



## ***PEFA Check: Quality endorsement of PEFA assessments*** **from January 1, 2018**

### What is PEFA Check?

*PEFA Check* is a mechanism for confirming that the processes used in planning and implementing a PEFA assessment and preparing a PEFA report, comply with the PEFA 2016 methodology and other guidance issued by the PEFA secretariat. The objective is to increase users' confidence in the findings of a PEFA assessment and provide a level of quality assurance that the assessment provides reliable information on public financial management (PFM) performance.

*PEFA Check* quality assurance requirements need to be considered early in the PEFA planning process when preparing the concept note or terms of reference, as outlined in the [PEFA Assessment Handbook Volume I: The PEFA Assessment Process](#) (available at the PEFA website, [pefa.org](http://pefa.org)).

*PEFA Check* verifies that good practices in planning and implementing an assessment have been followed. *PEFA Check* also verifies that the PEFA report fully complies with the PEFA methodology by (i) presenting sufficient evidence to support the assessment and its findings, and (ii) providing an accurate reflection of the status of public financial management systems and institutions of the government subject to the assessment as measured through the indicator scores and narrative assessment.

To qualify for a *PEFA Check*, the PEFA assessment process and PEFA report must adhere to the ***six formal criteria*** that reflect the quality assurance practices endorsed by the PEFA partners as set out in Box 1.

### What are the requirements for a *PEFA Check*?

For a PEFA report to qualify for a *PEFA Check*, both the concept note (CN), or similar document, and the assessment report (draft and revised draft) must follow an adequate peer review process. This means that key documents (CN, draft report and revised draft report) must be submitted for comment to reviewers representing at least four PFM institutions and their comments (or acknowledgement of "no comments") are sent to the assessment manager. The reviewing institutions must include a government representative and the PEFA secretariat, and at least two other independent institutions from within or outside the country (such as international organizations, PFM-related NGOs, civil society groups, or other governments). The assessment must also comply with the six criteria set out in Box 1.

### **Box 1: PEFA Check criteria**

- 1. The draft CN is submitted for peer review before the in-country assessment field work starts.**
- 2. A final version of the CN is shared with all peer reviewers.**
- 3. The complete draft PEFA report is submitted to all peer reviewers for review.** Peer reviewers are expected to provide comments or acknowledge “no comment” if they consider no changes are needed.
- 4. A revised draft PEFA report is prepared by the assessment team attaching a matrix with peer reviewers’ comments and assessment team responses.**
- 5. The final report is reviewed by the PEFA secretariat to ensure that the compliance indices for dimensions and indicators and the report coverage index are both higher than 85 percent.** If any of the indices scores are below 85 percent, the PEFA secretariat will inform the assessment manager and highlight areas where compliance or coverage can be improved to meet or exceed 85 percent.
- 6. The assessment management and quality assurance arrangements are described in the PEFA report** as illustrated in Box 2.

#### How does the *PEFA Check* work?

The *PEFA Check* quality endorsement is performed by the PEFA secretariat to determine, based on the evidence provided by the assessment team, whether the six prescribed criteria in Box 1 were met during the assessment.

The PEFA assessment manager will prepare a **PEFA assessment quality statement** at an early stage of the PEFA assessment, which may be incorporated into the CN. **The PEFA assessment quality statement** describes in detail the roles and responsibilities of stakeholders involved in quality assurance for the PEFA assessment. A template for the PEFA assessment quality statement can be found at <https://pefa.org/pefa-assessment-templates>.

The PEFA secretariat staff responsible for providing peer review and determination of *PEFA Check* eligibility must not be involved in performing or managing the relevant PEFA assessment.

The review by the PEFA secretariat will cover the compliance with the PEFA methodology and report requirements but not the quality of the data available to the assessment team.

The PEFA secretariat expects that the assessment team and other peer reviewers will complement its observations to strengthen the quality and usefulness of the PEFA report in providing an accurate and reliable assessment of PFM performance. For this reason, it is essential that all peer reviewers consulted during the concept note and the report stages commit to provide comments (or acknowledge “no comments”).

Peer reviewer comments, including from the PEFA secretariat, must be considered by the assessment team and a detailed matrix of comments and responses to comments must explain how each comment has been

addressed in the revised draft report. The matrix of comments must be attached to the revised draft report and be provided to all reviewers. The matrix of comments need not be included in the published report. The PEFA secretariat will only endorse a report with the *PEFA Check* when the final PEFA report reaches a predetermined level of compliance with the PEFA methodology and other endorsement conditions described above, have been met. This level of compliance is reflected by the combination of (i) the coverage rating of the report<sup>1</sup>, (ii) the compliance index at the dimension level<sup>2</sup> and (iii) the compliance index at the indicator level<sup>3</sup>. All three indices are set to 85%.

Through the *PEFA Check*, the Secretariat verifies that the quality assurance arrangements surrounding assessments have included adequate peer-review processes that provided for participation by governments and PFM institutions, thus leading to more robust PEFA reports. It also ensures that a satisfactory level of compliance with PEFA guidance has been achieved.

Chapter 1 of the PEFA report is expected to identify the scope, methodology, and process of PEFA assessments. The PEFA 2016 Framework document<sup>4</sup> recommends that assessors include a summary of the quality assurance arrangements used when compiling an assessment in Chapter 1 of the PEFA report (see Box 2 below<sup>5</sup>). Inclusion of this summary is one of the six criteria of *PEFA Check* (as explained above).

## **Box 2. Assessment management and quality assurance arrangements**

### **PEFA assessment management organization**

- Lead agency - the agency commissioning the PEFA assessment
- Oversight team – chair and members: [name and organization of each]
- Assessment manager: [name and organization]
- Assessment team leader and team members: [name and organization of each]

### **Review of concept note and/or terms of reference**

- Date of reviewed draft concept note and/or terms of reference:
- Reviewing institutions who provided comments: including the PEFA Secretariat plus the names and organization (or group) of the other reviewers and the date(s) of each review(s).
- Date(s) of final concept note and/or terms of reference:

### **Review of the assessment report**

- Date(s) of reviewed draft report(s):
- Reviewing institutions who provided comments: including the PEFA Secretariat plus the names and organization (or group) of the other reviewers and the date(s) of each review(s).

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<sup>1</sup>The coverage rating is the actual content of the sections presented in the report compared to the content as prescribed by the PEFA Framework.

<sup>2</sup>The compliance index is the number of dimensions that are scored in accordance with the PEFA methodology, as supported by the evidence presented or described in the report, compared to the total number of dimensions that are scored.

<sup>3</sup> The indicator compliance index refers to the number of indicators where all dimensions and aggregation methodology are consistent with guidance compared with the total number of indicators scored.

<sup>4</sup> Available at [www.pefa.org](http://www.pefa.org)

<sup>5</sup> Box 2 in this note is included as Box 1.1, page 87 of the *PEFA Framework for assessing public financial management* document, available on the PEFA website ([www.pefa.org](http://www.pefa.org)).

If all six criteria are fulfilled, including the information in Box 2, the assessment manager can request the PEFA secretariat to issue a *PEFA Check* endorsement. The procedure is as follows:

1. The assessment manager submits the final report to the PEFA secretariat and requests a *PEFA Check* endorsement.
2. The PEFA secretariat verifies and confirms that the assessment process fulfilled the requirements for *PEFA Check*, i.e., complied with all six criteria.
3. The PEFA secretariat issues the statement of **endorsement with the *PEFA Check* logo**, sends it to the assessment manager, and registers the endorsement in the *PEFA Check* database.
4. The assessment manager inserts the *PEFA Check* endorsement statement in the final report, on the page immediately before the executive summary. In addition, the *PEFA Check* logo is also placed on the front page of the report.

If any of the six criteria for the *PEFA Check* are not fulfilled, the PEFA Secretariat will not issue an endorsement.

Managers of assessments that did not qualify for a *PEFA Check* are encouraged to contact the PEFA Secretariat to discuss the implications of a *PEFA Check* endorsement being refused, and the options available to them regarding quality assurance.

### Points to note

- “Lead agency” means a partner government, a development partner, or any other party commissioning a PFM assessment based on the PEFA methodology.
- The reasons for any deviation from the criteria for *PEFA Check* endorsement should be explained in the assessment report. Any issues or concerns regarding the *PEFA Check* process should be discussed with the PEFA secretariat early in the planning phase.
- The lead agency may be included as a peer reviewer, provided that the person providing the review is not directly involved in the assessment. An independent, individual expert may fulfill the role of such an institution. If the assessment is conducted by the government, peer reviewers from within the entities involved in the assessment are acceptable.
- The *PEFA Check*, although not mandatory, is a quality assurance mechanism that the PEFA secretariat applies systematically to all reports submitted for review. It is the assessment manager’s responsibility to request the *PEFA Check* endorsement. It is not the responsibility of the PEFA secretariat to determine whether a *PEFA Check* should be requested. But the secretariat will encourage assessment managers to request the *PEFA Check* in all instances where the criteria may have been met.
- The *PEFA Check* applies to all types of PEFA assessments, i.e., baseline assessments and successive assessments of central or subnational governments.
- A lead agency may choose not to display the PEFA endorsement in the report. Irrespective of

whether it has decided to display the endorsement or not, the PEFA secretariat will still mark the reports that qualify for a *PEFA Check* as “endorsed” in its database.

- Assessment managers are responsible for following good practices in the process of planning and implementing an assessment, and the oversight team should ensure that such practices are followed.
- The PEFA secretariat will review reports that do not meet the criteria, if invited to do so, and will provide advice, on request, regarding how to conduct and report on quality assurance processes.
- If a report does not meet coverage and compliance index targets set by the secretariat after the revised report is completed, further refinement is permitted to achieve the targets needed to qualify for *PEFA Check*.