

Ministry Evaluation Scoring Matrix

Issue \ Ministry	Ministry of Oil (1)	Ministry of Electricity (MoE) (2)	Ministry of Municipalities and Public Works (MoMPW) (3)	Ministry of Transportation (MoTR) (4)	Ministry of Education (5)	Ministry of Construction and Housing (MoCH) (6)	Ministry of Health (MoH) (7)	Ministry of Higher Education (MoHED) (8)	Ministry of Agriculture (9)	Ministry of Industry and Minerals (MoIM) (10)	Ministry of Communications (MoC) (11)	
I. Laws and Rules												
Rules that require ex ante controls on expenditure												
Sanctions for overspending and poor program and project performance?												
II. Budget Coverage, Structure, Planning and Preparation												
Multi-year forecasts and functional allocation												
Attempt made to calculate (future) recurrent cost implications of investments and results are incorporated in the annual and forward budgets	N/a	Yes	Yes	N/a	N/a	Yes	No	No	N/a	N/a	N/a	
Policy and planning process is tightly linked to the annual budget	N/a	Inadequate linkage between the medium term planning process and medium term/annual budget process	Inadequate linkage between the medium term planning process and medium term/annual budget process	Inadequate linkage between the medium term planning process and medium term/annual budget process	Inadequate linkage between the medium term planning process and medium term/annual budget process	Inadequate linkage between the medium term planning process and medium term/annual budget process	Inadequate linkage between the medium term planning process and medium term/annual budget process	Inadequate linkage between the medium term planning process and medium term/annual budget process	N/a	Inadequate linkage between the medium term planning process and medium term/annual budget process	N/a	
Budget preparation cycle has logical sequence and timing	N/a	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	N/a	Yes current calendar has logical sequence, but timing is too short, budget calendar should be extended to include medium term budget considerations	N/a
Budget ceilings are determined for sector ministries/ceilings	N/a	No	N/a	No	N/a							

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are not / are subject to substantial reductions											
Budgeted costs reflect realistic O&M	N/a	No	No	No	No	No	No	No	N/a	No	N/a
Sector ministries consulted before budget finalization	N/a	MoF provides final budget ceiling after ongoing discussions	MoF provides final budget ceiling after ongoing discussions	MoF provides final budget ceiling after ongoing discussions	MoF provides final budget ceiling after ongoing discussions	MoF provides final budget ceiling after ongoing discussions	MoF provides final budget ceiling after ongoing discussions	MoF provides final budget ceiling after ongoing discussions	N/a	MoF provides final budget ceiling after ongoing discussions	N/a
There is a well- defined process for considering new policy proposals	N/a	Yes	Yes	Unclear	Unclear	Unclear	Unclear	Unclear	N/a	Unclear	N/a
Annual cash requirements for each agency are forecast and monitored	N/a	Yes	Yes	No Inadequate cash flow forecasting	No Inadequate cash flow forecasting	Unclear	No Inadequate cash flow forecasting	Unclear	N/a	Unclear	N/a
Frequency and transparency of adjustments (virements) to budget allocations (which are decided above level of management of spending agencies)	N/a	Controls at Minor Economic Objective Level	Controls at Minor Economic Objective Level	Controls at Minor Economic Objective Level	Controls at Minor Economic Objective Level	Controls at Minor Economic Objective Level	Controls at Minor Economic Objective Level	Controls at Minor Economic Objective Level	N/a	Controls at Minor Economic Objective Level	
III. Budget Execution and Practices											
Decentralized payments do not undermine expenditure control	N/a	Centralized Control Structure	Centralized Control Structure	Centralized Control Structure	Centralized Control Structure	Centralized Control Structure	Centralized Control Structure	Centralized Control Structure	N/a	Centralized Control Structure	N/a
Information on actual expenditure is available on time for monitoring tasks	N/a	Monthly Trial Balance; Inadequate cash flow analysis; Use of Foxpro database; no integrated FMIS	Monthly Trial Balance; Inadequate cash flow analysis; Use of excel; no integrated FMIS	Monthly Trial Balance; Inadequate cash flow analysis; Use of Foxpro database; no integrated FMIS	Unclear	Monthly Trial Balance; Inadequate cash flow analysis; Use of Fox-pro; no IFMIS	Monthly Trial Balance; Inadequate cash flow analysis; Use of Excel Spreadsheets no integrated FMIS	Monthly Trial Balance; Inadequate cash flow analysis	N/a	Monthly Trial Balance; Inadequate cash flow analysis	N/a
Effectiveness of payroll controls <ul style="list-style-type: none"> ▪ Degree of reconciliation between personnel records and payroll data 	N/a	Unclear	Lags in Personnel records and reconciliation with	Unclear	Unclear	Unclear	Unclear	Unclear	N/a	Lags in Personnel records and reconciliation with	N/a

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<ul style="list-style-type: none"> ▪ Timely changes to personnel records and the payroll ▪ Internal controls of changes to personnel records and the payroll ▪ Existence of payroll audits to identify / control weaknesses (and/or ghost workers) 			payroll control							payroll control	
<p>Effectiveness of internal controls for non-salary payments</p> <ul style="list-style-type: none"> ▪ Effectiveness of expenditure commitment controls ▪ Comprehensiveness, relevance and understand of other internal control rules and procedures ▪ Degree of compliance with rules for processing and recording transactions 	N/a	Unclear; compliance audits undertaken	Control rules and procedures not well documented; compliance review on sample of expenditures	Control rules and procedures not well documented; compliance review on sample of expenditures	N/a	Control rules and procedures not well documented; compliance review on sample of expenditures	Control rules and procedures not well documented	Unclear	N/a	Control rules and procedures not well documented	N/a
Arrears are not significant as a proportion of total expenditure											
Availability of data for monitoring the stock of expenditure payment arrears											
Payment system is centralized and payments are made on time		Payments are made on time									
IV. Accounting Subsystem											
Accounting and budget classification are fully integrated into a single common classification	N/a	Follow current budget coding structure; Not in complete compliance with GFS/2001	Follow current budget coding structure; Not in complete compliance with GFS/2001	Follow current budget coding structure; Not in complete compliance with GFS/2001	Follow current budget coding structure; Not in complete compliance with GFS/2001	Follow current budget coding structure; Not in complete compliance with GFS/2001	Follow current budget coding structure; Not in complete compliance with GFS/2001	Unclear	N/a	Follow current budget coding structure; Not in complete compliance with GFS/2001	N/a
There are manuals establishing	N/a	Unclear	Follow rules	Follow rules	N/a	Follow rules	Follow rules	Unclear	N/a	Follow rules	N/a

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the procedures and regulations for the accounting system			established by CRA 95; General rules, regulations and procedures for accounting system are not well documented	established by CRA 95; General rules, regulations and procedures for accounting system are not well documented		established by CRA 95; General rules, regulations and procedures for accounting system are not well documented	established by CRA 95; General rules, regulations and procedures for accounting system are not well documented			established by CRA 95; General rules, regulations and procedures for accounting system are not well documented	
Budget execution date (revenue and expenditure) are classified normally (in the same manner as all other transactions, not segregated into a separate data subsystem)											
Timeliness and regularity of accounts reconciliation	N/a										
Annual expenditure statements are produced and appear shortly after the end of the FY	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.	Law requires that expenditure statements to be produced within 3 months of end of budget year.
V. Auditing System											
There are standards in carrying out audits – there is a manual setting out the standards that are applied.	N/a	Follow the standing auditing procedures laid out by the inspector/auditor general	Follow the standing auditing procedures laid out by the inspector/auditor general	Follow the standing auditing procedures laid out by the inspector/auditor general	Follow the standing auditing procedures laid out by the inspector/auditor general	Follow the standing auditing procedures laid out by the inspector/auditor general	Follow the standing auditing procedures laid out by the inspector/auditor general	Follow the standing auditing procedures laid out by the inspector/auditor general	N/a	Follow the standing auditing procedures laid out by the inspector/auditor general	N/a
Inspector general/Auditor general has capacity to do systems audit	N/a		There is no integrated financial management system, the	There is no integrated financial management system, the	There is no integrated financial management system, the	There is no integrated financial management system, the	There is no integrated financial management system, the	There is no integrated financial management system, the	N/a	There is no integrated financial management system, the	N/a

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			current system does not have an audit trail/control function; Inspector general does not undertake system audit and review	current system does not have an audit trail/control function; Inspector general does not undertake system audit and review	current system does not have an audit trail/control function; Inspector general does not undertake system audit and review	current system does not have an audit trail/control function; Inspector general does not undertake system audit and review	current system does not have an audit trail/control function; Inspector general does not undertake system audit and review	current system does not have an audit trail/control function; Inspector general does not undertake system audit and review		current system does not have an audit trail/control function; Inspector general does not undertake system audit and review	
There are requirements for internal audit within line ministries.	N/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/a	Yes	N/a

Questions for Provincial Team

Gentlemen, while we are waiting to finalize the work-plan it might be a good idea to understand the national ministries – provincial general directorate financial flows and reporting structure.

- 1) Timeliness of information (PI-8):
 - a. What reports are submitted to the national ministries?
 - b. Governor's offices?
 - c. When are these reports submitted?
 - d. Are they timely?
 - e. Could you please provide samples of these report(s).
- 2) Ministry Monitoring of Public Sector entities (PI-9):
 - a. What is the extent of national ministry monitoring of public enterprises?
 - b. What are the reports that are submitted from these provincial public enterprises to the national line ministries?
 - c. How are the results reviewed?
 - d. How do central government line ministries monitor these Directorate Generals and Public Enterprises?
- 3) Quality of Information (PI-24)
 - a. Do the financial reporting accounts follow GFS2001?
 - b. How are investment and operational budgets reported?
 - c. Is there any variance analysis being conducted? For example: budget versus actual? Is this done on a monthly? Quarterly Basis?
- 4) Disbursement of Funds:
 - a. How are funds disbursed to Directorate Generals?
 - b. Do the Directorate Generals have their own bank accounts?
 - c. Are these bank accounts held at the Central Bank of Iraq?
 - d. Who has authorization to use these funds?
 - e. How are budget controls established at the Directorate Generals? Who provides the authorization for spending of funds?
- 5) Directorate Generals: Pricing of Materials, Goods and Services
 - a. What is the process that the Directorate Generals follow for pricing of materials, goods and services?
 - b. Is there a distinct (separate) unit that processes and distributes this information to Directorate Officials?
 - c. What is the report structure for this information? Is there a standard data base? Or reporting format that is used?
 - d. Please provide a sample of these reports, if the exist.
 - e. Is this information communicated with the central line ministry?

Budgetary and Financial Management in the Public Sector

Ministry Envelopes/Ceilings

1. Are budgeting ceilings for aggregate spending and for sector ministries recommended by the Ministry of Finance?
2. Are the ceilings for sector ministries approved by CommSec? Council of Ministers? Other?
3. Do they cover both current and capital components of the budget?
4. Are sector ministers able to reallocate expenditures among their agencies within the sector ceiling (if so, how?)

Estimates Process and Documents

1. Is there a well-defined, and widely accepted, sequence of steps in the budget process? How does this process go?
2. Does the schedule allow practical intervals for the work at each stage?
3. Does the MOF budget circular allow for:
 - a. A clear set of rules for the budget process and the main forms to be used in budget estimates submissions?
 - b. The macro-economic assumptions to be used in the estimates?
 - c. Information on government spending priorities?
 - d. Spending ceilings or targets?
4. Are new policy proposals excluded from estimates submissions until they have been approved through the normal policy decision process?
5. Does the budget process include a well-defined procedure for obtaining decisions on new policy proposals?
6. Is there a clear role for the financial management staff of the line ministry in analyzing and assessing estimates submissions of subordinated agencies?
7. Are there established rules to guide line ministry co-ordination and negotiation with subordinated agencies?

Specialized Expenditure Categories – Requirements

1. **Personnel costs:**
 - a. Are cost estimates supported by a dependable system of controls on employee headcounts, either by MoF or by the line ministry itself?
 - b. Are forecast increases in salaries and benefits required to be consistent with MoF assumptions or regulations?
 - c. Are funds for all bonuses and special allowances identified separately with the personnel costs subhead of the estimates?

- d. Are there controls to prevent unauthorized transfer of funds from salaries budgets to increase bonuses and allowances?

2. Financial Assets

- a. Is there a central registry or inventory of major financial assets (shares in public sector enterprises, loans to governments) maintained by the line ministry? MoF?
- b. Does the budget include planned transactions, which add to or deplete the inventory of assets?

Preparation and Management of Capital Investment Programmes

- 1. Are line ministries required to carry out ex ante technical and economic appraisals of capital investment projects?
- 2. Are current and capital investment budgets integrated into a single process?
- 3. Are the recurrent cost implications of investments calculated and the results incorporated in the annual budget and MTBF?

Budget execution and monitoring

1. Are there laws, regulations and procedures which ensure that:

- a. All public revenues are deposited directly by spending units to their separate subaccounts of a treasury system?
- b. If separate back accounts are permitted, is MOF responsible for opening, closing, and either directly operating them or monitoring their operation?

2. Payments are made:

- a. Through the central treasury, which authorizes and processes payment orders from spending units? Or,
- b. By spending units, from their subaccounts within the financial limits authorized by MoF for the subaccounts?
- c. Where subaccounts are permitted, budget credits are released to them only at a rate required for payment obligations?
- d. Is information on actual expenditures available to MoF/line ministry in time for effective monitoring?
- e. Do spending units report to MoF on their commitments (obligations) to ensure that expenditures do not exceed budget?
- f. Are there procedures to report and correct overspending?

Legal and Policy Framework

1. Are there laws, regulations and policies, which:

- a. Limit and define the authorities at each level of the administration for transferring funds (virement) within the approved budget?

- b. Prevent transfers, in either direction between personnel costs and other subheads of the budget?
 - c. Specify how budget funds that are unspent at the end of the fiscal year should be treated?
 - d. Establish sanctions for overspending?
 - e. Define the permitted uses of the budget reserves and the decision-making authorities for approving allocations from the reserves?
 - f. Establish clear rules on maximum proportions of unspent appropriations to be carried from one fiscal year to the next (if carryover is permitted at all?).
- 2. Distribution of Responsibilities:- Are the spending units required to –**
- a. Maintain accounting and control systems to MoF Standards?
 - b. Make forecasts of monthly cash flows for the budget year and submit for MOF approval?
 - c. Make regular reports to MoF on spending in comparison to budget and cash flows in comparison to forecast?
 - d. Supervise subordinate agencies and state-owned enterprises in accordance with government wide rules?
 - e. Conform to formal rules against overspending of budgeted appropriations (such as chief accountants, or banks having authority to refuse payment orders?)
 - f. Report to MOF breaches of budget legislation and correct and punish those which fall within their delegated authority?
- 3. Accounting and Reporting**
- a. Does the Chart of Accounts (Budget Codes) integrate accounts containing assets, liabilities, government equity, revenues and expenditures to facilitate the preparation of financial statements?
 - b. Does the accounting system define eligible expenditures, commitments, payments...according to internationally accepted accounting practices?
 - c. Are there effective and up-to-date manual setting out procedures and regulations for the accounting system?
 - d. Does the system provide for recording commitments (obligations) as well as cash transactions?
- 4. Internal Control and Internal Audit:- Promotion and enforcement**
- a. Are there laws or regulations, which define coherent principles, systems and function of internal controls, including internal audit?
 - b. Is there a system of ex ante (before) controls of commitments and payments, preferably exercised within spending units?
 - c. Are there? Or Can you define any mechanisms for fighting fraud and corruption, either within any central office of control or in another central institution?

- d. With respect to internal audit – does the internal audit mandate include: financial audit? Systems audit? Procurement process audit? Review of management (internal) control arrangements (i.e. policies, procedures manuals, staff recruitment, etc..)
- e. Are there written standards and procedures for internal audit?

5. Other

- a. Are there in place well established and functioning accounting and reporting standards?
- b. Are the accounting and reporting standards laid down in written rules or guidelines?
- c. Is there a computerized accounting system in place?
- d. Are there in place ex ante (before the fact) control mechanisms for the control of commitments and payments?
- e. How are ex poste controls on procurement undertaken? Are there ex poste controls in place?