Session 4: Scoring PEFA Indicators

Objective of the exercise:

The following cases to illustrate common problems in the scoring of indicators PI-1, 11 (dimension ii), and 28 (dimension i).

For each indicator, information is provided on the state of affairs as found in a typical PFM Performance Report. The group will assess the relevance and adequacy of the information provided, and agree on the score for each indicator or dimension.

Required:

Each group needs to:

1. Judge if the information provided is sufficient for scoring of each dimension and indicator and identify any information gaps;

2. Make its assessment of the score for each indicator, citing the evidence for that score.

One person in each group should be chosen to report the findings of the group back to the plenary session. All cases should be read, as reports will be made in turn by each group, indicator by indicator, and other groups will be invited to comment.

Note: Government fiscal year is January 1st to December 31

PI-1: Aggregate expenditure outturn compared to the original approved budget

The overall deviation of primary expenditure from the budget amounted to 14.7% in 2007, 27.8% in 2008 and 13.9% in 2010. It went as high as 43.3% in 2009, but this was caused by a political crisis that paralyzed the government for 5 months in the wake of general elections. During this period hardly any revenue could be collected, public servants were generally not paid and only the defense and other security sector expenditures were made at anywhere near budget estimates.

Budget execution rates for primary expenditure in recent years.

Fiscal year	Actual primary expenditure as % of budgeted
2003	84.2%
2004	96.3%
2005	79.8%
2007	85.3%
2008	72.2%
2009	56.7%
2010	86.1%

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?

2. If the evidence is sufficient, what is your rating?

PI-11: Orderliness and participation in the annual budget process

Dimension (ii): Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent)

At the operational level, the budget circular, issued by Ministry of Finance prior to the beginning of the annual budget process, is intended to guide the annual budget process. Whilst it discusses the general policy of the upcoming budget, the specific budget timetable and various budgetary procedures to be followed, it does not contain ministry/sector ceilings to guide line ministries in planning their budget proposals.

The Cabinet reviews the budget at least twice before it is presented to the legislature, and there appears to be adequate time allotted to incorporate suggested changes by Cabinet. The Cabinet Subcommittee on the Budget (comprising the largest ministries) scrutinizes and suggests adjustments to the draft budget a number of times over a period of two months.

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?

2. If the evidence is sufficient, what is your rating?

PI-28: Legislative scrutiny of external audit reports

Dimension (i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years)

The Public Accounts Committee (PAC) is responsible for reviewing the National Audit Office report for all central government accounts.

Reports received by PAC include (i) the unaudited financial statements of individual ministries, departments and autonomous agencies and the annual accounts of the Accountant General; (ii) the detailed audit reports from the National Audit Office. The PAC received the NAO audit report on the financial statements for FY08 in March 2010 (for FY07 in July 2009) and completed its review of the report in May 2010 (for FY03 in October 2009). All PAC reports have been tabled in the full Parliament and approved during the session following their completion.

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?

2. If the evidence is sufficient, what is your rating?