Government of Sierra Leone



Ministry of Finance

Public Expenditure and Financial Accountability (PEFA) Assessment 2021

(Central Government)

Final Report

11th May 2022

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Acronyms and Abbreviations

| ACC | Anti-Corruption Commission |
|-------------------|---|
| ACC | African Development Bank |
| AFROSAI | African Organisation of Supreme Audit Institutions |
| AG | Auditor General |
| AGA | autonomous government agency |
| AGD | Accountant General's Department |
| ASSL | Audit Service Sierra Leone |
| ASYCUDA | Automated System for Customs Data |
| BB | Budget Bureau |
| BCC | Budget Call Circular |
| BCG | Budget ein eineutal Budgetary Central Government |
| BSL | Bank of Sierra Leone (Central Bank) |
| BUs | Budgetary units |
| CG | Central Government |
| COFOG | Classification of the functions of government |
| CPM&E | Central Planning Monitoring and Evaluation Division, MoPED |
| CS-DRMS | Commonwealth Secretariat Debt Recording and Management System |
| DAC | Development Assistance Committee |
| DACO | Development Assistance Coordination Office, MoF |
| DSA | Debt Sustainability Analysis |
| EBUs | Extra-Budgetary Units |
| EC | European Commission |
| ECR | Electronic Cash Register |
| EITI | Extractive Industries Transparency Initiative |
| ERM | Enterprise Risk Management |
| EU | European Union |
| EUD | European Union Delegation |
| FCDO | Foreign Commonwealth Development Office (Former UK DFID) |
| FDD | Fiscal Decentralisation Department |
| FS | Financial Secretary |
| FSS | Fiscal Strategy Statement |
| FY | Fiscal Year (1 January–31 December) |
| GBS | General Budget Support |
| GDP | Gross Domestic Product |
| GFS | Government Financial Statistics (IMF database) |
| GoSL | Government of Sierra Leone |
| GST | Goods and Services Tax |
| HRMO | Human Resource Management Office |
| IAD | Internal Audit Department, MoF |
| IFMIS | Integrated Financial Management Information System |
| IMF | International Monetary Fund |
| INTOSAI IPFMRP | International Organization of Supreme Audit Institutions |
| | Integrated Public Financial Management Reform Project Independent Procurement Review Panel |
| IPRP | - |
| IPSAS | International Public Sector Accounting Standard |
| IT | Information Technology |
| ITAS LC | Integrated Tax Administration System Local Council |
| Le | Leone (national currency) |
| LG | Local Government |
| LGA | Local Government Act |
| LTO | Large Taxpayer Office, National Revenue Authority |
| MoBSE | Ministry of Basic and Secondary Education |
| MDAs | Ministries, Departments and Agencies |
| | |

| MDBS MEST MHS MoF MOU MTDS MTEF NASSIT NCP | Multi-Donor Budget Support Ministry of Education, Science and Technology Ministry of Health and Sanitation Ministry of Finance Memorandum of Understanding Medium Term Debt Management Strategy Medium Term Expenditure Framework National Social Security Insurance Trust National Commission for Privatisation |
|--|--|
| NGO | Non-Governmental Organization |
| NPPA | National Public Procurement Authority |
| NRA | National Revenue Authority |
| PAC | Public Accounts Committee |
| PDMD | Public Debt Management Division |
| PE | Public Enterprise |
| PEFA | Public Expenditure and Financial Accountability |
| PETS | Public Expenditure Tracking Survey |
| PFM | Public Financial Management |
| PFMICP | Public Financial Management Improvement and Consolidation Project |
| PFMRD | Public Financial Management Reform Division |
| PIMU | Public Investment Management Unit |
| PIP | Public Investment Programme |
| PIU | Project Implementation unit |
| PPA | Public Procurement Act |
| PPP | Public-Private Partnership |
| SAA | Semi-Autonomous Agency |
| SAI | Supreme Audit Institution |
| SLEITI | Sierra Leone Extractive Industry Transparency Initiative |
| SLIMM | Sierra Leone Integrated Macroeconomic Model |
| SMTO | Small and Medium Taxpayer Office |
| SNG | Sub-National Government |
| SOE | State-Owned Enterprise |
| SVA | Sub-Vented Agency |
| ТА | Technical Assistance |
| TSA | Treasury Single Account |
| TIN | Tax Identification Number |
| USD | US dollar |
| WB | World Bank |

FISCAL YEAR:

1stJanuary – 31stDecember Period covered by this assessment: FY2018, FY2019, and FY2020

CURRENCY AND EXCHANGE RATES

Currency: Leone (Le) 1.00 Euro = Le 12,224.74 1.00 USD = Le 10,359.07 (As at September 2021)



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Public Expenditure and Financial Accountability (PEFA) Assessment 2021

Republic of Sierra Leone

11 May 2022

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK'**.

PEFA Secretariat May 18, 2022

Executive Summary

Purpose and management

The objective of the 2021 PEFA repeat assessment is to provide the government with an objective, indicator-led assessment of the national PFM system, including the gender responsive dimension, to promote an updated understanding of the overall fiduciary environment of the PFM systems, and to assist in identifying those parts of the PFM systems in need of further reform and development. It also aimed at performing an initial Gender responsive PFM assessment to provide a baseline for a number of monitoring indicators to be identified as part of the PFM results framework. Box 1.1 below outlines the assessment management framework, oversight, and quality assurance. The assessment was funded and managed by the European Union Delegation to Sierra Leone.

Scope, coverage, and timing

The assessment covered central government ministries and departments (specifically Ministry of Finance: (Budget Bureau, Fiscal Risk Department, Macro-fiscal Department, Public Debt Management Division, Internal Audit Department, Fiscal Decentralisation Department, Revenue and Tax Policy Division); Ministry of Planning and Economic Development; Ministry of Education; Ministry of Health; Ministry of Public Works; Ministry of Gender and Children Affairs; Accountant General's Department; National Public Procurement Authority; National Revenue Authority; Audit Service Sierra Leone; Anticorruption Commission; subnational government for purposes of assessing PI-7 and PI-10.2; extra budgetary units, public enterprises (in so far as they affect central government fiscal risk); civil society organisations and Parliament. The fiscal years for this assessment are FYs 2018, 2019, and 2020. The last budget submitted to Parliament for purposes of this assessment is FY2021 budget submitted in FY2020. The cut-off date was September 2021 (9 months after the end of the financial year).

The field mission began on 24th January and ended on 9th March 2022. A day's PEFA and GRPFM training workshop was organised on 26th January 2022 with participants from key GoSL officials, development partners and CSOs. The assessment was jointly conducted by external PEFA experts and GoSL technical team appointed by MoF.

Annexes 3A and 3B provide detailed list of information used and people interviewed respectively. Other official material used for this assessment include IMF Article IV Staff Report dated April 2020, Transparency International Report 2020, Open Budget Survey Report 2020, IMF/WB PIMA Report March 2020. For the standard PEFA, all 31 performance indicators and 94 dimensions were used but two dimensions (PI-27.2 and PI-27.3) were not applicable. With reference to the GRPFM, all 9 performance indicators were assessed.

Table 1.0 below outlines summary of overall PEFA/PFM performance scores in 2021. **Chart 4** provides a graphical representation of PFM performance change since 2017, **chart 5** overall PFM performance in 2021 by indicator, and **chart 6** overall ranking by indicator.

Impact of PFM systems on the three main budgetary and fiscal outcomes

Aggregate fiscal discipline

According to **chart 1** below, aggregate fiscal discipline's performance is basic. The PFM laws and regulations are strong for consolidating aggregate fiscal discipline. That said, strong PFM laws alone do not strengthen fiscal discipline but a firm political will is also needed. The current situation is mixed: whereas Anti-Corruption Commission (ACC) has taken the lead in fighting corruption, executive action on Public Accounts Committee (PAC) and audit recommendations is weak. Fiscal discipline is undermined by the constitutional powers granted the President to authorize additional expenditure without a supplementary appropriation in the event of emergency or in public interest – this could be abused.

The excessive composition variances in both economic and administrative classifications coupled with frequent, significant and non-transparent in-year budget virements (also known as budget reallocations) negatively affect fiscal discipline, also having a negative impact on strategic resource allocation and efficient service delivery. Aggregate revenues are reliable, contributing to strengthening fiscal discipline, but revenue composition is poor, a threat to fiscal discipline. The frequency of in-year budget virements affects service delivery programs according to plan. Fiscal discipline is also weakened by the size of extrabudgetary units' revenue and expenditure, currently above 10% of central government operations. Nevertheless, GoSL's expansion of TSA has brought more visibility on revenues of extra-budgetary units outside central government budget but not on expenditures. The general internal control framework shows reasonable performance where compliance to payment rules performs averagely, with good segregation of duties.

Delays in monitoring fiscal risk posed by SoEs (which is the case in Sierra Leone) is a threat to fiscal discipline due to the fact that losses incurred by these SoEs would have to be funded by the national budget. It is however worth noting that GoSL for the first time has compiled SoEs fiscal risk report, albeit late. Fiscal discipline is weakened by the unreliability of the expenditure budget which is leading to unpaid commitments and accumulation of expenditure arrears. Payroll management which is usually a threat to fiscal discipline, appears to show satisfactory performance mainly due to significant payroll reforms in the last three to four years. There is however a major concern in relation to weak executive action on audit recommendations, a weakness to fiscal discipline.

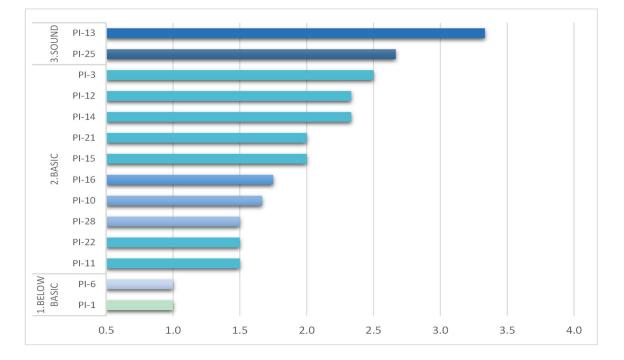


Chart 1 Aggregate fiscal discipline BASIC

Strategic allocation of resources

Chart 2 below shows that strategic resource allocation is sound. GoSL's budget classification system as well as budget comprehensiveness and transparency are good, a strength to strategic resource allocation, as it allows easy tracing of resources. The framework for horizontal resource allocation is also sound. Unfortunately, unreliable expenditure budget forecasts coupled with unpredictable resources have negatively impacted the allocation of resources according to strategic priorities, thereby affecting

efficiency in service delivery. Weaknesses in public investment management framework and fixed asset management are a risk to strategic resource allocation.

The underlying assumptions for forecasting the budget set the tone for resource allocation in a strategic manner but government's inability to estimate the fiscal impact of changes in policy proposals is a weakness to strategic resource allocation. The approval of budget ceilings after the preparation of budget estimates does not strengthen strategic allocation of resources as changes to ceilings thereafter distorts original plans and programs. Nevertheless, the timely approval of the annual budget allowed budget units to commence their annual programmes and activities in time to ensure full utilisation of allocated resources for improved service delivery. In spite of this, resource constraints, necessitating cash rationing hampers efficient service delivery.

Strategic allocation of resources is strengthened by the relatively good revenue administration and accounting framework but insufficient cash for payment of primary services affects their efficiency and effectiveness. The frequency, significance and non-transparent in-year budget virements is a concern as it weakens strategic resource allocation. Internal audit function is reasonably good to assure that resources are properly allocated but the limited action of the executive in terms audit recommendation is a weakness. Delays in the issuance of in-year budget execution reports limits the ability of citizens to effectively track resources.

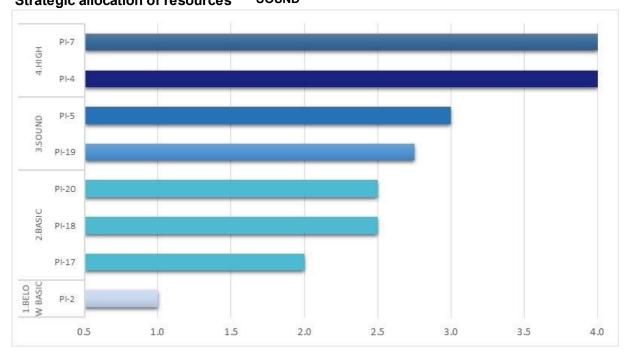


Chart 2 Strategic allocation of resources SOUND

Efficient service delivery

As indicated in chart 3 below, efficient service delivery is basic. Efficient service delivery is strengthened by good budget classification and a transparent budget documentation framework. That said, unreliability expenditure budget at the aggregate level coupled with large composition variances at administrative and economic levels, together with significant, frequent and non-transparent in-year budget reallocations, negatively affects efficient service delivery. Cash rationing, due to cash shortages, is the current practice as it has a negative impact on service delivery. Social accountability, which helps to improve service delivery, has been weakened by delays in public access to fiscal information as well as performance information for service delivery. The current framework for public investment management where investment projects are poorly analysed, selected and costed, does not support efficient service delivery. MTEFF is good as it provides greater predictability for budget allocations in the medium-term but insufficient resources during actual implementation of planned services and programs is a weakness. The use of more competitive procurement methods by value is an added advantage to efficient service delivery but limited resources and cash shortages have led to more requests for quotations and higher cost of service due to delayed payments from government. Payroll controls are sound as they impact positively on efficient service delivery.

Efficient service delivery is also negatively affected by the absence of a framework to track all resources received by frontline service delivery units. The inability to track resources to frontline service delivery units could lead to shortages in some areas and surpluses in other areas. Delays in the issuance and publication of fiscal reports also affects efficient service delivery since there is less public accountability. Internal and external audit coverage and functions provide satisfaction for identifying inefficiencies in the use of public resources. Nevertheless, executive inaction on audit recommendations coupled with delayed PAC's follow-up mechanism on implementation of recommendations are a course for concern.

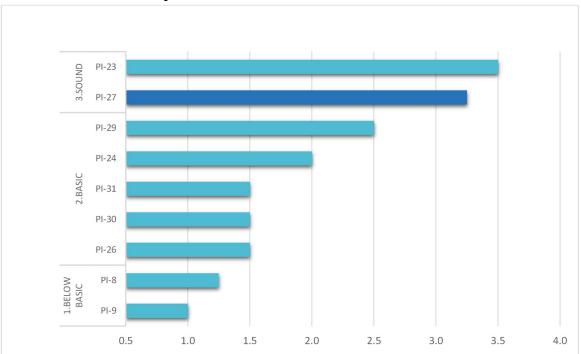
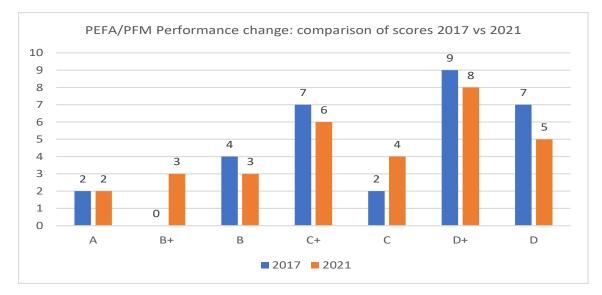


Chart 3 Efficient service delivery BASIC

Performance changes since last assessment in 2017

The chart below (chart 1) summarises PEFA/PFM performance change since the last assessment in 2017. "A" scores have remained unchanged, at 2 since 2017. There is improvement in "B+" in 2021 from 0 to 3. There is decline in "B" scores, at 4 in 2017 to 3 in 2021, with a decline in "C+" from 7 in 2017 to 6 in 2021. There has been an increase in "C" scores from 2 in 2017 to 4 in 2021. Whereas "D+" has decreased from 9 in 2017 to 8 in 2021, "D" scores have decreased from 7 in 2017 to 5 in 2021. At the overall level, there is marginal improvement in PFM performance since 2017.

Chart 4: PFM performance change



Fiscal discipline

Compared to 2017, fiscal discipline remains weakened by the excessive composition variances in both economic and administrative classifications which has a negative impact on strategic resource allocation and efficient service delivery. Though aggregate revenues are reliable, contributing to strengthening fiscal discipline, revenue composition outturn is poor. Under both assessments, it is undermined further by frequent, significant, and non-transparent in-year budget reallocations which then affects planned service delivery programs. The size of extra-budgetary units' revenue and expenditure not reported in financial reports is above 10% by value of central government operation in 2021, similar to 2017. That said, GoSL's expansion of TSA between 2018-2020 has brought more visibility on revenues of extra-budgetary units outside central government budget but not on expenditures.

For the first time, GoSL has compiled SoEs fiscal risk report which is a positive sign compared to 2017, to effectively monitor SoEs but there are significant delays in SoEs reporting which undermines fiscal discipline. Fiscal discipline is also undermined by the unreliability of the expenditure budget, leading to unpaid commitments and the accumulation of expenditure arrears. That said, the stock of arrears has decreased in 2020 compared to 2018 and 2019, and the quality of data to monitor arrears has improved since the 2017 assessment. Payroll controls have also improved significantly: they are now satisfactory to the extent that they provide reasonable assurance for strengthening fiscal discipline, contrarily to what was the case in 2017. Nevertheless, there has been substantial pay increases over the years, in particular in 2021 which is responsible for the large fiscal slippage. In both assessments executive inaction on audit recommendations remains a cause for concern.

Strategic allocation of resources

Strategic allocation of resources is strengthened by a good budget classification system and budget comprehensiveness and transparency; this is the case in both 2017 and 2021 assessments. GoSL's budget classification and documentation meet international standards, meaning resources allocated can easily be traced. Given the unreliability of the expenditure budget forecasts coupled with an unpredictable resource envelop, strategic allocation of resources is negatively impacted. Another risk to strategic resource allocation is the weakness observed in the public investment management framework and fixed asset management – poor public investment management and weak fixed asset management lead to wastage in resources which then affects efficiency in service delivery.

Government's inability to estimate the fiscal impact of changes in policy proposals is a weakness to strategic resource allocation, both in 2017 and 2021 assessments. A deterioration compared to 2017 is that the negative impact of COVID-19 shortened the budget preparation process. As a result, under the 2021 assessment, budget ceilings were not approved by Cabinet before the issuance of Budget Call Circular (BCC), as was the case in 2017. This can affect draft budget proposals with a consequential negative impact on resource allocation. That said, the timely approval of the annual budget in 2017 and 2020 allows budget units to start their annual programmes and activities in time and ensure full utilisation of allocated resources for improved service delivery, but resource constraints resulting in cash rationing in 2021 similar to 2017, continue to impede efficient service delivery.

In 2021 just as was the case in 2017, strategic allocation of resources has been weakened by the frequency, significance and non-transparent in-year budget virements. Nevertheless, Government operations have been more transparent in 2021 compared to 2017; budget documentation is published on MoF website, in addition to MDAs receiving reliable information of their budget allocations. Compared to 2017, the internal audit function has improved in 2021 and is reasonably good to ensure that resources are properly utilised. The executive action in terms of audit recommendations implementation continues to be a weakness, as are the delays in the issuance of in-year budget execution reports, which limit the ability of citizens to effectively track resources and hold the government accountable. That said, a number of execution actions have been taken to improve the implementation of audit recommendations, including but not limited to: (i) a meeting was called in 2020 by the Hon. Minister of Finance, co-chaired by the Financial Secretary. Participants included all vote controllers from all MDAs including some political heads. Issues discussed was specifically, audit recommendation implementation. The meeting recommended that implementation of audit recommendation should be included in the performance contract of vote controllers; (ii) amendment has been made to the PFM Act to include sanctions for failure to implement audit recommendations; (iii) revamping of audit committees in MDAs.

Efficient service delivery

In 2017 and 2021, efficient service delivery has been reinforced by a good budget classification and transparent budget documentation system, but negatively affected by an unreliable expenditure budget at the aggregate level coupled with large composition variances at administrative and economic levels, compounded by significant, frequent and non-transparent in-year budget reallocations. In the past, cash shortages, leading to cash rationing, also have and continue to jeopardise service delivery. Under both assessments, even though service delivery performance information is publicly available through radio and TV broadcast, community engagement and publication on MoF website, the said information as assessed under PI-9 on public access to fiscal information is poor, mainly due to delays in publication. Compared to 2017, performance evaluation for service delivery has improved, as now there is an internal evaluation of the effectiveness of service delivery for the majority of sectors.

There is no change in the framework for public investment management where investment projects are poorly analysed, selected and costed – this does not support operational efficiency of primary service delivery. In 2021, an improved MTEFF provides greater predictability for budget allocations in the medium-term, which is a strength to resource allocation and efficient service delivery. The use of more competitive procurement methods by value in 2021 compared to 2017, but a greater number of requests for quotations mainly due to cash shortages has been observed. These could lead to increased costs of goods and services by suppliers as a way of reward for delayed payments from government. The effect of this is high cost of service delivery programs.

Coverage of internal and external audit is satisfactory for identifying inefficiencies in the use of public resources. As in 2017, delays in implementing audit recommendations and at times inadequate executive action threatens service delivery efficiency. Excessive delays in PAC's follow-up mechanism persist as per the 2021 evaluation.

PFM reform agenda

The Medium-Term Development Plan (MTDP) 2019-2023 titled "Education for Development" has eight clusters namely: (i) Human capital development, (ii) Diversifying the economy and promoting growth, (iii) Infrastructure and economic competitiveness, (iv) Governance and accountability for results, (v) Empowering women, children, and persons with disability, (vi) Youth employment, sports, and migration, (vii) Addressing vulnerabilities and building resilience, and (viii) plan implementation. Government PFM reform agenda is linked to cluster (iv) Governance and accountability for results and element number 3 under "governance" – strengthening public financial management.

There has been continuous development support from EU, WB, IMF, AfDB, and UK-FCDO in the area of PFM for close to two decades¹. Improvements in the area of PFM legislation has been significant but there are still concerns in the area of strategic planning and budget credibility which has been further exacerbated by the advent of the ongoing COVID-19 global pandemic necessitating the incurrence of unplanned expenditure, budget execution – specifically on commitment controls and accumulation of expenditure arrears also compounded by revenue shortfalls as a result of shocks from COVID-19, implementation of internal and external audit recommendations. It is worth noting that the significant drop in the stock of revenue arrears was as a result of inflows from development partners to support GoSL's arrears clearance strategy.

On-going PFM reform efforts are based on the 2018-2021 PFM reform strategy which has five thematic areas, namely: (i) strategic policy and budgeting; (ii) budget execution, execution, reporting and monitoring; (iii) revenue administration, policy, accounting, forecasting and transparency; (iv) strengthening local government finance and decentralisation; and (v) PFM oversight and public accountability.

Achievements so far include but not limited to the following:

- A number of laws were enacted including the Finance Act 2020, the Anti-Corruption Act 2019, the Anti-Money Laundering and Combating of Financing of Terrorism (Amendment) Act, 2019, the Bank of Sierra Leone Act 2019 and the Banking Act 2019. Additionally, the PFM regulations 2018 and the Procurement regulations 2020 have been promulgated. Furthermore, Fiscal Management and Control Act 2017, Extractive Industry Revenue Act 2018, and Electronic Cash Register and Transfer Pricing Regulations 2021 have also been promulgated. The government also developed and approved a fleet management policy to better manage its vehicles in order to reduce maintenance cost.
- Training of 30 MDAs on the use of electronic public expenditure tracking survey (PETS) forms for purposes of collating data on the use of public funds for primary service. So far, the e-PETS has been rolled out to 2 out of the 30 MDAs.
- Upgrade of IFMIS version 6 to version 7 with rollout to 61 MDAs in addition to training on performance budgeting module.
- The launching and rollout of electronic cash register (ECR) for small and medium businesses; this will enable NRA effectively track transactions of businesses in order to improve revenue mobilisation and collection. This is in addition to the rollout of the integrated tax administration system (ITAS) for better tax administration.
- TSA coverage has been expanded to cover 16 extra-budgetary units; plans are advanced for the inclusion of sub-vented agencies and semi-autonomous government institutions.

¹The Institutional Reform and Capacity Building Project (May 2004-March 2009), the Integrated PFM Reform Project (May 2009-July 2013) and the current PFM Improvement and Consolidation Project (November 2013-December 2017), have been managed by World Bank/IDA on multi-donor Trust Funds. There are also several bilateral aid agreements with DFID, EU, IMF, etc.

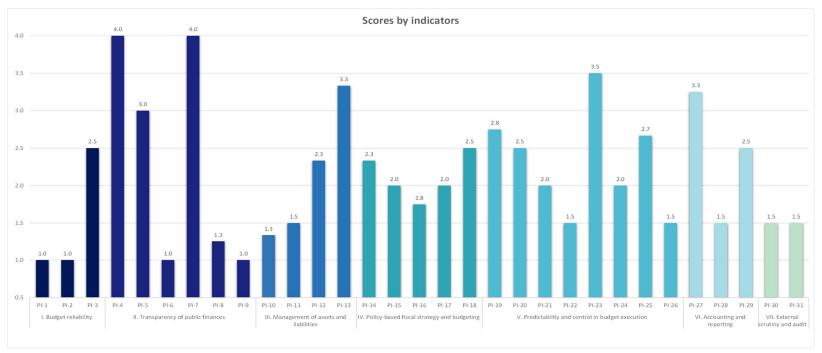
- Automation of payroll processes to improve transparency and accountability, with the
 establishment of payroll units at MoF budget bureau and internal audit departments to improve
 controls and data accuracy. A bill on wage and compensation commission (WCC) has been
 drafted, approved by cabinet and currently before parliament for enactment. The payrolls of local
 councils, sub-vented agencies, and tertiary institutions have been automated and now part of
 the central government payroll management.
- Advancement in the implementation of e-Government Procurement (e-GP) to improve transparency and accountability; this was expected to be rolled out in 2021 but has stalled. There has been a nationwide sensitisation on GoSL's intension to introduce e-GP. Currently a new WB project "Accountable Governance for Basic Service Delivery Project" (P172492) is funding the e-GP, the NPPA has prepared a tender document. The tendering and development of the systems should take about 2 years, therefore roll out is expect by 2024.
- Commissioning of a new NPPA regional office in Kenema as part of preparations to roll out e-GP
- Preparation for the introduction of enterprise risk management (ERM) with study tours to six Africa countries.
- Development of risk-based audit plans following training provided by an international consultant with funding from EU.
- The introduction of audit command language (ACL) software to effectively manage the internal audit process as well as track the implementation of audit recommendations
- Audit Service Sierra Leone's expansion in terms of nature of audits to include performance audits and specialized audits in addition to financial and compliance audits carried out each year.
- The GoSL's efforts through NRA to implement a medium-term revenue strategy (MTRS) is commendable. Also, upgrade of ASYCUDA ++ to ASYCUDA World and the introduction of Single Electronic Window are all efforts to improve domestic revenue mobilization.

Table 1.0: Overall summary of PFM Performance Scores 2021

| | | Scoring | C | Dimensic | on Ratin | gs | Overall |
|---------------------------------------|--|---------|----|----------|----------|-----|---------|
| PFM Pe | erformance Indicator (PI) | Method | i. | ii. | iii. | iv. | Rating |
| Pillar I: | Budget reliability | | | | | | |
| PI-1 | Aggregate expenditure outturn | M1 | D* | | | | D |
| PI-2 | Expenditure composition outturn | M1 | D* | D* | D* | | D |
| PI-3 | Revenue outturn | M2 | А | D | | | C+ |
| Pillar II | Transparency of public finances | | | | | | |
| PI-4 | Budget classification | M1 | А | | | | Α |
| PI-5 | Budget documentation | M1 | В | | | | В |
| PI-6 | Central government operations outside fiscal reports | M2 | D | D | D | | D |
| PI-7 | Transfers to sub-national governments | M2 | А | А | | | Α |
| PI-8 | Performance information for service delivery | M2 | D | D | D | с | D |
| PI-9 | Public access to key fiscal information | M1 | D | | | | D |
| Pillar III | . Management of assets and liabilities | | | | | | |
| PI-10 | Fiscal risk reporting | M2 | D | С | D | | D+ |
| PI-11 | Public investment management | M2 | D | С | D | с | D+ |
| PI-12 | Public asset management | M2 | с | D | А | | C+ |
| PI-13 | Debt management | M2 | С | А | А | | B+ |
| Pillar IV | . Policy-based fiscal strategy and budgeting | | | | | | |
| PI-14 | Macroeconomic and fiscal forecasting | M2 | D | А | с | | C+ |
| PI-15 | Fiscal Strategy | M2 | D | С | В | | с |
| PI-16 | Medium-term perspective in expenditure budgeting | M2 | А | D | D | D | D+ |
| PI-17 | Budget preparation process | M2 | С | С | с | | с |
| PI-18 Legislative scrutiny of budgets | | M1 | В | А | А | С | C+ |
| Pillar V. | Predictability and control in budget execution | | | | | | |
| PI-19 | Revenue administration | M2 | А | С | С | В | В |
| PI-20 | Accounting for revenues | M1 | В | А | С | | C+ |
| PI-21 | Predictability of in-year resource allocation | M2 | с | А | D | D | с |
| PI-22 | Expenditure arrears | M1 | D | В | | | D+ |
| PI-23 | Payroll controls | M1 | В | А | А | В | B+ |
| PI-24 | Procurement | M2 | D | D | В | В | с |
| PI-25 | Internal controls on non-salary expenditure | M2 | А | С | с | | В |
| PI-26 | Internal audit | M1 | В | В | с | D | D+ |
| Pillar VI | . Accounting and Reporting | | | | | | |
| PI-27 | Financial data integrity | M2 | В | NA | NA | А | B+ |
| PI-28 | In-year budget reports | M1 | С | D | с | | D+ |
| PI-29 | Annual financial reports | M1 | В | А | с | | C+ |
| Pillar VI | I. External Scrutiny and Audit | | | | | | |
| PI-30 | External audit | M1 | В | С | с | D | D+ |
| PI-31 | Legislative scrutiny of audit reports | M2 | D | с | с | D | D+ |

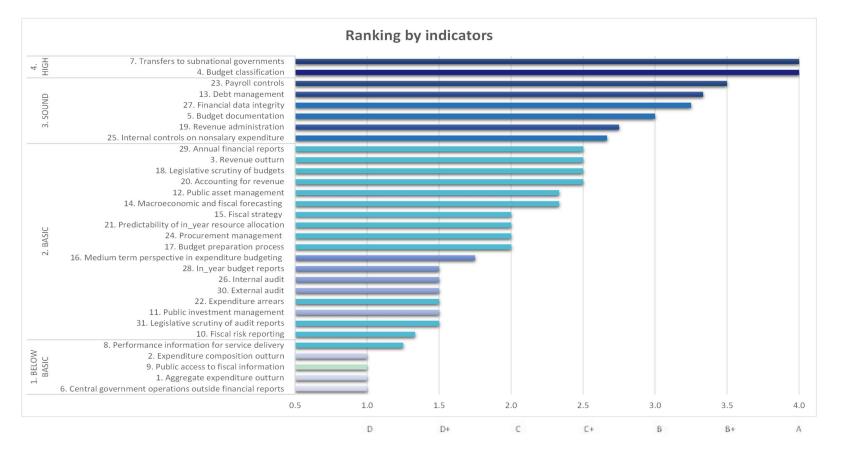
Republic of Sierra Leone: PEFA 2021

Chart 5: Graphical representation of PFM performance in 2021 by indicator



Republic of Sierra Leone: PEFA 2021

Chart 6: Overall ranking by performance indicator



1 Introduction

1.1 Rationale and purpose

This is the fifth PEFA assessment in Sierra Leone at the central government level. The current PEFA assessment applying the 2016 PEFA framework, together with the new January 2020 Gender Responsive PFM module, is at the request of the Government of Sierra Leone.

Four Public Expenditure and Financial Accountability (PEFA) assessments have been conducted for Central Government of Sierra Leone in 2007, 2010, 2014 and 2017. The 2007 evaluation provides a baseline for the subsequent assessments (2010, 2014), but based on the 2011 PEFA framework. With the 2017 Assessment, which used the 2016 PEFA Framework, a new baseline was created and as the current assessment also uses the 2016 PEFA Framework, the scores in the 2017 Assessment and the Current Assessment will be directly comparable. A subnational government PEFA assessment was conducted in 2010 for 5 out of 19 local councils.

Progress of PFM performance shows marginal improvement. The assessments showed that progress in the quality of PFM systems and processes in Central Government has been mixed between 2007 and 2017. From 2007 to 2017, whiles 'A' scores show improvement from 2 to 4 and 'B' scores from 4 to 6, 'C' scores show deterioration from 13 to 9 with an increase in 'D' scores from 7 to 9. The scale of limitations of the main PFM functions thwart government's efforts from achieving the first PFM outcome which is "aggregate fiscal discipline" consequently leading to difficulty in attaining the second and third outcomes – "strategic allocation of resources" and "efficient service delivery".

The findings of the four PEFA assessments carried out since 2007 have led to the development of three PFM reform strategies namely: the Integrated Public Financial Management Reform Project (IPFMRP 2008-2013), followed by the Public Financial Management Reform Strategy (PFMRS 2014-2017) and the PFMRS 2018- 2021. These reform programs have resulted in improving PFM performance over the years, albeit marginal at the overall level. Nevertheless, key legal and regulatory reforms have been accomplished, namely: (i) the promulgation of the Public Financial Management (PFM) Act 2016 and PFM Regulations 2018, (ii) the Public Procurement Act 2016 and Regulations 2020, and (iii) the Fiscal Management and Control Act 2017.

Other initiatives undertaken by development partners to support GoSL in strengthening PFM include the State Building Contracts 1, 2, & 3 with a component on the Open Budget Survey funded by the EU for the last six to seven years, a Public Expenditure Review (PER) funded by the WB in 2019 and 2021, a Public Investment Management Assessment (PIMA) jointly funded by the WB and IMF in 2019, a Tax Administration Diagnostic Assessment (TADAT) by IMF in 2016, a payroll audit funded by UK DFID (now FCDO) in 2017 for teachers and another comprehensive public service payroll audit in 2018, and AfDB support to IPFMRP.

Whilst gender development issues are a new phenomenon in the government's budget cycle, with a global ranking of 181 out of 189 countries in 2019 (UNDP, 2019), there is institutional recognition of gender responsiveness through GoSL's Medium-Term Development Plan (2019-23) with gender as a cross-cutting element. That said, the actual implementation of gender responsive PFM has not taken root yet. Nevertheless, GoSL decided to conduct a gender responsive PFM assessment to gather information based on concrete evidence to accelerate gender equality.

Overall Objectives

The overall objective of the PEFA 2021 repeat assessment is to provide the government with an objective, indicator-led assessment of the national PFM system, including the gender responsive dimension, to promote an updated understanding of the overall fiduciary environment of the PFM systems, and to assist in identifying those parts of the PFM systems in need of further reform and development. It will also aim at performing an initial Gender responsive PFM assessment. This will also provide a baseline for a number of monitoring indicators to be identified as part of the PFM results framework

Specific Objectives

The specific objectives of this assessment are to:

- Conduct a PEFA assessment using the 'Framework for assessing public financial management' issued by the PEFA Secretariat in February 2016 as for the last PEFA 2017 assessment as well as implementing the new framework on Gender responsive PFM assessment. This means that both the previous and the new indicators could be easily compared in order to: - Establish and explain the level of change in performance based on the PEFA indicator scores by comparing the results of the previous assessment to provide a clear picture of specific changes in performance since the 2017 assessment. - Provide a baseline for future assessment of PFM performance.
- Briefly assess the response of the authorities to COVID 19 pandemic from planning/ budgeting, execution, monitoring and reporting perspective. The evaluation should also provide recommendations on how to: i) return to normality once the pandemic is over (e.g., winding down of the National Coronavirus Emergency Response Centre and other special arrangements) and ii) strengthen PFM systems to respond better to an emergency in the future

It is important to emphasize that the second specific objective of this assessment which requires the assessment of GoSL's response to COVID-19 with the issuance of recommendations is not in line with the dictates of a PEFA assessment. Therefore, a separate paper (which is not part of this report) has been produced and submitted to the EUD and GoSL

1.2 Assessment management, oversight and quality assurance

Box 1.1 below summarises the assessment management framework, oversight and quality assurance. This assessment was solely funded by the European Union; no other development partner was involved in the funding arrangement. Mr. Mario Caivano-Garcia (Team Leader, Economy and Social Sector, EU Delegation to the Republic of Sierra Leone) was responsible for all contractual obligations as well as guidance on the Terms of Reference. Mr. Mario was the assessment manager and a member of the oversight team representing the EU Delegation; he was assisted by Mr. Philippe Mauran (Programme Manager, Public Financial Management, EU Delegation to the Republic of Sierra Leone).

Mr. Matthew Dingie (Principal Deputy Financial Secretary, Ministry of Finance), the chair of the oversight team provided general leadership and guidance. Ms. Princess Johnson (Director, PFM Reform Division), assisted by her deputy Mr. Alfred Demby, organised and secured all meetings as well as ensured the timely provision of all relevant documentation based on the draft meeting schedules and information requirement submitted by the consultants; they were very instrumental in the organisation of the PEFA training workshop held in Freetown. It is also worth-noting the immense contribution of the Ministry of Finance Technical Team (Ms. Lydia S. Kargbo, Ms. Kadijah A. John, Ms. Shelia Max – Marcathy and Mr. Osman A. Kamara) selected to be part of the assessment team; the team secured relevant data beforehand which facilitated the overall assessment process. Other members of the oversight team who provided valuable contribution to the success of this assessment include, from the Government side: (i)Mr. Alimamy Bangura, Chief Economist – MoF, (ii) Mr. Richard Williams, Accountant General – MoF, (iii) Mr. TasimaJah, Director Budget Bureau – MoF, (iv) Mr. Mathew Sandy, Director Public Debt

Management Division– MoF, (v) Mr. Kandeh Sesay, Director Internal Audit Department – MoF, (vi) Mrs. Lara Taylor-Pearce, Auditor General and Mr. Abdul Aziz, Acting Auditor-General, Audit Service Sierra Leone, (vii) Mr. Samuel S. Jibao, Commissioner General, National Revenue Authority, and (viii) Mr. Ibrahim Swaray, Chief Executive, National Public Procurement Authority. From the donor community, (i) Ms. Monique Newiak, IMF Resident Representative to Sierra Leone, (ii) Mr. John Hodge, World Bank, and (iii) Mr. Paul Mullard, Economic Growth Team, UK-Foreign Commonwealth Development Office

PEFA Check

The quality assurance framework has been reinforced as of January 1, 2018 (see PEFA Secretariat Note: *PEFA Check: Quality endorsement of PEFA assessments from January 1, 2018, www.pefa.org*). The quality assurance process of this report is shown in Box 1.1 below. The first draft report was submitted for peer review on 9th March, 2022.

Box 1.1: Assessment management and quality assurance arrangements

PEFA Assessment Management Organization

- Oversight Team (OT) See Table below.
 - Assessment Manager: Mario Caivano-Garcia (Team Leader, Economy and Social Sector, EU Delegation to the Republic of Sierra Leone)
 - Assessment Team Leader: Charles Komla Hegbor (International Consultant);
 - Other members of the assessment team: Elena Morachiello (Expert 1, International Consultant); Government technical team (Alfred Demby, Lydia S. Kargbo, Kadijah A. John, Shelia Max Marcathy, Osman A. Kamara)
 - Government of Sierra Leone represented by Minister of Finance
 - PEFA Secretariat
 - Peer Reviewers (PEFA Secretariat, Government of Sierra Leone, EUD, WB, IMF, UK-FCDO)

| Composition of the OT | Members of the OT |
|-----------------------|---|
| Chairperson | Principal Deputy Financial Secretary, MoF |
| Ministry of Finance | Chief Economist |
| | Accountant General |
| | Director, PFMRD |
| | Director, Budget Bureau |
| | Chief Executive Officer, NPPA |
| | Director, Public Debt Management Division |
| | Director, Internal Audit Department |
| | Auditor General |
| | Commissioner General, NRA |
| Development Partners | • EU |
| | • WB |
| | • IMF |
| | UK-FCDO |

Review of concept note and/or terms of reference

- Date of review of draft concept note by the PEFA Secretariat: reviewed by Holy-Tiana Sr Public Finance Specialist, PEFA Secretariat. Date of Review: 1stDraft Concept Note –19th August, 2021; 2nd Draft Concept Note – 8th September 2021; Final Concept Note Approval –October 14, 2021.
- Other invited reviewers: Ms. Monique Newiak, IMF Resident Representative to Sierra Leone, (ii) Mr. John Hodge, World Bank, and (iii) Mr. Paul Mullard, Economic Growth Team, UK-Foreign Commonwealth Development Office
- Government of Sierra Leone: Mr. Matthew Dingie (Principal Deputy Financial Secretary, Ministry of Finance)
- Concept Note was shared with all peer reviewers (WB, IMF, FCDO, AfDB) on 4th August 2021.

Review of the assessment report

• Other Peer reviewers (names and institutions): Ms. Monique Newiak, IMF Resident Representative to Sierra Leone, (ii) Mr. John Hodge, World Bank, and (iii) Mr. Paul Mullard, Economic Growth Team, UK-Foreign Commonwealth Development Office

- Government of Sierra Leone: (i) Mr. Matthew Dingie, Principal Deputy Financial Secretary, MoF; (ii) Mr. Richard Williams, Accountant General – MoF; (iii) Mr. TasimaJah, Director Budget Bureau – MoF; (iv) Mr. Mathew Sandy, Director Public Debt Management Division – MoF; (v) Mr. Kandeh Sesay, Director Internal Audit Department – MoF; (vi) Mrs. Lara Taylor-Pearce, Auditor General, Audit Service Sierra Leone; (vii) Mr. Samuel S. Jibao, Commissioner General, National Revenue Authority, and (viii) Mr. Ibrahim Swaray, Chief Executive, National Public Procurement Authority
- Development Partners: EU, WB, IMF, UK-FCDO
- PEFA Secretariat's review (dates of reviews): 1st draft report 5th April 2022; 2nd draft report 9th May 2022

1.3 Assessment Methodology

Scope and coverage of the assessment

The assessment covered central government ministries and departments (specifically Ministry of Finance: Budget Bureau, Fiscal Risk Department, Macro-fiscal Department, Public Debt Management Division, Internal Audit Department, Fiscal Decentralisation Department, Public Financial Management Reform Division, Revenue and Tax Policy Division); Ministry of Planning and Economic Development; Ministry of Education; Ministry of Health; Ministry of Public Works; Ministry of Gender and Children Affairs; Accountant General's Department; National Public Procurement Authority; National Revenue Authority; Audit Service Sierra Leone; Anticorruption Commission; subnational governments for purposes of assessing PI-7 and PI-10.2; National Social Security and Insurance Trust (NASSIT) and other extra budgetary units² such as the Road Maintenance Fund Agency, public enterprises (in so far as they affect central government fiscal risk; and Parliament.

When performance is assessed

The cut-off date was September 2021 (9 months after the end of the financial year). The fiscal years for this assessment are FYs 2018, 2019, and 2020. The last budget submitted to Parliament for purposes of this assessment is FY2021 budget submitted in FY2020.

Sources of information

Annex 3A outlines a detailed list of information used for this assessment. Annex 3B also provides a detailed list of institutions met during the assessment. Other official material used for this assessment include IMF Article IV Staff Report dated April 2020, Transparency International Report 2020, Open Budget Survey Report 2020, IMF/WB PIMA Report March 2020.

The consultants held meetings with all key government officials from key ministries, departments and agencies as well as development partners including the European Union Delegation to Sierra Leone, the World Bank, the International Monetary Fund, and the UK Foreign Commonwealth Development Office (please, refer to list of people met in Annex 3B). The assessment reviewed and analysed official government data (please, refer to Annex 3A for full list of documents consulted). As the current assessment applied the 2016 PEFA framework, comparison with the previous assessment in 2017 was direct. The result of the analysis in terms of progress of PFM performance are presented in Annex 1. The GRPFM assessment is annexed to this report (please, refer to Annex 5). It provides a detailed overview and findings of the gender responsive PFM assessment.

This assessment was jointly conducted by international PEFA experts and the technical team of the Ministry of Finance. The field work began with a kick-off meeting at the MoF and EUD respectively on 24th January 2022. Members of the oversight team were all present. A day's PEFA and GRPFM training

²EBUs are separate units that operate under the authority or control of a central government (or in the case of a subnational government assessment, the state or local government). They may have their own revenue sources, which may be supplemented by grants (transfers) from the general budget or from other sources. Even though their budgets may be subject to approval by the legislature, extra-budgetary units have discretion over the volume and composition of their spending. Such entities may be established to carry out specific government functions, such as road construction, or the nonmarket production of health or education services. Budgetary arrangements vary widely across countries, and various terms are used to describe these entities, but they are often referred to as 'extra-budgetary funds' or 'decentralized agencies' (GFS Manual 2014, chapter 2, section 2.82).

workshop was organised on 26th January 2022 where the international consultants presented the 2016 PEFA methodology plus the new GRPFM module to 55 participants (government officials, development partners and civil society organisations). The field mission, which lasted until 9th March 2022 with a debriefing meeting with EUD and MoF, has capacity-building component to train and equip the Government's technical team. A validation workshop was held on 24th February 2022 to authenticate the initial findings of the PEFA and GRPFM assessments. The 1st draft report was submitted on the 9th of March 2022.

Other methodological issues for the preparation of the report

The assessment was conducted in line with the PEFA 2016 Framework as developed by the PEFA Secretariat and the January 2020 supplementary guidance for gender-responsive PFM. These documents, as well as other guidance documents available from the PEFA website (www.pefa.org) - such as the second edition of the PEFA Handbook Volume II dated December 2018 - were used to conduct the assessment. The PEFA indicators were assessed covering data for a time period as specified in the PEFA 2016 Framework and with focus on the most up-to-date information possible. There are seven key pillars in the standard 2016 PEFA framework, namely:(i) budget reliability, (ii) transparency of public finances, (iii) management of assets and liabilities, (iv) policy based fiscal strategy and budgeting, (v) predictability and control in budget execution, (vi) accounting and reporting, and (vii) external scrutiny and audit. These pillars are disaggregated into 31 performance indicators and further detailed into 94 dimensions. All 31 PEFA performance indicators were assessed. 2 out of the 94 dimensions were not applicable; namely:

- PI-27.2 (suspense accounts) because there are no suspense accounts.
- PI-27.3 (advance accounts) because there are no advance accounts.

The supplementary guidance on gender responsive public financial management (GRPFM) has 9 performance indicators; they were all assessed and applicable.

2 Country background Information

2.1 Sierra Leone government economic situation

Country context

Sierra Leone, officially the Republic of Sierra Leone, is a country on the southwest coast of West Africa. It is bordered by Liberia to the southeast and Guinea surrounds the northern half of the nation and the Atlantic Ocean to the south. It has a tropical climate with a diverse environment ranging from savanna to rainforests, a total area of 71,740 km2 and a population estimated at almost 8 million in 2020 (see Table 2.1). The capital and largest city is Freetown. It is a constitutional republic with a unicameral parliament and a directly elected president serving a five-year term with a maximum of two terms

Sierra Leone's transparency ranking has deteriorated between 2019 and 2021, according to Transparency International (TI). The country's TI 2021 ranking was 115 out of 180 countries with a score of 34 out of 100, down from the 2020 ranking of 117 out of 180 countries with a score of 33, and from the 2019 ranking 119 out of 180 countries with a score of 33.

Country economic situation

Numerous shocks over the past decade have taken a toll on Sierra Leone's development trajectory. The country witnessed a period of strong economic and social performance as institutions recovered and policies improved. Then, before it was able to recover from the impact of the global financial crisis, the huge hardship of Ebola together, coupled with the commodity price slump in 2014-15, negatively impacted the economy severely. As businesses closed, usual economic activities came to a halt; movement of goods and people was restricted. GDP fell more than 21 percent. By end-2015, domestic revenue had dropped by nearly 2 percentage points of non-iron ore GDP. The private sector lost 50 percent of jobs. (*IMF Article IV Staff Report 2020*).

Although the economy started to rebound, tax policies during 2016-17 exacerbated macroeconomic vulnerabilities. Fiscal mismanagement saw public debt escalate rapidly to approach 70 % of non-iron ore GDP by end-2017. Pre-election spending overruns resulted in a large amount of arrears. Over these two years, inflation spiked to double digits, the current account deficit widened from 15.1% of GDP to 21.1%, and the currency depreciated by more than 50%. With governance challenges and institutions that are still not fully developed, human development outcomes also suffered as a result. The share of the population living below the national poverty line (56.7%) is among the highest in the world and is especially high in rural areas (73.9%). According to the World Bank development indicators, as of March 2021, the Human development index (HDI) in Sierra Leone was reported at 0.348 HDI. Progress on a range of human development indicators—schooling, life expectancy, and GNI per capita— also slowed.

After coming to office, the new government moved quickly to implement key reforms recommended in the 2016 Article IV consultation, where earlier lack of implementation contributed to the previous ECF arrangement going off track. Over 2018-2019, the government reformed fuel subsidies and duty waivers, and implemented outstanding revenue, expenditure and debt management reforms, paving the way for the current Extended Credit Facility Arrangement (ECF) arrangement. The Government's Medium-Term National Development Plan (2019–2023, MTNDP) aspires to develop human and physical capital, while strengthening governance and accountability to build an economy that is inclusive and resilient to shocks. However, the financing situation is tight. External grants and concessional financing by traditional development partners are a fraction of the support other countries received at the time they were

emerging from fragility. High public debt and the newly verified stock of legacy arrears weigh on the budget. At the same time, the domestic financial system is approaching the limit of additional government instruments it can absorb. These constraints call for difficult choices in tackling the country's large development needs.

In 2020, the global COVID-19 pandemic outbreak seriously impacted on the economic and social situation and reversed progress achieved recently. The economic growth contracted by an estimated 2.2%, affecting all sectors of the economy and in particular tourism. The global impact of the pandemic, with world GDP declining by 4%, had serious implications on the external sector as merchandise exports shrunk by 10% and import by 12%. On the social-economic front, the pandemic resulted in lower income and job opportunities, increasing food price and poverty and worsening food security.

2.2 Fiscal and budgetary trends

Fiscal performance

Table 2.1 below outlines key selected economic indicators. Real GDP increased by 2.2% in 2019 from 3.5% in 2018 but fell to 4.2% in 2020 obviously due to the negative impact of COVID-19. Consumer price index was highest in 2018 at 16%, dropped marginally to 15.7% in 2019 and a further drop in 2020 to 13%.

The fiscal deficit has increased in FY 2019, but recorded surplus in FY 2020. Revenue as a percentage of GDP continued to increase from 2018 to 2020, mainly because of the increase in grants. Expenditures were constant in 2018 and 2019 at 16% of GDP, but increased to 19% in 2020 (refer to Table 2.2 below).

| Indicators | 2018 | 2019 | 2020 |
|--|--------|--------|--------|
| Population (household population, millions) | 7,650 | 7,813 | 7,976 |
| Unemployed (% of age group 15-64)) | | | |
| GDP (Le. bn) | 32,402 | 38,015 | 37,911 |
| GNI per capita (Atlas method, USD) | 534 | 548 | 559 |
| Non-iron ore GDP | 32,402 | 37,547 | 37,588 |
| Real GDP growth (%) | 3.5 | 5.7 | 4.2 |
| Consumer price index (annual average % increase) | 16.0 | 15.7 | 13.0 |
| Gross government debt (present value % to GDP) | 68.7 | 62.6 | 63.9 |
| Current account balance (% of GDP) | -18.7 | -14.1 | -13.3 |
| Total external debt (% of GDP) | 40.8 | 42.6 | 47.2 |
| Exchange rate to USD | 9040 | 9280 | 11057 |
| Gross official reserves (end of year, months of imports) | 3.7 | 3.5 | 3.7 |

Table 2.1: Selected Economic and Financial Indicators (%, unless otherwise indicated)

Sources: IMF country reports April 2020, World Population Review @ Sierra Leone Population 2022 (Demographics, Maps, Graphs) (worldpopulationreview.com)

Table 2.2: Aggregate fiscal data (Leone Million)

| Indicator | 2018 | % of | 2019 | % of | 2020 | % of |
|-----------------------------|-----------|------|-----------|------|-----------|------|
| | 2018 | GDP | 2019 | GDP | 2020 | GDP |
| Total revenue | 5,108,751 | 16% | 6,666,165 | 18% | 8,300,497 | 19% |
| Own revenue | 4,428,458 | 14% | 5,417,104 | 15% | 5,366,417 | 12% |
| Grants | 680,293 | 2% | 1,249,061 | 3% | 2,934,080 | 7% |
| Total expenditure | 5,065,859 | 16% | 5,982,902 | 16% | 8,351,938 | 19% |
| Aggregate surplus (deficit) | (42,892) | 0% | (683,263) | -2% | 51,441 | 0% |
| Financing Costs | | | | | | |
| Domestic interest payment | 811,000 | 3% | 885,632 | 2% | 1,089,183 | 2% |
| External interest payments | 92,661 | 0% | 93,972 | 0% | 120,094 | 0% |

Source: MoF Budget Documents and Annual Financial Statements

Allocation of resources

The largest share of the budget is allocated to basic and secondary education and for works, housing and infrastructure, though the allocations for both sectors show a slight reduction since 2018. The allocation for the other sectors remained largely constant in the three years. With regard to economic allocation, wages and salaries take the more than a third of the budget, while the share of goods and services continued to increase from 28% to 33% between 2018 and 2020. The share of interest decreased steadily in the three years.

| Administrative heads | 2018 | 2019 | 2020 |
|--|--------|--------|--------|
| Ministry of Basic and Senior Secondary School | 14% | 12% | 12% |
| Ministry of Works, Housing and Infrastructure | 13% | 8% | 10% |
| Sierra Leone Police | 7% | 6% | 6% |
| Ministry of Health and Sanitation | 6% | 6% | 5% |
| Ministry of Defence | 5% | 6% | 5% |
| Ministry of Foreign Affairs & International Co-operation | 5% | 4% | 5% |
| Pensions | 5% | 4% | 5% |
| Office of the President | 4% | 4% | 3% |
| Ministry of Finance | 4% | 3% | 3% |
| Sierra Leone Correctional Services | 3% | 3% | 3% |
| National Revenue Authority (NRA) | 2% | 3% | 2% |
| Ministry of Transport and Aviation | 2% | 4% | 2% |
| TRANSFERS TO LOCAL COUNCILS | 4% | 3% | 2% |
| Road Maintenance Fund | 2% | 2% | 2% |
| Govt. contribution of social security | 1% | 2% | 1% |
| Ministry of Energy | 1% | 2% | 1% |
| Ministry of Water Resources | 1% | 2% | 1% |
| National Electoral Commission (NEC) | 1% | 1% | 1% |
| National Commission for Social Action | 1% | 1% | 1% |
| Parliament | 1% | 1% | 1% |
| Others | 17% | 22% | 29% |
| Total | 100.0% | 100.0% | 100.0% |

Table 2.3: Budget allocation by administrative heads as a percentage of total expenditure (actual figures)

Source: MoF Budget Documents

| Economic classification | 2018 | 2019 | 2020 |
|-------------------------------------|--------|--------|--------|
| Wages and Salaries | 35% | 38% | 36% |
| Goods and Services | 28% | 31% | 33% |
| Transfers | 8% | 6% | 3% |
| Interest | 17% | 15% | 14% |
| Other Recurrent | 0% | 1% | 1% |
| Capital Expenditure and net lending | 12% | 8% | 14% |
| Total | 100.0% | 100.0% | 100.0% |

Table 2.4: Budget allocation by economic classification (actual figures)

Source: MoF Budget Documents

Fiscal policy targets 2021–2023

The GoSL has been setting fiscal policy targets in the annual Fiscal Strategy Statement (FSS) since 2017. According to the FSS for 2021 – 2023, the government sought to achieve the following fiscal targets in the medium-term (2021-23) in order to restore fiscal and debt sustainability, thereby safeguarding macroeconomic stability: The key medium-term fiscal objectives of Government are as follows:

- (i) Government's original target was to increase domestic revenue collection to 20 % of GDP by 2023. Domestic revenue collection improved from 12.3 % in 2017 to 13.7 % in 2018 and further to 14.6 % in 2019. The original target was to increase domestic revenue to 14.8 % of GDP in 2020. However, the devastating impact of COVID-19 on the economy has to a large extent undermined the attainment of this objective. Domestic revenue dropped to 13.0 % of GDP in 2020 owing to the contraction in economic activities and weak tax compliance engendered by COVID-19. Recognizing the impact of COVID-19 on economic activities in 2020, the current macro-fiscal framework agreed with the IMF projects domestic revenue to increase to 13.5 % in 2021 and further to 14.6 % in 2023.
- (ii) Government's medium-term objective is to contain expenditures at 21-22% of GDP. To this end, Government adopted several expenditure management measures during 2018 and 2019, which resulted in a significant reduction in the Government expenditures to 21.1% of GDP in 2019 from 23.5 % of GDP in 2017. Owing to the need to mitigate the impact of COVID-19 on households, Government expenditures increased to 25.5 % of GDP in 2020. The current macro-fiscal framework agreed with the IMF projects a drop in Government expenditure to 21.9 % in 2021 and further down to 20.7 % of GDP by 2023.

As part of the strategy to achieve Government's expenditure target of 21-22 % of GDP in the medium-term, bringing down the wage bill at 6% of GDP in the medium-term remains the key objective of Government. In recent years, the wage bill declined to 6.3 % of GDP in 2018 from 6.9 % in 2017 but rose to 7 % of GDP in 2019and 8.1 % of GDP in 2020. The increase in the wage bill reflects the integration of the payroll of the tertiary educational institutions and sub-vented agencies into the automated and centralized government payroll. It is important to note that keeping the wage bill at6.0% of GDP does not imply a reduction in the nominal wage bill. The idea is to ensure that the wage bill does not increase faster than the growth in nominal GDP in order to ensure its sustainability. For example, while the wage bill as a percentage of GDP decreased to 7.4 percent of GDP in2021 from 8.1 percent of GDP in 2020, in nominal terms it increased by Le171 billion over the same period. The wage bill is now projected to decline to 6.8 % of GDP in 2023 from 8.1 % in 2020.

- (iii) Government's objective in the medium-term is to reduce the overall budget deficit, including grants, to less than or equal to 3.0 % of GDP consistent with the convergence criteria under the ECOWAS Single Currency Programme. Government was also on track in achieving this target. The overall budget deficit, including grants, narrowed down to 3.1 % of GDP in 2019 from 8.8 % of GDP in 2017. However, given the drop in domestic revenues in the midst of increasing expenditures due to COVID-19, the budget deficit, including grants to increase to 7.5 % of GDP in 2021 before falling down to 5.3 % of GDP in 2023. More importantly, the domestic primary deficit, which had declined to 0.8% of GDP in 2019 from4.5 % of GDP in 2017, widened to 4.4 % of GDP in 2020. According to the medium-term macro-fiscal framework agreed with the IMF, the domestic primary deficit will narrow down to 1.5 % of GDP in 2021 and turn into surplus of 0.5 % of GDP in 2023.
- (iv) Government's medium-term objective is to ensure that total public debt does not exceed 70 percent of GDP consistent with the convergence criteria under the ECOWAS single currency. However, total public debt increased slightly to 71.8 % of GDP in 2019 from 69.7 % in 2017. This was due mainly to increased disbursement of foreign loans as external debt increased to 44.2 % of GDP in 2019 while domestic debt decreased to 27.6 % of GDP. Total public debt increased to 78.9 % of GDP in 2020 as external debt increased to 55 % of GDP in 2020 following from the disbursement of the Rapid Credit Facility support by the IMF to mitigate the impact of COVID-19 on the fiscal and external accounts. In addition to loans, Sierra Leone also received support in the form of grants (5.3% of GDP in FY 2020, 4.6% in FY 2021 up from 3.4% in FY 2019) and debt service relief under the Catastrophe Containment and Relief Trust (SDR 58.2 million from April 2020 to April 2022). The situation is made worse by the contraction of GDP, resulting in a sharp increase of the ratio of external debt to GDP in 2023 by relying mostly on grant financing. Combined with the expected decline in domestic debt to 21.8 % of GDP in 2023, total public debt will decline to 75.5 % of GDP in 2023.

2.3 Legal and regulatory arrangements for PFM

The 1991 Constitution sets out the legal and institutional framework in Part VI Articles 110 to 120 covering the supremacy of Parliament on matters of taxation and expenditure, as well as the role of the Auditor General. Taxation (and waivers) must be approved by Parliament (Article 110) as well as borrowing (Article 118). The Consolidated Fund as the recipient of revenue (save for earmarked revenue) is the subject of Article 111 as is the withdrawal of funds authorised by an Act of Parliament. Article 112 provides for the annual and supplementary budgets, and Article 144 for the authorisation of expenditure warrants by the President. Article 114 (2)c allows the President to authorize warrants under his signature for extra-budgetary expenditure when he considers that there is such an urgent need to incur the expenditure that it would not be in the public interest to delay.

Individual laws and regulations covering PFM specify and operationalize the tenets of the Constitution. These are described in the relevant indicator and include:

• The legal framework for PFM has considerably evolved with the development and adoption of the Public Financial Management Act 2016 (Act No. 13 of 2016). The PFM Act 2016, replacing the previous Government Budgeting and Accountability Act (2005), was passed by Parliament on May 30, 2016, and gained Presidential assent on July 12, 2016. The PFM Act introduces provisions for fiscal strategy statement, fiscal risk statement, management of extractive industries revenues, public enterprises and a financial reporting framework.

- Following the enactment of the Public Financial Management Act 2016, the Public Financial Management Regulations (PFM Regulations) 2018 was passed by Parliament. This regulation that supports the PFM Act 2016 was ratified by Parliament in 2018. The regulation made further provisions in the area of the budget processes and approval, cash management and banking arrangement, revenue management including assessment of non-tax revenues, payments and receipts, expenditure and commitment controls and payment processes. The regulation also strengthened internal audit in the area of adhering to audit recommendations and implementation.
- The Public Procurement Act 2016 that replaced the Public Procurement Act of 2004 was passed into Law by the Parliament on November 3, 2015 and signed by the President in February 2016. The new Procurement Act gives clear provisions on procurement methods and bidding procedures. It strengthens sanctions on offences committed and increases the scope of powers of the National Public Procurement Authority (NPPA) and the Independent Procurement Review Panel (IPRP). On March 2020, the revised Public Procurement Regulation was tabled before Parliament including among others, provisions to (i) Implement the Electronic Government Procurement system; (ii) Comply with the 2016 PFM Act; (iii) Discourage from the use of sole source and restrictive bidding; (iv) Mandating the use of Electronic Government Procurement system.
- A number of other laws were enacted including the Finance Act 2020, the Anti-Corruption Act 2019, the Anti-Money Laundering and Combating of Financing of Terrorism (Amendment) Act, 2019, the Bank of Sierra Leone Act 2019 and the Banking Act 2019. The government also developed and approved a fleet management policy to better manage its vehicles in order to reduce maintenance cost.
- The Fiscal Management and Control Act was enacted in 2017. This act made provision on how government agencies should transfer revenues and other cash received to the consolidated fund. Implementation of the Act commenced in 2018 following the election of the new administration which further expands on the schedules of agencies from initial six agencies in 2017 to eleven agencies through the Finance Act 2019. Currently there are sixteen agencies in the TSA.
- The Extractive Industry Revenue Act was enacted in 2018. This act made the provision for the coordination of various taxes and charges on the extractive industry and also made provision for the fiscal regulation of the industry's agreements.
- The Bank of Sierra Leone Act was enacted in 2019. This act continues to provide the mandate to the Bank of Sierra Leone (BSL) to serve as a banker, adviser and fiscal agent and to support Government's general economic policies. The Act provides an enabling legal environment for the BSL to maintain stable financial system, stability in prices, formulate and implement monetary policy, financial regulations.
- The updated National Revenue Authority Act supported by the IMF and UK FCDO³, was tabled in Parliament end of January 2021 as planned under the latest IMF ECF Programme; A new Extractive Industry Revenue Act (2018) was adopted covering all new mining and petroleum project including lease agreement renewals.
- Amendment to revenue laws is made annually through the Finance Act. Since 2018, Finance Bill
 has been presented to Parliament on time and approved before the commencement of the
 Financial Year. The Act continues to make provision for the imposition and alteration of taxes to
 align with the Government's financial proposals. In 2018 the Finance Act amended Section 23 of

³Foreign, Commonwealth and Development Office.

the PFM Act for the preparation and laying of the Fiscal Strategy in Parliament from initial 'Seventh month to the 'tenth month'. Also, Section 33 of the PFM Act on submission of the state budget to Parliament was amended to allow 'six weeks' instead of two months for parliamentary scrutiny.

• Electronic Cash Regulation and Transfer Pricing Regulation – in a bid to further strengthen revenue mobilization, administration and management, the electronic cash regulation and the transfer pricing regulations were ratified by Parliament in 2021.

Legal and regulatory arrangements in place for the internal control system

The 1991 Constitution of the Republic of Sierra Leone guides the overall public financial management control environment. This is supplemented by other subsidiary legislations such as the Audit Service Act, Standing Orders of Parliament, the PFM Act 2016, the PFM Regulations 2018, the Public Procurement Act 2016 and Procurement Regulations 2020, and the Fiscal Management and Control Act 2017 together with the Finance Act which is passed by parliament every year for purposes of budget management. Specific articles/sections of the Constitution and the PFM Act that strengthen control environment include: (i) Section 62 of the Constitution which provides for each minister to give general direction and control of its ministry with the permanent secretary as the vote controller (accounting officer); (ii) Section 13 of the PFM Act sets out the duties of the vote controller and outlines the specific responsibilities on controls and the safeguarding of public assets.

Since 2020, GoSL has established the National Monitoring and Evaluation Department (NaMED) under the Office of the President to monitor and evaluate all government service delivery and public investment programs – there is still work in progress to get the department fully operational. The Anti-Corruption Commission (ACC) has taken the lead in terms of enforcing audit recommendations in spite of delays on the part of parliament to adopt PAC reports.

The legal requirements for public participation

The regulatory arrangements for public participation are stipulated in the PFM Act 2016 section 32 where it mentions that "For the purpose of supporting the preparation of the State budget, the Minister may by statutory instrument prescribe procedures for giving stakeholders, including the public, an opportunity to express their views on the budget proposal, including proposal of transformational development projects, and the Government's performance in delivery of public service. In practice, public engagement during budget preparation by the Government has become the norm, which is done every year. There is also parliamentary practice for public participation during budget scrutiny as well as scrutiny of the annual audit reports from the Auditor General.

2.4 Institutional arrangements for PFM

Structure of the public sector

Tables 2.5, 2.6, and 2.7 below outline the structure of the public sector and central government operations.

Constitution

The 1991 Constitution sets out the legal and institutional framework. The Parliament of Sierra Leone is the legislative authority. The finance committee and the public accounts committee of the parliament examine budget documents and scrutinize audit reports respectively. The executive branch of the government is led by the President. In 2018, following the April election, the existing 23 ministries were rescheduled and expended to encompass 25 ministries by splitting the Ministry of Finance and Economic

Development in two ministries (Ministry of Finance (MoF) and Ministry of Planning and Economic Development (MOPED)) and the Ministry of Education, Sciences and Technology into (Ministry of Technical and Higher Education and Ministry (MTHE) of Ministry of Basic and Secondary Education (MBSSE). Other new ministries include, Ministry of Western Region and Ministry of Land and Environment separated into two (Ministry of Environment and Ministry of Lands), and Ministry of Gender, Children and Social Protection. There are 22 local councils (districts, city, western urban and rural) and 14 state owned enterprises with only 8 active and the remaining are dormant.

All local councils are required by law to submit their annual financial statements to the government and external auditors within three months after the end of the fiscal year but the government does not prepare a consolidated report on the financial position of all local councils.

The Executive

The Ministry of Finance is mandated to formulate and implement sound economic policies and public financial management, ensure efficient allocation of public resources to promote stable economic growth and development in the context of a stable macroeconomic environment. The structure of the Ministry of Finance is broadly categorized into two levels: (i) policy and (ii) technical management levels. At the technical management level, of the Ministry is organized along functional departments: (i) Economic Policy Management Department, (ii) Project Fiduciary Management and Coordination Department, (iii) Fiscal Operations Department, (iv) Corporate Services Department and (v) Public Accounts Services Departments. There are 23 divisions in the Ministry and five Units under the Office of the Minister.

The Accountant General Department (AGD) is mandated to prepare annual financial statements of the Consolidated Fund and in-year budget reports. The Treasury operates a Treasury Single Account (TSA) as required by Section 17 of the PFM Act 2016. It is currently in the second phase of implementation of TSA. There are 230 budgeted central government bank accounts out of which 85 are under the TSA domiciled at Bank of Sierra Leone (BSL) and the remaining 145 are departmental (MDA) accounts also at BSL. IFMIS has been rolled-out to sixty-one (61) MDAs and the upgrade to version 7 web-based system is progressing well. With the Automation of the PETS Form, IFMIS has the capability of integrating the ePETS and promote budget credibility, reduce bureaucracy around expenditure approval, which leads to timely release of funds and delivery of public goods and services. The ePETS has been introduced to the Public Sector but only two (2) MDAs utilize it; Ministry of Finance and the Ministry of Basic and Senior Secondary Education. Work is ongoing for roll-out of ePETS to the remaining MDAs.

Procurement is decentralised at the level of each budgetary and extra-budgetary unit. Each institution maintains records of procurement activities and reports same to NPPA. The procurement law (Section14(2)(i)(j)) mandates NPPA to maintain a database of all procurement activities and publish the details quarterly on NPPA website. There are 14 categories of payroll. They are managed by the Human Resource Management Office (HRMO). The personnel records are manually kept, with no direct linkage between personnel records and payroll records which will allow automatic reflection of changes to personnel records in payroll.

The National Revenue Authority (NRA) is accountable for administering the country's tax and customs system. The NRA collects 83.3% of central government domestic revenues. The remaining 16.7% is collected by other government agencies such as the Road Maintenance Fund Agency.

The Internal Audit function is carried out by the Internal Audit Department of MOF. The coverage and efficiency of Internal Audit has improved significantly. There are currently Internal Audit Units in 42 Ministries, Departments and Agencies (MDAs) headed by a senior or a principal auditor. Operationally, the MDAs are divided into 12 zones, each headed by a Zonal Coordinator who supervises the assigned MDAs. There are 23 MDAs having Internal Audit Committees. Section 75(1 & 2) of the PFM Act 2016 empowers the Internal Audit Department of MoF to establish and supervise all internal audit units across

central government budgetary and extra-budgetary units (including local councils). The average coverage of internal audit is at 80.2% by value of total central government expenditures and revenues. Public sector internal audit across central government largely meets international standards although work is still in progress to fully comply with IIA standards. To this effect, a new Government Auditing Standards (Manual) for Public Sector Internal Auditors was developed in FY2020.

The Audit Service Sierra Leone- Office of the Auditor General, is the Supreme Audit Institution (SAI). Section 119 of the 1991 Constitution of Sierra Leone empowers the Auditor General to audit the public accounts of Sierra Leone and of all public offices including the courts, the central and local government administrations, the Universities and public institutions, together with statutory corporations, companies, bodies or organisations set up partly or wholly out of public funds. Audit coverage averages 77% and 73% of total central government expenditure and revenue respectively over the last three years assessed 2018-2020. Audits are carried out according to INTOSAI audit standards.

Parliament

This is the second arm of government and derives its powers from Chapter VI of the 1991 Constitution. It has powers to summon any public official whenever necessary. The Auditor General reports to Parliament within twelve months of the end of the year. Her report is referred to the Public Accounts Committee which reviews the report, holds hearings with accountable officers, and publishes its own report.

| Public sector | | | | | | | | |
|--|----------------------|-----------------------------|-----------------------------|--|------------------------------------|--|--|--|
| FY2020 | Government subsector | | Social security funds | Public corporati | on subsector | | | |
| | Budgetary Unit | Extra budgetary Units | | Nonfinancial public corporations | Financial public corporation | | | |
| Central | 25 | 49 | 1 | 10 | 4 | | | |
| 1 st tier sub-national/local government | 22 | No data | NA | NA | NA | | | |

| Table 2.5: Structure of the | public sector (| number of | entities and | financial turn-over) | |
|-----------------------------|-----------------|-----------|--------------|----------------------|--|
| | | | children and | | |

Note: NA = Not applicable.

Table 2.6: Financial structure of central government—budget estimates (Leone Million)

| FY2020 | Central government | | | | | |
|-------------|--------------------|-----------------|-----------------|------------------|--|--|
| | Budgetary unit | Extra budgetary | Social security | Total aggregated | | |
| | | units | funds | | | |
| Revenue | 8,235,596 | 697,780 | 640,150 | 9,573,526 | | |
| Expenditure | 7,327,599 | 670,250 | 484,400 | 8,482,249 | | |

Source: Budget Documents and Annual Financial Reports

Table 2.7: Financial structure of central government – actuals (Leone Million)

| FY2020 | | Central government | | | |
|--|----------------|--------------------------|--------------------------|------------------|--|
| | Budgetary unit | Extra budgetary Units | Social security funds | Total aggregated | |
| Revenue | 8,300,497 | 679,752.50 | 631,234.90 | 9,611,484.40 | |
| Expenditure | 8,351,938 | 661,461.70 | 474,643.50 | 9,488,043.20 | |
| Transfers to (-) and from (+) other units of general government | 254,305 | No data | No data | 254,305 | |

| Liabilities | 2,508,000 | No data | No data | 2,508,000 |
|-------------------------------|-----------|---------|---------|-----------|
| Financial Assets (cash + cash | 536,966 | No data | No data | 536,966 |
| equivalent) | | | | |
| Non-financial assets | No data | No data | No data | No data |

Source: Budget Documents and Annual Financial Reports

Table 2.8. List of extra-budgetary units (including social security fund) – FY2020

| No. | List of extra-budgetary units (including social security fund - NASSIT) |
|-----|---|
| 1 | National Youth Commission |
| 2 | Sierra Leone Roads Authority |
| 3 | Fourah Bay College |
| 4 | Institute of Public Administration and Management (IPAM) |
| 5 | University of Sierra Leone |
| 6 | Milton Margai College of Education and Technology |
| 7 | National Council for Technical Vocational and Other Academic Awards (NCTVA) |
| 8 | Sierra Leone Library Board |
| 9 | Sierra Leone Investment and Export Promotion Agency |
| 10 | Sierra Leone Health Service Commission |
| 11 | Sierra Leone National Shipping Commission |
| 12 | Sierra Leone Standards Bureau |
| 13 | Sierra Leone Insurance Commission |
| 14 | Sierra Leone Ports Authority (SLPA) |
| 15 | National Minerals Agency (NMA) |
| 16 | National Social Security and Insurance Trust (NASSIT) |
| 17 | Commission for Revitalising Educational Development in Sierra Leone |
| 18 | National Commission for Children |
| 19 | Commission of Inquiry |
| 20 | Freetown Teachers College |
| 21 | Sierra Estate Management Commission |
| 22 | Universal Access Development Fund |
| 23 | National Water Resources Management Agency |
| 24 | Sierra Leone Broadcasting Corporation |
| 25 | National Commission for Persons with Disability |
| 26 | Anti-Corruption Commission |
| 27 | Sierra Leone Small Arms Commission |
| 28 | National Electoral Commission (NEC) |
| 29 | National Commission for Democracy |
| 30 | National Commission for Privatisation (NCP) |
| 31 | Central Intelligence & Security Commission |
| 32 | National Commission for Social Action |
| 33 | Teaching Service Commission |
| 34 | Teaching Hospital Complex Administration |
| 35 | National Telecommunications Commission |
| 36 | Sierra Leone Electricity and Water Regulatory Commission |
| 37 | Sierra Leone Maritime Administration |
| 38 | Civil Aviation Authority |
| 39 | Sierra Leone Agricultural Research Institute (SLARI) |
| 40 | Small and Medium Enterprises Development Agency |
| 41 | Sierra Leone Meteorological Agency |
| 42 | Sierra Leone Petroleum Regulatory Agency |
| 43 | Sierra Leone Petroleum Directorate |
| 44 | Sierra Leone Road Safety Authority (SLRSA) |
| 45 | Council of Legal Education - Sierra Leone Law School |
| 46 | Njala University |
| 47 | Environment Protection Agency (EPA) SL |

| Republic | Republic of Sierra Leone: PEFA 2021 | | | | | |
|----------|-------------------------------------|--|--|--|--|--|
| | | | | | | |
| 48 | Eastern Polytechnic | | | | | |
| 49 | Independent Media Commission | | | | | |
| 50 | Produce Monitoring Board | | | | | |
| | | | | | | |

Source: Audit Service Sierra Leone

2.5 Other important features of PFM and its operating environment

The PFM system is a centralized payment system with each budget institution processing its payment request and submitting it in IFMIS to the AGD for payment. Each Ministry has a political head and a Permanent Secretary, who is the Vote Controller. ASSL undertakes both financial audit, including of EBUs and Sub-vented Agencies, and performance audit. As ASSL's budget is approved by the Ministry of Finance, however, the audit body is not financially independent. The Bank of Sierra Leone is government's bank responsible for monetary policies.

In September 2018, the Ministry of Gender and Children Affairs was separated from the Ministry of Social Welfare into a standalone ministry, which is in charge of promoting and mainstreaming gender issues.

The Anticorruption Commission was established in 2000, as an independent institution with the mandate to lead the fight against corruption, through prevention, investigation, prosecution and public education.

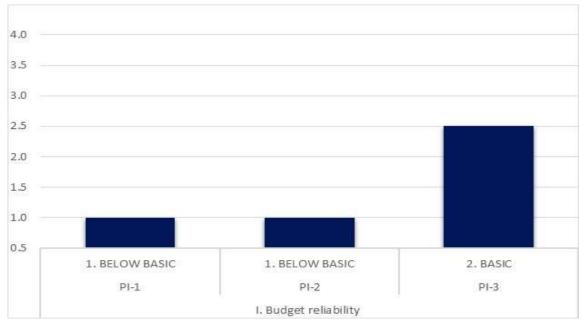
A number of CSOs exist in Sierra Leone for social accountability. These are organised around the three principles of the budget, i.e., participation, transparency and accountability. The purpose is to ensure a greater inclusiveness in the budget process, increase access to information and improved responsiveness geared towards achieving gender sensitive budgeting, pro-poor budgeting and programmes.

3 Assessment of PFM Performance

3.1 Pillar I. Budget reliability

The chart below shows an overall basic performance for pillar.

Pillar I : BASIC



PI-1 Aggregate expenditure outturn

This indicator measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. It has one dimension.

Summary of scores and performance table

| PI-1 | Dime | ension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------|-------------------------------|-------------|--|--|--|--|
| Aggreg | Aggregate expenditure outturn | | D | D | | |
| PI-1 outturr | Aggregate | expenditure | D* | D* | As the budget and expenditure data on loans and grants is not available, the aggregate expenditure outturn couldn't be computed. | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. |

In accordance with the PEFA 2016 framework, the aggregate expenditure outturn is computed based on the approved estimates and actual expenditure, including projects financed by loans and grants. In Sierra Leone, project loans and grants are part of the approved budget but they are processed outside of the IFMIS system. The expenditure data on these project loans and grants is collected by the Development Partners disbursement platform, but not exported into IFMIS, in order to ascertain the complete expenditure outturn in line with approved budget. As a result, the complete data to compute the aggregate expenditure outturn is not available. As shown in table 1.1 below, the aggregate expenditure outturn, excluding loans and grants, for FYs 2018, 2019 and FY2020, was 85%, 94%, and 114% respectively. The aggregate expenditure outturn proved to be unpredictable. These levels would entail a "C" score for the indicator. That said, since the data used excludes loans and grants, the score for this indicator is "D*". Details of the calculations are presented in Annex 4.

| <u> </u> | , , , , , , , , , , , , , , , , , , , | <u> </u> | 2 |
|------------------|---------------------------------------|-----------|-----------|
| | FY2018 | FY2019 | FY2020 |
| | | | |
| Original Budget | 5,926,570 | 6,356,527 | 7,327,599 |
| Actual Outturn | 5,065,859 | 5,982,902 | 8,351,938 |
| Actual Outturn % | 85% | 94% | 114% |

Source: MoF Budget Books and Annual Financial Reports for FYs 2018-2020

Dimension Score = D*

Performance change since the previous assessment

The aggregate expenditure outturn compared to original approved budget scored "D*" in both assessments. This is because the data on loans and grants was not available during both assessments, and hence, the aggregate expenditure outturn couldn't be computed in accordance with the PEFA 2016 framework.

Recent or ongoing reform activities Roll-out of IFMIS to donor projects.

PI-2 Expenditure composition outturn

This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition. Variations in expenditure composition may indicate an inability to spend resources in accordance with the government's plans, as expressed in the originally approved budget.

| , | , e. eee. ee ana penernan | | | | |
|--------|---------------------------|--------|--------|-----------------------------|-------------------------|
| PI-2 | Dimension | Score | Score | Brief justification of 2021 | Performance change and |
| M1 | | 2017 | 2021 | scores | other factors |
| | | (using | (using | | |
| | | 2016 | 2016 | | |
| | | PEFA) | PEFA) | | |
| Expen | diture composition | D | D | | No change in score and |
| outtur | n (M1) | | | | performance. |
| 2.1 Ex | xpenditure composition | D* | D* | As the budget and | No change in score and |
| outtur | n by administration | | | expenditure data on loans | performance. Budget and |

Summary of scores and performance table

| PI-2 Dimension M1 | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 scores | Performance change and other factors |
|--|--|--|---|--|
| | | | and grants is not available, the expenditure composition outturn by administrative classification couldn't be computed. | expenditure data on loans and grants is not available for both assessments. |
| 2.2 Expenditure composition outturn by economic type | D* | D* | As the budget and expenditure data on loans and grants is not available, the expenditure composition outturn by economic type couldn't be computed. | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. |
| 2.3 Expenditure from contingency reserves | D* | D* | As the budget and expenditure data on loans and grants is not available, the expenditure from contingency reserves couldn't be computed. | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. |

PI-2.1 Expenditure composition outturn by administration

This dimension measures the difference between the original approved budget and end-of-year outturn in expenditure composition, by functional (or administrative) classification, during the last three years under review, excluding contingency items, and interest on debt. The donor funded projects are excluded from the computation as they are processed outside of IFMIS and the data is not available. As a full functional analysis of expenditure is not provided, the classification by administrative head (vote or BU) is used, as applied in the previous assessment. In FY 2020, there were 87 budget heads, with the largest 20 accounting for 71% of all allocated expenditure.

The composition outturn by administrative classification has shown continuous improvement in the last three completed fiscal years. Variance in expenditure composition by administrative classification was 31.1%, 21.9% and 15.8% for the FYs 2018, 2019 and 2020 respectively. Details of the calculations are presented in Annex 4. This would be a "D" score for the dimension, but since the data used excludes loans and grants, the score for this dimension is "D*".

Dimension Score = D*

PI-2.2 Expenditure composition outturn by economic type

This dimension measures the difference between the original approved budget and end-of-year outturn in expenditure composition by economic classification during the last three years under review including interest on debt but excluding contingency items. For the same reason as in PI-2.1, the donor funded projects are not included in the computation. The variance in the composition outturn by economic type for the FYs 2018, 2019 and 2020 was 9%, 13% and 26% respectively. Wages and services were generally as per the approved budget in all three years. With execution being lower than planned, the variance in capital expenditures –at least 25% each fiscal year - points to low spending in public investment. The spending on goods and services was 80% above the approved budget in FY 2020. The composition outturn by economic type deteriorated in the last three completed fiscal years. The calculations upon which the table is based are reported in Annex 4. These levels would entail a "C" score, but since the data used excludes loans and grants, the score for this dimension is "D*".

| Year | Total Expenditure Outturn (Less Contingency) | Composition Variance by Economic Classification |
|------|---|--|
| 2018 | 85% | 9% |
| 2019 | 94% | 13% |
| 2020 | 114% | 26% |

Table 2.1: Result Matrix PI-2. Composition variance by economic classification, excluding loans and grants

Dimension Score = D*

PI-2.3 Expenditure from contingency reserves

Actual expenditure charged to the contingency vote was on average 3.23% of the original budget for FYs 2018 to 2020. This level would entail a "B" score for PI-2.3, but as the computation excludes loans and grants, for the above-mentioned reasons, the score is "D*". The calculations upon which the table is based are reported in Annex 5.

Dimension Score = D*

Table 2.2 Result Matrix PI-2.1 & PI-2.3 Composition variance by admin classification and contingency, excluding loans and grants

| | for PI-1 | for PI-2 (i) | for PI-2 (iii) |
|------|---------------------------|-------------------------------|-------------------|
| Year | Total expenditure outturn | Composition variance by admin | Contingency share |
| 2018 | 85% | 31.1% | |
| 2019 | 94% | 21.9% | 3.23% |
| 2020 | 114% | 15.8% | |

Performance change since the previous assessment

The performance for the indicator remains the same. All the three dimensions scored "D*" in both assessments. The expenditure composition outturn by administrative outturn, economic type and the expenditure from contingency reserve couldn't be computed in accordance with the PEFA 2016 framework because the data on loans and grants is not available. Even though this data is available for FY 2018 and 2019, it is only in aggregate form and not disaggregated by administrative or economic classification. This is because they were processed outside of the IFMIS system during both assessments.

Recent or ongoing reform activities

None

PI-3 Revenue outturn

This indicator measures the change in revenue between the original approved budget and end-of-year outturn. Accurate revenue forecasts are a key input to the preparation of a credible budget.

| PI-3 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|------------|---------------------------|--|--|--|--|
| Reven | ue outturn | C+ | C+ | | No change in score but improvement in performance. |
| 3.1 Ag | gregate revenue outturn | A | A | Actual revenue was between 97% and 106% of budget revenue in all last three years (98% in FY 2018, 99.1% FY 2019 and 100.8% in FY 2020). | No change in score and performance. Actual revenue was between 97% and 106% of budget revenue during both assessments. |
| 3.2 Re | venue composition outturn | D* | D | Variance in revenue composition was more than 15% in two of the last three years (22.3% in FY 2018, 14% in FY 2019 and 25.2% in FY 2020). | Improvement in score and performance. In the 2017 assessment, it was not possible to compute the revenue composition variance due to revenue classification. |

| Summary | / of | scores | and | performance | table |
|---------|------|--------|-----|-------------|-------|
| | | | | | |

PI-3.1 Aggregate revenue outturn

Part III, section 7 of the Public Financial Management Regulations 2018, makes provision for the establishment a Macro-Fiscal Strategy Working Group (MFWG) charged with the responsibility for macroeconomic modelling and forecasting. Accordingly, the Government, under the Ministry of Finance, established the MFWG comprising technical staff from the Ministry of Finance, Bank of Sierra Leone, National Revenue Authority (NRA), and Statistics Sierra Leone covens quarterly to produce and review medium-term forecasts. These forecasts (including the revenue forecast) are discussed with the IMF to agree on the final Macroeconomic framework that informs the preparation of the FSS, and the Government Budget.

As table 3.1 shows, aggregate revenue outturn was reliable at 98%, 99.1% and 100.8% for the FYs 2018, 2019 and 2020 respectively. The detailed computation upon which the table is based is presented in Annex 4. Tax revenues were largely below target in all the three years, but this was compensated partially with grants, which were above target in the three years. Other revenues over-performed in FY 2018 and 2019.

Dimension Score = A

Table 3.1: Comparison of budgeted revenue against actual outturn

| | 2018 | 2019 | 2020 |
|------------------|-----------|-----------|-----------|
| Original Budget | 5,214,636 | 6,726,688 | 8,235,596 |
| Actual Outturn | 5,108,751 | 6,666,165 | 8,300,497 |
| Actual Outturn % | 98% | 99.1% | 100.8% |

Source: MoF Budget Books and Annual Financial Statements

PI-3.2 Revenue composition outturn

The reliability of the aggregate revenue was not corresponded at the composition level. The revenue composition outturn was 22.3%, 14% and 25.2% for the FYs 2018, 2019 and 2020. The detailed computation is attached in Annex 4. The largest variances occurred in grants, where program grants mostly over performed, while project grants underperformed. Other revenues also tend to be unpredictable and tax revenues are not on target.

Table 3.2: Revenue composition outturn

| Fiscal year | total revenue outturn | composition variance |
|-------------|-----------------------|----------------------|
| 2018 | 98% | 22.3% |
| 2019 | 99.1% | 14% |
| 2020 | 100.8% | 25.2% |

Dimension Score = D

Performance change since the previous assessment

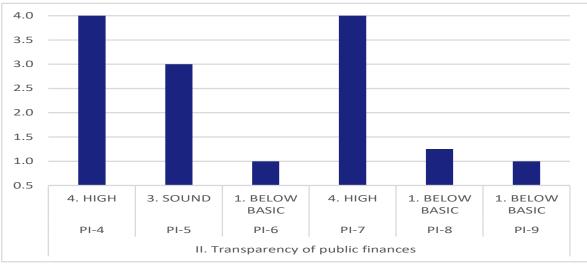
The aggregate revenue outturn (PI-3.1) continued to be reliable with an "A" score in both assessments while the revenue composition outturn proved to be unreliable with "D" score in the current assessment and "D*" in the previous assessment.

Recent or ongoing reform activities

None

3.2 Pillar II. Transparency of public finances

As indicated in the chart below, the performance of this pillar at the overall level is basic.



Pillar II: BASIC

PI-4 Budget classification

PI-4.1 Budget and accounts classification is consistent with international standards

This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards. It has one dimension.

| PI-4 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2017 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|------|--|--|--|--|--|
| 4.1 | Budget and accounts classification are consistent with international standards | A | A | Budget formulation, execution and reporting are based on administrative, economic and functional/sub-functional classification based on the GFSM 2001 standards in 2018 and GFSM 2014 standards from 2019-2020 | No change in score but improvement in performance. Budget formulation, execution and reporting are based on administrative, economic and functional/sub- functional classification. In the previous assessment, they were based on GFSM 2001 standards; in the current assessment, on GFSM 2014 standards. |

Summary of scores and performance table

Budget formulation, execution and reporting were based on administrative, economic and functional/sub-functional classification based on the GFS 2001 standard. The IFMIS uses a Chart of accounts (CoA) configured in a 27-digit system. This covers the organization, fund, the PRSP⁴/Project (for the fiscal year 2018) and the Medium-Term National Development Plan Pillars (in the FY2019), location and object code. The project codes were revised in FY 2019 to align them with the programmes of the Medium-Term National Development Plan of the New Government that came into power in 2018.

The GoSL has upgraded its CoA from 27 digits to 33 digits to comply with the GFSM 2014, such as using code 1 for revenues, code for expenses, code 3 for assets and liabilities, code 4 for gains/losses in holdings for assets and liabilities, code 5 for changes in volumes of assets and liabilities, among others. It has also taken steps to do so in its Public Financial Management Reform Strategy (PFMRS) 2018-2021. A new CoA compliant with GFSM 2014 was approved in 2019 and a phased implementation of the revised CoA started in the same year. In the IFMIS system, similar codes are used in preparing, executing and reporting on the budget.

Dimension Score = A

Performance change since the previous assessment, where applicable

The budget classification of the GoSL remains robust during both assessments, with a score of "A". The classification has shown a continuous improvement with a revision of the CoA to 27-digit, based on the GFS 2001 standard in 2006 with further upgrading to 33-digits to comply with the GFSM 2014 in 2019.

⁴ Poverty Reduction Strategy Paper

Recent or ongoing reform activities

Robust capacity building is ongoing on the IFMIS Version 7 and the new COA which has been aligned with GFSM 2014

PI-5 Budget documentation

PI-5.1 Budget documentation is measured against a list of 'basic' and 'additional items

This indicator has one dimension to assess the comprehensiveness of the information provided in the annual budget documentation presented by the Executive Government to the House of Assembly, and is measured using a list of 'basic' and 'additional' elements included in the last budget submitted to parliament, i.e., the FY2021 budget.

| PI-5 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|------|----------------------|--|--|---|---|
| 5.1 | Budget documentation | В | В | Budget documentation fulfils 9 elements, including all 4 basic elements. | No change in score but improvement in performance. The budget documentation fulfils 9 elements, including all 4 basic elements in the current assessment. In the previous assessment it fulfilled 8 elements, including all 4 basic elements. |

Summary of scores and performance table

Annual budget documentation refers to the executive's budget proposals for the next fiscal year with supporting documents, as submitted to the legislature for scrutiny and approval. The set of documents provided by the executive should provide a complete picture of central government fiscal forecasts, budget proposals, and the outturn of the current and previous fiscal years.

At the time of assessment in September 2021, the last budget submitted to Parliament was the FY 2021 budget, which was prepared and approved late in FY 2020. The following documents were submitted to the legislature for the FY 2021 budget:

- the Revenue and Development Expenditure Estimates Financial Years 2019-2023;
- the Budget Speech for 2021;
- the Budget Book for 2019-2023;
- the actual appropriation Bill;
- the Finance Bill; and
- the Fiscal Strategy Statement for 2021-2023, issued in November 2020.

As shown in Table 5.1 below, budget documentation fulfils 9 elements including all 4 basic elements plus 5 additional elements

| No. | 1: Budget documentation benchmarks Budget documentation benchmarks | Availability |
|---------|--|--|
| Basic e | elements | |
| 1. | Forecast of the fiscal deficit or surplus (or accrual operating result). | Yes. Annex 1 of the "Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021" (https://mof.gov.sl/documents/government- budget-and-statement-of-economic-and- financial-policies-for-the-financial-year-2021/). |
| 2. | Previous year's budget outturn, presented in the same format as the budget proposal. | Yes. This can be found in the recurrent and development expenditure estimates. Annex 1 of the "Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021" https://mof.gov.sl/documents/government- budget-and-statement-of-economic-and- financial-policies-for-the-financial-year-2021/. |
| 3. | Current year's budget (either the revised budget or the estimated outturn), presented in the same format as the budget proposal. | Yes. This can be found in the recurrent and development expenditure estimates. Annex 1 of the "Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021" https://mof.gov.sl/documents/government- budget-and-statement-of-economic-and- financial-policies-for-the-financial-year-2021/ |
| 4. | Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used (ref. PI-4), including data for the current and previous year, in addition to the detailed breakdown of revenue and expenditure estimates. | Yes. This can be found in the recurrent and development expenditure estimates. Annex 1 of the "Government Budget and Statement of Economic and Financial Policies For the Financial Year 2021" https://mof.gov.sl/documents/government- budget-and-statement-of-economic-and- financial-policies-for-the-financial-year-2021/ |
| Additi | onal elements | |
| 5. | Deficit financing, describing anticipated composition. | Yes. Located in the Budget Book. Annex 1 of the "Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021" https://mof.gov.sl/documents/government- budget-and-statement-of-economic-and- financial-policies-for-the-financial-year-2021/ |
| 6. | Macro-economic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate. | No. Assumptions on GDP growth, inflation and exchange rate are stated, but on interest rates, such as the Treasury Bill rate, only the direction of movement is mentioned, not actual rates. |

| Table 5. | 1: Budget o | documentation | benchmarks |
|----------|-------------|---------------|------------|
| | | | |

| No. | Budget documentation benchmarks | Availability |
|-----|---|--|
| 7. | Debt stock, including details at least for the beginning of the current year presented in accordance with GFS or other comparable standard. | Yes. This can be located in the recurrent and development expenditure estimates and Fiscal Strategy Statement. Annex 14B of the "Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021" https://mof.gov.sl/documents/government- budget-and-statement-of-economic-and- financial-policies-for-the-financial-year-2021/ |
| 8. | Financial Assets, including details at least for the beginning of the current year presented in accordance with GFS or other comparable standard. | No. Not provided. |
| 9. | Summary information of fiscal risks including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as PPP contracts, etc. | Yes. Available in the Fiscal Strategy Statement. The level of risk associated with each PPP is outlined in the Budget Book. Fiscal Risk Statement for FY 2021 - 2023"https://mof.gov.sl/wp- content/uploads/2020/11/FSS-SL-OCT-2020.pdf" |
| 10. | Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs. | No. The Fiscal Strategy Statement does not give estimates of the budgetary impact of major changes. |
| 11. | Documentation on the medium-term framework. | Yes. Available in the Fiscal Strategy Statement. Fiscal Risk Statement for FY 2021- 2023"https://mof.gov.sl/wp- content/uploads/2020/11/FSS-SL-OCT-2020.pdf" |
| 12. | Quantification of tax expenditures. | Yes. Annex 8 of the Budget Book ("Total Duties and Tax Exemptions by Category of Beneficiaries") in the FY 2021 Budget, page 80. www.mof.gov.sl |

Source: 2021 budget documentation from Budget Bureau

Dimension Score = B

Performance change since the previous assessment

Though the score for the indicator remains the same at "B" compared to 2017, a marginal improvement is noted in the information provided in the annual budget documentation. The budget documentation fulfils 9 elements, including all 4 basic elements in the current assessment. In the previous assessment, it fulfilled 8 elements, including all 4 basic elements. The additional element fulfilled is element number 12 – quantification of tax expenditure

Recent or ongoing reform activities

GoSL, as part of measures to improve budget documentation, has recently prepared and published the arrears clearance strategy (https://mof.gov.sl/wp-content/uploads/2020/12/Sierra-Leone-Arrears-Clearance-Strategy-and-Principles-2020-2025.pdf).

PI-6 Central government operations outside financial reports

This indicator measures the extent to which government revenue and expenditure are reported outside Government financial reports. It has three dimensions. Coverage is central government.

| PI-6 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|------------------|---|--|--|---|--------------------------------------|
| 6 | Central government operations outside financial reports | D | D | | No change in score or performance. |
| 6.1 | Expenditure outside financial reports | D | D | Table 6.1 below provides an analysis of central government operations (expenditures) outside financial reports. The data shows that 13.6% of central government expenditure is outside financial reports. | No change in score or performance. |
| 6.2 | Revenue outside financial reports | D | D | Data obtained from ASSL (refer to Table 6.2) shows that 15.8% of central government revenues are outside financial reports. | No change in score or performance. |
| 6.3 | Financial reports of extra-budgetary units | D* | D | All extrabudgetary units including social security fund submitted their detailed annual financial reports to government (and by extension ASSL) within twelve months after the end of the fiscal year 2020. | No real change in performance. |

| Summary | of scores | and | performance table |
|------------|-----------|-----|--------------------|
| Juillinary | 01 300163 | anu | periorinance table |

PI-6.1 Expenditure outside financial reports

Table 2.8 above provides a list of extra-budgetary units, including social security fund. The PFM Act 2016 requires that the actual expenditure and income of SVAs be reported on a quarterly basis to MoF and that SVAs submit financial statements to the Audit Service Sierra Leone for their statements to be audited, after which they will be consolidated with the financial statements of the Consolidated Fund. There is however no full consolidation of central government financial reports.

PI-6 covers only central government as defined by IMF/GFS, i.e., budget units (Bus), sub-vented agencies (SVAs), and semi-autonomous agencies (SAAs). The SAAs do not receive transfers from the budget and their income and expenditure is wholly outside central government budget and financial reports. The SVAs receive transfers from the central government budget. These transfers are included in the budget and the notes to the annual accounts.

Since the last PEFA assessment in 2017, GoSL has expanded the Treasury Single Account framework to include 16 sub-vented agencies including two large semi-autonomous agencies (Road Maintenance Fund

Administration and Sierra Leone Maritime Administration). Nevertheless, the National Social Security Insurance Trust (NASSIT) is yet to be covered by the TSA. The expansion of TSA to cover all these extrabudgetary units will mean that their revenues will be known to government.

The University of Sierra Leone Teaching Hospital Complex (an extra-budgetary unit) now has 100% of its revenue deposited into the Treasury account, and has a revenue-sharing arrangement with central government where 80% is transferred back to the University for operations. Table 6.1 below provides an analysis of central government operations (expenditures) outside financial reports. The data shows that 13.6% of central government expenditure is outside financial reports.

| able 6.1: Analysis of expenditure outside financial report | LS |
|--|----------------------|
| FY2020 | Expenditure |
| Total expenditure of EBUs (excluding NASSIT ⁵) | 661,461,700,906.00 |
| NASSIT expenditure | 474,643,464,000.00 |
| Total expenditure of EBUs (including NASSIT) | 1,136,105,164,906.00 |
| Total BCG Expenditure | 8,351,938,000,000.00 |
| Percentage of expenditure outside financial reports | 13.6% |

Table 6.1: Analysis of expenditure outside financial reports

Source: Budget Documents, Audit Service Sierra Leone and Consultant Calculation

Dimension Score = D

PI-6.2 Revenue outside financial reports

Revenues of Ministries and Departments of Government are now reported in the annual financial statement of central government. Revenues of Sub-vented Agencies and Projects are reported in the notes to the Annual Statements of Public Accounts. In 2018, the revenues collected by 7 Semi - Autonomous Agencies were brought into the Treasury Single Account and are now recorded in the Annual Statement of Public Accounts. They are Petroleum Regulatory Agency, Petroleum Directorate, National Telecommunication Commission, Road Maintenance Fund, Sierra Leone Maritime Administration and the Environmental Protection Agency SL. This was followed by an additional five Agencies in 2019: the SL Standards Bureau, SL Civil Aviation Authority, Pharmacy Board, Sierra Leone Roads Safety Authority and the National Civil Registration Authority. For revenue, autonomous government agencies (AGAs) have been asked to open treasury accounts at the Bank of Sierra Leone since 2018 because of the new Fiscal Management and Control Act 2017 implemented in 2018. There are other revenues collected by secondary and tertiary healthcare institutions as well as tertiary educational institutions, which is not reported. Data obtained from ASSL (refer to Table 6.2) shows that 15.8% of central government revenues are outside financial reports.

| Table 6.2. Analysis of revenues outside financial report | 5 |
|--|----------------------|
| FY2020 | Revenue |
| Total revenue of EBUs (excluding NASSIT) | 679,752,496,663.00 |
| NASSIT revenue | 631,234,893,000.00 |
| Total revenue of EBUs (including NASSIT) | 1,310,987,389,663.00 |
| Total BCG Revenue | 8,300,497,000,000.00 |
| Percentage of revenue outside financial reports | 15.8% |

Table 6.2: Analysis of revenues outside financial reports

Source: Budget Documents, Audit Service Sierra Leone and Consultant Calculation

Dimension Score = D

⁵ National Social Security Insurance Trust

PI-6.3 Financial reports of extra-budgetary units

Section 86 sub section 1 to 3 of the PFM Act 2016, requires SAAs and SVAs amongst others to submit their accounts for audit to the Auditor General by the end of March of the following year and their audited accounts to the Accountant General's Department (AGD) by September which is within nine months after the end of the financial year. In practice, all extrabudgetary units including social security fund submitted their detailed annual financial reports to government (and by extension ASSL) within twelve months after the end of the fiscal year 2020.

Dimension Score = D

Performance change since the previous assessment

There is no real change in performance in the overall indicator or the individual dimensions. As per the 2017 Assessment, PI-6.1 and PI-6.2 were scored "D" as the Assessment attributed a value of over 10% of BGG expenditure and revenue to extrabudgetary expenditure and revenue, but the previous assessment did not consider own revenue and corresponding expenditure of secondary and tertiary institutions in Health and Education.

Recent or ongoing reform activities

None.

PI-7 Transfers to sub-national governments

This indicator assesses the transparency and timeliness of transfers from the central government to the first-tier Sub-national Governments (SNGs - also known as local governments) along with fiscal relations with the central government. It reviews the basis for the transfers, including whether they receive timely information about their allocations to facilitate fiscal planning. It has two dimensions. Coverage is central government and the subnational governments which have direct financial relationships with CG.

| PI-7 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|------------------|--|--|--|--|--------------------------------------|
| 7 | Transfers to sub- national governments | Α | Α | | No change in score and performance. |
| 7.1 | System for allocating transfers | A | A | The horizontal allocation of all transfers to subnational governments from central government is determined by transparent, rule-based systems. | No change in score and performance. |
| 7.2 | Timeliness of information on the transfers | A | A | The process by which subnational governments receive information on their annual transfers is managed through the regular budget calendar, which is generally adhered to and provides clear and | No change in score and performance. |

| Repub | lic of Sierra Leone: PEFA 2021 | | | | |
|------------------|--------------------------------|--|--|---|--------------------------------------|
| PI-7 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | sufficiently detailed information for subnational governments to allow at least six weeks to complete their budget planning on time. | |

PI-7.1 System for allocating transfers

The horizontal allocation of all transfers for the devolved sectors to the subnational government from central government is determined by a transparent, rule-based system. These rules apply to budgeting and actual allocations for both conditional and unconditional grants. The horizontal allocation of grants for all of the devolved functions in Sierra Leone is rule-based, consistent with the LGA (2004). The formulae are sector based and the sectors are 14. There are thus 14 formulae for the allocation of the 14 devolved sectors that are articulated in the "Intergovernmental Fiscal Transfers and Allocations" that is annually gazetted. The decision to arrive at the transparent and equitable formula is done annually through a consultative seminar of key local stakeholders. This has been done for the last completed fiscal year, 2020. There are 22 local councils (city, urban and rural).

Dimension score = A

PI-7.2 Timeliness of information on the transfers

The subnational budget call circular is regulated by the central government's annual budget calendar; it provides reliable information on allocations before the start of SNG budget formulation and preparation processes. The local budget call circular, which is different from the CG, for the preparation of the FY 2021 budget provides clear guidelines and timelines to local councils for the preparation of their budgets. The circular provides reliable indicative grants based on the sectors to each of the local councils. For the preparation of the FY2021 budget, the budget call circular gave LCs from the fourth week of September 2020 to the third week in December 2020 to submit their budget proposals - which is over six weeks.

Dimension score = A

Performance change since the previous assessment, where applicable

No change in score or performance. Transfers to subnational governments scored "A" in both assessments.

Recent or ongoing reform activities None.

PI-8 Performance information for service delivery

This indicator examines the service delivery performance information in the executive's budget proposal or its supporting documentation in year-end reports. It determines whether performance audits or evaluations are carried out. It also assesses the extent to which information about resources received by service delivery units is collected and recorded. It has four dimensions. Coverage is central government.

| PI-8 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|------------|--|--|--|--|---|
| - | erformance information rvice delivery | D | D | | No improvement in score and performance even though there appears to be a marginal improvement in dimension (iv). |
| | rformance information vice delivery | D | D | Information is presented annually on the activities to be performed under the policies or programs for the majority of ministries OR a framework of performance indicators relating to the outputs or outcomes of the majority of ministries is in place. The information is not yet published. | No change in performance and score. A framework of performance indicators relating to the outputs or outcomes of the majority of ministries is in place but not published during both assessments. |
| | rformance achieved for e delivery | D | D | Information is not published annually on performance achieved in terms of activities performed for the majority of ministries. | No change in score and performance. |
| | sources received by e delivery | D | D | Information on resources received by front-line service delivery units is not collected and recorded annually into a report for at least one large ministry. A survey has been said to be carried out in one of the last three years provides estimates of the resources received by service delivery units for at least one large ministry, but evidence of the survey has not been provided. | No change in score and performance. |
| | rformance evaluation for e delivery | D | С | Evaluations of the efficiency and effectiveness of service delivery have been carried out and published for <i>some</i> ministries at least once within the last three years. As there is no detailed information to disaggregate the data, thus, the evaluation covers <i>some</i> | Improvement in score and performance. An evaluation of the efficiency and effectiveness of service delivery have been carried out and published for at least some ministries at least once within the last |

| Rep | ublic of Sierra Leone: PEFA 2021 | | | | |
|------------|----------------------------------|--|--|--|--|
| PI-8 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | (25% by value of estimation) key service delivery units. Therefore, the score is a 'C'. | three years. There was no systematic evaluation of service delivery programs during the previous assessment. |

8.1 Performance plans for service delivery

The *Mid-Term Review of the Sierra Leone Medium Term National Development 2019-2023*, issued as draft on February 15, 2022 by the Ministry of Planning and Economic Development (MoPED), includes KPIs for all service delivery sectors. It in fact presents KPIs for: basic, secondary, tertiary and higher education; healthcare improvement; environmental sanitation and hygiene; social protection; land and housing; agriculture; fishing and the maritime sector; water and infrastructure; etc. (see Table 8.1). The information is not yet published.

The report was issued half way through the PEFA field mission and is not yet published. Nonetheless, the Mid-Term Review set up a framework for the KPIs relating to outcomes of *some* ministries in place. As can be seen from Table 8.1, the sectors covered by the Midterm Review represent less than 50% of BCG expenditure in terms of the FY 2020 approved estimates.

| MDAs | Approved budget estimates FY 2020 (Le millions) | Actual expenditures FY 2020 (Le millions) |
|--|--|--|
| Ministry of Basic and Senior Secondary School | 924,478 | 800,682 |
| Ministry of Technical and Higher Education | 377,650 | 312,863 |
| Ministry of Health and Sanitation | 440,963 | 634,266 |
| Ministry of Lands, Country Planning and the Environment | 10,415 | 8,679 |
| Ministry of Works, Housing and Infrastructure | 246,059 | 605,503 |
| Ministry of Agriculture, Forestry and Food Security | 162,601 | 214,940 |
| Sierra Leone Maritime Administration (SLMA) | 33,872 | 47,715 |
| Ministry of Tourism and Cultural Affairs | 30,769 | 16,044 |
| Ministry of Fisheries and Marine Resources | 22,473 | 29,714 |
| Ministry of Tourism and Cultural Affairs | 6,646 | 8,800 |
| Ministry of Energy | 176,687 | 196,181 |
| Ministry of Transport and Aviation | 69,689 | 79,151 |
| Ministry of Water Resources | 71,500 | 106,553 |
| National Civil Registration Authority | 54,919 | 72,355 |
| Pensions | 295,292 | 299,482 |
| Ministry of Information and Communication | 33,427 | 42,039 |
| Audit Service Sierra Leone | 36,190 | 41,916 |
| Ministry of Social Welfare, Gender & Children's Affairs | 32,801 | 19,619 |

Table 8.1: Sectors/MDAs with KPIs covered by Midterm Review

Republic of Sierra Leone: PEFA 2021

| MDAs | Approved budget estimates FY 2020 (Le millions) | Actual expenditures FY 2020 (Le millions) |
|---|--|--|
| Total BCG sectors approved estimates/ actual expenditure FY 2020 – covered by midterm review | 3,026,432 | 3,536,502 |
| Total BCG approved estimates/ actual expenditure FY 2020 | 7,327,599 | 8,351,938 |
| Share of sectors covered by the midterm review | 41% | 42% |

Source: Mid-Term Review of the Sierra Leone Medium Term National Development 2019-2023, Approved Estimates and Annual Public Accounts 2020

Dimension score = D

PI-8.2 Performance achieved for service delivery

The abovementioned Mid-Term Review also presents outcomes achieved in the service delivery sectors. As the report is not yet published, however, the score of PI.8.2 is "D".

Dimension score = D

PI-8.3 Resources received by service delivery

No system to track resources to schools was identified in Ministry of Education, Science and Technology (MEST), nor to track resources to primary health centres under Ministry of Health and Sanitation (MHS). According to meetings, a Public Expenditure Tracking Survey (PETS) was financed by DFID in the past three completed FYs in either health or education, or both, but the report has not been submitted to the Assessment Team. Health and education sectors are recipients of the largest budget.

Dimension score = D

PI-8.4 Performance evaluation for service delivery

The Sierra Leone Voluntary National Review (VNR) Report covers the majority (at least 50% in terms of expenditure) of service delivery sectors. It has been prepared by MoPED and published in 2019 at: (https://sdgs.un.org/documents/sierra-leone-2019-vnr-reportenglish-24398). This is a review made on SDGs 4, 16, 8, 10, 13, and 17. Table 8.4 below shows that the Report covered at least 50% of BCG expenditure for the FY 2020 budget in terms of sectors. As there is no detailed information to disaggregate the data, thus, the evaluation covers some (25% by value of estimation) key service delivery units. Therefore, the score is a 'C'.

Table 8.4: Sectors/MDAs covered by VNR

| MDAs | Approved budget estimates FY 2020 (Le millions) | Actual expenditures FY 2020 (Le millions) |
|---|--|---|
| Ministry of Basic and Senior Secondary School | 924,478 | 800,682 |
| Ministry of Health and Sanitation | 440,963 | 634,266 |
| Pensions | 295,292 | 299,482 |
| Ministry of Technical and Higher Education | 377,650 | 312,863 |
| Ministry of Finance | 162,443 | 222,985 |
| Ministry of Agriculture, Forestry and Food Security | 162,601 | 214,940 |
| Ministry of Energy | 176,687 | 196,181 |
| Office of the President | 150,039 | 159,761 |

| MDAs | Approved budget | Actual expenditures |
|--|--------------------------|--------------------------|
| | estimates FY 2020 (Le | FY 2020 (Le millions) |
| | millions) | |
| National Revenue Authority (NRA) | 193,861 | 154,068 |
| National Telecommunications Commission (NATCOM) | 167,641 | 116,986 |
| Sierra Leone Correctional Services | 80,303 | 105,702 |
| Law Officers' Department | 50,464 | 77,364 |
| Parliament | 53,589 | 76,418 |
| Sierra Leone Road Safety Authority | 41,244 | 76,235 |
| Ministry of Transport and Aviation | 69,689 | 79,151 |
| Office of the Vice President | 23,631 | 64,527 |
| National Civil Registration Authority | 54,919 | 72,355 |
| Sierra Leone Maritime Administration (SLMA) | 33,872 | 47,715 |
| Ministry of Local Government & Rural Development | 46,658 | 40,926 |
| Ministry of Trade and Industry | 58,751 | 38,272 |
| Ministry of Mines and Mineral Resources | 34,312 | 37,224 |
| Audit Service Sierra Leone | 36,190 | 41,916 |
| Accountant General's Department | 54,150 | 36,423 |
| Ministry of Information and Communication | 33,427 | 42,039 |
| National Electoral Commission (NEC) | 42,138 | 34,279 |
| Supreme Court/Judiciary | 34,683 | 32,353 |
| National Pharmaceutical Procurement Unit (NPPU)/National Medical Supplies Agency | 55,485 | 32,295 |
| Office of the Chief of Staff | 32,014 | 29,794 |
| Ministry of Planning and Economic Development | 70,131 | 29,505 |
| Civil Aviation Authority | 43,238 | 27,622 |
| Sierra Leone Environment Protection Agency (SLEPA) | 28,542 | 25,203 |
| Road Maintenance Fund | 153,995 | 24,993 |
| Ministry of Water Resources | 71,500 | 106,553 |
| Statistics - Sierra Leone | 22,051 | 25,000 |
| Ministry of Works, Housing and Infrastructure | 246,059 | 605,503 |
| National Commission for Privatisation (NCP) | 5,304 | 20,354 |
| Ministry of Social Welfare, Gender & Children's Affairs | 32,801 | 19,619 |
| National Commission for Human Rights | 17,004 | 18,581 |
| Sierra Leone Petroleum Directorate | 6,000 | 17,770 |
| National Commission for Social Action | 32,876 | 25,173 |
| Sierra Leone Agricultural Research Institute (SLARI) | 20,207 | 16,881 |
| Human Resource Management Office | 15,105 | 17,132 |
| Ministry of Tourism and Cultural Affairs | 30,769 | 16,044 |
| National Protected Area Authority | 15,395 | 16,148 |
| Teaching Service Commission | 11,917 | 13,127 |
| National Public Procurement Authority (NPPA) | 5,005 | 12,609 |
| National Fire Authority | 12,655 | 12,306 |
| Sierra Leone Petroleum Regulatory Agency | 10,217 | 11,605 |

| MDAs | Approved budget estimates | Actual expenditures FY 2020 (Le |
|--|------------------------------|------------------------------------|
| | FY 2020 (Le millions) | millions) |
| Immigration Department | 8,276 | 11,075 |
| Cabinet Secretariat | 17,881 | 11,014 |
| Ministry of Youth Affairs | 66,376 | 20,767 |
| Ministry of Fisheries and Marine Resources | 22,473 | 29,714 |
| Mass Media Services | 14,324 | 8,873 |
| Ministry of Lands, Country Planning and the Environment | 10,415 | 8,679 |
| National Commission for Democracy | 6,272 | 8,641 |
| Ministry of Tourism and Cultural Affairs | 6,646 | 8,800 |
| Public Service Commission | 9,237 | 7,448 |
| Ministry of Labour and Social Security | 9,414 | 6,495 |
| National Youth Service | 5,313 | 5,467 |
| Pharmacy Board Services | 6,011 | 5,214 |
| Ministry of Political and Public Affairs | 5,845 | 5,123 |
| Sierra Leone Metrological Agency | 4,915 | 4,968 |
| Sierra Leone Electricity and Water Regulatory Commission | 7,047 | 4,966 |
| Small and Medium Enterprises Agency | 3,593 | 4,921 |
| National HIV and AIDS Commission | 5,807 | 5,755 |
| Right to Access Information Commission | 4,200 | 4,602 |
| Sierra Leone Local Content Agency | 5,002 | 4,601 |
| Ministry of Internal Affairs | 3,773 | 4,033 |
| Revenue Appellate Board | 3,399 | 3,106 |
| Government Printing Department | 2,968 | 2,364 |
| Health Service Commission | 3,034 | 2,469 |
| National Drugs Law Enforcement Agency | 1,820 | 1,256 |
| Teaching Hospital Complex Administration | 2,649 | 1,161 |
| S/L Council for Post Graduate Colleges Health Specialities | 2,010 | 704 |
| Ministry of Environment | 0 | 24,211 |
| Civil Service Training College | 588 | 424 |
| Dental and Medical Board | 541 | 56 |
| Sierra Leone Seed Certification Agency | 800 | 0 |
| National Fertilizer Regulatory Agency | 700 | 0 |
| Local Courts Administration | 425 | 0 |
| Justice and Legal Service Commission | 401 | 0 |
| Total sectors BCG approved estimates/ actual expenditure FY 2020 | 4,980,100 | 5,345,837 |
| Total BCG approved estimates/ actual expenditure FY 2020 | 7,327,599 | 8,351,938 |
| Share of sectors in total BCG expenditure | 68% | 64% |

Source: Sierra Leone - 2019 VNR Report Department of Economic and Social Affairs, Approved Estimates and Annual Public Accounts 2020.

Dimension score = C

Performance change since the previous assessment, where applicable

The score and performance for PI-8 have improved from "D" to "D+". This small improvement in the overall score hides a more significant improvement in PI-8.4, from "D" to "B". As per the 2017 assessment in fact, there was no systematic evaluation of service delivery programs. As per the current assessment, an internal review of the majority of ministries has been undertaken at least once within the last three years. As to PI-8.1, though the score improved from "D" to "C", there is no change in performance. A framework of performance indicators relating to the outputs or outcomes of the majority of ministries was also in place as per the 2017 Assessment, which is sufficient to score "C" for this dimension, even without publication. The previous assessment thus underscored this dimension. No change in score or performance for to PI-8.1 and to PI-8.3.

Recent or ongoing reform activities

None

PI-9 Public access to fiscal information

| РІ- 9 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|----------|--|--|--|--|---|
| 9.1 | Public access to fiscal information | D | D | The government makes available to the public three of the five basic elements and three additional elements in accordance with the specified timeframe | No change in score but improvement in performance. The government makes available to the public three of the basic elements and three additional elements in accordance with the specified timeframe, while it did three basic elements and one additional element in the previous assessment. |

PI-9.1 The comprehensiveness of fiscal information available to the public

Summary of scores and performance table

The Table 9.1 below shows the information for the completed fiscal year 2020 against the five basic and four additional elements required. The government makes available to the public three of the five basic elements and three additional elements in accordance with the specified timeframe. The PEFA findings is also corroborated by the 2020 Open Budget Survey (OBS) which rated GoSL 39% indicating weak publication of government fiscal data. According the OBS, pre-budget statement is not published which compared with the PEFA findings.

| No | Fiscal information benchmarks | Availability (Yes/No) | Notes (Means of Availability) |
|-----|-------------------------------|--------------------------|-------------------------------|
| Bas | c elements | | |

| No. | Fiscal information benchmarks | Availability (Yes/No) | Notes (Means of Availability) |
|--------|--|--------------------------|--|
| 1. | Annual Executive Budget Proposal documentation: A complete set of executive budget proposal documents (as assessed in PI-5) is available to the public within one week of the executive submitting them to the legislature. | Yes | The annual executive budget proposal for FY 2021 was published in November 2020. Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021 - (mof.gov.sl) |
| 2. | <i>Enacted Budget:</i> The annual budget law approved by the legislature is publicized within two weeks of passage of the law. | Νο | The FY 2021 enacted budget was posted on MoF webpage in February 2021, so at least 1 month after the passage of the law. <u>GoSL/MoF: Summary of FY 2021 Enacted</u> <u>Budget (mof.gov.sl)</u> |
| 3. | <i>In-year budget execution reports</i> : The reports are routinely made available to the public within one month of their issuance, as assessed in PI-28. | Νο | Monthly budget execution reports are made public on the MoF website, but not within one month. (https://mof.gov.sl/fiscal-publication/). Publication is also made by Gazette notice, but not published within one month. For FY 2020, quarter 1 report was not published, quarter 2 was published in October 2020, quarter 3 was published in November 2020, and quarter 4 was not published |
| 4. | Annual budget execution report: The report is made available to the public within six months of the fiscal year's end. | Yes | The annual accounts for 2020 are accessible on the MoF website and published within six month of the year end. The 2020 annual accounts were made available in April 2021. (https://mof.gov.sl/wp- content/uploads/2021/04/Annual- Accunts-2020-Unaudited.pdf) |
| 5. | Audited annual financial report, incorporating or accompanied by the external auditor's report: The report(s) are made available to the public within twelve months of the fiscal year's end. | Yes | Accunts 2020-0 maturited.pdf)The Audited Annual Financial Reports, which contain the audit report are made public within a year of the fiscal year end and can be accessed from the Audit Service Sierra Leone website with the link also on the MoF website. The FY 2020 audited annual financial report was made available to the public in December 2021. (https://www.auditservice.gov.sl/annual- reports) |
| Additi | onal elements | | |
| 6. | Pre-Budget Statement: The broad parameters for the executive budget proposal regarding expenditure, planned revenue and debt is made available to the | No | Pre-budget statement is not published |

| No. | Fiscal information benchmarks | Availability (Yes/No) | Notes (Means of Availability) |
|-----|---|--------------------------|--|
| | public at least four months before the start of the fiscal year. | | |
| 7. | Other external audit reports: All non- confidential reports on central government consolidated operations are made available to the public within six months of submission. | Yes | Performance audit reports and other audit reports are posted on the Auditor General's website within six months of submission to Parliament (https://www.auditservice.gov.sl/) |
| 8. | Summary of the Budget Proposal: A clear, simple summary of the Executive's Budget Proposal or the Enacted Budget accessible to the non-budget experts, often referred to as a 'citizens' budget', and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the Executive Budget Proposal's submission to the legislature and within one month of the budget's approval. | Yes | The Citizen Budget is made available in a timely manner – within two weeks of budget proposal submission to parliament. The Citizen's Budget for 2020 has been made public (www.mof.gov.sl) |
| 9. | <i>Macroeconomic forecasts:</i> The forecasts as assessed in PI-14.1 are available within one week of its endorsement. | Yes | Macroeconomic forecasts and underlying assumptions are included in the Budget Book submitted to Parliament. These forecasts are made available within one week of approval ((www.mof.gov.sl) |

Dimension Score = D

Performance change since the previous assessment

Public access to fiscal information has not improved since the previous assessment. Even though some of the fiscal information is published on websites, it is not made within the timeframe required by the PEFA framework. The government made available to the public three of the basic elements and three additional elements in accordance with the specified timeframe, while it did three basic elements and one additional element in the previous assessment.

Recent or ongoing reform activities

None

3.3 Pillar III. Management of assets and liabilities

The overall performance of this pillar is also basic, as shown in the chart below.

Pillar III: BASIC





PI-10 Fiscal risk reporting

This indicator has three dimensions. Dimension 10.1 assesses the level of monitoring of fiscal risk implications of public corporations on central government operations; dimension 10.2 examines fiscal risk posed by sub-national governments and dimension 10.3 measures the monitoring and reporting of central government contingent liabilities and other fiscal risks. Dimension (i) covers CG-controlled public corporations; dimension (ii) covers SNG with direct relations with CG; dimension (iii) covers CG.

| PI- 10 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------|-----------------------------------|--|--|--|--|
| Fiscal | risk reporting | D+ | D+ | | No change in overall score. There is however a significant change in terms of compilation of SoE fiscal risk report, albeit late. This was not the case in 2017. |
| | Aonitoring of public rations | С | D | Only three SoEs representing 53.8% by value (refer to Table 10.1 below) of those with 2020 reports submitted their annual financial statements to GoSL and ASSL within nine months after the end of FY2020 (in fact submission is within four months). | Deterioration in score but significant improvement in performance as for the first time a consolidated fiscal risk report of SoEs has been prepared. The deterioration is because of late submission of SoE annual financial statements to GoSL/ASSL. |
| | Aonitoring of sub-national nments | D | С | All local councils submit their annual financial statements to the government and external auditors within five months | Improvement in both score and performance as LCs submission of annual financial statements to |

| Repub | blic of Sierra Leone: PEFA 2021 | | | | |
|-----------------------|--------------------------------------|--|--|---|--|
| PI- 10 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | after the end of the fiscal year. The audited reports are however not published. Also, the government does not prepare a consolidated report on the financial position of all local councils. | GoSL/ASSL is more timely compared to 2017. |
| 10.3 Cor other fis | ntingent liabilities and cal risk | С | D | The government quantifies contingent liabilities but it is unclear the size of all contingent liabilities arising out of central government operations. Contingent liabilities as at 31st December 2020 amounted to Le8,564 billion. This is reported in the annual financial statements. | No real change. It appears 2016 was overrated. |

PI-10.1 Monitoring of public corporations

Section 86 of the PFM Act mandates public enterprises to submit annual financial to ASSL within three months after the end the previous financial year and within nine months to the Accountant General for consolidation. There are 14 public enterprises but only 8 are active. For the first time in history of Sierra Leone, the Government through the SoE department of MoF has compiled and published a consolidated report on the performance of state-owned enterprises. The report, dated September 2020, covers the period 2014-2018 and was published in February 2022. The SoE department also publishes on MoF website the list of outstanding loans contracted by SOEs as of September 2021 (https://mof.gov.sl/documents/total-public-debt-stock-2021-2025-new-external-loans-ratified-soes-loans-and-contingent-liabilities-in-2021/).

Good practice suggests annually compilation and publication of such report, but this is not the case due to significant delays in the preparation and submission annual financial statements of state-owned enterprises for external audit. As at the time of this assessment, only three SoEs representing 53.8% by value (refer to Table 10.1 below) of those with 2020 reports submitted their annual financial statements to GoSL within nine months after the end of FY2020 (in fact submission is within four months). One, representing 46.2% by value submitted its annual financial statement within ten months. Four SoEs had not submitted 2020 annual financial reports.

| State Owned Enterprises | Latest Annual Financial Statements submitted to ASSL/GoSL | Date of submission Annual Financial Statement to ASSL | Expenditure of SoE (Le million) | As a percentage of total expenditure |
|--|---|---|------------------------------------|--|
| Sierra Leone National Shipping Company | 2020 | 25/3/2021 | 15,470.00 | 5.1% |

Table 10.1: Analysis of SoEs

| Republic of Sierra Leone: PEFA 2021 | | | | |
|---|------|--------------------|------------|-------|
| | | | | |
| Sierra Leone Stock Exchange | 2019 | 2020 not submitted | | |
| Sierra Leone Commercial Bank | 2020 | 01/10/2021 | 139,492.00 | 46.2% |
| Guma Valley Company | 2020 | 17/4/2021 | 41,882.00 | 13.9% |
| Sierra Leone Telecommunications Company | 2019 | 2020 not submitted | | |
| Sierra Leone State Lottery Company | 2018 | 2020 not submitted | | |
| Rokel Commercial Bank | 2020 | 30/03/2021 | 105,020.00 | 34.8% |
| National Insurance Company | 2019 | 2020 not submitted | | |
| Total expenditure of SoEs that submitted 2020 | | | | |
| reports | | | 301,864.00 | |

Source: Data from ASSL & Consolidated Annual Financial FY2020

Dimension score = D

PI-10.2 Monitoring of sub-national governments

Table 10.2 below provides an analysis on monitoring of subnational government (also known as local councils (LCs)). All local councils submitted their annual financial statements for FY2020 to the government and external auditors within five months after the end of the fiscal year. In fact, 9 LCs submitted within four months, 2 LCs within five months and the 11 LCs within three months in line with the PFM Act. The audited reports are however not published. Also, the government does not prepare a consolidated report on the financial position of all local councils.

| | | | Date of submission | |
|------------------------------------|--------------|--------------|----------------------------|-----------------|
| Local Councils | | Latest AFS | Annual Financial | |
| | Latest Audit | submitted to | Statement to | Publication of |
| | Report | ASSL | ASSL/GoSL FDD ⁶ | LC audit report |
| Bo District Council | 2020 | 2020 | 04/03/2021 | No |
| Bo City Council | 2020 | 2020 | 29/03/2021 | No |
| Moyamba District | 2020 | 2020 | 06/04/2021 | No |
| Pujehun District Council | 2020 | 2020 | 31/03/2021 | No |
| Bonthe Municipal Council | 2020 | 2020 | 16/04/2021 | No |
| Bonthe District Council | 2020 | 2020 | 29/03/2021 | No |
| KoiduNewSembehun District Council | 2020 | 2020 | 10/04/2021 | No |
| Kono District Council | 2020 | 2020 | 08/04/2021 | No |
| Kenema City Council | 2020 | 2020 | 21/04/2021 | No |
| Kenema City Council | 2020 | 2020 | 08/04/2021 | No |
| Kailahun District Council | 2020 | 2020 | 09/04/2021 | No |
| Makeni City Council | 2020 | 2020 | 30/03/2021 | No |
| Kambia District Council | 2020 | 2020 | 07/05/2021 | No |
| Koinadugu District Council | 2020 | 2020 | 23/04/2021 | No |
| Port Loko City Council | 2020 | 2020 | 31/03/2021 | No |
| Port Loko District Council | 2020 | 2020 | 29/03/2021 | No |
| Bombali District Council | 2020 | 2020 | 31/03/2021 | No |
| Tonkolili District Council | 2020 | 2020 | 22/03/2021 | No |
| FalabaDistrict Council | 2020 | 2020 | 25/03/2021 | No |
| Karene District Council | 2020 | 2020 | 26/03/2021 | No |
| Western Area District Council | 2020 | 2020 | 20/04/2021 | No |
| Freetown City Council | 2020 | 2020 | 07/05/2021 | No |
| Source: Audit Service Sierra Leone | • | | | |

Table 10.2: Submission and publication of SNG financial reports

Source: Audit Service Sierra Leone

⁶ Fiscal Decentralisation Department

Dimension score = C

PI-10.3 Contingent liabilities and other fiscal risks

The government quantities contingent liabilities but it is unclear the size of all contingent liabilities arising out of central government operations. The non-quantification of fiscal risk arising out of public-private partnerships (PPPs) also buttresses the point of not knowing the total size of contingent liabilities. That said, contingent liabilities as at 31st December 2020 amounted to Le8,564 billion. This is reported in the annual financial statements.

Dimension score = D

Performance change since the previous assessment

No change in overall score. There is however a significant change in terms of compilation of SoE fiscal risk report, albeit late. This was not the case in 2017.

Recent or ongoing reform activities

MoF SoE and Fiscal Risk Department is in the process of quantifying contingent liabilities associated with PPP arrangements.

PI-11 Public investment management

This indicator assesses the process of economic appraisal, selection, costing, and monitoring of most significant public investment projects by the government. This is a new indicator; it has four dimensions. The indicator covers central government.

| PI-11 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|---------------|---|--|--|---|---------------------------------------|
| 11 | Public investment management | D+ | D+ | | No change in score and performance |
| 11.1 | Economic analysis of investment projects | D | D | There is no public investment management guideline or standard manual. The current practice is that MDAs prepare a project profile which merely states the name and purpose of the project, cost and source of funding, intended beneficiaries, and a brief description of the project. There is no economic analysis of government investment project. | No change in score and performance |
| 11.2 | Investment project selection | С | С | Presently, there is no standard criteria or guideline for project selection. However, selection of all (100% of the | No change in score and performance |

| пере | Iblic of Sierra Leone: PEFA 2021 | | | | |
|---------------|----------------------------------|--|--|---|---|
| PI-11 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | ten major projects listed in Table 11.1) projects for inclusion into the national budget is prioritised by MoF and MoPED based on the Medium-term National Development Plan priorities. | |
| 11.3 | Investment project costing | D | D | The public investment programme (PIP) is a three- year rolling programme. It highlights capital cost of the project to be funded for the budget year and capital cost estimates for the two outer years. However, it does not include projections of the total capital cost of the investment project nor the associated recurrent cost. | No change in score and performance |
| 11.4 | Investment project monitoring | С | С | NaMED undertakes field visits to carry out physical project inspection. It also monitors the financial progress of investment projects by critically analysing the physical completion rate against payments made, following which it prepares a report on project implementation at least annually. | No change in score and performance |

Table 11.1: List of major capital investment projects FY2020

Republic of Sierra Leone: PEFA 2021

| | | | Total GoSL Budget | |
|-----|--------------------------------------|----------------------|-------------------|-------------|
| No. | Name of project | Total cost (Leone) | FY2020 | % of budget |
| 1 | Lumley Tokeh Road Project | 1,472,748,981,900.00 | 7,327,599,000,000 | 20.1% |
| | Construction of Hillside Bypass Road | | | |
| 2 | Phase II | 313,569,048,900.00 | 7,327,599,000,000 | 4.3% |
| | Padembu-Kailahun Road Rehabilitation | | | |
| 3 | Project | 250,378,721,900.00 | 7,327,599,000,000 | 3.4% |
| | MRU Rehabilitation of Bo-Bandaguma | | | |
| 4 | Road Project | 347,443,207,800.00 | 7,327,599,000,000 | 4.7% |
| | Three Towns Water Supply and | | | |
| 5 | Sanitation Project (Phase II) | 800,445,338,900.00 | 7,327,599,000,000 | 10.9% |
| | Rural Water Supply and Sanitation | | | |
| 6 | Project | 382,456,864,400.00 | 7,327,599,000,000 | 5.2% |
| | Rural Finance and Community | | | |
| 7 | Improvement Program Phase 2 | 498,789,220,500.00 | 7,327,599,000,000 | 6.8% |
| | Small-holder Commercialization and | | | |
| | Agribusiness Development Project | | | |
| 8 | (SCADeP) | 583,215,641,000.00 | 7,327,599,000,000 | 8.0% |

| | Republic of Sierra Leone: PEFA 2021 | | | |
|----|--------------------------------------|--------------------|-------------------|-------|
| | | | | |
| | Energy Sector Utility Reform Project | | | |
| 9 | (ESURP) | 942,675,370,000.00 | 7,327,599,000,000 | 12.9% |
| | Rehabilitation and Extension of Bo- | | | |
| 10 | Kenema Distribution System | 279,694,890,000.00 | 7,327,599,000,000 | 3.8% |

Source: 2020 budget document - PIP

PI-11.1 Economic analysis of investment projects

There is no specific definition for "major investment project". According to PEFA (Pages 37 and 84 of the PEFA Framework 2016 and the PEFA Field Guide 2018 respectively) "major investment project" is defined as "total investment cost of project amounting to 1 percent or more of total annual budget expenditure" and these investment projects are "among the largest 10 projects (by total investment cost) for each of the 5 largest central government units, measured by the units' investment project expenditure".

Table 11.1 above provides a list 10 major investment projects of all central government operations, including those from extra-budgetary units and social security fund (NASSIT). All 10 projects meet the PEFA definition. Currently, there is no public investment management guideline or standard manual. This assession was also confirmed by the PIMA report (assessment conducted jointly by IMF and WB in 2019 and report finalised in 2020). The current practice is that MDAs (budgetary and extra-budgetary units of central government) prepare a project profile which merely states the name and purpose of the project, cost and source of funding, intended beneficiaries, and a brief description of the project; the project profiles are then submitted to the public investment management department (PIMD) of MOPED for review, prior to selection and inclusion into the PIP. There is no economic analysis of government investment project. Donor funded projects go through economic analysis.

Dimension score =D

PI-11.2 Investment project selection

Several elements underpin project selection, key among them include, but are not limited to the following:

- Desirability: Projects ought to be in line with the overall government medium-term strategic plan
- Achievability: Whether the project can be delivered according to plan considering funding mechanisms and other environmental constraints and challenges
- **Viability:** To consider the cost implications and potential revenue-generating streams, management implications, financial sustainability, and project economic impact

Presently, there is no standard criteria or guideline for project selection. However, selection of all (100% of the ten major projects listed in Table 11.1 above) projects for inclusion into the national budget is prioritised by MoF and MoPED based on the Medium-term National Development Plan priorities.

Dimension score = C

PI-11.3 Investment project costing

The public investment programme (PIP) is a three-year rolling programme. It highlights capital cost of the project to be funded for the budget year and capital cost estimates for the two outer years. However, it does not include projections of the total capital cost of the investment project nor the associated recurrent cost. MoPED have developed a Project Profile Template to assist MDAs in costing projects based on activities and clearly articulated indicators. MoPED engages MDAs during the national budget consultations on public investment projects.

Dimension score = D

PI-11.4 Investment project monitoring

Government in FY2020, created a new department known as the National Monitoring and Evaluation Department (NaMED) under the Office of the President to monitor and evaluate all public investment projects which was hitherto undertaken by the then Central Planning Monitoring and Evaluation (CPM&E) Unit. NaMED, together with M&E officers of implementing agencies monitor investment projects. NaMED undertakes field visits to carry out physical project inspection. It also monitors the financial progress of investment projects by critically analysing the physical completion rate against payments made, following which it prepares a report on project implementation at least annually. Beside the annual report, periodic reports after each inspection are prepared. The project inspection report is however not published. All the ten major investment projects listed in Table 11.1 above were monitored by NaMED and M&E officers of the implementing agencies.

Dimension score = C

Performance change since the previous assessment No change since 2017

Recent or ongoing reform activities

- A National Public Investment Management Policy (NPIMP) has been developed and validated by all relevant stakeholders. Concurrence has been given by 90 % of Ministers including the Ministry of Finance and the Attorney General and Ministry of Justice. The Minister of Planning and Economic Development is in the process of taking the policy for cabinet approval. This is expected to be done by end of April 2022.
- Technical assistance from EU to develop a PIM manual. IMF is also providing TA for the appraisal component of the PIM manual (structural benchmark for April 2022 review of ECF programme).
- NaMED is developing a database of all GoSL investment projects for effective monitoring.

PI-12 Public asset management

This indicator has three dimensions. Dimension 12.1 assesses the level at which financial assets (government investments in public or private companies) are monitored and reported; dimension 12.2 examines the extent to which non-financial assets (fixed assets) are monitored and reported; dimension 12.3 measures the level of transparency of asset disposal. Coverage is both central government – for dimension (i), budgeted central government for dimension (ii) and budgeted and central government for dimension (iii)

| PI- 12 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (usin g 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------------|----------------------------|--|--|--------------------------------------|--|
| 12 | Public asset management | D+ | C+ | | There is improvement in overall performance with a score of C+ in 2021 compared to D+ in 2017. This improvement was a result of the enactment of the PFM Regulation 2018 which now |

| Repu | blic of Sierra Leone: PEFA 2021 | | | | |
|-----------------------|-----------------------------------|--|--|---|--|
| PI- 12 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (usin g 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | | provides a regulatory framework for financial asset disposal which was not existent in 2017. |
| 12.1 | Financial asset monitoring | С | С | GoSL maintains a record of its cash/bank balances. There is also a list of government interest in SoEs indicating percentage ownership but with no information on the number of shares and corresponding value. | No change in score and performance |
| 12.2 | Non-financial asset monitoring | D | D | MDAs sampled in this assessment (ministries of education – basic and higher, health, mines, finance, public works) maintain a fixed asset listing but not always updated. Information contained in the asset listing include name of asset, identification number and status/condition. There is no information on the age of the asset. There is also no information on subsoil assets. | No change in score and performance |
| 12.3 | Transparency of asset disposal | C | A | | There is improvement in both score and performance. This is due to the passage of the PFM Regulations in 2018 which now makes legal provision for the disposal and transfer of financial assets, which was not the case in 2017. |

PI-12.1 Financial asset monitoring

Financial assets can be in the form of investments (shares, stocks), cash/bank balances, and receivables. Appendix 10 of the FY2020 audited consolidated annual financial statements provides a list of GoSL participating interest in SoEs with information only on the name of the enterprise and percentage GoSL ownership; there is no corresponding value and number of shares. Information on cash and bank balances

is provided in the annual financial statements. As at December 2020, cash/bank balance stood at Le192.8 billion overdraft. For FY2020 and all other years including 2018 and 2019, the annual financial statements were published.

The management and monitoring of all Central Government ownership and investments in public and/or private enterprises rest with the National Commission for Privatisation (NCP). All investments held by extra-budgetary units and NASSIT on behalf of central government are reported to NCP annually which in turn reports to the Accountant General every year, since NCP is the central government agency responsible for managing and monitoring such investments. The Commission was established by an act of parliament in 2020. Currently, there are 14 public enterprises under the supervision of NCP. Evidence adduced by the Commission shows that the number of shares and corresponding value of most SoEs both at acquisition and fair value is unknown.

Dimension score = C

PI-12.2 Non financial asset monitoring

Since the enactment of the National Assets and Government's Property Commission Act in 1990 and the establishment of the NAGPC with the sole responsibilities of maintaining a national assets' register, take custody, allocate and report on the use of all government fixed assets, review and update the national assets register, and monitor and report on the status of these assets, much has not been realised as comprehensive asset policy is not in existence. The process for the development of a National Asset Policy was initiated by MoF and is currently been supported by the EU SBC III Project but yet to be complete. The Commission has secured an inventory of government assets acquired by 35 MDAs but this has not been updated. MDAs sampled in this assessment (ministries of education – basic and higher, health, mines, finance, public works) maintain a fixed asset listing but not always updated. Information contained in the asset listing include name of asset, identification number and status/condition. There is no information on the age of the asset. There is also no information on subsoil assets as well as a register for forests resources with negative impact on domestic revenue mobilisation and the environment. By law (Section 4(2) of the NAGPC Act 1990) all budgeted central government institutions are required to inform the Assets Commission of any new acquisition of public fixed assets but in practice this does not happen.

Dimension score = D

PI-12.3 Transparency of asset disposal

Transfer and disposal of non-financial assets is regulated by Section 4(3) of the National Assets and Government's Property Act 1990, Sections 66 and 67 of the National Public Procurement Act 2016. The passage of the PFM Regulations in 2018, specifically Section 174, now provides the legal framework for disposal and transfer of financial assets (government shares and stocks) which was not the case before 2018. Non-financial assets, according to the laws, shall not be disposed or transferred without the approval of the NAGPC, meaning all central government agencies (budgetary, extra-budgetary, and NASSIT) cannot transfer or dispose of public assets without the approval of NAGPC According to Section 66(1) of the NPPA 2016, the head of central government institution shall organise a meeting to ascertain the status and condition of all non-financial assets to be disposed of, the basis of which will determine whether the assets should be disposed/transferred. Section 67 of NPPA Act outlines alternative disposal procedures. The sale of fixed asset is by public auction. The highest bidder takes ownership after payment into the Consolidated Fund.

According to Section 169 of the PFM Regulations of 2018, the national asset (Financial and non-financial) can be disposed of only when the asset or part of it will not be used by any budgetary or extra-budgetary agency for its operations, any public interest or national interest, the asset is not classified by any act or

regulation or its nature as a conservation, nature, historical or heritage asset and that the benefit of selling the asset outweighs the cost of keeping it taking into consideration the future economic benefit. Section 164 of the PFM Regulations mandates the Minister of Finance to notify Parliament in the management of national assets, including transfer and disposal. As evidenced in the FY2020 annual financial statements, proceeds from sale of government assets were paid in the consolidated fund and reported. The reports were submitted to parliament. In addition to the annual financial statements, the assets disposal report prepared by NAGPC provides complete information on transfer and disposal, i.e., original cost, disposal value, date of acquisition, and date of disposal.

Dimension score = A

Performance change since the previous assessment

There is improvement in overall performance with a score of C+ in 2021 compared to D+ in 2017. This improvement was a result of the enactment of the PFM Regulation 2018 which now provides a regulatory framework for financial asset disposal which was not existent in 2017.

Recent or ongoing reform activities

Support from EU SBC III to National Asset and Government Property Commission to develop a comprehensive and accurate national fixed assets register.

PI-13 Debt Management

There are three dimensions under this indicator; dimension 13.1 assesses the integrity and comprehensiveness of reporting central government debt (both domestic and foreign debts as well as guarantees); dimension 13.2 measures the legal and regulatory framework governing approval of loans and guarantees; dimension 13.3 assesses whether government prepares medium-term debt strategy. Coverage of this indicator is central government.

| PI- 13 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------|--|--|--|--|--|
| Debt m | anagement | D+ | В+ | | There is improvement since 2017 mainly due to the complete transfer of authority to borrow and issue guarantees to MoF. The PPP unit at the Presidency had powers to enter into PPP arrangements in 2017 – this situation has changed since 2018. Additionally, improvement in score and performance is due to the development and publication of a current medium-term debt strategy. |
| | ecording and ng of debt and tees | C | С | Whilst 36% of central government is reconciled monthly, the remaining 64% is reconciled annually. The | No change in score and performance |

| PI- | Dimension | Score | Score | Brief justification of 2021 | Performance change and other |
|-----------------------|-----------------------|---------------------------------|---------------------------------|---|--|
| 13 M2 | | 2017 (using 2016 PEFA) | 2021 (using 2016 PEFA) | score | factors |
| | | | | data on debt (foreign and domestic) and guarantee is accurate and complete. A debt bulletin is produced and published annually covering debt stock, debt service, payments and disbursement. | |
| 13.2 Approgramme | oval of debt and S | D | A | As enshrined in Section (2) of the Public Debt Management Act, 2011, the Minister of Finance has the sole authority to borrow and approve guarantees on behalf of the Government. Domestic and external borrowings are done in line with objective of Pubic Debt Management Strategy which provide procedures and guidelines on how to borrow, issue debt and undertake debt-related transactions. | Improvement in both score and performance. The legal framework on contracting debt and issuing guarantees is now respected. |
| 13.3 Debt strategy | management | D | A | The Government has developed a current medium-term debt management strategy but this is yet to be published. | There is improvement in performance and score. A medium-term debt management strategy for the period 2021-2025 has been prepared and published within the assessment period. The strategy covers both existing debt portfolio and forecast debt figures for all central government operations. MoF prepares an annual report on all central government debts and guarantees, detailing targets sets and actual debts and guarantees contracted for the period. Government annual borrowing plan is in |

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| PI- | Dimension | Score | Score | Brief justification of 2021 | Performance change and other |
|-----|-----------|--------|--------|-----------------------------|------------------------------|
| 13 | | 2017 | 2021 | score | factors |
| M2 | | (using | (using | | |
| | | 2016 | 2016 | | |
| | | PEFA) | PEFA) | | |
| | | | | | accordance with it's th |
| | | | | | medium-term debt strategy |

PI-13.1 Recording and reporting of debt and guarantees

It is important to state that all central government debt and guarantees (whether for budgetary units, extra-budgetary units) are managed centrally by MoF. As at December 2020, total public debt stood at Le30.71 trillion out of which Le20.05 trillion was external and Le10.66 was domestic. The domestic and foreign debts are managed by Public Debt Management Division (PDMD) as mandated by Section (24) of the Public Debt Management Act, 2011. The centralised domestic debt database is managed by the Bank of Sierra Leone's Scripless Security Settlement System (SSSS) and PDMD records outputs from the SSSS in an Excel spread sheet. The external debt is recorded in a specialized software called the Commonwealth Secretariat Debt Management Recording System (CS-DRMS). Guarantees are recorded by the Fiscal Risk and State-Owned Enterprise Oversight Department in collaboration with PDMD. Data on guarantees is included in the annual financial statements and published annually - Total guarantees amounted to Le92.584 billion as at December 2020.

A tripartite reconciliation of domestic debt (which constitutes 34.7% of total government debt) amongst Ministry of Finance, Bank of Sierra Leone and Accountant General's Department is done on a monthly and yearly basis whilst foreign debt (representing 65.3% of total central government debt) is reconciled annually with confirmation from external creditors. The data is accurate and complete for both domestic and foreign debt as well as guarantees. PDMD publishes an annual Public Debt Bulletin which comprised the stock of domestic, external, debt service payments and disbursements, and selected public debt sustainability ratios and relevant statistics. Even though GoSL's Public Debt Bulletin is published annually within twelve months, it fails to meet the requirement of Section 21(1) of the Public Debt Management Act 2011 which requires publication within three months after the end of the previous month.

Dimension score = C

PI-13.2 Approval of debt and guarantees

As enshrined in Section (2) of the Public Debt Management Act, 2011, the Minister of Finance has the sole authority to borrow and approve guarantees on behalf of the Government (for both budgetary units and extra-budgetary units). Domestic and external borrowings are done in line with objective of Pubic Debt Management Strategy which provide procedures and guidelines on how to borrow, issue debt and undertake debt-related transactions. External new borrowing is capped at US\$100 million per annum whilst domestic borrowing levels are kept within the approved fiscal anchor as announced in the budget or agreed with the International Monetary Fund and operationalised in the quarterly auction calendar. All external borrowing require Parliamentary approval and prior authorization of the Minister of Finance before the loan is recognized as official external debt.

All State-Owned Enterprises (SOEs) are required to obtain prior approval of loans and guarantees from the Ministry of Finance before contracting domestic or external loans. In all cases, external loans are contracted by the Ministry of Finance and on-lend to SOEs as stipulated in Section (16) of the Public Debt Management Act 2011. In 2017, it was noted that the PPP unit at the Presidency has overarching powers to enter into PPP arrangements without recourse to MoF – this situation has changed since 2018.

Dimension score = A

PI-13.3 Debt management strategy

The Government has developed a current medium-term debt management strategy 2021-2025; this was published early April 2022. The strategy identifies key elements of debt strategy such as: (i) risk analysis of alternative debt, (ii) macroeconomic framework and risk, (iii) environment for debt management and sources of financing, (iv) cost of public debt and associated risk, and (v) implementation of debt strategy. The current medium-term management strategy also includes an expenditure arrears clearance strategy. The 2021-2025 debt management strategy covers both existing debt portfolio and forecast debt figures for all central government operations including budgetary and extra-budgetary units. MoF prepares an annual report on all central government debts and guarantees, detailing targets sets and actual debts and guarantees contracted for the period. Government annual borrowing plan is in accordance with its medium-term debt strategy.

The aim of medium-term debt management strategy is to minimise borrowing costs, maintain a balanced portfolio with prudent degree of risks exposure on a sustainable debt path in the medium to long-term. The recent debt management strategies adopted are: (i) to prioritise concessional loans and grants; (ii) expansion of donor base; (iii) pursue prudent cash management; (iv) operate a debt limit on domestic borrowing through the treasury bill auction committee; and (v) conduct of Debt Sustainability Analysis (DSA).

It is worth mentioning that GoSL, since 2017, is now publishing more debt data and qualitative debt bulletin albeit late in accordance with the Public Debt Management Act 2011 which stipulates that annual debt reporting should be presented to parliament and published within three months after the end of the financial year. There is more coordination between the Public Debt Management and the Fiscal Risk Departments of MoF in terms of issuing and monitoring GoSL T-bills.

Dimension score = A

Performance change since the previous assessment

There is improvement since 2017 mainly due to the complete transfer of authority to borrow and issue guarantees to MoF. The PPP unit at the Presidency had powers to enter into PPP arrangements in 2017 – this situation has changed since 2018.

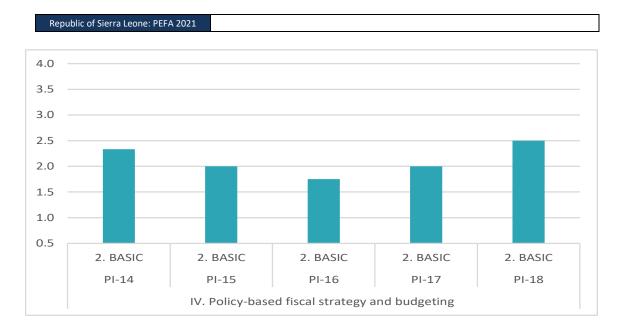
Recent or ongoing reform activities

Information on debt has improved recently including with updated data on outstanding debt (<u>https://mof.gov.sl/documents/total-public-debt-stock-2021-2025-new-external-loans-ratified-soes-loans-and-contingent-liabilities-in-2021/</u>), widening of the scope of Annual Debt Report to include information on SOE debt or debt arrears. Information on domestic securities has also improved with the publication of auction calendar and more systematic publication of auctions results.

Pillar IV. Policy-based fiscal strategy and budgeting

At the overall level, this pillar's performance is basic as indicated in the chart below.

Pillar IV : BASIC



PI-14 Macroeconomic and fiscal forecasting

This indicator measures the ability of a government to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It has three dimensions. Dimension (i) covers the whole economy; dimensions (ii) and (iii) cover central government.

| PI-14 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|---------------|--|--|--|---|---|
| 14 | Macroeconomic and fiscal forecasting | С | C+ | | Improvement in score and performance due to improvement in dimension (ii). |
| 14.1 | Macroeconomic forecasts | С | D | The government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years. However, the forecast on interest rates, such as the Treasury bill rate, only mentions the direction of movement, not the actual rates. | No real change in score and performance. 2017 appears to be overrated. |
| 14.2 | Fiscal forecasts | C | A | The government prepares forecasts of the main fiscal indicators, including revenues (by type), aggregate expenditure and the budget balance, for the budget year and two following fiscal years. These forecasts, together with the underlying | Improvement in score and performance. The government prepares forecasts of the main fiscal indicators, including revenues (by type), aggregate expenditure and the budget balance, for the budget year |

| Rep | ublic of Sierra Leone: PEFA 2 | 2021 | | | |
|---------------|--------------------------------------|--|--|--|--|
| PI-14 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | assumptions and an explanation of the main differences from the forecasts made in the previous year's budget, are included in budget documentation submitted to the legislature. | and two following fiscal years during both assessments. The comparison between the macroeconomic outcomes and initial projections was not done in the period covered by the 2017 Assessment. The reasons for the variations were also not explained in the budget documents submitted to parliament. |
| 14.3 | Macro-fiscal sensitivity analysis | С | С | The macro-fiscal forecasts prepared by the government include a qualitative assessment of the impact of alternative macroeconomic assumptions. | No change in score and performance. |

PI-14.1 Macroeconomic forecasts

The Macro-Fiscal Policy Division, leading the Macro-Fiscal Strategy Working Group which comprises various divisions in the Ministry of Finance, National Revenue Authority, National Mineral Agency, Bank of Sierra Leone and Statistics Sierra Leone produce comprehensive and consistent macroeconomic forecasts for key macroeconomic indicators covering the fiscal year and two outer years using the Sierra Leone Integrated Macroeconomic Model (SLIMM)⁷. This is in line with Section 22 of the Public Financial Management Act 2016 and Section 7 of the Public Financial Management Regulations 2018.

The forecasts for the current and two outer years, with their assumptions, are included in the budget documentation presented to parliament. Forecasts include: estimates of GDP growth, inflation, imports, exports, current account balance, gross foreign reserves, money supply balance of payments and also interest payments. However, interest rates and exchange rates are projected during this exercise. Exchange rates are published, but interest rates are for internal use only due to its peculiarity in terms of economic volatility. Interest rates are not included in the budget documents presented to parliament, except for the exchange rate forecast, which is reported in the corresponding Fiscal Strategy Statements (FSS) for FY 2019-2021, issued in FY 2018; for FY 2020-2022, issued in FY 2019; FY 2021-2023, issued in FY 2020. With regard to the interest rates, such as the Treasury bill rate, only the direction of movement is mentioned, not actual rates.

Thus, although the government prepares forecasts of key macroeconomic indicators, and these are updated at least once a year, cover the budget year and the two following fiscal years, not all key indicators, together with the underlying assumptions, are included in the budget documentation presented to parliament. Projections for interest rates are formulated, but for internal use only and are not included in the budget documents presented to parliament. The interest rates, such as the Treasury bill rate, show the direction of movement only, not actual rates.

Dimension score = D

⁷ The SLIMM is an excel based model using a similar approach to the IMF's Financial Programming Framework. In the model, different scenarios are used for all the sectors from a base case to alternative scenarios, to produce the final indicators.

PI- 14.2 Fiscal forecasts

The Macro-Fiscal Policy Division also provides forecasts of the key fiscal indicators: revenue by type, total expenditures and main sub categories, deficit and financing for the current year and two outer years. This is done through the SLIMM model using various scenarios. It considers budget units (BUs), subvented agencies (SVAs), and semi-autonomous agencies (SAAs). On the basis of proposed policy measures and reforms, values are attached to each of the scenarios, which result in the final outcome and assumptions included in the Fiscal Strategy Statements and budget documents submitted to Parliament for the period FY 2018 to 2020. A comparison between the macroeconomic outcomes and the initial projections and reasons for the variations are explained in the budget documents submitted to parliament in FYs 2018, FY 2019 and FY 2020 (for the FY 2019, 2020 and 2021 budgets).

Dimension score = A

PI- 14.3 Macro-fiscal sensitivity analysis

The Macro-Fiscal Policy Division prepares a range of fiscal forecast scenarios based on alternative macroeconomic assumptions. It considers budget units (Bus), sub-vented agencies (SVAs), and semi-autonomous agencies (SAAs). These include a qualitative, not a quantitative assessment. They are also only for internal use and are not included in the budget documentation submitted to Parliament.

Dimension score = C

Performance change since the previous assessment

The score and performance for PI-14 have improved from "C" to "C+", due to an improvement from "C" to "A" for dimension PI-14.2, covering fiscal forecasts. The comparison between the macroeconomic outcomes and initial projections was not done in the period covered by the 2017 Assessment. The reasons for the variations were also not explained in the budget documents submitted to parliament. The practice to compare the outcomes and the initial projections and to explain the variations began in FY 2018. No change in dimension PI-14.3; dimension PI-14.1 was overrated in 2017.

Recent or ongoing reform activities

None

PI-15 Fiscal Strategy

This indicator provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government's fiscal goals. It has three dimensions. Coverage is central government.

| PI-15 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|---------------|-----------------|--|--|--------------------------------------|---|
| 15 | Fiscal Strategy | С | С | | No change in score and performance. |

| Repi | Republic of Sierra Leone: PEFA 2021 | | | | | |
|---------------|-------------------------------------|--|--|---|---|--|
| PI-15 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors | |
| 15.1 | Fiscal impact of policy proposals | D | D | The government does not prepare estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year. | No change in score and performance. | |
| 15.2 | Fiscal strategy adoption | С | С | For FY 2020, the FSS stated the fiscal policy and quantitative targets for 2020, though not for the following two years. | No change in score and performance. | |
| 15.3 | Reporting on fiscal outcomes | В | В | The FSS submitted to the legislature with the annual budget describes progress made against the fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set. No action plan by government to address the deviations. | No change in score and performance. | |

PI- 15.1 Fiscal impact of policy proposals

For the relevant fiscal years, i.e., FYs 2018-2020, Fiscal Strategy Statements (FSS) corresponding to the Fiscal Strategy, were issued and submitted to Parliament. They were also published on the MoF website (e.g., Fiscal-Strategy-Statement-FY2019-2023.pdf (mof.gov.sl)). The FSS state the policy proposals affecting revenue and expenditure in the coming year and the projected overall revenue and expenditure. However, estimates of the fiscal impact of all (90% in value) proposed changes in revenue and expenditure policy for the budget year, or for the two outer years, are not provided.

Dimension score = D

PI- 15.2 Fiscal strategy adoption

For FY 2020, the FSS stated the fiscal policy and quantitative targets for 2020, though not for the following two years. The FSS covers central government operations.

Dimension score = C

PI- 15.3 Reporting on fiscal outcomes

For FY 2020, the FSS reviews budget performance in the previous two FYs (FYs 2018 and 2019) and the first half of FY 2020. It explains the reasons for deviation from fiscal targets in terms of the fall in the iron ore price combined with the rise in price of petroleum products and the consequent fall in government revenue. The FSS was submitted to Parliament with the budget. The FSS covers central government operations. The report does not however set out the actions planned by the government to address any deviations, which is required to score "A" under this dimension.

Dimension score = B

Performance change since the previous assessment No change in performance

Recent or ongoing reform activities None

PI-16 Medium-term perspective in expenditure budgeting

This indicator examines the extent to which expenditure budgets are developed for the medium-term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. This indicator covers budgeted central government.

| PI-16 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|---------------|---|--|--|--|---|
| 16 | Medium-term perspective in expenditure budgeting | C+ | D+ | | Deterioration in score and performance due to deterioration in dimension (ii) |
| 16.1 | Medium-term expenditure estimates | В | A | The annual budget includes estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic and program (or functional) classification. The disaggregation by economic type is at the 2- digit GFS classification. | Improvement in score and performance. The annual budget now presents estimates of expenditure for the budget year and the two following fiscal years allocated by functional classification, as well as administrative and economic classification. In 2017, it only presented detailed medium-term forecasts by administrative and economic category. |
| 16.2 | Medium-term expenditure ceilings | A | D | Aggregate and ministry- level expenditure ceilings for the budget year and the two following fiscal years were not approved by government before the issuance of the first budget circular. | Deterioration in score and performance. Cabinet approved the ceilings in the BCC before its distribution to MDAs under the previous assessment. In 2020, due to COVID-19, this practice was discontinued. |
| 16.3 | Alignment of strategic plans and budgets | D | D | Medium-term strategic plans are prepared for 22% of MDAs and the expenditure policy proposals in the annual | No change in score but improvement is performance. The number of MDAs preparing costed strategic |

| PI-16 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|---------------|--|--|--|---|---|
| | | | | budget estimates align with the strategic plans. | plans increased from one to five. In terms of expenditure, it increased from 10% to 22%. |
| 16.4 | Consistency of budgets with previous year estimates | D | D | The budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level. | No change in score and performance |

PI- 16.1 Medium-term expenditure estimates

The annual FY 2021 budget presents estimates of expenditure for the budget year and the two following fiscal years, allocated by administrative (ministry or budget entity level), economic (personnel cost, goods and services, and capital expenditure) and functional (10 COFOG) classifications and are executed as such. The disaggregation by economic type is at the 2-digit GFS classification.

Dimension score = A

PI- 16.2 Medium-term expenditure ceilings

Medium-term expenditure estimates are prepared by a Macro-fiscal Working Group led by Ministry of Finance. The ministry-level ceilings for FY 2021 were approved late by Cabinet through the Fiscal Strategy Statement (FSS) that contains ceilings over three years by budgetary unit. The strategy also presents aggregate ceilings over three years. The BCC was issued in September 2020 for FY2021 budget whilst the FSS was approved in November 2020. The delay was due to the negative impact of COVID-19 pandemic.

Dimension score = D

PI- 16.3 Alignment of strategic plans and budgets

MDAs in GoSL are required to prepare costed medium term strategic plans. The BCC for the FY 2021 budget, released on the 1st September 2020 requested MDAs to submit their costed strategic plans in line with government policy objectives and programmes. In the spirit of the MDAs aligning their programmes with government priorities, the Minister of Finance held one-on-one bilateral discussions with key service delivery MDAs, where they agreed on programmes to be implemented in the financial year under review. These plans contain recurrent and capital expenditures. The plans were scrutinised, revised and agreed with the MDAs. The corresponding ministry-level ceilings were subsequently included in the FY 2021 budget. Therefore, ministry-level ceilings are aligned with government sector priorities. However, only five ministries provided strategic plans to the assessment team. These were all costed. The expenditure for these ministries for FY 2020 is 22% of the total BCG expenditure. Table 16.1 shows the list of these MDAs and their budget execution for the FY 2020.

Table 16.1 MDAs with fully costed medium-term strategy

| Ministry/MDA | FY2020 budget execution (Le Millions) |
|--|--|
| Ministry of Health and Sanitation | 634,266 |
| Ministry of Technical and Higher Education | 312,863 |
| Ministry of Energy | 196,181 |
| Ministry of Works and Public Asset | 605,503 |
| Ministry of Water Resources | 106,553 |
| Total sector expenditure | 1,855,366 |
| Total BCG Expenditure for FY 2020 | 8,351,938 |
| % MDAs that prepared a fully costed strategy | 22% |

Source: FY2020 budget execution reports and strategic plans

Dimension score = D

PI- 16.4 Consistency of budgets with previous year estimates

The budget documents do not refer to or provide explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate or ministry level

Dimension score = D

Performance change since the previous assessment, where applicable

The score and performance for PI-16.1 has improved from "B" to "A" as the annual budget now presents estimates of expenditure for the budget year and the two following fiscal years allocated by functional classification, as well as administrative and economic classification. In 2017, it only presented detailed medium-term forecasts by administrative and economic category. However, there is deterioration in PI-16.2 from "A" in 2017 to "D" in 2021 since the FSS which includes the medium-term budget ceilings were not approved before the issuance of the first budget circular. This has resulted in an overall deterioration of score and performance from "C+" in 2017 to "D" in 2021.

Recent or ongoing reform activities None

PI-17 Budget preparation process

This indicator assesses the budget formulation process that allows for an effective top-down and bottomup participation of the MDAs, including their political leadership represented by Cabinet. It also assesses the extent to which the annual budget preparation process supports the linking of the draft budget to public policy objectives. Dimensions (i) and (ii) are assessed using the last budget submission, for FY2021. Dimension (iii) is assessed on the basis of the last three completed fiscal years: i.e., the FYs2018-2020. Coverage is budgeted central government.

| | ummary of scores and performance table | | | | | | |
|---------------|--|--|--|---|---|--|--|
| PI-17 (M2) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors | | |
| 17 | Budget preparation process | В | С | | Deterioration in overall score and performance due to deterioration on dimension 2. | | |
| 17.1 | Budget calendar | C | С | A clear annual budget calendar exists, is generally adhered to and allows budgetary units only three weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time. | No change in score and performance. | | |
| 17.2 | Guidance on budget preparation | A | С | A budget circular, or circulars, is issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units. | Deterioration in score and performance. In the 2017 assessment, the BCC ceilings were being approved by Cabinet before the BCC was issued. In the current assessment, ceilings are approved by Cabinet after the budget proposals have been completed by MDAs (ref.16.2). | | |
| 17.3 | Budget submission to the legislature | С | С | The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in all the last three years. | No change in score and performance. | | |

many of scores and performance table

17.1 Budget calendar

The budget call circular (BCC) for the preparation of the FY 2021 budget is available on the MoF website. It was issued on the 1st of September 2020 and gave MDAs only three weeks to send their submissions. The BCC is clear and comprehensive and meetings with line ministries (Health, Basic and Higher Education, Public Works) confirmed that. As Table 17.1 shows, all⁸ (i.e., 92% in value) budgetary units submitted their proposals on time for the preparation of the FY 2021 budget.

| 5 | • | 0 |
|------------------------------------|--|--|
| Activity | Time Frame | Staff or Division Responsible |
| FY 2021 Fiscal Strategy Statement, | 14 th August, | Financial Secretary/PDFS |
| preparation of Budget Framework | 2020 | Directors of Budget and EPRU |
| Paper and Submission for Cabinet | | |
| Consideration | | |
| Issuance of FY 2021-2023 BCC | Sept 1, 2020 | Financial Secretary/Director of Budget |
| | FY 2021 Fiscal Strategy Statement, preparation of Budget Framework Paper and Submission for Cabinet Consideration | FY 2021 Fiscal Strategy Statement, preparation of Budget Framework14th August, 2020Paper and Submission for Cabinet Consideration2020 |

⁸Total budget for FY2021 = Le9,214.2 billion out which a total of Le8,477 billion by value of MDAs submitted their budget proposal on time.

| Preparation of Strategic Plans, | Sept. 1-Sept | Senior Budget Officer/Director of PIM/Budget |
|--------------------------------------|-----------------------------------|--|
| Performance Indicators, PIPs | 18 th 2020 | Officers |
| Minister's sectoral meetings with | Sept. 1-2, 2020 | Hon. Minister/Financial Secretary/Principal Deputy |
| MDAs | | Financial Secretary/Chief Economist |
| FY 2021 National Policy Hearings | 21 st September | Assistant Directors |
| | 2020 | |
| FY 2021 Bilateral Budget Discussions | 22 nd | Senior Budget Officers and Budget Officers |
| with MDAs | September – | |
| | 6 th October | |
| | 2021 | |
| Budget Retreat to compile the FY | 9 th -16 th | Director Macro Fiscal Policy Division |
| 2021-2023 Budget Estimates and | October, 2020 | |
| drafting of Budget Speech | | |
| Gazetting of the Appropriation Bill | 9 th -26 th | |
| for FY 2021 | October, 2020 | |
| | | |
| | | |
| Parliamentary Debate on Budget | 8 th November- | Deputy Minister of Finance & Director of Budget |
| Policies /Second Reading and | 18 th December | and Staff |
| approval of FY 2021 Budget | 2020 | |

Source: Budget Bureau.

Dimension score = C

17.2 Guidance on budget preparation

A budget circular, or circulars, is issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. For the FY 2021 preparation cycle, however, no evidence has been provided that the ceilings in the BCC are approved by Cabinet before it is issued, or while budget units are preparing their proposals, but only that Cabinet reviews and approves the budget estimates after they have been completed in every detail by budgetary units, before the budget is submitted to Parliament.

Dimension score = C

17.3 Budget submission to the legislature

The dates of submission to Parliament for the FY 2019, 2020 and 2021 budgets are shown in the Table 17.2 below. The executive has submitted the budget proposal to the legislature at least one month before the start of the FY in all three years.

| Table 17.2Dates of submission of the budget to parliament | | | | |
|---|-----------------------------------|--|--|--|
| Year | Dates of submission to parliament | | | |
| 2019 | 3rd November 2018 | | | |
| 2020 | 8th November 2019 | | | |
| 2021 | 13th November 2020 | | | |

Source: Budget Bureau and Parliament

Dimension score = C

Performance change since the previous assessment, where applicable

Score and performance have deteriorated, from "B" in 2017 to "C" in 2021. The slippage is as result of dimension (ii) on cabinet approval of budget ceilings – this was not done due COVID-19 pandemic in 2020.

Recent or ongoing reform activities

None

PI-18 Legislative scrutiny of budgets

This indicator assesses the legislative scrutiny and debate of the annual budget law as described by the scope of the scrutiny, the internal procedures for scrutiny and debate and the time allocated to that process, in terms of the ability to approve the budget before the commencement of new fiscal year, and also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature. It has four dimensions. This indicator covers budgeted central government.

| PI-18 (M1) | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|---------------|---|--|--|--|---|
| 18 | Legislative scrutiny of budgets | C+ | C+ | | No change in score and performance. |
| 18.1 | Scope of budget scrutiny | В | В | The legislature's review for FY2020, covered fiscal policies and aggregates for the coming year as well as details of expenditure and revenue. | No change in score and performance. |
| 18.2 | Legislative procedures for budget scrutiny | A | A | The legislature's procedures to review budget proposals for FY2020 were approved by the legislature in advance of budget hearings and are respected. The procedures include arrangements for public consultation and internal organizational arrangements, such as specialized review committees, technical support and negotiation procedures. | No change in score and performance. |
| 18.3 | Timing of budget approval | A | A | The legislature has approved the annual budget before the start of the year in each of the last three fiscal years. | No change in score and performance. |
| 18.4 | Rules for budget adjustments by the executive | C | С | Clear rules exist but they allow extensive administrative reallocation as well as expansion of total expenditure. | No change in score and performance. |

PI-18.1 Scope of budget scrutiny

The Finance Committee of Parliament examines all the documentation that is sent by MoF, which is also done for the FY 2020:

- the Budget Book,
- the draft Appropriation Bill,
- the draft Finance Bill
- the Budget Speech,
- the Fiscal Strategy Statement,
- the Revenue and Development Expenditure Estimates,

Fiscal policy considerations are presented in the Budget Speech. The budget book, the detailed estimates and the fiscal strategy outline expenditure and revenue estimates for two outer years. The Finance Committee however examines only the current year.

Dimension score = B

PI-18.2 Legislative procedures for budget scrutiny

The legislature's procedures to review budget proposals are approved by the legislature in advance of budget hearings and are respected. The procedures include arrangements for public consultation and internal organizational arrangements, such as specialized review committees, technical support and negotiation procedures.

The Finance Committee is a Standing Committee of Parliament as provided in Article 91(1) of the 1991 Constitution and charged with the examination of the budget. The Committee's powers and duties are enshrined in Constitution, Article 93(3), Article 93(5), the Standing Orders of Parliament, 2005 (S.O. 70(8b), and the PFM Act 2016 Sections 33 and 40.

Four stages of legislative procedures are performed yearly in the scrutiny the budget, which is also done for the FY 2020:

- (1) Budget presentation;
- (2) Budget debate;
- (3) The Committees hearing/meetings with individual Vote Controllers and Finance Officers of MDAs to probe into financial management of resources allocated for the previous two years and the current projection are open to the public and the media.
- (4) The Sub-Appropriation Committees have Committee Clerks, staff from the Parliamentary Budget Office and Research Department, who are technical and dedicated to help MPs to analyse the budget documentation. They help to analyse financial proposals / documents from MDAs into simpler briefs for MPs.

Negotiation procedures are also in place. In case of disagreement among Members of Parliament in the Select Committee, the Standing Order 74(1) prescribes that every question or decision in the Select Committee hearing shall be decided by voting of the members present. The Hon. Chairman shall have an original vote; in the event of equality of votes he can exercise the casting of a decisive vote.

Dimension score = A

PI-18.3 Timing of budget approval

The budget has been approved before the start of the fiscal year in all three past FYs. The dates of approval of the last three budgets by Parliament are presented in Table 18.3 below.

| Budgets | Date Budget Proposal was Submitted to Parliament | Date Budget was Approved by Parliament |
|---------|---|---|
| FY2019 | 3rd November 2018 | 13 th December 2018 |
| FY2020 | 8th November 2019 | 17 th December 2019 |
| FY2021 | 13th November 2020 | 18 th December 2020 |

Table 18.1: Budget Submission to Parliament and Adoption (2019-2021)

Source: Budget Bureau and Parliament

Dimension score = A

18.4 Rules for budget adjustments by the executive

The main relevant laws and rules for changes in total expenditure and reallocations during the year by the Executive without *ex ante* Parliamentary approval, are the following:

- Article 112(4) of the 1991 Constitution states that the supplementary estimate approved in Article 112(3) should be presented to Parliament the following financial year in the form of a Supplementary Appropriation Bill.
- That said, Article 114(2c) of the 1991 Constitution also grants authority to the President to approve expenditures which were not part of the Appropriation Act approved by Parliament, provided that the President considers the urgency of the expenditure such that it would not be in the interest of the public to delay such payments until a Parliamentary approval is sought
- Section 43 of the PFM Act 2016 allows in-year budget virements within the same head of expenditure not exceeding 10% of total allocation for that head.

Thus, the Constitution allows expansion of total expenditure without a supplementary appropriation and *ex ante* approval by Parliament.

Dimension score = C

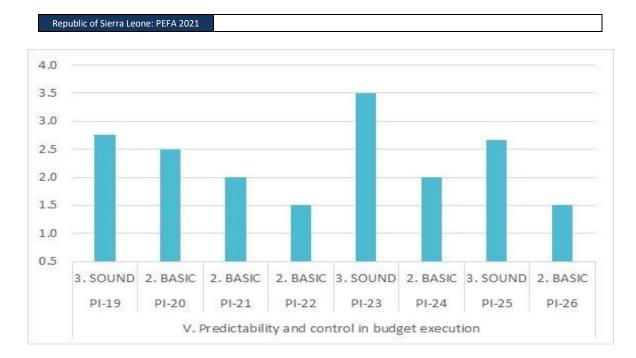
Performance change since the previous assessment No change in performance

Recent or ongoing reform activities None

3.4 Pillar V: Predictability and control in budget execution

As shown in the chart below, the performance of this pillar at the overall level is basic.

Pillar V BASIC



PI-19 Revenue administration

The indicator assesses the procedures used to collect and monitor central government revenues. A government's ability to collect revenue is an essential component of any PFM system. It has four dimensions. This indicator covers central government.

| PI-19 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-------------|-----------------------------------|--|--|--|--|
| Revenue | e administration | C+ | В | | There is no real change. The narrative in 2017 suggests a score of "A" for dimension (i) since NRA collected 85% by value (most) of central government domestic revenue, similar to 2021 where NRA collects 83.3% (most) of government revenues – scoring an "A" in 2021. The remaining three dimensions have remained unchanged in terms of scores but dimension (iv) suggest more accumulation of revenue arrears at 5.19% in 2021 as against 1.2% in 2017. |
| | shts and obligations nue measures | В | A | NRA collects 83% of central government revenues. It uses | No real change. The narrative in 2017 suggests a score of "A" for dimension (i) since NRA |

| | | 1 | | · · · · · · · · · · · · · · · · · · · |
|--------------------------------------|---|---|---|--|
| | | | multiple channels such as internet, social media, and electronic platforms (TV) for information dissemination. These channels are easily accessible, as they contain comprehensive and up-to-date information on tax obligations (laws, regulations, filing processes, etc.) and taxpayer rights to redress. | collected 85% by value (most) of central government domestic revenue, similar to 2021 where NRA collects 83.3% (most) of government revenues – scoring an "A" in 2021 |
| 19.2 Revenue risk management | С | С | There is no overall risk management strategy for NRA. Customs Department however has a departmental risk management strategy. Methods/procedures used for prioritising and selecting risk is partially structured and systematic. | No change in score and performance |
| 19.3 Revenue audit and investigation | С | С | Audit and fraud investigations are conducted in line with documented compliance improvement plan. As shown in Table 19.2 below, 83.3% o planned audits and fraud investigations were completed in FY2020. | No change in score and performance |
| 19.4 Revenue arrears monitoring | В | В | Revenue arrears are not age-profiled. The stock of revenue arrears represents 5.19% of total revenue collections | No change in score but it appears performance is deteriorating in terms of stock of revenue arrears, now at 5.19% of total NRA collections compared to 1.2 in 2017 |

Table 19.1 below outlines GoSL revenue streams for FY2020. The National Revenue Authority collects 83.3% of central government domestic revenues. The remaining 16.7% is collected by other government agencies such as the Road Management Fund Agency.

| Revenue category | FY2020 | % |
|---|--------------|-------|
| NRA collections | | |
| Income tax | 2,044,852.00 | 30.6% |
| Goods and services tax | 1,011,036.00 | 15.1% |
| Customs and excise | 1,193,862.00 | 17.9% |
| Mines revenue | 221,251.00 | 3.3% |
| Other non-tax revenues collected by NRA | 1,093,752.50 | 16.4% |
| Total NRA collections | 5,564,753.50 | 83.3% |
| Other revenues (not collected by NRA) | | |
| NASSIT (social security fund) | 631,234.9 | 9.5% |
| Road user fees | 104,160.00 | 1.6% |
| Revenue from parastatals, EBUs, fisheries, etc. | 377,256.00 | 5.6% |
| Total other revenues (not collected by NRA) | 1,112,650.90 | 16.7% |
| Grand total | 6,677,404.4 | 100% |

Table19.1: Summary of total domestic revenues (excluding grants) for FY2020 (Leone Million)

Source: NRA data FY2020

PI-19.1 Rights and obligations for revenue measures

The NRA provides a wide range of information relating to the main revenue obligation areas (registration, complete/accurate filing and payment) through multiple channels. The most comprehensive source of information on the main revenue obligation areas is NRA's website (<u>https://nra.gov.sl/</u>). The website is user-friendly and contains updated and complete information of revenue measures including taxpayer rights and obligation. The website provides consolidated versions of the various revenue laws (NRA Act, Income Tax Act, GST Act, Customs Act, Excise Act, Mines and Minerals Act, etc.) as well as the annual Finance Acts which contain amendments to the basic revenue laws. In some cases, the basic revenue laws are consolidated with the various amendments from the annual Finance Acts up to the current fiscal year.

In addition to legislation, the NRA website also provides guidance in clear language about the main revenue obligation areas directed at specific groups of taxpayers. There is a section for individuals/partnerships, businesses/organisations and importers/exporters which contain summarized information relevant to those specific groups. Furthermore, the website also makes available a comprehensive Tax Guide published in May 2019 which compiles this information into one document and includes worked examples of various tax obligations:

https://nra.gov.sl/sites/default/files/Final%20Magazine%20MRP%2029-5-19.pdf

Also on Ministry of Finance website is a *Compendium of Tax Laws in Sierra Leone* which compiles the original versions of the various basic revenue laws and Finance Acts.

The NRA's Public Affairs and Taxpayer Education Unit undertakes a variety of educational and outreach activities, including in-person visits and training across the country, radio and TV programmes and jingles, social media presence, etc. The unit undertakes a weekly revenue update on TV and radio stations (AYV, SLBC, Radio Democracy 98.1 and Justice FM) featuring NRA officials who explain tax laws, compliance issues and new reform measures being undertaken by the NRA. The unit also manages the Facebook page of the NRA which publishes information about the NRA's activities. Statistics reported by the unit show that the average reach of each Facebook post is about 3,000 on average.

Information on taxpayer rights is enshrined in the various revenue laws, published on the website. These rights include rights of appeal which begin internally within the NRA structure (also known as administrative redress) followed by appeal to the Income Tax Board of Appellate Commissioners and then to the law courts for final appeal. The Income Tax Board of Appellate Commissioners has been established

and is operational but only at a low level, and information has not been published on the number of tax appeal cases, cases resolved, and decisions taken. There are separate rights and procedures related to importers which are contained in the Customs Act 2011 as amended.

Dimension Score = A

PI-19.2 Revenue risk management

A recent World Bank review of the tax system in Sierra Leone has concluded that 'there is not sufficient focus on risk management in NRA currently.' The general approach could be described partly structure and systematic and as covering some taxpayer segments and some revenue obligations. That said, the Domestic Tax Department does have a taxpayer-segmented structure which is implicitly based on a risk-management approach. In other words, there is a Large Taxpayer Office (LTO) and a Small and Medium Taxpayer Office (SMTO). The principle underlying this division is not only that different segments of taxpayers require different kinds of services but also those large taxpayers pose a higher revenue risk than other types of taxpayers.

Whilst there is no overarching risk management framework for the entire NRA, the Customs Services Department has a risk management strategy for categorising taxpayers and profiling revenue risks in the domain of customs. Customs ASYCUDA++ has been upgraded to ASYCUDA World to improve efficiency.

The Integrated Tax Administration System (ITAS) has been rolled out. However, implementation is still work-in-progress in terms of complete taxpayer database for proper identification and mapping of taxpayers. Case selection for taxpayer audit is still manual and this functionality in ITAS is yet to be fully operationalised.

The different revenue administration software has not been integrated. For instance, there is no direct integration between ITAS and ASYCUDA which limits detection of noncompliance and tax evasion which could provide opportunities for unscrupulous taxpayers to evade detection. To minimise risk, the revenue payment framework for all payers is a direct payment into NRA designated bank accounts across the country, a positive approach but is challenged by reconciliation difficulties – between tax assessed and tax collected. ITAS is meant to facilitate the reconciliation process but this is currently not the case.

Dimension Score = C

PI-19.3 Revenue audit and investigation

The National Revenue Authority collects 83.3% of total central government revenues. In 2018, the Authority developed a revenue compliance improvement plan spanning 2018-2021. This plan serves as the basis for its audit and fraud investigations – therefore, audit and fraud investigations are conducted in line with documented compliance improvement plan. As shown in Table 19.2 below, 83.3% of planned audits and fraud investigations were completed in FY2020 resulting in revenue recoveries of Le124.3 billion.

| Revenue type | Number of planned audits and investigations | Number of completed audits and investigations | Percentage completion | Amount recovered (Le, million) |
|-----------------------|---|--|--------------------------|--------------------------------------|
| Large taxpayer office | 89 | 39 | 43.8% | 114,732 |

Republic of Sierra Leone: PEFA 2021

| Small and Medium taxpayer office | 127 | 114 | 89.7% | 6,773 |
|----------------------------------|-----|-----|--------|---------|
| Customs post-clearance audit | 150 | 152 | 101.3% | 2,781 |
| Total | 366 | 305 | 83.3% | 124,286 |

Source: NRA

Dimension Score = C

PI-19.4 Revenue arrears monitoring

Revenue arrears are defined as unpaid tax and non-tax revenue after the end of the financial year. Total revenue arrears as a percentage of total domestic revenue collection for FY2020 stood at 5.19% (refer to table 19.3 below). Revenue arrears are not age-profiled. NRA has rolled out ITAS with the functionality of age-profiling revenue arrears going forward. The assessment of this indicator excludes tax refunds such as GST (please refer to PEFA field guide 19.4:3. Arrears in the payment of refunds or the processing of revenue offsets to revenue payers by revenue authorities are not included in the measurement of this dimension – page 142). That said, GST refunds are quite significant; the assessment team has no data on GST refunds.

Table 19.3: Analysis of revenue arrears

| Revenue type | Leone |
|--|--------------------|
| Domestic tax arrears | 281,440,767,379.07 |
| Customs tax arrears | 64,682,452,498.70 |
| Non-tax revenue arrears (from budgetary and extra-budgetary units) | 514,588,466.09 |
| Total domestic revenue arrears – 31 st December 2020 | 346,637,808,343.86 |
| Total domestic revenue collections – FY2020 | 6,677,404,400,000 |
| Percentage of revenue arrears to total domestic revenue | 5.19% |

Source: NRA

Dimension Score = B

Performance change since the previous assessment

There is no real change. The narrative in 2017 suggests a score of "A" for dimension (i) since NRA collected 85% by value (**most**) of central government domestic revenue, similar to 2021 where NRA collects 83.3% (**most**) of government revenues – scoring an "A" in 2021. The remaining three dimensions have remained unchanged in terms of scores but dimension (iv) suggest more accumulation of revenue arrears at 5.19% in 2021 as against 1.2% in 2017.

Recent or ongoing reform activities ITAS rollout is still ongoing

PI-20 Accounting for revenue

This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling revenue accounts. Accurate recording and reporting of tax and nontax revenue collections is important to ensure all revenue is collected in accordance with relevant laws. The assessment of this indicator covers central government (budgetary units and extra-budgetary units).

| PI-20 | Dimension | Score | Score | Brief justification of 2021 | Performance change |
|-----------|---------------------------------------|--------|----------|------------------------------|--|
| M1 | Dimension | 2017 | 2021 | score | and other factors |
| | | (using | (using | 30012 | |
| | | 2016 | 2016 | | |
| | | PEFA) | PEFA) | | |
| Account | ing for revenue | C+ | C+ | | No chango in overall |
| Account | ing for revenue | C+ | C+ | | No change in overall score but there is |
| | | | | | |
| | | | | | |
| 20.1 1.4 | · · · · · · · · · · · · · · · · · · · | | D | The levest devestion | dimension (ii) |
| | formation on revenue | В | В | The largest domestic | No change |
| collectio | ns | | | revenue collection agency | |
| | | | | (NRA) provides at least | |
| | | | | monthly revenue reports to | |
| | | | | MoF with revenue | |
| | | | | information broken down | |
| | | | | according to type. | |
| | ransfer of revenue | В | A | The National Revenue | NRAs transfers to the |
| collectio | ns | | | Authority (collecting 83% of | treasury are now within |
| | | | | central government | 24 hours in accordance |
| | | | | domestic revenue) transfers | with MoU. Therefore, |
| | | | | all collections to the | dimension (ii) has |
| | | | | Treasury within 24 hours. | improved from "B" in |
| | | | | | 2017 to "A" in 2021. |
| | | | | | |
| 20.3 | Revenue accounts | С | С | Reconciliation occurs | No change in score and |
| reconcili | ation | | | quarterly between the NRA | performance |
| | | | | transit accounts and the | |
| | | | | Accountant General's | |
| | | | | Department treasury | |
| | | | | accounts, comparing actual | |
| | | | | collections at the partner | |
| | | | | commercial banks and the | |
| | | | | actual revenues transferred | |
| | | | | into the Consolidated Fund. | |
| | | | | There is no complete | |
| | | | | reconciliation of revenue | |
| | | | | assessed, collections, | |
| | | | | transfers and arrears. | |

PI-20.1 Information on revenue collections

The NRA (with 83% central government revenue collection) revenue reports provide detailed information on all types of revenue (income tax, customs, non-tax revenue). The Authority prepares weekly revenue reports to the Cash Management Committee for central government cash planning/forecasting. In addition to the weekly report, it also prepares monthly and quarterly revenue reports to the Minister of Finance through the Revenue and Tax Policy Division (RTPD) of MoF. Other central government agencies such as Road Maintenance Fund Agency and National Mineral Agency report on all their revenue collections either quarterly or yearly to MoF.

Dimension Score = B

PI-20.2 Transfer of revenue collections

There are 13 NRA transit bank accounts held in various commercial banks. The National Revenue Authority (collecting 83% of central government domestic revenue) has a memorandum of understanding with these banks to collect and transfer all revenue collections into the treasury within 24 hours. In practice, this arrangement is working, as corroborated by the Treasury. Network challenges which existed in 2017 have largely been resolved, resulting in expeditious funds transfer.

Dimension Score = A

PI-20.3 Revenue accounts reconciliation

Reconciliation occurs monthly between the NRA transit accounts and the Accountant General's Department treasury accounts, comparing actual collections at the partner commercial banks and the actual revenues transferred into the Consolidated Fund. Reconciliation differences arise during the monthly reconciliation process. These issues are taken on board during complete reconciliation between collections and transfers, annually within eight weeks after the end of the financial year. Currently, there is no complete reconciliation revenue assessed, collected, transferred and outstanding (revenue arrears).

Dimension Score = C

Performance change since the previous assessment

No change in overall score but there is improvement in performance. NRAs transfers to the treasury are now within 24 hours in accordance with MoU. Therefore, dimension (ii) has improved from "B" in 2017 to "A" in 2021.

Recent or ongoing reform activities ITAS rollout

PI-21 Predictability of In-year Resource Allocation

This indicator assesses the extent to which MoF is able to forecast cash commitments and expenditure requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. It contains four dimensions. Dimension 21.1 assesses the consolidation of cash balances; dimension 21.2 examines cash forecasting and monitoring; 21.3 assesses existence of information on commitment ceilings and dimension 21.4 assesses significance of in-year budget adjustments. The assessment of this indicator covers budgeted central government.

Summary of scores and performance table

| PI-21 M2 | Dimension Dimension | Score 2017 (using 2016 PEFA) D+ | Score 2021 (using 2016 PEFA) C | Brief justification of 2021 score | Performance change and other factors 2021 shows improvement |
|---------------------|--|--|---|---|--|
| resource allocation | | | | | in performance and scores ("D+" in 2017 and "C" in 2020). The improvement is due to dimension (ii) on cashflow forecasting – the cashflow forecast is now updated weekly on the basis of actual cash inflow and outflow, compared to quarterly in 2017. |
| 21.1 Co balanco | onsolidation of cash es | С | С | As shown in Table 21.1 below, all bank/cash balances are consolidated on monthly basis. Treasury- managed balances (representing 3.7%) are consolidated daily. | No change in score and performance |
| 21.2 Ca monito | ash forecasting and oring | В | A | The cashflow forecast is prepared annually, broken down quarterly and further disaggregated into weekly forecasts and updated based on actual inflows and outflows of cash on a weekly basis – this has been the case since 2018, and also applicable in 2019 and 2020. | Improvement in score and performance as annual cash flow is now updated weekly based on inflow and outflow of cash. |
| - | formation on tment ceilings | D | D | Once parliament passages the appropriation bill into law, the Minister of Finance issues quarterly expenditure commitment ceilings to all budget institutions. That said, the expenditure commitment ceilings are not reliable. | No change in score and performance |
| | gnificance of in-year t adjustments | D | D | Virements (budget adjustments without the need for parliamentary approval) are very frequent and not transparent | No change in score and performance |

PI-21.1Consolidation of cash balances

The Treasury operates a Treasury Single Account (TSA) as required by Section 17 of the PFM Act 2016. It is currently in the second phase of implementation of TSA. There are 230 budgeted central government

bank accounts out of which 85 are under the TSA domiciled at Bank of Sierra Leone (BSL); the remaining 145 are departmental (MDA) accounts also at BSL. As shown in Table 21.1 below, all bank/cash balances are consolidated on monthly basis. Treasury-managed balances (representing 3.7%) are consolidated daily.

| | September 2021 (Leone billion) | % |
|--|-----------------------------------|-------|
| Total budgeted central government cash/bank balance | 298.45 | 100% |
| Total cash/bank balance in TSA (treasury managed) – daily consolidation | (11.83) ⁹ | 3.7% |
| Government cash/bank balance outside TSA (departmental accounts) – monthly consolidation | 310.28 | 96.3% |

Table 21.1 Analysis of cash/bank balances

Source: Data from AGD Cash Management Unit

Dimension score = C

PI-21.2Cash forecasting and monitoring

The Cash Management Committee (CMC) was set up in line with Sections 48 and 49 of the Public Financial Management Act, 2016 and Sections 37 to 42 of the Public Financial Management Regulations of 2018. The Committee has the mandate to review cash flow forecasts and manage bank accounts of MDAs. The CMC comprises representatives from the National Revenue Authority (NRA), Bank of Sierra Leone (BSL), Public Debt Management Division (PDMD) and the Accountant General's Department (AGD). Representatives from key revenue generating agencies such as the National Mineral Agency and Petroleum Regulatory Agency are co-opted into these meetings. CMC meetings were held weekly during the period under review, but are now held bi-weekly and are chaired by the Financial Secretary or his representative. Cash flow forecasts are prepared by the Cash Management Unit of the Accountant General's Department with inputs from the NRA, Budget Bureau and the PDMD of the Ministry of Finance. The cashflow forecast is prepared annually, broken down quarterly and further disaggregated into weekly forecasts and updated based on actual inflows and outflows of cash on a weekly basis – this has been the case since 2018, and also applicable in 2019 and 2020.

Dimension score = A

PI-21.3 Information on commitment ceilings

Once parliament passages the appropriation bill into law, the Minister of Finance issues quarterly expenditure commitment ceilings to all budget institutions. That said, the expenditure commitment ceilings are not reliable. There are a number of instances where MDAs commit based on ceilings received from MoF, proceed to engage suppliers for goods/services but actual cash is not released timely and/or significantly reduced or not released at all leading to accumulation of expenditure arrears. Cash rationing appears to be the practice, leading to prioritisation of certain expenditure payments (Financial Secretary Letters which take precedence over all other payments) to the disadvantage of MDAs payment plans.

Dimension score = D

PI-21.4 Significance of in-year budget adjustments

There are two types of in-year budget adjustments allowed per the PFM Act 2016 (Sections 42 and 43):

⁹ Bank overdraft

- adjustments within budget appropriations (known as virements) can be made by the Minister of Finance without the need for parliamentary approval.¹⁰
- adjustments to increase the overall expenditure on any head, or the aggregate expenditure for the budget year, are allowed only after submitting a Supplementary Estimate to Parliament for the passage of a Supplementary Appropriation Act but the 1991 Constitution (Article 114(2c)) empowers the President to increase the total budget if the President considers the urgency of the expenditure such that it would not be in the interest of the public to delay such payments – this means no ex-ante legislative approval. A Supplementary Budget was passed on 13 July 2018 by parliament when the new political executive took office. In July 2020, another Supplementary Appropriations Act amounting to Le1,667 billion was passed due to the negative impact of COVID-19.

Virements (budget adjustments without the need for parliamentary approval) are very frequent (more than 500 virements) and not transparent. Reference is made to PI-2 above (even though calculation excludes loans and grants) in terms of the effect of these adjustments – adjustments are significant. There are also payments made from Financial Secretary letters (Le30.17 billion in FY2020 – representing about 0.4% of total budgeted government expenditure, processed outside IFMIS and posted ex-post) which are not transparent – MDAs are unaware of these instances of payments and changes to their quarterly budget allocations which eventually affects their service delivery programs. Cash rationing is the order of the day due to inadequate cash to pay for expenditure commitments.

Dimension score = D

Performance change since the previous assessment

2021 shows improvement in performance and scores ("D+" in 2017 and "C" in 2021). The improvement is due to dimension (ii) on cashflow forecasting – the cashflow forecast is now updated weekly on the basis of actual cash inflow and outflow, compared to quarterly in 2017.

Recent or ongoing reform activities

Phase 2 of TSA expansion is still ongoing with 16 extra-budgetary units now covered. Plans are advanced for the inclusion of sub-vented agencies and semi-autonomous government institutions into the TSA architecture

PI-22 Expenditure Arrears

This indicator has two dimensions. Dimension 22.1 assesses the level of stock of expenditure arrears; dimension 22.2 examines the framework for monitoring expenditure payments arrears. The assessment of this indicator covers budgeted central government

| PI- 22 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------|----------------|--|--|--------------------------------------|---|
| Expen | diture arrears | D | D+ | | Overall improvement in score and performance due |

Summary of scores and performance table

¹⁰Virements cannot be made to increase the budget for personnel emoluments, nor from the development budget to recurrent budget, nor more than 10% of the budget of any sub-head.

| PI- 22 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors to improvement in both |
|-------------------|------------------------------|--|--|---|--|
| | | | | | dimensions. |
| 22.1. s arrear | Stock of expenditure 's | D* | D | The stock of expenditure arrears was more than 10% of total expenditure in the last three completed fiscal years. Actual percentages were 67%, 60%, and 30% in FYs 2018, 2019, and 2020 respectively | Improvement in score and performance. Complete expenditure arrears data was not available during the PA but it is available in the current assessment. |
| 22.2. monit | Expenditure arrears oring | D | В | The data on stock and composition of expenditure arrears is generated on a continuously basis after every transaction, with complete data produced quarterly within eight weeks after the end of the previous quarter. However, the age profile of arrears is not generated. | Improvement in score and performance. Expenditure arrears monitoring has been significantly strengthened with the introduction of a comprehensive database to track and monitor all payments arrears based on various categories. |

PI-22.1. Stock of expenditure arrears

Arrears are defined in the PFMA 2016, (Section 1) as "payables which have remained unpaid (a) for 30 days or more after the due date specified under the relevant contract or agreement, or (b) if there is no specific due date, for 90 days or more after the date of the relevant invoice or of satisfaction of the term of the relevant contract". The stock of domestic expenditure arrears includes crystalized cheques and payables and un-crystallised cheques. The crystallised cheques and payables include transaction already approved for payment and cheques have been printed or are at cheques payable level at the Accountant General's Department. Arrears balances are not disclosed in the annual financial statements but the Statement of Comparison of Budget and Actual Revenue and Expenditure discloses the arrears payment for the year. Expenditure arrears are caused by inadequate cash to meet expenditure commitments. It also appears that the budget is unreliable, to the extent that significant part of the approved budget remains unfunded.

Table 22.1 shows the stock of expenditure arrears including salary and pension arrears, payments due to contractors for completed projects and long-term liabilities at the end of the last three completed fiscal years. The expenditure arrears balance has significantly decreased in FY 2020 due to repayment of arrears mainly supported by financing from the International Monetary Fund, the World Bank and domestic revenue collection by the National Revenue Authority even though collections dropped compared to targets due to the negative impact of COVID-19.

The Public Debt Bulletin indicated that the repayment of domestic arrears in FY 2020 is mainly composed of the clearance of crystallized cheques (by 93%). With the exception of priority payments under section 4.1.1 of the Arrears Clearance Strategy and Principles (2020-2025), clearance of uncrystallised cheques arrears effectively commenced in July 2020 following the presentation of the final audit report on domestic arrears by the Audit Service Sierra Leone (ASSL) on 16th July 2021.

| | 2018 | 2019 | 2020 |
|--------------------------------------|-------|-------|-------|
| Total arrears (excluding retentions) | 3,377 | 3,586 | 2,508 |
| Total government expenditure | 5,066 | 5,983 | 8,352 |
| % of arrears to total expenditure | 67% | 60% | 30% |

Source: The Public Debt Bulletin FY 2020 and Annual Public Accounts

Dimension score = D

22.2. Expenditure arrears monitoring

The GoSL, after verification of domestic suppliers and contractors' arrears as well as salary/pension arrears, compiled a comprehensive database to track and monitor all payments arrears based on various categories (by sector, by expenditure category, by procurement method, and currency). The database is generated on a continuous basis after every transaction, and the complete data is produced at least quarterly within two months after the end of each quarter. However, the age profile of arrears is not generated, even though IFMIS has the capacity to do so.

Dimension score =B

Performance change since the previous assessment

Expenditure arrears monitoring has shown a notable improvement since the previous assessment. Complete expenditure arrears data was not available during the 2017 PEFA assessment (PI-22.1 scored D*), but this data is available in the current assessment, even though the score is "D" due to the high level of the stock of arrears. Expenditure arrears monitoring has been significantly strengthened with the introduction of a comprehensive database to track and monitor all payments arrears based on various categories. Thus, PI-22.2 improved from "D" to "B".

Recent or ongoing reform activities

GoSL has developed arrears clearance strategy as part of measures to reduce stock of expenditure arrears and also monitor the accumulation of expenditure arrears. **PI-23** Payroll Controls

The indicator of payroll control is concerned with how the payroll is managed, how changes to the payroll are controlled and how the personnel records are aligned to the payroll in order to promote predictability in the availability of resources when requested. The indicator contains four dimensions; Dimension 23.1 examines the integration of payroll and personnel records, dimension 23.2 assesses the management of payroll changes, dimension 23.3 assesses the effectiveness of payroll control, and dimension 23.4 assesses the extent of payroll audits. This indicator covers central government.

| PI-23 | Dimension | Score | Score | Brief justification of 2021 | Performance change and other |
|--------|-----------------------|----------|--------|--|---|
| M1 | Dimension | 2017 | 2021 | score | factors |
| | | (using | (using | | |
| | | 2016 | 2016 | | |
| | | PEFA) | PEFA) | | |
| Payrol | l controls | D+ | B+ | | Overall improvement in score |
| | | | | | performance due to |
| | | | | | improvement in dimensions |
| | | | | | (ii), (iii) and (iv). |
| | tegration of payroll | В | В | There is no directly linkage between payroll and | No change in score and |
| and pe | ersonnel records | | | personnel records. The | performance. |
| | | | | payroll is supported by full | |
| | | | | documentation for all | |
| | | | | changes made to personnel records each month and | |
| | | | | checked against the previous | |
| | | | | month's payroll data. Staff | |
| | | | | hiring and promotion is | |
| | | | | controlled by a list of approved staff positions. | |
| 23.2 N | lanagement of payroll | D | A | Required changes to the | Improvement in score and |
| change | | | | personnel records and | performance. |
| Ū | | | | payroll are updated at least | In the current assessment, |
| | | | | monthly, generally in time for | required changes to the |
| | | | | the following month's | personnel records and |
| | | | | payments. Retroactive | payroll are updated at least |
| | | | | adjustments are rare. If | monthly, generally in time for the following month's |
| | | | | reliable data exists, it shows corrections in a maximum of | payments. Retroactive |
| | | | | 3% of salary payments. | adjustments are rare. If |
| | | | | Available data suggests 1.5% | reliable data exists, it shows |
| | | | | retroactive adjustments. | corrections in a maximum of |
| | | | | | 3% of salary payments. In the |
| | | | | | PA, there were significant |
| | | | | | delays in processing changes |
| | | | | | and there was no tracking |
| | | | | | system that can analyse the |
| | | 6 | • | | extent of delays. |
| | iternal control of | С | A | Authority to change records and payroll is restricted, | Improvement in score and |
| payrol | I | | | results in an audit trail and is | performance. Authority to change records |
| | | | | adequate to ensure full | and payroll is restricted, |
| | | | | integrity of data. | results in an audit trail and is |
| | | | | | adequate to ensure full |
| | | | | | integrity of data during both assessments. In the PA, |
| | | | | | payroll verifications showed |
| | | | | | many irregularities in |
| | | <u> </u> | р | A payroll audit according -1 | practice. |
| 23.4 P | ayroll audit | С | В | A payroll audit covering all central government entities | Improvement in score and |
| | | | | has been conducted in 2018. | performance. |

| Rep | ublic of Sierra Leone: PEFA 2 | 2021 | | | |
|-------------|-------------------------------|--|--|--------------------------------------|--|
| PI-23 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | | A payroll audit covering all central government entities has been conducted in FY 2018. During the PA, only a partial audit was conducted. |

PI-23.1. Integration of payroll and personnel records

In GoSL, there are 14 categories of payroll covering all central government operations (budgetary units and extra-budgetary units), as at the time of assessment. They are managed by the Human Resource Management Office (HRMO). The personnel records are manually kept, with no direct linkage between personnel records and payroll records which will allow automatic reflection of changes to personnel records in payroll. The Military, Police and Teacher Service Commission (TSC) manage their own payrolls. All changes to the payroll are approved by MoF. Monthly payroll is checked against previous month's payroll and the variances analysed. When there is a significant variance, the payroll is sent to the "Payroll Quality Assurance Team" for further verification. If a mistake is found, the concerned body is called to amend the payroll. The payroll is supported with full documentation for all changes made to personnel records each month. Staff hiring and promotion is controlled by a list of approved staff positions. The staff position is annually budgeted for and sent to parliament for approval as part of the annual budget approval process.

Dimension score = B

PI-23.2. Management of payroll changes

Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments, covering all central government operations (budgetary units and extra-budgetary units). Retroactive adjustments are rare and correction in a maximum of 3% of salary payments. The team verified changes in the teacher staff list entered in February 2021 for the promotion of 4187 teachers. Of these, all cases were reflected in the same month's payroll. The same was the case with the recruitment of 717 teachers in September 2021, event that was introduced in the staff list on September 20, 2021 and reflected on the payroll by the 27th September 2021. Retroactive adjustments, as at the time of assessment, were 1.5% of salary payments.

Dimension score= A

PI-23.3 Internal control of payroll

The HR Codes, Regulations and Rules as well as the administrative manual provide for standardized forms and submission covering all central government operations (budgetary units and extra-budgetary units). Access to the database is limited to the HRMO and authorised staff of the Accountant General's Department and results in an audit trail. There is segregation of duties and changes are authorized. The rules in place ensure that the authority and basis for changes to personnel records and the payroll are clear, restricted, generate an audit trail and adequate to ensure full integrity of data.

Dimension score = A

PI-23.4. Payroll audit

An internal audit function is operational within the payroll unit: it verifies that the payroll submissions are supported by adequate documentation before they are sent to the treasury for payment. Meetings suggest that the internal audit function also verifies the adequacy of internal controls on payroll. The external audit body audits the payroll as part of the annual financial audits. A comprehensive physical verification exercise of the payroll and personnel has been conducted in FY 2018 covering all central government operations (budgetary units and extra-budgetary units). Civil servants were identified through their national voter registration cards. The verification exercise was also followed by corrective actions to clean the payroll of the irregularities identified during the nationwide payroll audit.

Dimension score= B

Performance change since the previous assessment, where applicable

The overall score for PI-23 has changed from "D+" to "B+", a significant improvement. This is due to significant payroll reforms implemented since the 2017 Assessment, as described in Annex 3C. There is no change in dimension PI-23.1 which is at "B" in both Assessments, but there is an improvement in all others, especially in dimension 23.2, which improved from "D" (changes reflected in the payroll on a quarterly basis as per the 2017 Assessment) to "A" (changes reflected in the payroll the same or the following month as per the current assessment).

Recent or ongoing reform activities

The FY2021 Budget includes commitments aimed at minimizing manual payments. Wage disparity on the public sector payroll remains a major challenge. The Government has set up the Wages and Compensation Commission to address this issue, a central body in charge of terms and conditions of service for the public service. Addressing issues such as multiple pensions will also be part of their mandate. The Act establishing the Commission has been developed but it is yet to be laid and passed in Parliament.

The assessment team visited the records department of the Teaching Service Commission and the evidence shows proper records keeping as indicated in the pictures below.



PI-24 Procurement

This indicator focuses on the management of procurement expenditure for managing and promoting predictably of resource availability. The indicator has four dimensions that focus on key procurement management, procurement monitoring, transparency, openness and competitiveness of procurement methods applied, public access to procurement information and the management of procurement complaints and redress arrangements. This indicator covers central government.

| PI-24 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------------------|----------------------|--|--|---|---|
| Procur | ement | D | С | | Performance has improved since 2017, with a score of "C" in 2020 compared to "D" in 2017. The improvement is as a result of a functioning IPRP (not the case in 2017), and publication of procurement information on the website (which was less frequent and sometimes absent in 2017). |
| 24.1 monito | Procurement oring | D | D | The practice is that a complete set of procurement statistics is produced annually, published but with significant delay. Nevertheless, procurement plans, bid opportunities and contract awards are published on NPPA website individually and timely by MDAs. As a complete and accurate database of procurement activities for FY2020 is not available, the score for this dimension is "D". | No change in score and performance |
| 24.2 Pr metho | ocurement ds | D* | D | As audited data for FY2020 has not been provided, this dimension is rated D | No comparable – there was no data at all to assess this dimension in 2017 compared to 2020 with data but not yet audited. |
| 24.3 Pu procur inform | | С | В | At least five out of the six elements of 'public access to procurement information' | Improvement in both score and performance. Two more elements of public access to procurement information |

| Repi | ublic of Sierra Leone: PEFA | 2021 | | | |
|----------------------------|-----------------------------|--|--|---|---|
| PI-24 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | | are met according to PEFA standards. | have been attained. These are publication of all MDAs procurement plans and publication of data on resolution of procurement complaints. |
| 24.4 Pr compla manag | | D | В | As shown in Table 24.4 below, the procurement complaints management system meets four out of the six PEFA elements. The criteria met are (i), (iii), (iv), and (vi). | Improvement in both score and performance. In 2017, the procurement complaints management framework was not functional as opposed to 2021. |

PI-24.1. Procurement monitoring

Procurement is decentralised at the level of each budgetary and extra-budgetary unit. Each institution (budgetary and extra-budgetary units including social security fund) maintains records of procurement activities and reports same to NPPA. The procurement law (Section14(2)(i)(j)) mandates NPPA to maintain a database of all procurement activities and publish the details quarterly. The practice however is that a complete set of procurement statistics is produced annually, published but with significant delay. Nevertheless, procurement plans, bid opportunities and contract awards are published individually and timely by each MDA on NPPA website. As a complete and accurate database of procurement activities for FY2020 is not available, the score for this dimension is "D".

Dimension score = D

PI-24.2 Procurement methods

Procurement method thresholds have been revised upwards per the Procurement Regulation 2020 (First Schedule). The new thresholds are summarised in Table 24.1 below

| Table 24.1: New procurement method thresholds | 1 |
|--|---------------------------|
| 1. Contract awards shall be published when the estimated value | Goods: Le 300 million |
| of the contract is above: | Works : Le 600 million |
| | Services : Le 300 million |
| 2. Request for Quotation (minimum of three quotations) shall | Goods : Le 100 million |
| be used when the estimated value of the procurement is below: | Works, Le 200 million |
| | Services, Le 100 million |
| 3. National Competitive Bidding (NCB) shall be used when the | Goods: Le 5 billion |
| estimated value of the procurement is below: | Works: Le 8 billion |
| | Services: Le 5billion |
| 4. International Competitive Bidding (ICB) shall be held when | Goods: Le 5 billion |
| the estimated value of the procurement exceeds: | Works: Le 8 billion |
| | Services : Le 5billion |
| 5. Expression of Interest for Selection of Consultants | Above Le 5billion. |

Table 24.1: New procurement method thresholds

Source: Procurement Regulations 2020

Table 24.2 below summarises procurement methods for FY2019. The analysis shows that 79.2% by value of public procurement goes through competitive methods. The remaining 20.8% by value of procurement is non-competitive. This data is complete and accurate as it has been verified by NPPA. The score of this dimension would have been "B" if the 2019 audited data were used. However, as at the time of this assessment, the complete data (audited) for FY2020 has not been provided since it is yet to be finalised – therefore, the score for this dimension is "D".

| | 2018 | |
|-----------------------------------|----------------------|-------|
| Procurement method | Leone | % |
| International competitive bidding | 651,067,653,448.00 | 51.2% |
| National competitive bidding | 356,275,506,515.00 | 28.0% |
| Sole sourcing | 64,151,443,985.00 | 5.1% |
| Restricted tender | 5,965,157,927.00 | 0.5% |
| Request for quotation | 193,717,200,455.00 | 15.2% |
| Total | 1,271,176,962,330.00 | 100% |

Table 24.2 Procurement methods (FY2019 audited figures)

Source: 2019 procurement report (audited by NPPA)

Dimension score =D

PI-24.3. Public access to procurement information

Table 24.3 below summarises procurement information that is published on the website and/or newspapers. The government meets at least five out of the six PEFA criteria. The elements met include: (i) legal and regulatory framework, (ii) government procurement plans, (iii) bidding opportunities, (iv) contract awards, and (v) data on resolution of procurement complaints. Element (vi) on publication of annual statistics is met but significantly delayed. The procurement information is complete and reliable for all procurement operations; it is independently verified by the NPPA. Also, procurement information is published within a timeframe useful for the public.

Table 24.3: Public Access to Procurement Information

| | Element/ Requirements | Met (Y/N) | Evidence used/ Comments |
|----|---|--------------|--|
| 1. | Legal and regulatory framework for procurement | Yes | This is published on the website (https://nppa.gov.sl/acts- regulations) |
| 2. | Government procurement plan | Yes | This is published on the website (https://nppa.gov.sl/procurement-plans) |
| 3. | Bidding opportunities | Yes | This is published on the website (<u>https://nppa.gov.sl/bid-opportunities</u>) as newspapers |
| 4. | Contract awards (Purpose, contractor and value) | Yes | This is published on the website (https://nppa.gov.sl/contract- awards) |
| 5. | Data on resolution of procurement complaints | Yes | Published in newspapers (examples of newspaper publication: Politico Friday of 29 th Nov. 2019 – Oracle Daisy Technology vs National Revenue Authority; Newswatch of 9 th Dec. 2019 – Mak Enterprise Ltd vs National Revenue Authority; Newswatch newspaper and Awoko newspaper of 8 th June 2020 – Ministry of Health and Sanitation vs Alda Innovations Ltd; Newswatch of 8 th June 2020 – Sierra Leone Police and Door-to-Door General Supplies. |
| 6. | Annual procurement statistics. | No | Annual procurement statistics (or reports) are published on the website (<u>https://nppa.gov.sl/annual-assessment-reports</u>) but with significant delay – 2019 report is completed but not published. 2020 report is still in the draft stage |

Dimension score = B

PI-24.4. Procurement complaints management

The Independent Procurement Review Panel (IPRP) manages procurement complaints at all levels of government (central and local) as well as budgetary units, extra-budgetary units and social security fund. As shown in Table 24.4 below, and the assessment period covering FYs 2018, 2019, and 2020, the procurement complaints management system meets four out of the six PEFA elements. The criteria met are (i), (iii), (iv), and (vi).

| Elements/Requirements | Met (Y/N) | Evidence used/ Comments |
|---|--------------|---|
| Complaints are reviewed by a body which: | | |
| (i) Is not involved in any capacity in procurement transactions or in the process leading to contract award decisions | Yes | Members of the Independent Procurement Review Panel (IPRP) are not involved in any capacity in the procurement process leading to contract award |
| (ii) Does not charge fees that prohibit access by concerned parties | No | Procurement Regulation 165(2) provides for a fee charge of 2% of the bid price but not exceeding Le2 million, payable by complainant upon submission of procurement complaint. |
| (iii) Follows processes for submission and resolution of complaints that are clearly defined and publicly available | Yes | The process for filing and resolving procurement complaints are contained in both the NPPA Act 2016 (Section 65) and Procurement Regulations 2020 (Section 163 to 165) |
| (iv) Exercises the authority to suspend the procurement process | Yes | IPRP's authority is derived from the NPPA Act 2016 and Procurement Regulations 2020. It has powers to suspend procurement process (Procurement Regulation 165(4) and NPPA Act 65(6)) |
| (v) Issues decisions within the timeframe specified in the rules/regulations and | No | Section 64(3) makes provision for 10 working days for resolution of procurement complaints. In practice, its takes between 21 to 50 working days to resolve complaints. |
| (vi) Issues decisions that are binding on every party (without) precluding subsequent access to an external higher authority | Yes | Decisions of IPRP are binding but aggrieved party has the right to appeal at the law courts (Section 166(1) of Procurement Regulations) |

Table 24.4 Elements of procurement complaints framework

Dimension score = B

Performance change since the previous assessment

Performance has improved since 2017, with a score of "C" in 2021 compared to "D" in 2017. The improvement is as a result of a functioning IPRP (not the case in 2017), and publication of procurement information on the website (which was less frequent and sometimes absent in 2017).

Recent or ongoing reform activities

Government with support from World Bank is rolling out e-Government Procurement

PI-25 Internal controls on non-salary expenditure

This indicator measures the effectiveness of general internal controls for non-salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23. The indicator assesses segregation of duties, the effectiveness of expenditure commitment controls and compliance with payment rules and procedures. The assessment of this indicator covers central government.

| PI- Dimension 25 | Score | Score | Brief justification of 2021 | Performance change and |
|--|--------|--------|---|---------------------------------------|
| 25 | | | | r enformance change and |
| | 2017 | 2021 | score | other factors |
| M2 | (using | (using | | |
| | 2016 | 2016 | | |
| | PEFA) | PEFA) | | |
| Internal controls on non-salary | В | В | | No change in score and |
| , expenditure | | | | performance |
| • | Α | Α | Sogragation of dution and | • |
| 25.1 Segregation of duties | A | A | Segregation of duties are appropriately prescribed in PFM laws, regulations, manuals and throughout the expenditure payment architecture. As at the time of assessment, the PFM Act 2016, PFM Regulations 2018 and the NPPA Act 2016 apply to all central government institutions including budgetary units, extra-budgetary units and social security fund. | No change in score and performance |
| 25.2: Effectiveness of expenditure commitment controls | C | C | The present IFMIS expenditure commitment architecture for budgetary units as well as separate financial management systems used for extra- budgetary units do not limit commitment to projected cash availability; it however limits commitments to approved quarterly expenditure ceilings/warrants issued by MoF – therefore, expenditure commitment control procedures exist but they are partial. The continuous use of Financial Secretary letters (representing about 0.4% of total central government expenditure) for payment of "priority expenses", processed outside IFMIS at the time of payment transaction (and later posted ex-ante) defeats the purpose of effective expenditure control framework | No change in score and performance |
| 25.3 Compliance with payment | С | С | Expenditure payments are | No change in score and |
| rules and procedures | | | generally compliant with | performance |

| PI- 25 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------|-----------|--|--|--|--------------------------------------|
| | | | | regular payment rules and procedures. There are payment exceptions which are properly sanctioned (example: Financial Secretary Letters) but processed ex-post within IFMIS. As shown in Table 25.1 below, quantified audit findings represent 15.4% of total GoSL expenditure for FY2020. | |

25.1. Segregation of duties

The PFM Act 2016 and the PFM Regulations 2018 are the main legal and regulatory framework for central government financial management processes and procedures. Additionally, the NPPA Act 2016 and Procurement Regulations 2020 provide the legal basis for all public procurement activities. Accounting and procurement manuals are also in place, and they clearly define appropriate measures for segregation of duties. As at the time of assessment, the PFM Act 2016, PFM Regulations 2018 and the NPPA Act 2016 applied to all central government institutions including budgetary units, extra-budgetary units and social security fund.

Segregation of duties is well prescribed in the PFM Act including planning and budgeting (Section 30to 41), budget execution (Sections 55 to 65), cash and treasury management (46 to 54), internal audit (Section 75 to 76), and the duties of each accounting officer (Section 12, 13 and 15). The PFM Regulations also provide clear guidance on segregation of duties for expenditure initiation, authorisation and approval, disbursement, expenditure payment, acquisition, use and disposal of public assets, recording and reconciliation, among others. The NPPA Act prescribes fixed asset disposal and transfer mechanisms with clear responsibilities of each officer involved in the process. The 2018 PFM Regulation (Section 174) also outlines mechanisms for disposal of financial assets.

As at the time of assessment, Government officials responsible for initiating local purchase orders (LPOs) cannot authorise expenditure payments; i.e., there are separate officers responsible for raising LPOs and different officers responsible for payments. Similarly, government officials responsible for approving procurement bids are not the same as those who sign contracts. Furthermore, government officials who enter financial transactions into IFMIS have no authorisation and approval levels within the software.

To improve compliance to payment procedures, AGD together with ASSL jointly developed a payment checklist to guide all public sector accounting officers regarding the procession of non-salary expenditures. There is a payment checklist which was jointly developed with the Audit Service Sierra Leone, that serves as a guide for the processing of non - salary payments by MDAs. Accountants have been trained on the use of this Checklist and processing of payment vouchers. The Checklists outlines

the various controls and documents (such as minutes of procurement meetings, Tax Clearances and Business Registration Certificates) that must be attached to payment vouchers. Dimension score = A

25.2 Effectiveness of expenditure commitment controls

Section 59 of the PFM Act 2016 governs expenditure commitment framework for all central government operations (including budgetary units, extra-budgetary units and social security fund). The law prohibits the commitment of expenditure without the passage of the Appropriations Act for budgetary institutions and without executive board approval of annual budgets of EBUs and social security fund. The NPPA Act requires all central government institutions (budgetary and extra-budgetary units) to submit annual procurement plans to NPPA for vetting and approval once the annual budget is passed. The present IFMIS expenditure commitment architecture used by budgetary units, and separate financial management systems or software used by extra-budgetary units, do not limit commitment to projected cash availability. IFMIS (for budgetary units) as well as the standalone financial management systems used by extra-budgetary units including social security fund, however, limit commitments to approved quarterly expenditure ceilings/warrants - therefore, expenditure commitment control procedures exist but they are partial; this is the case for both budgetary and extra-budgetary units. The continuous use of Financial Secretary letters (representing about 0.4% of total central government expenditure) for payment of "priority expenses", processed outside IFMIS at the time of payment transaction (and later posted expost) defeats the purpose of effective expenditure control framework. Weaknesses in effective expenditure commitment control system leads to accumulation of expenditure arrears.

Dimension score = C

25.3. Compliance with payment rules and procedures

As at the time of assessment, expenditure payments for all central government operations (including budgetary units, extra-budgetary units, and social security fund) were generally compliant with regular payment rules and procedures. There are payment exceptions which are properly sanctioned (example: Financial Secretary Letters) but processed ex-ante within IFMIS. As shown in Table 25.1 below, quantified audit findings represent 15.4% of total GoSL expenditure for FY2020.

| Audit Findings | Amount in Leone |
|--|----------------------|
| Expenditure not supported by proper documentation – BUs ¹¹ | 15,584,400,081.00 |
| Expenditure not supported by proper documentation – EBUs ¹² | 6,450,000,000.00 |
| Procurement, contract management and stores breaches | 42,300,000,000.00 |
| Overspending of budget allocations | 732,000,000,000.00 |
| Understatement of revenues arrears | 9,100,000,000.00 |
| Mis-postings of financial transactions | 479,500,000,000.00 |
| Total findings quantified | 1,284,934,400,081.00 |
| Total government expenditure FY2020 | 8,351,938,000,000.00 |
| Percentage findings quantified | 15.4% |

Table 25.1: External audit findings FY2020 – level of compliance of central government operations

Source: Auditor General's Report on central government accounts FY2020

Dimension score = C

¹¹ Budget units

¹² Extra-budgetary units

Performance change since the previous assessment No change

Recent or ongoing reform activities Rollout of IFMIS version 7

PI-26 Internal audit

International good practice in public financial management looks for the operation of internal audit as a service to management, with the function to identify ways of correcting and improving systems, so as to improve the efficiency, economy and effectiveness of the delivery of public services. This indicator (with four dimensions) assesses internal audit coverage, the nature of audits and standards applied, implementation of internal audit plans and the response to internal audit reports (findings). The assessment of this indicator covers central government budget institutions and extra-budgetary units.

| PI- 26 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-----------------|---------------------------------------|--|--|--|---|
| Inter | nal audit | D+ | D+ | | Even though there is no improvement at the overall level, improvements in dimensions (ii) and (iii) have been noticed. Nature of audits and standards have improved since 2017; completion of planned audits has also improved. There is still a challenge regarding management response to audit recommendations. |
| 26.1 | Coverage of internal audit | В | В | The average coverage of internal audit is at 81.7% by value of total central government expenditures and revenues as at the time of assessment. | No change in score and performance |
| | Nature of audits and dards applied | C | В | Based on training and capacity building for public sector internal auditors, internal audit activities now focus on evaluation of effectiveness of internal controls to | Improvement in both score and performance. Nature and standards of audit have improved with more risk- based audits and internal control evaluations. |

| PI- Dimension 26 M1 | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|--|--|--|--|---|
| | | | ascertain whether they are adequate or not | |
| 26.3 Implementation of internal audits and reporting | D | С | Annual audit work plans are produced. Based on data for FY2020, 57.5% of planned audits were completed. There is evidence of production of quarterly internal audit reports with copies to audited entity and MoF. | Improvement in both score and performance. More planned audit activities are been carried out / completed compared to 2017. |
| 26.4 Response to internal audits | D | D | Management response to audit recommendations is below 50% (21% in FY2018, 29% in FY2019, and 21% in FY2020) | No change in score and performance |

26.1. Coverage of internal audit

Section 75(1 & 2) of the PFM Act 2016 empowers the Internal Audit Department of MoF to establish and supervise all internal audit units across central government budgetary and extra-budgetary units (including local councils). Table 26.1 below summarises internal audit coverage by revenue and expenditure for all central government operations (budgetary and extra-budgetary units, including social security fund). As at the time of assessment, expenditure coverage was 88.2% by value of MDAs with functional internal audits, with reporting lines to MoF Internal Audit Department (IAD). In terms of revenue coverage, 75.2% by value is covered (12.9% directly by MoF IAD and 62.3% indirectly). Therefore, the overall average coverage was at 81.7% by value of total central government expenditure and revenues as at the time of assessment.

| Level of coverage | Expenditure coverage | Revenue coverage (as at |
|---|------------------------|-------------------------|
| | (as at September 2021) | September 2021) |
| MDAs (budget units) with Internal Audit Units or having | | |
| extended services of Internal Auditors reporting directly | Le9,415,483,303,300 | Le1,128,219,948,900 |
| to the Director of Internal Audit in MoF. | (Representing 86.2%) | (Representing 12.9%) |
| MDAs (budget and extra-budgetary units) that have their | | |
| own internal auditors (as required by their laws | Le218,807,258,600 | |
| establishing them as autonomous/semi-autonomous | (Representing 2.0%) | |
| government agencies) but with reporting lines to the | (Representing 2.0%) | Le5,458,624,896,100 |
| Director of Internal Audit through management boards. | | (Representing 62.3%) |

| MDAs (extra-budgetary units and social security fund) | | |
|---|----------------------|----------------------|
| with Internal Audit Units that are not reporting to the | Le1,067,657,430,600 | |
| Director of Internal Audit in MoF (plus donor-funded | (Representing 9.8%) | Le2,085,317,375,670 |
| projects, etc.) | | (Representing 23.8%) |
| MDAs (extra-budgetary units) without Internal Audit | Le223,442,131,900 | Le88,500,091,000 |
| Units | (Representing 2.0%) | (Representing 1.0%) |
| | Le10,925,390,124,400 | Le8,760,662,311,670 |
| Total | 100% | 100% |

Source: MoF Internal Audit Department

Dimension score = B

26.2 Nature of audits and standards applied

As at the time of assessment, public sector internal audit across central government (for budgetary and extra-budgetary units as well as social security fund) largely meets international standards although work is still in progress to fully comply with IIA standards. A new Government Auditing Standards (Manual) for Public Sector Internal Auditors was developed in FY2020 by an Internal Audit Consultant to guide in the areas of ethics and professionalism of staff in the conduct of internal audit activities. The manual is compliant with International Standards for the Professional Practice of Internal Auditing (ISPPIA). The IIA Code of Ethics and IPPF Standards are now being implemented. In 2020 and up until the third quarter of 2021, public sector internal auditors have been trained on risk-based audit planning and implementation by an Internal Audit Consultant. The result of this training is the adoption of the preparation of risk-based internal audit plans, and the application of risk-based audit approach in the conduct of all audit exercises. Based on training and capacity building for public sector internal auditors, internal audit activities now focus on evaluation of the adequacy and effectiveness of internal controls to ascertain whether they are adequate or not. Nevertheless, there is still no government-wide risk matrix. Examples of internal control weaknesses identified include:

- Some regular or contract staff with expired employment contract still maintained on the payroll
- The inability of management to detect and track (on a timely basis) staff that are receiving salaries from more than one source in government (Double Dipping)
- The financial management software in use has not been upgraded to capture sensitive and vital information for analysis thereby leading to inconsistencies between payments made by customers and the information produced by the software.

Dimension score = B

26.3. Implementation of internal audit and reporting

Internal audit units across MDAs (including budgetary units, extra-budgetary units, and social security fund) prepare annual work plans (AWPs) based the level of risk identified within their respective institutions. The AWPs are submitted to MoF Internal Audit Department (IAD) for review and where necessary, revised or updated based on comments from MoF IAD. Internal audit units then submit quarterly internal audit reports to MoF IAD as well as management of the audited entities. These reports are then consolidated into one report and submitted to the Minister of Finance with appropriate recommendations. Table 26.2 below shows performance of internal audits planned against audits completed for three years. The assessment of this dimension is however based on data for FY2020, which

indicated that 57.5% of planned audits were completed. Though the implementation of planned audits is increasing, year-on-year from 2018 (refer to Table 26.2 below), the slow pace of progress is due to inadequate technical staff as well as financial constraints to fully execute planned internal audit activities.

| | Total | Total Audit Im | plemented | Total Audit Not Implemented | | |
|------------------------|-------|----------------|-----------|-----------------------------|------|--|
| Year Planned Audits | | Number | % | Number | % | |
| 2018 | 264 | 134 | 50.8 | 130 | 49.2 | |
| 2019 | 231 | 119 | 51.5 | 112 | 48.5 | |
| 2020 | 261 | 150 | 57.5 | 111 | 42.5 | |

Table 26.2: Implementation of internal audit

Source: MoF Internal Audit Department

Dimension score = C

26.4. Response to internal audits.

The setting up of systems of internal controls and the implementation of audit recommendations is a management function. The audit standards require the Director of Internal Audit to set up a system to assess, evaluate, monitor and report on the effectiveness of the internal controls, risk management and governance processes. It appears management response to internal audit findings is weak as evidenced in the data summarised in Table 26.3 below. Information from Table 26.3 and supporting documentation (for budgetary units, extra-budgetary units, and social security fund – NASSIT) shows that management has not taken the work of the internal audit with the seriousness it deserves:

- There has been a staggering low implementation of audit recommendations noted over the last three years. In 2018, only implement 21% of the 977 recommendations proffered were fully implemented. 11% of the total recommendations were partly implemented whilst 68% of the total recommendations were not implemented.
- In 2019, there was a little improvement in management responses as the percentage of fully implemented recommendations increased from 21% in 2018 to 29% in 2019, but as much as 59% of recommendations had no management responses nor implemented.
- In the year 2020, the implementation status had a downward turn as only 21% of the total number of recommendations proffered were implemented. There were no management responses to 60% of recommendations made.

The establishment of Audit Committees as required by Section 152 of the PFM Regulations 2018 appears to be taken root. The Audit Committees are established to prepare an annual statement showing the status of implementation of recommendations made in all audit reports, including internal and external audit reports, in addition to advising management on the adequacy of management response to audit recommendations.

| Total No. of Year Audits | Total No. of | | TOTAL NUMBER OF RECOMMENDATIONS | | | | | | |
|-----------------------------|--------------|-------------------|---------------------------------|--------------------|-----|-----------------|-----|--------|---|
| | | Fully Implemented | | Partly Implemented | | Not Implemented | | | |
| i cui | Conducted | Proffere | Proffered | Number | % | Number | % | Number | % |
| 2018 | 134 | 977 | 201 | 21 | 113 | 11 | 663 | 68 | |

Table 26.3: Response to internal audits (budgetary units, extra-budgetary units, & NASSIT)

| 2019 | 119 | 740 | 218 | 29 | 89 | 12 | 433 | 59 |
|------|-----|-----|-----|----|-----|----|-----|----|
| 2020 | 150 | 950 | 196 | 21 | 183 | 19 | 591 | 60 |

Source: MoF Internal Audit Department

Dimension score = D

Performance change since the previous assessment

Even though there is no improvement at the overall level, improvements in dimensions (ii) and (iii) have been noticed. Nature of audits and standards have improved since 2017; completion of planned audits has also improved. There is still a challenge regarding management response to audit recommendations.

Recent or ongoing reform activities

The third EU's State Building Contract project is funding the training and capacity building of public sector internal auditors. Some achievements so far include:

- 25 Senior Internal Auditors have enrolled for the Professional Certified Internal Auditor (CIA) Examinations. To date, six (6) have already qualified as Certified Internal Auditors, one is already in his final stage and three (3) have passed Part 1 of the Examinations and are in their intermediate stage
- Training on the use of Audit Command Language (ACL) Software was conducted by a consultant to enable auditors query computerized systems like the IFMIS and extract relevant data for analysis
- Passage of the Finance Act 2022 and the setting up of the Government Audit Committee within MoF to improve on the implementation of audit recommendations

3.5 Pillar VI. Accounting and reporting

The overall performance of this pillar is also basic, as indicated in the chart below.



Pillar VI : BASIC

PI-27 Financial data integrity

This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. It contains four dimensions. Dimension 27.1 assesses the extent and frequency of bank reconciliations for the central government accounts, dimension 27.2 assesses reconciliation of suspense accounts, dimension 27.3 measures the frequency of reconciling advance accounts and dimension 27.4 measures the financial data integrity processes. Coverage of this indicator is budgeted central government (BCG).

| PI-27 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-------------|-----------------------------|--|--|--|--|
| Financ | ial data integrity | В | B+ | | The financial data integrity process (dimension 4) has improved since 2017 due to the establishment of a payroll quality assurance unit and an M&E unit to check payroll data and other financial transactions respectively. Improvement in dimension 4 has resulted in improvement of overall performance. |
| | . Bank account iliations | В | В | There are 230 budgeted central government bank accounts. All 85 bank accounts managed by the treasury are fully reconciled each month within a month but there is also daily reconciliation since the treasury has a direct electronic access to bank statements from Bank of Sierra Leone. The remaining 145 bank accounts held and managed directly by the budget institutions are reconciled monthly within four weeks after the end of the previous month. NASSIT as well as extra-budgetary units have their own bank accounts; these institutions also reconcile their bank | No change in score and performance |

Summary of scores and performance table

| PI-27 M2 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-------------|--------------------------------|--|--|---|---|
| | | | | books each month within four weeks after the end of the previous month. | |
| PI-27.2 | Suspense accounts | NA | NA | This dimension is not applicable as there are no suspense accounts. | No change in score and performance |
| PI-27.3 | Advance accounts | NA | NA | This dimension is not applicable as there are no advance accounts. | No change in score and performance |
| | l Financial data ty process | В | A | All transaction recordings and changes within the IFMIS system result in audit trail. Entry access to IFMIS is password-protected and restricted to specific functions that each user is assigned to. Since 2019, a payroll quality assurance unit as well as a monitoring and evaluation unit have been created to check payroll and financial data integrity respectively. | Improvement in both score and performance due to the establishment of a team in charge of verifying financial data. |

PI-27.1 Bank account reconciliations

Section 36 (1) of the PFM Regulations 2018 requires vote controllers (accounting officers) of budgetary units and extra-budgetary units including social security fund of central government to prepare and submit a bank reconciliation statement each month latest within a month of the previous month to the Accountant General with respect to all bank accounts managed by the vote controllers. There are 230 bank accounts of central government budgetary units out of which 85 are treasury-managed with the remaining managed directly by the budget institutions. All 85 bank accounts managed by the treasury are fully reconciled monthly within a month but there is also daily reconciliation since the treasury has a direct electronic access to bank statements from Bank of Sierra Leone. Treasury bank accounts are reconciled by accountants in the Financial Management Accounts (FMA) Unit and are checked by the Assistant Accountant General in charge of accounting and reporting. The remaining 145 bank accounts held and managed directly by the budget institutions are reconciled monthly within four weeks after the end of the previous month. Copies of the reconciliation from budget institutions are sent to FMA unit for certification. NASSIT as well as extra-budgetary units have their own bank accounts; these institutions also reconcile their bank accounts with their cash books each month within four weeks after the end of the previous month.

Dimension score = B

PI-27.2 Suspense accounts

This dimension is not applicable as there are no suspense accounts.

Dimension score = NA

PI-27.3 Advance accounts

This dimension is not applicable as there are no advance accounts.

Dimension score = NA

PI-27.4 Financial data integrity process

Financial management modules in the Freebalance IFMIS system are only accessible to users based on their user rights. This is set up by the Directorate of Financial Management Systems and Technology Division (DFMST)based on the specific functions carried out by each user in the system. There is segregation of duties for input, review and approval of transactions in the Freebalance system. All transaction recordings and changes within the IFMIS system result in audit trail. The Financial Management Account Unit also regularly reviews the General Ledger for any mis-postings of transactions. Entry access to IFMIS is password-protected and restricted to specific functions that each user is assigned to. The Database Administrator of the DFMST tracks any user access. Each user has a default password generated by the Systems Administrator, and then forced to change thereafter by the system based on user-preference password code. Since 2019, a payroll quality assurance unit as well as a monitoring and evaluation unit have been created to check payroll and financial data integrity respectively.

Dimension score = A

Performance change since the previous assessment, where applicable

The financial data integrity process (dimension 4) has improved since 2017 due to the establishment of a payroll quality assurance unit and an M&E unit to check payroll data and other financial transactions respectively. Improvement in dimension 4 has resulted in improvement of overall performance.

Recent or ongoing reform activities

None

PI-28 In-year budget reports

This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In-year budget reports must be consistent with the budget coverage and classification to allow monitoring of budget performance and if necessary, timely use of corrective measures. It contains three dimensions. Dimension 28.1 assesses coverage and compatibility of reports, 28.2 measures the timing of in-year budget reports and 28.3 assesses accuracy of in-year budget reports. This indicator covers budgeted central government.

| PI-28 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-------------|------------------|--|--|--------------------------------------|---|
| In-year | r budget reports | D+ | D+ | | There were no quarterly in- year budget execution reports in 2017. The monthly reports have less coverage. |

Summary of scores and performance table

| PI-28 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
|-------------|---------------------------------------|--|--|--|---|
| | | | | | Since 2020, quarterly budget execution reports have been prepared and published with more coverage compared to monthly reports. Though there is improvement in dimension 1, it is insufficient to warrant a change in the overall performance of this indicator. |
| | . Coverage and tibility of reports | D | С | The reports show the actual revenues and expenditure directly compared with the originally approved budgeted income and expenditure for the main administrative headings. Revenues and expenditures are also reported in aggregates using only the economic classification. The report does not show expenditures made from transfers to de-concentrated government units. | Improvement in both score and performance due to better coverage of quarterly in-year reports compared to monthly reports in 2017. |
| | ? Timing of in –year t reports | D | D | For FY 2020, quarter 1 report was not published, quarter 2 was published in October 2020, quarter 3 was published in November 2020, and quarter 4 was not published. The frequency of publication is irregular. | No change in score and performance |
| | Accuracy of in-year t reports | С | С | Expenditures are recorded at payment stage only. Commitment reports can be generated from the Freebalance IFMIS system but these are not disclosed in the quarterly in-year budget execution reports. Though data concerns exist, they are not highlighted. | No change in score and performance |

PI-28.1 Coverage and compatibility of reports

Section 66 of the PFM Act 2016 mandates the Accountant General (AG) to prepare in-year budget execution reports (monthly and quarterly) of the central government. The reports should include: (i)

actual revenues and expenditures of the central government; (ii) an overview of progress in budget execution within the central government; and (iii) any other information as may be deemed appropriate by the Accountant General. For the assessment of this dimension, quarterly budget execution reports were used since they have more coverage. The reports show the actual revenues and expenditure directly compared with the originally approved budgeted income and expenditure for the main administrative headings. Revenues and expenditures are also reported in aggregates using economic and functional classifications. The report does not show expenditures made from transfers to de-concentrated government units.

Dimension score = C

PI-28.2 Timing of in-year budget reports

Section 66 of the PFM Act 2016 mandates the Accountant General (AG) to prepare and publish (Gazette and the website of the Ministry of Finance) in-year budget execution reports of the central government but does not specifically state timing of publication of in-year reports. In practice, the AG prepares and publishes quarterly budget execution reports more than 8 weeks after the end of the previous quarter. The AG also prepares and publishes monthly budget execution reports but with less coverage – the assessment team decided to assess this dimension using quarterly in-year report as it has more coverage and also be consistent with element 3 of PI-9. For FY 2020, quarter 1 and quarter 2 reports were published in October 2020, quarter 3 was published in November 2020, and quarter 4 was not published. The frequency of publication is irregular.

Dimension score = D

PI-28.3 Accuracy of in-year budget reports

Expenditures are recorded at payment stage only. Commitment reports can be generated from the Freebalance IFMIS system but these are not disclosed in the quarterly in-year budget execution reports. The IFMIS commitment functionality is used only for expenditure commitment control. Financial data is useful for budget analysis. Though data concerns exist, they are not highlighted in any reports but these concerns do not significantly affect the usefulness of financial information.

Dimension score = C

Performance change since the previous assessment, where applicable

There were no quarterly in-year budget execution reports in 2017. The monthly reports have less coverage. Since 2020, quarterly budget execution reports have been prepared and published with more coverage compared to monthly reports. Though there is improvement in dimension 1, it is insufficient to warrant a change in the overall performance of this indicator.

Recent or ongoing reform activities

GoSL is rolling out an updated version of IFMIS (from version 6 to version 7) with an upgrade of Chart of Accounts (CoA)

PI-29Annual financial reports

This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is critical for accountability and transparency in the PFM system. It contains three dimensions. Dimension 29.1 assesses

completeness of annual financial reports, dimension 29.2 measures the timely submissions of reports for external audit and dimension 29.3 assesses the accounting standards used to prepare financial statements. This indicator covers budgeted central government.

| Summary of | f scores and | performance table |
|------------|--------------|-------------------|
|------------|--------------|-------------------|

| | Dimension | | Score | Priof justification of 2021 | |
|-------------|---|--|--|---|---------------------------------------|
| PI-29 M1 | Dimension | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| Annua | al financial reports | C+ | C+ | | No change in score and performance |
| | 1 Completeness of annual ial reports | В | В | As indicated in Table 29.1 below, the AFS for the last completed fiscal year 2020 contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements however are not supported by a reconciled cash flow statement | No change in score and performance |
| | 2 Submissions of reports for aal audit | A | A | The consolidated annual financial statements of central government consolidated fund for FY2020 were submitted to Audit Service Sierra Leone on 29 th March 2021, within three months after the end of the fiscal year | No change in score and performance |
| PI-29.3 | 3 Accounting standards | C | C | There are no national standards but the consolidated annual financial statements are prepared in accordance with Section 83 of the PFM Act 2016 – IPSAS Cash has been adopted by Government and consistently disclosed within the last three years 2018-2020, with some gaps in accounting standards but not disclosed. | No change in score and performance |

PI-29.1Completeness of annual financial reports

According to PFM Regulation 2018 (Section 220), the Annual Financial Statements (AFS) of the Consolidated Fund shall contain a statement of receipts and expenditure, a statement comparing budget estimates to actuals, and notes to the financial statements, and be prepared in accordance with IPSAS

Cash Basis Accounting Standards. In practice, the Government prepares annual financial statements every year and they are comparable with approved budget. As indicated in Table 29.1 below, the AFS for the last completed fiscal year 2020 contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements however are not supported by a reconciled cash flow statement.

| Financial heading | Sub-financial heading | Presence in Financial Statements | Reference |
|-------------------------|------------------------------|--|--|
| | Direct Tax | Yes | Statement of Cash receipts and Payments of the Consolidated Fund. Note 6 pages 18 & 27 |
| Revenue | Indirect Tax | Yes | Notes 7 and 8 pages 27 and 28 |
| | Investment Income | Yes | Notes 11, pg. 29 |
| | Non-Tax Revenue | Yes | Note 11 pg. 29 |
| | Grants | Yes | Notes 13 and 14; Pages 30 and 31 |
| | Personnel Emolument | Yes | Note 15, pg. 31. |
| | Goods and Services | Yes | Note 16 pages 32 |
| | Interests | Yes | Notes 22 and 23 |
| Expenditure & transfers | Investments | No | Not presented in AFS |
| - | Losses | N/A | Not Applicable |
| | Statutory Payments | Yes | Notes 15, pg. 31 |
| | Subsidies and Transfers | Yes | Notes 18 to 20, pg. 34 |
| | Cash and Bank Balances | Yes | Statement of Cash Position, pg. 22 |
| | Advances | N/A | No advance accounts |
| . . | Public Loans (Receivable) | N/A | Not applicable |
| Assets | Equity and Other Investments | Yes | Appendix 10 |
| | Revenue Arrears | Yes | Appendix 2, pg. 46 |
| | Tangible Assets | No | Not presented in AFS |
| | | Yes | Statement of Cash Receipts and |
| | | | Payments of the Cons. Fund |
| | Public Debts (Domestic) | | Notes 22& 29, pg. 35, 38 |
| | Public Debts (Foreign) | Yes | Notes 23 & 28, pg. 35&36 |
| Liabilities | Long Term Borrowings | Yes | Appendix 9, pg. 62 |
| | Suspense Accounts | N/A | No suspense accounts |
| | Contingent Liabilities | Yes | Notes M35, pg. 43 |
| | Guarantees | Yes | Note 35, pg. 43 |
| | Expenditure Arrears | Yes | Note 26, pg. 37 |
| Cash flow statement | Reconciled cash flow | | |
| | statement | No | Not presented |

Source: Consolidated Annual Financial Statements

Dimension score = B

PI-29.2 Submissions of reports for external audit

As shown in Table 29.2 below, the annual financial statements for the last completed fiscal year 2020 were submitted to Audit Service Sierra Leone on 29th March 2021. The submission was done within three months after the end of the fiscal year, and also in accordance with Section 87(1) of the Public Finance Management Act 2016.

| Fiscal Year | Date of submission to ASSL |
|-------------|-----------------------------|
| 2020 | 29 th March 2021 |

Dimension score = A

PI-29.3 Accounting standards

Sierra Leone does not have national accounting standards; however, financial reports have been prepared in accordance with Section 83 of the PFM Act 2016 which states that internationally accepted accounting standards can be used as specified by the Accountant General in consultation with the Institute of Chartered Accountants of Sierra Leone. Annual Financial Statements are prepared in accordance with the IPSAS Cash Accounting Standards and this is disclosed in note 2 to the Annual Statement of Public Accounts, and consistently so in the last three years under review 2018-2020.

The International Public Sector Accounting Standards Board (IPSASB) issued revised version of cash basis of accounting in November 2017 (which fully took effect in January 2019); the revisions no longer make it mandatory for (i) preparation of consolidated annual financial statements, (ii) disclosure of information about external and other assistance; and (iii) disclosure of information about payments made by third parties. An explanation of material differences in the implementation of IPSAS cash is still required even though some mandatory disclosures have been removed by IPSASB – at this stage, this is not done by government.

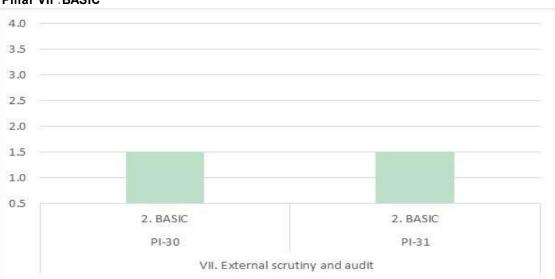
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Dimension score = C
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Performance change since the previous assessment No change since 2017

Recent or ongoing reform activities Rollout of IFMIS version 7

3.6 Pillar VII. External scrutiny and audit

As shown in the chart below, the performance of this pillar is basic.



Pillar VII : BASIC

PI-30 External audit

This indicator assesses the quality of the external audit in terms of the scope and coverage of the audit, adherence to appropriate audit standards (including independence of the external audit institution). The timeliness of submission of audit reports to the legislature is also important in ensuring timely accountability of the executive to the legislature and the public, much as it is for a timely follow up of the external audit recommendations. The assessment covers the central government institutions including all agencies and extra-budgetary units and focuses on the last 3 financial years.

| PI-30 | Dimension | Score | Score | Brief justification of 2021 | Performance change and |
|---------|---|--------|--------|--|--|
| M1 | | 2017 | 2021 | score | other factors |
| | | (using | (using | | |
| | | 2016 | 2016 | | |
| | | PEFA) | PEFA) | | |
| Externa | l audit | C+ | D+ | | There is no real change. In 2017, dimension (iv) which assesses the independence of ASSL was over-rated resulting in an overall score of "C+" instead of "D+". The legal framework regarding ASSL's annual budget approval by MoF has not changed since 2017. Also, actual funds transfer to ASSL delayed in 2017 and continued to delay in 2021. |
| 30.1 Au | dit coverage and standards | В | В | Audit coverage was 91.3% and 85% of all central government (budgetary extra-budgetary units and sub-vented agencies) revenues and expenditures respectively in 2018, 76.7% of revenues and 75.1% of expenditures in 2019, and 75.1% of revenues and 81.1% of expenditures in 2020. Audits are carried out according to INTOSAI audit standards. The audit reports highlight material issues as well as weaknesses in systems and internal controls. | No change in score and performance |
| | bmission of audit reports egislature | С | С | The Auditor General submitted the audit report of the consolidated fund for FYs 2018-2020, including FY2017 within | No change in score and performance |

Summary of scores and performance table

| PI-30 M1 | Dimension | Score 2017 (using | Score 2021 (using | Brief justification of 2021 score | Performance change and other factors |
|-------------|---|-------------------------|-------------------------|--|--|
| | | 2016 PEFA) | 2016 PEFA) | | |
| | | | | nine months from date of receipt of the annual financial statements from AGD/MoF. | |
| 30.3 E | xternal audit follow-up | С | С | In the last three completed years under review, the audit reports also include official/formal responses on audit findings by the audited entity. However, the formal responses are not comprehensive as they fail to provide an action plan or road map for implementation of remedial actions. | No change in score and performance |
| | upreme Audit Institution ndependence | C | D | ASSL has administrative independence since it operates separately from the executive. The Auditor General is appointed by the President subject to legislative approval. The staff of ASSL are not public servants. It has unrestricted access to public records, freedom to decide on its audit work, freedom to publish its audit findings, as well as right to question public officials. Nevertheless, ASSL has no financial independence | There is no real change. In 2017, dimension (iv) which assesses the independence of ASSL was over-rated resulting in an overall score of "C+" instead of "D+". The legal framework regarding ASSL's annual budget approval by MoF has not changed since 2017. Also, actual funds transfer to ASSL delayed in 2017 and continued to delay in 2021. |

PI-30.1. Audit coverage and standards

The legal and regulatory framework requires the Auditor General to carry out is audits in accordance with INTOSAI audit standards (reference – Section 92 of PFM Act 2016 and Section 11 of Audit Service Act 2014). These standards have been consistently adhered to by the Audit Service Sierra Leone and within the assessment period 2018-2020. These standards are disclosed in the audit reports. Audit coverage (please, refer to Table 30.1 below) was 91.3% and 85% of all central government (budgetary extrabudgetary units and sub-vented agencies) revenues and expenditures respectively in 2018, 76.7% of revenues and 75.1% of expenditures in 2019, and 75.9% of revenues and 81.1% of expenditures in 2020. The audit reports highlight material issues as well as weaknesses in systems and internal controls. The drop in performance in 2019 audits (carried out in 2020) was due to the impact of COVID-19 and decline in the number of technical staff.

Table 30.1 Audit coverage (Figures in million Leones)

| | FY2018 | | FY2019 | | FY2020 | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Central government institutions | Revenues | Expenditures | Revenues | Expenditures | Revenues | Expenditures |
| Budgeted central government | 5,108,751.00 | 5,065,859.00 | 6,666,165.00 | 5,982,902.00 | 8,300,497.00 | 8,351,938.00 |
| Extra-budgetary units including social security fund | 1,101,075.00 | 1,079,100.00 | 2,352,198.00 | 1,937,080.00 | 1,310,987.40 | 1,136,105.20 |
| Total central government operations | 6,209,826.00 | 6,144,959.00 | 9,018,363.00 | 7,919,982.00 | 9,611,484.40 | 9,488,043.20 |
| Audited central government operations | 5,670,942.00 | 5,225,720.00 | 6,920,140.00 | 5,945,980.00 | 7,290,700.00 | 7,698,411.00 |
| Percentage audited (audit coverage) | 91.3% | 85.0% | 76.7% | 75.1% | 75.9% | 81.1% |

Source: Audit Service Sierra Leone

Dimension score = B

PI-30.2. Submission of audit reports to the legislature

Section 88(2) of the PFM Act 2016 mandates the Auditor General to submit annual audit report of the consolidated fund to parliament within twelve months of the end of the previous financial year. As shown in Table 30.2 below, the Auditor General submitted the audit report of the consolidated fund for FYs 2018-2020, including FY2017 within nine months from date of receipt of the annual financial statements from AGD/MoF.

| Financial year | Date of receipt of annual financial statement from Accountant General Department/MoF | Date of submission of audit reports by ASSL to Parliament | Time lag |
|----------------|---|---|-----------------|
| 2017 | 30 th March 2018 | 10 th December 2018 | Within 9 months |
| 2018 | 26 th March 2019 | 9 th December 2019 | Within 9 months |
| 2019 | 31 st March 2020 | 11 th December 2020 | Within 9 months |
| 2020 | 29 th March 2021 | 9 th December 2021 | Within 9 months |

Dimension score = C

PI-30.3. External audit follow-up

ASSL's audit reports include a section on follow-up of previous year's audit recommendations, and this has been the practice within the assessment period (2018-2020), and also including FY2017. In the last three completed years under review, the audit reports also include official/formal responses on audit findings by the audited entity. However, the formal responses are not comprehensive as they fail to provide an action plan or road map for implementation of remedial actions.

In order to address audit recommendation of MDAs the executive has set up a committee within MoF headed by the Internal Audit Department of MoF to review the Auditor General recommendations and work closely with MDAs to monitor the extent of implementations. Formal tools are yet to be developed to measure and report on actual progress of implementation.

Dimension score = C

PI-30.4. Supreme Audit Institution independence

Table 30.3 analyses ASSL's independence. ASSL has administrative independence since it operates separately from the executive. The Auditor General is appointed by the President subject to legislative approval. The staff of ASSL are not public servants. It has unrestricted access to public records, freedom to decide on its audit work, freedom to publish its audit findings, as well as right to question public officials. Nevertheless, ASSL has no financial independence.

| Table 30.3: Independence of Audit Service Sierra Leone | | | | | | |
|--|--------------|---|--|--|--|--|
| Element/ Requirements | Met (Y/N) | Evidence used/ Comments | | | | |
| The existence of an appropriate and effective legal framework and of de facto application of provisions of this framework | Yes | 1991 Constitution (Article 119) and Audit Service Act 2014 | | | | |
| The independence of SAI ¹³ heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties | Yes | The Auditor General is appointed by the President subject to approval by Parliament as provided in the 1991 Constitution (Article 119(1)) and by the Audit Service Act, 2014 (Section 13). Section 19 of the Audit Service Act also empowers the Auditor General to recruit staff as deemed fit to assist in the performance of his/her duties. By the same provision, staff of ASSL are not subject to the authority of the Public Service Commission | | | | |
| A sufficiently broad mandate and full discretion, in the discharge of SAI functions | Yes | Article 119(2) of the Constitution, Sections 16 and 90 of the PFM Act 2016, and Section 12 of the Audit Service Act 2014, give broad mandate to the Auditor General or his/her authorised representative to have full discretion in the discharge of his/her functions | | | | |
| Unrestricted access to information | Yes | Auditor General or his/her authorised representative is backed by law (Sections12 and 25 of the Audit Service Act 2014) to have unrestricted access to all information and records and public officials) | | | | |
| The right and obligation to report its work | Yes | This is backed by Section 11(1) of the Audit Service Act. | | | | |
| The freedom to decide the content and timing of audit reports and to publish and disseminate them | Yes | The Auditor General is protected by Section 32 of the Audit Service Act 2014 to freely decide the content and timing of audit reports as well as publication and dissemination, including legal protection on civil and/or criminal matter arising out of his/her legitimate work. | | | | |
| The existence of effective follow- up mechanisms on SAI recommendations | Yes | The audit report contains a section on follow-up of audit recommendations. That said, follow-up on audit recommendations is limited. | | | | |
| Financial and managerial/ administrative autonomy and availability of appropriate human, material and monetary resources | Νο | According to Section 28 of the Audit Service Act 2014, the budget of ASSL shall be submitted to MoF Budget Bureau for approval prior to inclusion in the national budget. In terms of actual disbursement of funds to ASSL, there are significant delays which affects the performance of its work. | | | | |

Table 30.3: Independence of Audit Service Sierra Leone

¹³ Supreme Audit Institution (National Audit Office)

Dimension score = D

Performance change since the previous assessment, where applicable

There is no real change. In 2017, dimension (iv) which assesses the independence of ASSL was over-rated resulting in an overall score of "C+" instead of "D+". The legal framework regarding ASSL's annual budget approval by MoF has not changed since 2017. Also, actual funds transfer to ASSL delayed in 2017 and continued to delay in 2021.

Recent or ongoing reform activities

No major reform except for technical assistance support provided by EU and WB.

PI-31 Legislative scrutiny of audit reports

This indicator focuses on legislative scrutiny of the audited financial reports of the central government, including institutional units, to the extent that either: (a) they are required by law to submit audit reports to the legislature; or (b) their parent or controlling unit must answer questions and take action on their behalf. The assessment of this indicator is based on the audit reports submitted to the legislature within the last three years. It covers central government.

| РІ- 31 | Dimension | Score 2017 | Score 2021 | Brief justification of 2021 score | Performance change and other factors |
|----------------|--------------------------------|-------------------------|-------------------------|--|--|
| M2 | | (using 2016 PEFA) | (using 2016 PEFA) | | |
| - | lative scrutiny of reports | D+ | D+ | | Both assessments (2017 and 2021) scored "D+" in terms of overall performance, meaning no overall change but there appears to be a decline in performance in dimension (vi) which assesses transparency of legislative scrutiny – significant delays in tabling PAC reports as well as late publication are the main reasons. |
| | Timing of audit rt scrutiny | D | D | As shown in Table 31.1 below, delays of up to 17 months were encountered for FY2018 audit reports. Review of 2019 audit report has been completed but not yet tabled to the plenary for consideration and adoption | No change in score and performance |
| 31.2 findir | Hearings on audit ngs | С | С | In-depth hearings cover all 'class A' MDAs (risky MDAs which represent 54% of total central government budget) with adverse or qualified audit opinions with | No change in score and performance |

| Republic of Sierra Leone: PEFA | 2021 | | | |
|---|--|--|--|---|
| Pl- Dimension 31 M2 | Score 2017 (using 2016 PEFA) | Score 2021 (using 2016 PEFA) | Brief justification of 2021 score | Performance change and other factors |
| | | | the presence of senior staff of audited entity and ministry of finance officials. Class 'B' (less risky MDAs) are not always covered – coverage stands at less than 20% by value | |
| 31.3 Audit recommendations by the legislature | C | C | The Public Accounts Committee issues recommendations to be implemented by the executive after scrutiny of external audit reports. However, PAC has no systematic framework to follow up on its recommendations. This has been the case within the assessment period 2018-2020 | No change in score and performance |
| 31.4: Transparency of legislative scrutiny of audit reports | С | D | Within the last three completed fiscal years of this assessment coverage, the hearings of Public Accounts Committee (PAC) were held in public. There is also live media coverage/broadcast. As at the time of assessment (cut-off date September 2021) only 2017 PAC report has been published (https://www.parliament.gov.sl/). PAC reports for the period under assessment (2018-2020) have not been published | Deterioration in both performance and score due to excessive delays in publication of PAC reports. |

31.1. Timing of audit report scrutiny

Republic of Sierra Leone: DEEA 2021

There are significant delays regarding the timeliness of legislative scrutiny of audit reports. As shown in Table 31.1 below, delays of up to 10 and 17 months were encountered for FYs 2017 and 2018 audit reports. Review of 2019 audit report has been completed but not yet tabled to the plenary for consideration and adoption. Interactions with parliamentary clerks suggest that these delays are mainly due to insufficient funding to meet cost of sitting of PAC members (parliamentarians) as well as cost of printing and distributing documents and reports once PAC completes its review.

| Table 31.1: Timeliness of legislative scrutiny of | audit reports |
|---|---------------|
|---|---------------|

| Particulars | 2017 | 2018 | 2019 | 2020 |
|---|-----------------------------------|----------------------------------|--|-------------------------------|
| Date on which ASSL submitted consolidated audit report to Parliament | 10 th December 2018 | 9 th December 2019 | 11 th December 2020 | 9 th December 2021 |
| Date on which PAC submitted its report (of the reviewed audits) to the plenary for consideration and adoption | 29 October 2019 | 7 th July 2021 | Not yet tabled to the plenary (as at the end of field work in early March 2022) | Scrutiny still ongoing |

| Particulars | 2017 | 2018 | 2019 | 2020 |
|---|-----------|-----------|--|------------------------|
| Days/months of completion from date of receipt of audit reports from ASSL | 10 months | 17 months | Not yet tabled to the plenary (as at the end of field work in early March 2022) | Scrutiny still ongoing |

Source: Parliament Table Office

Dimension score = D

31.2 Hearings on audit findings

The Constitutional framework that established PAC appears to have inherent weaknesses. Currently, the chairperson of PAC is from the ruling party which defeats the principles of transparency and accountability. This has also been confirmed by civil society organisations. In-depth hearings cover all 'class A' MDAs (risky MDAs which represent 54% of total central government budget) with adverse or qualified audit opinions with the presence of senior staff of audited entity and ministry of finance officials. Class 'B' (less risky MDAs) are not always covered – coverage stands at less than 20% by value.

Dimension score = C

31.3. Audit recommendations by the legislature

The Public Accounts Committee issues recommendations to be implemented by the executive after scrutiny of external audit reports. However, PAC has no systematic framework (which may include quarterly action plans or requests to MDAs to submit a schedule of status of implementation) to follow up on its recommendations. This has been the case within the assessment period 2018-2020 as well as FY2017. Delays in audit report scrutiny pose a significant threat to public accountability as public officials found culpable may have absconded.

Dimension score = C

31.4. Transparency of legislative scrutiny of audit reports

Within the last three completed fiscal years of this assessment coverage, the hearings of Public Accounts Committee (PAC) were held in public. There is also live media coverage/broadcast. The sittings are also opened to the public except for sensitive security issues that are held in camera. PAC reports are laid before the plenary for consideration and adoption. PAC reports are published or made available to the public only after they have been laid before the plenary for adoption. As at the time of assessment (cut-off date September 2021) 2017 and 2018 PAC reports have been published (https://www.parliament.gov.sl/). 2019 PAC report is yet to be published.

Dimension score = D

Performance change since the previous assessment

Both assessments (2017 and 2021) scored "D+" in terms of overall performance, meaning no overall change but there appears to be a decline in performance in dimension (vi) which assesses transparency of legislative scrutiny – significant delays in tabling PAC reports as well as late publication are the main reasons.

Recent or ongoing reform activities

The executive is establishing audit committees (in accordance with Section 76 of the PFM Act) across MDAs to follow up on audit and PAC recommendations.

4 Conclusions of the analysis of PFM systems

4.1 Integrated assessment of PFM performance

The indicator scores in chapter 3 provide the base for the following explanation of their implications for the seven pillars of PFM performance.

Budget reliability

This analysis is very important as the budget is the Government's statement of policy for the coming year. If there are high variances, as there have been in the past, the Government's statement cannot be trusted. This has many consequences, all adverse to the country's prospects.

PEFA indicator 1 shows that aggregate expenditure has exceeded budget in each of the last three years, twice by over 10% and close to 15%. This result is similar to that of the 2017 Assessment, and would entail a "C" score for the indicator. That said, since available data on budget execution for FY2020 excludes loans and grants, the score for this indicator "D*", as in the previous assessment. An unreliable budget affects budget execution as it limits the predictability of resources for service delivery, thereby leading to accumulation of expenditure arrears.

A better indicator of reliability is the composition of expenditure (PI-2), as it reflects the government's commitments at BU and sectoral level and, indirectly, the programmes to reduce poverty. The composition outturn showed very high variances over the period assessed. The composition outturn by functional classification, excluding loans and grants was 31.1%, 21.9% and 15.8% for the FYs 2018, 2019 and 2020 respectively. The composition outturn by economic type for the same FYs was 9%, 13% and 26%. PI-2.1 and PI-2.2 would be scored "D" and "C", but since the data used excludes loans and grants, the score for both dimensions is "D*". Actual expenditure charged to the contingency vote was on average 3.23% of the original budget for FYs 2018 to 2020. This would be a B score for PI-2.3, but as it excludes loans and grants, the score is "D*". This was also the case in the 2017 assessment, where all dimension under PI-1 and PI-2 scored "D*" because the loans and grants data were not available, in aggregate form and by functional and economic type. Excessive budget reallocations points to weaknesses in the budget formulation framework; this also affects the delivery of government policies and programmes as originally intended.

Aggregate revenue outturn was reliable at 98%, 99.1% and 102.9% for the FYs 2018, 2019 and 2020 respectively. However, this was not demonstrated at the composition level, where the composition outturn was 22.3%, 14% and 25.2% for the FYs 2018, 2019 and 2020. Hence, the score for PI-3.1 is "A" and PI-3.2 scores "D". Tax revenues were largely below target but compensated by grants and non-tax revenue. Grants proved to be unpredictable mainly due to the fact that GoSL has limited control on actual disbursements of grants.

Transparency of public finances

Budget formulation, execution and reporting continue to be based on every level of administrative, economic and functional classification using GFS standards. Under the current assessment, GFS 2014 standards are now adhered to, which is an improvement on the PA, during which GFS 2001 standards were adhered to. The Chart of Accounts has in fact been upgraded from 27 to 33 digits. IFMIS has also been upgraded from version 6 to version 7. At the time of assessment (September 2021) the last budget submitted to Parliament was the FY 2021 budget, which was prepared and approved in December 2020. The documents submitted were: the Revenue and Development Expenditure Estimates Financial Years; the Budget Speech for 2021; the Book Profile; the actual appropriation Bill; the Finance Bill; and the Fiscal

Strategy Statement Budget for 2021-2023 issued in November 2020. The budget documentation fulfils 9 elements, including all 4 basic elements. Hence, the score for PI-5 is "B", like for the previous assessment.

PI-6 covers central government as defined by IMF/GFS, i.e., budget units, sub-vented agencies (SVAs), and semi-autonomous agencies (SAAs). Extra-budgetary activities comprise the activities of agencies that are part of central government as defined by IMF/GFS whose revenues and expenditures do not go through the IFMIS, and/or not reported in central government financial reports. There is also revenue and expenditure from secondary and tertiary health and educational facilities managed by the central government. Available data suggests that more than 10% of central government revenues and expenditures are not reported; this phenomenon affects central government cash management framework and the predictability of resource allocation for efficient service delivery. There is no real change compared to the previous assessment on the performance of this indicator.

The horizontal allocation of all transfers for the devolved sectors to the sub national government from central government is determined by transparent, rule-based systems, consistent with the LGA (2004). The budget call circular is the process by which LCs receive information on their annual transfers. It is managed through the regular budget calendar, is generally adhered to and provides clear and sufficiently detailed information for LCs to prepare their budget submissions on time. For the preparation of the FY2021 budget, the BCC gave LCs over six weeks to prepare their proposals. The score for PI-7 is "A", like in the previous assessment. MDAs with an emphasis on service delivery develop annual work plans with key performance indicators, but these are not published. Also, indicators on performance achieved for service delivery are not published (PI-8.1 and 8.2 rated "D"). For the period of assessment (FYs 2018-2020), there was no system for tracking all resources received by primary service delivery units. A review of all service delivery sectors has been prepared and published in 2019, so that the score and performance of PI-8.4 has improved from "D" under the previous assessment, to "C" under the current assessment, but with the overall score of PI-8 still at "D".

Timely publication of GoSL fiscal data continues to be a concern. Most fiscal data is published but with significant delays. Three out of the five basic elements according to PEFA criteria were published on time, namely: (i) annual executive budget proposal for FY2021 – published in November 2020, (ii) annual budget execution report for FY2020 – published in April 2021, and (iii) audited annual financial statements for FY2020 – published in December 2021. The remaining basic elements (in-year budget execution reports for FY2020 and enacted budget for FY2020) were published late. Delays in publication of government fiscal data limits the overall government accountability framework.

Management of assets and liabilities

The overall performance (and score) appears to remain weak even though there is performance improvement especially in the area of fiscal risk reporting of SoEs. GoSL has compiled a fiscal risk report on all SoEs, albeit with some delay. The first report covers FYs 2014-2018, with the report finalised and published in February 2022. The delay in publication is due to late submission of individual SoEs annual financial statements for external audit. Whereas submission of LCs annual financial statements for external audit. Whereas submission of these reports. Also, there is no consolidated report on LCs. The GoSL consolidated annual financial statements provide information on other contingent liabilities the extent of coverage is unclear. There is no information on PPPs in terms of risk exposure of GoSL. Weaknesses in the management of central government assets and liabilities affects government's fiscal space and scarce resources badly needed for service delivery.

Public investment management is weak as there is no standard guideline for economic analysis, selection, costing and evaluation. That said, the government is drafting a manual on PIM. This also follows WB/IMF

PIMA assessment in 2019/2020 raising the same concerns and proffering recommendations. Poor public investment management framework, which could lead to multiplicity of uncompleted government projects, affects fiscal discipline and the ability of government to effectively and efficiently allocate resources for service delivery.

The general environment on fixed asset management is poor. The National Assets and Government Property Commission is still struggling to compile and update all government fixed assets. That said, individual MDAs keep fixed asset listings which are updated annually but the information contained in the asset listings is partial (no age, no cost of asset). There is no proper documentation on GoSL's holdings in public and private enterprises in terms of number of shares and their corresponding market values. Available evidence of GoSL holdings in SoEs only shows percentage ownership in most cases and nominal value in a few cases. The proceeds from the sale of assets are deposited into the consolidated fund and reported in the annual financial statements, and published. The debt management framework is satisfactory at overall level, with a system of recording and reconciling debt figures at least annually. Authority for contracting loans and issuing guarantees is solely vested in the Minister of Finance. A current medium-term debt management strategy covering the period 2021-2025 exist, updated annually; it is published. A good medium-term debt management strategy reduces government borrowing cost, thereby freeing resources for service delivery.

Policy-based fiscal strategy and budgeting

The Macro-Fiscal Policy Division, leading the Macro-Fiscal Strategy Working Group produces comprehensive and consistent macroeconomic forecasts for key macroeconomic indicators covering the fiscal year and two outer years using the Sierra Leone Integrated Macroeconomic Model (SLIMM). These forecasts and their assumptions are included in the budget documentation presented to parliament and include estimates of GDP growth, inflation, imports, exports, current account balance, gross foreign reserves, money supply balance of payments and also interest payments. Interest rates and exchange rates are projected during this exercise; interest rates are for internal use only and are not included in the budget documents presented to parliament except for the exchange rate forecast. Hence, the score for PI-14.1 is "D". Government published the Fiscal Strategy Statement. It contains fiscal impact of policy proposals which are then adopted and reported on and submitted to the legislature.

The FY 2021 budget presents estimates of expenditure for the budget year and the two following fiscal years are allocated by administrative, economic and functional classifications. The score for PI-16.1 is thus "A". Ministry level ceilings for FY 2021 (for recurrent expenditure only) were not however approved by Cabinet before the BCC was issued to MDAs. As a result, the overall indicator score has deteriorated from "C+" in 2017 to "D+" in the current assessment. MDAs in GoSL are required to prepare costed medium term strategic plans. The Budget Call Circular for FY 2021 that was released on the 1st September, 2020 requested MDAs to submit their costed strategic plans in line with government policy objectives and programmes. These plans contain recurrent and capital expenditures which were scrutinised, revised and agreed with the MDAs, and subsequently included in the FY 2021 budget. Less than 25% of MDAs in terms of expenditure, however, are preparing costed plans, so that the score for PI-16.3 is "D" as in the previous assessment. The budget documents do not refer to or provide explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate or ministry level, even though this was done in practice. Hence, the score for PI-16.4 is "D".

The annual budget calendar allows three weeks for MDAs' preparation and submission of budget proposals. All MDAs submitted their proposals on time. Contrarily to the 2017 Assessment, for the preparation of the FY 2021 budget, expenditure ceilings in the BCC were not approved by Cabinet before the BCC was issued to MDAs, so that the score of PI-17.2 falls from "A" to "C". The budget proposals for the three years under assessment were submitted to the legislature at least one month before the start of the FY. The overall score of PI-17 is "C", down from "B" in 2017. This is due to a deterioration of the score for PI-17.2 from "A" to "C", as scores for PI-17.1 ad PI-17.3 are "C" under both assessments. The legislature approved the budgets for all three years before the start of the new fiscal year (PI-18.3 'A'). The legislative scrutiny procedures are well established but the review of estimates cover only the budget year.

Predictability and control in budget execution

Comprehensive and up-to-date information on taxpayer obligation and rights (laws, regulations, guidelines, etc.) is published on the website (https://www.nra.gov.sl). Revenue administration shows average performance. Revenue arrears are 5.19% of total NRA collections. The authority's performance in terms of audit and investigations is around 83% of planned audit activities for the year, with audits carried out in line with documented compliance risk improvement plan. The authority submits weekly revenue report to MoF according to revenue type. Transfers of revenue collections to the consolidated revenue account is done within 24 hours. That said, the only reconciliation that currently takes place is between collections and transfers to the treasury. Cashflow forecasting and update is good but negated by the unreliability of quarterly expenditure commitment ceilings issued to MDAs. Whilst treasury-managed bank balances are consolidated daily, more than 50% by value of budgeted central government bank balances are consolidated monthly.

Budget virements are frequent. The issuance of Financial Secretary (FS) letters which are exceptions to payment rules are not transparent; this affects resource allocation in terms of predictability. The stock of expenditure arrears as at the end of the FY 2018, 2019 and 2020 was 67%, 60% and 30% respectively. Hence the score for PI-22.1 is "D". Accumulation of expenditure arrears affects budget reliability, likewise predictability of resource allocation for service delivery. The GoSL maintains a comprehensive database to track and monitor all payments based on various categories (by sector, by procurement method, and currency), though the age profile of arrears is not generated, even though IFMIS has the capacity to do so. Hence, the score for PI-22.2 is "B". The overall score is "D+".

The payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion is controlled by a list of approved staff positions. Required changes to the personnel records and payroll are updated at least monthly, in time for the same month's payments. Retroactive adjustments are rare and average 1.5 % of salary payments. Authority to change records and payroll is restricted, results in an audit trail and is adequate to ensure full integrity of data. A payroll audit covering all central government entities has been conducted at least once in the last three completed fiscal years. As a result, the overall score for PI-23 has changed from "D+" to "B+", between the two assessments (2017 and 2021). Strong payroll controls improve budget reliability.

Statistics on public procurement is significantly delayed in terms of compilation and publication even though preliminary data (unaudited) shows that open tender is around 75% (data from 2019

procurement report shows 79% by value of open tender). Contracts, procurement plans and data on resolution of procurement complaints are published timely. There are however delays in resolution of procurement complaints – days allocated per the law are inadequate. Internal controls for non-salary expenditure are satisfactory. There is proper segregation of duties but expenditure commitment system still allows to commit expenditure without cash, leading to accumulation of expenditure arrears. Internal audit coverage is satisfactory at the expenditure level but weak at the level of revenue due to a missing link between the largest government revenue collecting agency (NRA) and the internal audit department (IAD-MoF). Nature of internal audit has expanded to include evaluation of the efficiency of internal controls in addition to financial and compliance audits. The main weakness in the internal audit function is the inability of executive management to implement audit recommendations.

Accounting and reporting

GoSL has remained disciplined in ensuring that suspense and advance accounts are eliminated in the public financial management system. There are no suspense and advance accounts which portrays a good sign of financial data integrity. Reconciliation of all treasury managed bank accounts are done monthly within 4 weeks after the end of the previous month. As part of measures to improve data integrity, a dedicated unit on payroll has been created since 2019 which has significantly improved central government payroll management.

In-year (quarterly) budget execution reports are issued but late after 8 weeks from the end of the previous quarter. Delays in issuing (and publishing) in-year budget execution reports does not promote transparency of public finances. The in-year reports provide direct comparison between the original budget and actuals at administrative level. The reports provide useful information for management use. Annual financial statements are less comprehensive as they do not provide information on tangible assets – this also affects transparency of public finances; however, there is information on revenues, expenditure, cash balances and liabilities. The annual financial statements are submitted on time, within three months to ASSL. GoSL has adopted IPSAS cash but differences on its implementation not disclosed.

External scrutiny and audit

External audit is performed in line with INTOSAI standards with an overall audit coverage a little above 75% of government revenues and expenditures, which is satisfactory. Submission of audit reports to the legislature is within nine months from date of receipt of annual financial statements. Even though ASSL issues audit recommendations, executive action is low. The independence of ASSL is undermined by the current legal framework which requires its budget to be submitted and approved by MoF. The legislature is behind schedule in terms of scrutiny of audit reports even though hearings are opened to the general public. Also, there is significant delay in the publication of PAC reports. Hearings cover all 'class A' MDAs (risky MDAs) with adverse or qualified audit opinions with the presence of senior staff of audited entity. Delays in the parliamentary scrutiny process limits the ability of government to hold public officials accountable for the use of public funds.

4.2 Effectiveness of the internal control framework

In order to meet the four internal control objectives, namely: (i) operations are executed in an orderly, ethical, economical, efficient, and effective manner; (ii) accountability obligations are fulfilled; (iii) applicable laws and regulations are complied with; and (iv) resources are safeguarded against loss, misuse

and damage, there is the need for an effective internal control system to be in existence across every pillar in addressing risks and providing reasonable assurance.

Control environment: The 1991 Constitution of the Republic of Sierra Leone guides the overall public financial management control environment. This is supplemented by other subsidiary legislations such as the Audit Service Act, Standing Orders of Parliament, the PFM Act 2016, the PFM Regulations 2018, the Public Procurement Act 2016 and Procurement Regulations 2020, and (iii) the Fiscal Management and Control Act 2017 together with the Finance Act which is passes by parliament every year for purposes of budget management. Specific articles/sections of the Constitution and the PFM Act that strengthen control environment include: (i) Section 62 of the Constitution which provides for each minister to give general direction and control of its ministry with the permanent secretary as the vote controller (accounting officer); (ii) Section 13 of the PFM Act sets out the duties of the vote controller and outlines the specific responsibilities on controls and the safeguarding of public assets. Segregation of duties strengthens control environment - the assessment concludes that segregation of duties meets good international standards (PI-25.1 rated 'A'). Each MDA has separate units for budget formulation and preparation, procurement management, human resource management, payroll management, internal audit, and accounting and reporting. Whilst the existence of functional internal audit units across MDAs as well as external scrutiny and audit strengthen the control environment, the consistent weaknesses in the implementation of audit recommendations by the executive severely compromise the effectiveness on internal controls. This is further compounded by the consistent delays in tabling and adoption of PAC reports coupled with the absence of a systematic framework for follow-ups of PAC recommendations.

Risk assessment: Organizational level risk assessment is very essential for ensuring that the existing internal control framework is effective. There is no central government-wide risk assessment matrix. That said, audit activities (both external and internal) are risk-based. Internal audit now places more emphasis on systemic issues, evaluation of the effectiveness of internal controls and areas of high risk (PI-26.2 rated 'B'). This has been achieved as a result of consultancy services funded by the EU to improve the technical capacity of internal auditors across MDAs. External audit functions focus on financial, compliance, and internal control framework. In recent years, ASSL has been conducting more performance audits. The recurring nature of audit findings point to weaknesses in the enforcement regime as far as the implementation of audit (and PAC) recommendations are concerned (PI-26.4 rated 'D', PI-30.3 rated 'C', and PI-31.3 rated 'D'). The Domestic Tax Department of the National Revenue Authority has developed a compliance risk strategy for the period 2018-2021. The strategy captures very important risk elements such as risk management process, risk differentiation framework which identifies high, medium, and low risk taxpayers, and risk compliance model (PI-19.2 rated 'C').

Control activities: The procedures for key internal control activities such as segregation of duties, authorization and approval, reconciliation of accounts, and review and physical security of assets are prescribed in PFM and procurement laws, regulations, directives, manuals and guidelines (PI-25.1 rated 'A'). As part of measures to improve control activities such as data security, user accessibility security controls, and comprehensiveness of data, GoSL is upgrading to IFMIS version 7 from version 6. Both internal and external audit functions continue to improve in terms of nature and audit standards but weak executive implementation of audit recommendations coupled with delays in PAC's scrutiny process affect PFM performance (PI-31.3 rated 'D'). Recent evaluations of the effectiveness and efficiency of internal controls by the MoF-IAD revealed the following weaknesses:

- Some regular or contract staff with expired employment contract still maintained on the payroll
- The inability of management to detect and track (on a timely basis) staff that are receiving salaries from more than one source in government (Double Dipping)
- The financial management software in use has not been upgraded to capture sensitive and vital information for analysis thereby leading to inconsistencies between payments made by customers and the information produced by the software.

Account reconciliations in a timely manner form part of control activities in the PFM cycle – the timeliness of reconciliation of central government bank accounts is considered satisfactory (PI-27.1 rated 'B'). A fundamental weakness identified is in the area of asset management – both financial and non-financial asset management is poor leading to continuous loss of government resources (PI-12.1 rated 'C' and PI-12.2 rated 'D'). There is no complete information/documentation on some categories of government assets such as government shares in SoEs and their market values.

GoSL's drive to digitise most of PFM system is in the right direction but this will require sufficient training and capacity building of core staff in order to derive maximum benefits. The NRA is rolling out ITAS to improve tax administration and reduce human interface. Whilst payroll data is largely digitised, personnel records are now going through the digitisation process. All these control activities strengthen PFM. That said, central government electronic databases (software) have no direct interface to better synchronise financial and fiscal data.

Information and communication: The ICT environment from 2017 has improved significantly within GoSL MDAs. Most MDAs have functional websites where government fiscal and financial information are published but with some delays. The Accountant General's Department (AGD) prepares monthly, quarterly, and annual financial statements for management and public use (PI-28, PI-29). Whilst annual financial statements are on time, in-year budget execution reports are delayed in issuance and publication (PI-28.2 rated 'D'). Audit reports are published 12 months after year end (nevertheless, publication meets requirements of national legal framework) and the PAC recommendations over 24 months after year end (PI-31.1 rated 'D'). Gazetting/publication of PAC reports is significantly delayed mainly due to financial constraints for the printing of PAC reports for distribution to all parliamentarians in accordance with the traditional parliamentary practice which requires the laying of PAC reports in the plenary, debated and adopted before publication. Information on public procurement especially on procurement plans, tenders and contract awards are published timely but there are delays in the publication of comprehensive procurement statistics. One drawback to transparency and accountability is the poor performance of PI-9 (rated 'D') which assesses public access to fiscal information. Again, publication of performance information for service delivery is a major concern.

Monitoring: Different monitoring mechanisms are in place to ensure the efficiency and effectiveness of government operation, fulfilment of accountability, compliances to rules and regulations and safeguarding of public assets. In-year budget execution reports and annual financial statements are examples of tools that monitor government performance – these reports are issued, timely for annual financial statements (PI-29.2 rated 'A') but late for in-year budget execution reports (PI-28.2 rated 'D'). Internal audit reports also serve as useful monitoring and evaluation tool where lapses identified and the necessary recommendations proffered can serve as a good omen for improvement in public financial management. Currently, however, executive action on audit recommendations is weak and does not help in the monitoring framework (PI-26.4 rated 'D'). The significant delay in laying PAC reports/recommendations has a severe and detrimental impact on the efficiency and effectiveness of monitoring and evaluating executive government operations (PI-31.1 rated 'D'). GoSL, since 2020, has established the National Monitoring and Evaluation Department (NaMED) under the Office of the President to monitor and evaluate all government service delivery and public investment programs – there is still work in progress to get the department fully operational.

The Anti-Corruption Commission (ACC) has taken the lead in terms of enforcing audit recommendations in spite of delays on the part of parliament to adopt PAC reports. The ACC since 2018 has recovered Le33.8 billion from corrupt public officials found culpable. Also, there has been asset recoveries to the state as well as successful prosecution of corruption cases in the law courts – all these mechanisms have improved the environment of monitoring and evaluation.

4.3 PFM Strengths and Weaknesses

Impact of PFM Systems on the three main budgetary outcomes

Fiscal discipline

A prerequisite to strengthening aggregate fiscal discipline is the promulgation of strong PFM laws and regulations. In Sierra Leone, the PFM laws and regulations are strong, a positive signal to consolidating aggregate fiscal discipline. Strong PFM laws alone do not by themselves strengthen fiscal discipline but a strong political will is also needed: this is mixed in the sense that whilst ACC is seen to be working to fight corruption, executive action on PAC and audit recommendations is weak. One weakness that has been identified in the legal and regulatory framework, which undermines fiscal discipline relates to the constitutional powers granted the President to authorize additional expenditure without a supplementary appropriation when he/she considers that there is such an urgent need to incur the expenditure without delay for public interest.

Fiscal discipline is also weakened by the excessive composition variances in both economic and administrative classifications with consequential negative effect on strategic resource allocation and efficient service delivery. Aggregate revenues are reliable, contributing to strengthening fiscal discipline, but revenue composition is poor, a threat to fiscal discipline. The general internal control framework shows reasonable performance where compliance to payment rules performs averagely, with good segregation of duties, but undermined by frequent and significant in-year budget reallocations which are not transparent with instances of expenditure commitments made, cheques printed but not paid due to cash shortages. The frequency of in-year budget virements affects service delivery programs according to plan. Fiscal discipline is also weakened by the size of extra-budgetary units' revenue and expenditure, currently above 10%. Nevertheless, GoSL's expansion of TSA has brought more visibility on revenues of extra-budgetary units outside central government budget but not on expenditures, at the same level.

Monitoring of public corporations shows some weaknesses especially in the area of timeliness of SoE reporting of financials even though a consolidated SoE fiscal risk report has been produced for the first time. Delays in monitoring fiscal risk pose a threat to fiscal discipline. Fiscal discipline is weakened by the unreliability of the expenditure budget which is leading to unpaid commitments and accumulation of expenditure arrears even though the trend has decreased in 2020 compared to 2018 and 2019, largely due to development partner support to clear these arrears. Payroll controls are satisfactory to the extent that they provide reasonable assurance for strengthening fiscal discipline. There is however a major concern in relation to weak executive action on audit recommendations, a weakness to fiscal discipline.

Strategic allocation of resources

Strategic allocation of resources is strengthened by a good budget classification system as well as budget comprehensiveness and transparency, which is currently the case in Sierra Leone. GoSL's budget classification and documentation meet international standards. Resources allocated can easily be traced. Despite a good budget classification system and budget comprehensiveness, unreliable expenditure budget forecasts coupled with unpredictable resource envelop negatively affects resource allocation according to strategic priorities. A risk to strategic resource allocation is the weakness observed in public investment management framework in addition to poor fixed asset management.

The underlying assumptions for forecasting the budget set the tone for resource allocation in a strategic manner but government's inability to estimate the fiscal impact of changes in policy proposals is a weakness to strategic resource allocation. The negative impact of COVID-19 truncated the budget preparation process to the extent that budget ceilings were not approved before the issuance of BCC. This phenomenon has the potential of affecting draft budget proposals with a consequential negative impact on resource allocation. Nevertheless, the timely approval of the annual budget allowed budget

units to commence their annual programmes and activities in time to ensure full utilisation of allocated resources for improved service delivery. In spite of this, resource constraints, necessitating cash rationing hampers efficient service delivery.

The performance of revenue administration and accounting framework is reasonable to sustain strategic resource allocation and cash management system but resources are limited to support efficient service delivery. The frequency and significance of in-year budget reallocations is a concern; this defeats the purpose of strategic resources allocation. Internal audit function is reasonably good to assure that resources are properly allocated but the limited action of the executive in terms audit recommendation is a weakness. Delays in the issuance of in-year budget execution reports limits the ability of citizens to effectively track resources.

Efficient service delivery

Whereas good budget classification and a transparent budget documentation support efficient service delivery, the unreliability of the expenditure budget at the aggregate level coupled with large composition variances at administrative and economic levels, together with significant, frequent and non-transparent in-year budget reallocations, negatively affects efficient service delivery. This is further compounded by cash shortages which has led to cash rationing. Public access to fiscal information is poor, in addition to service delivery performance information not publicly available, all having negative impact on efficient service as there is little opportunity for social accountability in terms of effectively tracking resource allocation.

The current framework for public investment management where investment projects are poorly analysed, selected and costed, does not support operational efficiency of primary service delivery. That said, the good MTEFF provides greater predictability for budget allocations in the medium-term but currently negated by insufficient resources during actual implementation of planned services and programs.

Available data suggests the use of more competitive procurement methods by value but greater number of requests for quotations mainly due to cash shortages. Cash shortages have also led to instances of increased costs of goods and services by suppliers as a way to make up for delayed payments from government; this could lead to high cost of service delivery. Efficient service delivery is also negatively affected by the absence of a framework to track all resources received by frontline service delivery units. The inability to track resources to frontline service delivery units could lead to shortages in some areas and surpluses in other areas. Delays in the issuance and publication of fiscal reports also affects efficient service delivery since there is less public accountability.

Both internal (which has improved functionality with the introduction of risk-based internal audits) and external audit coverage is satisfactory for identifying inefficiencies in the use of public resources but delays in implementation of audit recommendations and in some instances lack of action by the executive defeats the purpose of accountability and improving the performance of service delivery; this is further exasperated by excessive delays in PAC's follow-up mechanism.

4.4 Performance changes since a previous assessment

Fiscal discipline

There is no substantive change between assessments when it comes to fiscal discipline. In Sierra Leone, it remains weakened by the excessive composition variances in both economic and administrative classifications. In turn, this has a negative impact on strategic resource allocation and efficient service delivery. Aggregate revenues are reliable, contributing to strengthening fiscal discipline, but revenue

composition is poor. Under both assessments, it is undermined further by frequent and significant inyear budget reallocations that are not transparent. The frequency of in-year budget transfers affects the planned delivery of service delivery programs. The size of extrabudgetary units' revenue and expenditure outside central government financial reports is still significant, a weakness to resource allocation and efficient service delivery. Nevertheless, GoSL's expansion of TSA between 2018-2020 has brought more visibility on revenues of extra-budgetary units outside central government budget but not on expenditures at the same pace/level.

Although delays in monitoring fiscal risk continue to pose a threat to fiscal discipline, a consolidated SoE fiscal risk report being issued for the first time constitutes an improvement compared to the 2017 assessment. Fiscal discipline is also undermined by the unreliability of the expenditure budget, leading to unpaid commitments and the accumulation of expenditure arrears. That said, the stock of arrears has decreased in 2020 compared to 2018 and 2019, largely due to development partner support, and the quality of data to monitor arrears has improved since the 2017 assessment. Payroll controls have also improved significantly: they are now satisfactory to the extent that they provide reasonable assurance for strengthening fiscal discipline, contrary to what was the case as per the 2017 assessment. Weak executive action on audit recommendations remains a cause for concern, as it affects the effectiveness and efficiency of service delivery.

Strategic allocation of resources

In both assessments (i.e., 2017 and 2021), strategic allocation of resources is strengthened by a good budget classification system and budget comprehensiveness and transparency. GoSL's budget classification and documentation meet international standards. Resources allocated can easily be traced. Yet today, as in 2017, unreliable expenditure budget forecasts coupled with an unpredictable resource envelop negatively affect resource allocation according to strategic priorities. A risk to strategic resource allocation is the weakness observed in the public investment management framework and in that for fixed asset management.

A weakness to strategic resource allocation as per both assessments is the government's inability to estimate the fiscal impact of changes in policy proposals. A deterioration compared to 2017 is that the negative impact of COVID-19 shortened the budget preparation process. As a result, under the 2021 assessment, budget ceilings were not approved by Cabinet before the issuance of BCC, as they were in 2017. This can affect draft budget proposals with a consequential negative impact on resource allocation. Nevertheless, in both assessments, the timely approval of the annual budget allows budget units to start their annual programmes and activities in time and ensure full utilisation of allocated resources for improved service delivery. In spite of this, resource constraints, necessitating cash rationing, continue, in 2021 like in 2017, to hamper efficient service delivery.

The frequency and significance of in-year budget reallocations continues to be a cause for concern: this defeats the purpose of strategic resources allocation. Internal audit function has improved in 2021 and is reasonably good to ensure that resources are properly utilised, but this function is continuously weakened by the limited action of the executive. The limited action of the executive in terms audit recommendations implementation continues to be a weakness, as are the delays in the issuance of in-year budget execution reports, which limit the ability of citizens to effectively track resources and hold the government accountable.

Efficient service delivery

As per both assessments, efficient service delivery has been supported by a good budget classification and transparent budget documentation system. That said, it has been hindered by an unreliable expenditure budget at the aggregate level coupled with large composition variances at administrative and economic levels, compounded by significant, frequent and non-transparent in-year budget reallocations. In the past, cash shortages, leading to cash rationing, also have and continue to jeopardise service delivery. Under both assessments, service delivery performance information is not publicly available and public access to fiscal information is poor. Compared to 2017, performance evaluation for service delivery has improved, as now there is an internal evaluation of the effectiveness of service delivery for the majority of sectors.

However, like in 2017, the current framework for public investment management where investment projects are poorly analysed, selected and costed, does not support operational efficiency of primary service delivery. In 2021, an improved MTEFF provides greater predictability for budget allocations in the medium-term. Available data also suggests the use of more competitive procurement methods by value compared to 2017, but a greater number of requests for quotations mainly due to cash shortages still prevails. These could lead to increased costs of goods and services by suppliers as a way to compensate for delayed payments from government, thereby leading to high cost of service delivery.

Both internal and external audit coverage are satisfactory in identifying inefficiencies in the use of public resources. As in 2017, delays in implementing audit recommendations and at times inadequate action by the executive is however jeopardising the performance of service delivery. Excessive delays in PAC's follow-up mechanism persist as per the 2021 evaluation; this does not encourage public accountability.

5 Government Reform Process

5.1 Approach to PFM Reforms

Government's reform agenda hinges on its national development plan. The current Medium-term Development Plan (MTDP) 2019-2023 titled "Education for Development" which is a five-year medium-term plan has eight thematic areas namely: (i) Human capital development, (ii) Diversifying the economy and promoting growth, (iii) Infrastructure and economic competitiveness, (iv) Governance and accountability for results, (v) Empowering women, children, and persons with disability, (vi) Youth employment, sports, and migration, (vii) Addressing vulnerabilities and building resilience, and (viii) plan implementation. The plan underpins government's PFM reform agenda, specifically relating to thematic area (iv) Governance and accountability for results and element number 3 under "governance" – strengthening public financial management.

Support to PFM in Sierra Leone has been ongoing for close to two decades¹⁴ through joint and bilateral cooperation arrangements with the EU, WB, AfDB, IMF and UK-FCDO (formerly DFID). That said, overall improvement to PFM has been modest as evidenced by four PEFA assessments conducted so far since 2007, the most recent in 2017. Nevertheless, the legal and regulatory regime in PFM has seen significant improvement with the enactment of the PFM Act 2016, PFM regulations 2018, Public Procurement Act 2016 as amended in 2020, and the Fiscal Management and Control Act 2017. Furthermore, there has been expansion of IFMIS coverage to 61 MDAs representing about 80% from 60% coverage in 2017. This has resulted in timely preparation and completion of consolidated annual financial statements leading to the timely completion of external audits in accordance with the law.

Concerns however remain, especially in the area of strategic planning and budget credibility which has been further exacerbated by the advent of the ongoing COVID-19 global pandemic necessitating the incurrence of unplanned expenditure, budget execution – specifically on commitment controls and accumulation of expenditure arrears also compounded by revenue shortfalls as a result of shocks from COVID-19, implementation of internal and external audit recommendations, payroll management, human resources technical capacity, and sustainable infrastructure such as electricity and internet connectivity.

Successive PEFA assessments undertaken have led to the development of PFM reform strategies to guide government's reform activities; the most recent PFM reform strategy relates to the period 2018-2021. It is expected that the current PEFA assessment will feed into the development of the next reform strategy. So far, three reform projects have been developed out of the PFM reform strategies with funding from development partners, namely: (i) Integrated Public Financial Management Reform Project (IPFMRP - 1), (ii) Integrated Public Financial Management Reform Project (IPFMRP - 2), and (iii) the Public Financial Management Improvement and Consolidation Project (PFMICP).

5.2 Recent and Ongoing Reform Actions

GoSL's PFM reform efforts are based on the 2018-2021 PFM reform strategy which has five thematic areas, namely:

¹⁴ The Institutional Reform and Capacity Building Project (May 2004-March 2009), the Integrated PFM Reform Project (May 2009-July 2013) and the current PFM Improvement and Consolidation Project (November 2013-December 2017), have been managed by World Bank/IDA on multi-donor Trust Funds. There are also several bilateral aid agreements with DFID, EU, IMF, etc.

- (i) **Strategic policy and budgeting**, the objective of which includes targeting initial stages of the budget cycle, laying a foundation for achieving aggregate fiscal discipline and an effective, well-defined strategic allocation of resources.
- (ii) **Budget execution, reporting and monitoring** with the objective to strengthen fiscal discipline, strategic resource allocation and efficient service delivery
- (iii) Revenue administration, policy, accounting, forecasting and transparency its objective is to enhance revenue forecasting, mobilisation, collection and accounting to support government's policy goals
- (iv) **Strengthening local government finance and decentralisation** with the objective to strengthening fiscal decentralisation through effective central government policy framework in order to enhance revenue mobilisation for improved service delivery
- (v) PFM oversight and public accountability, the objective of which is to strengthen external and legislative scrutiny functions as well as empowering non-state actors to improve public accountability

Summary of achievements so far on the implementation of the 2018-2021 PFM reform strategy include but not limited the following:

Legal and regulatory framework

A number of laws were enacted including the Finance Act 2020, the Anti-Corruption Act 2019, the Anti-Money Laundering and Combating of Financing of Terrorism (Amendment) Act, 2019, the Bank of Sierra Leone Act 2019 and the Banking Act 2019. Additionally, the PFM regulations 2018 and the Procurement regulations 2020 have been promulgated. The government also developed and approved a fleet management policy to better manage its vehicles in order to reduce maintenance cost.

Automation

- Training of 30 MDAs on electronic PETS form to promote efficiency, effectiveness and the drive to reduce manual processing of transactions. So far, the e-PETS has been rolled out to 2 out of the 30 MDAs
- Upgrade of IFMIS version 6 to version 7 with rollout to 58 MDAs in addition to training on performance budgeting module. Nevertheless, IFMIS rollout to SLRA has been significantly delayed.
- The launching and rollout of electronic cash register (ECR) for small and medium businesses; this will enable NRA effectively track transactions of businesses in order to improve revenue mobilisation and collection. This is in addition to the rollout of the integrated tax assessment system (ITAS) for better tax administration.

Treasury Single Account (TSA)

• TSA coverage has been expanded to cover 16 sub-vented; plans are advanced for the inclusion of the remaining sub-vented agencies and semi-autonomous government institutions

Payroll

Automation of payroll processes to improve transparency and accountability, with the
establishment of payroll units at MoF budget bureau and internal audit departments to improve
controls and data accuracy. A bill on wage and compensation commission (WCC) has been
drafted, approved by cabinet and currently before parliament for enactment. The payrolls of local
councils, sub-vented agencies, and tertiary institutions have been automated and now part of
the central government payroll management.

Procurement

- Advancement in the implementation of e-Government Procurement (e-GP) to improve transparency and accountability; this was expected to be rolled out in 2021 but has stalled. There has been a nationwide sensitisation on GoSL's intension to introduce e-GP. Currently a new WB project Accountable Governance for Basic Service Delivery Project (P172492) is funding the e-GP, the NPPA has prepared a tender document. The tendering and development of the systems should take about 2 years, therefore roll out is expect by 2024.
- Commissioning of a new NPPA regional office in Kenema as part of preparations to roll out e-GP

Internal audit

- Preparation for the introduction of enterprise risk management (ERM) with study tours to six Africa countries. This has been piloted in four MDAs
- Development of risk-based audit plans following training provided by an international consultant with funding from EU
- The introduction of audit command language (ACL) software to effectively manage the internal audit process as well as track the implementation of audit recommendations

External oversight

• Audit Service Sierra Leone's expansion in terms of nature of audits to include performance audits and specialized audits in addition to financial and compliance audits carried out each year.

Non-state actors

• Grant (SLL 1.4 billion) to civil society organizations to improve public/social accountability.

Currently, the European Union through the 3rdState Building Contract (SBC) is providing up to EUR75 million in budget support (made up of EUR40 million based on general conditions and EUR35 million as part of variable tranches based on specific conditions) to GoSL. SBC disbursements covered 2018, 2019 and 2020. Disbursements were planned to be of EUR 10 million per year for the fixed tranches and up to EUR 15 million per year for the variable tranches. In support to the response to COVID pandemic, the last variable tranche was converted into a fixed tranche, making a total of EUR 45 million for fixed tranches and up to EUR 30 million for the variable tranches. After assessment of the programme performance, the amount disbursed for the variable tranches was EUR 24.5 million. The financing agreement contains funding for a complementary measures technical assistance project to strengthen PFM and revenue collection, with Ministry of Finance as the main stakeholder. Other MDAs such education, agriculture, revenue authority, external audit, parliamentary oversight – specifically PAC, as well as civil society organisations are also being supported. The 3rd SBC complementary support technical assistance project has 8 result areas, namely:

- **Result 1**: Strengthened monitoring and evaluation capacity of Ministry of Planning and Economic Development (MoPED) and targeted line ministries to enhance capacity for measuring and assessing progress in the implementation of national development and sector policies
- **Result 2**: Enhanced implementation, reporting and review process of the PFM strategy 2018 2021
- Result 3: Improved revenue mobilization
- **Result 4**: Enhanced capacity for strategic planning and budget formulation, at central and at sector level, with a focus on selected line ministries (education and agriculture)
- Result 5: Improved quality of in-year and annual financial statements
- **Result6**: Improved procurement planning, more competitive procurement and improved procurement oversight

- **Result 7**: Improvement in internal audit and enhanced capacity of internal audit units in the line ministries and agencies and improved management response to audit recommendations issued by Internal Audit and by the Auditor General
- Result 8: Improved Budget Support Monitoring and Assessment.

Within the last three years, the IMF in collaboration with the WB provided technical assistance to conduct a public investment management assessment in 2019 with the final report issued in May 2020. According to the PIMA report, there is no critical analysis of capital investment projects. There are no established guidelines for economic analysis of investment projects. Furthermore, due to pressure from infrastructure demand, public investments are mostly driven by top-down decisions instead of the bottom-up approach. The Fund is supporting GoSL through a technical assistance program to strengthen fiscal risk management and reporting. Due to the negative impact of COVID-19, GoSL sought funding to support the economy though the Rapid Credit Facility totalling USD143 million in 2020 and a further USD50.37 million in 2021. This is addition to the USD22 million Extended Credit Facility plus Special Drawing Right of USD282 million.

The PFMICP was co-funded by the World Bank over a 7-year period with a total budget of about USD35million. The project focused on improvement of domestic revenue mobilisation with ITAS and ASYCUDA as main IT component. There was also support for internal audit and the creation of audit committees in 15MDAs which led to improvement in implementation of internal and external audit recommendations. Social accountability with the involvement of civil society organisations was also supported. Going forward, the World Bank is funding the "Accountable Governance for Basic Service Delivery Project" (AGBDP) with a budget of SDR40 million over a four-year period effective February 2022. The main components of this program include the following:

- Component 1: Systems and skills strengthening for local services (central and local levels) support to MoF, MoPED, NPPA, ASSL in the design, strengthening and implementation of key PFM functions and local councils on key PFM functions.
- **Component 2**: Integrated data platform for monitoring and accountability for strengthening data collection for primary service delivery at the local level with technical support to NaMED
- **Component 3**: Local Development this is aimed at strengthening inter-governmental fiscal transfer system, focusing on local development grant financing
- **Component 4**: Contingent Emergency Response Component (CERC)
- **Component 5**: Project Management and Implementation Support (PMIS)

With a total budget of GBP0.2 million, the United Kingdom Foreign Commonwealth Development Office (FCDO) supported the Government of Sierra Leone to conduct a comprehensive payroll audit in 2018 for the entire public service after a successful payroll audit was conducted for the teaching service. There are plans to continue supporting the government in the area of PFM but with no specifics yet. Other areas of UK support and achievements so far include:

- Support for the preparation and publication of FY2020 GoSL Budget with technical support on IFMIS setup, and development and publication of FY2021 Citizens Budget
- GoSL Payroll Management and Control
- Audit reports and audit readiness of MDAs
- Financial reporting and procedures
- NRA Revenue Collection: NRA Data quality assurance (contribute to ITAS configuration done by the World Bank) Training on ETL (extract, transform, load) tools for data integration and analysis (Talend Open Studio) Training on Business Intelligence software (Tableau desktop 2019.4)
- Ad hoc Policy Reviews and Strategic Support to the Ministry of Finance

Donor coordination

Coordination among development partners appears to be weak. Whilst there is a PFM donor working group made up of EU, WB, IMF, AfDB, and UK-FCDO, monthly meetings have not been regular as planned. The monthly PFM donor meetings have drifted towards quarterly to semi-annual meetings largely because of poor coordination. Also absent is a donor tracker/matrix (helps to reduce and/or eliminated duplication of efforts) that tracks development partner support activities, associated costs or financial contribution, and duration/timelines of reform activities. In effect, a unified approach to engaging GoSL is missing. This has led to more bilateral meetings between GoSL and development partners.

5.3 Institutional Considerations

Government Leadership and Ownership

Government's leadership and ownership in PFM reforms is evidenced by the continuous existence of the PFM reform directorate (PFMRD) within the Ministry of Finance to coordinate all PFM reforms both at central and local government levels. The directorate is headed by a senior government official with directorship position and a deputy director with the requisite qualification as well as a sufficient support staff in terms of number; however, the technical capacity of staff appears to be insufficient to effectively manage and coordinate PFM reforms. That said, decisions and actions on PFM reforms are taken at the highest level of government (political and executive top management) which show clear leadership and ownership. The continuous political stability in Sierra Leone provides a good premonition to improving PFM that will ultimately advance the course of primary service delivery; but this cannot be achieved without a strong political commitment to enforce constitutional and subsidiary legislative instruments especially in the area of independence of public institutions for proper accountability and transparency in the use of public funds.

Coordination across Government

The Ministry of Finance leads GoSL PFM reform agenda. The split of the then Ministry of Finance and Economic Development into two separate ministries (Ministry of Finance and Ministry of Planning and Economic Development) appears to have not affected the implementation of PFM reforms since the two ministries collaborate on a number of issues such as strategic planning and budgeting, budget formulation and preparation, and public investment management. Nevertheless, coordination across other government agencies has proven to be difficult; information flow is a major challenge – where it exists, it is slow in terms of sharing and dissemination. The governance framework for the implementation of the 2018-2021 PFM reform strategy entailed a monthly meeting of all component heads but this has proven to be difficult due to other equally important public duties. Going forward, a quarterly meeting arrangement has been proposed – according to government officials, this can only be effective if there is regular flow of information to/from component leaders to track the progress of reforms.

A Sustainable Reform Process

The development of a fully costed PFM reform strategy without an adequate and sustainable funding stream poses significant threat to the attainment of reform initiatives. The PFM reform strategy 2018-2021 with a budget of USD72.55 million and largely funded by development partners, has been underfunded. Another challenge that derailed the implementation of this strategy is the COVID-19 global pandemic which resulted in the delay and in some cases the cancellation of planned activities; international consultants who were recruited to provide technical assistance were evacuated to their home-country. Though there is no direct financial contribution from GoSL's to support the implementation of the PFM reform strategy, it contributed in terms of human resource, administrative infrastructure such as electricity and internet as well as office space. A new PFM reform strategy is to be

developed and costed with input from the findings of the current PEFA assessment. Planned reform initiatives can be attained effectively and efficiently provided there is a clear sustainability framework coupled with adequate staff with the requisite skills to drive reform process. It is understood that development partners are prepared to support GoSL in the implementation of the new PFM reform strategy. As part of Government's efforts towards sustainable reform process, NRA has plans to improve project management and development of an interim modernization plan and reform dashboard developed with technical assistance from the IMF.

Transparency of the PFM Programme

The Government's approach to the development of its PFM reform strategy has been and continues to be an open engagement with all key stakeholders in PFM, including the involvement of civil society organisations and development partners during the drafting and finalisation of PFM reform strategies. Furthermore, the publication of both the PFM reform strategy and monitoring reports on the progress of implementation shows the Government's resolve to improve transparency; both the strategy and progress reports have been published on MoF's website (<u>http://mof.gov.sl</u>).

ANNEXES

Annex 1: Performance Indicator summary

| COUNTR | | | Current assessment | | Previous assessment (applying PEFA 2016 framework) | | |
|------------------------------------|------|--|--------------------|--|--|--|--|
| Pillar | | Indicator/Dimension | Score 2021 | Description of requirements met | Score 2017 | Explanation of change (including comparability issues) | |
| | PI-1 | Aggregate expenditure out- turn | D | As the budget and expenditure data on loans and grants is not available, the aggregate expenditure outturn couldn't be computed. | D | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. | |
| | PI-2 | Expenditure composition outturn | D | | D | No change in score and performance. | |
| | | (i) Expenditure composition outturn by function | D* | As the budget and expenditure data on loans and grants is not available, the expenditure composition outturn by administrative classification couldn't be computed. | D* | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. | |
| liability | | (ii) Expenditure composition outturn by economic type | D* | As the budget and expenditure data on loans and grants is not available, the expenditure composition outturn by economic type couldn't be computed. | D* | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. | |
| Budget Reliability | | (iii) Expenditure from contingency reserves | D* | As the budget and expenditure data on loans and grants is not available, the expenditure from contingency reserves couldn't be computed. | D* | No change in score and performance. Budget and expenditure data on loans and grants is not available for both assessments. | |
| | PI-3 | Revenue outturn | C+ | | C+ | No change in score but improvement in performance. | |
| | | (i) Aggregate revenue outturn | Α | Actual revenue was between 97% and 106% of budget revenue in all last three years (98% in FY 2018, 99.1% FY 2019 and 100.8% in FY 2020). | Α | No change in score and performance. Actual revenue was between 97% and 106% of budget revenue during both assessments. | |
| | | (ii) Revenue composition outturn | D | Variance in revenue composition was more than 15% in two of the last three years (22.3% in FY 2018, 14% in FY 2019 and 25.2% in FY 2020). | D* | Improvement in score and performance. In the 2017 assessment, it was not possible to compute the revenue composition variance due to revenue classification. | |
| Fransparency of Public Finances | PI-4 | Budget Classification | Α | Budget formulation, execution and reporting are based on administrative, economic and functional/sub- functional classification based on the GFSM 2001 standards in 2018 and GFSM 2014 standards from 2019- 2020 | Α | No change in score but improvement in performance. Budget formulation, execution and reporting are based on administrative, economic and functional/sub-functional classification. In the previous assessment, they were based on GFSM | |
| Transpar Finances | | | | | | 2001 standards; in the current assessment, on GFSN 2014 standards. | |

| PI-5 | Budget Documentation | В | Budget documentation fulfils 9 elements, including all 4 basic elements. | В | No change in score but improvement in performance. The budget documentation fulfils 9 elements, including all 4 basic elements in the current assessment. In the previous assessment it fulfilled 8 elements, including all 4 basic elements. |
|------|---|---|---|----|--|
| PI-6 | Central government operations outside financial reports | D | | D | No change in score or performance. |
| | (i) Expenditure outside financial reports | D | Table 6.1 above provides an analysis of central government operations (expenditures) outside financial reports. The data shows that 13.6% of central government expenditure is outside financial reports. | D | No change in score or performance. |
| | (ii) Revenue outside financial reports | D | Data obtained from ASSL (refer to Table 6.2) shows that 15.8% of central government revenues are outside financial reports. | D | No change in score or performance. |
| | (iii) Financial reports of extra- budgetary units | D | All extrabudgetary units including social security fund submitted their detailed annual financial reports to government (and by extension ASSL) within twelve months after the end of the fiscal year 2020. | D* | No real change in score or performance. Both assessments could not estimate the size of the extra-budgetary units that submit detailed financial reports to government annually within nine months of the end of the fiscal year. |
| PI-7 | Transfers to subnational governments | Α | | Α | No change in score and performance. |
| | (i) System for allocating transfers | А | The horizontal allocation of all transfers to subnational governments from central government is determined by transparent, rule-based systems. | А | No change in score and performance. |
| | (ii) Timeliness of information on transfers | A | The process by which subnational governments receive information on their annual transfers is managed through the regular budget calendar, which is generally adhered to and provides clear and sufficiently detailed information for subnational governments to allow at least six weeks to complete their budget planning on time. | A | No change in score and performance. |
| PI-8 | Performance information for service delivery | D | | D | No improvement in score and performance even though there appears to be a marginal improvement in dimension (iv). |
| | (i) Performance plans for service delivery | D | Information is produced annually on the activities to be performed under the policies or programs for the majority of ministries OR a framework of performance indicators relating to the outputs or outcomes of the majority of ministries is in place. The information is not yet published. | D | No change in performance and score. A framework of performance indicators relating to the outputs or outcomes of the majority of ministries is in place but not published during both assessments. |

| | (ii) Performance achieved for service delivery | D | Information is not published annually on performance achieved in terms of activities performed for the majority of ministries. | D | No change in score and performance. |
|-------|--|----|--|----|---|
| | (iii) Resources received by service delivery units | D | Information on resources received by front-line service delivery units is not collected and recorded annually into a report for at least one large ministry. A survey has been said to be carried out in one of the last three years provides estimates of the resources received by service delivery units for at least one large ministry, but evidence of the survey has not been provided. | D | No change in score and performance. |
| | (iv)Performance evaluation for service delivery | С | Evaluations of the efficiency and effectiveness of service delivery have been carried out and published for the at least some ministries at least once within the last three years. As there is no detailed information to disaggregate the data, thus, the evaluation covers <i>some</i> (25% by value of estimation) key service delivery units. Therefore, the score is a 'C' | D | Improvement in score and performance. An evaluation of the efficiency and effectiveness of service delivery have been carried out and published for at some ministries at least once within the last three years. There was no systematic evaluation of service delivery programs during the previous assessment. |
| PI-9 | Public access to information | D | The government makes available to the public three of the five basic elements and three additional elements in accordance with the specified timeframe | D | No change in score but improvement in performance. The government makes available to the public three of the basic elements and three additional elements in accordance with the specified timeframe, while it did three basic elements and one additional element in the previous assessment. |
| PI-10 | Fiscal risk reporting | D+ | | D+ | No change in overall score. There is however a significant change in terms of compilation of SoE fiscal risk report, albeit late. This was not the case in 2017. |
| | (i) Monitoring of public corporations | D | Only three SoEs representing 53.8% by value (refer to Table 10.1 below) of those with 2020 reports submitted their annual financial statements to GoSL and ASSL within nine months after the end of FY2020 (in fact submission is within four months). | С | Deterioration in score but significant improvement in performance as for the first time a consolidated fiscal risk report of SoEs has been prepared. The deterioration is because of late submission of SoE annual financial statements to GoSL/ASSL. |
| | (ii) Monitoring of sub-national government (SNG) | C | All local councils submit their annual financial statements to the government and external auditors within five months after the end of the fiscal year. The audited reports are however not published. Also, the government does not prepare a consolidated report on the financial position of all local councils. | D | Improvement in both score and performance as LCs submission of annual financial statements to GoSL/ASSL is more timely compared to 2017. |

| | (iii) Contingent liabilities and other fiscal risks | D | The government quantifies contingent liabilities but it is unclear the size of all contingent liabilities arising out of central government operations. Contingent liabilities as at 31 st December 2020 amounted to Le8,564 billion. This is reported in the annual financial statements. | С | No real change. It appears 2016 was overrated. |
|-------|---|----|---|----|--|
| PI-11 | Public investment management | D+ | | D+ | No change in score and performance |
| | (i) Economic analysis of investment proposals | D | There is no public investment management guideline or standard manual. The current practice is that MDAs prepare a project profile which merely states the name and purpose of the project, cost and source of funding, intended beneficiaries, and a brief description of the project. There is no economic analysis of government investment project. | D | No change in score and performance |
| | (ii) Investment project selection | С | Presently, there is no standard criteria or guideline for project selection. However, selection of all (100% of the ten major projects listed in Table 11.1) projects for inclusion into the national budget is prioritised by MoF and MoPED based on the Medium-term National Development Plan priorities. | C | No change in score and performance |
| | (iii) Investment project costing | D | The public investment programme (PIP) is a three-year rolling programme. It highlights capital cost of the project to be funded for the budget year and capital cost estimates for the two outer years. However, it does not include projections of the total capital cost of the investment project nor the associated recurrent cost. | D | No change in score and performance |
| | (iv) Investment project monitoring | C | NaMED undertakes field visits to carry out physical project inspection. It also monitors the financial progress of investment projects by critically analysing the physical completion rate against payments made, following which it prepares a report on project implementation at least annually. | C | No change in score and performance but the establishment of NaMED has future prospects in terms of evaluation of investment projects. |
| PI-12 | Public asset management | C+ | | D+ | There is improvement in overall performance with score of C+ in 2021 compared to D+ in 2017. T improvement was a result of the enactment of t PFM Regulation 2018 which now provides regulatory framework for financial asset dispo which was not existent in 2017. |

| | (i) Financial asset monitoring | С | GoSL maintains a record of its cash/bank balances. There is also a list of government interest in SoEs indicating percentage ownership but with no information on the number of shares and corresponding value. | С | No change in score and performance |
|-------|--|----|---|----|---|
| | (ii) Nonfinancial asset monitoring | D | MDAs sampled in this assessment (ministries of education – basic and higher, health, mines, finance, public works) maintain a fixed asset listing but not always updated. Information contained in the asset listing include name of asset, identification number and status/condition. There is no information on the age of the asset. There is also no information on subsoil assets. | D | No change in score and performance |
| | (iii) Transparency of asset disposal | A | The legal and regulatory framework for the disposal and transfer of assets (financial and non-financial) are well established. There is also provision for parliament to be notified. As evidence in the FY2020 annual financial statements, proceeds from sale of government assets were paid in the consolidated fund and reported. The reports were submitted to parliament. | С | There is improvement in both score and performance. This is due to the passage of the PFM Regulations in 2018 which now makes legal provision for the disposal and transfer of financial assets, which was not the case in 2017. |
| PI-13 | Debt management | B+ | | D+ | There is improvement since 2017 mainly due to the complete transfer of authority to borrow and issue guarantees to MoF. The PPP unit at the Presidency had powers to enter into PPP arrangements in 2017 – this situation has changed since 2018. Additionally, improvement in score and performance is due to the development and publication of a current mediumterm debt strategy. |
| | (i) Recording and reporting of debt and guarantees | С | Whilst 36% of central government is reconciled monthly, the remaining 64% is reconciled annually. The data on debt (foreign and domestic) and guarantee is accurate and complete. A debt bulletin is produced and published annually covering debt stock, debt service, payments and disbursement. | С | No change in score and performance |
| | (ii) Approval of debt and guarantees | A | As enshrined in Section (2) of the Public Debt Management Act, 2011, the Minister of Finance has the sole authority to borrow and approve guarantees on behalf of the Government. Domestic and external borrowings are done in line with objective of Pubic Debt Management Strategy which provide procedures and guidelines on how to borrow, issue debt and undertake debt-related transactions. | D | Improvement in both score and performance. The legal framework on contracting debt and issuing guarantees is now respected. |

| | (iii) Debt management strategy | A | The Government has developed a current medium-term debt management strategy but this is yet to be published. | D | There is improvement in performance and score. A medium-term debt management strategy for the period 2021-2025 has been prepared and published within the assessment period. The strategy covers both existing debt portfolio and forecast debt figures for all central government operations. MoF prepares an annual report on all central government debts and guarantees, detailing targets sets and actual debts and guarantees contracted for the period. Government annual borrowing plan is in accordance with it's the medium-term debt strategy. |
|--|--|----|--|---|---|
| PI-1 | 4 Macroeconomic and fiscal forecasting | C+ | | С | Improvement in score and performance due to improvement in dimension (ii). |
| D0 | (i) Macroeconomic forecasts | D | The government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years. However, the forecast on interest rates, such as the Treasury bill rate, only mentions the direction of movement, not the actual rates. | C | No real change in score and performance. 2017 appears to be overrated. |
| Policy-based fiscal strategy and budgeting | (ii) Fiscal forecasts | Α | The government prepares forecasts of the main fiscal indicators, including revenues (by type), aggregate expenditure and the budget balance, for the budget year and two following fiscal years. These forecasts, together with the underlying assumptions and an explanation of the main differences from the forecasts made in the previous year's budget, are included in budget documentation submitted to the legislature. | C | Improvement in score and performance. The government prepares forecasts of the main fiscal indicators, including revenues (by type), aggregate expenditure and the budget balance, for the budget year and two following fiscal years during both assessments. The comparison between the macroeconomic outcomes and initial projections was not done in the period covered by the 2017 Assessment. The reasons for the variations were also not explained in the budget documents submitted to parliament. |
| Policy-b | (iii) Macro-fiscal sensitivity analysis | С | The macro-fiscal forecasts prepared by the government include a qualitative assessment of the impact of alternative macroeconomic assumptions. | С | No change in score and performance. |
| PI-1 | 5 Fiscal strategy | С | | С | No change in score and performance. |
| | (i) Fiscal impact of policy proposals | D | The government does not prepare estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year. | D | No change in score and performance. |
| | (ii) Fiscal strategy adoption | C | For FY 2020, the FSS stated the fiscal policy and quantitative targets for 2020, though not for the following two years. | С | No change in score and performance. |

| | (iii) Reporting on fiscal outcomes | В | The FSS submitted to the legislature with the annual budget describes progress made against the fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set. No action plan by government to address the deviations. | В | No change in score and performance. |
|-------|--|----|--|----|---|
| PI-16 | Medium term perspective in expenditure budgeting | D+ | | C+ | Deterioration in score and performance due to deterioration in dimension (ii) |
| | (i) Medium-term expenditure estimates | A | The annual budget includes estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic and program (or functional) classification. The disaggregation by economic type is at the 2-digit GFS classification. | В | Improvement in score and performance. The annual budget now presents estimates of expenditure for the budget year and the two following fiscal years allocated by functional classification, as well as administrative and economic classification. In 2017, it only presented detailed medium-term forecasts by administrative and economic category. |
| | (ii) Medium-term expenditure ceilings | D | Aggregate and ministry-level expenditure ceilings for the budget year and the two following fiscal years were not approved by cabinet before the first budget circular was issued. | Α | Deterioration in score and performance. Cabinet approved the ceilings in the BCC before its distribution to MDAs under the previous assessment. In 2020, due to COVID-19, this practice was discontinued. |
| | (iii) Alignment of strategic plans and medium-term budgets | D | Medium-term strategic plans are prepared for 22% of MDAs and the expenditure policy proposals in the annual budget estimates align with the strategic plans. | D | No change in score but improvement is performance. The number of MDAs preparing costed strategic plans increased from one to five. In terms of expenditure, it increased from 10% to 22%. |
| | (iv) Consistency of budgets with previous year estimates | D | The budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level. | D | No change in score and performance |
| PI-17 | Budget preparation process | С | | В | Deterioration in overall score and performance. Deterioration on dimension 2. |
| | (i) Budget calendar | С | A clear annual budget calendar exists, is generally adhered to and allows budgetary units only three weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time. | С | No change in score and performance. |

| Predictability and control in budget execution | PI-19 | Revenue administration | В | | C+ | There is no real change. The narrative in 2017 suggests a score of "A" for dimension (i) since NRA collected 85% by value (most) of central government domestic revenue, similar to 2021 where NRA collects 83.3% (most) of government revenues – scoring an "A" in 2021. The remaining three dimensions have remained unchanged in terms of scores but dimension (iv) suggest more accumulation of revenue arrears at 6.5% in 2021 as against 1.2% in 2017. |
|---|-------|---|----|---|----|--|
| | | (iv) Rules for budget adjustments by the executive | C | Clear rules exist but they allow extensive administrative reallocation as well as expansion of total expenditure. | С | No change in score and performance. |
| | | (iii) Timing of budget approval | A | The legislature has approved the annual budget before the start of the year in each of the last three fiscal years. | Α | No change in score and performance. |
| | | (ii) Legislative procedures for budget scrutiny | A | The legislature's procedures to review budget proposals are approved by the legislature in advance of budget hearings and are respected. The procedures include arrangements for public consultation and internal organizational arrangements, such as specialized review committees, technical support and negotiation procedures. | A | No change in score and performance. |
| | | (i) Scope of budget scrutiny | В | The legislature's review covers fiscal policies and aggregates for the coming year as well as details of expenditure and revenue. | В | No change in score and performance. |
| | PI-18 | Legislative scrutiny of budgets | C+ | | C+ | No change in score and performance. |
| | | (iii) Budget submission to the legislature | С | The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in all the last three years. | С | No change in score and performance. |
| | | (ii) Guidance on budget preparation | С | A budget circular, or circulars, is issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units. | A | Deterioration in score and performance. In the 2017 assessment, the BCC ceilings were being approved by Cabinet before the BCC was issued. In the current assessment, ceilings are approved by Cabinet after the budget proposals have been completed by MDAs (ref.16.2). |

| | (i) Rights and obligations for revenue measures | Α | NRA collects 83% of central government revenues. It uses multiple channels such as internet, social media, and electronic platforms (TV) for information dissemination. These channels are easily accessible, as they contain comprehensive and up-to-date information on tax obligations (laws, regulations, filing processes, etc.) and taxpayer rights to redress. | В | No real change. The narrative in 2017 suggests a score of "A" for dimension (i) since NRA collected 85% by value (most) of central government domestic revenue, similar to 2021 where NRA collects 83.3% (most) of government revenues – scoring an "A" in 2021 |
|-------|---|----|---|----|---|
| | (ii) Revenue risk management | С | There is no overall risk management strategy for NRA. Customs Department however has a departmental risk management strategy. Methods/procedures used for prioritising and selecting risk is partially structured and systematic. | С | No change in score and performance |
| | (iii) Revenue audit and investigation | С | Audit and fraud investigations are conducted in line with documented compliance improvement plan. As shown in Table 19.2 below, 83.3% o planned audits and fraud investigations were completed in FY2020. | С | No change in score and performance |
| | (iv) Revenue arrears monitoring | В | Revenue arrears are not age-profiled. The stock of revenue arrears represents 5.19% of total revenue collections | В | No change in score but it appears performance is deteriorating in terms of stock of revenue arrears, now at 5.19% of total NRA collections compared to 1.2 in 2017 |
| PI-20 | Accounting for revenues | C+ | | C+ | No change in overall score but there is improvement in dimension (ii) |
| | (i) Information on revenue collections | В | The largest domestic revenue collection agency (NRA) provides at least monthly revenue reports to MoF with revenue information broken down according to type. | В | No change |
| | (ii) Transfer of revenue collections | A | The National Revenue Authority (collecting 83% of central government domestic revenue) transfers all collections to the Treasury within 24 hours. | В | NRAs transfers to the treasury are now within 24 hours in accordance with MoU. Therefore, dimension (ii) has improved from "B" in 2017 to "A" in 2021. |
| | (iii) Revenue accounts reconciliation | C | Reconciliation occurs quarterly between the NRA transit accounts and the Accountant General's Department treasury accounts, comparing actual collections at the partner commercial banks and the actual revenues transferred into the Consolidated Fund. There is no complete reconciliation of revenue assessed, collections, transfers and arrears. | С | No change in score and performance |

| Ρ | 1-21 | Predictability of in-year resource allocation | С | | D+ | 2021 shows improvement in performance and scores ("D+" in 2017 and "C" in 2020). The improvement is due to dimension (ii) on cashflow forecasting – the cashflow forecast is now updated weekly on the basis of actual cash inflow and outflow, compared to quarterly in 2017. |
|---|-------|--|----|--|----|--|
| | | (i) Consolidation of cash balances | С | As shown in Table 21.1 below, all bank/cash balances are consolidated on monthly basis. Treasury-managed balances (representing 3.7%) are consolidated daily. | С | No change in score and performance |
| | | (ii) Cash forecasting and monitoring | A | The cashflow forecast is prepared annually, broken down quarterly and further disaggregated into weekly forecasts and updated based on actual inflows and outflows of cash on a weekly basis – this has been the case since 2018, and also applicable in 2019 and 2020. | В | Improvement in score and performance as annual cash flow is now updated weekly based on inflow and outflow of cash. |
| | | (iii) Information on commitment ceilings | D | Once parliament passages the appropriation bill into law, the Minister of Finance issues quarterly expenditure commitment ceilings to all budget institutions. That said, the expenditure commitment ceilings are not reliable. | D | No change in score and performance |
| | | (iv) Significance of in-year budget adjustments | D | Virements (budget adjustments without the need for parliamentary approval) are very frequent and not transparent | D | No change in score and performance |
| Р | 91-22 | Expenditure arrears | D+ | | D | Overall improvement in score and performance due to improvement in both dimensions. |
| | | (i) Stock of expenditure arrears | D | The stock of expenditure arrears was more than 10% of total expenditure in the last three completed fiscal years. Actual percentages were 67%, 60%, and 30% in FYs 2018, 2019, and 2020 respectively | D* | Improvement in score and performance. Complete expenditure arrears data was not available during the PA but it is available in the current assessment. |
| | | (ii) Expenditure arrears monitoring | В | The data on stock and composition of expenditure arrears is generated on a continuously basis after every transaction, with complete data produced quarterly within eight weeks after the end of the previous quarter. However, the age profile of arrears is not generated. | D | Improvement in score and performance. Expenditure arrears monitoring has been significantly strengthened with the introduction of a comprehensive database to track and monitor all payments arrears based on various categories. |
| P | 91-23 | Payroll controls | B+ | | D+ | Overall improvement in score performance due to improvement in dimensions (ii), (iii) and (iv). |

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| | (i) Integration of payroll and personnel records | В | There is no directly linkage between payroll and personnel records. The payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion is controlled by a list of approved staff positions. | В | No change in score and performance. |
|-------|--|---|---|---|---|
| | (ii) Management of payroll changes | A | Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows corrections in a maximum of 3% of salary payments. Available data suggests 1.5% retroactive adjustments. | D | Improvement in score and performance. In the current assessment, required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows corrections in a maximum of 3% of salary payments. In the PA, there were significant delays in processing changes and there was no tracking system that can analyse the extent of delays. |
| | (iii) Internal control of payroll | A | Authority to change records and payroll is restricted, results in an audit trail and is adequate to ensure full integrity of data. | С | Improvement in score and performance. Authority to change records and payroll is restricted, results in an audit trail and is adequate to ensure full integrity of data during both assessments. In the PA, payroll verifications showed many irregularities in practice. |
| | (iv) Payroll audit | В | A payroll audit covering all central government entities has been conducted in 2018. | С | Improvement in score and performance. A payroll audit covering all central government entities has been conducted in FY 2018. During the PA, only a partial audit was conducted. |
| PI-24 | Procurement | c | | D | Performance has improved since 2017, with a score of "C" in 2020 compared to "D" in 2017. The improvement is as a result of a functioning IPRP (not the case in 2017), and publication of procurement information on the website (which was less frequent and sometimes absent in 2017). |

| | (i) Procurement monitoring | D | The practice is that a complete set of procurement statistics is produced annually, published but with significant delay. Nevertheless, procurement plans, bid opportunities and contract awards are published individually and timely. As a complete and accurate database of procurement activities for FY2020 is not available, the score for this dimension is "D". | D | No change in score and performance |
|-------|---|---|---|----|--|
| | (ii) Procurement methods | D | As audited data for FY2020 has not been provided, this dimension is rated D | D* | No comparable – there was no data at all to assess this dimension in 2017 compared to 2020 with data but not yet audited. |
| | (iii) Public access to procurement information | В | At least five out of the six elements of 'public access to procurement information' are met according to PEFA standards. | С | Improvement in both score and performance. Two more elements of public access to procurement information have been attained. These are publication of all MDAs procurement plans and publication of data on resolution of procurement complaints. |
| | (iv) Procurement complaints management | В | As shown in Table 24.4 below, the procurement complaints management system meets four out of the six PEFA elements. The criteria met are (i), (iii), (iv), and (vi). | D | Improvement in both score and performance. In 2017, the procurement complaints management framework was not functional as opposed to 2021. |
| PI-25 | Internal controls on non- salary expenditure | В | | В | No change in score and performance |
| | (i) Segregation of duties | Α | Segregation of duties are appropriately prescribed in PFM laws, regulations, manuals and throughout the expenditure payment architecture. | A | No change in score and performance |
| | (ii) Effectiveness of expenditure commitment controls | C | The present IFMIS expenditure commitment architecture for budgetary units as well as separate financial management systems used for extra-budgetary units do not limit commitment to projected cash availability; it however limits commitments to approved quarterly expenditure ceilings/warrants issued by MoF – therefore, expenditure commitment control procedures exist but they are partial. The continuous use of Financial Secretary letters (representing about 0.4% of total central government expenditure) for payment of "priority expenses", processed outside IFMIS at the time of payment transaction (and later posted ex-ante) defeats the purpose of effective expenditure control framework | C | No change in score and performance |

| | | (iii) Compliance with payment rules and procedures | С | Expenditure payments are generally compliant with regular payment rules and procedures. There are payment exceptions which are properly sanctioned (example: Financial Secretary Letters) but processed ex-ante within IFMIS. As shown in Table 25.1 below, quantified audit findings represent 15.4% of total GoSL expenditure for FY2020. | С | No change in score and performance |
|-----------------------------|-------|---|----|---|----|---|
| | PI-26 | Internal audit effectiveness | D+ | | D+ | Even though there is no improvement at the overall level, improvements in dimensions (ii) and (iii) have been noticed. Nature of audits and standards have improved since 2017; completion of planned audits has also improved. There is still a challenge regarding management response to audit recommendations. |
| | | (i) Coverage of internal audit | В | The average coverage of internal audit is at 81.7% by value of total central government expenditures and revenues as at the time of assessment. | В | No change in score and performance |
| | | (ii) Nature of audits and standards applied | В | Based on training and capacity building for public sector internal auditors, internal audit activities now focus on evaluation of effectiveness of internal controls to ascertain whether they are adequate or not. | С | Improvement in both score and performance. Nature and standards of audit have improved with more risk-based audits and internal control evaluations. |
| | | (iii) Implementation of internal audits and reporting | С | Annual audit work plans are produced. Based on data for FY2020, 57.5% of planned audits were completed. There is evidence of production of quarterly internal audit reports with copies to audited entity and MoF. | D | Improvement in both score and performance. More planned audit activities are been carried out / completed compared to 2017. |
| | | (iv) Response to internal audits | D | Management response to audit recommendations is below 50% (21% in FY2018, 29% in FY2019, and 21% in FY2020) | D | No change in score and performance |
| Accounting and Reporting | PI-27 | Financial data integrity | B+ | | В | The financial data integrity process (dimension 4) has improved since 2017 due to the establishment of a payroll quality assurance unit and an M&E unit to check payroll data and other financial transactions respectively. Improvement in dimension 4 has resulted in improvement of overall performance. |

| | (i)Bank account reconciliation | В | There are 230 budgeted central government bank accounts. All 85 bank accounts managed by the treasury are fully reconciled each month within a month but there is also daily reconciliation since the treasury has a direct electronic access to bank statements from Bank of Sierra Leone. The remaining 145 bank accounts held and managed directly by the budget institutions are reconciled monthly within four weeks after the end of the previous month. NASSIT as well as extra-budgetary units have their own bank accounts; these institutions also reconcile their bank accounts with their cash books each month within four weeks after the end of the previous month. | В | No change in score and performance |
|-------|---|----|---|----|---|
| | (ii) Suspense accounts | NA | This dimension is not applicable as there are no suspense accounts. | NA | No change in score and performance |
| | (iii) Advance accounts | NA | This dimension is not applicable as there are no advance accounts. | NA | No change in score and performance |
| | (iv) Financial data integrity processes | A | All transaction recordings and changes within the IFMIS system result in audit trail. Entry access to IFMIS is password-protected and restricted to specific functions that each user is assigned to. Since 2019, a payroll quality assurance unit as well as a monitoring and evaluation unit have been created to check payroll and financial data integrity respectively. | В | Improvement in both score and performance due to the establishment of a team in charge of verifying financial data. |
| PI-28 | In-year budget reports | D+ | | D+ | There were no quarterly in-year budget execution reports in 2017. The monthly reports have less coverage. Since 2020, quarterly budget execution reports have been prepared and published with more coverage compared to monthly reports. Though there is improvement in dimension 1, it is insufficient to warrant a change in the overall performance of this indicator. |
| | (i)Coverage and comparability of reports | C | The reports show the actual revenues and expenditure directly compared with the originally approved budgeted income and expenditure for the main administrative headings. Revenues and expenditures are also reported in aggregates using only the economic classification. The report does not show expenditures made from transfers to de-concentrated government units. | D | Improvement in both score and performance due to better coverage of quarterly in-year reports compared to monthly reports in 2017. |

| External scrutiny and audit | PI-30 | External audit | D+ | accounting standards but not disclosed. | C+ | There is no real change. In 2017, dimension (iv) which assesses the independence of ASSL was over- rated resulting in an overall score of "C+" instead of "D+". The legal framework regarding ASSL's annual budget approval by MoF has not changed since 2017. Also, actual funds transfer to ASSL delayed in 2017 and continued to delay in 2021. |
|-----------------------------|-------|---|----|---|----|---|
| | | (iii) Accounting standards | С | There are no national standards but the consolidated annual financial statements are prepared in accordance with Section 83 of the PFM Act 2016 – IPSAS Cash has been adopted by Government and consistently disclosed within the last three years 2018-2020, with some gaps in | С | No change in score and performance |
| | | (ii) Submission of reports for external audit | A | The consolidated annual financial statements of central government for FY2020 were submitted to Audit Service Sierra Leone on 29 th March 2021, within three months after the end of the fiscal year | Α | No change in score and performance |
| | | (i)Completeness of annual financial reports | В | As indicated in Table 29.1 below, the AFS for the last completed fiscal year 2020 contain information on revenues, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations. The statements however are not supported by a reconciled cash flow statement | В | No change in score and performance |
| | PI-29 | Annual financial reports | C+ | data concerns exist, they are not highlighted. | C+ | No change in score and performance |
| | | (iii)Accuracy of in-year budget reports | С | Expenditures are recorded at payment stage only. Commitment reports can be generated from the FreeBalance IFMIS system but these are not disclosed in the quarterly in-year budget execution reports. Though | С | No change in score and performance |
| | | (ii) Timing of in-year budget reports | D | For FY 2020, quarter 1 report was not published, quarter 2 was published in October 2020, quarter 3 was published in November 2020, and quarter 4 was not published. The frequency of publication is irregular. | D | No change in score and performance |

| | (i)Audit coverage and standards | В | Audit coverage was 91.3% and 85% of all central government (budgetary extra-budgetary units and subvented agencies) revenues and expenditures respectively in 2018, 76.7% of revenues and 75.1% of expenditures in 2019, and 75.1% of revenues and 81.1% of expenditures in 2020. Audits are carried out according to INTOSAI audit standards. The audit reports highlight material issues as well as weaknesses in systems and internal controls. | В | No change in score and performance |
|-------|---|----|--|----|--|
| | (ii) Submission of audit reports to the legislature | C | The Auditor General submitted the audit report of the consolidated fund for FYs 2018-2020 within nine months from date of receipt of the annual financial statements from AGD/MoF. | С | No change in score and performance |
| | (iii) External audit follow-up | C | In the last three years under review, the audit reports also include official/formal responses on audit findings by the audited entity. However, the formal responses are not comprehensive as they fail to provide an action plan or road map for implementation of remedial actions. | C | No change in score and performance |
| | (iv)Supreme Audit Institution (SAI) independence | D | ASSL has administrative independence since it operates separately from the executive. The Auditor General is appointed by the President subject to legislative approval. The staff of ASSL are not public servants. It has unrestricted access to public records, freedom to decide on its audit work, freedom to publish its audit findings, as well as right to question public officials. Nevertheless, ASSL has no financial independence | С | No real change as 2017 was overrated. ASSL's financial independence has not changed since 2017. |
| PI-31 | Legislative scrutiny of audit reports | D+ | | D+ | Both assessments (2017 and 2021) scored "D+" in terms of overall performance, meaning no overall change but there appears to be a decline in performance in dimension (vi) which assesses transparency of legislative scrutiny – significant delays in tabling PAC reports as well as late publication are the main reasons. |
| | (i)Timing of audit report scrutiny | D | As shown in Table 31.1 below, delays of up to 17 months were encountered for FY2018 audit reports. Review of 2019 audit report has been completed but not yet tabled to the plenary for consideration and adoption | D | No change in score and performance |

| (ii) Hearings on audit findings | C | In-depth hearings cover all 'class A' MDAs (risky MDAs which represent 54% of total central government budget) with adverse or qualified audit opinions with the presence of senior staff of audited entity and ministry of finance officials. Class 'B' (less risky MDAs) are not always covered – coverage stands at less than 20% by value | С | No change in score and performance |
|--|---|---|---|--|
| (iii) Recommendations on audit by the legislature | С | The Public Accounts Committee issues recommendations to be implemented by the executive after scrutiny of external audit reports. However, PAC has no systematic framework to follow up on its recommendations. This has been the case within the assessment period 2018-2020 | C | No change in score and performance |
| (iv)Transparency of legislative scrutiny of audit reports | D | Within the last three completed fiscal years of this assessment coverage, the hearings of Public Accounts Committee (PAC) were held in public. There is also live media coverage/broadcast. As at the time of assessment (cut-off date September 2021) only 2017 PAC report has been published (https://www.parliament.gov.sl/). PAC reports for the period under assessment (2018-2020) have not been published | С | Deterioration in both performance and score due to excessive delays in publication of PAC reports. |

ANNEX 2: SUMMARY OF OBSERVATIONS ON THE INTERNAL CONTROL FRAMEWORK

| Internal control components and elements | Summary of observations |
|---|---|
| 1. Control environment | The Public Finance Management Act 2016, the new PFM Regulations2018, the Public Procurement Act 2016, and Procurement Regulations 2020 are some of the laws that support PFM and the control environment. The responsibilities of finance and non-finance staff are well laid out and clearly defined in terms of reporting structures. The organisational and governance structure promotes compliance to rules and regulations. The Minister of Finance is the sole government official for authorising all approved payments once the appropriations act is passed by parliament. He is also the sole government official for contracting public loans and issuing public guarantees. Expenditure payment is done through the issuance of quarterly expenditure commitment warrants to each budget institution. The accounting officer in each central government entity is responsible for ensuring that all payments comply with PFM laws and regulations. The HR and payroll control environment has been strengthened in recent years following the establishment of a payroll quality review unit within AGD. |
| | Internal Audit Department (IAD) of MoF. The National Revenue Authority on the other hand has its own internal audit unit, not directly under the supervision of IAD but with reporting line to MoF top management. Internal audit coverage is satisfactory. Compliance to PFM rules and regulations is considered satisfactory. The creation of a new monitoring and evaluation unit at AGD appears to have shored up financial data integrity process, with overall responsibility for ensuring compliance to payment rules and procedures. |
| | The independence of the Auditor-General and Audit Service Sierra Leone is compromised by the current arrangement which required SAI's budget to be approved by MoF. It is further compounded by delays in actual release of funds. One good thing however, is that the staff of ASSL are not under the whims and caprices of Public Service Commission. ASSL has full mandate and no restriction to audit any public institution with full access to public documentation. It also has the right to publish its reports without interference. |
| 2. Risk assessment | There is no government-wide risk register or matrix. Each public institution however prepares a risk-based audit plan on the basis of its own internal assessment of the level of risk. These audit plans are reviewed by IAD annually. As revenue is probably the most-risky area, the NRA's Customs Services Department has developed a departmental risk management strategy to guide its operations. Tax and fraud investigations are now conducted based a compliance risk improvement plan. |

| | Risk can be identified in a number of PFM areas as follows: <i>PI-10 (fiscal risk reporting) rated "D+" signifying poor performance</i>-for the first time, GoSL has compiled SoE fiscal risk report which is a remarkable achievement but delays in SoEs preparation and auditing of their annual financial statements poses a threat. Contingent liabilities are quite significant – they are reported in the consolidated annual financial statements but without PPPs. The annual reports are published each year. <i>PI-11 (public investment management) rated "D+"</i>-indicating weak performance as there is no standardised PIM¹⁵ guideline for economic analysis of investment projects, selection, costing and evaluation. NaMED has been established to principally focus one evaluation of all public investment projects. <i>PI-12 (public asset management) rated "C+"</i>-showing average performance. This was made possible by the enactment of the PFM Regulations in 2018 which now has section on disposal/transfer of financial assets. It is understood that IFMIS has a module on asset management which is nonetheless inactive. <i>PI-14 (macroeconomic and fiscal forecasting) "B"</i> - this shows satisfactory performance with sound macroeconomic and fiscal forecasting framework but not having positive impact on revenue administration measures, though revenue forecasting is considered average. <i>PI-19.4 (revenue arrears monitoring) "B"</i>-satisfactory performance as 6.5% total tax collections constitute revenue arrears. Compared to 2017, performance is deteriorating. <i>PI-22.1 (expenditure arrears) "D"</i> - stock of arrears are at least 30% of total government expenditure in 2020, a significant decrease from 2018 and 2019 figures of around 60% mainly due to WB/IFM inflows to clear expenditure arrears. The fear however, is that this could increase drastically due to budget credibility/reliability challenges. |
|-----------------------|--|
| 3. Control activities | The duties and responsibilities of the Accountant General and all accounting officers and vote controllers are enshrined in the PFM Act 2016 and the PFM Regulations 2018. The Accountant General is government's chief accountant and is responsible for providing leadership in financial accountability and reporting through the issuance of guidelines and manuals as well training of all financial managers within the public sector. The regulations and the organisational and governance structure define responsibilities of staff with clear segregation of duties in the area of planning, budgeting, cash and expenditure management, revenue mobilisation/collection, and safeguarding of public assets. Budgeted central government uses FreeBalance IFMIS for financial management and reporting. It provides sufficient security measures in terms of password access for authorised staff only, and data encryption (read-only) plus backup facility. The IT Department at MoF provides technical support to the IT infrastructure. GoSL has upgraded IFMIS, from version 6 to version 7 with an updated Chart of Account (CoA) from 27 digits to 33 digits. |

¹⁵ Public investment management

| | IFMIS generates an audit trail. It has an inbuilt expenditure commitment control framework that limits all expenditures at commitment stage only, but not cash levels. The finance managers assigned to each budget institution provide reasonable assurance on compliance; external audit activities and coverage are wide but weakened by some independence issues as well as low rate of executive response to audit findings and recommendations. Delays in PAC review of external audit reports pose a threat to control activities. |
|--------------------|---|
| | Areas that need attention include the following, whilst some areas are also working well: <i>PI-24 (Procurement) rated "C"</i>-average performance but the main area of concern is the timeliness of compilation of procurement data for audit and publication even though this has improved compared to 2017. The independent procurement review panel is fully functional, thereby providing public confidence in adjudicature of procurement related complaints. <i>PI-25 (Internal control on non-salary expenditure) rated "B"</i>- signifying relatively strong internal control practices. <i>PI-26.4 (Response to internal audit) rated "D"</i> - There are concerns regarding government's commitment to addressing audit findings and recommendations. This is a fundamental weakness to strengthening internal controls and improving financial accountability. <i>PI-30.3 (External audit follow up) rated "C"</i>-average performance but |
| | with low commitment from the executive to implement remedial |
| | actions. |
| 4. Information and | The main source of official GoSL fiscal data in MoF's website |
| communication | (www.mof.gov.sl). There are other links to MoF's website that provide useful information on fiscals and PFM. Some of the other websites include NRA (www.nra.gov.sl), ASSL (www.auditservice.gov.sl), Parliament (www.parliament.gov.sl) and NPPA (www.nppa.gov.sl). These sites provide fiscal information such as financial reports, fiscal strategy, country statistics (Updated statistics on e.g., GDP or inflation can be found on Statistics Sierra Leone website. Results of auctions of Government Securities are published on the Bank of Sierra Leone (BSL) website (in addition to the Monetary Policy Statements) on growth and unemployment rates, government debt portfolio, laws and regulations, information about taxation, procurement, audit reports, among others. In-year budget reports are published but late, more than two months after the end of the month/quarter. Annual audited financial reports are also published for central government budgeted entities and statutory bodies. The budget preparation process is participatory with a top-down and bottom-up approach but less consultative as far as the public is concerned. Parliament scrutinises the annual budget proposal submitted by the executive. There is significant delay in the scrutiny of audit reports. |
| | The Directorate of Financial Management Systems and Technology of MoF is tasked with providing the enabling environment for government financial management system. The Directorate liaises with the Ministry of Information and Communication on government information and communication strategy. It provides data back-up for government PFM information by using a three-tier back-up plan, i.e., in-house/onsite, replicated information at Bank of Sierra Leone, and remote back-up but this is not yet to be operational. One major challenge identified in government ICT infrastructure |

| | is the absence of interoperability or direct interface among different data platforms – this hampers effective and efficient communication and information sharing. The main area of concern: PI-8 (Performance information for service delivery) rated "D" – complete information on resources received by frontline service delivery units is not available. Also, there is limited publication of performance information for service delivery programs. PI-9 (Public access to fiscal information) rated "D"–fiscal and financial information exist and are made available to the public but significantly delayed. Delayed information means denied information |
|---------------|---|
| 5. Monitoring | Timeliness and accuracy of fiscal information are prerequisites for transparency and accountability as well as the monitoring and evaluation framework. Additionally, the timely and regular issuance of internal and external audit reports, which monitor and evaluate compliance to financial laws and regulations with regards to safeguarding public assets and the efficient use of government resources, also help in the monitoring framework. Whilst these audit reports are issued regularly with the required remedial action on audit findings, executive implementation of these recommendations remains a challenge; rate of implementation is low. The Public Accounts Committee of Parliament lacks a systematic framework |
| | for monitoring and evaluating its own recommendations to the executive. Main weaknesses include: <i>PI-30.3 (external audit follow-up) rated "C"</i>–ASSL issues recommendations but evidence suggests weak executive implementation leading to repetitive audit findings. <i>PI-31 (legislative scrutiny of audit reports) rated "D+"</i> – delays in review of external audit reports plus absence of systematic follow-up mechanism. <i>PI-26.4 (Response to internal audit) rated "D"</i>- executive response to internal audit findings is weak. This weakens the monitoring framework. |

Annex 3A: Sources of Information

| Indicator | Dimension | Data used | | |
|---|---|--|--|--|
| I. Budget Reliability | | | | |
| 1. Aggregate Expenditure Outturn | 1.1 Aggregate Expenditure Outturn | Appropriations Acts/Approved original expenditure budget and actual expenditue based on administrative and economic classifications for FY2018; FY2019; and FY2020 | | |
| 2. Expenditure Composition | 2.1 Expenditure Composition Outturn by Function | Appropriations Acts/Approved original expenditure budget and actual expenditure based on administrative and economic classifications for FY2018; FY2019; and FY2020 | | |
| Outturn | 2.2 Expenditure Composition Outturn by Economic Type | Appropriations Acts/Approved original expenditure budget and actual expenditure based on administrative and economic classifications for FY2018; FY2019; and FY2020 | | |
| | 2.3 Expenditure from Contingency Reserves | Contingency budget and actual expenditure from contingency vote for FY2018; FY2019; and FY2020 | | |
| 3. Revenue Outturn | 3.1 Aggregate Revenue Outturn | Approved original revenue budget and actual revenue outturns based on revenue types for FY2018; FY2019; and FY2020 | | |
| | 3.2 Revenue Composition Outturn | Approved original revenue budget and actual revenue outturns based on revenue types for FY2018; FY2019; and FY2020 | | |
| II. Transparency of Public Finar | nces | | | |
| 4. Budget Classification | 4.1 Budget Classification | Chart of Accounts, Budget books; interviews with officials | | |
| 5. Budget Documentation | 5.1 Budget Documentation | Budget books; Call circulars, Budget Speech; Interviews with officials; Fiscal Strategy Statement for 2020 and 2021 | | |
| 6. Central Government | 6.1 Expenditure Outside Financial Reports | Interviews with officials; data on revenue and expenditure of extra-budgetary units | | |
| Operations Outside Financial Reports | 6.2 Revenue Outside Financial Reports | Interviews with officials; data on revenue and expenditure of extra-budgetary units | | |
| Reports | 6.3 Financial Reports of Extra Budgetary Units | Interviews with officials; data on revenue and expenditure of extra-budgetary units | | |
| 7. Transfers To Sub-national Governments | 7.1 System for Allocating Transfers | Interviews with officials; Documentation from Fiscal Decentralisation Department; Budget book; Local Government Equitable Grants Distribution Formulae and Annual Allocations 2020 | | |
| | 7.2 Timeliness of Information on Transfers | Interviews with officials; Local Government budget circular for 2020; | | |
| | | | | |

| Indicator | Dimension | Data used |
|---|---|--|
| | 8.1 Performance Plans for Service Delivery | The Budget Book; Strategic Plan from MDAs; draft mid-term evaluation of national medium-term strategic plan; Interviews with officials |
| 8. Performance Information | 8.2 Performance Achieved for Service Delivery | The Budget Book; Strategic Plan from MDAs; draft mid-term evaluation of national medium-term strategic plan; Interviews with officials |
| For Service Delivery | 8.3 Resources Received By Service Delivery Units | The Budget Book; Strategic Plan from MDAs; draft mid-term evaluation of national medium-term strategic plan; Interviews with officials |
| | 8.4 Performance Evaluation For Service Delivery | Interviews with officials; 2019 Sierra Leone Voluntary Performance Report by UN |
| 9. Public Access To Fiscal Information | 9.1 Public Access To Fiscal Information | Government website; Ministry of Finance website; citizens budget; annual budget speeches 2018 to 2020; budget books 2018 to 2020 |
| III. Management Of Assets And | Liabilities | |
| | 10.1 Monitoring of Public Corporations | Interviews with officials; SoE consolidated fiscal risk report (September 2020 for the period 2014-2018; data from ASSL |
| 10. Fiscal Risk Reporting | 10.2 Monitoring of Subnational Governments | Interviews with officials; data on LCs from ASSL; documentation/information from MoF/FDD |
| | 10.3 Contingent Liabilities and Other Fiscal Risks | Interviews with officials; Documentation from Accountant General; Consolidated financial statements for FY2020; information from MoF public debt management unit. |
| | 11.1 Economic Analysis of Investment Proposals | Interviews with officials from MoPED/PIMD; line ministries (education, health, and works) |
| 11. Public Investment | 11.2 Investment Project Selection | Interviews with officials from MoPED/PIMD; line ministries (education, health, and works) |
| Management | 11.3 Investment Project Costing | Interviews with officials from MoPED/PIMD; line ministries (education, health, and works) |
| | 11.4 Investment Project Monitoring | Sample PIP evaluation reports from NaMED |
| | 12.1 Financial Asset Monitoring | List of government equities in public and private business entities from consolidated annual financial statements 2016; data from NCP |
| 12. Public Asset Management | 12.2 Nonfinancial Asset Monitoring | Interviews with stakeholders including National Assets and Government's Property Commission; Ministries of Education, Health, Mines, and Works |
| | 12.3 Transparency of Asset Disposal | Public Procurement Act 2016; documentation from National Assets and Government's Property Commission; PFM regulation 2018; consolidated annual financial statements FY2020 |
| 13. Debt Management | 13.1 Recording and Reporting of Debt and Guarantees | Debt report from MoF public debt management unit for FY2014, 2015, and 2016; Domestic debt report for 2019, 2019 and 2020 |

| Indicator | Dimension | Data used | | | |
|---|---|---|--|--|--|
| | 13.2 Approval of Debt and Guarantees | Public Financial Management Law 2016; Public Debt Law 2011 | | | |
| 13.3 Debt Management Strategy | | Medium-term debt management strategy 2018-2022; IMF country report on Sierra Leone dated May 2020 | | | |
| IV. Policy-Based Fiscal Strateg | y and Budgeting | | | | |
| | 14.1 Macroeconomic Forecasts | Interviews with officials in MoF Macro Unit; MTEF; Budget book Working documents; Budget Speech; Debt bulletin; Fiscal Strategy Statement | | | |
| 14. Macroeconomic and Fiscal Forecasting | 14.2 Fiscal Forecasts | Interviews with officials in MoF Macro Unit; MTEF; Budget book Working documents; Budget Speech; Debt bulletin; Fiscal Strategy Statement | | | |
| | 14.3 Macro Fiscal Sensitivity Analysis | Interviews with officials in MoF Macro Unit; MTEF; Budget book Working documents; Budget Speech; Debt bulletin; Fiscal Strategy Statement | | | |
| | 15.1 Fiscal Impact of Policy Proposals | Fiscal strategy statement 2020 and 2021 | | | |
| 15. Fiscal Strategy | 15.2 Fiscal Strategy Adoption | Budget speech; FSS for 2021 | | | |
| | 15.3 Reporting on Fiscal Outcomes | Budget speech; FSS for 2021 | | | |
| | 16.1 Medium-Term Expenditure Estimates | Budget book; MTEF; Interviews with officials | | | |
| 16. Medium Term | 16.2 Medium-Term Expenditure Ceilings | Budget Call Circular; MTEF; Interviews with officials | | | |
| Perspective In Expenditure Budgeting | 16.3 Alignment of Strategic Plans and Medium- Term Budgets | Medium-term development plan; sector strategy from MDAs | | | |
| | 16.4 Consistency of Budgets with Previous Year's Estimates | MTEFF and budget books 2019, 2020 | | | |
| | 17.1 Budget Calendar | PFM Act 2016; Budget Call circulars, Budget Calendar; Budget Speech; interviews with officials | | | |
| 17. Budget Preparation Process | 17.2 Guidance on Budget Preparation | PFM Act; Budget Call circulars, Budget Calendar; interviews with officials; Fiscal Strategy Statement 2020 and 2021 | | | |
| | 17.3 Budget Submission to the Legislature | PFM Act 2016; Budget Speech; Interviews with officials at MoF and Parliament; data from MoF budget submission dates and triangulation with parliament | | | |
| | 18.1 Scope of Budget Scrutiny | PFM Act 2016; Standing orders of the Parliament; Budget documentation; Interviews with officials | | | |
| 18. Legislative Scrutiny of Budgets | 18.2 Legislative Procedures for Budget Scrutiny | Standing orders of Parliament; Interviews with officials at Parliament | | | |
| | 18.3 Timing of Budget Approval | Interviews with officials at Parliament; documentation from Parliament; Appropriations Acts 2019 to 2021 | | | |
| | 18.4 Rules for Budget Adjustment by the Executive | Constitution; PFM Act 2016; PFM Regulation 2018; Interviews with officials; data on budget in-year reallocations | | | |

| Indicator | Dimension | Data used | | |
|----------------------------------|---|---|--|--|
| V. Predictability And Control In | n Budget Execution | | | |
| | 19.1 Rights And Obligations For Revenue Measures | NRA Act 2002; Customs & Excise Act 2011; Income Tax Act 2000; GST Act 2009; Finance Acts 2018 to 2020; NRA website | | |
| 19. Revenue Administration | 19.2 Revenue Risk Management | NRA strategic plan 2018-2022; customs risk management strategy; interview with officials | | |
| 19. Revenue Administration | 19.3 Revenue Audit And Investigation | NRA tax audit and investigation plan for 2020; NRA annual activity progress reports for 2020 | | |
| | 19.4 Revenue Arrears Monitoring | Data on stock of revenue arrears for 2020; plus actual tax outturns for the same period | | |
| | 20.1 Information On Revenue Collections | 2020 NRA monthly and quarterly revenue reports submitted to MoF | | |
| 20. Accounting For Revenue | 20.2 Transfer Of Revenue Collections | NRA bank statements; triangulation/confirmation from AGD | | |
| | 20.3 Revenue Accounts Reconciliation | NRA revenue reconciliation statements for 2020 | | |
| | 21.1 Consolidation Of Cash Balances | Interviews with officials from Accountant General's Department; report on consolidation of government (treasury) cash/bank balances | | |
| 21. Predictability Of In-Year | 21.2 Cash Forecasting And Monitoring | Copy of consolidated annual cash flow statement from MoF | | |
| Resource Allocation | 21.3 Information On Commitment Ceilings | Copy of expenditure commitment warrant from MoF; interview with MDA officials | | |
| | 21.4 Significance Of In-Year Budget Adjustments | Copy of statement of budget reallocation from MoF; sample copies of BU budget virement requests | | |
| 22. Expenditure Arrears | 22.1 Stock Of Expenditure Arrears | Interviews with government officials; stock of expenditure arrears at December 2020. | | |
| | 22.2 Expenditure Arrears Monitoring | MDA expenditure returns with arrears statements | | |
| | 23.1 Integration Of Payroll And Personnel Records | Establishment list; personnel records at HRMO; Accountant General's Department | | |
| | 23.2 Management Of Payroll Changes | Copies of payroll/personnel change forms | | |
| 23. Payroll Controls | 23.3 Internal Control Of Payroll | Copies of payroll/personnel change forms; monthly payroll report FY2020 – sampl from TSC | | |
| | 23.4 Payroll Audit | Payroll audit report for 2018 | | |
| 24. Procurement | 24.1 Procurement Monitoring | NPPA 2018 audited report; 2019 ready but not published; 2020 at the draft stage | | |
| Management | 24.2 Procurement Methods | NPPA 2018 audited report; 2019 ready but not published; 2020 at the draft stage | | |

| Indicator | Dimension | Data used | | |
|---|---|---|--|--|
| | 24.3 Public Access To Procurement Information | Government website; Ministry of Finance website; NPPA website | | |
| | 24.4 Procurement Complaints Management | PFM Act 2016, Public Procurement Act 2016; Procurement Regulations 2020 | | |
| | 25.1 Segregation of Duties | Copies of payment vouchers; PFM regulations 2018, PFM Act 2016 | | |
| 25. Internal Controls on Non- salary Expenditure | 25.2 Effectiveness of Expenditure Commitment Controls | IFMIS functionality manual; IFMIS implementation strategy document; walk-through test of IFMIS functions; interviews with stakeholders; sample copies of expenditure arrears from Ministry of Public Works and Ministry of Health | | |
| | 25.3 Compliance with Payment Controls | Financial statements for 2018 to FY2020; Auditor-General's annual audit report FY2018 and FY2020; sample internal audit reports for FY2020. | | |
| | 26.1 Coverage of Internal Audit | PFM Act 2016, PFM regulations 2018; interviews with MoF, Ministry of Works, Education, Health, and Mines; copies of internal audit reports; annual audit plans FY2020; data on internal audit coverage from IAD | | |
| 26. Internal Audit | 26.2 Nature of Audits and Standards Applied | Annual audit plans FY2020; internal audit reports 2020; audit manual | | |
| | 26.3 Implementation of Internal Audits and Reporting | Internal audit reports 2020; data on planned audits vs audits completed. | | |
| | 26.4 Response to Internal Audits | Data on management response to audit recommendations from IAD | | |
| VI. Accounting and reporting | | | | |
| | 27.1 Bank Account Reconciliation | Bank statements and reconciliation statements FY2020 and as at September 2021; Auditor-General's audit reports 2018-2020 | | |
| 27 Financial Data Intervity | 27.2 Suspense Accounts | Consolidated annual financial statements 2018-2020; Auditor-General's reports 2018-2020 | | |
| 27. Financial Data Integrity | 27.3 Advance Accounts | Consolidated annual financial statements 2018-2020; Auditor-General's reports 2018-2020 | | |
| | 27.4 Financial Data Integrity Processes | IFMIS functionality manual; IFMIS implementation strategy document; walk-through test of IFMIS functions; interviews with stakeholders; | | |
| | 28.1 Coverage and Comparability of Reports | Quarterly in-year budget execution reports FY2020 | | |
| 28. In-Year Budget Reports | 28.2 Timing of In-Year Budget Reports | Quarterly in-year budget execution reports FY2020; MoF website for publication | | |
| | 28.3 Accuracy of In-Year Budget Reports | Quarterly in-year budget execution reports FY2020; Auditor-General's audit reports 2018-2020. Cross-cutting discussion with Internal Audit and External Audit on data accuracy | | |
| 29. Annual Financial Reports | 29.1 Completeness of Annual Financial Reports | Consolidated annual financial statements FY2018 to FY2020 | | |

| Indicator | Dimension | Data used | |
|--|---|--|--|
| 29.2 Submission of Reports for External Aud | | Transmittal letter from Accountant General to ASSL; confirmation from Auditor- General | |
| | 29.3 Accounting Standards | Consolidated annual financial statements FY2018 to FY2020 | |
| VII. External Scrutiny and Aud | it | | |
| | 30.1 Audit Coverage and Standards | Audit Service Act 2014; Audit manual; Auditor-General's audit reports; interviews with officials of ASSL; data on audit coverage for 2018-2020 | |
| 30. External Audit | 30.2 Submission of Audit Reports to the Legislature | Transmittal letters of audited report of the consolidated fund (FYs2018-2020) from Auditor-General to Parliament; confirmation from parliament | |
| | 30.3 External Audit Follow-Up | Auditor-General audit reports 2018-2020 | |
| | 30.4 Supreme Audit Institution Independence | 1991 Constitution; Audit Service Act 2014; interview with Auditor-General | |
| 31. Legislative Scrutiny of Audit Reports | 31.1 Timing of Audit Report Scrutiny | Hansard/minutes from parliament; minutes from PAC; confirmation from CSOs; interviews with MoF, Ministries of Works, Education, Health, and Mines and Minerals | |
| | 31.2 Hearings on Audit Findings | Interaction with members of PAC; confirmation from CSOs; interviews with government officials from Bus | |
| | 31.3 Recommendations on Audit by the Legislature | Report of PAC for FY2017; interviews with PAC members; confirmation from CSOs | |
| | 31.4 Transparency of Legislative Scrutiny of Audit Reports | Hansard/minutes from parliament; minutes from PAC; confirmation from CSOs; interviews with MoF, Ministries of Works, Education, Health, and Mines and Minerals | |

Other relevant materials used

- 2020 Open Budget Survey Report Sierra Leone
- PIMA report May 2020
- Transparency International 2018, 2019, 2020 reports
- IMF Article IV Staff Report on Sierra Leone April 2020

Annex 3B: List of Stakeholders Interviewed

| Name | Organisation | Position | Telephone | Email |
|----------------------------|-------------------|--------------------------------------|---------------|------------------------------|
| Ministry of Finance | | | | |
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| Alhaji Idriss Bangura | MoF/FRMD | Deputy Director | | |
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|---------------------------|---------------|----------------------------|----------------|-------------------------------|
| | | | | |
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Annex 3C: Payroll Reforms

The Government Payroll amounts for a significant part of the National Budget as it represents the biggest proportion of government's spending. The actual GOSL payroll cost for the fiscal year 2020 (January – December 2020) was Le3.26 trillion or 59.2% of actual domestic revenues.

It is in light of the significance of this expenditure that the GoSL has undertaken a reform of the payroll since the 2017 Assessment. The payroll reform efforts for the past three years have been two-fold. First, they have aimed at improving the transparency and reliability of the payroll. Secondly, at improving management of the payroll in order to have a wage bill that is sustainable. The payroll reforms have been implemented within the Government's public financial management framework and strategy. In addition to the Public Financial Management Strategy, the implementation of payroll reforms has been guided by a Payroll Reform Strategy. The reform efforts have been supported by having a Payroll Oversight Committee at MoF. This Committee takes strategic decisions related to the payroll. The creation of payroll units within the Budget Bureau and the Internal Audit Department has also contributed to the reform's success.

Payroll Reforms 2018 to date

1. Executive Order 2-Wage Bill Control

The Government's commitment to managing the wage bill was clearly demonstrated with Executive Order No.2 dated 25th April 2018 issued within few days upon assumption of office by the new government. The Executive Orders in relation to controlling the wage bill ordered the Accountant General to remove from the payroll all employees that had attained the retirement age of 60 (with the exemption of those under charged emoluments and those covered by an Act of Parliament). As a result of this order, measures were put in place which has now ensured that employees that have attained retirement age are routinely removed from the payroll.

2. Implementation of the results of the findings of the National Civil Registration Authority's (NCRA) nationwide biometric verification exercise

Upon setting this precedence, the Government requested the NCRA to conduct a nationwide biometric verification exercise in August 2018. After that, the Ministry of Finance in collaboration the Accountant General, HRMO and other Employing Authorities, worked together to implement the findings of the verification exercise. This led to the removal from the payroll of those employees that did not turn up to be verified (no show), as well as those with complete name mismatch (name on central payroll completely different from name on NCRA's database). It is now a policy not bring anyone on the payroll without a valid NIN number.

3. NASSIT AND BBAN Number Clean Up;

During FYs 2018 & 2019, the next stage of the reform and payroll cleansing efforts relates to cleaning up of NASSIT Numbers and BBAN Numbers working closely with the relevant stakeholders including the National Social Security and Insurance Trust (NASSIT) and all public sector Employing Agencies and the Commercial Banks. These efforts led to identification and removal of ghost employees.

There are a number of additional benefits that cumulated from the NASSIT and BBAN Number clean-up exercise. This includes Government instituting a policy decision that no new employee must be brought on the payroll without a valid DOB, BBAN, NASSIT and NIN. Thus, serving as a long-term control measure to curtail dual employment and ghost workers on the payroll.

The NASSIT clean-up exercise has also resulted in better data exchange and cooperation between MoF and NASSIT in addressing several other pension-related matters, including working on the development of a strategy to ensure closing down the Government's suspense account at NASSIT.

4. Minimizing Manual voucher payments

One of the challenges with regards to payroll management relates to the manual processing of payroll payments. Thus, the Government's continued efforts to minimize the use of manual voucher payments. During FYs 2019 and 2020, the payrolls of tertiary educational institutions and local councils were automated. The FY2021 Budget includes commitments aimed at minimizing manual voucher payments such as automating the payroll of the salaries of paramount chiefs and chiefdom functionaries. The Financial Secretary has recently issued a memo to the Accountant General's Department requesting them not to make any manual voucher payments for the Ministry of Finance and Accountant General's Department.

5. Efforts to curtail wage disparity on the payroll-Wages and Compensation Commission

Wage disparity on the public sector payroll remains a major challenge. However, this Government's longterm solution for addressing this issue is the setting up of the Wages and Compensation Commission (WCC). This body is being set up by the Government in order to have a central body in charge of terms and conditions of service for the public service. Addressing issues such as multiple pensions will also be part of their mandate. The Act establishing the Commission has been developed but it is yet to be laid and passed in Parliament. However, this Government remains committed to establishing this agency as stated in the FY2021 Budget Speech.

6. Teacher reassessment and promotion exercise

In line with the objective of minimizing wage disparities on the payroll, a teacher reassessment and promotion exercises were conducted in FY 2020. The reassessment and promotion ensure all teachers are being paid in line with their qualifications and that they are put in their correct grade. A total of 2,770 teachers were promoted and 1,388 teachers reassessed. They consist 9 pre-school teachers, 2,944 primary school teachers, 1,159 secondary school teachers and 46 technical and vocational teachers from schools nationwide.

The reassessment and promotion of the 4,158 teachers will cost Government Le1,311,441,214 per month and Le15,737,294,568 per annum. The payment will be made during the March 2021 pay run.

7. Teacher retirement and recruitment policy

During 2021, following approval of the Cabinet paper on teacher retirement and recruitment policy, the Government will start implementing a new teacher retirement and recruitment policy that is in line with the academic year to avoid disruptions to the school year and to improve on the predictability and management of teacher payroll costs.

FY2021 Budget Payroll Reform Commitments

During FY2021, the Government seeks to continue addressing outstanding payroll issues. Thus, in the FY2021 Budget the following reform commitments have been made:

- I. Minimising the manual processing of payroll payments through the automation of the payroll of the salaries of paramount chiefs and chiefdom functionaries. Other aspects on the payroll to be automated include leave allowances for the army and transport allowances paid at end of service in the civil service.
- II. The Accountant General's Department to make pension payments directly into the bank accounts of all Government Pensioners who retired before the establishment of the Social Security Fund and those under special legal frameworks. To support this exercise, with NASSIT and NCRA, the Ministry of Finance will conduct a biometric verification of all public sector pensioners

- III. The Ministry of Finance and the Accountant General's Department Payroll Audit Team will conduct random verification of public sector employees that have recently changed their critical information such as name, National Identification Number (NIN), BBAN Number, date of birth, and NASSIT number
- IV. The Ministry of Finance will strengthen the capacity of the dedicated Payroll Team established within the Internal Audit Division of the Ministry to ensure compliance with policy measures
- V. Develop a follow-up strategy to guide payroll reforms in the medium-term.
- VI. **Operationalise the Wages and Salaries Commission**, which has been approved by Cabinet and gazetted. The Wages and Compensation Bill will soon be laid in Parliament for enactment.

Annex 4: Data used for scoring PI-1, 2& 3 (2016 methodology)

Table 1.1A - Analysis for PI-1 and PI-2.1: Fiscal Year 2018

| Table 1 - Fiscal years for assessment | | |
|---------------------------------------|----------|------|
| | Year 1 = | 2018 |
| | Year 2 = | 2019 |
| | Year 3 = | 2020 |

Table 2 (Leone millions)

| Data for year = | = 201 | .8 | | | | |
|--|---------|---------|-----------------|------------|--------------------|---------|
| administrative head | Budget | actual | adjusted budget | deviation | absolute deviation | percent |
| Ministry of Basic and Senior Secondary School | 948,245 | 537,640 | 784,615.2 | -246,975.2 | 246,975.2 | 31.5% |
| Ministry of Works, Housing and Infrastructure | 455,519 | 517,916 | 376,914.4 | 141,001.6 | 141,001.6 | 37.4% |
| Sierra Leone Police | 254,810 | 296,216 | 210,839.6 | 85,376.4 | 85,376.4 | 40.5% |
| Ministry of Health and Sanitation | 337,956 | 238,620 | 279,638.0 | -41,018.0 | 41,018.0 | 14.7% |
| Ministry of Defence | 236,040 | 215,021 | 195,308.7 | 19,712.3 | 19,712.3 | 10.1% |
| Ministry of Foreign Affairs & International Co-operation | 200,203 | 190,056 | 165,656.1 | 24,399.9 | 24,399.9 | 14.7% |
| Pensions | 107,530 | 181,072 | 88,974.6 | 92,097.4 | 92,097.4 | 103.5% |
| Office of the President | 99,944 | 155,279 | 82,697.6 | 72,581.4 | 72,581.4 | 87.8% |
| Ministry of Finance | 165,777 | 142,660 | 137,170.2 | 5,489.8 | 5,489.8 | 4.0% |

| 1 | | | | | | | 1 |
|---------------------------------------|--------------------|-----------|-----------|-------------|-----------|-------------|---------|
| Sierra Leone Correctional Services | | 85,009 | 104,936 | 70,339.5 | 34,596.5 | 34,596.5 | 49.2% |
| National Revenue Authority (NRA) | | 90,462 | 90,462 | 74,851.7 | 15,610.3 | 15,610.3 | 20.9% |
| Ministry of Transport and Aviation | | 30,508 | 73,352 | 25,243.2 | 48,108.8 | 48,108.8 | 190.6% |
| TRANSFERS TO LOCAL COUNCILS | | 168,031 | 157,343 | 139,035.1 | 18,307.9 | 18,307.9 | 13.2% |
| Road Maintenance Fund | | 157,638 | 69,338 | 130,435.9 | -61,097.9 | 61,097.9 | 46.8% |
| Govt. contribution of social security | | - | 59,503 | 0.0 | 59,503.0 | 59,503.0 | #DIV/0! |
| Ministry of Energy | | 148,727 | 59,106 | 123,062.9 | -63,956.9 | 63,956.9 | 52.0% |
| Ministry of Water Resources | | 137,986 | 56,309 | 114,174.8 | -57,865.8 | 57,865.8 | 50.7% |
| National Electoral Commission (NEC) | | 135,779 | 55,741 | 112,349.1 | -56,608.1 | 56,608.1 | 50.4% |
| National Commission for Social Action | | 58,753 | 50,791 | 48,614.9 | 2,176.1 | 2,176.1 | 4.5% |
| Parliament | | 56,761 | 40,272 | 46,966.7 | -6,694.7 | 6,694.7 | 14.3% |
| | 21 (= sum of rest) | 933,879 | 687,984 | 772,728.8 | -84,744.8 | 84,744.8 | 11.0% |
| allocated expenditure | | 4,809,555 | 3,979,617 | 3,979,617.0 | 0.0 | 1,237,922.8 | |
| Interest | | 952,000 | 960,552 | | | | |
| contingency | | 165,014 | 125,690 | | | | |
| total expenditure | | 5,926,570 | 5,065,859 | | | | |
| overall (PI-1) variance | | | | | | | 85.5% |
| composition (PI-2) variance | | | | | | | 31.1% |
| contingency share of budget | | | | | | | 2.1% |
| | | - | | | | - | |

Source: Budget Book and Annual Public Accounts FY2018

Table 1.1B - Analysis for PI-1 and PI-2.1: Fiscal Year 2019

Table 2 (Leone millions)

| Data for yea | r = 2019 | | | | | |
|--|----------|---------|-----------------|------------|--------------------|---------|
| administrative or functional head | Budget | actual | adjusted budget | deviation | absolute deviation | percent |
| Ministry of Basic and Senior Secondary School | 774,266 | 604,404 | 724,980.1 | -120,576.1 | 120,576.1 | 16.6% |
| Ministry of Health and Sanitation | 432,647 | 407,324 | 405,107.3 | 2,216.7 | 2,216.7 | 0.5% |
| Ministry of Works, Housing and Infrastructure | 190,136 | 311,546 | 178,032.6 | 133,513.4 | 133,513.4 | 75.0% |
| Ministry of Foreign Affairs & International Co-operation | 215,086 | 279,589 | 201,394.7 | 78,194.3 | 78,194.3 | 38.8% |
| Sierra Leone Police | 270,858 | 276,306 | 253,616.3 | 22,689.7 | 22,689.7 | 8.9% |
| Ministry of Defence | 258,654 | 221,175 | 242,189.3 | -21,014.3 | 21,014.3 | 8.7% |
| Pensions | 154,696 | 213,962 | 144,849.0 | 69,113.0 | 69,113.0 | 47.7% |
| Road Maintenance Fund | 154,611 | 191,084 | 144,769.6 | 46,314.4 | 46,314.4 | 32.0% |
| National Revenue Authority (NRA) | 100,000 | 157,161 | 93,634.5 | 63,526.5 | 63,526.5 | 67.8% |
| Ministry of Technical and Higher Education | 275,797 | 150,759 | 258,241.4 | -107,482.4 | 107,482.4 | 41.6% |
| Ministry of Energy | 211,539 | 149,652 | 198,073.5 | -48,421.5 | 48,421.5 | 24.4% |
| TRANSFERS TO LOCAL COUNCILS | 203,590 | 209,948 | 190,631.0 | 19,317.0 | 19,317.0 | 10.1% |
| Office of the President | 106,104 | 133,535 | 99,349.6 | 34,185.4 | 34,185.4 | 34.4% |

| Ministry of Finance | 177,749 | 122,404 | 166,434.4 | -44,030.4 | 44,030.4 | 26.5% |
|---|-----------|-----------|-------------|------------|-------------|--------|
| Sierra Leone Correctional Services | 88,224 | 89,185 | 82,608.2 | 6,576.8 | 6,576.8 | 8.0% |
| National Telecommunications Commission (NATCOM) | 75,354 | 85,903 | 70,557.0 | 15,346.0 | 15,346.0 | 21.7% |
| Ministry of Water Resources | 126,909 | 77,080 | 118,830.5 | -41,750.5 | 41,750.5 | 35.1% |
| Office of the Vice President | 22,490 | 65,426 | 21,058.5 | 44,367.5 | 44,367.5 | 210.7% |
| Ministry of Agriculture, Forestry and Food Security | 186,675 | 65,263 | 174,792.5 | -109,529.5 | 109,529.5 | 62.7% |
| Ministry of Transport and Aviation | 58,250 | 59,863 | 54,542.5 | 5,320.5 | 5,320.5 | 9.8% |
| 21 (= sum of rest) | 1,199,153 | 1,074,945 | 1,122,821.5 | -47,876.5 | 47,876.5 | 4.3% |
| allocated expenditure | 5,282,787 | 4,946,514 | 4,946,514.0 | 0.0 | 1,081,362.6 | |
| Interest | 1,034,561 | 985,590 | | | | |
| Contingency | 39,179 | 50,798 | | | | |
| total expenditure | 6,356,527 | 5,982,902 | | | | |
| overall (PI-1) variance | | | | | | 94.1% |
| composition (PI-2) variance | | | | | | 21.9% |
| contingency share of budget | | | | | | 0.8% |
| Source: Rudget Rook and Annual Public Accounts FY2019 | - | | | | | 0.070 |

Source: Budget Book and Annual Public Accounts FY2019

Table 1.1C - Analysis for PI-1 and PI-2.1: Fiscal Year 2020

Table 2 (Leone millions)

| Data for year | -= 2020 | | | | | |
|--|---------|---------|-----------------|------------|--------------------|---------|
| administrative or functional head | Budget | actual | adjusted budget | deviation | absolute deviation | percent |
| Ministry of Basic and Senior Secondary School | 924,478 | 800,682 | 1,008,964.2 | -208,282.2 | 208,282.2 | 20.6% |
| Ministry of Health and Sanitation | 440,963 | 634,266 | 481,261.7 | 153,004.3 | 153,004.3 | 31.8% |
| Sierra Leone Police | 304,440 | 410,332 | 332,262.0 | 78,070.0 | 78,070.0 | 23.5% |
| Ministry of Foreign Affairs & International Co-operation | 317,917 | 320,609 | 346,971.1 | -26,362.1 | 26,362.1 | 7.6% |
| Pensions | 295,292 | 299,482 | 322,277.6 | -22,795.6 | 22,795.6 | 7.1% |
| Ministry of Defence | 233,601 | 319,612 | 254,949.2 | 64,662.8 | 64,662.8 | 25.4% |
| Ministry of Technical and Higher Education | 377,650 | 312,863 | 412,163.1 | -99,300.1 | 99,300.1 | 24.1% |
| Ministry of Finance | 162,443 | 222,985 | 177,288.7 | 45,696.3 | 45,696.3 | 25.8% |
| Ministry of Agriculture, Forestry and Food Security | 162,601 | 214,940 | 177,460.5 | 37,479.5 | 37,479.5 | 21.1% |
| Ministry of Energy | 176,687 | 196,181 | 192,834.4 | 3,346.6 | 3,346.6 | 1.7% |
| Office of the President | 150,039 | 159,761 | 163,750.8 | -3,989.8 | 3,989.8 | 2.4% |
| National Revenue Authority (NRA) | 193,861 | 154,068 | 211,577.3 | -57,509.3 | 57,509.3 | 27.2% |

| National Telecommunications Commission (NATCOM) | 167,641 | 116,986 | 182,961.0 | -65,975.0 | 65,975.0 | 36.1% |
|---|--------------|-----------|-------------|-----------|-------------|--------|
| Sierra Leone Correctional Services | 80,303 | 105,702 | 87,641.9 | 18,060.1 | 18,060.1 | 20.6% |
| Law Officers' Department | 50,464 | 77,364 | 55,075.4 | 22,288.6 | 22,288.6 | 40.5% |
| Parliament | 53,589 | 76,418 | 58,485.9 | 17,932.1 | 17,932.1 | 30.7% |
| Sierra Leone Road Safety Authority | 41,244 | 76,235 | 45,013.0 | 31,222.0 | 31,222.0 | 69.4% |
| Ministry of Transport and Aviation | 69,689 | 79,151 | 76,058.2 | 3,092.8 | 3,092.8 | 4.1% |
| Office of the Vice President | 23,631 | 64,527 | 25,790.2 | 38,736.8 | 38,736.8 | 150.2% |
| National Civil Registration Authority | 54,919 | 72,355 | 59,938.4 | 12,416.6 | 12,416.6 | 20.7% |
| 21 (= sum of rest | :) 1,802,283 | 1,925,195 | 1,966,989.4 | -41,794.4 | 41,794.4 | 2.1% |
| allocated expenditure | 6,083,735 | 6,639,714 | 6,639,714.0 | 0.0 | 1,052,017.1 | |
| Interest | 1,225,038 | 1,208,916 | | | | |
| contingency | 18,826 | 503,308 | | | | |
| total expenditure | 7,327,599 | 8,351,938 | | | | |
| overall (PI-1) variance | | | | | | 114.0% |
| composition (PI-2) variance | | | | | | 15.8% |
| contingency share of budget | | | | | | 6.9% |
| Source: Budget Book and Annual Public Accounts FY2020 | | | | | | |

Table 5 - Results Matrix

| | for PI-1 | for PI-2 (i) | for PI-2 (ii) |
|------|----------------------|----------------------|-------------------|
| year | total exp. deviation | composition variance | contingency share |

| | Republic of Sierra Leone: PEFA 2021 | | | |
|------|-------------------------------------|-------|-------|-------|
| | | | | |
| | | | | |
| 2018 | | 85.5% | 31.1% | |
| 2019 | | 94.1% | 21.9% | 3.23% |
| 2020 | | 114% | 15.8% | |

Table 1.2A - Analysis for PI-2.2: Fiscal Year 2018

| PI-2.2 Expenditure composition by economic type (I | n million leones) | | | | | |
|--|-------------------|-----------|-----------------|------------|-----------------------|---------|
| 2018 | Budget | actual | adjusted budget | deviation | absolute deviation | percent |
| Wages and Salaries | 2,067,803 | 1,915,127 | 1,743,226 | 171,901.4 | 171,901.4 | 9.9% |
| Goods and Services | 1,810,050 | 1,488,906 | 1,525,931 | -37,025.4 | 37,025.4 | 2.4% |
| Transfers | 526,307 | 428,841 | 443,694 | -14,853.0 | 14,853.0 | 3.3% |
| Interest | 952,000 | 903,661 | 802,567 | 101,093.9 | 101,093.9 | 12.6% |
| Other Recurrent | - | - | - | 0.0 | 0.0 | #DIV/0! |
| Capital Expenditure and net lending | 1,045,900 | 660,611 | 881,728 | -221,116.9 | 221,116.9 | 25.1% |
| Total expenditure | 6,402,060 | 5,397,146 | 5,397,146 | 0.0 | 545,990.6 | 9% |

Source: Budget Book and Annual Public Accounts FY2018

Table 1.2B: Analysis for PI-2.2 Fiscal Year 2019

| 2019 | Budget | actual | adjusted budget | deviation | absolute deviation | percent |
|-------------------------------------|-----------|-----------|-----------------|------------|-----------------------|---------|
| Wages and Salaries | 2,400,301 | 2,414,641 | 2,202,144 | 212,497.4 | 212,497.4 | 9.6% |
| Goods and Services | 1,938,021 | 1,978,609 | 1,778,027 | 200,581.8 | 200,581.8 | 11.3% |
| Transfers | 552,385 | 382,949 | 506,783 | -123,833.7 | 123,833.7 | 24.4% |
| Interest | 1,034,560 | 979,604 | 949,152 | 30,452.3 | 30,452.3 | 3.2% |
| Other Recurrent | 66,484 | 38,805 | 60,995 | -22,190.4 | 22,190.4 | 36.4% |
| Capital Expenditure and net lending | 901,186 | 529,281 | 826,788 | -297,507.4 | 297,507.4 | 36.0% |
| Total expenditure | 6,892,937 | 6,323,889 | 6,323,889 | 0.0 | 887,063.0 | 13% |

Source: Budget Book and Annual Public Accounts FY2019

Table 1.2C: Analysis for PI-2.2 Fiscal Year2020

| PI-2.2 Expenditure composition by economic type (In million leones) | | | | | | | |
|---|-----------|-----------|-----------------|-------------|--------------------|---------|--|
| 2020 | Budget | actual | adjusted budget | deviation | absolute deviation | percent | |
| Wages and Salaries | 3,174,476 | 3,102,675 | 2,912,406 | 190,268.6 | 190,268.6 | 6.5% | |
| Goods and Services | 1,755,742 | 2,901,125 | 1,610,796 | 1,290,328.7 | 1,290,328.7 | 80.1% | |
| Transfers | 320,228 | 254,305 | 293,792 | -39,486.5 | 39,486.5 | 13.4% | |
| Interest | 1,225,038 | 1,209,277 | 1,123,905 | 85,372.3 | 85,372.3 | 7.6% | |
| Other Recurrent | - | 58,640 | - | 58,640.0 | 58,640.0 | #DIV/0! | |
| Capital Expenditure and net lending | 1,795,191 | 1,175,279 | 1,646,989 | -471,709.6 | 471,709.6 | 28.6% | |
| Total expenditure | 8,270,675 | 8,701,301 | 7,587,888 | 1,113,413.5 | 2,135,805.7 | 26% | |

Source: Budget Book and Annual Public Accounts FY2020

Table 5 - Results Matrix

| year | composition variance |
|------|----------------------|
| 2018 | 9% |
| 2019 | 13% |
| 2020 | 26% |

Table 1.3A: Analysis of revenue outturn - PI-3: Fiscal Year 2018

| Data for yea | r = 2018 | | | | | |
|--|--------------|---------------|-----------------|------------|--------------------|---------|
| Economic head | budget | actual | adjusted budget | deviation | absolute deviation | percent |
| | | Tax revenues | | | | |
| Income Tax (including corporate tax, personal income | | | | | | |
| tax, PAYE, other taxes) | 1,521,805.00 | 1,595,946.00 | 1,490,904.2 | 105,041.8 | 105,041.8 | 7.0% |
| Goods and Services Tax | 1,087,300.00 | 886,384.00 | 1,065,222.0 | -178,838.0 | 178,838.0 | 16.8% |
| Customs and Excise | 1,332,700.00 | 1,008,519.00 | 1,305,639.1 | -297,120.1 | 297,120.1 | 22.8% |
| | | Grants | | | | |
| Programme Grants | 264,336.00 | 294,293.00 | 258,968.6 | 35,324.4 | 35,324.4 | 13.6% |
| Elections Basket Fund | 8,000.00 | - | 7,837.6 | -7,837.6 | 7,837.6 | 100.0% |
| Project Grants | 386,000.00 | 386,000.00 | 378,162.1 | 7,837.9 | 7,837.9 | 2.1% |
| | | Other revenue | | | | |
| Mines Revenue | 240,550.00 | 222,772.00 | 235,665.5 | -12,893.5 | 12,893.5 | 5.5% |
| Other Revenue (including royalties on fisheries, | | | | | | |
| parastatals, other revenues) | 245,045.00 | 660,643.00 | 240,069.3 | 420,573.7 | 420,573.7 | 175.2% |
| Road User Charges and Vehicle Licences | 128,900.00 | 54,194.00 | 126,282.6 | -72,088.6 | 72,088.6 | 57.1% |
| Total revenue | 5,214,636.00 | 5,108,751.00 | 5,108,751.0 | 0.0 | 1,137,555.6 | |
| overall variance | | | | | | 98.0% |
| composition variance | | | | | | 22.3% |

Source: Budget Book and Annual Public Accounts FY2018

Table 1.3B: Analysis of revenue outturn - PI-3 Fiscal Year 2019

| Data for ye | | | | | | |
|--|--------------|---------------|-----------------|------------|--------------------|---------|
| Economic head | budget | actual | adjusted budget | deviation | absolute deviation | percent |
| | | Tax revenues | | | | |
| Income Tax (including corporate tax, personal income | tax, | | | | | |
| PAYE, other taxes) | 2,017,842.00 | 1,876,028.00 | 1,999,686.6 | -123,658.6 | 123,658.6 | 6.2% |
| Goods and Services Tax | 1,088,459.00 | 1,030,686.00 | 1,078,665.7 | -47,979.7 | 47,979.7 | 4.4% |
| Customs and Excise | 1,450,600.00 | 1,313,905.00 | 1,437,548.3 | -123,643.3 | 123,643.3 | 8.6% |
| | | Grants | | | | |
| Programme Grants | 409,016.00 | 751,851.00 | 405,335.9 | 346,515.1 | 346,515.1 | 85.5% |
| Elections Basket Fund | - | - | 0.0 | 0.0 | 0.0 | #DIV/0! |
| Project Grants | 654,813.00 | 497,210.00 | 648,921.4 | -151,711.4 | 151,711.4 | 23.4% |
| | | Other revenue | | | | |
| Mines Revenue | 228,785.00 | 233,408.00 | 226,726.5 | 6,681.5 | 6,681.5 | 2.9% |
| Other Revenue (including royalties on fisheries, | | | | | | |
| parastatals, other revenues) | 751,728.00 | 856,791.00 | 744,964.4 | 111,826.6 | 111,826.6 | 15.0% |
| Road User Charges and Vehicle Licences | 125,445.00 | 106,286.00 | 124,316.3 | -18,030.3 | 18,030.3 | 14.5% |
| Total revenue | 6,726,688.00 | 6,666,165.00 | 6,666,165.0 | 0.0 | 930,046.4 | |
| overall variance | | | | | | 99.1% |
| composition variance | | | | | | 14.0% |

Source: Budget Book and Annual Public Accounts FY2019

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Table 1.3C: Analysis of revenue outturn - PI-3 Fiscal Year 2020

| Data for yea | r = 2020 | | | | | |
|--|--------------|---------------|-----------------|-------------|--------------------|---------|
| Economic head | budget | actual | adjusted budget | deviation | absolute deviation | percent |
| | | Tax revenues | | | | |
| Income Tax (including corporate tax, personal income | 2 | | | | | |
| tax, PAYE, other taxes) | 2,274,303.00 | 2,044,852.00 | 2,253,840.1 | -208,988.1 | 208,988.1 | 9.3% |
| Goods and Services Tax | 1,235,200.00 | 1,011,036.00 | 1,224,086.4 | -213,050.4 | 213,050.4 | 17.4% |
| Customs and Excise | 1,541,563.00 | 1,193,862.00 | 1,527,692.9 | -333,830.9 | 333,830.9 | 21.9% |
| | | Grants | | | | |
| Programme Grants | 1,030,000.00 | 2,112,128.00 | 1,020,732.6 | 1,091,395.4 | 1,091,395.4 | 106.9% |
| Elections Basket Fund | - | - | 0.0 | 0.0 | 0.0 | #DIV/0! |
| Project Grants | 735,160.00 | 821,952.00 | 728,545.4 | 93,406.6 | 93,406.6 | 12.8% |
| | | Other revenue | | | | |
| Mines Revenue | 322,125.00 | 221,251.00 | 319,226.7 | -97,975.7 | 97,975.7 | 30.7% |
| Other Revenue (including royalties on fisheries, | | | | | | |
| parastatals, other revenues) | 972,416.00 | 791,256.00 | 963,666.7 | -172,410.7 | 172,410.7 | 17.9% |
| Road User Charges and Vehicle Licences | 124,829.00 | 104,160.00 | 123,705.9 | -19,545.9 | 19,545.9 | 15.8% |
| Total revenue | 8,235,596.00 | 8,300,497.00 | 8,161,496.7 | 139,000.3 | 2,230,603.5 | |
| overall variance | | | | | | 100.8% |
| composition variance | | | | | | 27.3% |

Source: Budget Book and Annual Public Accounts FY2020

Table 5 - Results Matrix

| year | total revenue deviation | composition variance |
|------|-------------------------|----------------------|
| 2018 | 98.0% | 22.3% |
| 2019 | 99.1% | 14.0% |
| 2020 | 100.8% | 27.3% |

Annex 5: Gender Responsive PFM Assessment



PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) GENDER RESPONSIVE PFM ASSESSMENT

REPUBLIC OF SIERRA LEONE

11 May 2022

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat May 18, 2022

Annex 5.1 Introduction

Purpose

The purpose of the gender responsive PFM assessment is to gather information on the budgeting and reporting systems of the Government of Sierra Leone to ascertain the extent to which PFM responds to the needs of gender (male and female) and other marginalised groups such as people with physical and/or mental disabilities.

This is one of the first central government gender responsive PFM assessment in English speaking Africa. The findings of this assessment will feed into the new PFM reform strategy that succeeds the latest which expired in 2021.

The assessment team used the Supplementary Framework for Assessing Gender Responsive Public Financial Management published by the PEFA Secretariat in January 2020. The field work was carried out at the same time the main PEFA assessment was conducted in order to maximise the use of time and also reduce the level of interaction with government staff due to their busy schedule. The same assessment team for the standard PEFA was used to conduct the GRPFM assessment. Furthermore, some of the information gathered during the main PEFA assessment was used to assess the GRPFM; additional data was also gathered where necessary.

The lead central government agency on gender responsive PFM is the Ministry of Finance but the new Ministry of Gender and Children Protection created under the new Government appears to be championing the course, albeit with little success as lack of technical capacity is hampering progress. Currently, there is no development partner support in this area.

The GRPFM report (annexed to the main PEFA report) was subjected to the same PEFA Check requirements in terms of oversight arrangements, peer review and quality assurance. The coverage of the gender assessment is the same as that of the main PEFA assessment, i.e., FYs 2018, 2019, 2020, with a cut-off date of September 2021. The GRPFM assessment was funded by the European Union.

Background

The Government of Sierra Leone recognises the importance of mainstreaming gender into the public financial management framework for purposes of ensuring gender equality. It is on this background that it has passed into law a number of legislations and developed policies and strategies for gender re. In spite of this, the government is yet to include these procedures and processes into the entire budget cycle. Below is a list of laws, policies and strategies that support gender equality. It appears government's focus in on how to strengthen and consolidate the basic PFM issues such as fiscal discipline beforehand.

Legal and policy framework for gender equality

A number of legal, regulatory and policy frameworks have been developed by the Government to promote gender equality. These include the following:

- **Domestic Violence Act 2007**: this law was promulgated to suppress domestic violence, to provide protection for the victims of domestic violence and to provide for other related matters.
- Devolution of Estate Act 2007: to provide for surviving spouses, children, parents, relatives and other dependants of testate and intestate persons and to provide for other related matters.
- Registration of Customary and Divorce Act 2009: to make provision for the legalisation of customary marriages and provide protection for spouse(s) who suffer from marital abuse.
- Sexual Offenses (Amendment) Act 2019: to amend the Sexual Offences Act, 2012, to make provision for the increase of the maximum penalty for rape and sexual penetration of a child from fifteen years to life imprisonment; to make provision for the introduction of the offence of aggravated sexual assault; to make provision for an alternative conviction of aggravated sexual assault; to make provision for the prosecution of offences under the Act; to make provision for the Rules of Court Committee, to further regulate the practice and procedure under the Act and to provide for other related matters.
- National Gender Strategic Plan 2019-2023: to promote and protect the rights and welfare of women, men, girls and boys.
- Gender Equality and Women's Empowerment Policy: for addressing gender inequalities, minimizing poverty levels and incidences of social injustices, and enhancing capacities in the public and private sectors towards investing meaningfully in women, men, boys and girls in Sierra Leone.
- National Policy on Gender Mainstreaming: to mainstream gender concerns in the national development process in order to improve the social, legal, political, economic and cultural condition of the population, particularly marginalized groups.
- National Policy for the Advancement of Women: provides conducive environment, which will allow women to improve their status and participation, to empower them and enhance their capacities as agents of change and beneficiaries of political and economic development, thus ensuring the full use of human resources for national development.

The overall goal of the Government's gender policy is to mainstream gender concerns in the national development process in order to improve the social, legal, civic, political, economic and cultural conditions of the people in Sierra Leone, in particular women, with the following main goals:

- Restoring peace, political and social stability
- Promoting and sustaining broad-based private sector-led economic growth
- Investing in people-centred initiatives
- Reducing poverty and all forms of inequality
- Enhancing environmental protection and preservation

- Ensuring good governance, transparency and accountability
- Improving living conditions for the majority of the population

Related actions and activities that the Government intends to pursue to promote gender equality include:

- Support programmes that are designed to gender-sensitize policy makers, implementers, planners and administrators of development programmes.
- Undertake and support public awareness programmes on gender issues in educational institutions, places of employment and in communities, using various media outlets including drama, song and dances.
- Support programmes designed to eliminate those social problems that emanate from gender inequality, that reduce productivity, destroy social order at the family, community and national level.
- Support programmes that will educate and orient society to accept that gender roles are complementary and vital to national growth and that these roles need to be fully supported.
- Explore the possibility of harmonizing the laws of Sierra Leone to ensure that the
 principles of equity, good conscience, fair play and justice prevail, that the welfare
 of women and children is maintained and that national economic, social and
 cultural development proceeds at a pace commensurate with national goals and
 aspirations.
- On a regular basis, identify women with potential for leadership and promote their membership in the public and private sector.
- Seek to increase women's participation in policy and decision-making at national, district and local levels, including membership of Parliament.

Annex 5.2 Overview of assessment findings

Chart 1 below provides a graphical representation of the gender responsive PFM performance. The summary of the narrative performance is provided in Annex 5.3.

The assessment concludes that gender responsiveness is not yet mainstreamed into the planning, budget formulation, preparation, and execution systems of GoSL even though the Medium-Term Development Plan 2019-2023 cluster number 5 identifies gender, children and disability as a key government policy goal. That said, GoSL has signed into law a number of gender responsive bills including the Domestic Violence Act 2007, the Devolution of Estate Act 2007, the Registration of Customary Law 2009, and the Sexual Offences Act 2012 as amended in 2019. Government has also developed and approved a number of policy documents and strategies on gender including the National Policy on Gender Mainstreaming, the National Policy on Advancement of Women, and the Gender Strategy.

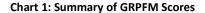
All nine GRPFM indicators scored 'D', showing a poor performance. GRPFM-1, which scored 'D' indicates that the government does not analyse proposed changes in expenditure and revenue policies to ascertain gender impacts - this is in line with PI-15.1

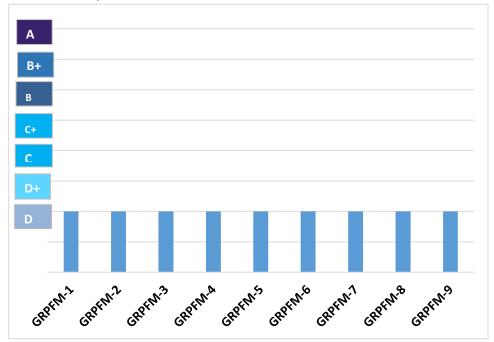
in the main PEFA report which assesses the fiscal impact of policy proposals, rated 'D'. With regards to public investment management, the government neither analyses the gender responsiveness of public investment proposals nor makes an economic analysis of investment proposals with a gender perspective (GRPFM-2 rated 'D') – this compares with PI-11.1 in the main PEFA report which rates 'D'.

The budget circular issued to budget institutions does not provide any specific information on gender related issues that would allow expenditure proposals based on gender (GRPFM-3 rated 'D'). GRPFM-4, which assesses budget proposal documentation submitted to parliament is rated 'D' as currently, the budget documentation does not contain policy priorities that promote gender equality. This performance does not correspond with PI-17 which is rated 'C' in the main PEFA report, but is in line with PI-9 in the main report with scores 'D'. There is also no sex-disaggregated performance information on service delivery (GRPFM-5 rated 'D'), even though general performance information on service delivery is available. This is line with PI-8 in the main reports with an overall score of 'D+'

As there is no gender responsive budget proposal documentation, expenditure tracking according to gender is obviously impossible and non-existent (GRPFM-6 rated 'D'), leading to non-reporting based on gender (GRPFM-7 rated 'D'). On the other hand, PI-4 in the main report scores well at 'A' with PI-28 rated 'D+' and PI-29 at 'C+'.

GRPFM-8 which assesses evaluation of gender impacts of service delivery is rated 'D' since there are no gender responsive evaluations of service delivery programs – this is not in line with PI-8.1 which scores 'C' in the main PEFA report. Since the budget circular has no specific expenditure proposal based on gender, the legislature has no opportunity to scrutinise the budget according to gender, therefore GRPFM-9 is rated 'D', not corresponding with PI-18 with an overall score of 'C+'.





Annex 5.3 Detailed assessment of gender responsive budgeting

There are nine (9) PEFA gender responsive PFM indicators in the Supplementary Framework for Assessing Gender Responsive Public Financial Management. These nine (9) indicators were designed to assess the processes and systems across government's budget cycle for the promotion and empowerment of women's rights. Table A-5.1 below summarises the performance of GRPFM with a more detailed analysis and explanations of scores in the following sections.

| Gender Res | sponsive Public Financial Management (GRPFM) Indicators | Scoring | Dimensi | Overall Score | |
|------------|--|---------|---------|------------------|---|
| | | Method | i | ii | |
| GRPFM-1 | Gender Impact Analysis of Budget Policy Proposals | M1 | D | D | D |
| GRPFM-2 | Gender Responsive Public Investment Management | | D | | D |
| GRPFM-3 | Gender Responsive Budget Circular | | D | | D |
| GRPFM-4 | Gender Responsive Budget Proposal Documentation | | D | | D |
| GRPFM-5 | Sex-Disaggregated Performance Information for Service Delivery | M2 | D | D | D |
| GRPFM-6 | Tracking Budget Expenditure for Gender Equality | | D | | D |
| GRPFM-7 | Gender Responsive Reporting | | D | | D |
| GRPFM-8 | Evaluation of Gender Impacts of Service Delivery | | D | | D |
| GRPFM-9 | Legislative Scrutiny of Gender Impacts of the Budget | M2 | D | D | D |

Table A-5.1: GRPFM Scores 2021

GRPFM-1: Gender Impact Analysis of Budget Policy Proposals

Summary of scores

| GRPFM-1 (M1) | Indicator/Dimension | Score 2021 | Justification for 2021 score |
|-----------------|---------------------------|---------------|---|
| Gender Imp | act Analysis of Budget | D | |
| Policy Propos | als | | |
| 1.1 Gender | impact analysis of | D | The GoSL does not analyse proposed |
| expenditure p | oolicy proposals | | changes to expenditure policies with |
| | | | gender impact |
| 1.2 Gender ir | mpact analysis of revenue | D | The GoSL does not analyse proposed |
| policy propos | als | | changes of revenue policies with gender |
| | | | impact |

Guiding question

Does the government's analysis of proposed changes in expenditure and revenue policies include information on gender impacts?

Description

This indicator assesses the extent to which the government prepares an assessment of the gender impacts of proposed changes in government expenditure and revenue policy. It contains two dimensions (sub-indicators) and uses the M1 (weakest link) method for aggregating dimension scores

Related PEFA indicator or dimension

PI–15 Fiscal strategy PI–15.1 Fiscal impact of policy proposals

Coverage Central government

Time period Last completed fiscal year

GRPFM-1.1 Gender impact analysis of expenditure policy proposals

The GoSL does not analyse proposed changes in expenditure policies with gender impact. Gender responsive PFM is a new concept that is yet to be considered and mainstreamed into the entire budget cycle. For instance, if the government proposed a policy to improve childcare, this will affect women than men, because women are more engaged in parenting than men at the global level.

Dimension Score: D

GRPFM-1.2 Gender impact analysis of revenue policy proposals

The GoSL does not analyse proposed changes of revenue policies with gender impact. Changes to revenue policy proposals affect budget implementation, with consequences on gender (male and female) and the vulnerable in society. For instance, if a country's population has less females than males but changes to revenue policies are likely to negatively affect the revenue generation stream of the female population, then the government ought to critically analyse the effect of these changes and how they would impact budget implementation.

Dimension Score: D

GRPFM-2 Gender Responsive Public Investment Management

Summary of scores

| GRPFM-2 | Indicator/Dime | ension | Score | Justification for 2021 score |
|-------------------------------------|----------------|--------|-------|--|
| | | | 2021 | |
| Gender Responsive Public Investment | | | D | |
| Managemen | t | | | |
| 2.1 Gende | er responsive | public | D | The Government does not analyse the |
| investment n | nanagement | | | impact of major public investment projects |
| | | | | on gender as part of the economic analyses |
| | | | | of investment proposals. |

Guiding question

Does the government analyse the impacts of major public investment projects on gender as part of the economic analysis of investment proposals?

Description

This indicator assesses the extent to which robust appraisal methods, based on economic analysis, of feasibility or prefeasibility studies for major investment projects include an analysis of the impacts on gender. There is one dimension for this indicator

Related PEFA indicator or dimension

PI-11 Public investment management PI-11.1 Economic analysis of investment proposals

Coverage Central government

Time period Last completed fiscal year

GRPFM–2.1 Gender responsive public investment management

The list of public investment projects used under this dimension is the same as that used under the standard PEFA indicator PI-11 above. The Government does not analyse the impact of major public investment projects on gender as part of the economic analyses of investment proposals. Good practice suggests that public investment management analysis should consider gender implications of capital investment projects. A gender responsive public investment management would bring to the fore the need, for example, to build more places of convenience for females compared to males. This is so because females naturally spend more time in places of convenience than their male counterparts.

Dimension score: D

GRPFM-3 Gender Responsive Budget Circular

Summary of scores

| GRPFM-3 | Indicator/Dimension | Score | Justification for 2021 score |
|---------------------------------------|------------------------|-------|--|
| | | 2021 | |
| Gender Resp | onsive Budget Circular | D | |
| 3.1 Gender Responsive Budget Circular | | D | The GoSL budget circular for FY2021 does not require key spending units to provide information on gender impact of budget policies. |

Guiding question

Does the budget circular(s) require budgetary units to include information on the genderrelated impacts of their spending proposals?

Description

This indicator measures the extent to which the government's budget circular(s) is gender responsive. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-17 Budget preparation process PI-17.2 Guidance on budget preparation

Coverage Budgetary central government

Time period Last budget submitted to the legislature

GRFM-3.1 Gender responsive budget circular

The annual budget circular issued by the Ministry of Finance for FY2021 does not require each key spending unit to provide information on the gender impact of their budget policies. There is also no requirement to analyse sex-disaggregated data on planned outputs and outcomes for service delivery.

Dimension score: D

GRPFM-4 Gender Responsive Budget Proposal Documentation

| GRPFM-4 | Indicator/Dimension | Score | Justification for 2021 score |
|---------------|---------------------------|-------|--|
| | | 2021 | |
| Gender resp | onsive budget proposal | D | |
| documentatio | n | | |
| 4.1 Gender re | esponsive budget proposal | D | The GoSL's medium-term strategic |
| documentatio | n | | document as well as the annual budget |
| | | | documentation do not provide an overview |
| | | | of its policy priorities for improving gender |
| | | | equality. Also, there are no details of budget |

| measures aimed at strengthening gender |
|---|
| equality, nor an assessment of the impacts of |
| budget policies on gender equality. |

Does the government's budget proposal documentation include information on gender priorities and budget measures aimed at strengthening gender equality?

Description

This indicator assesses the extent to which the government's budget proposal documentation includes additional information on gender priorities and budget measures aimed at strengthening gender equality. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI–5 Budget documentation PI–9 Public access to fiscal information (basic element 1)

Coverage

Budgetary central government

Time period

Last budget submitted to the legislature

GRPFM-4.1 Gender responsive budget proposal documentation

The GoSL's medium-term strategic documents as well as the annual budget documentation do not provide an overview of its policy priorities for improving gender equality. Also, there are no details of budget measures aimed at strengthening gender equality, nor an assessment of the impacts of budget policies on gender equality.

Dimension score: D

GRPFM–5 Sex-Disaggregated Performance Information for Service Delivery

| GRPFM-5 | Indicator | /Dimension | Score | Justification for 2021 score |
|----------------|----------------------|-------------|-------|---|
| | | | 2021 | |
| Sex-Disaggre | gated | Performance | D | |
| Information | for Service D | Delivery | | |
| 5.1 Sex dis | aggregated | performance | D | Service delivery units under the GoSL prepare |
| plans for serv | ice delivery | | | information on performance plans for service |
| | | | | delivery. A framework of performance indicators |
| | | | | in relation to service delivery outputs or outcomes |
| | | | | is thus in place, but the information does not |
| | | | | include sex-disaggregated data on planned |
| | | | | outputs for service delivery. |
| 5.2 Sex-disa | aggregated | performance | D | Service delivery units prepare information on the |
| achieved for | service deliv | ery | | performance achieved for service delivery, but this |
| | | | | is not published and is not disaggregated according |
| | | | | to sex. |

Do the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs?

Description

This indicator measures the extent to which the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs. It contains two dimensions (sub-indicators) and uses the M2 (averaging) method for aggregating dimension scores

Related PEFA indicator or dimension

PI–8 Performance information for service delivery PI–8.1 Performance plans for service delivery (for GRPFM–5.1) PI–8.2 Performance achieved for service delivery (for GRPFM–5.2)

Coverage

Central government. Services managed and financed by other tiers of the government should be included if the central government significantly finances such services through reimbursements or earmarked grants or uses other tiers of government as implementing agents.

Time period

For GRPFM–5.1, next fiscal year For GRPFM–5.2, last completed fiscal year

GRPFM-5.1 Sex disaggregated performance plans for service delivery

Service delivery units under the GoSL publish information on performance plans for service delivery, but the information does not include sex-disaggregated data on planned outputs for service delivery or a framework of performance indicators in relation to service delivery outputs or outcomes.

Dimension score: D

GRPFM–5.2 Sex-disaggregated performance achieved for service delivery

Service delivery units publish the performance achieved for service delivery but at this stage, the information is not disaggregated according to sex.

Dimension score: D

GRPFM–6 Tracking Budget Expenditure for Gender Equality

| GRPFM-6 | Indicator/Dimension | Score 2021 | Justification for 2021 score |
|---------------------------|--------------------------------|---------------|------------------------------|
| Tracking B Gender Equa | udget Expenditure for slity | D | |

| D | There is no tracking of budget expenditures |
|---|---|
| | for gender equality. |
| | D |

Does the government have the capacity to track gender equality-related expenditures?

Description

This indicator measures the government's capacity to track expenditures for gender equality throughout the budget formulation, execution, and reporting processes. There is one dimension for this indicator

Related PEFA indicators or dimensions

PI–4 Budget classification

Coverage Budgetary central government

Time period Last completed fiscal year

GRPFM-6.1 Tracking budget expenditure for gender equality

There is currently no tracking of budget expenditures for gender equality. This is mainly due to the fact that budget proposals of key spending units are not allocated according to gender. The new IFMIS version 7 with the updated Chart of Accounts (CoA) has the capacity to track expenditure based on economic, administrative, functional and program classifications, as well as the possibility to track expenditures according to gender. There is no ex-post analysis of gender expenditure done by Government of Sierra Leone on actual expenditures. Additionally, relevant budget line items or program expenditures are not mapped ex-post to specific budget outcomes.

Dimension score: D

GRPFM–7 Gender Responsive Reporting

| GRPFM-7 | Indicator/Dimension | Score 2021 | Justification for 2021 score |
|---------------------------|---------------------------|---------------|---|
| Gender respo reports | nsive government annual | D | |
| 7.1 Gender res reports | ponsive government annual | D | The Government publishes annual financial reports yearly but the reports do not include specific gender-related expenditures. The reports also do not include the impact of budget policies on gender equality. |

Summary of scores

Guiding question

Do the government's published annual reports include information on gender-related expenditures and the impact of budget policies on gender equality?

Description

This indicator measures the extent to which the government prepares and publishes annual reports that include information on gender-related expenditures and the impact of budget policies on gender equality. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI–9 Public access to fiscal informationPI–28 In-year budget reportsPI–29 Annual financial reports.

Coverage Budgetary central government

Time period Last completed fiscal year

GRPFM-7.1 Gender responsive government annual reports

The Government of Sierra Leone (GoSL) publishes annual financial reports yearly but the reports do not include specific gender-related expenditures. The reports also do not include the impact of budget policies on gender equality, sex-disaggregated data on national government employment budget, and an assessment of the implementation of budget policies and their impact on gender equality. The 2019 Sierra Leone Voluntary National Report (VNR) describes the ratio of girls to boys in schools as well as progress with regards to Sustainable Development Goal 10 (Reducing Inequalities) such as empowering the girl child and promoting girls' education in science, technology, engineering and mathematics (STEM). According to the 2019 VNR, Government has been promoting inclusive and special education needs to enable boys and girls with disabilities to access quality education.

There is however no VNR for 2020, which is the last completed fiscal year for this assessment, hence the score 'D'. The assessment team has also not sighted any report on health in relation to maternal health and the decrease in mortality.

Dimension score: D

GRPFM–8 Evaluation of Gender Impacts of Service Delivery

| GRPFM-8 | Indicator/Dimension | Score 2021 | Justification for 2021 score |
|-------------------------------|-----------------------------|---------------|--|
| Evaluation of | gender impacts of service | D | |
| delivery | | | |
| 8.1 Evaluatio service deliver | n of gender impacts of Y | D | Government conducts and publishes evaluations of the effectiveness and efficiency of their service delivery performance. However, the evaluations do not include an assessment of gender impacts of service delivery |

Does the government include an assessment of gender impacts as part of evaluations of efficiency and effectiveness of service delivery?

Description

This indicator measures the extent to which independent evaluations of the efficiency and effectiveness of public services include an assessment of gender impacts. There is one dimension for this indicator.

Related PEFA indicator or dimension

PI-8.4 Performance evaluation of service delivery

Coverage Central government

Time period Last three completed fiscal years

GRPFM-8.1 Evaluation of gender impacts of service delivery

The Government conducts and publishes evaluations of the effectiveness and efficiency of their service delivery performance. However, the evaluations do not include an assessment of gender impacts of service delivery. The 2019 Sierra Leone Voluntary National Report mentions the ratio of girls to boys in schools but not on efficiency and effectiveness of educational services on boys and girls.

Dimension score: D

GRPFM–9 Legislative Scrutiny of Gender Impacts of the Budget

| GRPFM-9 | Indicator/Dimension | Score 2021 | Justification for 2021 score |
|---------------------------------|-------------------------------------|---------------|--|
| | | - | |
| Legislative Sci | utiny of Gender Impacts of | D | |
| the Budget | | | |
| 9.1 Gender re of budgets | sponsive legislative scrutiny | D | There is no review of gender impacts of service delivery programmes. The budget proposals submitted to the legislature have no specific gender-related expenditure policies and proposals. |
| 9.2 Gender re of audit repor | sponsive legislative scrutiny ts | D | External audit reports do not contain gender specific issues. Therefore, parliament does not have the opportunity to scrutinise audit reports according to gender. |

Summary of scores

Guiding question

Does the legislature's budget and audit scrutiny include the examination of the gender impacts of the budget?

Description

This indicator measures the extent to which the legislature's budget and audit scrutiny include a review of the government's policies to understand whether policies equally benefit men and women by ensuring the allocation of sufficient funds. It contains two dimensions (sub-indicators) and uses the M2 (averaging) method for aggregating dimension scores.

Related PEFA indicator or dimension

PI–18 Legislative scrutiny of budgets (for GRPFM–9.1) PI–31 Legislative scrutiny of audit reports (for GRPFM–9.2)

Coverage Budgetary central government

Time period

For GRPFM–9.1, last completed fiscal year For GRPFM–9.2, last three completed fiscal years

GRPFM–9.1 Gender responsive legislative scrutiny of budgets

There is no review of gender impacts of government service delivery programmes. The budget proposals submitted to the legislature have no specific gender-related expenditure policies and proposals. Even though there is parliamentary standing committee on gender, the budget scrutiny focuses on central government budget allocation to the gender ministry – the budget allocation/proposals are not according to gender.

Dimension score: D

GRPFM–9.2 Gender responsive legislative scrutiny of audit reports

Since there are no gender responsive external audit reports, parliament has no opportunity to scrutinise these reports according to gender.

Dimension score: D

| No. | Indicator/Dimension | Score | Justification/Description of requirement met |
|---------|------------------------------|-------|---|
| | | 2021 | |
| GRPFM-1 | Gender impact analysis of | D | |
| | budget policy proposals | | |
| 1.1 | Gender impact analysis of | D | The GoSL does not analyse proposed changes to |
| | expenditure policy proposals | | expenditure policies with gender impact |
| 1.2 | Gender impact analysis of | D | The GoSL does not analyse proposed changes of |
| | revenue policy proposals | | revenue policies with gender impact |
| GRPFM-2 | Gender responsive public | D | |
| | investment management | | |
| 2.1 | Gender responsive public | D | The Government does not analyse the impact of |
| | investment management | | major public investment projects on gender as part of |
| | | | the economic analyses of investment proposals. |

Annex 5.3 Summary of performance indicators for the GRPFM assessment

| Gender responsive budget circular | D | |
|--|---|--|
| Gender responsive budget circular | D | The GoSL's budget circular for FY2021 does not require key spending units to provide information on gender impact of budget policies. |
| Gender responsive budget proposal documentation | D | |
| Gender responsive budget proposal documentation | D | The GoSL's medium-term strategic documents as well as the annual budget documentation do not provide an overview of its policy priorities for improving gender equality. Also, there are no details of budget measures aimed at strengthening gender equality, nor an assessment of the impacts of budget policies on gender equality. |
| Sex-disaggregated performance information for service delivery | D | |
| Sex-disaggregated performance plans for service delivery | D | Service delivery units under the GoSL prepare information on performance plans for service delivery. A framework of performance indicators in relation to service delivery outputs or outcomes is thus in place, but the information does not include sex-disaggregated data on planned outputs for service delivery. |
| Sex-disaggregated performance achieved for service delivery | D | Service delivery units prepare information on the performance achieved for service delivery, but this is not published and is not disaggregated according to sex. |
| Tracking budget expenditure for gender equality | D | |
| Tracking budget expenditure for gender equality | D | There is no tracking of budget expenditures for gender equality. |
| Gender informative annual financial reports | D | |
| Gender informative annual financial reports | D | The Government publishes annual financial reports yearly but the reports do not include specific gender- related expenditures. The reports also do not include the impact of budget policies on gender equality. |
| Evaluation of impacts of service delivery on gender equality | D | |
| Evaluation of impacts of service | D | Government conducts and publishes evaluations of |
| delivery on gender equality | | the effectiveness and efficiency of their service delivery performance. However, the evaluations do not include an assessment of gender impacts of service delivery. |
| | D | delivery performance. However, the evaluations do not include an assessment of gender impacts of |
| | <pre>circular responsive budget circular responsive budget proposal documentation Gender responsive budget proposal documentation Gender responsive budget proposal documentation for service delivery Sex-disaggregated performance plans for service delivery Sex-disaggregated performance Sex-disagg</pre> | circularimage: sponsive budget circularDGender responsive budget proposal documentationDGender responsive budget proposal documentationDSex-disaggregated performance information for service deliveryDSex-disaggregated performance service deliveryDSex-disaggregated performance high proposal for service deliveryDSex-disaggregated performance information for service deliveryDSex-disaggregated performance high proposal for service deliveryDSex-disaggregated performance plans for service deliveryDSex-disaggregated performance achieved for service deliveryDSex-disaggregated performance achieved for service deliveryDSex-disaggregated performance achieved for service deliveryDGender equalityDGender informative annual financial reportsDGender informative annual financial reportsDSex-disaggregated performance prot service annual financial reportsD |

| | | | submitted to the legislature have no specific gender- related expenditure policies and proposals. |
|-----|---|---|---|
| 9.2 | Gender responsive legislative scrutiny of audit reports | D | External audit reports do not contain gender specific issues. Therefore, parliament does not have the opportunity to scrutinise audit reports according to gender. |

Annex 5.4 Data source

| No. | Indicator/Dimension | Data source | | | |
|---------|--|---|--|--|--|
| GRPFM-1 | Gender impact analysis of budget | Interview with government officials; budget | | | |
| | policy proposals | documentation for FY2020. | | | |
| GRPFM-2 | Gender responsive public investment | Interview with government officials; budget | | | |
| | management | documentation for FY2020; sampled project profiles on | | | |
| | | selected public investment projects. | | | |
| GRPFM-3 | Gender responsive budget circular | Budget guideline (circular or instruction) for FY2020 and | | | |
| | | FY2021; interview with government officials | | | |
| GRPFM-4 | Gender responsive budget proposal | Interview with government officials; budget proposal | | | |
| | documentation | documentation for FY2020 | | | |
| GRPFM-5 | Sex-disaggregated performance | Draft mid-term evaluation report on national medium- | | | |
| | information for service delivery | term development plan; interview with governme | | | |
| | | officials | | | |
| GRPFM-6 | Tracking budget expenditure for | Chart of Accounts; AGD budget execution reports | | | |
| | gender equality | FY2020; interview with government officials. | | | |
| GRPFM-7 | Gender informative annual financial | Chart of Accounts; AGD budget execution reports; | | | |
| | reports | Annual Financial Statements for FY2020; interview with | | | |
| | | government officials. | | | |
| GRPFM-8 | Evaluation of impacts of service | Draft mid-term evaluation report of national medium- | | | |
| | delivery on gender equality | term development plan; interview with government | | | |
| | | officials | | | |
| GRPFM-9 | Gender responsive legislative scrutiny | Interview with parliamentary clerks; budget | | | |
| | | documentation FY2020 | | | |

Annex 5.5 Comparison of PEFA Scores with GRPFM Scores

| No. | PEFA Indicator/Dimension | Score 2021 | No. | GRPFM Indicator/Dimension | Score 2021 |
|------------|--|---------------|---------|---|---------------|
| SNG Pil | lar: Intergovernmental fiscal relations | | | | |
| Pillar I: | Budget reliability | | | | |
| PI-1 | Aggregate expenditure outturn | D | | | |
| PI-2 | Expenditure composition outturn | D | | | |
| 2.1 | Expenditure composition by function | D* | | | |
| 2.2 | Expenditure composition by economic type | D* | | | |
| 2.3 | Expenditure from contingency | D* | | | |
| PI-3 | Revenue outturn | C+ | | | |
| 3.1 | Aggregate revenue outturn | А | | | |
| 3.2 | Revenue composition variance | D | | | |
| Pillar II: | Transparency of public finances | | | | |
| PI-4 | Budget classification | A | GRPFM-6 | Tracking Budget Expenditure for Gender Equality | D |
| PI-5 | Budget documentation | В | GRPFM-4 | Gender Responsive Budget Documentation (and PI-9 below) | D |

| | PEFA Indicator/Dimension | Score 2021 | No. | GRPFM Indicator/Dimension | Score 2021 |
|--|--|---|--------------------|--|---------------|
| PI-6 | Central government operations outside the budget | D | | | |
| 6.1 | Expenditure outside financial reports | D | | | |
| 6.2 | Revenue outside financial reports | D | | | |
| 6.3 | Financial reports of extra-budgetary units | D | | | |
| PI-7 | Transfers to sub-national government | A | | | |
| 7.1 | System for allocating transfers | А | | | |
| 7.2 | Timeliness of information on transfers | А | | | |
| PI-8 | Performance information for service delivery | D+ | GRPFM-5 | Sex-disaggregated Data | D |
| 8.1 | Performance plans for service delivery | С | 5.1 | Sex disaggregated performance plans for service delivery | D |
| 8.2 | Performance achieved for service delivery | D | 5.2 | Sex-disaggregated performance achieved for service delivery | D |
| 8.3 | Resources received by service delivery units | D | | | |
| 8.4 | Performance evaluation of service delivery | В | GRPFM-8 | Evaluation of impacts of service delivery on gender equality | D |
| PI-9 | Public access to fiscal information | D | GRPFM-4 | Gender Responsive Budget Documentation (and PI-5 above) GRPFM-7. Gender Informative Annual Financial Reports (and PI- | D |
| Pillar III: | Management of assets and liabilities | | | 29 below | |
| PI-10 | Fiscal risk reporting | D+ | | | |
| 10.1 | Monitoring of public corporations | D | | | |
| 10.2 | Monitoring of sub-national governments | С | | | |
| 10.3 | Contingent liabilities and other fiscal | C | | | |
| | risks | | | | |
| | risks Public investment management | D+ | GRPFM-2 | Gender Impact Analysis of Investment Projects | D |
| PI-11 | | D+ | GRPFM-2 GRPFM-2 | | D |
| PI-11 11.1 11.2 | Public investment management Economic analysis of investment | D | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing | D | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring | D C D C | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management | D C D C C+ | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management Financial asset monitoring | D C D C C+ D | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring | D C D C C+ D C | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal | D C D C+ D C A | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 PI-13 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and | D C D C C+ D C | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 PI-13 13.1 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management | D C D C+ D C A B+ | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 PI-13 13.1 13.2 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees | D C D C C+ D C A B+ C | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 PI-13 13.1 13.2 13.2 PIIlar IV: budgetin | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project costing Investment project costing Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees Approval of debts and guarantees Debt management strategy Policy based fiscal strategy and | D C D C C+ D C A B+ C A | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 PI-13 13.1 13.2 Pillar IV: | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project costing Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees Approval of debts and guarantees Debt management strategy | D C D C C+ D C A B+ C A | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 PI-13 13.1 13.2 13.2 PIIlar IV: budgetin | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project costing Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees Approval of debts and guarantees Debt management strategy Policy based fiscal strategy and mg Macroeconomic and fiscal | D C D C C C C C C A B H C C A A A | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 PI-13 13.1 13.2 13.3 Pillar IV: budgetin PI-14 14.1 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees Approval of debts and guarantees Debt management strategy : Policy based fiscal strategy and ng Macroeconomic and fiscal forecasting | D C D C C C C C C C C A B H C C A A A C C C C C C C C C C C C C C | - | Investment Projects Gender Impact Analysis of | |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 PI-13 13.1 13.2 13.3 Pillar IV: budgetin PI-14 14.1 14.2 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees Approval of debts and guarantees Debt management strategy Policy based fiscal strategy and ng Macroeconomic and fiscal forecasting | D C D C C C C C C C C A B H C C A A A C C C C C C C C C C C C C C | GRPFM-2 | Investment Projects Gender Impact Analysis of Investment Projects | D |
| PI-11 11.1 11.2 11.3 11.4 PI-12 12.1 12.2 12.3 PI-13 13.1 13.2 13.3 Pillar IV: budgetii PI-14 14.1 | Public investment management Economic analysis of investment proposals Investment project selection Investment project costing Investment project costing Investment project monitoring Public asset management Financial asset monitoring Non-financial asset monitoring Transparency of asset disposal Debt management Recording and reporting of debts and guarantees Approval of debts and guarantees Debt management strategy Policy based fiscal strategy and ng Macroeconomic and fiscal forecasting Macroeconomic forecasting Fiscal forecasts | D C D C C C C C A B H C C A A A C C A A A A | GRPFM-2 | Investment Projects Gender Impact Analysis of Investment Projects | D |

| No. | PEFA Indicator/Dimension | Score 2021 | No. | GRPFM Indicator/Dimension | Score 2021 |
|-----------------------|--|---------------|---------|--|---------------|
| 15.3 | Reporting on fiscal outcomes | В | | | |
| PI-16 | Medium-term perspective in expenditure budgeting | D+ | | | |
| 16.1 | Medium-term expenditure estimates | А | | | |
| 16.2 | Medium-term expenditure ceilings | D | | | |
| 16.3 | Alignment of strategic plans and medium-term budgets | D | | | |
| 16.4 | Consistency of budgets with previous year's estimates | D | | | |
| PI-17 | Budget preparation process | С | GRPFM-3 | Gender Responsive Budget Circular | D |
| 17.1 | Budget calendar | С | | | |
| 17.2 | Guidance on budget preparation | C | | | |
| 17.3 | Budget submission to the legislature | С | | | |
| PI-18 | Legislative scrutiny of budgets | C+ | GRPFM-9 | Gender Responsive Legislative Scrutiny (and PI-31 below) | D |
| 18.1 | Scope of budget scrutiny | В | | | |
| 18.2 | Legislature procedures budget scrutiny | A | | | |
| 18.3 | Timing of budget approval | А | | | |
| 18.4 | Rules for budget adjustment by the executive | С | | | |
| Pillar V: executio | Predictability and control in budget | | | | |
| PI-19 | Revenue administration | В | | | |
| 19.1 | Rights and obligation for revenue measures | A | | | |
| 19.2 | Revenue risk management | С | | | |
| 19.3 | Revenue audit and investigation | С | | | |
| 19.4 | Revenue arrears monitoring | В | | | |
| PI-20 | Accounting for revenues | C+ | | | |
| 20.1 | Information on revenue collections | В | | | |
| 20.2 | Transfer of revenue collections | A | | | |
| 20.3 | Revenue account reconciliation | C | | | |
| PI-21 | Predictability of in-year resource allocation | c | | | |
| 21.1 | Consolidation of cash balances | С | | | |
| 21.1 | | | | | |
| | Cash forecasting and monitoring | A | | | |
| 21.3 21.4 | Information on commitment ceilings Significance of in-year budget | D D | | | |
| 01.22 | adjustments Expenditure arrears | D. | | | |
| PI-22 | • | D+ | | | |
| 22.1 22.2 | Stock of expenditure arrears | D | | | |
| | Expenditure arrears monitoring Payroll controls | B | | | |
| PI-23 23.1 | Integration of payroll and personnel | В+ | | | |
| 23.2 | records Management of payroll changes | A | | | |
| 23.2 | Internal controls of payroll | A | | | |
| 23.4 | Payroll audits | В | | | |
| PI-24 | Procurement | C | | | |
| 24.1 | Procurement monitoring | D | | | |
| 24.2 | Procurement methods | D | | | |
| 24.3 | Public access to procurement information | В | | | |
| | Procurement complaints | В | | | |
| 24.4 | management | | | | |
| 24.4 PI-25 | | с | | | |

| No. | PEFA Indicator/Dimension | Score 2021 | No. | GRPFM Indicator/Dimension | Score 2021 |
|-----------|---|---------------|---------|--|---------------|
| 25.2 | Effectiveness of expenditure | С | | | |
| | commitment controls | | | | |
| 25.3 | Compliance with payment controls | C | | | |
| PI-26 | Internal audit | D+ | | | |
| 26.1 | Coverage of the internal audit | В | | | |
| 26.2 | Nature of audits and standards applied | В | | | |
| 26.3 | Implementation of internal audits and reporting | С | | | |
| 26.4 | Response to internal audits | D | | | |
| Pillar VI | : Accounting and reporting | | | | |
| PI-27 | Financial data integrity | B+ | | | |
| 27.1 | Bank account reconciliation | В | | | |
| 27.2 | Suspense accounts | NA | | | |
| 27.3 | Advance accounts | NA | | | |
| 27.4 | Financial data integrity process | Α | | | |
| PI-28 | In-year budget reports | D+ | | | |
| 28.1 | Coverage and comparability of reports | С | | | |
| 28.2 | Timing of in-year reports | D | | | |
| 28.3 | Accuracy of in-year budget reports | С | | | |
| PI-29 | Annual financial reports | C+ | GRPFM-7 | Gender Informative Annual Financial Reports (and PI-9 above) | D |
| 29.1 | Completeness of annual financial reports | В | | | |
| 29.2 | Submission of reports for external audit | A | | | |
| 29.3 | Accounting standards | С | | | |
| Pillar VI | I: External scrutiny and audit | | | | |
| PI-30 | External audit | D+ | | | |
| 30.1 | Audit coverage and standards | В | | | |
| 30.2 | Submission of audit reports to the legislature | С | | | |
| 30.3 | Extent of follow up | С | | | |
| 30.4 | Supreme Audit Institution independence | D | | | |
| PI-31 | Legislative scrutiny of audit reports | D+ | GRPFM-9 | Gender Responsive Legislative Scrutiny (and Pl- 18 above) | D |
| 31.1 | Timing of audit scrutiny | D | | | |
| 31.2 | Hearing on audit findings | С | | | |
| 31.3 | Recommendations on audit by the legislature | С | | | |
| 31.4 | Transparency of the legislative scrutiny of audit reports | D | | | |