

**Assessment of Public Financial Management in Polk County using the Public Expenditure and Financial
Accountability (PEFA) Public Financial Management (PFM) Performance Framework
Fiscal Year 2010**

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating	Comments
			i.	ii.	iii.	iv.		
A. PFM OUTTURNS: Credibility of the budget								
PI-1	Aggregate expenditure outturn compared to original approved budget	M1	B				B	In 2008 and 2009 expenditure outturn exceeded 5% of original budget. In no year did it exceed 10% of original budget.
PI-2	Composition of expenditure outturn compared to original approved budget	M1	B				B	Composition variance exceeded 11% in 2009 with a contingency share of 0.4%; in 2008 and 2010 it was below 10%.
PI-3	Aggregate revenue outturn compared to original approved budget	M1	A				A	Aggregate revenue outturn exceeded original budget in all three years due to conservative revenue estimates and despite increased property tax arrears.
PI-4	Stock and monitoring of expenditure payment arrears	M1	A	B			A	Expenditure arrears are minimal (<2%) but the government does not monitor accounts payable systematically
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency								
PI-5	Classification of the budget	M1	D				D	Not all expenditures are allocable according to the required chart of accounts due to past use of 000 accounts
PI-6	Comprehensiveness of information included in budget documentation	M1	A				A	Meets 7 of the 9 listed information benchmarks (beginning with the 2011 budget)
PI-7	Extent of unreported government operations	M1	A	A			A	Negligible unreported operations (<1%); donor funding (grants) account for more than 1% of resources but 90%+ are included in budget documentation
PI-8	Transparency of inter-governmental fiscal relations	M2	A	B	A		B+	Pass through allocations defined early in the budget process, as data from higher levels is available. Fiscal data are incorporated in audit.
PI-9	Oversight of aggregate fiscal risk from other public sector entities	M1	C	N/A			C	No consolidated overview of risk is developed, although annual data are available. Dimension ii is not applicable.

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PI-10	Public access to key fiscal information	M1	A				A	Five of the six information requirements are met. In addition, the recommended extra requirement for sub-national governments, preparation and availability of a fee schedule, is also met.
C. BUDGET CYCLE								
C(i) Policy-Based Budgeting								
PI-11	Orderliness and participation in the annual budget process	M2	A	A	A		A	All time and information requirements are met in full.
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	M2	D	A	C	C	C+	Only one year of forward estimates are provided; although debt sustainability analysis is undertaken, there are weak linkages to sectoral strategies for investment or planning purposes
C(ii) Predictability and Control in Budget Execution								
PI-13	Transparency of taxpayer obligations and liabilities	M2	B	B	B		B	Major taxes are well documented and explained; minor fees and charges are not as well documented.
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	M2	B	B	B		B	Property tax system generally well identified, but reliant on periodic site visits. Enforcement of other fees and charges good, but evasion possible for permits, etc.
PI-15	Effectiveness in collection of tax payments	M1	A	A	B		B+	Arrears due to housing market conditions and overall economic situation; stock of arrears declined only slightly in 2011.
PI-16	Predictability in the availability of funds for commitment of expenditures	M1	B	A	C		C+	Limited cash flow forecast; past practice of significant budget adjustments throughout the year, curtailed in 2010.
PI-17	Recording and management of cash balances, debt and guarantees	M2	A	B	B		B+	Recording of debt centralized; cash reconciliation less often than daily; loans not linked to fiscal targets.
PI-18	Effectiveness of payroll controls	M1	A	A	A	B	B+	Meets all standards except a full audit is not regularly scheduled
PI-19	Competition, value for money and controls in procurement	M2	A	B	C		B	Contracts awarded using open competition; tighter regulations on qualification for other than open competition awards is needed; formal complaint process not defined

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PI-20	Effectiveness of internal controls for non-salary expenditure	M1	C	C	B		C+	Past violation of some expenditure control procedures; transaction processing good, but again some past issues; rule compliance high, but some avoidance
PI-21	Effectiveness of internal audit	M1	C	C	C		C	Very limited internal audit capacity due to staffing and other resource limitations
C(iii) Accounting, Recording and Reporting								
PI-22	Timeliness and regularity of accounts reconciliation	M2	B	B			B	Bank reconciliation at end of month; limited use of suspense accounts
PI-23	Availability of information on resources received by service delivery units	M1	B				B	Limited revenue receipt by service delivery units; reporting is adequate
PI-24	Quality and timeliness of in-year budget reports	M1	C	A	B		C	Expenditure data not available at commitment (accrual) stage; data reporting limited by chart of accounts compliance
PI-25	Quality and timeliness of annual financial statements	M1	C	A	A		C+	No internal preparation of a consolidated government financial statement due to staffing limitations, instead developed by the external auditor
C(iv) External Scrutiny and Audit								
PI-26	Scope, nature and follow-up of external audit	M1	B	A	A		B+	Performance audits have not been undertaken in a systematic fashion; all financial audits fully meet standards
PI-27	Legislative scrutiny of the annual budget law	M1	B	C	A	A	C+	No medium term fiscal framework developed (only a one-year forward estimate beginning in 2011); evolving procedures for formal review of budget proposal. The governing body has over two months to review the proposal.
PI-28	Legislative scrutiny of external audit reports	M1	A	A	A		A	Review and analysis of the annual audit is timely, public, and adequate in response to issues raised
D. DONOR PRACTICES								
D-1	Predictability of Direct Budget Support	M1	A	A			A	Donor funds largely consisting of grants; although some are mid-year, timing is generally reasonable
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	M1	A	A			A	Very limited donor funds, largely consisting of grants