

As we have seen that several bidders have questions around the SAI PMF framework and the SAI PMF assessment process, we are distributing this concept note which provides a high-level description of the framework, assessment process and documentation flow.

Addendum 2

DIGITIZING THE SAI PMF FRAMEWORK – CONCEPT NOTE

1 OBJECTIVE OF THIS DOCUMENT

This document sets out to describe the background of this project, the main objectives of digitizing the SAI PMF framework and an initial outline of the key functionalities.

2 OVERALL OBJECTIVES OF DIGITIZING THE FRAMEWORK

- Effective assessment process
- Easier to compare results when conducting a repeat assessment
- Effective remote support to assessment teams
- Effective communication within the assessment team and with key stakeholders involved in the assessment
- Effective internal monitoring of SAI PFM aggregate data
- Effective monitoring for increased agile and flexible support to assessment teams
- As a result of the above: higher quality assessments and timely assessments for the benefit of SAIs.

3 HIGH-LEVEL DESCRIPTION OF THE SAI PMF FRAMEWORK

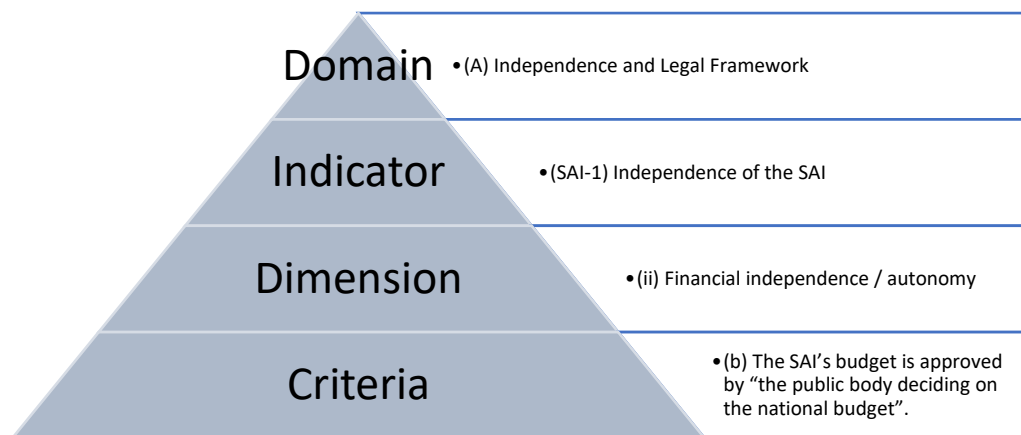
The SAI PMF framework is a framework for Supreme Audit Institutions (SAIs) to assess their performance and identify their main strengths and weaknesses. SAI PMF is a framework publicly available for all SAIs to use. To date around 80 SAIs have conducted a SAI PMF assessment.

3.1 Structure of the framework

Objective indicators, dimensions and criteria allow for an objective assessment of performance. The framework consists of 25 indicators. Each indicator is broken down into 3-4 dimensions and each dimension is broken down into a number of specific criteria. When you conduct your assessment, you will start at the criteria level and score each criterion met or not met based on written evidence to support the conclusion. The framework consists of around 550 criteria. Based on the number of met or not met you will aggregate to a numerical score (between 0-4) for each of the dimensions and each of the indicators following specific rules on how to aggregate.

The key output of the assessment is a SAI PMF performance report documenting the findings and an analysis of the findings.

Diagram 1: illustration of the SAI PMF framework:



3.2 Approach to conducting an assessment

The assessment team will normally consist of 3-5 persons, which could in some instances be more. And assessments are conducted using one of the following approaches:

- A self-assessment: internal assessment team from the SAI
- Peer assessment: assessment team from peer SAIs
- External assessment: for example, a team of consultants
- Hybrid: the team is a mix of the above.

4 Assessment process – key activities and current templates used

As of now an assessment is conducted mostly manually using word-files and excel-sheets to document the assessment. This section provides an overview of the main stages of the assessment process with corresponding activities and current templates and tools used. There will be 4 main stages in the assessment process. It will be the assessment team that conducts most of the work in stage 1)-3). But is reliant on documentation and information provided by the SAI. For stage 4) it is IDI who coordinates this function by either conducting the review ourselves or use an external expert. The four main stages are as follows:

- 1) **Planning stage:** the main output is a terms of reference (ToR) for the assessment which sets out the scope, key considerations, timeline, resources etc. The ToR functions as an agreement between the assessment team and the Head of SAI. A word template is used to document the ToR (see an excerpt below):

Terms of Reference (ToR)¹

Supreme Audit Institution Performance Measurement Framework (SAI PMF) Assessment in [SAI], [year]

1. Background and Context

- Confirmation of decision to undertake SAI PMF assessment
- Identification of the assessment owner
- Brief background about the SAI and the country context (SAI type and reporting lines, mandate (mandatory and non-mandatory tasks), audit types performed, structure of the SAI, brief description of country governance, public financial management and public sector audit arrangements)

2. Purpose of the Assessment

- Purpose of assessment
- Choice of assessment approach (linked to purpose)

- 2) **Fieldwork stage:** the assessment team will review written documentation and evidence provided by the SAI. Examples are audit files, strategic plans, legal framework, minutes from meetings etc. Based on this information the assessment team will score the individual criteria met or not met. To get more context the assessment team will also interview key personnel in the SAI. The main work has traditionally been conducted in-country on SAI premises.

Excel sheets are currently used to document the assessment of each criterion and the rationale for scoring it met/not met and the evidence this is based on, see an excerpt below:

| SAI 3 - Strategic Planning Cycle | | | | |
|---|--|-----------------|--------------------|-------------|
| Dimension IV | CRITERIA for evaluating performance | Assessment Team | | |
| | | Met or Not met | Source of Evidence | Explanation |
| (iv) Monitoring and Performance Reporting | <i>Regarding measuring and reporting on the SAI's performance:</i> | | | |
| | a) "SAIs assess and report on their operations and performance in all areas (...)." ISSAI 20:6 (I.e. including a summary review of the SAI's performance against its strategy and annual objectives). | | | |
| | b) SAIs use performance indicators to measure achievement of internal performance objectives. IDI Strategic Planning Handbook, chapter 9 | | | |
| | c) "SAIs may use performance indicators to assess the value of audit work for Parliament, citizens and other stakeholders." ISSAI 20:6 (E.g. defining indicators relevant to specific stakeholders, or measuring satisfaction of stakeholders). | | | |
| | d) "SAIs follow up their public visibility, outcomes and impact through external feedback." ISSAI 20:6 | | | |
| | e) Where appropriate, "the SAI... publish[es] statistics measuring the impact of the SAI's audits, such as savings and efficiency gains of government programs." INTOSAI Guideline on Communicating and Promoting the Value and Benefits of SAIs, pg.8 | | | |

The excel-sheets are in many cases also used as a basis for quality control of facts. This is most often done by someone in the SAI who has not been part of the assessment team. Additional columns included in the excel are therefore:

| Assessment Team | | Quality Control (check of facts) | | |
|-------------------|-------------|----------------------------------|-------------------------|-----------------|
| Force of Evidence | Explanation | Agree with the | Evidence is sufficient? | Recommendations |
| | | | | |
| | | | | |
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To aggregate from criterion level to a numerical score for the dimension you apply specific rules. The rules will differ across the framework, so the same rule does not apply to all dimensions. One example:

| Criteria for scoring dimension |
|--|
| Score = 4: All of the criteria above are in place. |
| Score = 3: At least five of the criteria above are place |
| Score = 2: At least three of the criteria above are place. |
| Score = 1: At least one of the criteria above is place |
| Score = 0: None of the criteria above are in place |

Another example of how this can look:

| Criteria for scoring dimension |
|---|
| Score = 4: All of the criteria above are in place. |
| Score = 3: Criteria (a), (b), (c), (d), (g) and at least four of the other criteria above are in place. |
| Score = 2: Criteria (a), (d), (g) and at least three of the other criteria above are in place. |
| Score = 1: Criteria (a), (d) and (g) are in place. |
| Score = 0: Criteria (a), (d) and (g) are not in place. |

To aggregate from dimension level to a numerical score for the indicator, conversion tables are used. There is one table for 2-dimensional indicators, one for 3-dimensional indicators

and one table for 4-dimensional indicators. Below you can see a section of the tables for 2 and 3-dimensional indicators.

3.2.5 Conversion Tables for Scoring Indicators

| Scores for individual dimension | | Overall score |
|---------------------------------|---|---------------|
| 2-dimensional indicators | | |
| 0 | 0 | 0 |
| 0 | 1 | 0 |
| 0 | 2 | 1 |
| 0 | 3 | 1 |
| 0 | 4 | 2 |
| 1 | 1 | 1 |
| 1 | 2 | 1 |
| 1 | 3 | 2 |
| 1 | 4 | 2 |
| 2 | 2 | 2 |
| 2 | 3 | 2 |
| 2 | 4 | 3 |
| 3 | 3 | 3 |

| Scores for individual dimension | | | Overall score |
|---------------------------------|---|---|---------------|
| 3-dimensional indicators | | | |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 1 | 0 |
| 0 | 0 | 2 | 1 |
| 0 | 0 | 3 | 1 |
| 0 | 0 | 4 | 1 |
| 0 | 1 | 1 | 1 |
| 0 | 1 | 2 | 1 |
| 0 | 1 | 3 | 1 |
| 0 | 1 | 4 | 2 |
| 0 | 2 | 2 | 1 |
| 0 | 2 | 3 | 2 |
| 0 | 2 | 4 | 2 |
| 0 | 3 | 3 | 2 |

- 3) **Report stage:** the assessment team will write the SAI PMF performance report to report on assessment findings and provide their analysis of the findings. They need to follow a specific structure and specific instructions and rules on what information should be included and the detail level. A reporting template in word-format has been developed for this purpose. A report will often be between 60-150 pages.

The documents referred to under section 1)-3) can be found on the IDI website: <https://idi.no/work-streams/well-governed-sais/sai-pmf/resources>

- 4) **Independent Review stage:** Independent review of the draft and final report conducted by IDI or coordinated by IDI. The independent reviewer will write an independent review report using a word template. This is sent to the assessment team who will revise the report based on these comments. Sometimes several rounds with feedback and revision are needed before the report is of sufficient quality and can be finalized.

A section of the independent review report (in word format) can be seen below:

Annex 1: Independent Review of the Indicator Scores

| Indicator | Dimension | Applied | Correctly Interpreted ¹ | Sufficient Evidence | Dimension Scoring Correctly Applied ² | Indicator Scoring Correctly Applied ³ | Dimension Score Correctly Interpreted in Country Context ⁴ | Indicator Score Correctly Interpreted in Summary ⁵ | Notes |
|-----------|-----------|---------|------------------------------------|---------------------|--|--|---|---|---|
| SAI-1 | | Yes | | No | | Unclear | | Unclear | Evidence is weak for a number of criteria in dimension(ii) and score for dimension (iv) incorrectly calculated– see below |
| | (i) | Yes | Yes | Yes | Yes | | Yes | | |
| | (ii) | Yes | Yes | No | Unclear | | Unclear | | No evidence supplied to support assessment that criteria b, c and f are met |
| | (iii) | Yes | Yes | Yes | Yes | | Yes | | |
| | (iv) | Yes | Yes | Yes | No | | Unclear | | Dimension score should be 3 not 2 |
| SAI-2 | | | | | | | | | |
| | (i) | | | | | | | | |
| | (ii) | | | | | | | | |
| | (iii) | | | | | | | | |
| SAI-3 | | | | | | | | | |
| | (i) | | | | | | | | |
| | (ii) | | | | | | | | |

4.1 Repeat SAI PMF assessments

A SAI PMF assessment can also be conducted to monitor SAI performance over time. It entails that an SAI will conduct a repeat assessment (approx. 3-5 years after the first assessment). They will in large follow the same assessment process as described above. But a key additional aspect is that they will compare the scores between the 2 assessments and based on this analyze how performance has changed. We have prepared specific excel-sheets that can be used by assessment teams to register the scores from both assessment and document their analysis.

5 Key roles/stakeholders and documentation flows

IDI is supporting the global implementation of SAI PMF. This entails:

- support to assessment teams through general guidance material that is published on our website which everyone can access. Since SAI PMF is a voluntary and public tool accessible for all, an SAI can choose to conduct a SAI PMF assessment without any involvement of IDI.
- remote support to some individual SAIs and assessment teams. This entails more comprehensive support in terms of acting as an adviser through the whole process, review work paper etc.

Regardless of whether an SAI conducts an assessment with or without the support from IDI we would still like to promote the service IDI offers in terms of reviewing the ToR (stage 1) and conducting the independent review (stage 4) since this can greatly contribute to the quality.

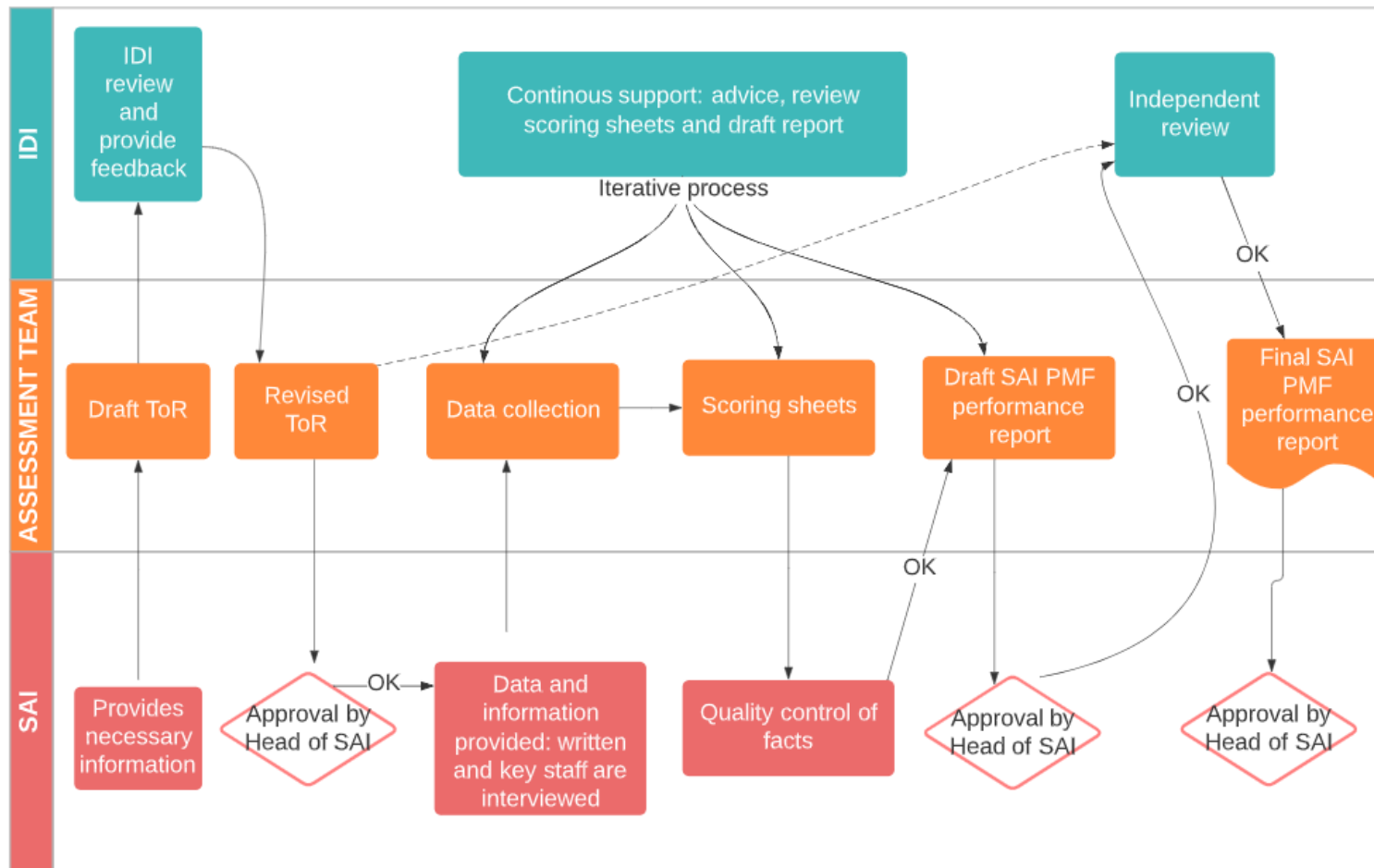
In our view, whether IDI is involved or not will in large not affect the functionalities we envision from the system.

Additionally, IDI monitors assessments globally:

- Monitoring the status of assessments.
- Database of SAI PMF scores. The data can be used for analysing the performance of SAIs in different areas at a more aggregate level. For instance, at the global level or regional level.

Key roles and documentation flows related to the assessment process are presented in the flowchart below in Diagram 2. Note! this is a simplified version. For instance, the independent reviewer can be someone external to IDI. Several of the communication processes and key stages of the process are iterative and more fluid than what is represented in the diagram. IDI is not always involved to the extent illustrated in the flowchart. And Head of SAI may in some instances approve the final report but not the draft report.

Diagram 2: SAI PMF flowchart - roles and workflow



6 FUNCTIONALITIES WE ENVISION FROM THE SYSTEM

(NOTE! Section 6 and 7 in this document was the first outline prepared and is not exhaustive. It is the excel with the system requirements that you need to consider and cover in your bid).

6.1 The framework

Integration of the SAI PM Framework. This entails that the 25 indicators, corresponding dimensions and criteria should be integrated.

6.2 The assessment-process, documentation and integrated automatic support

General functionalities:

- The system should be process-oriented and lead the assessment team safely through the 4 main stages providing certainty that all key activities are conducted with sufficient quality. But with some flexibility, since it is an iterative process, and in many cases, you would not fully finalize a step before moving to the next step.
- Ensure that the functionalities of our current templates are integrated.
- Automatic support by integrating our SAI PMF guidance material. For instance, some criteria we know from experience many are not interpreting correctly. Here it could for instance be relevant to integrate additional guidance on this.
- Allow for sending documents in a workflow as indicated in the flow chart above: for comments, review and in some cases approval. Including notification when documents are reviewed and approved.
- Allow for uploading of documentation to support the assessment and the scoring of the criteria and sharing of files between the involved stakeholders. Consequently, assessments, (including stage 3 Field stage) could be conducted as a desk-based job if necessary not visiting SAI premises. Perhaps a message board or something similar so that you can leave a note when documents are uploaded or shared if they would like to explain something in general.
- A type of simple progress tracker where you can include the main milestones and responsibilities etc. for project management withing the team.
- Timeline for planning and monitoring. Plot key milestones and auto reminders when the deadline is approaching.

Specific functionalities connected to each stage of the assessment process:

- Planning stage:
The main output is the Terms of reference. The functionalities of the template should be integrated.

A part of the planning stage is to do a sampling of the SAI's audit files. This entails that the assessment team will select a few audit files which they will review. The sampling should follow a specific methodology where step 1) is to conduct a stratification and step 2) is to conduct a random sampling within the strata. Example: You could first arrange the audit files in key categories such as Financial audit, Compliance audit and performance audit. Then you could categorize them again according to which departments have conducted which audits. You could break this down further. In the end, you would randomly sample a few audit files from the different categories ensuring this represents a cross-section of the SAI's work. If we can automate this process in the system that would be useful.

- Fieldwork:
The functionalities of the excel-sheets should be integrated. And automatic calculation of numerical score at the dimension and indicator level.

- Analyze and report writing

Assessment teams are expected to summarize key strengths and weaknesses based on the detailed assessment findings. Meaning that they need to summarize and conclude at the dimension and indicator level. The next step is to conduct a root cause analysis to find the underlying factors that cause their performance.

Would it be possible to automate some aspects of writing the SAI PMF performance report? As of now I am not entirely sure how this can be done but would be good to discuss further. The analysis part I think needs to be done in a traditional manner.

Repeat assessments

Automatic comparison of scores from the first and the repeat assessment. Would normally be done as part of stage 3 analyzing and reporting stage. Need to consider comparison of assessments using different versions of the SAI PMF framework.

- Independent review stage
The functionalities of the IR report template should be integrated. As illustrated above this review is very detailed.

6.3 Amount of text and number of boxes where stakeholders will register text

A good starting point is the approximate 550 criteria the SAI PMF assessment consists of. These need to be transferred into text fields where the assessment teams will conclude met or not met, and additionally include a description of the evidence reviewed as a basis for scoring and also a brief explanation.

Also, you would have text boxes for the independent review stage and some other additions.

6.4 Communication channels

Allow for effective communication between the parties involved. Some examples:

- Between the assessment team and the expert supporting the team (could be IDI or an external expert).
- Between the assessment team and the SAI.
- Between the assessment team members.

6.5 Internal Monitoring (IDI)

It would be useful if the system can allow for monitoring as follows:

- The status of assessments at a global level (accumulated numbers): number of finalized assessments, number of assessments in the planning stage, draft report stage etc. This type of information will be used as a basis for internal and external reporting.
- Database with all SAI PMF results (scores) to enable aggregate analysis. The specific scores/results of an assessment are confidential information belonging to the SAI. IDI has

been entrusted with many of the reports so that we can conduct this type of analysis. So far this has been done in excel sheets which works but is a bit cumbersome.

7 General considerations

- Each assessment team needs to have its own workspace with restricted access.
- Data security is critical since the data is mostly SAI property sensitive information for the SAI.
- Selected IDI staff should have access to data for internal monitoring purposes. Permission from SAIs must be given for us to access the workspace of the assessment teams and their SAI PMF results.
- All information needs to be in English, French, Arabic and Spanish.
- The system needs to be flexible. When we revise the framework in the future, we need to be able to adjust the system by:
 - Adding new indicators, dimensions and criteria
 - Restructuring of current indicators, dimensions and criteria
- Ensure that we follow all external regulations. GDPR, other?
 - We should have a GDPR part. But since the personal data involved in this system would not be so much other than contact information etc. from the assessment team themselves, we could simply write some text with a link to our Privacy Notice on our website. Jianhua write if and when system is being built.

If possible, suggest this system to be hosted and done by an EU country (or the 12 countries with adequate protection in terms of GDPR). So that we don't need to worry about transferring data to countries which are not covered by GDPR.

European Commission's "adequate protection" countries list: [Andorra](#), [Argentina](#), [Canada](#) (commercial organisations), [Faroe Islands](#), [Guernsey](#), [Israel](#), [Isle of Man](#), [Japan](#), [Jersey](#), [New Zealand](#), [Switzerland](#) and [Uruguay](#). (see link in the end of this article)

We will need to sign a "Data Processor Agreement" with this provider (whoever hosts / maintain this system for us).