

PFM - RF

A Tool Enhancing SAI
Contribution to Country
Attainment of SDGs
Through Audits of Tax &
Revenue Authorities

By Edmond B Shoko

PFM

REPORTING FRAMEWORK





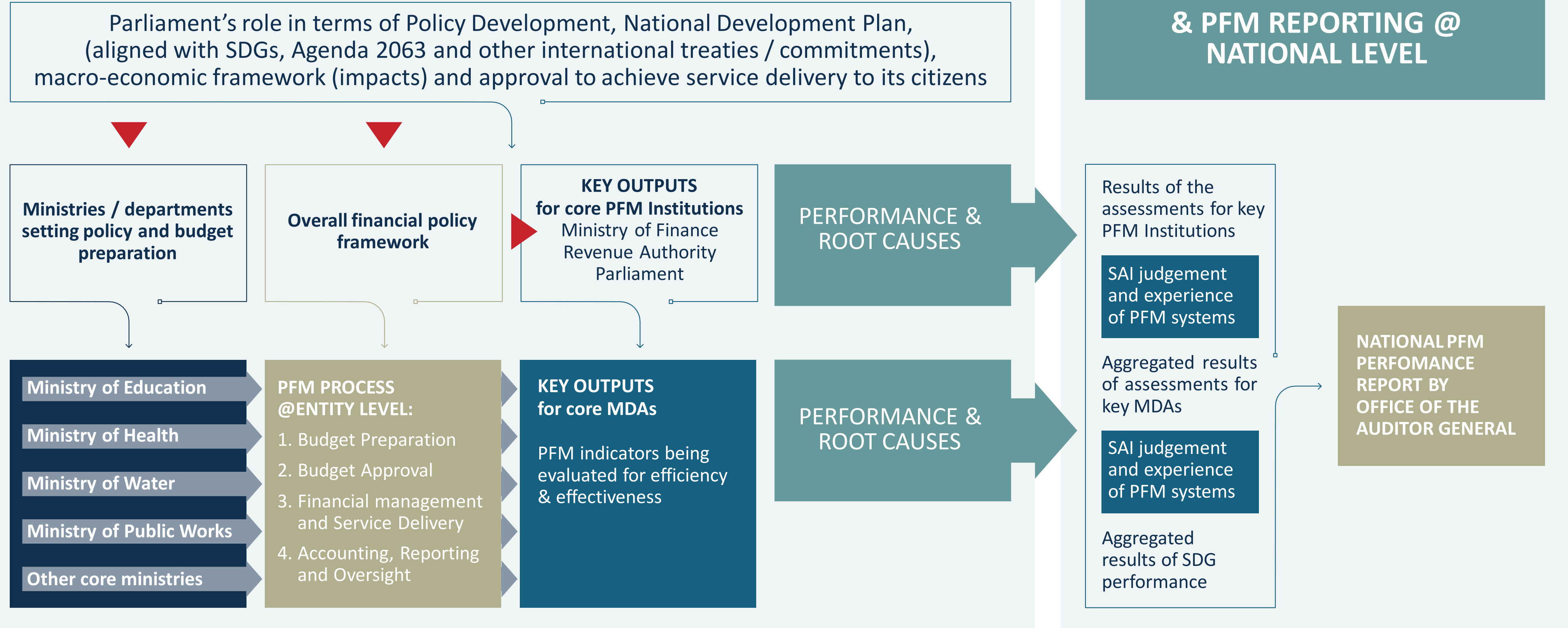
- # ■ SESSION OUTLINE
1. What is the PFM Reporting Framework
 2. Achievements using the tool
 3. Key indicators for Tax & Revenue Authorities

- **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**



THE PHILOSOPHY BEHIND THE TOOL

PFM EVALUATION AND REPORTING AT MINISTERIAL LEVEL



FRAMEWORK

- An excel based tool specifically developed for SAIs to identify the most relevant PFM risks present in their country
- Assesses the readiness of the national PFM system in supporting the SDGs and ensure disaster preparedness
- Available in English, French and Portuguese
- Adopted by the AFROSAI-E Governing Board in 2018

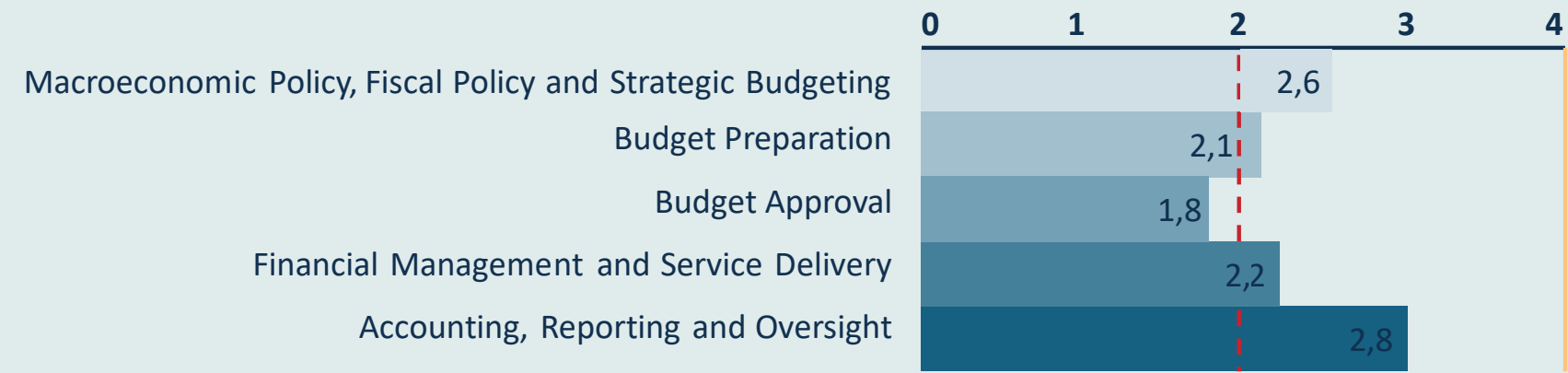
- Adopted by SAIs in Africa, Europe, and South America with significant interest from Middle East and Pacific SAIs
- In total, rolled out in 17 countries based on V2.0
- Presented to the UN HLP in 2019
- Version 2.0 adopted in June 2020
- Welcomed into the Globally recognized broad-based PFM diagnostic tools in 2023 through PEFA stocktake.

- 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 SDGrelated programs.

THE PFM RF IN A NUTSHELL

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

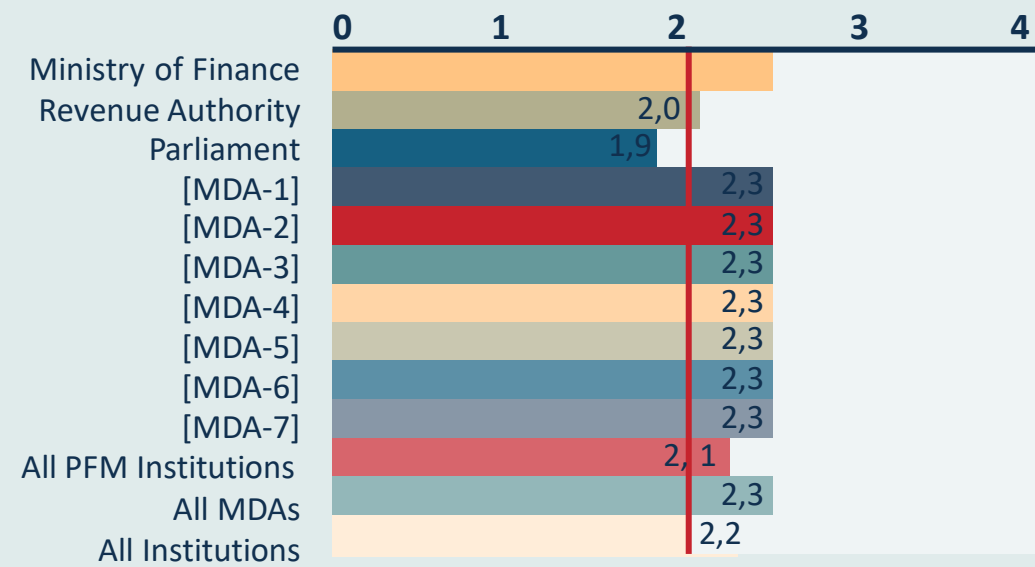
- ← (3) Information systems
- ← (5) Communication and stakeholder management
- ← (4) Governance and oversight
- ← (4) Governance and oversight
- ← (3) Information systems

Ministry of Finance

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

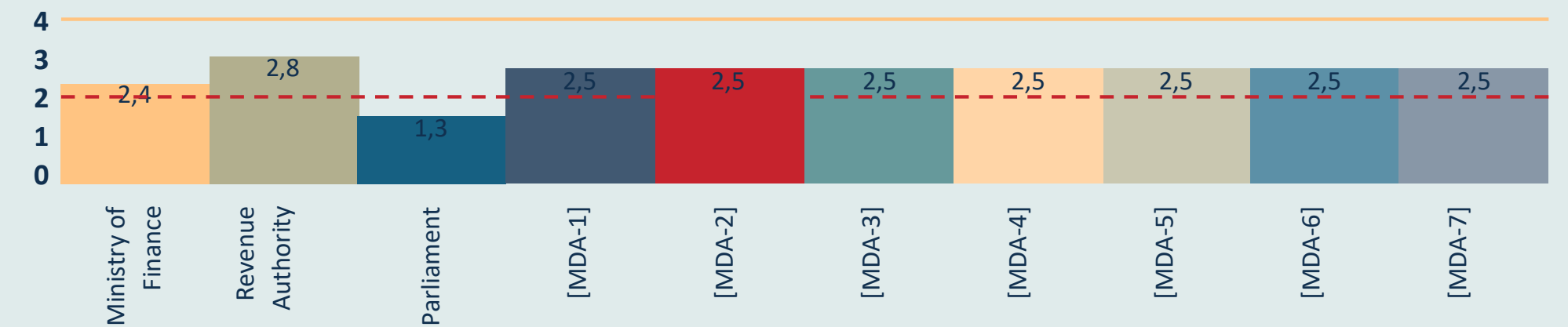
Performance by Institution

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

DASHBOARD SAMPLE

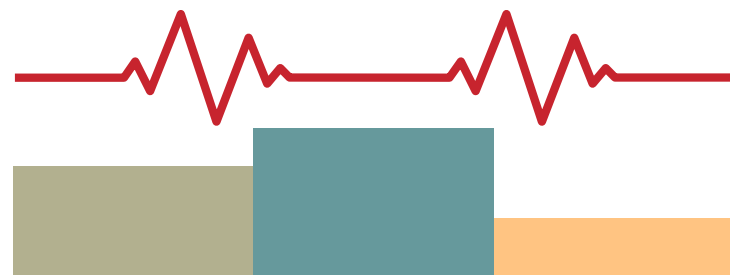
- Identifying SDG implementation risk areas,
- Comparing entity and country performance over time,
- Understanding the root causes of SDG implementation and failures,
- Understanding SDG implementation trends,
- Robust and consistent audit of SDG implementation by SAIs,
- Clear reporting to stakeholders on SDG implementation from a reliable source,

Proven Diagnostic Abilities of the PFM-RF Tool



STOCKTAKING OF PUBLIC FINANCIAL MANAGEMENT DIAGNOSTIC TOOLS

GLOBAL TRENDS AND INSIGHTS



PFM RF V2.0 Globally Recognized Broad-based PFM Diagnostic Tool



PFM PROCESS	INSTITUTION		
	Revenue Authority	Ministry of Finance	Parliament
Macroeconomic Policy, Fiscal Policy & Strategic Budgeting	Information systems + Communications	Governance and Oversight	Not applicable*
Budget Preparation	Governance & Oversight	Governance + Policy	Not applicable
Budget Approval	Governance + Policy	Other + Communication + Policy	Organisation + Governance
Financial Management and Service Delivery	Governance + Policy	Governance + Communications	Not applicable
Accounting, Reporting & Oversight	Information Systems + Policy	Policy & Legal Framework	Governance + Policy

*The specific PFM process is generally not applicable to this institution

Key Indicators for Tax & Revenue Authorities

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

