
FEDERATED STATES OF MICRONESIA

PUBLIC FINANCIAL MANAGEMENT
ROADMAP 2017 - 2020



FSM Department of Finance & Administration

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CURRENCY EQUIVALENTS

Currency Unit – FSM uses the US Dollar

ABBREVIATIONS

BEM	–	Budget & Economic Management
DOFA	–	Department of Finance & Administration
EU	–	European Union
FMIS	–	Financial Management Information System
FMR	–	Financial Management Regulations
FSM	–	Federated States of Micronesia
FY	–	Fiscal Year
GFS	–	Government Finance Statistics
IMF	–	International Monetary Fund
NA	–	Not Applicable
NR	–	Not Rated
ODA	–	Overseas Development Assistance
PEFA	–	Public Expenditure & Financial Accountability
PFM	–	Public Financial Management
PFTAC	–	Pacific Financial & Technical Assistance Centre
SDP	–	Strategic Development Plan
USD	–	United States Dollar

NOTES

(i) The Fiscal Year (FY) of the Government ends on 30th September.

(ii) In this report, “\$” refers to US dollars.

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EXECUTIVE SUMMARY

Public Financial Management (PFM) involves the efficient and effective management of the collection and expenditure of government funds. PFM systems are an important part of a country's governance process and are central to creating a relationship of mutual trust and shared consensus between government and citizens.

The PFM system covers all elements of a country's budget process, from planning, collection, spending, reporting, and audit, and involves systems and staff in every agency of government. The PFM system is important for the monitoring and evaluation of public sector policies and projects. Policy makers need to understand the cost of the policies they adopt, for planning and evaluation purposes.

Strong PFM systems enable development partners to deliver more financial assistance through government systems. Actions to improve PFM systems provide development partners the confidence to increasingly channel their assistance through the budget while minimizing fiduciary risk. Funds channelled through government systems reduce the administrative burden on country authorities of gaining financial support for sound policies.

The Roadmap lays out the key actions that will be taken by key stakeholders over the next three years (FY2017 – FY2020) to improve the performance of the PFM systems employed by the government. It sets out plans to improve overall governance, reduce corruption, as well as improve efficiency and effectiveness of financial systems and procedures.

Key areas to be addressed over the next three years to improve current systems, to better align resources and accountability towards development results, and to present a sound basis for development partners to provide general budget support include: 1) implementing a new financial management information system (including integrating a budget module and automating customs and tax systems); 2) a complete review of the Financial Management Regulations; 3) improving reporting standards (including developing a new website); and 4) continued efforts on staff capacity development.

The PFM Roadmap also provides a bridge between the strengths and weaknesses identified in the Public Expenditure & Financial Accountability (PEFA) assessment and implementation of PFM reforms. The information provided by the PEFA framework has contributed to the government reform process by determining the extent to which reforms are yielding improved performance and by increasing the ability to identify and learn from reform success. The 2016 PEFA Self-Assessment results indicate that, overall the FSM PFM system shows a considerable improvement over the 2012 assessment, and that PFM systems overall are operating at average or above average levels when compared to other pacific nations.

The next phase of FSM's PFM Roadmap will also focus on addressing the areas rated C and D in the 2016 PEFA Assessment which are relevant to the FSM. Scoring above average in all parts of the PEFA assessment is not necessarily desirable, appropriate, or efficient as systems do

depend on the country context. For FSM, PFM systems based on a US model are often quite different from its peers in the South Pacific.

The PFM Roadmap will not work in isolation. It should be reviewed and implemented in close coordination with other Government plans.

The coordination and monitoring of the PFM reform roadmap will be led by the PFM Task Force under the DOFA. The Division of Overseas Development Assistance within the Office of the President will be responsible for coordinating capacity building support from Development Partners and financing of external reviews.

1. THE CURRENT PUBLIC FINANCIAL MANAGEMENT SETTING

1.1 INTRODUCTION

Public Financial Management (PFM) involves the efficient and effective management of the collection and expenditure of government funds. PFM systems are an important part of a country's governance process and are central to creating a relationship of mutual trust and shared consensus between government and citizens.

The PFM system covers all elements of a country's budget process, from planning, collection, spending, reporting, and audit, and involves systems and staff in every agency of government. The PFM system is important for the monitoring and evaluation of public sector policies and projects. Policy makers need to understand the cost of the policies they adopt, for planning and evaluation purposes.

Strong PFM systems enable development partners to deliver more financial assistance through government systems. Actions to improve PFM systems provide development partners the confidence to increasingly channel their assistance through the budget while minimizing fiduciary risk. Funds channelled through government systems reduce the administrative burden on country authorities of gaining financial support for sound policies and increase the likelihood of effective reform.

1.2 LEGAL & REGULATORY FRAMEWORK

The FSM is a federation of individual states, with its PFM decentralized, and service delivery functions delegated to the states. Expenditure responsibilities at the national level are primarily concerned with policy-making, the regulatory environment, national functions, and oversight.

National responsibility for PFM is with the Department of Finance & Administration (DoFA), covering Treasury, Customs & Tax Administration, Budget & Economic Management (BEM), and Investment & International Finance divisions.

The FSM Constitution provides for three separate branches of government at the national level - Executive, Legislative, and Judicial. The Constitution provides the basis for the raising of resources and their expenditure including obligating the people of FSM, and its residents, to contribute, through taxation, to financing the Government. It also instructs that the Congress shall determine the overall estimates (ceilings) for public service expenditure prior to the beginning of the new fiscal year. It further demands that no public funds can be spent without a prior appropriation by Congress.

As with the United States (US) system, most major governmental functions other than the conduct of foreign affairs and defense are carried out by the State governments. The State Governments under their Constitutions are structurally similar, all utilizing three branches:

Executive, Legislative and Judicial. Their compositions/structures vary according to their different circumstances.

Key legislation which facilitates sound management of public finance includes:

- FSM Constitution;
- Financial Management Act (1979);
- Budget Procedures Act (1981);
- Public Contracts Act;
- Income Tax Act Law;
- Revenue Administration Act;
- Customs Act (1996);
- National Public Service System Act; and
- National Public Auditor Act.

In addition, the Financial Management Regulations supplement the Financial Management Act and the Public Service System Regulations supplement the National Public Service System Act.

This legislative framework sets out the basic budget and accountability structures, including: (i) the requirement that all revenues and other resources raised or received by the government be paid into the General Fund, out of which only legally approved expenditures can be made; (ii) appropriate oversight by the FSM Congress; and (iii) the delegation of responsibility and accountability for public resources to specified stakeholders.

1.3 INSTITUTIONAL FRAMEWORK

The current institutional arrangements in FSM is as follows:

The Congress:

- Approves the revenue ceiling for a given fiscal year;
- Conducts public oversight hearings on the budget, performance audits, and other relevant issues;
- Approves the appropriation of public funds for Government operation through the annual budget; and
- Reviews the Government financial statements submitted to Congress on an annual basis.

The Executive:

- Formulates public policies including PFM: and
- administers Government operations to provide services to the public.

DoFA Manages public finance which is operationalised through various PFM activities as follows:

- Policy formulation and advice based on macro-economic forecasting; and

- Budget formulation and monitoring including prepare the budget strategy, Government budget estimates, the budget statements, and co-ordinates with relevant Departments/Agencies during the budget formulation process.
- Monitors the budget execution;
- Cash, debt, and asset management;
- Accounting, recording and Reporting; and
- Revenue collection and administration;

As of July 2017, FSM has nine Departments and seven Agencies with the most recent Department being Environment, Climate Change & Emergency Management which was created in 2017 to reflect the increasing importance of these cross cutting sectors.

PFM reforms need robust institutions to support the process and maintain its integrity in a sustainable way. Recent changes by the new Executive in 2015 including moving Budget & Economic Management (BEM) into DoFA have strengthened PFM.

The FSM Strategic Development Plan (SDP) 2004 - 2023, the State SDP's, Sector Plans, Budget Estimates, Budget Calls, and Treasury Instructions, all facilitate the PFM process.

The PFM Manual, Corporate Planning Manual, Budget Manual, Procurement Manual, Internal Audit Manual, Public Service Policy Manual, and other relevant manuals are either in place or are in advanced draft form. These manuals will continue to be updated and consolidated as required during the Roadmap period.

1.4 PUBLIC EXPENDITURE & FINANCIAL ACCOUNTABILITY

The Public Expenditure and Financial Accountability (PEFA) Framework is an integrated monitoring framework that allows measurement of country PFM performance. It has been developed as a tool to provide reliable information on the performance of PFM systems, processes and institutions over time. The PEFA framework was updated in 2016 and the FSM Self-Assessment in 2016 is based on the revised framework.

The information provided by the framework can contribute to the government reform process by determining the extent to which reforms are yielding improved performance and by increasing the ability to identify and learn from reform success. It also facilitates harmonization of the dialogue between government and donors around a common framework measuring PFM performance and therefore contributes to reducing transaction costs for partner governments.

The PEFA is structured around 7 main categories:

- Budget reliability
- Transparency of public finances
- Management of assets & liabilities
- Policy based fiscal strategy & budgeting

- Predictability & control of budget execution
- Accounting & reporting
- External scrutiny & audit

Each of these seven major areas is further divided into 31 high-level indicators, which in turn, are further subdivided. The scoring system is based on international standards and provides a comparable measurement system.

The first PEFA assessment for FSM was conducted in 2012 with assistance from the Pacific Financial Technical Assistance Centre (PFTAC). The PEFA was based on data from FY2009 - FY2011 and the results were very mixed for FSM. In response the Government developed a PFM Roadmap in 2014. Following 2 years of implementation, the DoFA Secretary concluded that significant improvements had been made and that it was in a position to update the PEFA assessment.

In September 2016, the National Government undertook a self-assessment to evaluate the status of the PFM systems in accordance with the updated 2016 PEFA framework. The Self-Assessment Report was prepared by a National Government PFM team and a review was facilitated in November 2016 by a consultant team from PFTAC.

The 2016 PFEA self-assessment results indicate that, overall the FSM PFM system shows a considerable improvement over the 2011 assessment, and that most PFM systems are operating at average or above average levels when compared to pacific island countries. Scoring above average in all parts of the PEFA assessment is not necessarily desirable, appropriate or efficient as systems do depend on the country context. For FSM, it is clear that PFM systems based on a US model are often quite different from its peers in the South Pacific.

The supporting analysis for the self-assessment is based on the National Government's PFM performance from FY2013 - FY2015. Overall, the results showed significant improvement in almost all indicators of the PEFA. The strengths and weaknesses identified by the self-assessment are shown in table 1.

Table 1: Outcome of the 2016 PEFA Self-Assessment Review

The indicators that presented a very satisfactory level of PFM performance (score A) are:

- PI-1 Aggregate expenditure out-turn compared to original approved budget;
- PI-6 Central Government operations outside financial reports;
- PI-7 Transfers to sub-national governments;
- PI-9 Public access to fiscal information;
- PI-17 Budget preparation process;
- PI-18 Legislative scrutiny of budgets;
- PI-25 Internal controls on non-salary expenditure;

The indicators that presented an acceptable level of PFM performance (score B, B+) are:

- PI-5 Budget documentation;
- PI-8 Performance information for service delivery;
- PL-10 Fiscal risk reporting;

- PI-12 Public asset management;
- PI-13 Debt management;
- PI-19 Revenue administration;
- PI-20 Accounting for revenue;
- PI-27 Financial data integrity;
- PI-29 Annual financial reports;

The indicators that presented weak levels of PFM performance (score C, C+) are:

- PI-2 Composition of expenditure out-turn compared to original approved budget;
- PI-4 Classification of the budget;
- PI-11 Public investment management;
- PI-14 Macroeconomic & fiscal forecasting;
- PI-15 Fiscal strategy;
- PI-21 Predictability of in-year resource allocation;
- PI-23 Payroll controls;
- PI-24 Procurement;
- PI-30 External audit;

The indicators that presented very weak levels of PFM performance (score D, D+) are:

- PI-3 Aggregate revenue out-turn compared to original approved budget;
- PI-16 Medium-term perspective in expenditure budgeting;
- PI-22 Expenditure arrears;
- PI-28 In-year budget reports;
- PI-31 Legislative scrutiny of audit reports;

The indicators Not Rated (N/R) and Not Applicable (N/A) included:

- PI-26 Internal audit;

2. ROADMAP TO IMPROVE PUBLIC FINANCIAL MANAGEMENT

2.1 OVERVIEW

The overarching objectives of improving the Public Financial Management systems are three-fold:

1. Maximising the return on each dollar collected from taxpayers and donor partners towards achieving development results in areas identified as priorities;
2. Further engaging the public into the annual budget process and debate; and
3. Positioning the PFM systems so that development partners are confident in their soundness enabling them to provide Official Development Assistance through Direct Budget Support.

The PFM Roadmap provides a bridge between the strengths and weaknesses identified in the PEFA assessment and implementation of PFM reforms. Several donors and development partners are moving towards a budget support modality for which an acceptable PEFA outcome is a prerequisite.

The approach undertaken in formulating the roadmap involves the respective DoFA, FSM Office of the Public Auditor, and FSM Congress Administration assessing their main weaknesses, underlying causes, assessing capacity to address the issues, prioritizing and sequencing the actions, and assessing the risks associated in achieving their planned outputs.

The Roadmap incorporates the four main aspects of the public financial management system:

- 1) the legal and Regulatory framework
- 2) Institutional Arrangements
- 3) Management/Systems Framework, and
- 4) Capacity Development.

The following lays out the key actions that will be taken by key stakeholders over the next three years (FY2018 – FY2020) to improve the performance of the PFM systems employed by the national government.

The coordination and monitoring of the PFM reform roadmap will be led by the PFM Task Force under the DOFA. The Division of Overseas Development Assistance (ODA) within the Office of the President will be responsible for coordinating capacity building support from Development Partners and financing of external reviews.

2.2 FINANCIAL MANAGEMENT INFORMATION SYSTEM

The FSM has requested World Bank assistance to strengthen PFM through the replacement of its Financial Management Information System (FMIS). This is being financed through FSM's IDA18 allocation which becomes available in July 2017. The current system was installed at the beginning of the Amended Compact but has failed the FSM in a number of areas, most notably the inability to integrate the budget into the FMIS. Also of concern is the company that developed the software has been sold and FSM no longer has reliable support for the system.

The system is shared by the National Government and the four States and all governments will upgrade to a new FMIS. Additional modules will be required for revenue, including customs and taxes to better integrate FSM finances.

The current FMIS, the Fundware system, was installed in 2008 through a single contract but the national government and individual states customized the system as per their specific requirements. Fundware is centralized within the respective Departments of Finance and Administration in each government as this is where financial transactions are processed. Human resource capacity constraints have limited the ability to roll out the system to other departments.

Fundware has ceased providing upgrades to the FSM's system along with any technical support and training. To overcome this lack of support, an individual consultant was engaged to provide the technical support/troubleshooting and training on the use of the system modules. The staff using the system find the Fundware modules are not "user friendly" and there are limitations in the flexibility for generating reports.

While the Fundware system is used by the state and national governments, they are operated as five discrete systems and there is no integration. It is possible that connectivity issues between the island states at the time of installation of Fundware may have limited the options for any integration. On the accounting side the chart of accounts of all the states were originally aligned to each other, however some changes at the project level have been made over time which has impacted on consolidation.

The requirements of the new FMIS include:

- The five governments require a common system which can interface and share information;
- The system will need the necessary security features to control access to state specific data and the flexibility for sharing information as needed with other states and/or the national government;
- The initial system must cover the core financial management functions in the short term, including budget execution, treasury and revenue modules;
- User friendly and such that it would enhance efficiency and provide management with the tools for monitoring performance;
- Report creation and generation to be flexible and easy to navigate;

- Strong internal controls, electronic signatures for audit trail of all approvals and documentation;
- Digitization of records with features of document tracking and supported by a data warehouse; and
- have the ability and capacity to scale-up and to add further modules.

The migration of legacy data is also an important component and takes time when governments elect to upgrade financial management systems, hence it is important that the current system should be operating effectively so as to ensure a smooth transition.

2.3 DOFA WEBSITE

A key issue for the National Government is transparency. The PEFA identified the lack of a DoFA website as an issue for providing information on the budget and financial reporting. In response, DoFA in conjunction with a local website developer, has launched a Departmental website.

<http://dofa.gov.fm/>

Over the period of the Roadmap this website will be continuously updated and improved to provide the public with ready access on the financial operations of the National Government.

2.4 FINANCIAL MANAGEMENT REGULATIONS

The current Financial Management Regulations (FMR) were promulgated in 1999 and over the years there have been a number of amendments and additions. They are currently out of date and are not complete in terms of improvements to the financial management practice and procedures over recent years.

In 2017, a complete review of the FMR is being undertaken to bring it in line with current public laws and PFM international best practice. In particular they are being expanded as there are a number of areas where they are very light or are lacking completely.

The Asian Development Bank funded compliance advisor who is based in Treasury is taking the lead on the review of the FMR and has recommended a full rewrite of the regulations. This is due for completion by September 2017. This exercise has also identified areas where there is a need to amend the Public Management Act and amendments will be prepared for Congress to consider.

2.5 CAPACITY BUILDING

A key component of the PFM Roadmap will be continued capacity building and training of staff.

The compliance advisor has capacity building as a key component of her terms of reference and the FSM has capacity building funds available from the European Union (EU) through its EDF11 allocation to support the PFM Roadmap. Specific areas for technical assistance have been identified and include the updating of the FMR at the State level

Learning from the experience of the current FMIS, the WB FMIS project will include activities for capacity building that are both project-specific and continue beyond the implementation period. Areas to be explored over the course of project are as follows:

- (i) Opportunities to pursue a full accounting qualification for high performing staff;
- (ii) Regular academic courses for providing basic and intermediate accounting and financial management competence. This would over time help build a pool of qualified persons in country who can staff the various finance related positions in DoFA, State finance departments, line ministries, State owned enterprises and the private sector.
- (iii) Short compulsory training for all new entrants in DoFA and any staff performing finance functions like, budgeting, accounting, auditing etc. in the government. This needs to incorporate both training on the government's procedures and regulations as well as system user training for the FMIS in place.
- (iv) Embedded trainers: Persons with experience and expertise in treasury, accounting, budgeting, financial reporting etc. may be embedded in the national and state finance offices for periods of 3-6 months to provide on the job guidance.
- (v) Short workshops on specialized or emerging topics. These can be in FSM or off-shore for relevant selected staff.

2.6 PEFA BASED INITIATIVES

Phase 1 for FSM's public financial management reform plan will focus on fiscal discipline and address the areas rated C and D in the 2011 PEFA Assessment (A and B ratings are classified as acceptable scores by International Standards). Actions in Phase 1 will focus on necessary improvements to the reconciliation and reporting of public accounts and strengthening of internal control systems. The timely production of fiscal accounts is an essential requirement for fiscal discipline and for improved budget analysis and budget preparation. Improvements to income tax collection and monitoring will lead to improved revenue collection and lower dependence on external assistance.

Following are the targeted PEFA Based initiatives that will be addressed over the 3-year period of this PFM roadmap. It should be noted that not all of the categories where FSM showed weak or very weak performance will be addressed. This mainly reflects that the US based PFM system is different to that used in most other countries and there are certain issues that cannot be addressed as they are constitutionally bound.

The actions identify the fiscal year that actions will be undertaken, what the current (2016) PEFA score is and the goal score to be achieved by 2020, the performance position (to improve and maintain performance) and which stakeholder is responsible for implementation and effectiveness of actions.

Transparency of Public Finances

This category refers to whether information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.

Dimension	PI-4 Budget Classification
Description	<p>The budget should be presented in a format that reflects the most important classifications. The classification should be embedded in the government's chart of accounts (the accounting classification) to ensure that every transaction can be reported in accordance with any of the classifications used. The budget and accounting classifications should be reliable and consistently applied, providing users with confidence that information recorded against one classification will be reflected in reports under the other classification.</p> <p>The GFS classification provides a recognized international framework for the economic and functional classification of transactions</p>
Current score	C
Issue	<p>This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards.</p> <p>For the FSM there is an administrative and economic classification but no functional classification of the budget.</p>
Responsibility	Budget & Economic Management Division
Action	Include a functional classification of the budget in the Annual Budget Report and in the new FMIS.
Comment	<p>It should be noted that a functional classification is more meaningful at the State level where the services are delivered while at the National level the Departments are responsible for national policy and administration.</p> <p>It will be important that during the development of the new FMIS chart of accounts the FMIS project management team keep in mind the need to include the IMF functional and other GFS classifications in the chart of accounts.</p> <p>This component will be deemed complete once the new FMIS is up and running and data is published in the annual Budgets and in the annual Economic & Fiscal Updates.</p>
Target Date	2020 budget
Target score	A

PI-11 Public Investment Management

This indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, with emphasis on the largest and most significant projects.

Public investments can serve as a key driver for economic growth. However, the effectiveness and efficiency of public investment is also a key determinant in maximizing its impact and helping to support government's social and economic development objectives. Efficient management of public investment resources requires careful analysis to prioritize investments within sustainable fiscal limits to ensure that approved projects are implemented as planned. This can be achieved through rigorous economic analysis, effective management of investment expenditure, and monitoring of timely completion.

Dimension	11.1 Economic analysis of investment proposals
Description	This dimension assesses the extent to which robust appraisal methods, based on economic analysis are used to conduct feasibility or prefeasibility studies for major investment projects on the basis of an analysis of its economic, financial, and other effects; whether the results of analyses are published, and whether the analyses are reviewed by an entity other than the sponsoring entity.
Current score	C
Issue:	The issue for this component is the lack of a structure as to how some investment proposals are approved at the National level. Not all proposals go through a rigorous economic appraisal process at the feasibility stage. Most proposals will go to the Department of Resources & Development (DR&D) but not all are making it to DoFA for economic and financial comment. With regards to infrastructure projects this process would also include Department of Transport, Communications & Infrastructure (DTC&I). There is also an issue around capacity in these Departments to undertake economic analysis of large projects.
Responsibility	Budget & Economic Management Division
Action	Install a project appraisal process which sees all proposals that go to DR&D and DTC&I being passed through to DoFA to arrive at a joint feasibility study which would go to Cabinet for Executive approval.
Comment	In general, almost all large projects are through donor partnerships, and in the case of those funded by Compact or multi-lateral partners there is a rigorous process of appraisal, selection, costing, and monitoring. At the feasibility stage there are economic, financial, social and environmental impact studies undertaken. However, for some donors, in particular China, the process is less rigorous in terms of the feasibility study process and project selection and when projects are undertaken directly at a State level the investment decision process is less clear.
Target date	FY2019
Target score	B

Dimension	11.3 Investment project costing
Description	This dimension evaluates whether the budget documentation includes medium-term projections of investment projects on a full-cost basis and whether the budget process for capital and recurrent spending is fully integrated. Sound budget management requires the preparation of comprehensive and forward-looking project budget plans for capital and recurrent costs over the life of the investment.
Current score	C
Issue:	Historically, the budget documentation includes medium term projections for operational budgets and the total cost of a project in the capital and investment component of the budget. Budget documents do not contain projections for the donor funded major investments.
Responsibility	Budget & Economic Management Division
Action	Provide medium term projections on all major investments in the Economic & Fiscal Update which is part of the annual budget submission to Congress.
Comment	For the 2018 Economic and Fiscal update DoFA will include major donor investments and expenditure projections for the current year and the next two years. This document also provides a description and progress update on these major investments. Note, this Report is published on the DoFA website.
Target date	2018
Target score	B

Dimension	11.4 Investment project monitoring
Description	This dimension assesses the extent to which prudent project monitoring and reporting arrangements are in place to ensure value for money and fiduciary integrity. The monitoring system should maintain records on both physical and financial progress, including estimates of work in progress, and produce periodic project-monitoring reports.
Current score	C
Issue	Not all projects have strong monitoring and reporting functions that are linked in to the National Government systems.
Responsibility	Budget & Economic Management Division
Action	The total cost and physical progress of major investment projects are monitored by the implementing government unit. Information on implementation of major investment projects is prepared quarterly. Publish on DOFA website.
Comment	As for P11-1, Compact and multi-lateral funded investments have sound monitoring and reporting processes that are transparent. However, China funded projects are not always implemented with a rigorous monitoring and reporting framework.
Target date	2019
Target score	B

PI-13. Debt management

This indicator assesses the management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements.

The size and management of debt and guarantee obligations can have a substantial impact on a country's capacity to maintain fiscal discipline. Effective management is necessary to ensure that the cost of such obligations is minimized in the long term and that the country has the capacity to meet all obligations when they are due.

Dimension	13.3 Debt management strategy
Description	This dimension assesses whether the government has prepared a debt management strategy with the long-term objective of contracting debt within robust cost-risk trade-offs. Such a DMS should cover at least the medium term (three to five years), and it should include a description of the existing debt portfolio's composition and evolution over time.
Current score	D
Issue	A debt management policy exists internally but is not published
Responsibility	Investment & International Finance Division
Action	Publish an annual debt report which includes a discussion on the debt strategy.
Comment	The FSM currently has a very prudent debt risk policy. All debt is concessional in nature and most is on-lent to utilities but only some have the capacity to service the debt. Currently debt information is published in the audited accounts and the Economic & Fiscal Update.
Target date	2019
Target score	B

PI-14. Macroeconomic and fiscal forecasting

This indicator measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances.

Dimension	14.1 Macroeconomic Forecasts
Description	This dimension assesses the extent to which comprehensive medium-term macroeconomic forecasts and underlying assumptions are prepared for the purpose of informing the fiscal and budget planning processes and are submitted to the legislature as part of the annual budget process.
Current score	C
Issue	The government prepares forecasts of Gross Domestic Product and Price indicators for the budget year and the two following fiscal years but does not prepare interest

	rate forecasts.
Responsibility	Budget & Economic Management Division
Action	The BEM to introduce a forecast of interest rates in the 2018 Economic & Fiscal Update.
Comment	Note that the FSM uses the US Dollar and thus no need to prepare exchange rate forecasts. For FSM, there is no internal independent entity that can review these projections and thus it is not possible for FSM to achieve an A rating for this indicator. However, for the 2017 Economic & Fiscal Update the IMF reviewed and agreed with the FSM projections during their Article IV consultations.
Target date	2018
Target score	B

Dimension	14.3 Macro-fiscal sensitivity analysis
Description	This dimension assesses the capacity of governments to develop and publish alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that have a potential impact on revenue, expenditure, and debt. Such analyses would typically involve an analysis of debt sustainability.
Current score	C
Issue	The macro-fiscal forecasts prepared by the government include a qualitative assessment of the impact of alternative macroeconomic assumptions. However these are not publicly released nor do budget documents discuss scenario impacts.
Responsibility	Budget & Economic Management Division
Action	Include further discussion of the forecast sensitivities in the Economic & Fiscal Update
Comment	The BEM have a set a macro-economic forecasting models that are interactive and can be run using different modelling scenarios. The FSM does not prepare its own debt sustainability analysis as it currently relies on the IMF debt sustainability model.
Target date	2018
Target score	B

PI-15. Fiscal Strategy

This indicator provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government’s fiscal goals.

A fiscal strategy enables government to clearly articulate to central government units, the legislature, and the public its fiscal policy objectives, including specific quantitative and qualitative fiscal targets and constraints. It provides a framework against which the fiscal impact of revenue and expenditure policy proposals can be assessed during the annual budget

preparation process. This ensures that budget policy decisions align with fiscal targets thereby supporting aggregate fiscal discipline and the strategic allocation of resources to policy priorities.

Dimension	15.1 Fiscal impact of policy proposals
Description	This dimension assesses the capacity of the government to estimate the fiscal impact of revenue and expenditure policy proposals developed during budget preparation. The assessment of the fiscal implications of policy changes is critical to ensure that policies are affordable and sustainable. A failure to accurately estimate the fiscal implication of policies may result in a shortfall in revenues or higher expenditures, leading to unintended deficits and increased debt, undermining the ability of the government to deliver services to its citizens.
Current score	C
Issue	The government prepares estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year. However, only on the revenue side are these fiscal impacts fully integrated into the budget process on a medium-term basis.
Responsibility	Budget & Economic Management Division
Action	For expenditure policy proposals, the BEM will ensure that significant proposals are fully costed for the budget year and the two following fiscal years, and that they include the recurrent costs associated with capital investment projects.
Comment	The BEM have a set a fiscal forecasting models that are interactive and can be run using different modelling scenarios. The models need to be expanded to better include the impact of major investments on capital and recurrent costs in the medium term.
Target date	2019
Target score	B

Dimension	15.3 Reporting on Fiscal outturns
Description	This dimension assesses the extent to which the government makes available—as part of the annual budget documentation submitted to the legislature—an assessment of its achievements against its stated fiscal objectives and targets. The assessment should also include an explanation of any deviations from the approved objectives and targets as well as proposed corrective actions. Actions should refer to specific initiatives that directly link to improvements in fiscal outcomes.
Current score	C
Issue	The government does not produce a fiscal strategy report. There is some limited information in Economic & Fiscal Update including fiscal responsibility ratios but a discussion on fiscal strategy and targets is missing.
Responsibility	Budget & Economic Management Division
Action	Publish a separate fiscal strategy document with the Budget call.
Comment	The structure of the budgeting system in the FSM can result in the fiscal strategies of the Government being derailed by Congress who have the final say on the budget appropriation. The Congress have their own fiscal strategies that are often at odds with the Executive.

Target date	2018
Target score	B

PI-16. Medium-term perspective in expenditure budgeting

This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans.

A medium-term perspective on budgeting supports aggregate fiscal discipline by establishing forward year estimates that provide the baseline for future budget allocations. This promotes greater predictability in budget allocations and expenditure planning and prioritization and enables the government, legislature and public to track expenditure policy decisions.

Dimension	16.2 Medium Term Expenditure ceilings
Description	This dimension assesses whether expenditure ceilings are applied to the estimates produced by ministries to ensure that expenditure beyond the budget year is consistent with government fiscal policy and budgetary objectives. Such ceilings should be issued to departments before the distribution of the first budget circular at the commencement of the annual budget preparation cycle.
Current score	D
Issue	Although the budget circular provided ceilings for the budget year it is not specific with regards to the following two years.
Responsibility	Budget & Economic Management Division
Action	Include further detail on out year expenditure ceilings in the budget circular.
Comment	The timing of the budget call and budget circular some 10 months before the beginning of the fiscal year do not make it necessary to send the expenditure ceilings in a prior notification. Including expenditure ceilings in these documents provides ample time for departments to prepare budgets.
Target date	2020
Target score	B

PI-19. Revenue administration

This indicator relates to the entities that administer central government revenues, which may include tax administration, customs administration, and social security contribution administration. It also covers agencies administering revenues from other significant sources such as natural resources extraction. These may include public enterprises that operate as regulators and holding companies for government interests. In such cases the assessment will require information to be collected from entities outside the government sector. The indicator assesses the procedures used to collect and monitor central government revenues.

A government’s ability to collect revenue is an essential component of any PFM system. It is also an area where there is direct interaction between individuals and enterprises on the one hand and the state on the other. The government must provide those responsible for providing revenues with a clear understanding of their rights and obligations as well as the procedures to be followed in seeking redress, while ensuring that mechanisms are in place to enforce compliance.

Dimension	19.4 Revenue Arrears monitoring
Description	This dimension assesses the extent of proper management of arrears within the revenue entities by focusing on the level and age of revenue arrears. Revenue administrations need to have a critical focus on the management of arrears to ensure that debts owed to the government are managed actively and that appropriate processes are adopted focusing on expediting the payment of collectable debt. This will ensure that revenue administrations maximize the collection of arrears before they become uncollectable. In order for the arrears management process to be considered comprehensive, it should allow for capturing information on revenue arrears and facilitate collection of those arrears in the year they occur.
Current score	C
Issue	The revenue arrears are large and are relatively old.
Responsibility	Customs & Taxes Division
Action	Reduce the stock of revenue arrears.
Comment	The process for removal of uncollectable arrears from the balance sheet needs revisiting as most tax arrears in the system are dormant taxpayers and thus uncollectable
Target date	2019
Target score	B

PI-20. Accounting for revenue

This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and nontax revenues collected by the central government.

Accurate recording and reporting of tax and nontax revenue collections is important to ensure all revenue is collected in accordance with relevant laws. Compliance with tax laws strengthens both aggregate fiscal discipline and administrative capacity to allocate budget resources to strategic priorities. Timely and accurate information on revenue helps the government monitor budget implementation and the management of cash, debt, and investments.

Dimension	20.3 Revenue Accounts reconciliation
Description	This dimension assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears and transfers to (and receipts by) the Treasury or designated other agencies take place regularly and are reconciled in a timely manner. This will ensure that the collection and transfer system functions as

	intended and that the level of arrears and revenue float are monitored and minimized. It is important that any difference between amounts assessed or levied by responsible entities and amounts received by the Treasury or other designated agencies can be explained.
Current score	C
Issue	Assessment and arrears are not yet reconciled. Only collections and transfers to Treasury are reconciled.
Responsibility	Customs & Taxes Division
Action	Reconciliation to be undertaken at least half yearly.
Comment	The new RMIS to be implemented in 2019 will go a long way to manage this issue with arrears reporting being generated out of the system.
Target date	2019
Target score	B

PI-21. Predictability of in-year resource allocation

This indicator assesses the extent to which the central MoF is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery.

Effective service delivery and execution of the budget in accordance with work plans requires that budgetary units receive reliable information on the availability of funds so that they can control commitments and make payments for nonfinancial assets, goods and services.

Dimension	21.1 Consolidation of Cash Balances
Description	This dimension assesses the extent to which the DoFA can identify and consolidate cash balances as a basis for informing the release of funds.
Current score	C
Issue	The FMIS allows for the calculation of a consolidated balance. This is reconciled monthly with the bank statements.
Responsibility	Treasury Division
Action	Consolidate all bank accounts on a weekly basis.
Comment	Weekly consolidations will be a built in function of the new FMIS.
Target date	2018
Target score	B

PI-22. Expenditure arrears

About the indicator This indicator measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control.

Arrears can cause increased costs to government: creditors may adjust prices to compensate for late payment; or delayed supply of inputs may affect service delivery. A large volume of arrears may indicate a number of different problems, such as inadequate commitment controls, cash rationing, inadequate budgeting for contracts, under-budgeting of specific items, and lack of information.

Dimension	22.1 Stock of Expenditure Arrears
Description	This dimension assesses the extent to which there is a stock of arrears. The stock is preferably identified at the end of the fiscal year and compared to total expenditure for the considered fiscal year. Assessors should comment on any recent change in the stock over the period under consideration.
Current score	C
Issue	Expenditure arrears are estimated to be between 6 to 10% of total expenditures. Needs to be blow 5 percent to improve the score.
Responsibility	Treasury Division
Action	Staff member allocated to manage and monitor arrears
Comment	New FMIS system will have capability to produce regular reports on expenditure arrears. Much of arrears are related to travel vouchers which need to be extinguished and rules on future travel when traveller has outstanding obligations should be enforced.
Target score	2018
Target score	B

Dimension	22.2 Expenditure Arrears Monitoring
Description	This dimension assesses the extent to which any expenditure arrears are identified and monitored. It focuses on which aspects of arrears are monitored and how frequently and quickly the information is generated.
Current score	D
Issue	The FMIS can generate data on arrears based on the invoice; But no data was reported in FY2015 statements. There is no monitoring of unpaid invoices still with the other departments.
Responsibility	Treasury Division
Action	Produce monthly reports and delegate 1 staff member to manage outstanding arrears.
Comment	New FMIS system will have capability to produce regular reports on expenditure arrears. Much of arrears are related to travel vouchers which need to be extinguished and rules on future travel when traveller has outstanding obligations should be enforced.
Target date	2019
Target score	B

PI-23. Payroll controls

About the indicator This indicator is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved.

The wage bill is usually one of the biggest items of government expenditure. It may be susceptible to weak controls and hence corruption. Payroll controls affect fiscal discipline by ensuring that the expenditures on payroll are contained in accordance with the laws and authorized allocations established by the country. Weak payroll controls can result in unintended expansion of payroll costs or unmet obligations to employees. These in turn result in lower allocative efficiency and demotivation of staff with wider implications for the quality of services and incentives for unauthorized behaviors by staff to compensate for weaknesses in the payroll system.

Dimension	PI-23 Integration of Payroll & Personnel Records
Description	This dimension assesses the degree of integration between personnel, payroll, and budget data. The payroll should be underpinned by a personnel database that provides a list of staff to be paid every pay period. This list should be verified against the approved establishment list, or other approved staff list on which budget allocations are based, as well as against individual personnel records or staff files. Controls should also ensure that staff employment and promotion is undertaken within approved personnel budget allocations.
Current score	C
Issue	3 databases exist i.e. FMIS, personnel spreadsheets, & budget database. Reconciliation of the payroll to personnel records are done on a six monthly basis; For life insurance purposes, the payroll changes are noted.
Responsibility	Personnel Division
Action	Need to do monthly checking of spreadsheets vs. FMIS (keep paper record in files for audit trail; verify changes every fortnight against personnel action files).
Comment	This needs to be semi0-automated in the new FMIS, which will include a budget module rather than using spreadsheets as is currently done.
Target date	2018
Target score	B

PI-24. Procurement

This indicator examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements.

Significant public spending takes place through the public procurement system. A well-functioning procurement system ensures that money is used effectively in acquiring inputs for, and achieving value for money in, the delivery of programs and services by a government. The

principles of a well-functioning system need to be stated in a well-defined and transparent legal framework that clearly establishes appropriate policy, procedures, accountability, and controls.

Dimension	24.3 Public Access to Procurement Information
Description	This dimension reviews the level of public access to complete, reliable and timely procurement information. Public dissemination of information on procurement processes and their outcomes are also key elements of transparency. Key procurement information to be made available to the public comprises: (1) legal and regulatory framework for procurement (2) government procurement plans (3) bidding opportunities (4) contract awards (purpose, contractor and value) (5) data on resolution of procurement complaints (6) annual procurement statistics
Current score	D
Issues	Only the legal framework and bid opportunities are published.
Responsibility	Treasury Division
Action	At least 4 of the dimensions are to be available publicly.
Comment	Regulatory framework, revised FMR and all bidding opportunities are made available publicly. WB procurement plans are available online.
Target date	2019
Target score	B

PI-28. In-year budget reports

This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures.

Information on budget execution that includes revenue and expenditure data is required to facilitate performance monitoring and, where necessary, to help identify action needed to maintain or adjust planned budget outturns. Regular reporting is part of an effective monitoring and control system to ensure that budgets are executed as intended, and that deviations from plans, if any, are highlighted for consideration by decision makers adjusting budget execution to better meet objectives and achieve desired outcomes.

Dimension	28.1 Coverage & Comparability of Reports
Description	This dimension assesses the extent to which information is presented in in-year reports and in a form that is easily comparable to the original budget (i.e., with the same coverage, basis of accounting, and presentation).
Current score	D
Issue	No in-year report was produced in 2015.

Responsibility	Treasury Division
Action	Produce in-year budget reports as per the Public Financial Management Act.
Comment	With additional staff quarterly reporting can be implemented under the new FMIS
Target date	2019
Target score	B

Dimension	28.2 Timing of in-year Budget Reports
Description	This dimension assesses whether this information is submitted in a timely manner and accompanied by an analysis and commentary on budget execution.
Current score	D
Issue	No in-year report was produced in 2015.
Responsibility	Treasury Division
Action	Produce in-year budget reports as per the Public Financial Management Act.
Comment	With additional staff quarterly reporting can be implemented.
Target date	2019
Target score	B

Dimension	28.3 Accuracy of in-year Budget Reports
Description	This dimension assesses the accuracy of the information submitted, including whether expenditure for both the commitment and the payment stage is provided. This is important for monitoring budget implementation and utilization of funds released. Accounting for expenditure made from transfers to deconcentrated units within central government should be also included.
Current score	N/A
Issue	No in-year report was produced in 2015.
Responsibility	Treasury Division
Action	Produce in-year budget reports as per the Public Financial Management Act.
Comment	With additional staff quarterly reporting can be implemented.
Target date	2019
Target score	B

PI-31. Legislative scrutiny of audit reports

This indicator focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf.

The legislature has a key role in exercising scrutiny over the execution of the budget that it approved. A common way in which this is done is through a legislative committee(s) or commission(s) that examines the external audit reports and questions responsible parties about the findings of the reports. A report on the results of review of the external audit report(s) by any mandated committee should be submitted for consideration (and ideally debated) in the full chamber of the legislature in order to constitute a completed scrutiny. This is usually necessary before the executive can formally respond, though corrective action may be taken at any time. The operation of the committee(s) will depend on adequate financial and technical resources, and on adequate time being allocated to keep up-to-date on reviewing audit reports.

Dimension	31.1 Timing of audit report scrutiny
Description	This dimension assesses the timeliness of the legislature’s scrutiny, which is a key factor in the effectiveness of the accountability function. Timeliness can be affected by a surge in audit report submissions, where external auditors are catching up on a backlog. In such situations, the committee(s) may decide to give first priority to audit reports covering the last completed reporting periods and audited entities that have a history of poor compliance.
Current score	D
Issue	Congress do not always hold hearings, different Chairman take different approach
Responsibility	Congress
Action	Ensure all audit reports have a public hearing
Comment	No systemic approach towards assessing audit reports by members of congress.
Target Date	2019
Target score	B

Dimension	31.2 Hearings on audit findings
Description	This dimension assesses the extent to which hearings on key findings of the SAI take place. Hearings on key findings of external audit reports can only be considered ‘in-depth’ if they include representatives from the SAI to explain the observations and findings as well as from the audited agency to clarify and provide an action plan to remedy the situation.
Current score	C
Issue	Occasionally, the standing committees may review particular findings in a close session w/the auditor and appropriate agencies.
Responsibility	Congress
Action	Ensure consistency in approach for all audit reports
Comment	Different Chairman take different view and approach
Target date	2019
Target score	B

Dimension	31.3 Recommendations on audit by the Legislature
Description	This dimension assesses the extent to which the legislature issues recommendations and follows up on their implementation. The responsible committee may recommend actions and sanctions to be implemented by the executive, in addition to adopting the recommendations made by the external auditors, and would be expected to have a follow-up system to ensure that such recommendations are appropriately considered by the executive.
Current score	C
Issue	Recommendations are not normally provided by the Legislature.
Responsibility	Congress
Action	Legislature to publish any recommendations they have
Target Date	2019
Target score	B

Dimension	31.4 Transparency of the Legislature scrutiny of audit reports
Description	This dimension assesses the transparency of the scrutiny function in terms of public access. Opening committee hearings to the public facilitates public scrutiny of the proceedings and is also a good opportunity for a legislative committee to inform the public about its work. Hearings can be 'open' in a variety of ways, which range from allowing exceptional public access to the committee room to inviting members of the public to speak on a subject. Public scrutiny can also be achieved either by transmission of the proceedings by the mass media, i.e., radio or TV, which allows citizens to follow what is currently happening in committees.
Current score	D
Issue	Congress does not consistently review audit reports i.e. single audit report, etc.
Responsibility	Congress
Action	Issue public statement on audit report
Target date	2019
Target score	B

Annex 1: Communicating the Roadmap

In order for the PFM Roadmap to succeed, it is important to have the participation and support of key stakeholders including Head's of Departments/Agencies, public officials, and public servants across all levels of government and the private sector.

A communication plan will be designed to ensure that all key stakeholders are aware and informed of the progress and actions being implemented under the plan.

The following steps will be taken to communicate the roadmap:

1. Distribute the PFM Roadmap to all key stakeholders via an official memorandum and the DoFA website.
2. Provide a presentation of the PFM Roadmap to Cabinet and Finance Managers in Departments and agencies. The presentation will also include dialogue in respect to roles, responsibilities, achievable actions, work-plans and timelines.
3. Encourage all key stakeholders and implementing agencies to use the most recent *PFM Performance Measurement Framework* to understand the indicators and the dimensions within each indicator in order to improve performance.
4. Require the PFM Team Leader to update the Secretary of Finance on significant results from six-monthly reviews.
5. Keep Cabinet informed, via the Financial Secretary, of the roadmap review on an annual basis.
6. Require all key departments to include specific actions for improvement related to their line of business within their annual business plan output tables.
7. Initiate annual meetings between the DoFA and key stakeholders including Head's of Departments, divisional managers and finance managers to assess the plan according to each consecutive year of progress.

Annex 2: Monitoring the Roadmap

In order for the FSM Government to determine whether it is achieving the plans set out in the section '*Road Map to improve Public Financial Management Systems*', key Departments and stakeholders must be able to monitor progress and evaluate the impact of key specific actions outlined in the roadmap.

The coordination, monitoring and reporting of the roadmap will be managed by DoFA. Progress against the roadmap should be reviewed and updated on a rolling basis every quarter with all implementing departments and key stakeholders.

The DoFA will arrange quarterly desktop stock-takes to inform performance monitoring and initiate annual meetings with implementing departments and key stakeholders to aggregate overall public financial management performance review in preparation for reporting to Cabinet earlier in the following year. In addition, DoFA will report to all stakeholders and Cabinet on the progress against agreed actions in January of each year before the commencement of the coming budget process.

Implementing agencies are to pursue the following steps when reviewing the medium-term plan of actions:

1. A quarterly internal assessment review to determine whether actions are improving the PFM system;
2. Evaluate and draw conclusions related to Step 1;
3. Responsible implementing agencies are to provide recommendations to increase effectiveness of actions, particularly where conclusions have identified stagnant or weakening performance away from intended plan of actions.
4. The DoFA will initiate an annual stakeholder meeting to consolidate progress, review overall performance and recommendations.
5. An annual report of progress against medium-term plan of actions will be submitted to Cabinet.
6. Recommendations will be captured in the road-map and hold key stakeholders to account.
7. The DoFA will be responsible for the preparation of the next PEFA performance report in 2020.

Annex 3: Medium Term Plan of Action

Indicator #	Description	Action	Current Score	Goal Score	Responsibility	Target date
n/a		Install new FMIS	n/a	n/a	Treasury	June 2019
n/a		DoFA Website	n/a	n/a	Treasury	January 2018
n/a		Revised FMR	n/a	n/a	Treasury	March 2018
PI-4	Budget Classification	Include a GFS functional classification of the budget in the Annual Budget Report and in the new FMIS.	C	A	BEM	FY2020
PI-11-1	Economic Analysis of Investment Proposals	Install a project appraisal process which sees all proposals that go to DR&D & DTC&I being passed through to DoFA to arrive at a joint feasibility study which would go to Cabinet for Executive approval.	C	B	BEM	FY2019
PI1-11-3	Investment Project Costing	Provide medium term projections on all major investments in the Economic & Fiscal Update which is part of the annual budget submission to Congress.	C	B	BEM	2018
PI-11-4	Investment Project Costing	The total cost & physical progress of major investment projects are monitored by the implementing government unit. Information of major investment projects is prepared quarterly. Publish on DOFA website.	C	B	BEM	2019
PI-13-3	Debt Management Strategy	Publish an annual debt report which includes a discussion on the debt strategy.	D	B	Int. Investment	2019
PI-14-1	Macroeconomic Forecasts	The BEM to introduce a forecast of interest rates in the 2018 Economic & Fiscal Update.	C	B	BEM	2018
PI-14-3	Macro-economic Sensitivity Analysis	Include further discussion of the forecast sensitivities in the Economic & Fiscal Update	C	B	BEM	2018

Indicator #	Description	Action	Current Score	Goal Score	Responsibility	Target date
PI-15-1	Fiscal Impact of Policy Proposals	For expenditure policy proposals, the BEM will ensure that significant proposals are fully costed for the budget year and the two following fiscal years, and that they include the recurrent costs associated with capital investment projects.	C	B	BEM	2019
PI-15-3	Reporting on Fiscal Outturns	Publish a separate fiscal strategy document with the Budget call.	C	B	BEM	2020
PI-16-2	Medium Term Expenditure Ceilings	Include further detail on out year expenditure ceilings in the budget circular.	D	B	BEM	2020
PI-19-4	Expenditure Arrears	Reduce the stock of revenue arrears, by getting rid of dormant taxpayers	C	B	CTA	2019
PI-20-3	Revenue Accounts reconciliation	Reconciliation to be undertaken at least half yearly.	C	B	Treasury	2019
PI-21-1	Consolidated Cash Balances	Consolidate all bank accounts on a weekly basis.	C	B	Treasury	2018
PI-22-1	Stock of Expenditure Arrears	Staff member allocated to monitor and manage the arrears below 5% of expenditure	C	B	Treasury	2018
PI-22-2	Expenditure Arrears Monitoring	Produce monthly reports and delegate 1 staff member to manage outstanding arrears.	C	B	Treasury	2018
PI-23-1	Integration of Payroll & Personnel Records	Need to do monthly checking of spreadsheets vs. FMIS (keep paper record in files for audit trail; verify changes every fortnight against personnel action files).	C	B	Treasury	2018
PI-24-3	Public Access to Procurement Information	Key procurement information to be made available to the public comprises: (1) legal and regulatory framework for procurement (2) government procurement plans (3) bidding opportunities (4) contract awards (purpose, contractor and value) (5) data on resolution of procurement complaints (6) annual procurement statistics. At last 4 of the dimensions to be made available publicly	D	B	BEM	2019

Indicator #	Description	Action	Current Score	Goal Score	Responsibility	Target date
PI-28-1	In-year Budget Reports	Produce in-year budget reports as per the Public Financial Management Act.	D	B	BEM	2019
PI-28-2	Timing of in-year Budget Reports	Produce in-year budget reports as per the Public Financial Management Act.	D	B	BEM	2019
PI-28-3	Accuracy of in-year Budget Reports	Produce in-year budget reports as per the Public Financial Management Act.	N/A	B	BEM	2019
PI-31-1	Timing of audit report scrutiny	No systemic approach towards assessing audit reports by members of congress.	D	B	Congress	2019
PI-31-2	Hearings on audit findings	Occasionally, the standing committees may review particular findings in a close session w/the auditor and appropriate agencies. This needs to be formalized for all Reports	C	B	Congress	2019
PI-31-3	Recommendations on audit by Legislature	Recommendations are not normally provided by the Legislature.	C	B	Congress	2019
PI-31-4	Transparency of the Legislature scrutiny of audit reports	Congress does not consistently review audit reports i.e. single audit report, etc.	D	B	Congress	2019

