procurement	<ul style="list-style-type: none"> Legal and regulatory framework for procurement 	<ul style="list-style-type: none"> As in dimension 24.1, plus procurement data 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
information	<ul style="list-style-type: none"> Information on government procurement plans, bidding opportunities, contract awards, resolution of procurement complaints, and annual procurement statistics 	<ul style="list-style-type: none"> publicly available in official websites Corroborations from civil society or business associations (e.g., chambers of commerce) 	
24.4 Procurement complaints management	<ul style="list-style-type: none"> Legal and regulatory framework of the complaint body addressing the requirements set up the dimension 24.4 Data with number of complaints received and resolved (settled in favor of complainants and procuring entities respectively) Fees charged, if any (refer criterion 2) 	<ul style="list-style-type: none"> Procurement complaints body, SAI, civil society or business associations (e.g., chamber of commerce) Internal and external audit reports Meetings with civil society and private sector 	
PI-25 Internal controls on non-salary expenditure			
25.1 Segregation of duties	<ul style="list-style-type: none"> Prescribed rules, regulations or procedures establishing segregation of duties Evidence that rules are complied with 	<ul style="list-style-type: none"> Budget directorate Accounting directorate Treasury Oversight body Internal audit Regulations and guidance on accounting and payment processing 	
25.2 Effectiveness of expenditure commitment controls	<ul style="list-style-type: none"> Information on commitment controls and associated compliance and assurance arrangements. Error rates or rejection rates in routine financial transactions as reported by government financial controllers and /or internal or external audit bodies. 	<ul style="list-style-type: none"> MoF (Internal audit) Treasury Accountant General Heads and finance officers of major budgetary units SAI 	
25.3 Compliance with payment rules and procedures	<ul style="list-style-type: none"> Prescribed procedures, regulations or rules establishing the segregation of duties and payment procedures Evidence that procedures are complied with 	<ul style="list-style-type: none"> Budget directorate Accounting directorate Treasury Oversight body Internal audit. Regulations and guidance on accounting and payment processing Information system 	
Pillar VI: Accounting and reporting			
PI-26 Internal audit			
26.1 Coverage of internal audit	<ul style="list-style-type: none"> Regulations, laws and procedures relating to internal audit 	<ul style="list-style-type: none"> MoF (Internal audit) Accountant General 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	Internal audit reports of budgetary and extrabudgetary units	<ul style="list-style-type: none"> • Heads and finance officers of major budgetary units • SAI for triangulation of information 	
26.2 Nature of audits and standards applied	<ul style="list-style-type: none"> • Documented rules regulations and procedures on internal audit • Evidence of internal audits focused on the evaluation of adequacy and effectiveness • Evidence of internal audit standards being applied • Quality assurance procedures for internal audit • Comparison of actual audit functions and activities with professional standards 	<ul style="list-style-type: none"> • MoF (Internal audit) • Accountant General • Heads and finance officers of major budgetary units • SAI for triangulation of information 	
26.3 Implementation of internal audits and reporting	<ul style="list-style-type: none"> • Documentary evidence of an annual internal audit program (e.g. plan) and completed internal audits 	<ul style="list-style-type: none"> • MoF (Internal audit) • Accountant General • Heads and finance Officers of major budgetary units • SAI for triangulation of information 	
26.4 Response to internal audits	<ul style="list-style-type: none"> • Documentary evidence of management response to internal audit recommendations and information on timing of the response 	<ul style="list-style-type: none"> • MoF (Internal audit) • Accountant General • Heads and finance officers of major budgetary units • SAI for triangulation of information 	
PI-27 Financial data integrity			
27.1 Bank account reconciliation	<ul style="list-style-type: none"> • 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 the Treasury 	<ul style="list-style-type: none"> • Treasury • Accountant General • SAI <p>Central bank</p>	
27.2 Suspense accounts	<ul style="list-style-type: none"> • Frequency of reconciliation of suspense accounts 	<ul style="list-style-type: none"> • Treasury • Accountant General 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<ul style="list-style-type: none"> Number of days from end of reconciled period to date of reconciliation is completed for suspense accounts 	<ul style="list-style-type: none"> SAI Central Bank 	
27.3 Advance accounts	<ul style="list-style-type: none"> Nature of advance accounts Frequency and timeliness of reconciliation clearance of advance accounts Timeliness of clearance of advances 	<ul style="list-style-type: none"> Treasury Accountant General SAI Central Bank 	
27.4 Financial data integrity processes	<ul style="list-style-type: none"> Documentary evidence of rules, regulations or procedures access to and recording of changes to records Evidence of the existence of a unit in charge of verifying financial data integrity 	<ul style="list-style-type: none"> Budget directorate Accounting directorate Treasury Oversight body Internal audit 	
PI-28 In-year budget reports			
28.1 Coverage and comparability of reports	<ul style="list-style-type: none"> Budget execution reports compared with authorized budgets, including transfers and activities of deconcentrated units 	<ul style="list-style-type: none"> Accountant general corroborated by SAI or internal audit Treasury or MoF 	
28.2 Timing of in-year budget reports	<ul style="list-style-type: none"> Frequency of in-year budget execution reports Number of days following end of period that budget report is disseminated within the government Availability of reports or ability to generate reports 	<ul style="list-style-type: none"> Accountant general corroborated by SAI or internal audit Treasury or MoF 	
28.3 Accuracy of in-year budget reports	<ul style="list-style-type: none"> Budget execution reports including details of how reports are compiled Identification of information on payments and commitments in reports Information on revisions and adjustments made after reports have been finalized 	<ul style="list-style-type: none"> Accountant general corroborated by SAI or internal audit 	
PI-29 Annual financial reports			
29.1 Completeness of annual financial reports	<ul style="list-style-type: none"> Annual financial reports compared with the approved budget 	<ul style="list-style-type: none"> Accountant general corroborated by SAI 	
29.2 Submission of reports for external audit	<ul style="list-style-type: none"> Number of days following the end of the fiscal year that the financial report was submitted for external audit during the last year 	<ul style="list-style-type: none"> Accountant general corroborated by SAI 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
29.3 Accounting standards	<ul style="list-style-type: none"> Evidence of accounting standards being used and applied; any gaps between the standards and international accounting standards are explained Notes on the financial reports relating to the standards applied 	<ul style="list-style-type: none"> Accountant general corroborated by SAI. 	
Pillar VII: External scrutiny and audit			
PI-30 External audit			
30.1 Audit coverage and standards	<ul style="list-style-type: none"> Percentage of all central government entities, including extrabudgetary units and social security funds (by value of expenditure), that were audited during the period 	<ul style="list-style-type: none"> SAI, corroborated by the parliamentary public accounts committee and civic interest groups 	
30.2 Submission of audit reports to the legislature	<ul style="list-style-type: none"> Date(s) of receipt of financial report(s) by the external auditor. Date(s) of submitting the audit reports to the legislature Calculation of the period between receipt by the auditor and submission to the legislature Information on the causes for any delays in submitting the audited financial report to the legislature 	<ul style="list-style-type: none"> SAI corroborated by the parliamentary public Accounts committee and civic interest groups. Information on submission of reports for audit can also be corroborated with the MoF or the Treasury ministries. 	
30.3 External audit follow-up	<ul style="list-style-type: none"> Information on recommendations made by the auditor and responses from the executive or audited entity during the period 	<ul style="list-style-type: none"> SAI and internal auditors of major budgetary units, corroborated by Parliamentary Public Accounts committee, government ministers, the MoF, audited entities and civic interest groups 	
30.4 Supreme Audit Institution independence	<ul style="list-style-type: none"> Constitution and/or law governing operation of SAIs 	<ul style="list-style-type: none"> SAI Legislation External reports on SAI independence and financial governance 	
PI-31 Legislative scrutiny of audit reports			
31.1 Timing of audit report scrutiny	<ul style="list-style-type: none"> Number of months taken for complete scrutiny of the external audit report by the legislature after receipt of the report 	<ul style="list-style-type: none"> SAI, MoF, legislature, and Budget Committee of the parliament, corroborated by civic interest groups 	
31.2 Hearings on audit findings	<ul style="list-style-type: none"> Records of hearings and audit reports for the last three completed fiscal years 	<ul style="list-style-type: none"> Respective legislative committees, the Budget Committee of the parliament, SAI, and the 	

PEFA Assessment: Data required and sources

PEFA 2016 Performance Indicator	Data required	Data sources	Data Provided (Y/N)
	<ul style="list-style-type: none"> Records of attendance at hearings, particularly concerning the audited entities and SAI 	MoF, corroborated by civic interest groups	
31.3 Recommendations on audit by the legislature	<ul style="list-style-type: none"> Records of recommendations by the legislature for actions to be taken by the executive Records of procedures for following up on recommendations Information on whether the procedures are followed. 	<ul style="list-style-type: none"> SAI Legislature 	
31.4 Transparency of legislative scrutiny of audit reports	<ul style="list-style-type: none"> Number of hearings on audit reports Number of hearings conducted in public Evidence that legislative committee reports on audits are debated in the full chamber of the legislature and published in a publicly accessible form 	<ul style="list-style-type: none"> Legislature corroborated by SAI and civic interest groups. 	