

The PFM Reporting Framework v2.0

Module 1.2

PFM

REPORTING FRAMEWORK



Module 1

Introducing the Tool

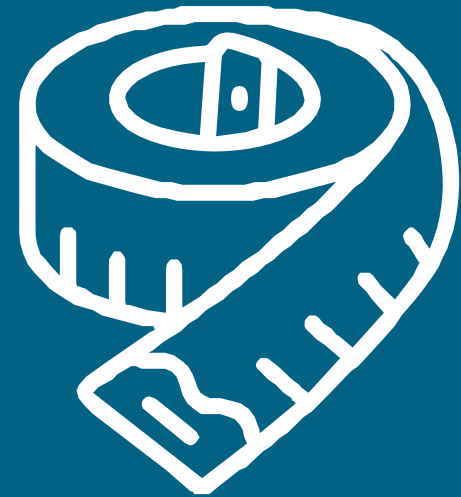
- Benefits of the Tool
- Introduction to PFM Systems
- Assessing PFM Outcomes
- Root Cause Analysis



Module 2

Developing the Audit Plan

- Audit Scope
- Sources and Means of Verification
- Interview Plan



Module 3

Deep Dive into Pilot Application

- Conduct Pilot Audit (Group Work)



Module 4

Interpreting Results

- Calibrating Grades
- Discussing Results
- Working with Dashboards

Module 5

Writing the Audit Report

- Getting to know the Template
- Formulating Key Messages
- Formulating
- Recommendations



Module 6

Follow up

- Sharing Learning Experiences
- Discussing Audit Results
- Reviewing Audit Report
- Follow-up plan and Results
- Dissemination





■ SESSION OUTLINE

1. Genesis of the PFM Reporting Framework
2. Core objectives of the tool
3. Introduction to PFM assessment landscape
4. Introduction to the tool
5. Showcasing experiences from early applications



GENESIS OF THE PFM REPORTING FRAMEWORK

1

INCOSAI (2016) defined 4 different approaches through which SAIs can contribute to monitoring SDGs:

- Auditing Preparedness for SDGs
- Performance audit of programmes that contribute to SDGs
- Assessing and supporting SDG 16 (effective, accountable and transparent institutions)
- Being model organizations of transparency and accountability



GENESIS



■ **CORE
OBJECTIVES
OF THE TOOL**



The PFM RF in a nutshell



An **excel based tool** specifically developed for SAIs to identify the most relevant PFM risks present in their country



Tested by Ghana (03/18), MOZ (04/18), Kenya (07/18), Rwanda and Zimbabwe (10/2018), Brazil (11/18) and Portugal (01/19)



Assesses the **readiness of the national PFM system** in supporting the SDGs and **ensure disaster preparedness**



In total, **rolled out in 15 countries** based on V1.0



Available in **English, French and Portuguese**



Presented to the **UN HLP in 2019**



Adopted by the **AFROSAI-E Governing Board in 2018**



Version 2.0 adopted in June 2020

The PFM RF in a nutshell

- ✓ **Helps SAIs to provide specific recommendations to the Government** about the implementation of policies that contribute to SDGs.
- ✓ **Designed to test the performance and ‘readiness’ of national systems.**
- ✓ **The tool is based on a holistic assessment of the PFM system** and focuses on four key institutions:
 - The Ministry of Economy and Finance,
 - The Tax Authority and
 - Parliament, and
 - Ministries, Departments and Agencies (MDA)
- ✓ **It does NOT include an analysis that measures the progress of SDG related programs.**

- Tailor-made for SAIs
- Comprehensive and holistic approach to PFM
- Light tool building on existing information and feeding from other tools
- Identifies root causes and risks
- Focus on SDGs and Disaster Preparedness
- Annual exercise



ADVANTAGES OF PFM RF V2.0



INTRODUCTION TO PFM ASSESSMENT LANDSCAPE

3

	PEFA	
	Public	Non-public
Angola	0	2
Botswana	3	0
Eritrea	n/a	n/a
Eswatini	1	1
Ethiopia	29	0
Gambia	1	1
Ghana	4	10
Kenya	10	0
Lesotho	3	1
Liberia	3	2
Malawi	3	2
Mauritius	3	0
Mozambique	4	7
Namibia	0	2
Nigeria	5	26
Rwanda	11	0
Seychelles	3	0
Sierra Leone	9	0
Somalia	n/a	n/a
South Africa	14	0
South Sudan	5	0
Sudan	1	1
Uganda	4	18
Tanzania	25	1
Zambia	3	1
Zimbabwe	2	0



MAPPING ASSESSMENTS OF AFROSAI-E MEMBERS



INTRODUCTION TO THE TOOL

4

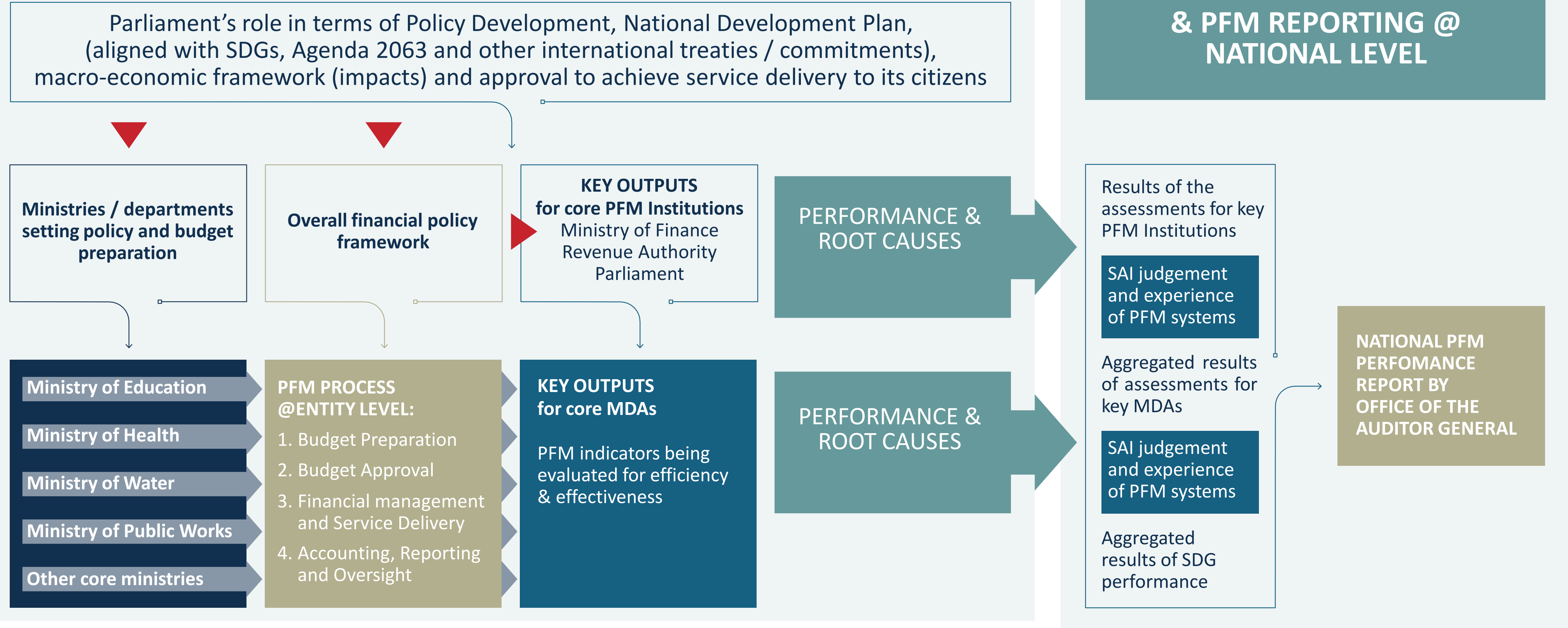
The PFM reporting framework version 2.0 is an improved version of the original tool.

- It is still an excel-based tool which allows auditors to assess the performance of public financial management processes along the whole budget cycle.
- **The three main areas of improvement in Version 2.0 are:**

1. Technical issues with the excel formulae in data capturing;
2. Improved ability and agility of the tool to audit SDG implementation and
3. Improved consistency and robustness in the audit of disaster preparedness of government institutions.



PFM EVALUATION AND REPORTING AT MINISTERIAL LEVEL

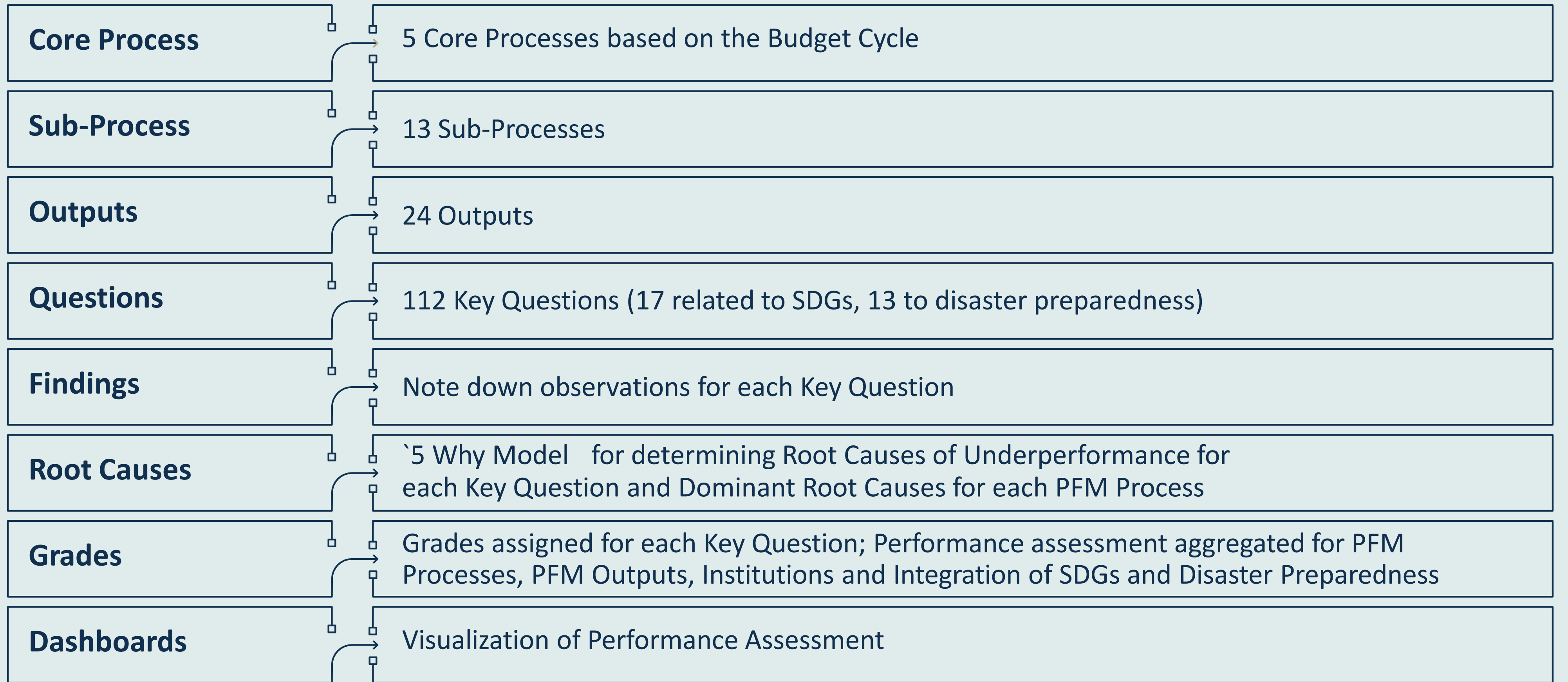


FRAMEWORK

- **Effective public sector institutions and reliable delivery of public services** are essential for the realization of SDGs
- **Effective management of public finances** is essential for ensuring service delivery and well functioning institutions
- With **holistic oversight and reporting on PFM processes** SAIs can make a meaningful contribution to the SDGs
- **Sound public financial management** has a crosscutting function for the realization of development objectives in all sectors
- The PFM RF is not an SDG audit as such but **verifies the readiness of the whole PFM system to enable the realization of SDGs**



WHY AUDIT THE PFM SYSTEM?



STRUCTURE OF THE PFM RF V2.0 TOOL

1 Handbook:

consult for detailed description of indicators, potential sources and means of verification, key terms and purpose of question information.

2 Instruction sheet:

read it for guidance before starting working on the tool!

3 Definitions:

look up when in doubt!

4 Assessment sheets:

enter your assessment results!

5 Dashboard sheets:

automatic visualisation of the results of the assessment.

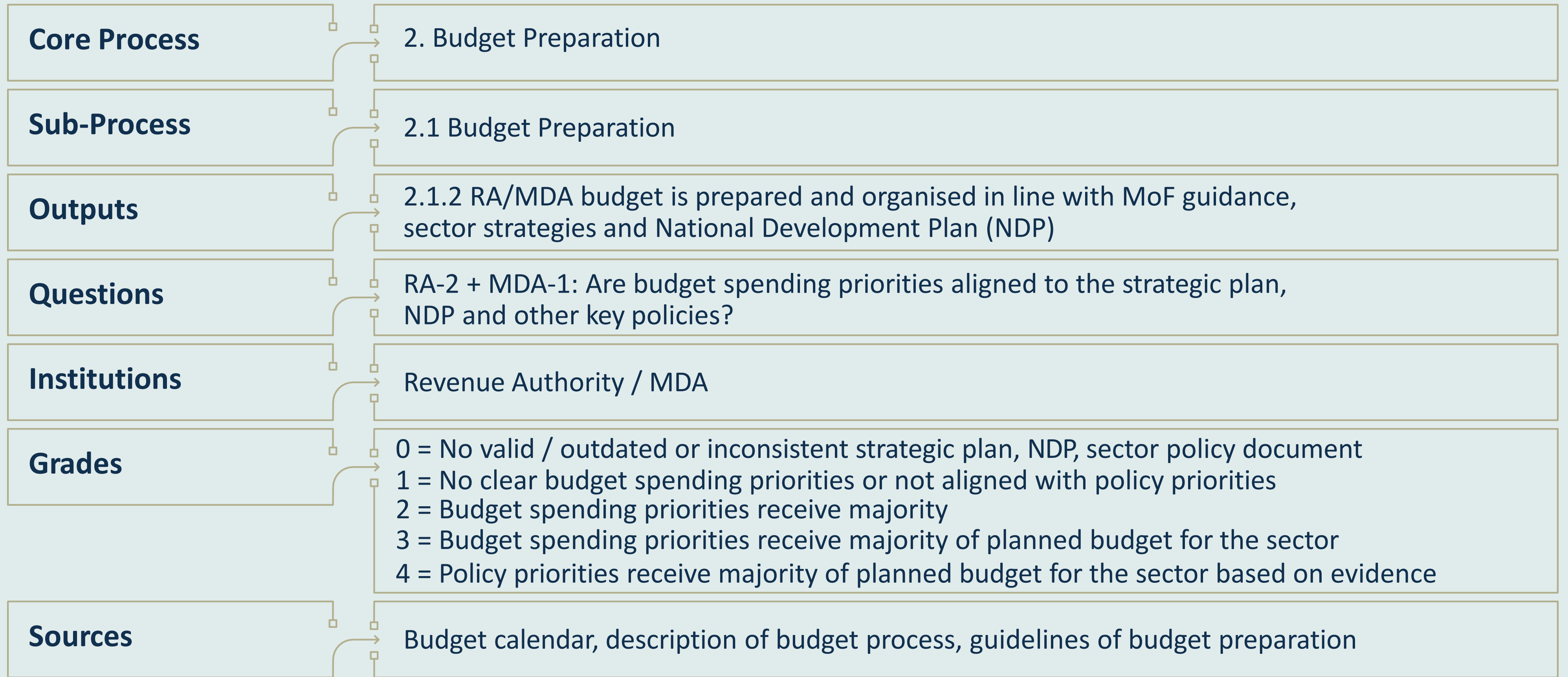
6 Website:

www.pfmreporting-tool.com

7 Public reports:

Cabo Verde, Mozambique, Zimbabwe

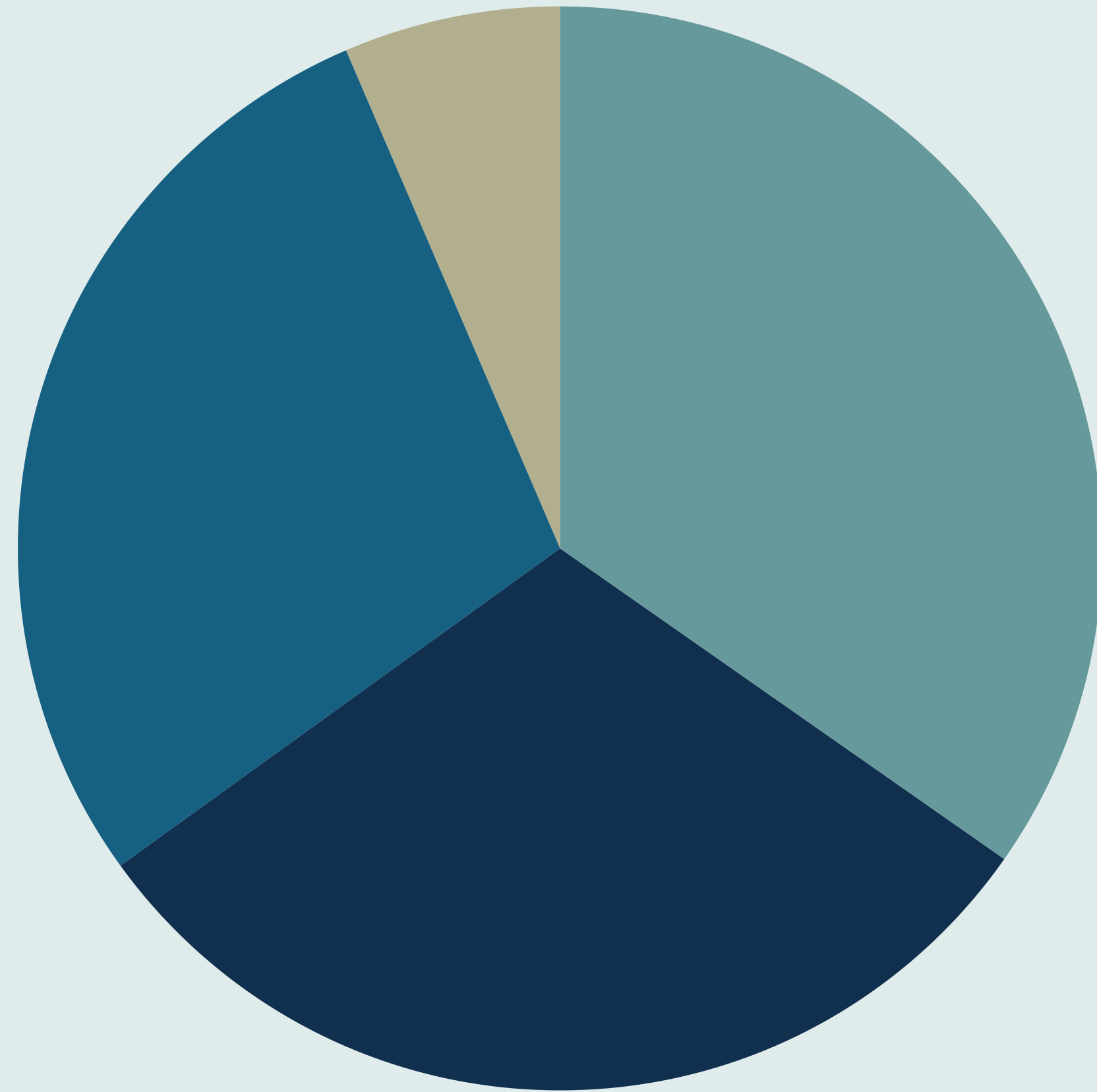
AUXILIARY DOCUMENTS



SAMPLE AUDIT QUESTION

By institution:

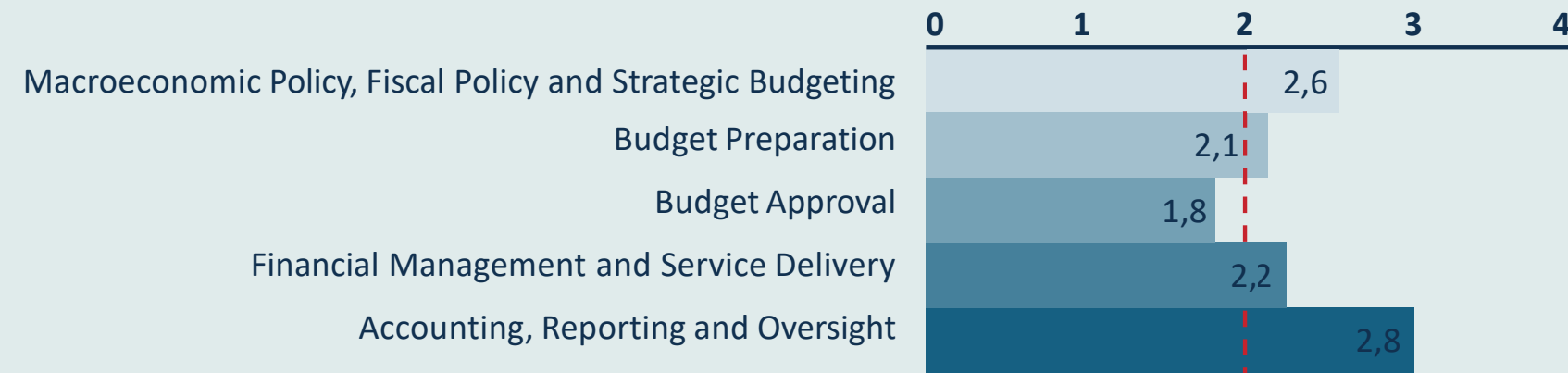
- Parliament 10
- MDA 43
- RA 46
- MoF 53



DISTRIBUTION OF KEY QUESTIONS

Government Performance by PFM Process

Average of process-level performance of all institutions involved in each process



Dominant Root Causes of Underperformance by Institution

Identified by auditors for each process considering the root causes identified for all Key Questions under that process

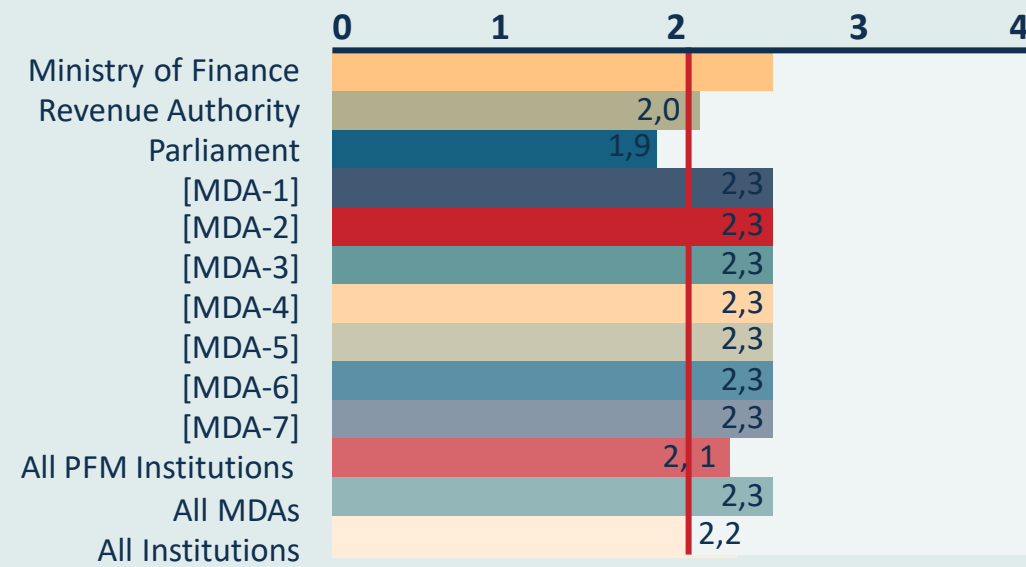
- ← (3) Information systems
- ← (5) Communication and stakeholder management
- ← (4) Governance and oversight
- ← (4) Governance and oversight
- ← (3) Information systems

Ministry of Finance

Select institution to see Dominant Root Cause of underperformance for each PFM Process.

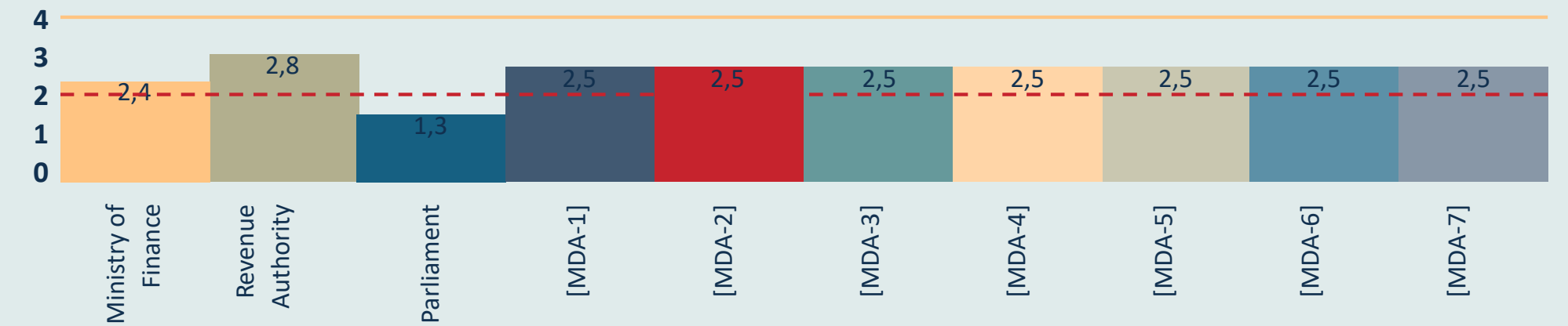
Performance by Institution

Average of all Key Questions assessed for each institution



Performance of Institutions in Integrating SDGs into PFM Processes

Average performance on Key Questions that specifically address the SDGs



Key Overall Risk Areas

Performance grade below 2 indicates risk area (shaded in red)

	Ministry of Finance	Revenue Authority	Parliament	[MDA-1]	[MDA-2]	[MDA-3]	[MDA-4]	[MDA-5]	[MDA-6]	[MDA-7]	All PFM Institutions	All MDAs	All Institutions
1-Macroeconomic Policy, Fiscal Policy and Strategic Budgeting	2,1	3,0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,6	N/A	2,6
2-Budget Preparation	2,0	2,6	N/A	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,3	2,0	2,1
3-Budget Approval	1,0	2,3	0,6	2,0	2,0	2,0	2,0	2,0	2,0	2,0	1,3	2,0	1,8
4-Financial Management and Service Delivery	2,7	2,0	N/A	2,2	2,2	2,2	2,2	2,2	2,2	2,2	2,3	2,2	2,2
5-Accounting, Reporting and Oversight	1,5	0,3	3,5	3,3	3,3	3,3	3,3	3,3	3,3	3,3	1,8	3,3	2,8

--- Risk area below this line — Target performance grade

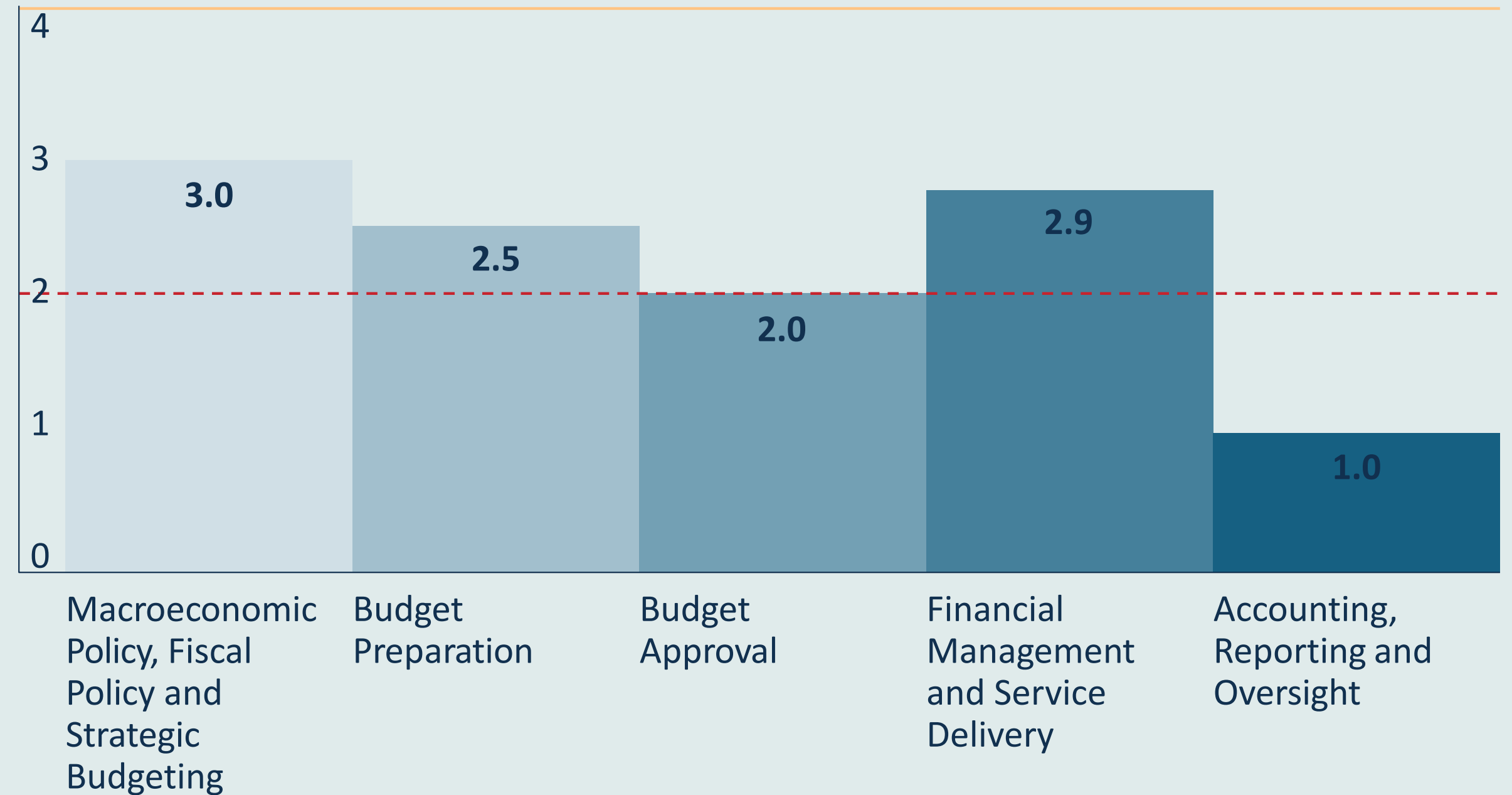
SAMPLE DASHBOARDS

Overall Performance

Average performance on all Key Questions that specifically address the SDGs

Performance by Process

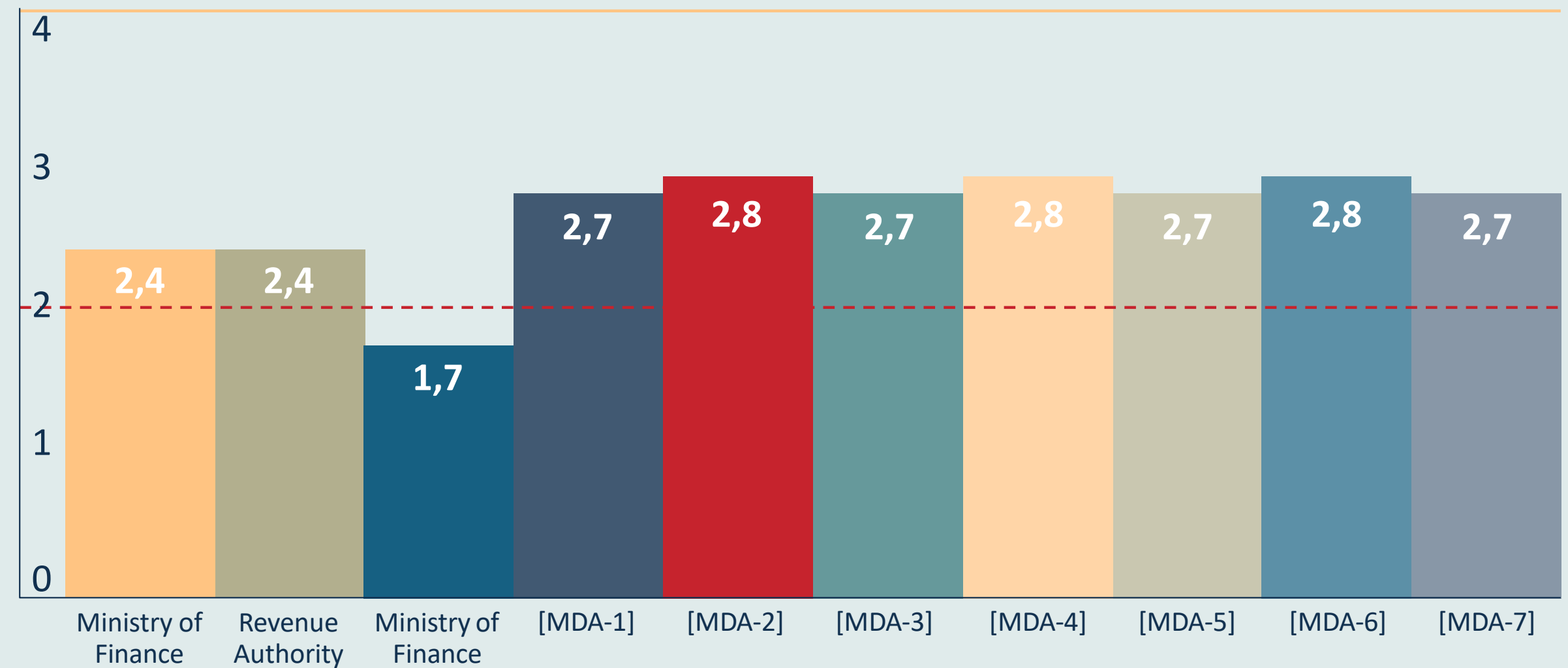
Average performance of Key Questions that specifically address the SDGs



AUDIT OF SDG IMPLEMENTATION

Performance by Institution

Average performance on Key Questions that specifically address the SDGs



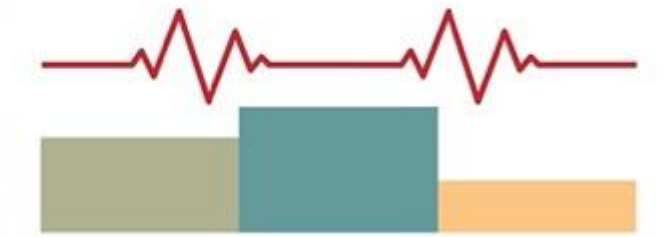
The Public Financial Management Reporting Framework

a AFROSAI-E and GIZ project to support Supreme Audit Institutions

The Reporting Framework enables Supreme Audit Institutions in making their public financial management systems stronger and ensuring its alignment with the Sustainable Development Goals. Better management of public finances benefits all citizens in form of improved essential public services, such as health and education.

PFM

REPORTING FRAMEWORK





■ **SHOWCASING
EXPERIENCES
FROM EARLY
APPLICATIONS**

5

Zimbabwe and Kenya

Ghana

Number of auditors Number of MDAs assessed Number of auditors per institution Time to conduct the full audit



Number of auditors Number of MDAs assessed Number of auditors per institution Time to conduct the full audit



CHALLENGING TOPICS

CHALLENGES IN THE AUDIT

LEARNING EXPERIENCES

- Macroeconomic Policy, Fiscal Policy and Strategic Budgeting;
- Appropriate level of performance assessment
- Root cause analysis

- Revenue forecasting
- Accounting for SDGs

- Joint understanding and interpretation of audit questions the need for regular discussions meetings in the team.
- Including the PFM audit in the overall audit plan of the SAI
- Formation of teams, considering experience and knowledge of MDA.

Differences in accounting period owing to audit areas in some MDAs required GAS to change from a preferred MDA to another

- Pick MDAs that represent SDGs that are being prioritised at national level.
- Stakeholder engagement before implementation and after compilation of report
- Peer reviews after data collection and Dashboard interpretation during report writing is important

- Need to engage sister audit branch heads prior to release of dedicated staff for PFM
- Identify and appoint a coordinator to monitor progress and to consolidate outputs from the teams.



■ REVISITING SESSION OBJECTIVES

- ✓ Appreciate the major benefits of the tool
- ✓ Be aware of the functionality of the tool and the existence of auxiliary materials
- ✓ Get an impression from previous applications of the tool
- ✓ Understand the difference between the PFM RF and other PFM assessments



INTRODUCTION TO PFM SYSTEMS

Module 1.1





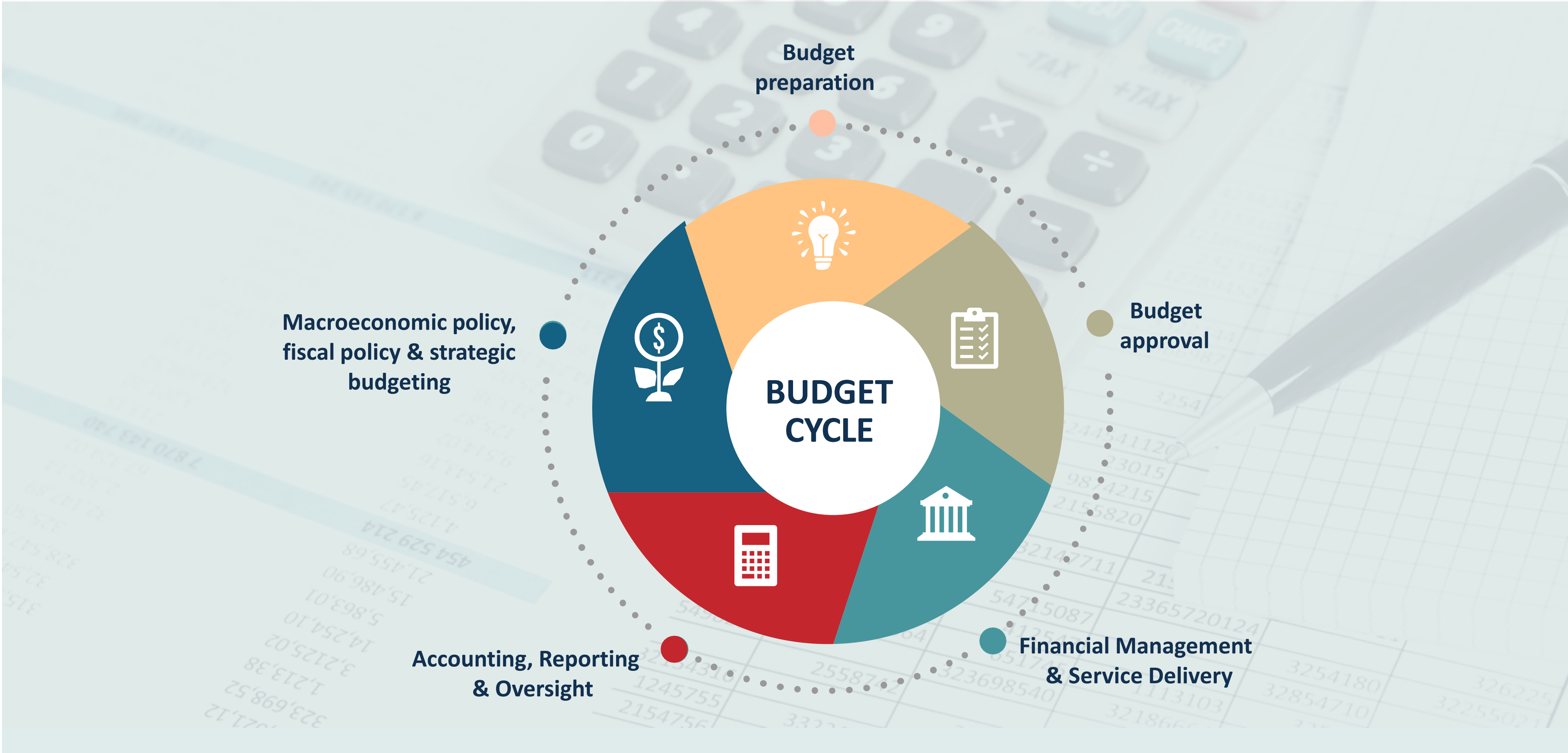
■ SESSION OUTLINE

1. Introduction to Good Financial Governance Principles
2. Holistic view on PFM system
3. PFM RF Handbook: The five PFM processes and sub-processes
4. Snapshot: takeaways from existing PFM assessments
5. SWOT analysis

What is **P**ublic **F**inancial **M**anagement?

PFM refers to the set of rules, laws, systems and processes used by sovereign nations (and sub-national governments), to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results.

‘PFM systems’ are really a series of sub-systems with very different roles, purposes and objectives



Objectives of the PFM systems

To ensure,

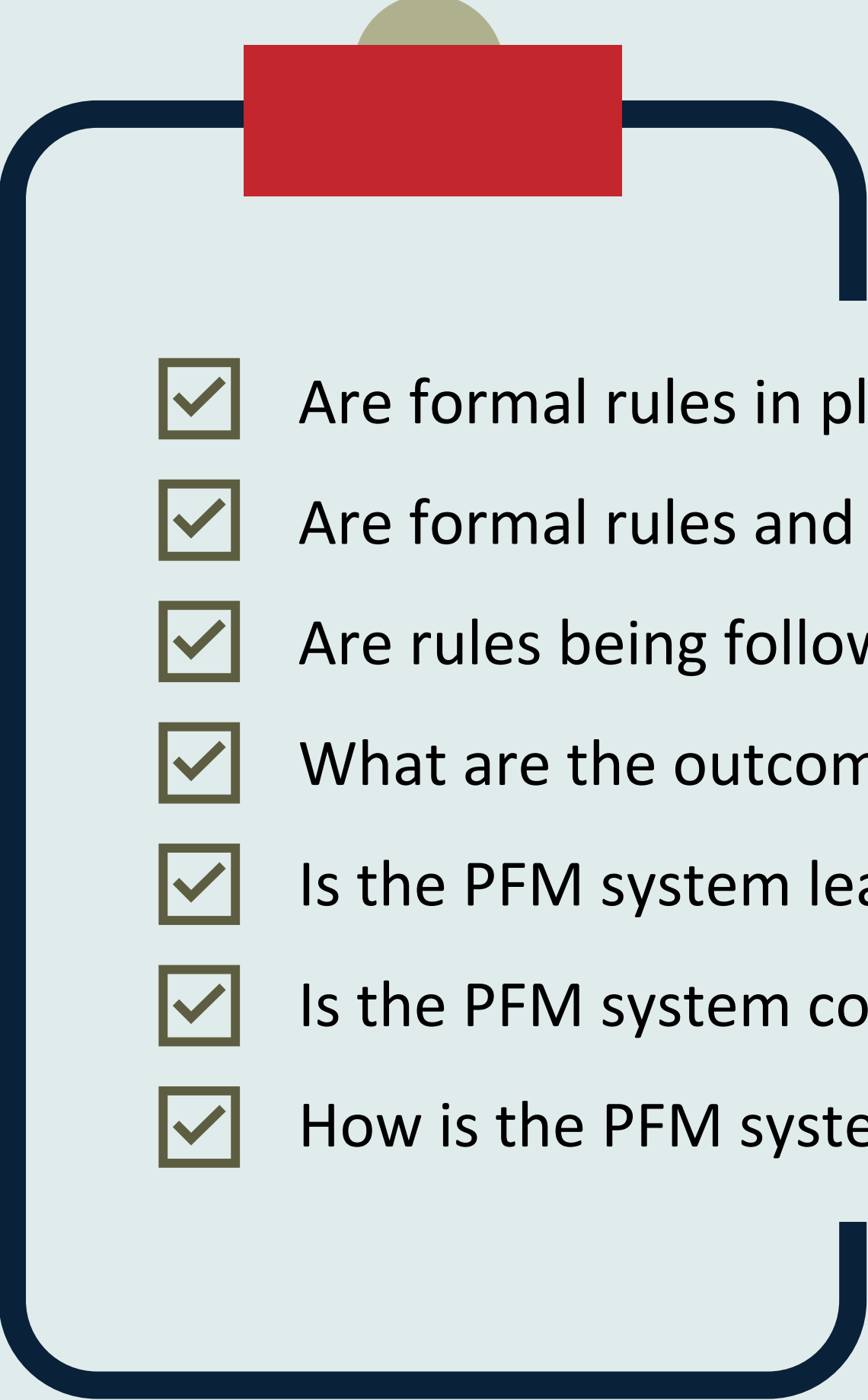
The maintenance of **aggregate fiscal discipline**

Public resources are **allocated effectively and efficiently** to agreed political priorities

Operational efficiency is achieved, in the sense of achieving maximum value for money in the delivery of services,

Accountability by following due process in a transparent manner.



- 
- Are formal rules in place?
 - Are formal rules and regulations following international best practice?
 - Are rules being followed?
 - What are the outcomes of the PFM system and its sub-systems?
 - Is the PFM system leading to good services for the people, macroeconomic stability?
 - Is the PFM system collecting the taxes that are owed?
 - How is the PFM system performing in comparison to other countries?

Comparing the PFM RF V2.0 with the PEFA Reporting Framework

- Audit findings provide expert analysis and context
- Root cause analysis identifies origins of weaknesses
- Tool identifies key risk areas
- Is implemented by domestic auditors/SAs (ownership, local perspective)
- Builds on institutional knowledge



Annual exercise

2-5 months

23 PFM Outputs

112 Audit Questions



Every 3 years

7-12 months

31 Performance Indicators

95 Dimensions (Assessment Questions)

- Designed to inform reform agendas
- Well tested tool
- Used by the international PFM community
- Brings in international expertise
- Focuses on ratings and measuring progress over time
- Resource intensive process



Comparing the PFM RF V2.0 with the PEFA Reporting Framework



- Strong focus on assessing whether and how domesticated SDGs are integrated and relevant in the 5 PFM Processes
- Provides information on disaster 'readiness' (innovation)
- Strong focus on service delivery
- Takes into account MDA perspective
- More profound assessment of RA
- Includes assessment of IT systems (incl. IT system management, IFMIS functionality, eProcurement, etc.)
- **Does not include subnational transfers**
- Grading options are more open to interpretation



- No mention of SDGs → MTEF and macro-fiscal forecasts are the main starting points for policy-based budgeting
- Stronger focus on assessing the timely and comprehensive availability of financial data, including on EBUs, audited financial statements of SOEs, and reports relating to different kinds of assets and liabilities
- Stronger focus on financial data integrity, reconciliation of accounts and in-year reporting
- Includes transfers to subnational level
- More prescriptive in expectations for good ratings



AFROSAI-E – PEFA an example

Budget Reliability:	A, D+, C+
Transparency:	A, B, D, C, C, D
Assets & Liabilities:	D, D+, D, B
Policy-based Fiscal Strategy and Budgeting:	D+, D+, B, B, C+
Accounting and Reporting:	D+, C, C+, D+
External Scrutiny & Audit:	D+, B



<https://www.pefa.org/country/malawi>

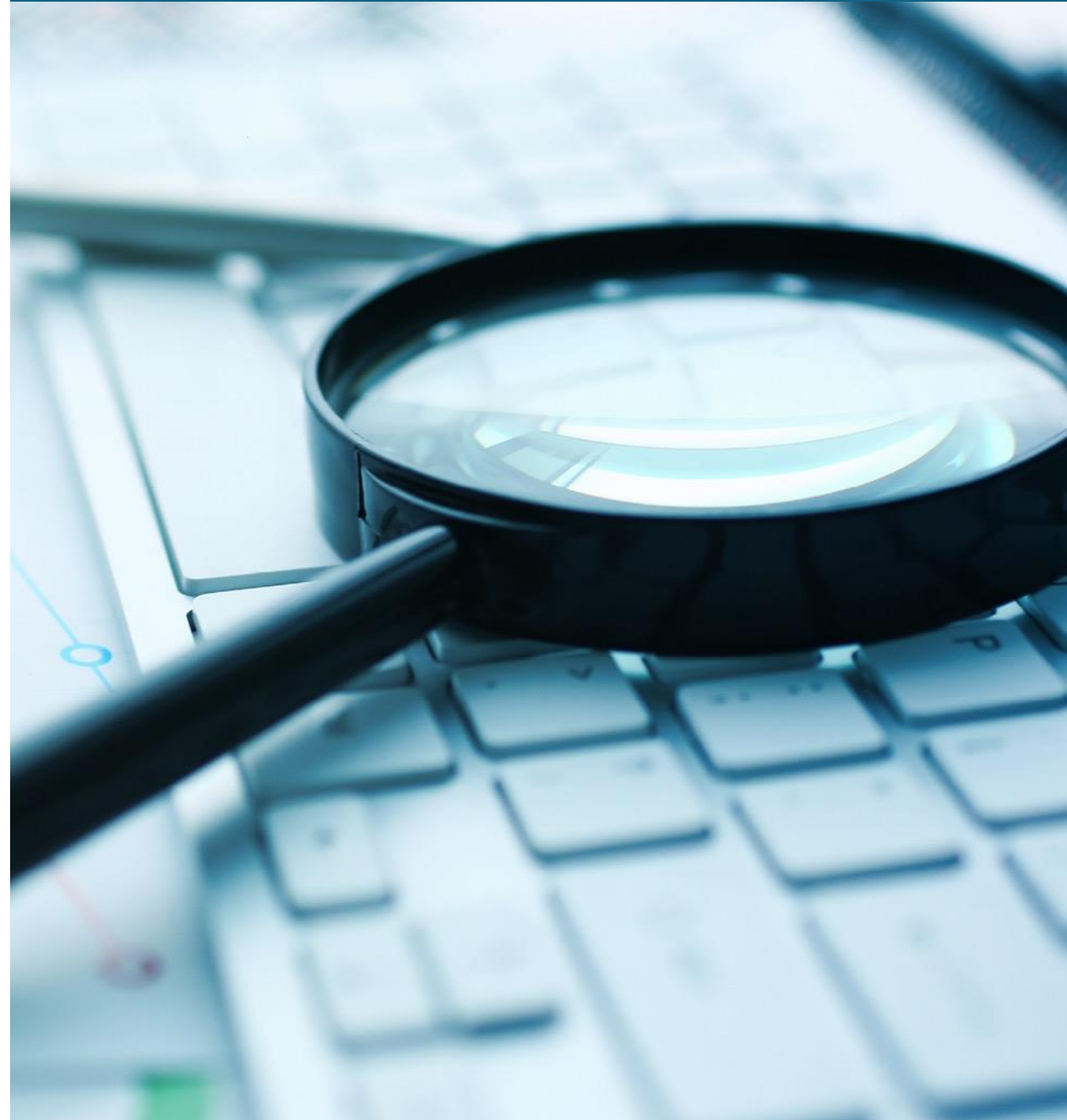
PFM Process 1		PFM Process 2			PFM Process 3		PFM Process 4								PFM Process 5	
MoF-1	RA-1 / PEFA PI-14.2.	MoF-9 / PEFA PI-1.1.	MoF-17-SDG	RA-8-SDG; MDA-7-SDG	MoF-19 / PEFA PI-17.3.	RA-12; MDA-11 / PEFA PI-16.4.	MoF-21 / PEFA PI-24.1.	RA-18; MDA-17	RA-23; MDA-21	RA-29	MDA-27 / PEFA PI-20.1.	RA-35; MDA-31 / PEFA PI-28.2.	RA-37; MDA-33 / PEFA PI-25.1., 25.3.	RA-40-SDG; MDA-36-SDG	MoF-49	RA-46; MDA-43
MoF-2 / PEFA PI-14.1.		MoF-10 / PEFA PI-17.1. & 17.2.	MoF-18	RA-9-SDG; MDA-8-SDG	MoF-20 / PEFA PI-18.4.	RA-13; MDA-12	MoF-22 / PEFA PI-24.2.	MoF-27; RA-19; MDA-18	MoF-32	RA-30	MoF-34	RA-36; MDA-32	RA-38; MDA-34 / PEFA PI 26.3.	RA-41; MDA-37 / PEFA PI-8.2.	MoF-50	Par-6 / PEFA PI-31.3.
MoF-3 / PEFA PI-15.3.		MoF-11 / PEFA PI-11.3. & 11.4.	RA-2; MDA-1	RA-10-SDG; MDA-9-SDG	Par-1 / PEFA PI-18.2.		MoF-23 / PEFA PI-24.3.	MoF-28; RA-20; MDA-19	MoF-33	RA-31 / PEFA PI-20.1.	MoF-35 / PEFA PI-21.3., 25.2.	MoF-38	RA-39; MDA-35 / PEFA PI 26.4.	MDA-38-SDG	MoF-51 / PEFA PI-29.1.	Par-7 / PEFA PI-31.2.
MoF-4-SDG		MoF-12 / PEFA PI-4.1.	RA-3-SDG; MDA-2-SDG		Par-2 / PEFA PI-18.2.		MoF-24 / PEFA PI-24.2.	MoF-29	RA-24	MDA-22 / PEFA PI-19.1.	MoF-36 / PEFA PI-25.1.	MoF-39	MoF-44-SDG / PEFA PI-8.1.	RA-42; MDA-39	MoF-52 / PEFA PI-29.2.	Par-8 / PEFA PI-31.1.
MoF-5 / PEFA PI-13.3.		MoF-13 / PEFA PI-6.1., 16.2., 16.3. & 16.4.	RA-4; MDA-3 / PEFA PI-22.1. & 22.2.		Par-3		RA-14; MDA-13 / PEFA PI-24.2.	MoF-30	RA-25 / PEFA PI-19.2., 19.3.	MDA-23 / PEFA PI-19.4.	MoF-37 / PEFA PI-28.2., 28.3.	MoF-40 / PEFA PI-25.1., 25.3.	MoF-45 / PEFA PI-8.2., 8.3., 8.4.		MoF-53	Par-9 / PEFA PI-31.4.
MoF-6 / PEFA PI 13.1.		MoF-14-SDG	RA-5; MDA-4 / PEFA PI 2.1. & 2.3.		Par-4-SDG		RA-15; MDA-14 / PEFA PI-24.3.	MoF-31	RA-26	MDA-24 / PEFA PI-20.2.	RA-32; MDA-28	MoF-41	MoF-46-SDG		RA-43; MDA-40 / PEFA PI-29.2.	Par-10-SDG
MoF-7 / PEFA PI 13.2.		MoF-15-SDG	RA-6; MDA-5/ PEFA PI-17.1.		Par-5-SDG		MoF-25; RA-16; MDA-15 / PEFA PI-23.1., 23.2., 23.3. & 23.4.	RA-21	RA-27 / PEFA PI-19.1.	MDA-25 / PEFA PI-20.3.	RA-33; MDA-29 / PEFA PI-21.2.	MoF-42 / PEFA PI-26.2.	MoF-47-SDG		RA-44; MDA-41	
MoF-8 / PEFA PI 10.3.		MoF-16-SDG	RA-7; MDA-6		RA-11; MDA-10 / PEFA PI-21.4.		MoF-26; RA-17; MDA-16	RA-22; MDA-20	RA-28 / PEFA PI-3.1.	MDA-26	RA-34; MDA-30 / PEFA PI-25.2.	MoF-43 / PEFA PI-30.3.	MoF-48		RA-45; MDA-42 / PEFA PI-29.1.	

PEFA MAPPING OVERVIEW

Takeaways from existing PFM assessments

Summary of PEFA (2018) and TADAT Recommendations The areas of declining performance (vis a vis PEFA 2011) were:

- Outturn on composition of expenditure deteriorated significantly
- Budget documentation (actual outturn data in comparable format now missing)
- Inter-governmental fiscal relations (horizontal allocation formulas and consolidation of financial data for general government)
- Oversight of fiscal risk from EBUs and public corporations (timeliness and completeness of information)
- Predictability in the availability of funds for commitment of expenditure
- Public debt reporting, draft MTDS
- Effectiveness of internal controls for non-salary expenditure (commitment controls and degree of non-compliance with rules)



Takeaways from existing PFM assessments

The main areas of improvement were:

- Revenue management with strong improvement in tax collection outturn and in tax registration and assessment, as well as minor improvement in transparency of taxpayer obligations and liabilities.
- Annual budget preparation, multi-year budgeting (MTEF and PSIP), Effective participation of stakeholders
- Parliamentary oversight of budget proposals, scrutiny of audited annual financial reports.
- Reporting on extra-budgetary operations (Treasury Funds), procurement (legislation), bank and advance account reconciliation, internal audit (reporting) and information on resources for primary service delivery units (cost center classification and reporting through IFMIS).



WHAT IS IT ABOUT PFM THAT SAIS NEED TO KNOW?

Mentimeter exercise
(spontaneous – 3 minutes)



SAI Situation Analysis (SWOT)

<https://www.menti.com/w9fsdst744>

20 Minutes



■ Exercise

- Discuss SAI report and its findings: what were the strengths and weaknesses in the PFM system?

Strengths

Weaknesses



■ Exercise

- What were the experiences in you made in the audit teams during the last audit?

Challenges

Strong Points



■ Exercise

- What is the progress of the current year's audit?



■ REVISITING SESSION OBJECTIVES

- ✓ Understand the holistic approach towards PFM system assessment
- ✓ Understand the difference between the PFM RF and other PFM assessments
- ✓ Raise awareness for pre-identified risk areas in the country's PFM system



PFM Outcomes

Module 1.3





■ SESSION OUTLINE

1. Role of PFM Systems for achieving SDGs and disaster resilience ('PFM system readiness')
2. SDG 16 (Effective Institutions)
3. Basics of audit processes for SDG implementation

PFM Video



PFM and Service Delivery

More and more PFM organisations acknowledge the necessity to assess PFM subsystems with regard to service delivery or sector policies



Let's talk **PFM**
PEFA

Public Financial Management (PFM) matters for service delivery, as it can enable implementation of governments' key policy objectives for better service delivery (SD), and implementation of the Sustainable Development Goals (SDGs)

PEFA
PEFA Secretariat
May 2021

STRENGTHENING THE LINKS BETWEEN PFM AND SERVICE DELIVERY IN SECTORS
Summary of key messages from Roundtable Conference

Financing Catastrophic Health Epidemics – Prevention is Better than Cure
Background Paper

CABRI
CONNECT • SHARE • REFORM

International Conference on Financing Healthcare in Africa: Challenges and Opportunities
30 November and 1 December 2015, Dar es Salaam, Tanzania

Contribution to SDG 16

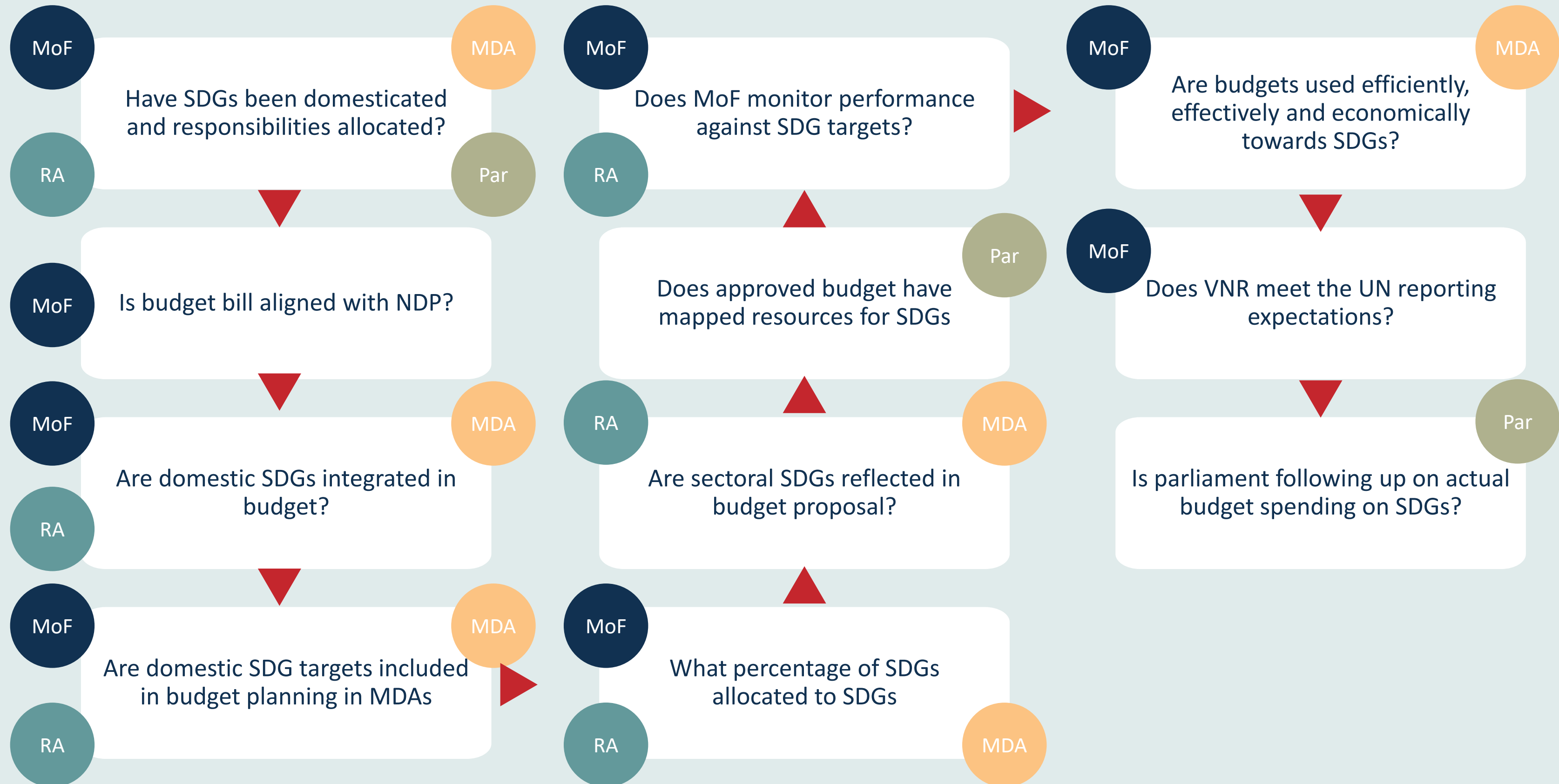
SDG 16: PEACE, JUSTICE, STRONG INSTITUTIONS

The main goal for advancing good governance and anti-corruption: it sets 12 specific targets to be achieved by countries by 2030.

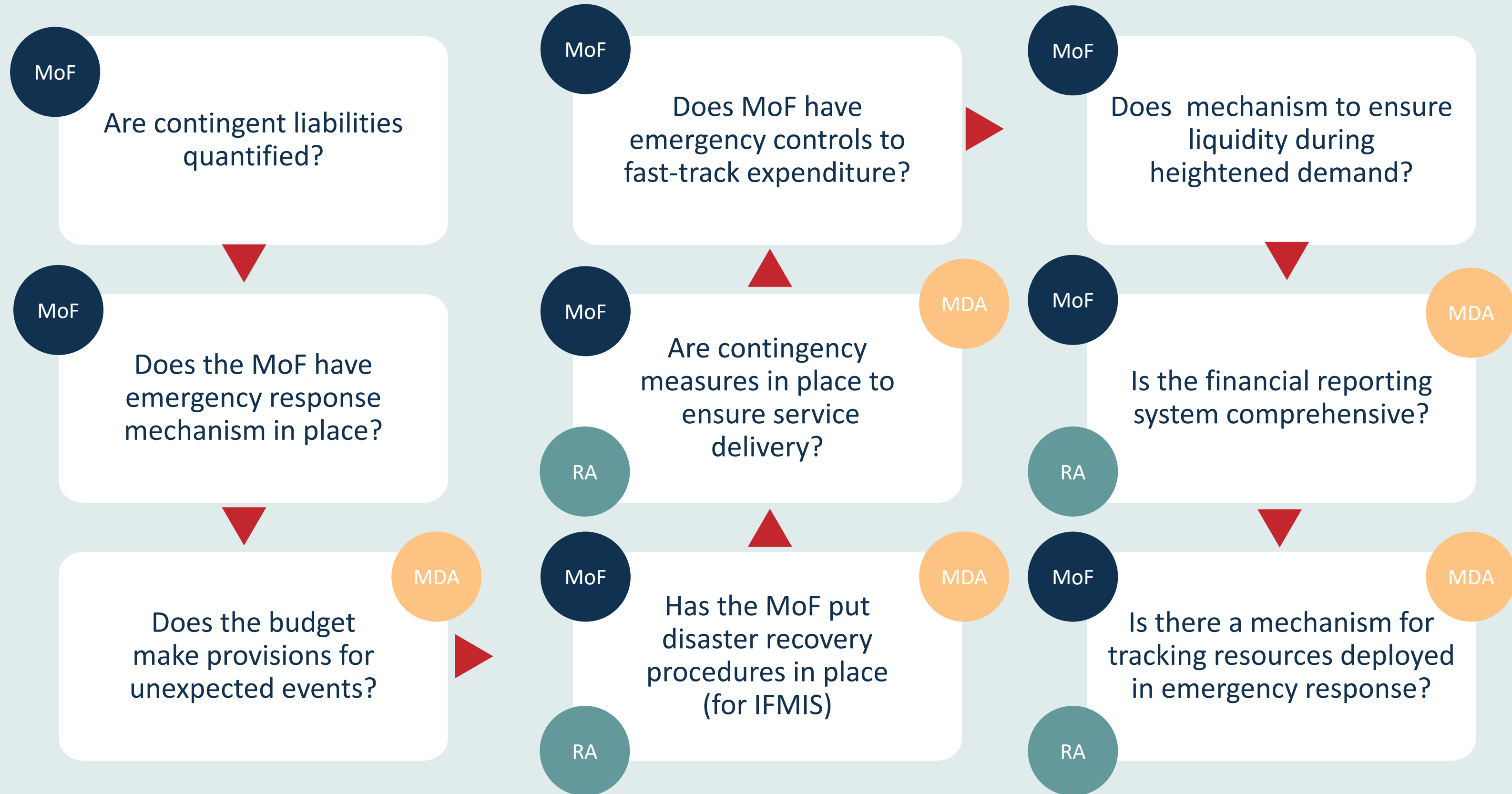


Implementing is in itself a contribution to SDG 16.6 – Developing effective, accountable and transparent institutions

SDG Questions in the PFM-RF Tool



Disaster Questions in the PFM-RF Tool



Domesticated SDGs

Do you know any domestic SDG targets that are reflected in the budget law?





■ REVISITING SESSION OBJECTIVES

- ✓ Understand how PFM systems contribute to SDG implementation performance and disaster preparedness
- ✓ Get to know how 'PFM system readiness' for SDG implementation and disaster preparedness is integrated in the PFM RF tool



Evaluating SDGs

Module 1.4



PFM

REPORTING FRAMEWORK



DEval

GERMAN
INSTITUTE FOR
DEVELOPMENT
EVALUATION

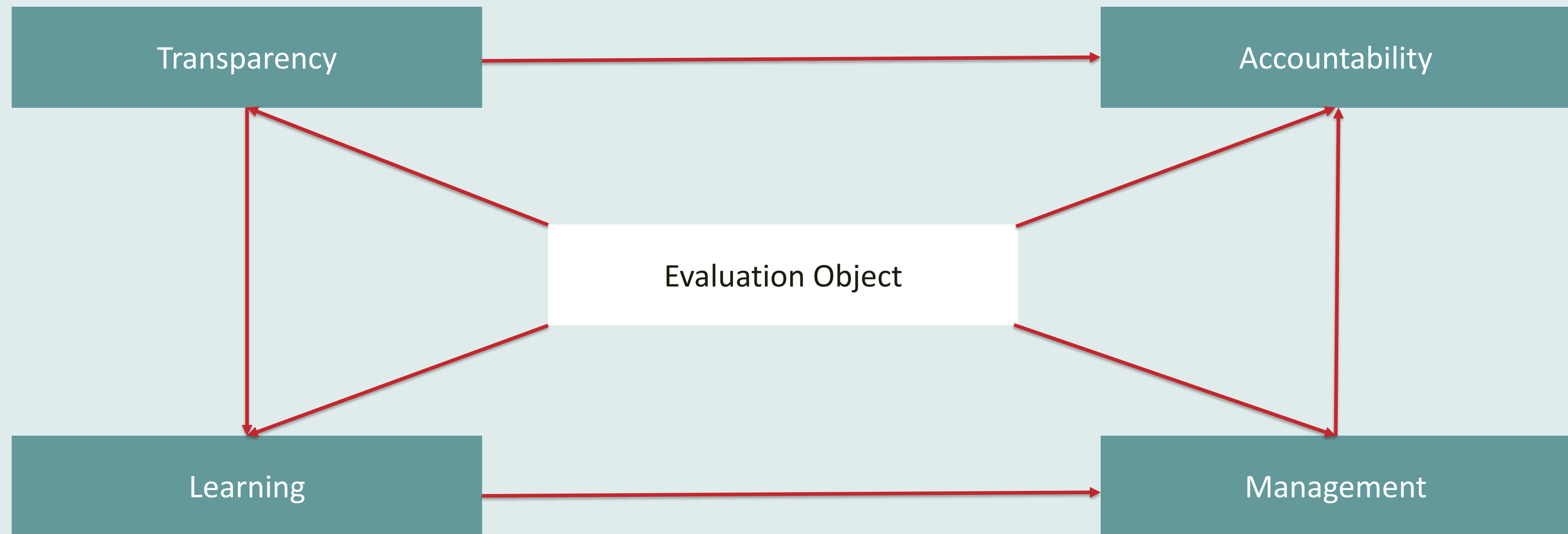


■ SESSION OUTLINE

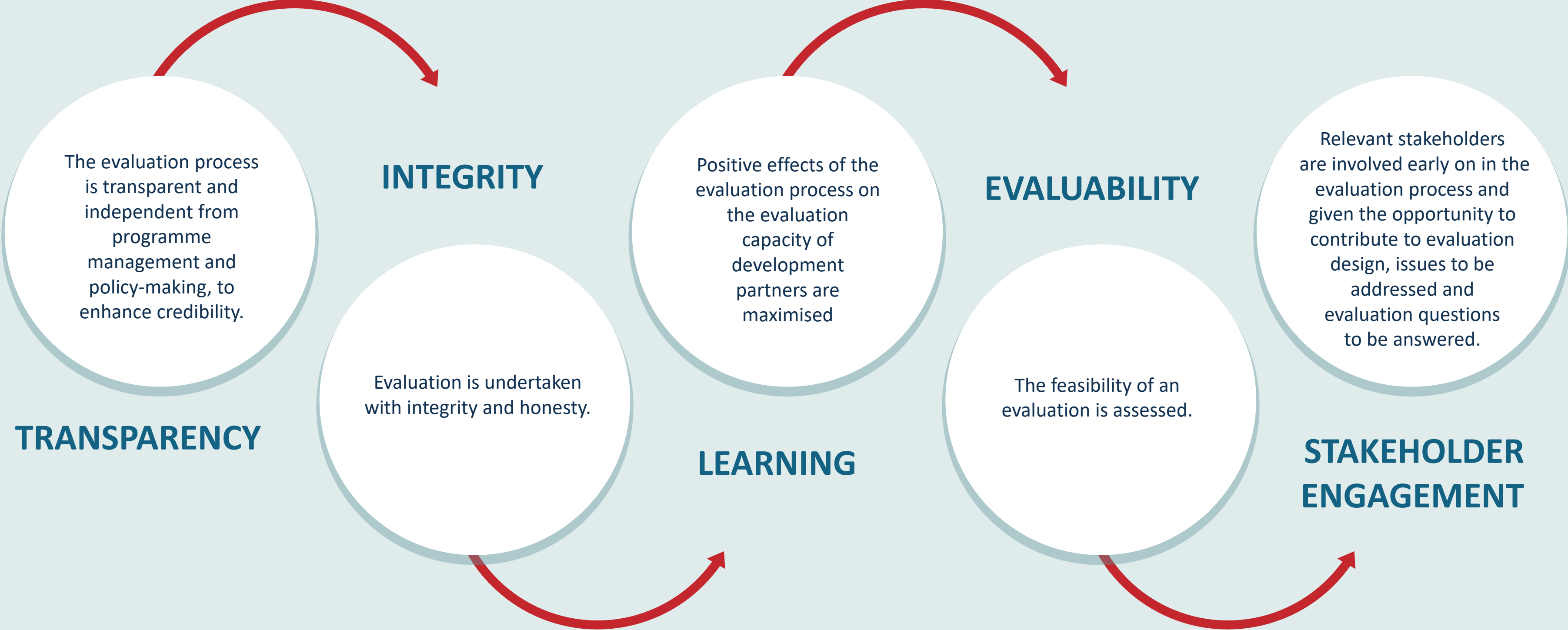
1. Definition of evaluation and evaluation functions
2. Integrating SDGs and 2030 Agenda into evaluation processes
3. Practical examples of SDG evaluations

Evaluation functions

Definition: Evaluation is the systematic and objective assessment of an on-going or completed development intervention, its design, implementation and results.



Evaluation standards



Source: OECD/DAC Quality Standards for Development Evaluations

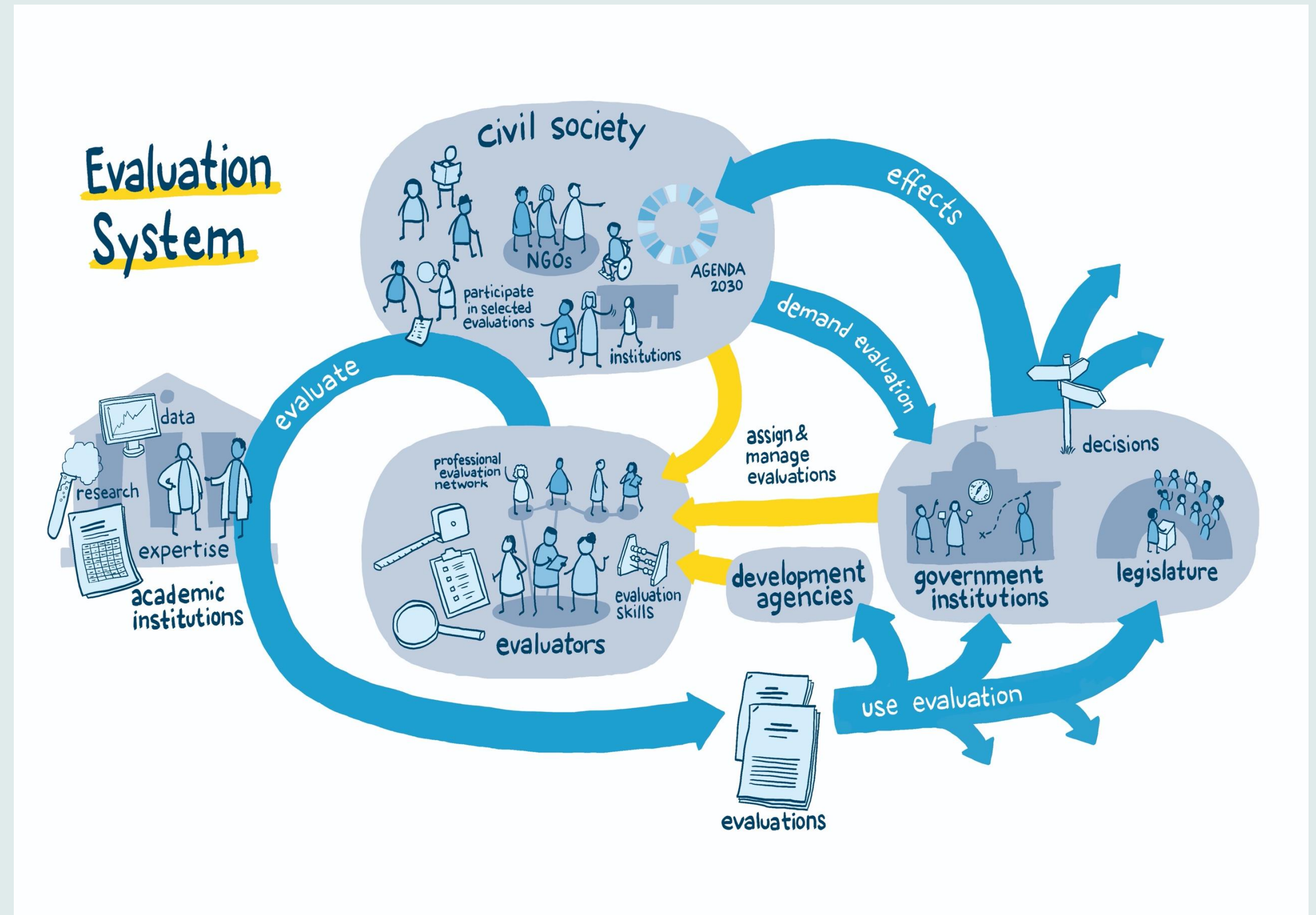
Evaluation of SDGs



Source: [UN WOMEN](#)

SDG evaluation architecture

SAIs should be part of the national SDG evaluation architecture, and cooperate with stakeholders and data generating institutions (Statistics Bureau, NGOs, etc.)

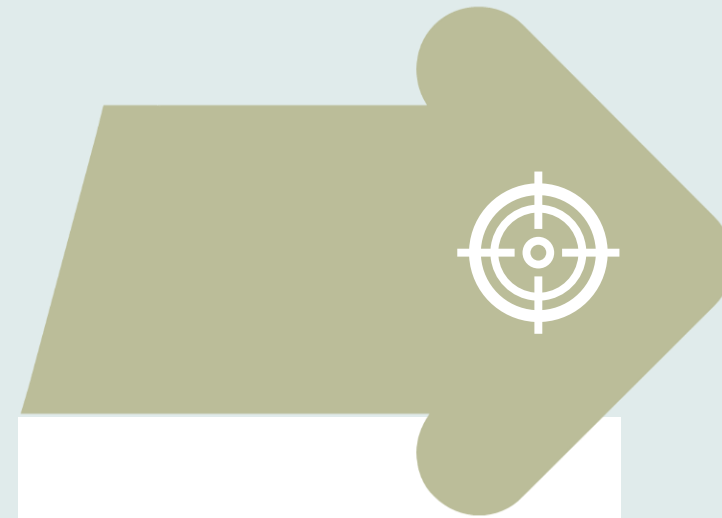


Objectives of an SDG evaluation

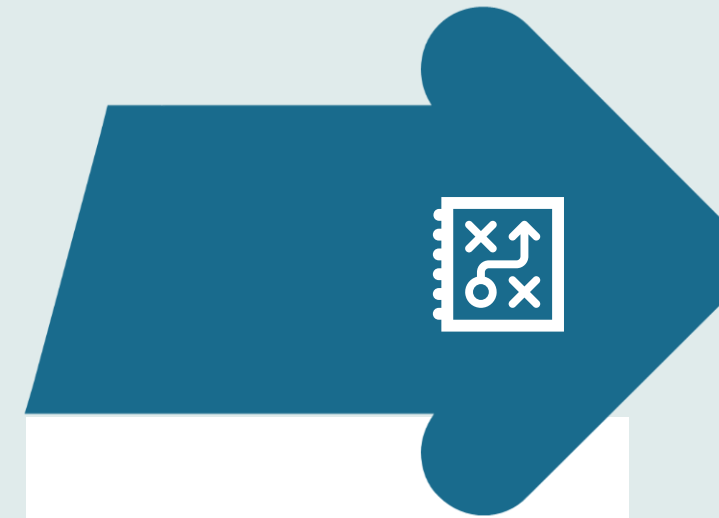
An SDG evaluation can...



Evaluate progress towards the implementation of selected SDGs or of the whole set of SDGs.



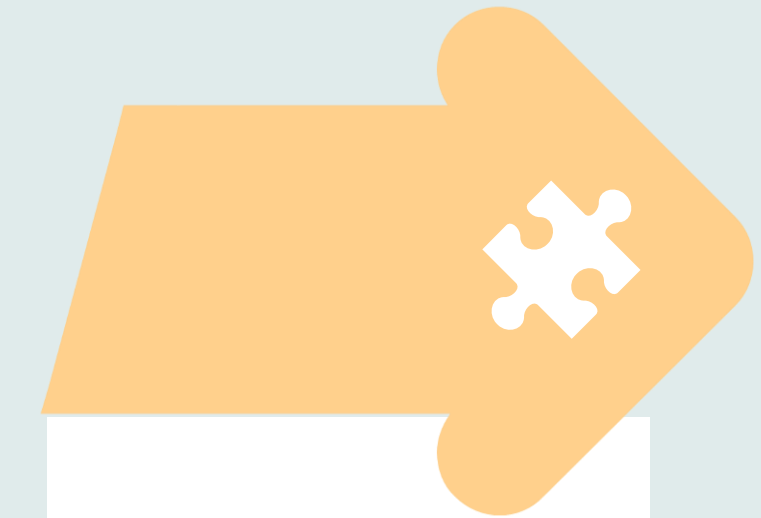
Evaluate the alignment of government commitment (in policies, implementation strategies, programmes) to SDG objectives/targets and their implementation.



Identify the systemic challenges and opportunities for achieving domestically prioritized SDGs.



Assess whether SDG implementation strategies and programmes take into account 2030 Agenda principles (e.g. LNOB)
Provide recommendations for the adjustment of policies and programmes.



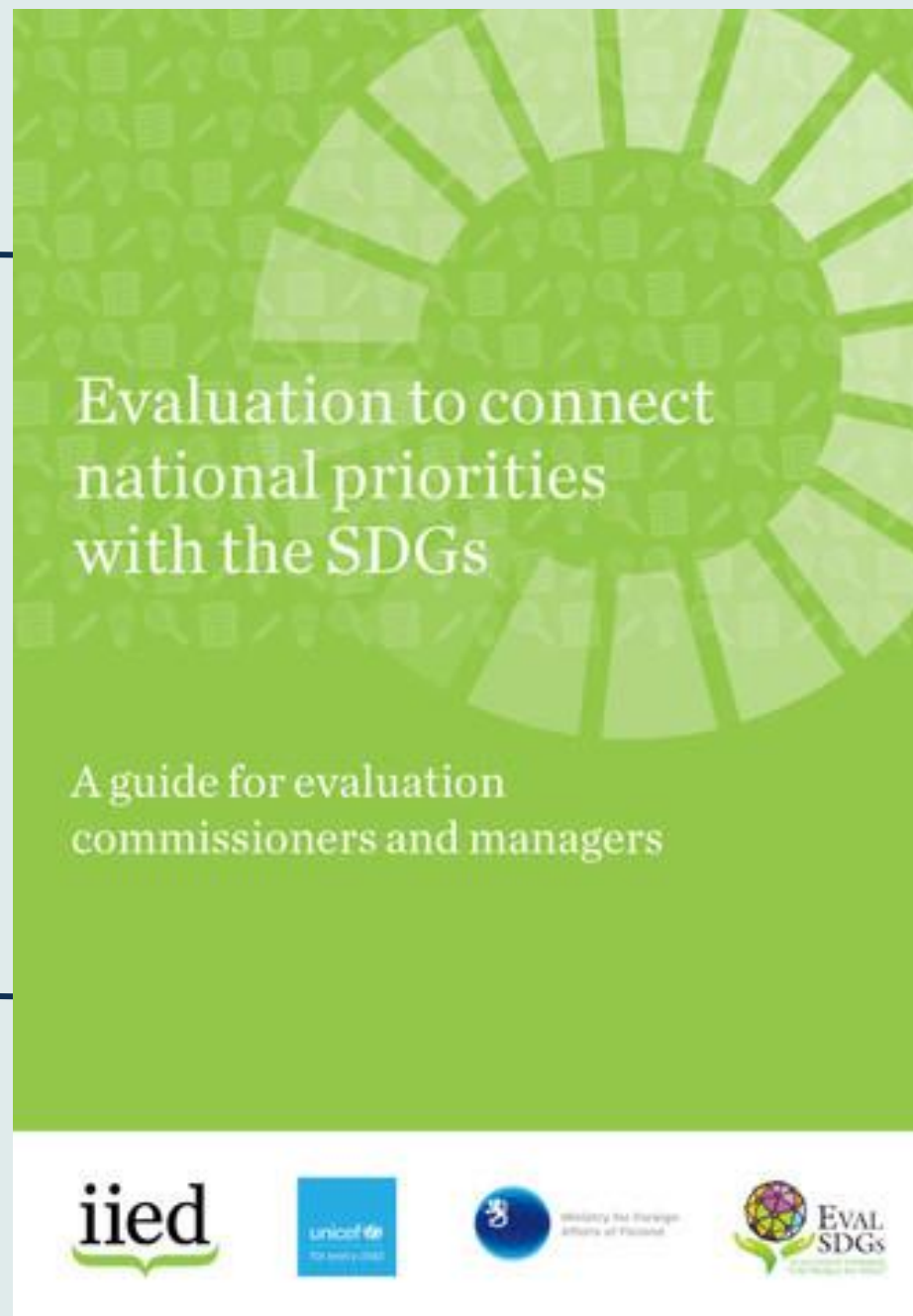
Build on the national M&E system for assessing SDG implementation and measuring progress and provide recommendations for strengthening the M&E system.
Inform VNRs.

Guidance for planning and implementing SDG evaluations

The Guide...

Lays out the main steps involved in scoping, designing and conducting an SDG evaluation

Discusses the ways in which SDG evaluation processes and results can be used to support national progress on sustainable development



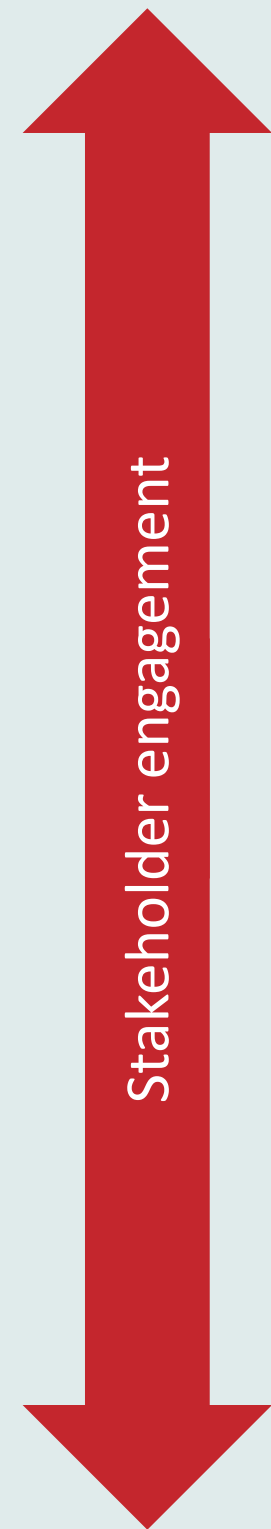
Identifies key SDG evaluation characteristics and approaches

Highlights the importance of country led evaluations

Looks at how SDG evaluation can be integrated into national monitoring and evaluation systems

→ Case studies: Finland, Costa Rica, Nigeria

Evaluation development design



STEP 1 Identify the overall objective of the evaluation (Who will use the evaluation results? What for?)

Consider the evaluation's main use by consulting and engaging with different stakeholder groups

STEP 2 Prepare for an SDG evaluation

Design participatory processes Define the scope and focus of the evaluation Identify policies and plans to be evaluated


STEP 3 Use the 2030 Agenda principles to inform criteria and questions

Ensure the principles (Leave no one behind, Equity, Resilience, etc.) inform the evaluation criteria and the evaluation process

STEP 4 Frame the evaluation

Reconstruct the logic underpinning national policies Develop and cost a communication plan

STEP 1 – Potential uses of SDG evaluations, by stakeholder group

Stakeholder group	Accountability 	Learning 
Decision makers, managers and planners	Share public reports of findings about government performance against the 2030 Agenda . Report evaluation findings in VNRs.	Feed findings into the strategic and planning cycle , and inform policymakers about the relevance, efficiency, effectiveness and sustainability of different policies.
Civil society organisations	Assess the government's performance against clear objectives and criteria	Use findings to identify and reflect on the needs of their constituencies and intended beneficiaries.
Parliamentarians	Carry out oversight function and promote coordinated efforts across government to address the SDGs.	Inform investigations carried out in parliamentary audit committees and parliamentary commissions.

STEP 1 - Potential uses of evaluation results in the SDG policy cycle

1. Agenda setting

Identify issues affecting national and sub-national trajectories towards sustainable development

2. Policy formulation

Set the objectives, estimate the costs and effects of possible solutions across the four sustainable development dimensions

3. Legitimation and adoption

Identify policy instruments to improve sustainability of national and sub-national priorities



6. Support/maintenance or termination

Maximise synergetic outcomes, limit trade offs, reach people living in poverty and exclusion and benefit the environment

5. Integrated assessment

Develop value judgements about the worth, merit and significance of policies and plans in the context of the SDGs

4. Implementation

Establish responsibilities to coordinate actions and guarantee resources

STEP 2 – Defining the Scope of the SDG evaluation

Scope	Actions
SDGs	<ul style="list-style-type: none"> ✓ Identify nationally prioritized SDGs and related objectives/targets that shall be evaluated
Policy and plans	<ul style="list-style-type: none"> ✓ Identify relevant regional, national and sub-national policy priorities and related policies and plans ✓ Assess the contribution of related policies and plans to the SDGs by looking at their positive and negative impacts
Implementation strategies	<ul style="list-style-type: none"> ✓ Assess the efficiency and effectiveness of implementation strategies of local and national authorities to operationalise said policies and plans ✓ Examine the formal coordination mechanisms set up by national governments to integrate SDG approaches into legislation, regulatory frameworks, policies and plans; the systems and capacity for executing said policies and plans; assess the systems and capacities to monitor implementation and gather information and identify the less visible political economy factors influencing implementation
Programmes and interventions	<ul style="list-style-type: none"> ✓ Investigate the effects of programmes, projects or activities on the four interrelated dimensions of sustainable development: economic, human and social, environmental and inclusive governance, peace and security and Agenda 2030 principles ✓ Assess the design and operationalisation of programmes and projects, and how they have helped or hindered the achievement of sustainable development outcomes

STEP 2 – Criteria for selecting SDGs for the evaluation (Nigeria)

- ✓ Government flagship programme(s) (high contribution to the SDGs)
- ✓ Leadership commitment of the relevant ministries, departments and agencies for SDG evaluation
- ✓ Nationwide geographic coverage/spread
- ✓ Large-scale public financing
- ✓ Existing multi-level partnership
- ✓ Availability of baseline survey/assessment
- ✓ Availability of monitoring data
- ✓ Availability of recent evidence from 2018–19 surveys or assessments
- ✓ Availability of previous credible evaluation or study
- ✓ Subjective view of respondents

Criteria could be also applied for the selection of MDAs for the PFM RF



STEP 3: Evaluation criteria

RELEVANCE

Is the intervention doing the right things?

EFFECTIVENESS

Is the intervention achieving its objectives?

IMPACT

What difference does the intervention make?



COHERENCE

How well does the intervention work?

EFFICIENCY

How well are resources being used?

SUSTAINABILITY

Will the benefits last?

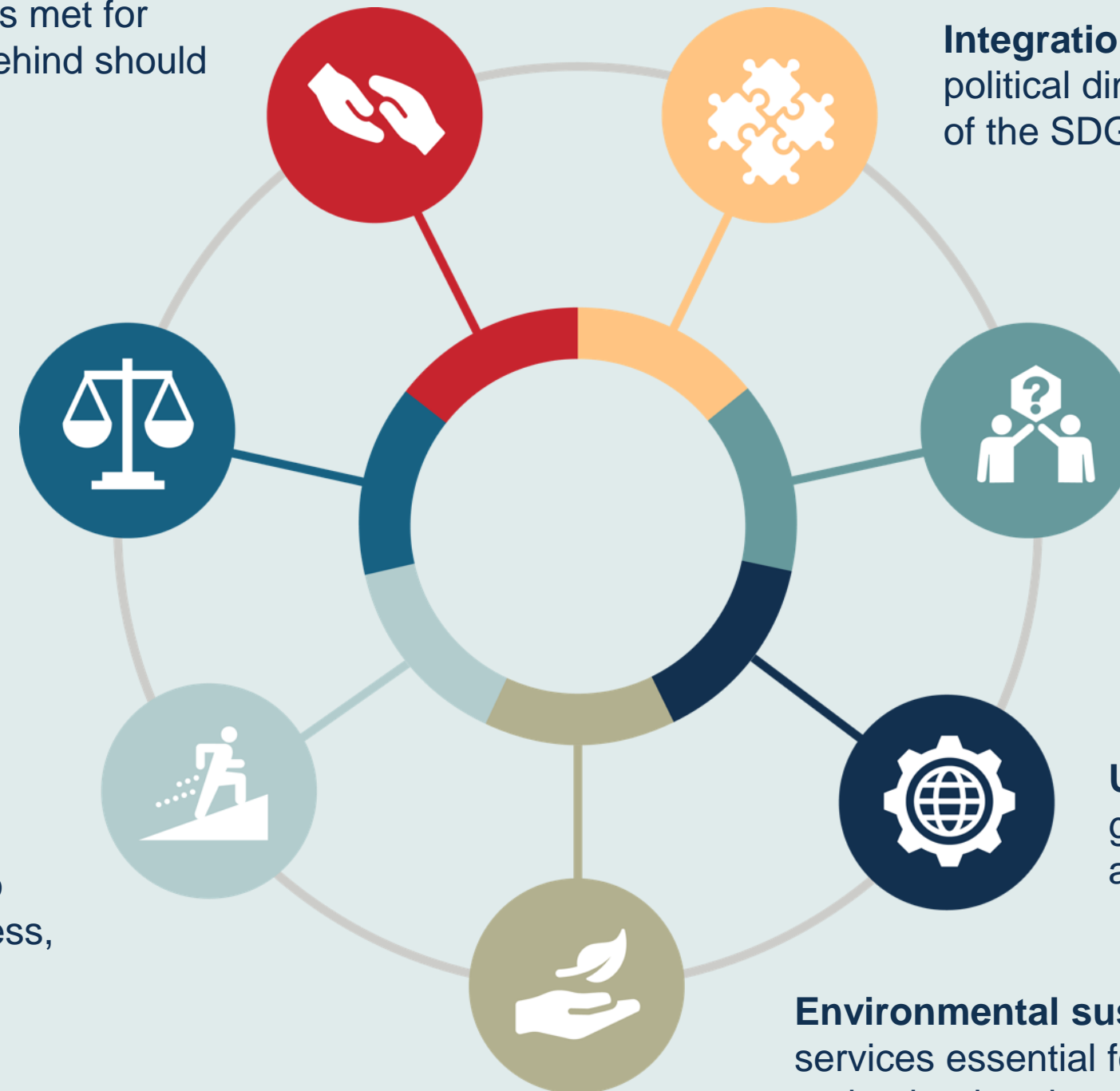
Source: [OECD DAC](#)

STEP 3: 2030 Agenda principles

Leave no one behind: No goal is met unless it is met for everyone; meeting the needs of those farthest behind should come before meeting the needs of others.

Equity: Rights, opportunities and access to benefits and services are provided to all under terms that are just and fair, with the aim of increasing social and economic equality.

Resilience: Individuals, social groups, human systems and/or ecosystems have the capacity to withstand social, economic or environmental stress, recover quickly from shocks and thrive under adverse or changing conditions.



Integration/coherence: The social, economic, environmental and political dimensions of development are inextricably interlinked. None of the SDGs can be fully achieved without the achievement of all.

Mutual accountability: There is mutual respect and trust among all those working to achieve a sustainable development objective.

Universality: The SDGs are framed around global problems requiring global solutions and are applicable to all countries.

Environmental sustainability: A continuous flow of environmental goods and services essential for human development and healthy ecosystem function is maintained and to the extent possible enhanced over the long term.

STEP 3: Applying 2030 Agenda principles in evaluation criteria

Incorporating 2030 Agenda principles in evaluation criteria

Generic LNOB evaluation questions (examples)	Specific LNOB evaluation questions (Nigeria) – SDG 3
<ul style="list-style-type: none"> • What public policies and plans have been adopted to leave no one behind? • Who is benefiting from national priorities? • Are they increasing inequality? 	<ul style="list-style-type: none"> • How are the human rights-based approach and the ‘Leave no one behind’ thinking of Agenda 2030 realised in Nigeria for universal basic education?
<ul style="list-style-type: none"> • Do poor and vulnerable people and those living in economic, social and/or geographic exclusion benefit? 	<ul style="list-style-type: none"> • To what extent was the human rights-based approach integrated into education sector programming within key flagship programme design and implementation?
<ul style="list-style-type: none"> • Were the needs of the poorest and most vulnerable and excluded, as defined by themselves, considered during design and implementation? 	<ul style="list-style-type: none"> • To what extent did the programme target the poorest?
<ul style="list-style-type: none"> • Are data on impact collected and disaggregated to ascertain the effects on the poorest and most marginalised? 	

Specifically relevant for SAIs to deconstruct certain PFM-RF audit questions or when designing a performance audit of selected SDGs

STEP 4 - Reconstructing the logic underpinning national policies

To better understand the cause-and-effect relationships between a policy and observable changes, it is useful to develop evaluation hypotheses which are tested in the evaluation

It is recommended to develop Theories of Change (ToCs) to identify how a policy or programme is expected to bring about change by describing the chain of influences over intended results.

The ToCs must be reflected in the evaluation design

STEP 4 - Communication of SDG evaluation results

Communication is as important as the evaluation itself! Hence, it is important to...

- ✓ Develop a communication strategy and plan from the beginning of the evaluation process
- ✓ Ensure that sufficient resources and funding are available for effective communication
- ✓ Develop different communication tools and materials for different audiences/stakeholders
- ✓ Use mixed media approaches

Case Finland – Audience-focused communication

Finland produced a wide range of communication products tailored for different audiences, including:

- ✓ An 80-page report with appendices in Finnish and English
- ✓ A shorter policy briefing in Finnish and English.
- ✓ Several blogs
- ✓ Twitter material, and
- ✓ PowerPoint presentations.

Case Nigeria – the Road to an SDG evaluation



Establishment of Office for the Senior Special Assistant to the President on the SDGs (OSSAP-SDGs) to coordinate and mainstream the SDGs

Realignment of National Statistical System with SDG requirements and indicators

Strengthening data reliability: comprehensive list of data holders and a statistical information benchmark

OSSAP-SDG responsibility is ensuring coherence and integration of the SDGs into development plans, policies and strategies.

Assessment of data gaps and identification of indicators that are regularly monitored by national authorities

Awareness raising for SDGs in MDAs

OSSAP-SDGs mapped SDG indicators with sources to build an indicator performance database based on SDGs

Nigeria's Economic Recovery and Growth Plan (ERGP 2017–20) included national alignment to the SDGs (2016)

Approval of independent evaluation of priority SDGs (2018) - SDG 1, SDG 3, SDG 4

Case Nigeria – Evaluation Objectives



Assess the relevance and coherence of National Strategic Health Development Plan II vis-à-vis :

- SDG 3 targets (maternal health, child survival)
- SDG principles of Universality, Equity, 'Leaving no one behind', Human Rights and Sustainability.

Generate key Strategic Policy recommendations, to be validated by all stakeholders to address the identified challenges/bottlenecks to accelerate progress and achieve SDG 3 on 'Healthy lives' in Nigeria.

Determine intended and unintended outcomes and impact in the implementation of health strategic flagship programmes.

Draw lessons learned that could be applicable to Nigeria and other countries in the region regarding the achievement of SDG 3.

Analyze how the programme strategies and supporting interventions combine to contribute to the observed changes.

Identify key driving factors (explanations) as well as strengths and weaknesses (bottlenecks) in the implementation of selected strategic health programmes.

Case Nigeria – Lessons Learned

Importance of national ownership of SDG Evaluation through a large participatory consultations process and inclusive evaluation governance.

High Level National Steering Committee

Chaired by Minister of Finance, Budget and National Planning
Engagement of MDAs and DPs:

- Ministry of Health, Ministry of Education, etc.
- Special Advisors to the President on Social Investment and SDGs
- Statistician General of the Federation
- Private Sector Advisory Group
- UNICEF, UNDP, DFID

Technical SDGs Evaluation Working Group

Chaired by Director of M&E at Ministry of Finance, Budget and Planning:

- Representatives from Office for the Senior Special Assistant to the President on SDGs (OSSAP-SDG)
- National Bureau of Statistics
- Ministry of Health

Key active role of CSOs

Key Role of Academia

Key Role of Youth Group
for SDGs in Nigeria

Consultations with UN Agencies co-chaired by UN Resident Coordinator's Office (RCO) and OSSAP-SDGS

Comparison PFM RF vs. SDG evaluation

PFM Reporting Framework V2.0	SDG Evaluation
Focuses on 'readiness' of the whole PFM system to implement policy priorities, including SDGs (through the lense of PFM processes)	Focuses on the alignment of government commitments and actions with SDG objectives and targets (through the lense of M&E system integration)
Assesses whether domesticated SDGs are integrated and followed through in the budget cycle	Assess whether domesticated SDGs are integrated in policies and plans and followed through in implementation strategies and programmes Assess the results, effects and impacts of SDG implementation
Assesses whether the PFM system is providing sufficient resilience against external shocks, including pandemics and disasters	Assesses whether policies and programmes contribute to Agenda 2030 principles (LNOB, etc.)
Root cause analysis applied to determine the dominant cause of underperformance of PFM processes	Theories of Change underpin evaluation design to understand cause and effects of policies and plans with regard to SDGs
Fixed set of indicators, but choice of SDGs/sectors/MDAs	Flexible evaluation design, incl. but choice of SDGs/sectors/MDAs
Conducted by Supreme Audit Institution (SAI), need to ensure compliance and follow-up on recommendations	Ideally embedded in national SDG M&E architecture, need to raise political attention and buy-in
Intended use of audit results: inform decision-makers and oversight bodies, strengthen accountability, inform policy formulation and reform agendas	Intended use of evaluation results: inform agenda-setting, policy formulation, improve implementation, strengthen accountability



■ REVISITING SESSION OBJECTIVES

- ✓ Sensitize SAIs on the relevance of evaluation in the frame of the 2030 Agenda
- ✓ Relate practical examples of SDG evaluations to foster a broader view of the role of SAIs in the implementation of the 2030 Agenda
- ✓ Change of perspectives: Understanding how an evaluator approaches SDG audit



Thank you

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(German Institute for Development Evaluation, DEval)



ROOT CAUSE ANALYSIS

Module 1.5





■ LEARNING OBJECTIVES

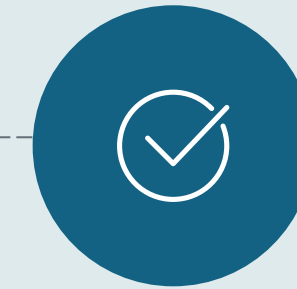
1. Understand the basics of root cause analysis (RCA).
2. Be aware of the “5 Whys” model as an RCA tool which SAls can use in meeting reporting expectations of their stakeholders.
3. Be able to apply RCA on selected audit findings

Benefits of RCA

A technique to identify the underlying causes of audit findings



Identifies root causes behind one or more audit findings ('every finding only once')



Supports evidence gathering in accordance with ISSAI standards



Challenges superficial answers about why things went wrong



Encourages a conversation with auditees



A way to test your working hypotheses on the causes of audit findings



Root Cause Analysis - Tools

Mixed tools for root cause analysis:



RCA – The 5 Why's

Asking the question “Why” repeatedly, (five is a good rule of thumb) means the following:

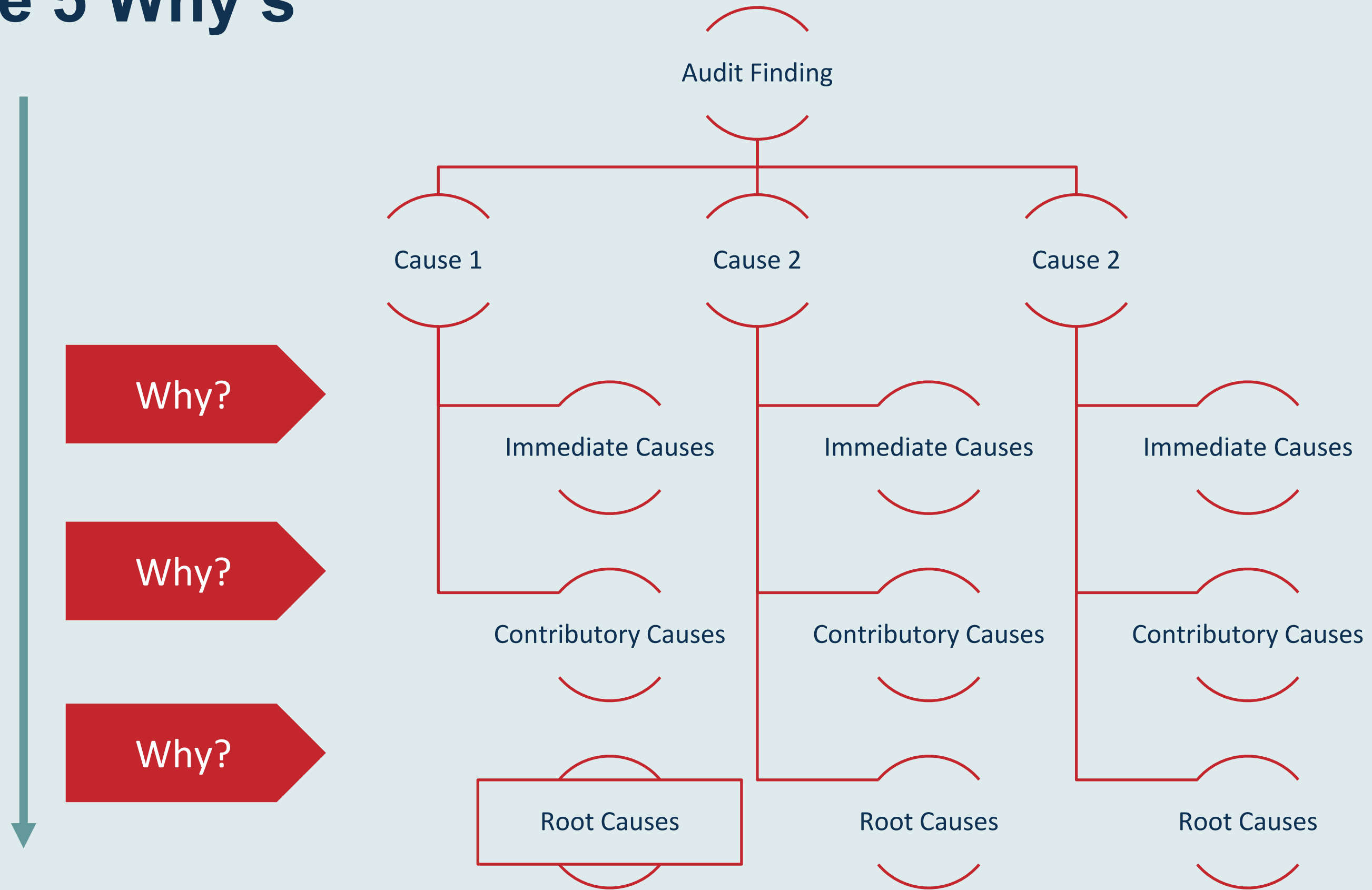
Layers of symptoms can be peeled away which can lead to the root cause of a problem

The auditee is required to pay attention to the issues being raised

Impactful recommendations can be made for appropriate and achievable actions to prevent recurrence of negative outcomes and promote recurrence of positive ones.



RCA – The 5 Why's



Dominant Root Cause

RCA – The 5 Why's Example

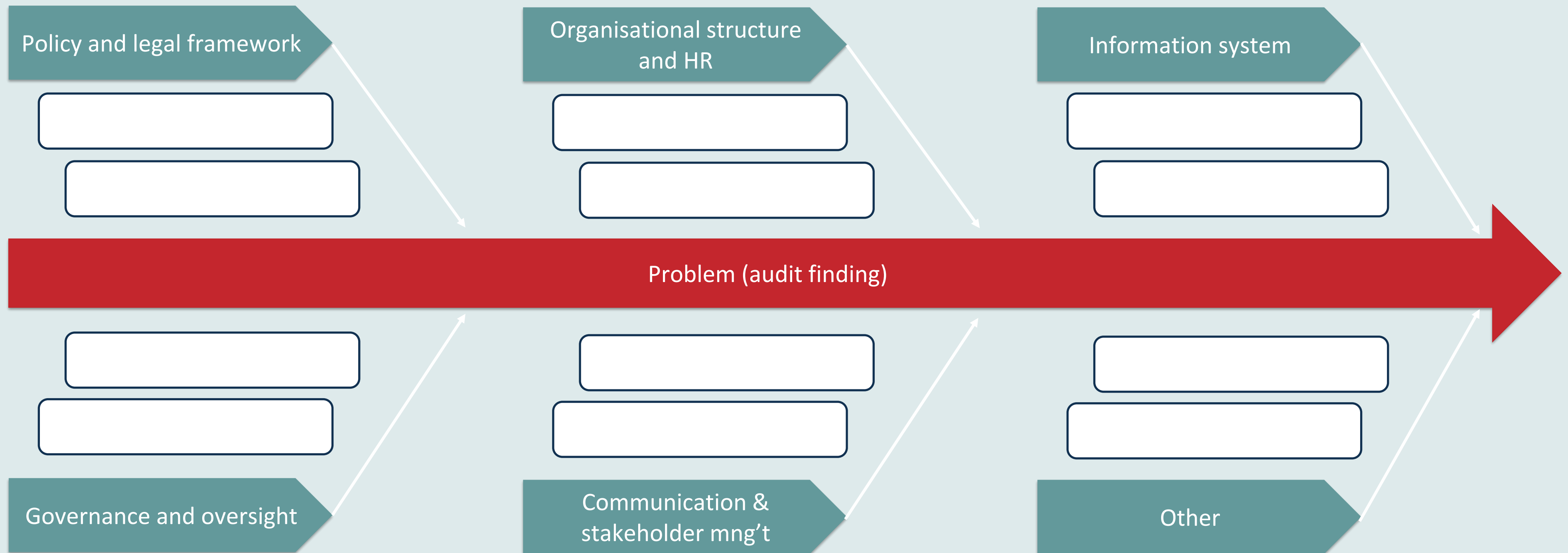
They brought in a pigeon expert.



He determined that the birds were there to eat the spiders.

Root Cause Analysis - Tools

Analysing Root Causes through the Lense of a Fishbone (Ishikawa) Diagram



Example 1

PEFA Performance Indicator PI-2: Expenditure composition outturn

- Relates to PFM RF V2.0 Question **RA-5 and MDA-4:**

In the previous year, what was the deviation between the approved budget of the RA/ MDA and actual expenditure per budget category?

Root cause analysis question:



Why is the deviation between approved budgets and actual expenditure (in MDA-1) with regard to the functional (purpose) and economic (salaries, goods and services, etc.) classifications so high?

Indicator/Dimension	Score	Brief Explanation
PI-2 Expenditure composition outturn	D+	Dimension scores combined by Method M1 (weakest link)
2.1 Expenditure composition outturn by function	D	Variance in expenditure composition by functional classification was 27.1%, 32.3% and 21.3% for the fiscal years 2014/15, 2015/16 and 2016/17 respectively i.e. above 15% in all three years for which data was available.
2.2 Expenditure composition outturn by economic type	C	Variance in expenditure composition by economic classification was 16.3%, 11.8% and 9.3% respectively in the three years under consideration i.e. it was less than 15% in two of the years but less than 10% in only one year
2.3 Expenditure from contingency reserves	A	Actual expenditure charged to the contingency vote was in the order of 0.2% in each of the last three years for which data was available.

Example 2

PEFA Performance Indicator PI-22: Expenditure arrears

- Relates to PFM RF V2.0 Question RA-4 and MDA-3:

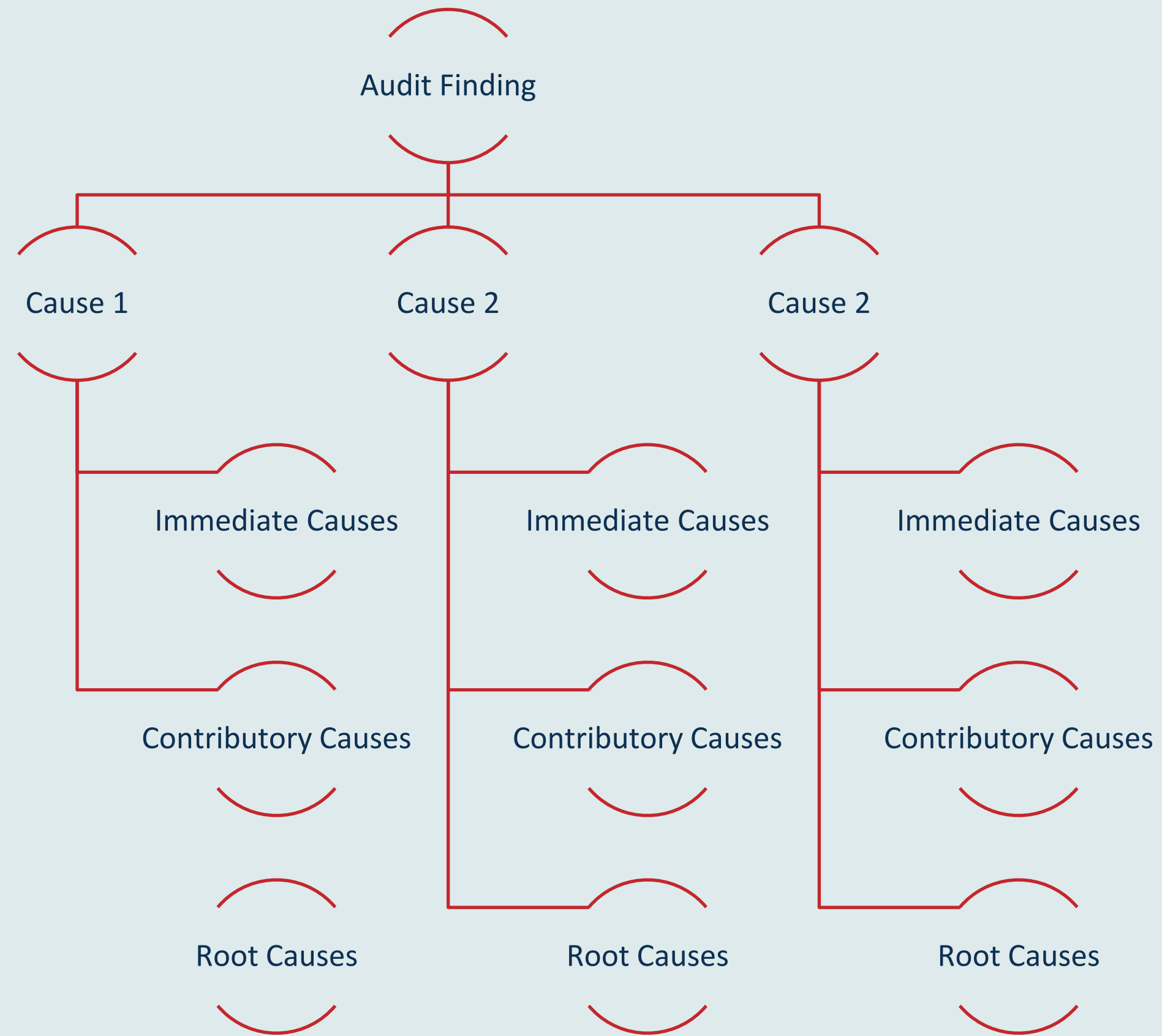
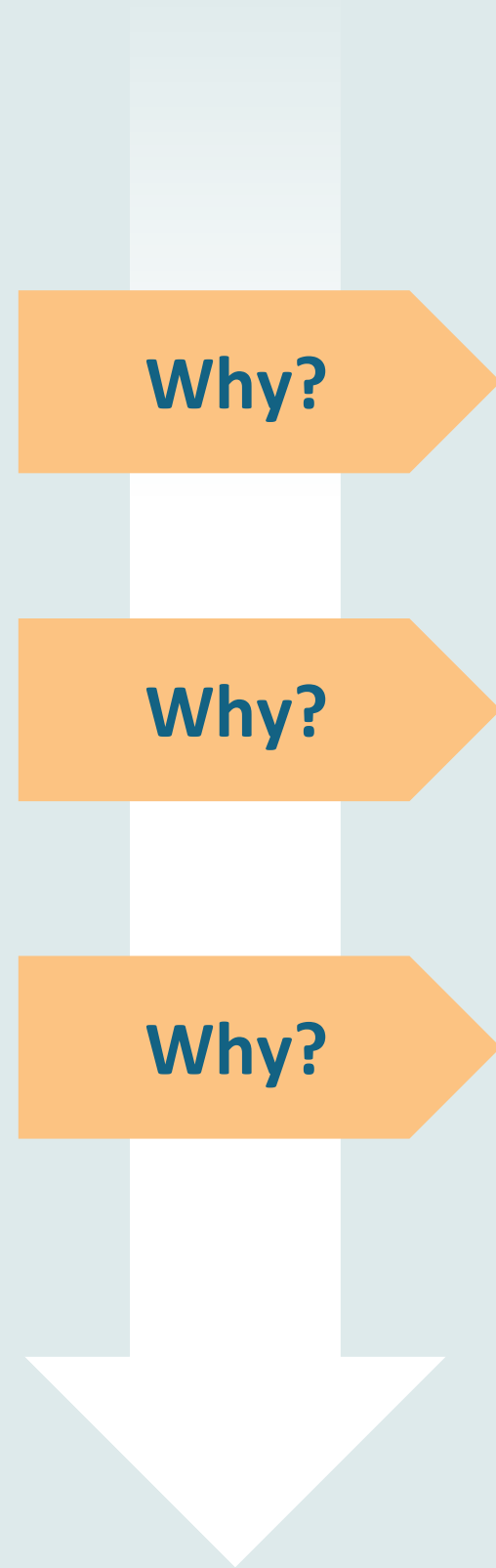
Are previous years' funding shortfalls, continued liabilities, arrears and rolled-over accruals addressed and considered in this year's budget?

Root cause analysis question:
Why are arrears so high?



Indicator/Dimension	Score	Brief Explanation
PI-2 Expenditure composition outturn	D+	Dimension scores combined by Method M1 (weakest link)
2.1 Expenditure composition outturn by function	D	Variance in expenditure composition by functional classification was 27.1%, 32.3% and 21.3% for the fiscal years 2014/15, 2015/16 and 2016/17 respectively i.e. above 15% in all three years for which data was available.
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2.3 Expenditure from contingency reserves	A	Actual expenditure charged to the contingency vote was in the order of 0.2% in each of the last three years for which data was available.

Pilot Application



Dominant Root Cause



RCA Group Work – Instructions

1. +/- 30 minutes
2. 3 Groups of x people in breakout rooms (likely 7-10 people, randomly assigned by the administrator)
3. Each group will conduct the root cause analysis for a pre-determined problem
4. Participants have 5 minutes 'silent work' to brainstorm individually (and gather facts)
5. Every participant gives his/her primary cause of the problem
6. Group discussion: determining primary causes
7. Completing the '5 Why's' guided by facilitator
8. Determining the most plausible root cause of underperformance
9. Report back to plenary



Root cause analysis question:

Why is the deviation between approved budgets and actual expenditure (in MDA-1) with regard to the functional (purpose) and economic (salaries, goods and services, etc.) classifications so high?

Dominant Root Cause Analysis – AFROSAI-E an example

DASHBOARD OVERALL: GOVERNMENT PFM 2018 ASSESSMENT

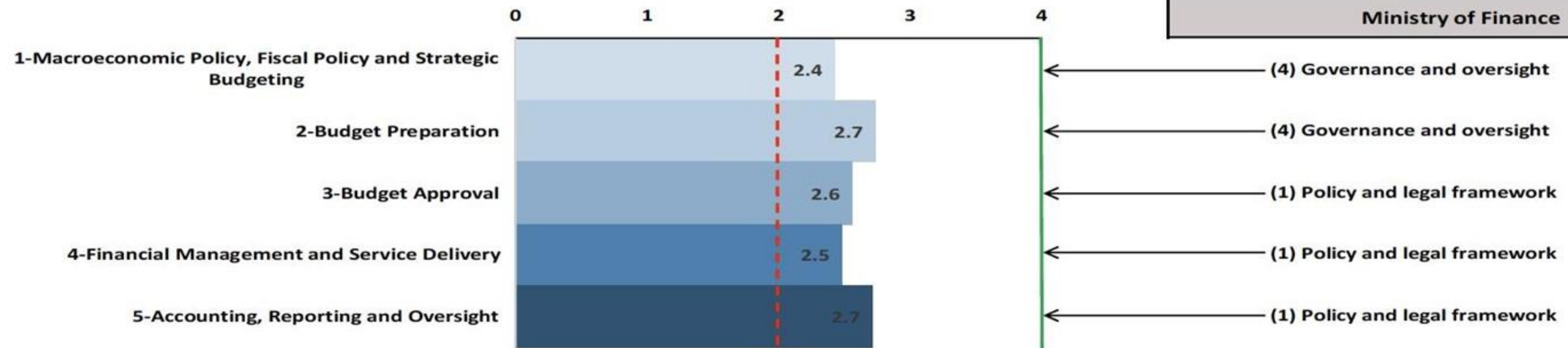
Overall Performance Assessment

Government Performance by PFM Process

Average of process-level performance of all institutions involved in each process

Dominant Root Causes of Underperformance by Institution

Identified by auditors for each process considering the root causes identified for



REVISITING SESSION OBJECTIVES

- ✓ Learn using the “5 Whys” model as a root cause analysis on audit findings
- ✓ Develop an attitude towards improving the relevance of audit findings and recommendations.



Audit Scope

Module 2.1





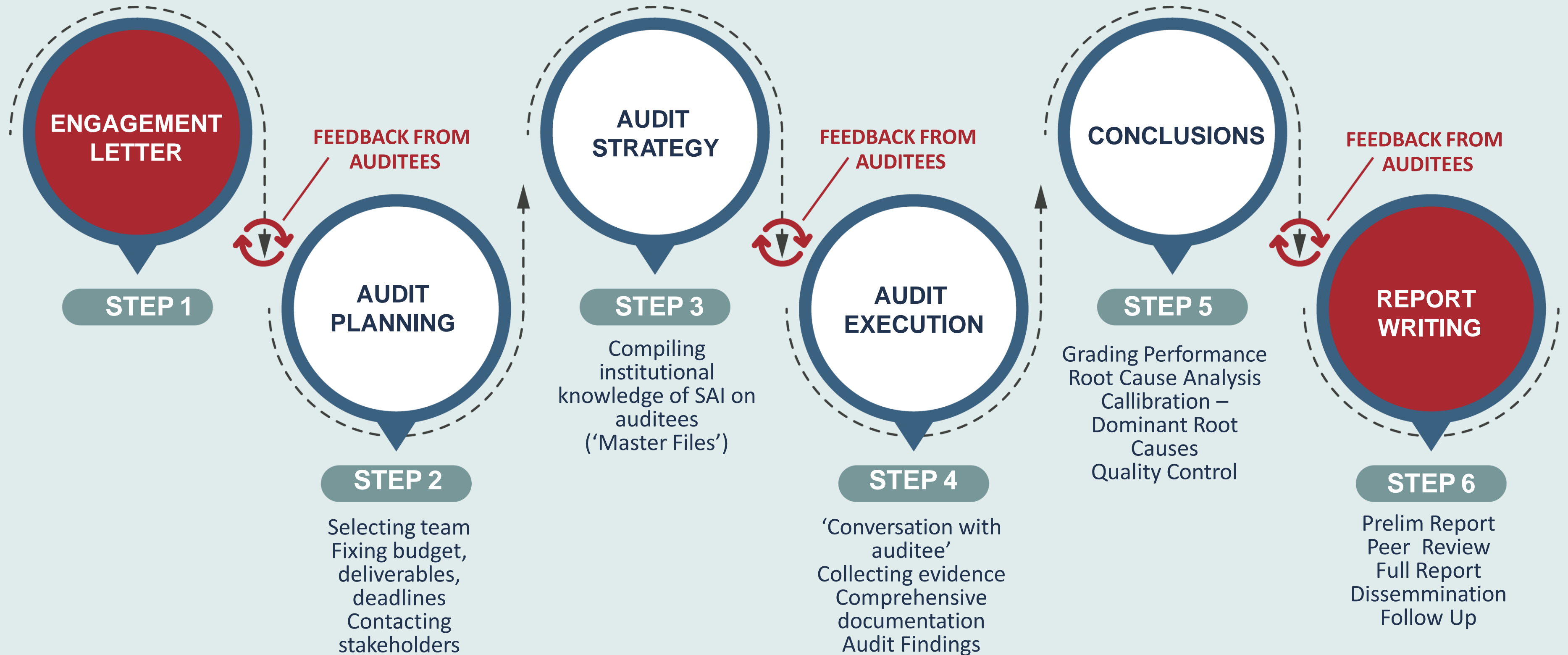
■ SESSION OUTLINE



Discuss audit object and determine audit scope:

1. Discuss selection of PFM Sub-process(es) and PFM outputs (**pre-selected**)
2. Review of key messages from existing assessments on PFM sub-process(es)
3. Discuss selected MDA and the respective role with regard to relevant national SDGs, disaster preparedness and related government programmes (**pre-selected**)

Audit Process



Audit Planning

Discuss

- Timing of the audit: when should it happen within the audit cycle? Are other partial or full PFM assessments scheduled?
- Nature of audit team set up: who should be in this team, how many and what levels of experience?

Criteria for Pre-selecting Audit Questions for the Training

Target



Assess 12 out of 112 audit questions (3 groups of 4 questions)

Start from the beginning

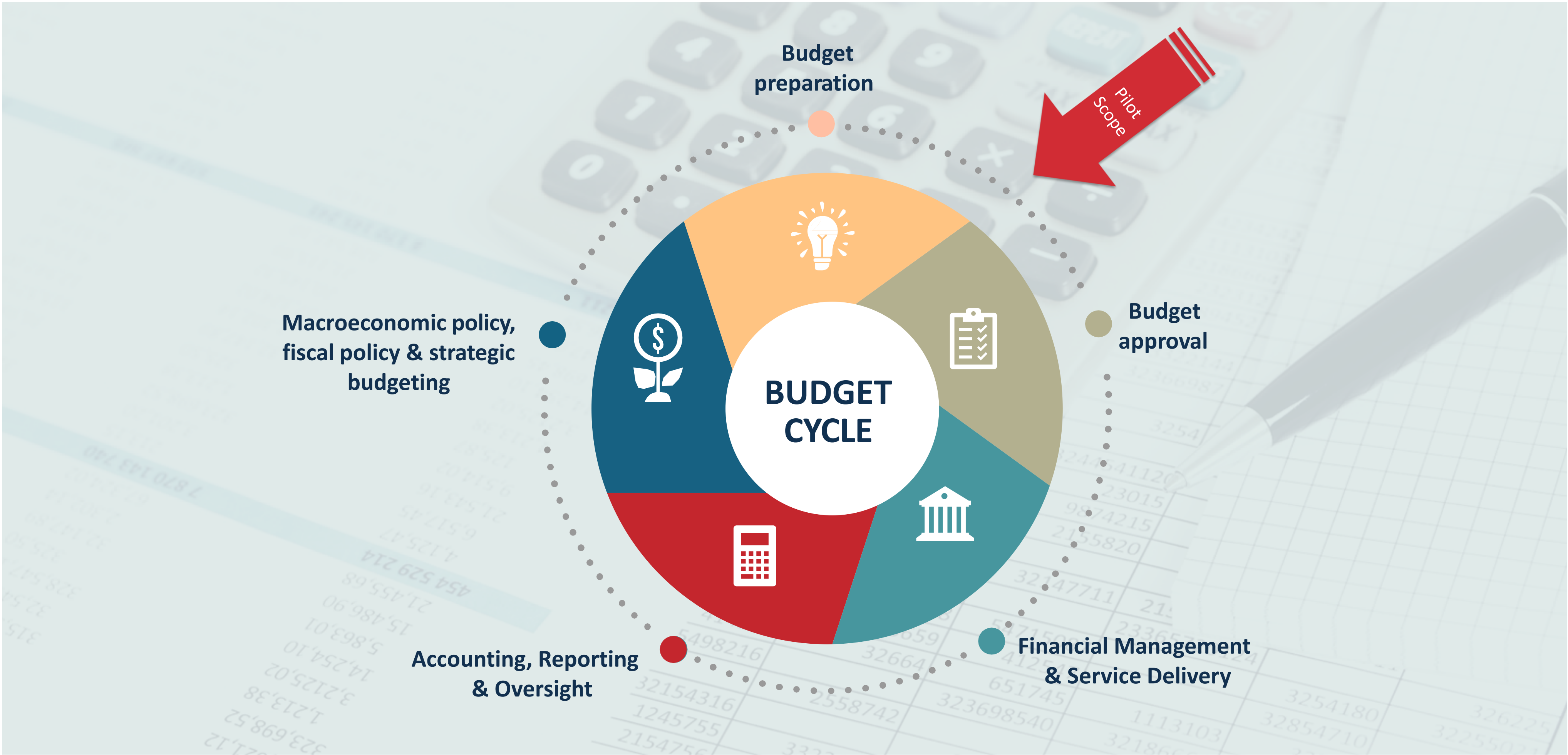


Take into account the holistic and systemic nature of PFM systems

Choose key audit questions



- Choose questions that can be audited without obtaining real-time financial/budgetary data (e.g. relating to budget execution, etc.) or calculations (e.g. accuracy of fiscal forecasts, etc.)
- Include audit questions relevant to MDAs
- Include audit questions with 'SDG'-marker
- Include audit questions of particular importance to Malawi



PFM Process 1		PFM Process 2			PFM Process 3		PFM Process 4								PFM Process 5	
MoF-1	RA-1 / PEFA PI-14.2.	MoF-9 / PEFA PI-1.1.	MoF-17-SDG	RA-8-SDG; MDA-7-SDG	MoF-19 / PEFA PI-17.3.	RA-12; MDA-11 / PEFA PI-16.4.	MoF-21 / PEFA PI-24.1.	RA-18; MDA-17	RA-23; MDA-21	RA-29	MDA-27 / PEFA PI-20.1.	RA-35; MDA-31 / PEFA PI-28.2.	RA-37; MDA-33 / PEFA PI-25.1., 25.3.	RA-40-SDG; MDA-36-SDG	MoF-49	RA-46; MDA-43
MoF-2 / PEFA PI-14.1.		MoF-10 / PEFA PI-17.1. & 17.2.	MoF-18	RA-9-SDG; MDA-8-SDG	MoF-20 / PEFA PI-18.4.	RA-13; MDA-12	MoF-22 / PEFA PI-24.2.	MoF-27; RA-19; MDA-18	MoF-32	RA-30	MoF-34	RA-36; MDA-32	RA-38; MDA-34 / PEFA PI 26.3.	RA-41; MDA-37 / PEFA PI-8.2.	MoF-50	Par-6 / PEFA PI-31.3.
MoF-3 / PEFA PI-15.3.		MoF-11 / PEFA PI-11.3. & 11.4.	RA-2; MDA-1	RA-10-SDG; MDA-9-SDG	Par-1 / PEFA PI-18.2.		MoF-23 / PEFA PI-24.3.	MoF-28; RA-20; MDA-19	MoF-33	RA-31 / PEFA PI-20.1.	MoF-35 / PEFA PI-21.3., 25.2.	MoF-38	RA-39; MDA-35 / PEFA PI 26.4.	MDA-38-SDG	MoF-51 / PEFA PI-29.1.	Par-7 / PEFA PI-31.2.
MoF-4-SDG		MoF-12 / PEFA PI-4.1.	RA-3-SDG; MDA-2-SDG		Par-2 / PEFA PI-18.2.		MoF-24 / PEFA PI-24.2.	MoF-29	RA-24	MDA-22 / PEFA PI-19.1.	MoF-36 / PEFA PI-25.1.	MoF-39	MoF-44-SDG / PEFA PI-8.1.	RA-42; MDA-39	MoF-52 / PEFA PI-29.2.	Par-8 / PEFA PI-31.1.
MoF-5 / PEFA PI-13.3.		MoF-13 / PEFA PI-6.1., 16.2., 16.3. & 16.4.	RA-4; MDA-3 / PEFA PI-22.1. & 22.2.		Par-3		RA-14; MDA-13 / PEFA PI-24.2.	MoF-30	RA-25 / PEFA PI-19.2., 19.3.	MDA-23 / PEFA PI-19.4.	MoF-37 / PEFA PI-28.2., 28.3.	MoF-40 / PEFA PI-25.1., 25.3.	MoF-45 / PEFA PI-8.2., 8.3., 8.4.		MoF-53	Par-9 / PEFA PI-31.4.
MoF-6 / PEFA PI 13.1.		MoF-14-SDG	RA-5; MDA-4 / PEFA PI 2.1. & 2.3.		Par-4-SDG		RA-15; MDA-14 / PEFA PI-24.3.	MoF-31	RA-26	MDA-24 / PEFA PI-20.2.	RA-32; MDA-28	MoF-41	MoF-46-SDG		RA-43; MDA-40 / PEFA PI-29.2.	Par-10-SDG
MoF-7 / PEFA PI 13.2.		MoF-15-SDG	RA-6; MDA-5 / PEFA PI-17.1.		Par-5-SDG		MoF-25; RA-16; MDA-15 / PEFA PI-23.1., 23.2., 23.3. & 23.4.	RA-21	RA-27 / PEFA PI-19.1.	MDA-25 / PEFA PI-20.3.	RA-33; MDA-29 / PEFA PI-21.2.	MoF-42 / PEFA PI-26.2.	MoF-47-SDG		RA-44; MDA-41	
MoF-8 / PEFA PI 10.3.		MoF-16-SDG	RA-7; MDA-6		RA-11; MDA-10 / PEFA PI-21.4.		MoF-26; RA-17; MDA-16	RA-22; MDA-20	RA-28 / PEFA PI-3.1.	MDA-26	RA-34; MDA-30 / PEFA PI-25.2.	MoF-43 / PEFA PI-30.3.	MoF-48		RA-45; MDA-42 / PEFA PI-29.1.	

PEFA MAPPING OVERVIEW

PFM Process 1		PFM Process 2			PFM Process 3		PFM Process 4										PFM Process 5	
MoF-1	RA-1 / PEFA PI-14.2.	MoF-9 / PEFA PI-1.1.	MoF-17-SDG	RA-8-SDG; MDA-7-SDG	MoF-19 / PEFA PI-17.3.	RA-12; MDA-11 / PEFA PI-16.4.	MoF-21 / PEFA PI-24.1.	RA-18; MDA-17	RA-23; MDA-21	RA-29	MDA-27 / PEFA PI-20.1.	RA-35; MDA-31 / PEFA PI-28.2.	RA-37; MDA-33 / PEFA PI-25.1., 25.3.	RA-40-SDG; MDA-36-SDG	MoF-49	RA-46; MDA-43		
MoF-2 / PEFA PI-14.1.		MoF-10 / PEFA PI-17.1. & 17.2.	MoF-18	RA-9-SDG; MDA-8-SDG	MoF-20 / PEFA PI-18.4.	RA-13; MDA-12	MoF-22 / PEFA PI-24.2.	MoF-27; RA-19; MDA-18	MoF-32	RA-30	MoF-34	RA-36; MDA-32	RA-38; MDA-34 / PEFA PI 26.3.	RA-41; MDA-37 / PEFA PI-8.2.	MoF-50	Par-6 / PEFA PI-31.3.		
MoF-3 / PEFA PI-15.3.		MoF-11 / PEFA PI-11.3. & 11.4.	RA-2; MDA-1	RA-10-SDG; MDA-9-SDG	Par-1 / PEFA PI-18.2.		MoF-23 / PEFA PI-24.3.	MoF-28; RA-20; MDA-19	MoF-33	RA-31 / PEFA PI-20.1.	MoF-35 / PEFA PI-21.3., 25.2.	MoF-38	RA-39; MDA-35 / PEFA PI 26.4.	MDA-38-SDG	MoF-51 / PEFA PI-29.1.	Par-7 / PEFA PI-31.2.		
MoF-4-SDG		MoF-12 / PEFA PI-4.1.	RA-3-SDG; MDA-2-SDG		Par-2 / PEFA PI-18.2.		MoF-24 / PEFA PI-24.2.	MoF-29	RA-24	MDA-22 / PEFA PI-19.1.	MoF-36 / PEFA PI-25.1.	MoF-39	MoF-44-SDG / PEFA PI-8.1.	RA-42; MDA-39	MoF-52 / PEFA PI-29.2.	Par-8 / PEFA PI-31.1.		
MoF-5 / PEFA PI-13.3.		MoF-13 / PEFA PI-6.1., 16.2., 16.3. & 16.4.	RA-4; MDA-3 / PEFA PI-22.1. & 22.2.		Par-3		RA-14; MDA-13 / PEFA PI-24.2.	MoF-30	RA-25 / PEFA PI-19.2., 19.3.	MDA-23 / PEFA PI-19.4.	MoF-37 / PEFA PI-28.2., 28.3.	MoF-40 / PEFA PI-25.1., 25.3.	MoF-45 / PEFA PI-8.2., 8.3., 8.4.		MoF-53	Par-9 / PEFA PI-31.4.		
MoF-6 / PEFA PI 13.1.		MoF-14-SDG	RA-5; MDA-4 / PEFA PI 2.1. & 2.3.		Par-4-SDG		RA-15; MDA-14 / PEFA PI-24.3.	MoF-31	RA-26	MDA-24 / PEFA PI-20.2.	RA-32; MDA-28	MoF-41	MoF-46-SDG		RA-43; MDA-40 / PEFA PI-29.2.	Par-10-SDG		
MoF-7 / PEFA PI 13.2.		MoF-15-SDG	RA-6; MDA-5 / PEFA PI-17.1.		Par-5-SDG		MoF-25; RA-16; MDA-15 / PEFA PI-23.1., 23.2., 23.3. & 23.4.	RA-21	RA-27 / PEFA PI-19.1.	MDA-25 / PEFA PI-20.3.	RA-33; MDA-29 / PEFA PI-21.2.	MoF-42 / PEFA PI-26.2.	MoF-47-SDG		RA-44; MDA-41			
MoF-8 / PEFA PI 10.3.		MoF-16-SDG	RA-7; MDA-6		RA-11; MDA-10 / PEFA PI-21.4.		MoF-26; RA-17; MDA-16	RA-22; MDA-20	RA-28 / PEFA PI-3.1.	MDA-26	RA-34; MDA-30 / PEFA PI-25.2.	MoF-43 / PEFA PI-30.3.	MoF-48		RA-45; MDA-42 / PEFA PI-29.1.			

SELECTED AUDIT QUESTIONS

MoF-2	Is an adequately designed and implemented process in place for coordinating macroeconomic and fiscal forecasts? (Consider to what extent the process involves other key stakeholders such as revenue agency,	MoF-5	Does government implement a debt management policy/ strategy that aligns with their medium-term fiscal strategy including reporting to parliament?	RA-1	Does the revenue authority provide accurate, timely and evidence-based revenue forecasts to the MoF for incorporation in their macro-fiscal analysis and policy-making?	MoF-14-SDG	Is the budget submitted to Parliament aligned with long term Government objectives as set out in the NDP including core SDG targets?
MoF-3	Did the previous year's fiscal policy outcomes correspond with the stated medium-term fiscal policy and/or MTEF?	MoF-6	Does government undertake regular and debt sustainability analysis?	MoF-10	Does the MoF conduct an effective and comprehensive consultation process with the MDAs in line with legal requirements (i.e. the budget calendar, budget call circular and associated expenditure ceilings)?	MoF-15-SDG	Are the domesticated SDGs incorporated in the National Budget?
MoF-4-SDG	Have SDGs been domesticated and responsibilities allocated?	MoF-7	Is there functioning cooperation between the finance ministry and the central bank debt management?	MoF-13	Is the budget submitted to Parliament aligned with long term Government fiscal sustainability objectives as set out in the MTEF?	MoF-16-SDG	Are the domesticated SDG targets included in the budget planning process for all government entities?

SELECTED AUDIT QUESTIONS

Criteria for Pre-selecting MDAs for Full Pilot Audit

At the core of the PFM RF V2.0 tool is the review of the budget cycle at MDA level. For selecting MDAs to be assessed the following selection criteria may be applied:



Choose the **largest MDAs** according to budget allocation and /or



Choose as many **MDAs as necessary to cover a certain % of government spending** and /or



Prioritise MDAs that are identified as most relevant for delivery of the National Development Plan or with regard to the domesticated SDGs

Selection of MDAs in Malawi (suggestion)



Ministry of Finance



Ministry of Health

(Health Sector:
9.4 % of 21/22 budget)



Local Councils

(Development budget: K30.0 billion
for District Development Fund,
construction of water structures
and City Roads)



Ministry of Education

(Education Sector: 16.5 %
of 21/22 budget)



Ministry of Transport and Public Works

(Transport Sector:
10.5 % of 21/22 budget)



Ministry of Mining

(strategic importance for
DRM and job creation)



Ministry of Agriculture, Irrigation and Water Development

(Agriculture Sector:
14.3 % of 21/22 budget)

Snapshots from Budget Speech 2021/22 (21 May 2021)

Budget 2021/22 “[Building Back Better: Achieving aspirations of the nation together](#)”

	FY 2020/21	FY 2021/22 (projected)
Total expenditure	K2.335 trillion (25.2 % of GDP)	K1.990 trillion (19.4 % of GDP)
Total revenues	K1.523 trillion (16.4 % of GDP), of which domestic tax revenues of K1.116 trillion (12.0 % of GDP)	K1.271 trillion, (12.4 % of GDP) , of which domestic tax revenues of K1.044 trillion (10.2 % of GDP)
Fiscal deficit	K811.7 billion (8.8 % of GDP).	K718.3 billion (7.0 % of GDP)
Development expenditure	K615.8 billion , of which K511.1 billion by foreign resources.	K570.8 billion (5.6 % of GDP)



Snapshots:

- The high and rising public debt remains a major concern. The projected public debt interest for FY 2021/22 is 27.2 % of the country’s projected domestic revenues.
- COVID Stimulus: Government commenced paying the arrears which the previous Government owed the private sector.
- Ministry of Finance is at an advanced stage in establishing the Debt Retirement Fund

Key messages from existing PFM assessments relevant to pre-selected PFM sub-process(es)



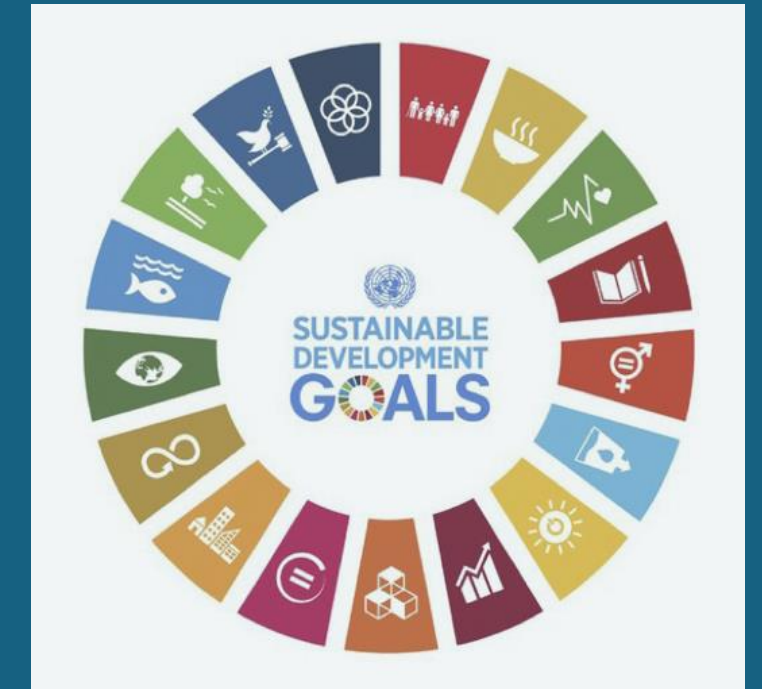
- Review of the Public Finance Management Act, 2003 is in its final stages and the Bill will be submitted in August 2021.
- Full rollout of the new IFMIS is on schedule for 1st July, 2021.
- Compliance issues and the narrow tax base are a challenge as implementation of some tax administrative reforms such as the Integrated Tax Administration System (ITAS) are yet to be fully operational.

Key messages concerning domesticated SDGs and disaster preparedness

In 2020, Malawi undertook a Voluntary National Review of SDG implementation.

According to the report, Malawi has...

- Integrated the SDGs into its national development planning framework (Malawi Growth and Development Strategy, MGDS III), including to the local development planning process. Progress reporting on SDGs hence happens in the context of district and national plans.
- Developed a National Statistical System Strategic Plan (2020-2023) to ensure evidence-based planning and timely availability of official statistics for monitoring and evaluation of MGDS III and SDGs.
- Established the National Planning Commission that domesticates SDGs in the national vision and medium-term development plans that ensue at all levels as well as overseeing their implementation.



Progress:



- **Significant progress:** 29 out of 169 targets (mostly health and education)
- **Moderate progress:** 59 out of 169 targets
- **Poor progress:** 81 out of 169 targets, negative trend is shown with regard to SDG 1 relating to poverty eradication

Challenges:



- COVID-19
- Social inequalities and
- Ineffective monitoring and evaluation systems

Disaster preparedness:



- National Social Support Programme II (2018-2023) targets expansion of social support provision, incl. mechanism for scaling-up during disasters or pandemics

Afrobarometer SDG Scorecard Malawi 2021

(based on 1,200 interviews in Nov-Dec 2019)

SDG	Indicator	5-year trend			
		Doing worse	No change	Doing better	Meeting this target
SDG 1: No poverty	Reduce Lived Poverty Index (LPI) score	●	○	○	○
SDG 2: Zero hunger	Reduce frequency of ever going without food	●	○	○	○
	Reduce frequency of going without food many times/always	●	○	○	○
SDG 3: Good health and well-being	Reduce frequency of going without medical care	○	●	●	○
SDG 4: Quality education	Increase proportion with secondary/post-secondary education	○	●	○	○
SDG 5: Gender equality	Gender equality in technology use	●	●	○	○
	Gender equality in financial control	●	○	○	○
SDG 6: Clean water and sanitation	Reduce frequency of going without clean water	●	●	○	○
	Increase % with water supply and toilet within house or compound	●	●	○	○

SDG	Indicator	5-year trend			
		Doing worse	No change	Doing better	Meeting this target
SDG 7: Affordable and clean energy	Increase reliable connections to the grid	○	●	○	○
SDG 8: Decent work and economic growth	Reduce unemployment	●	○	○	○
	Reduce gender gap in unemployment	●	○	○	○
SDG 9: Industry, innovation and infrastructure	Increase infrastructure reach at community level (cell phone grid, electricity grid, paved/tarred road, health clinic, school)	○	○	●	○
SDG 10: Reduced inequalities	Decrease % experiencing high levels of poverty	●	○	○	○
	Decrease % treated unfairly due to ethnicity	○	●	○	○
SDG 13: Climate action	Increase % who have heard of climate change	●	○	○	○
	Increase understanding of negative impacts of climate change	●	○	○	○
SDG 16: Peace, justice and strong institutions	Increase trust in police, judiciary, and Parliament	○	●	○	○
	Reduce perceived corruption in police, judiciary, and Parliament	●	○	○	○
	Reduce bribe-paying for public services	○	●	○	○



■ REVISITING SESSION OBJECTIVES

- ✓ Establish a clear and common understanding of the audit object and scope.
- ✓ Establish a clear and common understanding of sector policies, programmes, and their relation to national level SDG targets.
- ✓ Mainstream third-party information on PFM Sub-processes and PFM outputs.

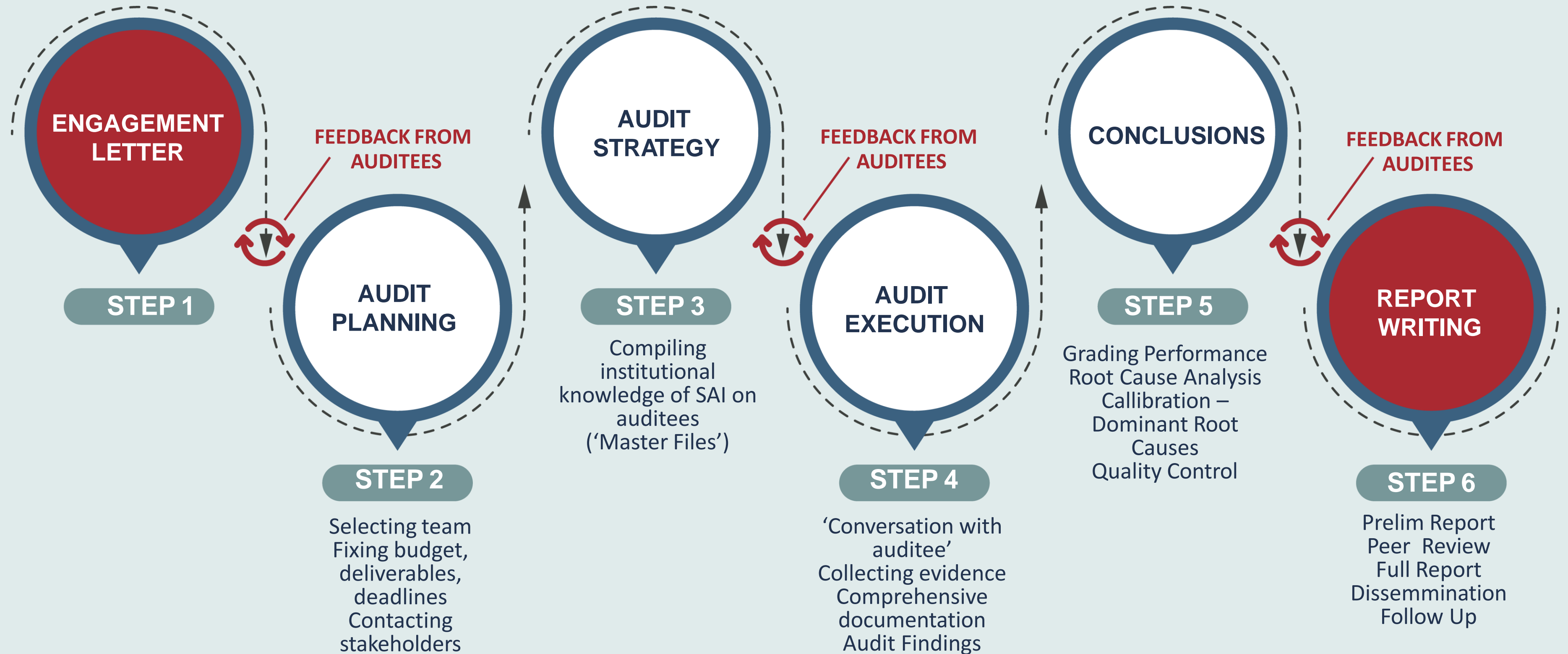


Pilot Audit Plenary

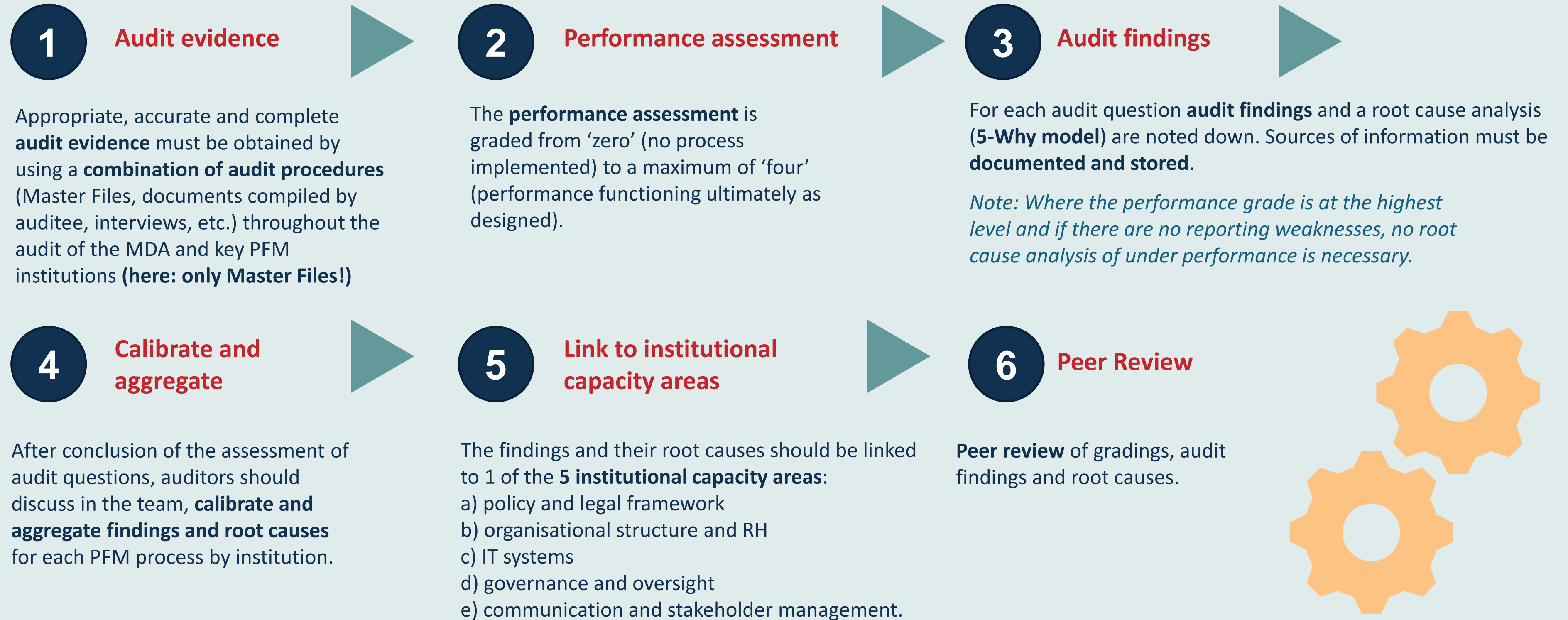
Module 3.1



Audit Process

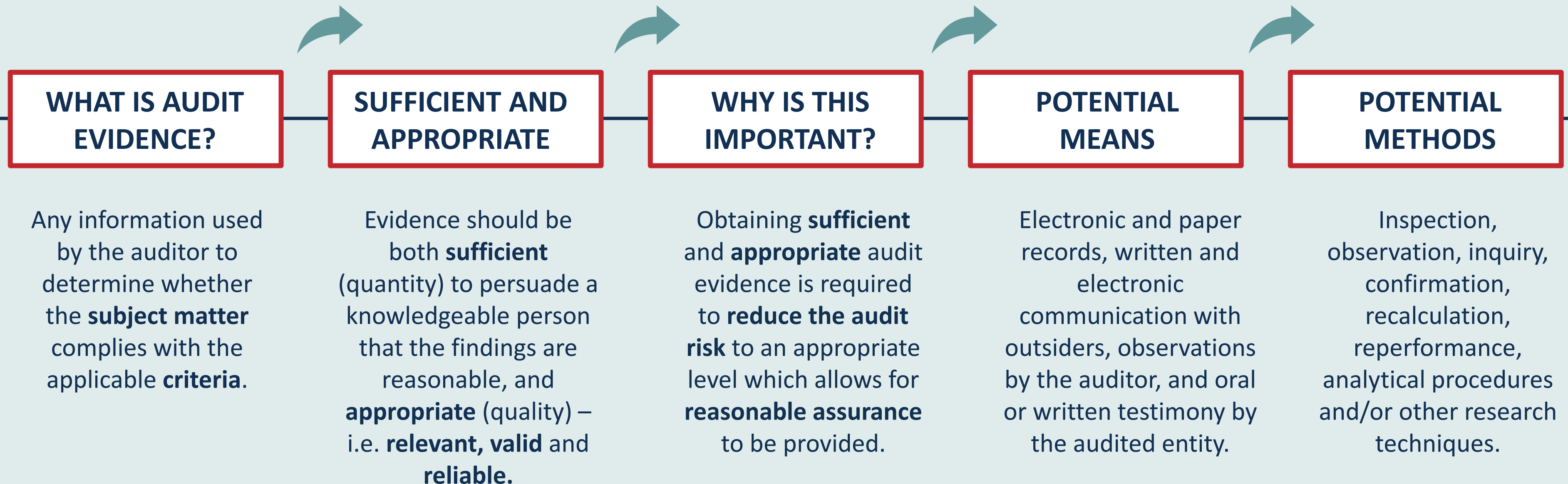


Applying the Tool (Step 3-5)



Audit Evidence – Sufficiency and Appropriateness

Based on ISSAI 100 (Fundamental Principles of Public Sector Auditing)



Performance Assessment

Based on ISSAI 100 (Fundamental Principles of Public Sector Auditing)

Auditors should maintain appropriate **professional behaviour** by applying **professional scepticism**, **professional judgment** and **due care** throughout the audit.



Professional scepticism means maintaining **professional distance** and an **alert** and **questioning attitude** when assessing the audit evidence.



It also entails remaining **open-minded and receptive** to all views and arguments.



The auditor's assessment of the evidence should be **objective, fair and balanced**.



Preliminary findings should be communicated to and discussed with the audited entity to confirm their validity.



Auditors should perform procedures to reduce or manage the risk of reaching inappropriate conclusions.



The level of assurance that can be provided to the intended user should be communicated in a transparent way.

Audit Findings

Each audit finding may contain five elements

How was the PFM-RF standard not met?

Criteria

Condition

What is the particular problem identified?

Why did the problem occur?
→ RCA

Cause

“5 C’s”

What is the risk/negative outcome because of the finding?

Consequence

Corrective actions

What should the institution do about the finding?

Audit Documentation

Audit documentation should:

- ✓ Record the **procedures performed** and **evidence obtained** and support the **communicated results** of the audit.
- ✓ Be sufficiently detailed to enable an experienced auditor, with no prior knowledge of the audit, to understand:
 - the nature, timing, scope and results of the procedures performed
 - the evidence obtained in support of the audit conclusions and recommendations
 - the reasoning behind all significant matters that required the exercise of professional judgement, and the related conclusions.



Group Work

Continued from Module 2.2

1. Introduce Part II of 'Worksheets'
2. Fill-in 'Worksheet' for each audit question – 3-4 questions per group (if you have more time, please pick further audit questions)
3. Q&A



■ REVISITING SESSION OBJECTIVES

- ✓ Clarify all questions before pilot audit begins.
- ✓ Remind participants of fundamental audit principles regarding audit findings, evidence, and documentation

AFTER Group Work

- ✓ Complete the audit for 9-20 audit questions
- ✓ Learn how to apply the tool and fill in the excel sheet
- ✓ Practice root cause analysis
- ✓ Practice peer review



Dashboards

Interpreting Data

Module 4.2

PFM

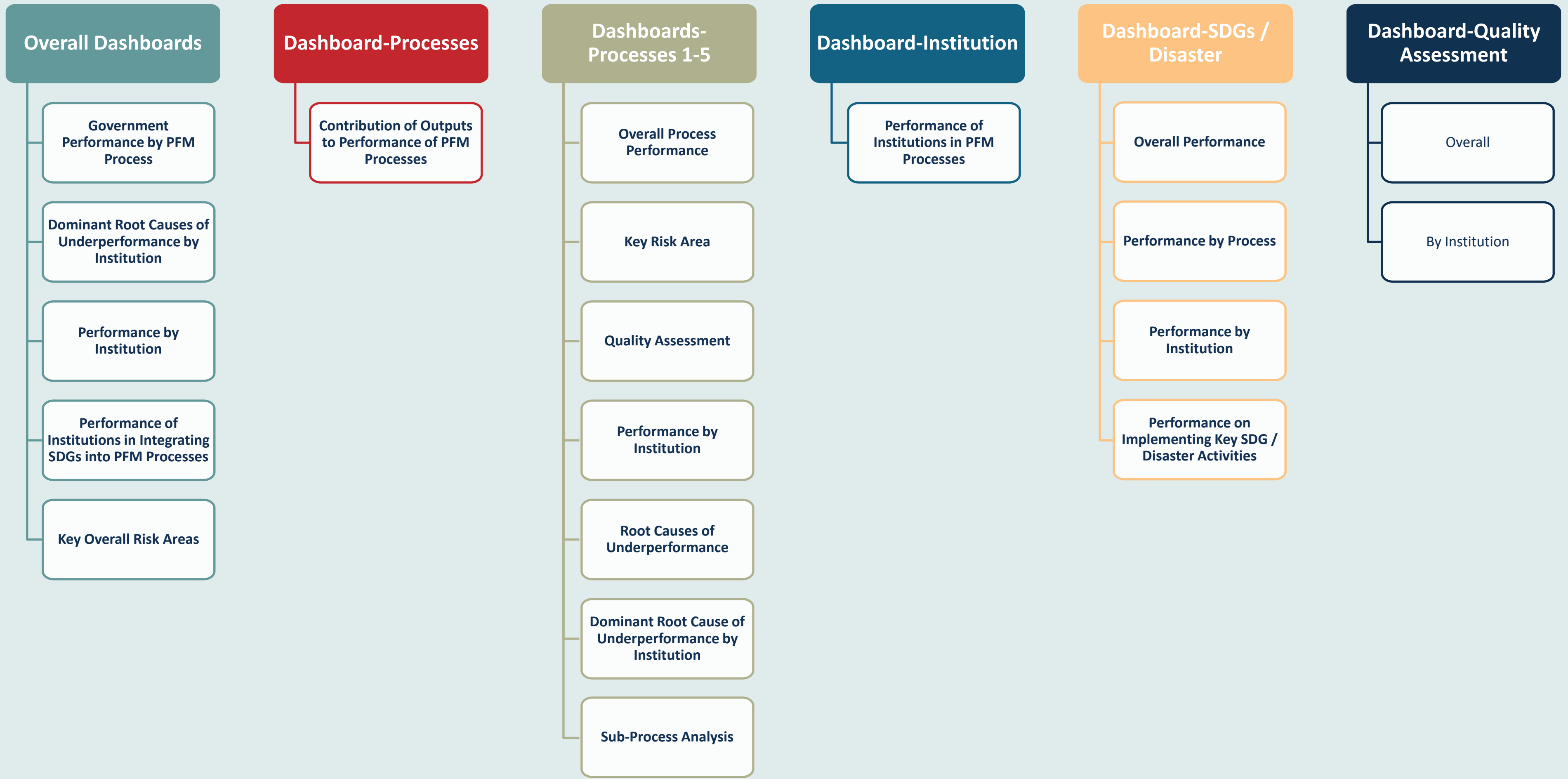
REPORTING FRAMEWORK





CONVERTING DATA INTO MESSAGES

1



TYPES OF DASHBOARDS CREATED

Dashboard Analysis

Background

- ✓ Performance assessments are categorized from zero (no process implemented) to a maximum of four (performance functioning ultimately as designed)
- ✓ Performance grade below 2 indicates risk area

1

Work your way through the different dashboard sheets (Overall, Processes, Institutions, SDGs/Disaster, etc.)

2

Recognize weaknesses and strengths (look for peaks and valleys in dashboards)

3

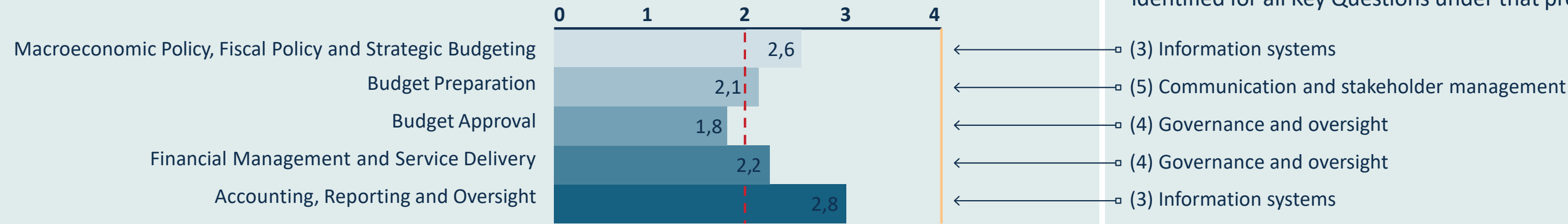
Recognize linkages (discuss identified 'key risk areas' from dashboard; compare dashboard observations with audit findings and dominant root causes)

4

Compile and challenge key observations and messages

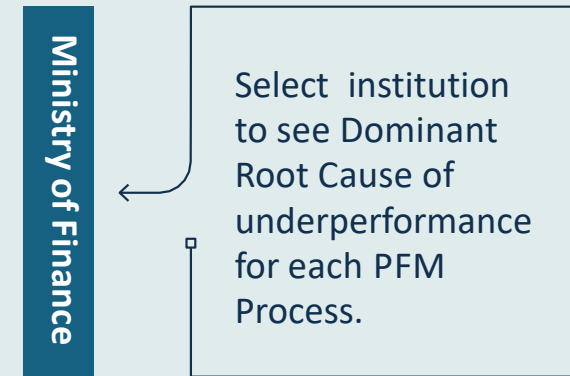
Government Performance by PFM Process

Average of process-level performance of all institutions involved in each process



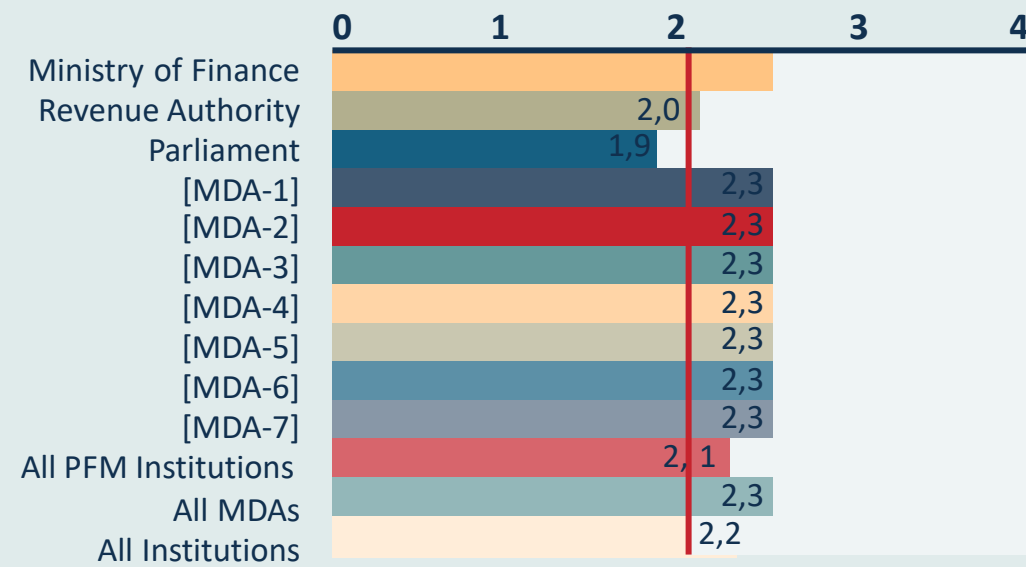
Dominant Root Causes of Underperformance by Institution

Identified by auditors for each process considering the root causes identified for all Key Questions under that process



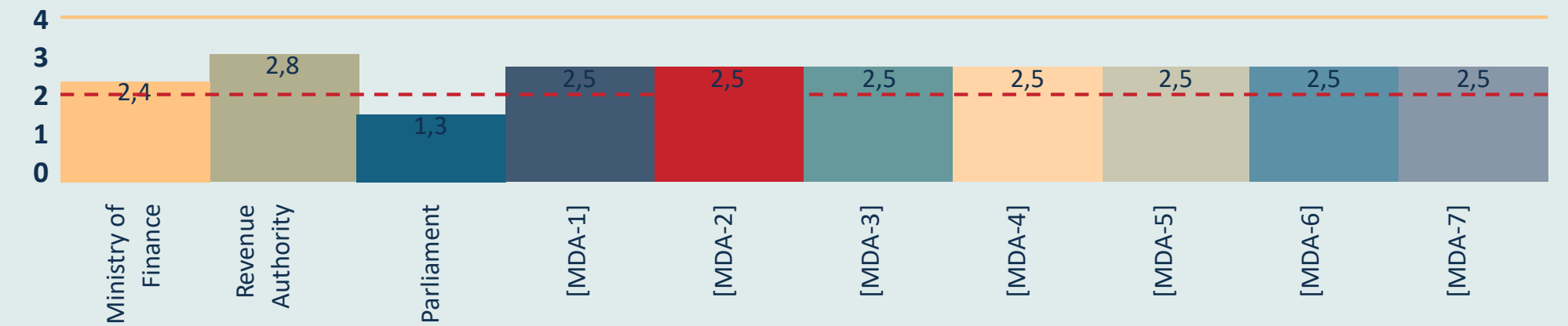
Performance by Institution

Average of all Key Questions assessed for each institution



Performance of Institutions in Integrating SDGs into PFM Processes

Average performance on Key Questions that specifically address the SDGs



Key Overall Risk Areas

Performance grade below 2 indicates risk area (shaded in red)

	Ministry of Finance	Revenue Authority	Parliament	[MDA-1]	[MDA-2]	[MDA-3]	[MDA-4]	[MDA-5]	[MDA-6]	[MDA-7]	All PFM Institutions	All MDAs	All Institutions
1-Macroeconomic Policy, Fiscal Policy and Strategic Budgeting	2,1	3,0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,6	N/A	2,6
2-Budget Preparation	2,0	2,6	N/A	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,3	2,0	2,1
3-Budget Approval	1,0	2,3	0,6	2,0	2,0	2,0	2,0	2,0	2,0	2,0	1,3	2,0	1,8
4-Financial Management and Service Delivery	2,7	2,0	N/A	2,2	2,2	2,2	2,2	2,2	2,2	2,2	2,3	2,2	2,2
5-Accounting, Reporting and Oversight	1,5	0,3	3,5	3,3	3,3	3,3	3,3	3,3	3,3	3,3	1,8	3,3	2,8

--- Risk area below this line — Target performance grade

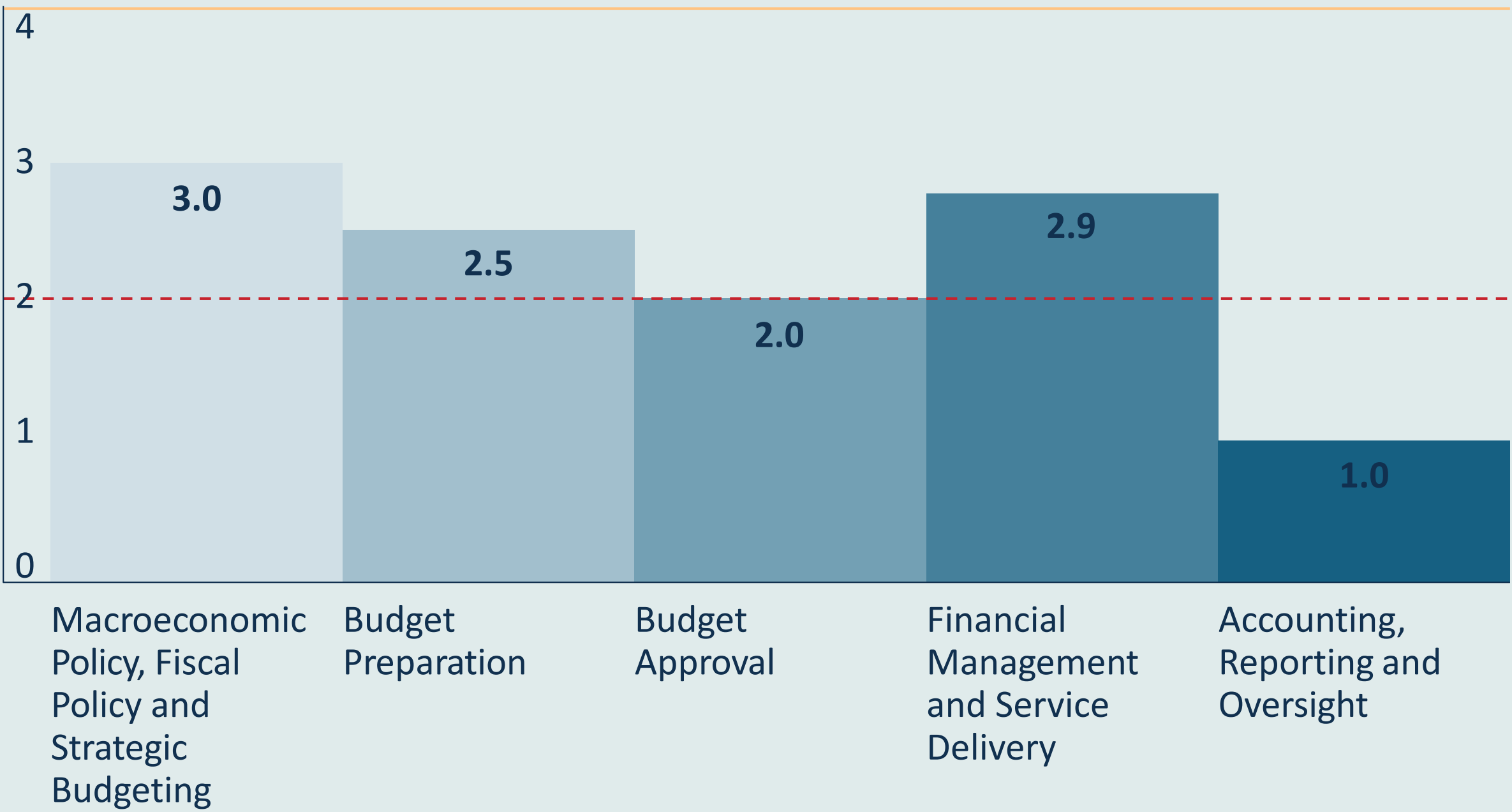
SAMPLE DASHBOARDS

Overall Performance

Average performance on all Key Questions that specifically address the SDGs

Performance by Process

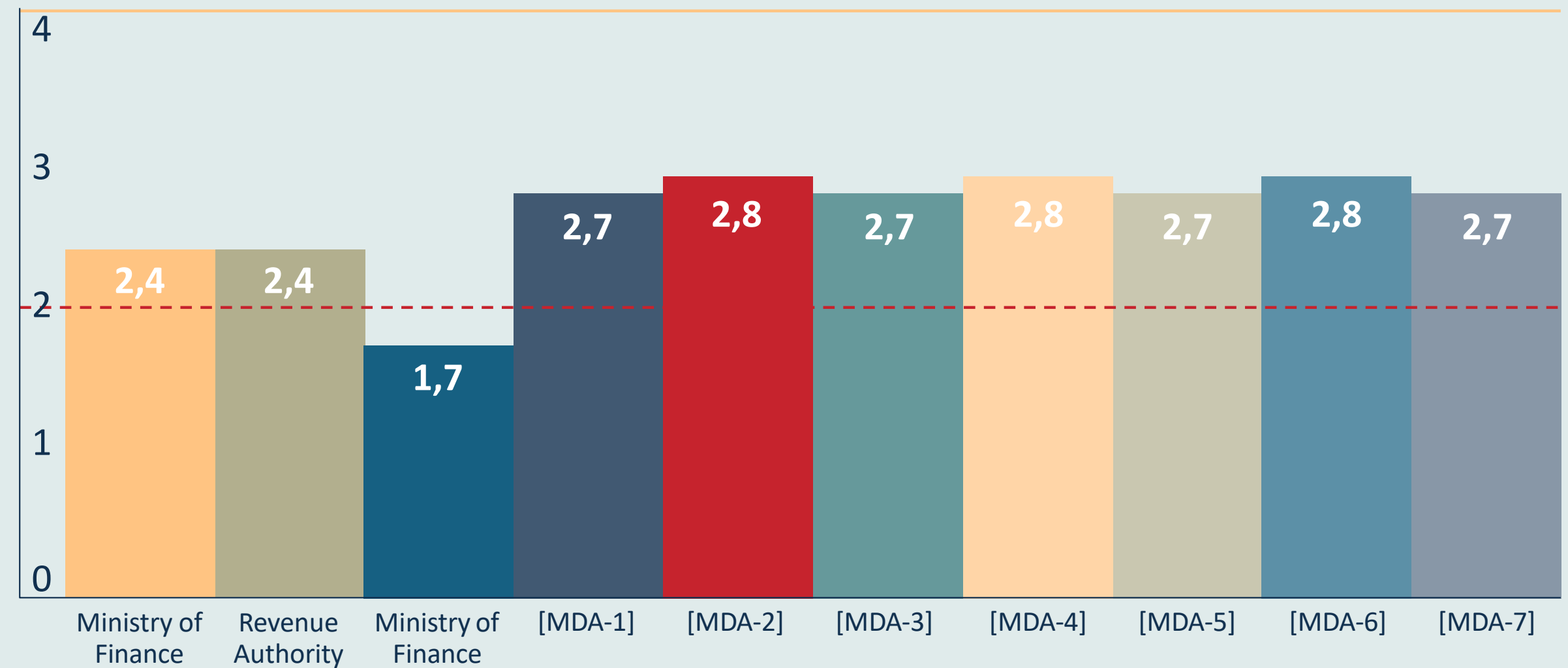
Average performance of Key Questions that specifically address the SDGs



AUDIT OF SDG IMPLEMENTATION

Performance by Institution

Average performance on Key Questions that specifically address the SDGs





■ REVISITING SESSION OBJECTIVES

- ✓ Learn how to interpret dashboard results and identifying risks

