



The Principles of Public Administration

2 Rue André Pascal
75775 Paris Cedex 16
France

[mail to: sigmaweb@oecd.org](mailto:sigmaweb@oecd.org)
Tel: +33 (0) 1 45 24 82 00
Fax: +33 (0) 1 45 24 13 05
www.sigmaweb.org

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LIST OF ABBREVIATIONS AND ACRONYMS

ACA	anti-corruption agency
CHU	central harmonisation unit
COFOG	Classifications of the Functions of Government
CoG	centre of government
CSC	civil service commission
CSEC	civil service ethics commission
DG ECFIN	Directorate General for Economic and Financial Affairs
EC	European Commission
EU	European Union
FMC	financial management and control
GAWP	Government Annual Work Plan
HRM	human resource management
HRMIS	human resource management information system
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
IPA	Instrument for Pre-accession Assistance
MoF	Ministry of Finance
MoJ	Ministry of Justice
MTBF	medium-term budgetary framework
NGO	non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PAR	public administration reform
PEFA	public expenditure and financial accountability
PIFC	Public Internal Financial Control
PFM	public financial management
PPP	public-private partnerships
RoP	rules of procedure
SAI	Supreme Audit Institution
TSA	treasury single account

INTRODUCTION

Public administration reform is fundamental in the European Union integration process

A well-functioning public administration is a prerequisite for transparent and effective democratic governance. As the foundation of the functioning of the state, it determines a government's ability to provide public services and foster the country's competitiveness and growth. It also plays a fundamental role in the European integration (EI) process by enabling the implementation of crucial reforms and organising efficient accession dialogue with the European Union (EU). Hence, the EU enlargement criteria recognise and emphasise the need for a country to build a national public administration with the capacity to pursue principles of good administration and effectively transpose and implement the *acquis communautaire*.

The European Commission (EC) has strengthened its focus on public administration reform (PAR) by outlining six key issues of reform and better integrating reform¹ in the enlargement process through Special Groups on PAR and stronger links with accession negotiations. The six key reform areas set out by the EC form the basis of the Principles of Public Administration, as described below.

Aim and focus of the Principles of Public Administration

The Principles define what good governance entails in practice and outline the main requirements to be followed by countries during the EU integration process. The Principles also feature a monitoring framework enabling regular analysis of the progress made in applying the Principles and setting country benchmarks.

The concept of "good administration" has been progressively defined by EU countries and is included in the EU Charter of Fundamental Rights². The notion of a "European Administrative Space" was set out by SIGMA in 1999³. It includes components such as reliability, predictability, accountability and transparency, as well as technical and managerial competence, organisational capacity, financial sustainability and citizen participation.

Although general good governance criteria are universal, these Principles are designed for countries that seek EU accession and receive EU assistance through the Instrument for Pre-accession Assistance (IPA). The *acquis* requirements, as well as other EU guidelines and instructions, are the core of the Principles in the areas where *acquis* is in place. In other areas, the Principles are derived from international standards and requirements, as well as good practices in EU Member States and/or Organisation for Economic Co-operation and Development (OECD) countries. As a minimum benchmark of good administration, countries should ensure compliance with these fundamental Principles.

In each country, the Government's attention to a given Principle may vary depending on the governance structure, the administrative culture, the key country-specific challenges and the previous reform record. Thus, the framework enables establishment of a coherent set of requirements in all countries, while allowing a given country some flexibility in setting its PAR challenges and objectives.

The Principles cover an area of the public sector referred to as "state administration". This denomination is widely used in the countries of the Western Balkans. It indicates the two main elements of the scope:

¹ "Enlargement Strategy and Main Challenges 2014-2015", Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: COM(2014) 700 final, 8.10.2014 Brussels.

² Article 41. Right to good administration. 1. Every person has the right to have his or her affairs handled impartially, fairly and within a reasonable time by the Institutions, bodies and agencies of the Union. 2. This right includes: the right of every person to be heard, before any individual measure which would affect him or her adversely is taken; the right of every person to have access to his or her file, while respecting the legitimate interests of confidentiality and of professional and business secrecy; the obligation of the administration to give reasons for its decisions.

³ *European Principles for Public Administration*", SIGMA Papers, No. 27, OECD Publishing, <http://www.oecd-ilibrary.org/docserver/download/5kml60zwd7h.pdf?expires=1398415030&id=id&accname=quest&checksum=FD455B0079C9FE4E957DE2E41D6A25CA>

“public administration” at “state (national or central) level”. The Principles also cover independent constitutional bodies, as well as the Parliament and judiciary within the scope of their scrutiny and oversight powers over the state administration.

The extent to which a given candidate country or potential candidate applies these Principles in practice is an indication of the capacity of its national public administration to implement effectively the *acquis*, in accordance with the criteria defined by the European Council in Copenhagen (1993) and Madrid (1995).

Analytical and monitoring framework

The Principles are complemented by a monitoring framework, which makes it possible to follow progress made over time in developing the public administration. The monitoring framework features both quantitative and qualitative indicators; it focuses on the implementation of reforms and subsequent outcomes, i.e. how the administration performs in practice. Qualitative indicators measure the maturity of relevant public administration components on a scale of 1 (the lowest result) to 5 (the highest result), analysing the progress a country is making in applying the Principles. Exact definitions of the qualitative indicators scores will be published together with the OECD/SIGMA annual assessment in 2015. Quantitative indicators analyse and measure outputs and outcomes of the governance system.

For each Principle, the analytical framework is described. It includes the definition of the methodological approach and lists information sources which are used for analysis and data collection.

The evidence and data necessary for monitoring are collected during the SIGMA annual PAR assessment process. In addition to the indicators developed by SIGMA, the monitoring framework uses, where relevant, internationally recognised indicators (e.g. by the World Economic Forum and the World Bank).



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Strategic Framework of Public Administration Reform

STRATEGIC FRAMEWORK OF PUBLIC ADMINISTRATION REFORM

Achieving the necessary standard of public administration requires reforms in many areas of policy and administration. When planned and implemented on a fragmented and ad hoc basis, reforms may not transform the governance system and overall functioning of public administration as expected. Achieving results requires the Government to steer and co-ordinate the implementation of an overall reform vision and prioritised objectives. It is therefore important to approach public administration reforms sequentially and in a coherently planned way and to compile a reform agenda from a whole-of-government perspective.

Public administration reform (PAR) is one of the most important horizontal reform areas in each country because it provides the framework for implementing other policies. It is therefore equally important for European Union (EU) Member States, candidate countries and potential candidates, as it allows for building a system that provides a sound basis for implementing the EU *acquis communautaire*.

Countries develop at different speeds and exhibit differences in their governance culture and approach to implementation of public administration reforms. However, some Principles are universally applicable in all countries and form the core of these Principles of Public Administration.

The key requirements of “reform leadership” and “functioning management system” are at the heart of PAR policy and are critical in ensuring it is actually implemented and does not remain only on paper. The following chapter defines the five principles for strategic framework of PAR.

KEY REQUIREMENTS AND PRINCIPLES

Key requirement: The leadership of public administration reform is established and the strategic framework provides the basis for implementing prioritised and sequenced reform activities aligned with the Government’s financial circumstances.

Principle 1: The Government has developed and enacted an effective public administration reform agenda which addresses key challenges.

Principle 2: Public administration reform is purposefully implemented; reform outcome targets are set and regularly monitored.

Principle 3: Financial sustainability of public administration reform is ensured.

Key requirement: Public administration reform management enables guiding and steering reforms, determines the accountability for implementation and ensures the professional administration needed for reform implementation.

Principle 4: Public administration reform has robust and functioning co-ordination structures at both the political and administrative level to steer and manage the reform design and implementation process.

Principle 5: One leading institution has responsibility and capacity to manage the reform process; involved institutions have clear accountability and reform implementation capacity.

Key requirement: The leadership of public administration reform is established and the strategic framework provides the basis for implementing prioritised and sequenced reform activities aligned with the Government's financial circumstances.

The critical deciding factor in policy implementation is the level of reform leadership at the political and/or highest administrative level. Successful implementation of PAR requires a country's key decision makers to share both an understanding of – and collective commitment to – its purpose and the will to develop an effectively functioning public administration as a prerequisite for delivering other policy commitments to citizens, businesses and external partners.

In addition to top-level ministerial and official leadership, PAR also requires strategic and business planning documents that provide a clear roadmap for implementing individual policies. These planning documents should translate political-level priority statements into clear objectives, establish performance indicators to measure their level of achievement, designate actions and institutions responsible for realising them, allocate the necessary resources and provide other information for implementing the reform agenda. When planning documents are in place, their implementation needs to be supported by adequate financing and the overall progress of the reform monitored on the basis of the data on identified performance indicators.

Principle 1: The Government has developed and enacted an effective public administration reform agenda which addresses key challenges.

1. There is a coherent vision of public administration reform shared by the key stakeholders, including the challenges, objectives, and key steps required for improvement.
2. Public administration reform is identified among the priorities in all key medium-term planning documents (Government Work Programme, Ex-pose of the Prime Minister, medium-term budgetary framework and Statement of Government Priorities).
3. The scope of public administration reform planning documents is complete and covers all necessary reform areas; reforms in different areas are clearly linked.
4. The objectives and steps identified in planning documents are fully consistent with the Government's priority statements.
5. Public administration reform objectives and the major steps to achieve these objectives are consistently applied and referenced in other planning documents that are relevant to implementing this policy (e.g. European integration strategies and plans).
6. One or more planning documents adopted at the Government level establish clear implementation plans for public administration reform, as a whole or for different parts of public administration reform.
7. Public administration reform planning documents include key reforms and development activities and avoid including ongoing and daily activities which do not lead to improvements.
8. To ensure enactment of public administration reform, planning documents contain all the necessary information, i.e. policy objectives and performance indicators, actions and costs, responsible institutions, implementation deadlines and monitoring and evaluation requirements.

Analytical Framework

Methodological approach

The methods used are mostly qualitative and based on interviews with the highest-ranking officials at the political and administrative levels of public administration, combined with document analysis:

- Analysis of legislation with regard to a planning system to determine which types of documents are compulsory or voluntary and the overall hierarchy of planning documents. This leads to an understanding of both the formal requirements for, and the current situation in, the area of PAR.

- Interviews with relevant ministers and senior officials to determine the priority level of PAR. Ask for references to major Government documents acknowledging it as a priority. Also ask about concrete PAR policy objectives and major steps needed to implement them and compare with statements in major Government documents.
- Also aim to uncover during the interview process any supporting arguments (e.g. resourcing decisions, instances where PAR was discussed at the highest decision making levels, major reform decisions taken or laws or regulations approved) that support PAR as a Government priority.
- Interviews with officials responsible for managing and co-ordinating PAR to obtain information on the formal requirements for planning documents, as well as a list of planning documents on PAR policy, and their development procedures. This constitutes the entry point for further analysis.
- Analysis of key work planning documents establishing Government priorities to find mentions of PAR, its objectives and key implementation activities. Compare these findings with key decision makers' statements.
- Focus the document analysis on two aspects – a) mentions of PAR objectives and key steps; b) consistency of objectives and key steps across all of the most important Government work planning documents.
- When analysing planning documents, assess the quality of information, as evidenced by the key elements of clarity, structure and explicitness. Support this analysis with examples extracted from particular planning documents.

Information sources

The list of sources consulted is as follows:

- primary and secondary legislation on the planning system in a given country, as well as the Government's long, medium and short-term work planning documents;
- interviews with ministers and senior officials in Government institutions involved in implementing PAR;
- interviews with officials in institutions involved in steering and co-ordinating PAR, as well as at least two managers in institutions implementing part of PAR;
- interviews with up to three non-governmental stakeholders monitoring implementation of the whole or part of PAR;
- external reviews and assessments of the whole or part of PAR by international organisations and/or technical assistance projects;
- Government Work Programmes, Ex-posed of the Prime Minister, medium-term expenditure framework (MTEF) and Statement of Government Priorities or similar documents (if applicable), defining the Government's priority areas;
- strategic and operational planning documents covering PAR issues;
- data on the financing of different parts of PAR.

Indicators

- Ratio of central planning documents featuring PAR objectives and priorities uniformly and coherently⁴.

⁴ The central planning documents are: the Government Work Programme; Ex-posed of the Prime Minister; the National Development Strategy; the MTEF; the Statement of Government Priorities. The ratio is calculated based on document analysis. First, the total number of key Government work planning documents is calculated based on the results of document mapping. Second, PAR policy objectives and key steps needed to achieve them are extracted from all of the key work planning documents and their mutual consistency compared. Third, the number of documents in which PAR policy objectives and key steps in achieving them appear uniformly and coherently is divided with the total number of key Government work planning documents

- Share of public administration development activities and reforms from all activities in PAR planning documents⁵.
- Extent to which the scope of PAR central planning document(s) is complete.

Principle 2: Public administration reform is purposefully implemented; reform outcome targets are set and regularly monitored.

1. Reform objectives and targets are set in planning documents.
2. Planning documents that translate Government public administration policy feature a set of performance indicators (aligned with objectives) that monitor implementation progress or reform failure.
3. Performance indicators are measurable, relevant to the objectives and support accountability arrangements between institutions and responsible managers.
4. A data collection system for all identified indicators used in public administration reform provides ministers and officials with timely and accurate data.
5. Public administration reform progress reports are conducted at least every other year, made publicly available and a basis for discussion over implementation in political and top administrative level.
6. Functioning central steering and strategy review processes are in place.
7. Civil society and the business community are involved in the monitoring and review process and enabled to provide input on implementation performance and reform challenges.

Analytical Framework

Methodological approach

The methods used are largely qualitative and are based on an analysis of legislation and interviews with responsible officials:

- Analysis of primary and/or secondary legislation to determine the formal requirements for drawing up planning documents with special attention paid to requirements for performance measurement, monitoring and evaluation.
- Analysis (if available) of primary and/or secondary legislation and policy statements to determine the country's approach to performance measurement in Government policies. This analysis allows a more complete evaluation of the actual performance measurement system included in planning document or PAR document(s). Analyse the planning documents setting out PAR objectives and activities to determine whether a performance measurement system exists and, if so, assess the overall quality of its objectives and indicators.
- Analysis of the links between objectives and indicators and between objectives and activities. Assess the extent to which objectives can be categorised as SMART (specific, measurable, attainable, realistic and timely).
- Analysis of reports on progress achieved in the area of PAR to determine how the performance measurement system was applied and the quality of the conclusions drawn from it. This analysis will also bring to light problems with data gathering in cases where certain data on included indicators are not available.

Information sources

The list of sources consulted is as follows:

identified through document mapping and multiplied by 100 to establish the percentage or result of the ratio measurement.

⁵ Basis for defining activities are Government-adopted planning documents or documents on PAR implementation.

- primary and secondary legislation on performance measurement of policies in general and PAR in particular;
- planning documents setting out PAR policy, various planning documents on aspects of PAR implementation;
- progress assessments produced by different international organisations and technical assistance projects, including international comparisons of governance and PAR issues;
- interviews with representatives of institutions involved in implementing PAR.

Indicators

- Annual implementation backlog of public administration development activities and reforms⁶.
- Percentage of fulfilled PAR objectives⁷.
- Extent to which a comprehensive PAR reporting and monitoring system is in place.

Principle 3: Financial sustainability of public administration reform is ensured.

1. The actions or reform measures established in the planning documents contain information on the (human and financial) resources required to implement them. To ensure they are sustainable, additional expenditure needs are broken down into temporary and permanent costs.
2. To ensure the reform is sustainable, the cost appraisal of reform measures defines the share and source of donor assistance and expected financing from Government revenues.
3. The medium-term budgetary framework acknowledges public administration reform as one of the Government priorities and sets out the approximate amount of resources available for this reform. This amount is in line with the budget allocated to public administration reform either in central planning documents or in the separate public administration reform strategy.
4. Financial estimations of costs of any reforms requiring European Union assistance are in line with the Instrument for Pre-accession Assistance programme budget for the public administration reform sector.

Analytical Framework

Methodological approach

The methods used are largely qualitative and based on an analysis of legislation, planning documents, budget documents and interviews:

- Analysis of planning documents describing PAR policy, the objectives and activities needed to achieve these objectives, to determine whether all of the activities are properly costed and resourced as a measure of planning quality.
- Analysis of reports on PAR implementation to determine the financing of - and spending on - the policy.
- Analysis of budget documents (law, annual and medium-term) to understand the process of assigning resources to policies in general and the PAR financing process in particular, including requests for funds.
- Analysis of MTEFs (if any) to determine whether they include PAR as one of the Government's expenditure priorities and whether the Government's stated priorities match resource flows.

⁶ The basis for defining activities is Government-adopted planning documents or documents on PAR implementation. Only activities which are targeted to development or describing reforms are taken into account, ongoing and daily activities are not included. The ratio is calculated by dividing the total number of implemented PAR-related activities by the total number of activities planned for that particular year.

⁷ Assessment is based on measurable reform objectives set by the Government in planning document(s). Number of fulfilled reform objectives is compared with all reform objectives. In case reform objectives are not set by the Government, the outcome of the assessment will be 0% fulfilment rate.

- Support document analysis with interviews of officials in relevant internal and external institutions to assess the consistency between theory and practice.

Information sources

The list of sources consulted is as follows:

- MTEF, annual budget requests of ministries involved in implementing PAR and the Law on Annual Budget, as well as other budget documents dealing with appropriation of financial resources to implement Government policies;
- PAR planning documents and implementation reports, as well as other planning documents of institutions providing information on budget requests;
- interviews with representatives of the institution co-ordinating PAR and at least two managers from institutions implementing PAR;
- interviews with representatives of institution(s) responsible for donor co-ordination, as well as analysis of the primary data sources available through them;
- interviews with representatives of the country's three biggest donors on foreign assistance devoted to PAR-related activities.

Indicators

- Share of resourced and costed PAR measures.⁸
- Ratio between planned PAR Instrument for Pre-accession Assistance (IPA) funding in the IPA sectoral programme and the national planning documents⁹.

⁸ Resourced and costed measures and compared with overall number of measures in PAR planning document(s).

⁹ IPA PAR sector estimated budget is based on the Country Strategy Paper or PAR sector programme; national PAR sector planning document(s) may include several strategies covering EU PAR sectors (for example, public financial management strategy, and PAR strategy).

Key requirement: Public administration reform management enables guiding and steering reforms, determines the accountability for implementation and ensures the professional administration needed for reform implementation.

PAR leadership requires active and ongoing participation at the highest ministerial and official levels to formulate, plan, implement, monitor and evaluate this policy area. As a horizontal policy, PAR touches all aspects of public administration, including staffing levels, duplication of functions, performance measurement, efficiency and effectiveness. It is therefore essential that PAR implementation is driven from the top.

A clear and working structure for PAR management and co-ordination is a prerequisite for successful implementation of the Government policy in this area. Robust mechanisms should be in place to ensure a constant flow of analytical information between ministers and officials to inform decisions on further work. In addition, ministers must inform citizens of the progress and achievements of the reform, in line with the PAR communication strategy and/or plan. There should be a clear division of functions and responsibilities between different institutions with regard to the elaboration, adoption, implementation, monitoring, reporting and evaluation of PAR.

The people in charge of strategic and day-to-day management, co-ordination and implementation of PAR are key to its success. Their leadership, motivation, experience and knowledge are critical to preparing good quality planning documents and legal acts, carrying out analytical tasks and driving implementation.

Principle 4: Public administration reform has robust and functioning co-ordination structures at both the political and administrative level to steer and manage the reform design and implementation process.

1. At the political level there is a formalised discussion and decision making forum (regular Government meetings can also play this role) dedicated to public administration reform management that meets regularly to review progress and initiate required changes.
2. To support the discussion and decision making at the political level, there is a formalised administrative co-ordination structure. This handles operational public administration reform management issues, provides regular reports on progress in public administration reform implementation, identifies obstacles to progress and devises possible ways to overcome them.
3. All key public administration reform stakeholders are represented in the co-ordination structures. Non-governmental organisations with relevant competence and capacity are consulted regularly.
4. The functions and responsibilities of both political and administrative level management and co-ordination structures are clearly defined and observed.
5. The secretariat functions to support management and co-ordination structures are carried out by the institution or ministry with the legally defined function and responsibility for overall co-ordination of the reform.

Analytical Framework

Methodological approach

The methods used are mostly qualitative and are based on document analysis and interviews with relevant ministers and officials:

- Analysis of primary and/or secondary legislation to determine the types, functions and responsibilities of PAR management and co-ordination mechanisms (formalised bodies), as well as the roles of the different institutions within them.
- Analysis of agendas, meeting minutes and participant lists to determine the frequency of meetings, participation levels and topics discussed. This also yields information on the various

reports and documents prepared for the respective management and co-ordination mechanisms and their relevance to overall PAR policy objectives and activities.

- Determine the attendance rates of the permanent members of various forums by analysing participant lists to indicate the importance that different stakeholders attribute to PAR. Special attention to the attendance of representatives of centre of government institutions should be paid to ensure that the country's senior ministers and officials recognise the importance of PAR.
- Interviews with key stakeholders to assess the actual level of informal co-ordination and communication efforts between the institution responsible for overall co-ordination of PAR and institutions involved in its implementation.

Information sources

The list of sources consulted is as follows:

- primary and/or secondary legislation establishing the functions and responsibilities of formalised forums at ministerial and/or official levels;
- agendas, meeting minutes and attendee lists of discussion and decision making forums at ministerial and/or official levels;
- reports on implementation of decisions of formalised discussions and decision making forums at ministerial and/or official levels;
- interviews with participants of formalised forums on PAR at ministerial and/or official levels.

Indicators

- Frequency of PAR-related political discussions¹⁰.
- Implementation rate of decisions made by political and administrative-level PAR co-ordination forums¹¹.

Principle 5: One leading institution has responsibility and capacity to manage the reform process; involved institutions have clear accountability and reform implementation capacity.

1. Regulation(s) designate one institution with overall responsibility for leading and co-ordinating public administration reform policy and implementation and the lead institution has the capacity to carry out its responsibilities.
2. Division of functions and responsibilities between institutions involved in implementing public administration reform is clear and there is no duplication or overlap.
3. Institutions involved in implementing public administration reform are aware of their functions and responsibilities and have the capacity to carry them out.
4. Officials responsible for managing and co-ordinating public administration reform are experienced; they have knowledge of, and skills in, communication, team work, conceptual thinking, analytical thinking, creative thinking, development, planning and organisation and receive regular training.

Analytical Framework

Methodological approach

The methods used are mostly qualitative and are based on an analysis of legislation and interviews:

¹⁰ Number of meetings per year of political-level decision making bodies (e.g. Government meetings, Government committee meetings, meetings of PAR Council or any other relevant body) during which PAR-related strategic documents/issues were discussed.

¹¹ Number of fulfilled decisions out of the total number of decisions of formalised forums at both the political and administrative levels.

- Analysis of regulation to determine PAR-related functions and responsibilities and their allocation amongst institutions to ensure there are no overlaps or gaps.
- Pay special attention to whether regulation clearly identifies one institution that is primarily responsible for managing and co-ordinating PAR.
- Analysis of all identified PAR-related functions to determine whether all steps in the policy cycle are mentioned and are assigned for implementation to particular institutions.
- Interviews to test knowledge and understanding of the functions assigned to different institutions involved in implementing PAR.
- Analysis of relevant documents (e.g. relevant legislation, statutes, job descriptions, competency handbooks) to establish the functions, tasks and responsibilities of officials involved in PAR management, co-ordination and implementation.
- Interviews with officials in charge of PAR implementation to establish their previous working experience, knowledge, competences and understanding of their tasks and responsibilities related to reform management (as described in their respective job descriptions).
- Assessment of the content and frequency of formal and informal capacity building and training opportunities.

Information sources

The list of sources consulted is as follows:

- regulation setting the PAR co-ordination and management framework;
- internal procedures of institutions, as well as budget information for the current year providing information on the staffing numbers, turnover rates and salary levels of institutions involved in implementing PAR;
- interviews with representatives of different institutions involved in implementing PAR;
- functional reviews (if available) of PAR-related issues by different national or international public or non-governmental organisations;
- capacity assessment reports prepared by national institutions or international organisations;
- annual reports of institutions (at the national and regional levels) responsible for training officials and primary data of these institutions on the nature and frequency of courses offered and number of officials trained.

Indicators

- Annual staff turnover in leading PAR unit.
- Proportion of leading PAR unit staff that has undertaken at least two PAR-related trainings during the last year.
- Extent to which accountability over PAR functions is established.

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2

Policy Development
and Co-ordination

POLICY DEVELOPMENT AND CO-ORDINATION

The preparations for accession and membership need to be underpinned by arrangements and capacities for policy planning, development, co-ordination and implementation that:

- enable consistent policy planning and co-ordination of government activities, including priority setting in relation to European Union (EU) accession and membership issues;
- create substantive and consistent policies that are affordable, economically efficient and financially sustainable;
- include consultation with internal and external stakeholders;
- ensure that policies are properly implemented, communicated and monitored;
- support transposition and implementation of the *acquis communautaire* in all sectors;
- lay the foundations for operating effectively as an EU Member State.

The Principles detail these general foundations. The following chapter defines four key requirements and twelve principles for ensuring quality policy outcomes and preparing for EU accession and membership. These requirements need to be enhanced as a country moves along the European integration (EI) path. Thus, the Principles distinguish when necessary between the different needs and stages of EI¹².

KEY REQUIREMENTS AND PRINCIPLES

Key requirement: Centre of government institutions fulfil all functions critical to a well-organised, consistent and competent policy making system.

Principle 1: Centre of government institutions fulfil all functions critical to a well-organised, consistent and competent policy making system.

Principle 2: Clear horizontal procedures for governing national European integration process are established and enforced under the co-ordination of the responsible body.

Key requirement: Policy planning is harmonised, aligned with the Government's financial circumstances and ensures the Government is able to achieve its objectives.

Principle 3: Harmonised medium-term policy planning, with clear whole-of-government objectives, exists and is aligned with the financial circumstances of the Government; sector policies meet the Government objectives and are consistent with the medium-term budgetary framework.

Principle 4: A harmonised medium-term planning system for all processes relevant to European integration exists and is integrated into domestic policy planning.

Principle 5: Regular monitoring of the Government's performance enables public scrutiny and ensures that the Government is able to achieve its objectives.

Key requirement: Government decisions and legislation are transparent, legally compliant and accessible to the public; the work of the Government is scrutinised by the Parliament.

Principle 6: Government decisions are prepared in a transparent manner and based on the administration's professional judgement; the legal conformity of the decisions is ensured.

Principle 7: The Parliament scrutinises government policy making.

¹² In order to differentiate between the degree to which countries aspire to integrate with Europe and the scope and depth of their commitment to and actual stage of EI, this methodology has adopted a slightly altered categorisation of Lippert et al. (2001) to describe the different phases of integration. See also Lippert, B., G. Umbach & W. Wessels (2001), "Europeanization of CEE executives: EU membership negotiations as a shaping power", in the *Journal of European Public Policy*, Volume 8, Issue 6, pp. 980-1012.

Key requirement: Inclusive, evidence-based policy and legislative development enables the achievement of intended policy objectives.

Principle 8: The organisational structure, procedures and staff allocation of the ministries ensure that developed policies and legislation are implementable and meet Government objectives.

Principle 9: The European integration procedures and institutional set-up form an integral part of the policy development process and ensure systematic and timely transposition of the *acquis*.

Principle 10: The policy making and legal drafting process is evidence-based and impact assessment is regularly used across ministries.

Principle 11: Policies and legislation are designed in an inclusive manner that enables the active participation of society and allows for co-ordinating perspectives within the Government.

Principle 12: Legislation is consistent in structure, style, and language; legal drafting requirements are applied consistently across ministries; legislation is made publicly available.

Key requirement: Centre of government institutions fulfil all functions critical to a well-organised, consistent and competent policy making system.

The institutional architecture at the centre of government (CoG) for carrying out policy planning and co-ordination functions should be in place and able to ensure the well-organised and competent functioning of the policy making system. The CoG is defined through the key functions typically carried out by the Government Office/General Secretariat, the Ministry of Finance (MoF), the body responsible for legal conformity and the body responsible for EI when fulfilling the policy planning, co-ordination and development functions. The institutional set-up within and between those institutions should be without significant gaps and overlaps and not be overly fragmented. The CoG should have the authority and capacity to perform the tasks related to overall management of the policy system. It also should have actual capacity and authority to implement and enforce the provisions of the legal framework.

Principle 1: Centre of government institutions fulfil all functions critical to a well-organised, consistent and competent policy making system.

1. Legislation assigns the following functions to centre of government institutions, which have the authority and capacity to implement them:
 - co-ordination of preparation of the Government sessions;
 - ensuring legal conformity;
 - co-ordination of preparation and approval of the Government's strategic priorities and work programme;
 - co-ordination of the policy content of proposals for Government decision, including defining the policy preparation process and ensuring coherence with Government priorities;
 - ensuring that policies are affordable and co-ordination of public sector resource planning;
 - co-ordination of the Government's communication activities to ensure a coherent Government message;
 - monitoring of the Government's performance to ensure the Government collectively performs effectively and keeps its promises to the public;
 - handling relations between the Government and other parts of the State (President, Parliament);
 - co-ordination of European integration affairs.
2. When implementing assigned functions, institutions issue guidelines, conduct quality control and provide advice to ministries, the Prime Minister and the Government and act in a unified manner.
3. Putting in place arrangements – such as written procedures, institutionalised co-ordination forums and regular formal and informal meetings –to ensure co-operation between centre of government institutions.

Analytical framework

Methodological approach

The methods used are qualitative assessments based on the analysis of legislation and other documents, as well as an assessment of staff available for described functions as a proportion of the overall staff in CoG institutions:

- Analyse legislation and internal regulations of CoG institutions to identify which institution and which unit is required to fulfil each function, whether any functions are missing and if the institutions have authority to provide guidance, set procedures and conduct quality control.
- Examine organisational structures of institutions to understand the status and interrelationship of units in the organisational management architecture.
- Conduct interviews and a comparative analysis of staff numbers to verify that they undertake these functions in practice and to assess their capacity to do so.

- Examine joint work of the CoG, such as procedures for legal drafting, policy planning, budgetary process and monitoring and establish whether these procedures define clear responsibilities of the CoG and ministries and whether the procedures issued by CoG institutions are unified and consistent or fragmented.
- When assessing working arrangements (either formal or informal) among CoG institutions, set the use of the expertise of all CoG bodies as a benchmark.
- Support document analysis with interviews of relevant officials to assess whether daily work practices differ/are in line with regulations; in the absence of formal rules, analyse informal practices.

Information sources

The list of sources consulted is as follows:

- the Law on Government; the Government Rules of Procedure (RoP); the Law on Budget;
- statutes (regulations on organisational structures) of the Government Office, the MoF, the Ministry of Justice (MoJ) and the body for EI;
- staff headcount (available in statutes or collected through data collection sheet) assigned to each function and staff in post (data collected through data collection sheet);
- regulations established by CoG institutions for specific policy making processes (e.g. specific regulations for policy analysis, legislative drafting and policy co-ordination in the ministries);
- regulations setting formal co-operation arrangements and establishing processes; formal and informal guidelines issued by the institutions;
- interviews with directors of relevant units and secretary generals and/or heads of co-ordination units of two line ministries.

Indicators

- Proportion of critical CoG functions that are fulfilled by the institutions.

Principle 2: Clear horizontal procedures for governing national European integration process are established and enforced under the co-ordination of the responsible body.

1. The legislative and/or regulatory framework clearly defines and differentiates the powers, responsibilities and obligations of the different parties that carry out the integration function relevant to the phase of European Integration and is aligned with the general legal framework setting the basis for the work of the Government and the Administration.
2. European integration co-ordination body(ies) have the authority and capacity to co-ordinate and plan the transposition and translation of the European Union *acquis*, European Union assistance and overall European integration policy.
3. The European integration co-ordination unit is institutionalised, in the Office of the Prime Minister, in the Ministry of Foreign Affairs or as a separate body, and functions as part of the normal governing apparatus with the authority to facilitate conflict resolution.
4. A firm mechanism is in place to ensure that co-ordination of general relations with the European Union is in line with overall European integration co-ordination.

Analytical framework

Methodological approach

The methods used are qualitative assessments based on analyses of legislation and other documents, as well as interviews with staff from the EI body and ministries:

- Examine whether the legislative framework clearly sets out CoG responsibilities and whether these are followed in practice. Poorly defined responsibilities or functions, legal inconsistencies,

overlapping or contradicting mandates, or lack of necessary powers indicate an undefined or poorly defined legislative framework that could hamper co-ordination efforts.

- Use in-depth interviews to examine how successfully the Government machinery handled key disagreements between institutions and assess the influence and role of the co-ordinating unit during those “critical junctures” compared with more routine/regular decisions. A limited or non-existent influence of the co-ordinating unit in the first set of decisions indicates limited institutionalisation.
- Analyse the structure of the EI co-ordinating body(ies), the allocation of staff between departments and daily working practices to assess whether sufficient capacity exists to fulfil in practice the responsibilities conferred in the legislation.

Information sources

The list of sources consulted is as follows:

- legislation (relevant laws, regulations, Government decisions) establishing EI principles and processes;
- statutes of EI unit(s); statutes of other institutions fulfilling directly EI related roles;
- interviews with the head of the EI body, the directors of its sub-structures and secretary generals of two line ministries;
- records of meetings of administrative and political co-ordinating committees/commissions.

Indicators

- EI functions are fulfilled by the institutions.

Key requirement: Policy planning is harmonised, aligned with the Government's financial circumstances and ensures the Government is able to achieve its objectives.

The policy and legislative outcomes of the Government should be planned in keeping with the capacity of the administration and financial circumstances of the Government, be coherent, focus on priorities and ensure that the Government performs collectively and keeps its promises to the public. The Government should regularly oversee the existing legislative framework to ensure that it remains relevant and up-to-date.

Principle 3: Harmonised medium-term policy planning, with clear whole-of-government objectives, exists and is aligned with the financial circumstances of the Government; sector policies meet the Government objectives and are consistent with the medium-term budgetary framework.

1. The legal framework sets requirements for planning the policy output of the Government; establishes the status of key Government planning document(s), delegates the policy planning function to a centre of government body and regulates its implementation.
2. The mechanisms are in place (preferably the medium-term and annual work plans of the Government) for translating the Government's political programme into administrative actions.
3. Government planning processes and documents enable categorisation, prioritisation across the whole-of-government, as well as at the sector level, and ensure realistic planning in line with Government priorities, the administration's capacities and financial circumstances.
4. Clear guidelines are given to the ministries on providing input to the central planning documents and reporting on implementation.
5. Government central planning documents are coherent and consistent both with each other and with individual sectors' strategic documents in terms of content, development and the monitoring process.
6. The system for planning sector strategies is formally established; centre of government guides the development process and ensures coherence between sector strategies and quality control.
7. Sector strategies include financial assessment (budgetary costs and planned European Union assistance) that is consistent with the medium-term budgetary framework.

Analytical framework

Methodological approach

The methods used are qualitative assessments based on an analysis of legislation and other documents, the central planning documents of the Government, sector strategies and interviews:

- Analyse legislation and conduct interviews to assess established requirements and determine the number, duration and scope of existing central planning documents, assess the development and implementation process and set benchmarks on how the country should be performing on the basis of these requirements.
- Analyse the content of central planning documents to assess their prioritisation and coherence.
- Assess whether planning is realistic and consistent with the administration's capacities, compare the implementation rate with planned commitments and the different planning documents, if several exist.
- Use in-depth interviews to examine how successful the CoG is in guiding sector strategy development in terms of categorisation, consistency between such strategies and quality control (including harmonisation with Government priorities).
- Assess the planning system for sector strategies, analyse relevant legislation, conduct interviews and collect data through data collection sheet(s) on a number of sector strategies and other strategic documents. Analyse a sample of at least five sector strategies to determine if they are

aligned with Government priorities and whether they include financial assessments. Compare the financial assessments with the medium-term budgetary framework (MTBF) to determine whether the financing of sector strategies is consistent with the MTBF. Where data is available, compare:

- the estimated funds in the selected sector strategies with total funding identified in the MTBF for the corresponding sectors;
- the use of donor funds in the selected sector strategies with the total of estimated EU assistance for the corresponding sectors.

Information sources

The list of sources consulted is as follows:

- the Government RoP; regulation(s) establishing the planning process; regulation(s) establishing the strategic planning system; issued guidelines;
- central strategic planning documents, such as the statement of priorities, national development strategy, Government medium-term and/or annual work plan, MTBF;
- formal and/or informal implementation reports of central planning documents, if any;
- interviews with all relevant Government Office units involved in planning, the head of the MoF budget department and two line ministries;
- data on the number of sector strategies (collected through a data collection sheet if not publicly available);
- the five most recently adopted sector strategies;
- the MTBF in force.

Indicators

- Annual implementation backlog¹³ of planned commitments in the central planning document(s)¹⁴.
- Annual backlog¹⁵ in developing sectoral strategies.
- Ratio between total funds estimated in the sectoral strategies and total funding identified for the corresponding sectors within the MTBF¹⁶.
- Completeness of financial estimates in sector strategies¹⁷.

Principle 4: A harmonised medium-term planning system for all processes relevant to European integration exists and is integrated into domestic policy planning.

1. A medium-term planning and monitoring system for European integration preparations is established, enabling consistent planning of all European integration-related commitments.
2. For candidate countries: the accession negotiation planning documents are linked with national strategic plans and in line with the administration's existing implementation and financial capacity.
3. For potential candidates: the development of European integration planning documents is streamlined and plans are coherent with each other and with the Administration's implementation

¹³ Backlog is analysed as the comparison of plans of two consecutive years taking into consideration items that are carried forward from one year to the next.

¹⁴ Central planning documents are (*inter alia*): Document on Government priorities; Government Annual Work Plan (GAWP): EI plan; Budget and MTBF; Legislative plan of the Government.

¹⁵ Backlog is analysed as the comparison of strategy development plans in two consecutive years' GAWP (or similar document), taking into account items that are carried forward from one year to the other.

¹⁶ The ratio is calculated as a percentage (0% concurrence minimum and 100% concurrence maximum), illustrating the difference in planned funding in the last five strategies adopted and the MTBF. The outcome value of the indicator is the average of five cases. In the event that it is not possible to make the calculation due to a lack of financial data in the MTBF and/or in all or some sector strategies, the ratio is determined as 0%.

¹⁷ A sample of the five most recently adopted sector strategies is used.

and financial capacity.

4. The planning process of different national plans for European integration is streamlined; plans are coherent and avoid duplication.
5. European integration planning is co-ordinated with processes for preparing and enforcing domestic policy planning, in particular with regard to strategic frameworks like the Government Work Plan and the medium-term budgetary framework.

Analytical framework

Methodological approach

The methods used are qualitative assessments based on analysis of legislation and interviews supported by comparative analysis of relevant plans:

- Analyse legislation and conduct interviews to assess the feasibility of established requirements and determine the number, duration and scope of existing EI planning documents, as well as the requirements for the development and implementation process.
- Analyse the content of planning documents (e.g. the Government Work Plan and EI plans) to assess the level of alignment (from separate to integrated) of the two processes and plan content.
- Assess whether the planning is realistic and meets the administration's capacities, compare the implementation rate with planned commitments and compare different planning documents, if several exist.

Information sources

The list of sources consulted is as follows:

- regulation(s) establishing the EI planning process; guidelines issued;
- EI planning documents, such as the National Plan for the Adoption of the *Acquis*, SAA action plan, the national strategy for EI and agreements achieved during negotiations;
- interviews with officials responsible for planning in the EI body and two line ministries;
- implementation reports of EI plans.

Indicators

- Annual implementation backlog of EI-related commitments¹⁸.

Principle 5: Regular monitoring of the Government's performance enables public scrutiny and ensures that the Government is able to achieve its objectives.

1. The centre of government reviews progress through a regular and co-ordinated process.
2. Processes are in place to measure Government progress in meeting stated policy objectives including outcomes of Government work.
3. Regular reporting takes place on implementation of the Government Work Plan and other central planning documents, if any; the reporting process is coherent and includes clear reference to institutional responsibilities in terms of delivery.
4. Annual reports on the Government performance are publicly available and open for parliamentary scrutiny.
5. Monitoring of the implementation of European Integration commitments is integrated into the overall mechanism for monitoring the Government's commitments and obligations (e.g. the Government work programme, the legislative programme).

¹⁸ Backlog is analysed as the comparison of two consecutive years' planning document (GAWP or EI plan) and taking into account items that are carried forward from one year to the other.

6. The monitoring system includes reporting to the Government on the implementation of sector strategies and enables systematic and objective assessment of their design, implementation and results.

Analytical framework

Methodological approach

The methods used are a qualitative assessment based on an analysis of legislation and interviews supported by analysis of reporting documents:

- Analyse relevant regulations and official documents to understand the requirements and whether they are comprehensive. If the legislative framework includes elements that are defined in the sub-principles and followed in practice.
- Analyse the quarterly and annual reports on implementation of the Government central planning documents (the Government programme and/or Government Work Plan, EI planning documents, other central planning documents) to determine: whether the reporting system enables an overview of the implementation of planned activities and monitoring of outcomes; to what extent comparative analysis is used; whether EI commitments are part of the monitoring process; whether monitoring also covers the implementation of sector strategies.
- Establish whether the monitoring mechanisms used distinguish between process implementation, such as the amount of secondary legislation enacted, or the achievement of intended outcomes, such as the amount of road infrastructure built or the number of deaths prevented through a smoking ban.
- Analyse through data collection sheet information and interviews with staff from the CoG what evaluation systems are in place and how they are used in practice.

Information sources

The list of sources consulted is as follows:

- the RoP, relevant laws and regulations, and the Government decisions that set out mandatory processes and guidance;
- guidance documents issued by CoG institutions;
- reports on progress or implementation of central planning documents;
- interviews with officials in the CoG and relevant officials within two line ministries (especially those with a heavy policy making focus, such as the Ministry of Trade and Industry or its equivalent).

Indicators

- Extent to which reporting provides information on the outcomes achieved.

Key requirement: Government decisions and legislation are transparent, legally compliant and accessible to the public; the work of the Government is scrutinised by the Parliament.

In order to ensure transparent and legally compliant decision making, the CoG should have the capacity to perform the tasks related to the overall management of Government decision making, as well as the actual capacity and authority (legal, personal and professional) to implement and enforce the provisions of the legal framework and ensure a transparent, reliable and legal process. The work of the Government shall be overseen by the Parliament in order to continuously scrutinise the Government's performance against its commitments and agreed objectives.

Principle 6: Government decisions are prepared in a transparent manner and based on the administration's professional judgement; the legal conformity of the decisions is ensured.

1. The legal framework establishes clear procedures for preparation, follow-up and communication on Government sessions and sets a clear authority for the centre of government to provide its professional judgement and ensure legal conformity. The centre of government has the capacity to set and enforce the procedures.
2. A centre of government body sets clear deadlines for the preparatory process allowing sufficient time for consultation and quality control. All stakeholders follow those deadlines.
3. A centre of government body has the authority and capacity to ensure a policy proposal's coherence with Government priorities and previously announced policies.
4. A centre of government body has the authority and capacity to review the content of proposals against set requirements.
5. The Secretariat for Legislation or the Government Office's legal unit has the authority and capacity to review and provide comments on all legal drafts before they are discussed and approved in the Government session.
6. The Government Office is authorised to return items to the ministries if the substance is flawed or inconsistent with Government priorities.
7. The agenda and materials for the sessions are circulated to the participants in advance and on time. The agendas of formal Government sessions are public.
8. Decision records are kept and distributed after the sessions. Government decisions are made publicly available.
9. The Government Office communicates to the public regularly and transparently on the work of the Government, i.e. its objectives, key decisions and performance.

Analytical framework

Methodological approach

The methods used are qualitative assessments based on analysis of legislation and working documents and interviews, and quantitative analysis based on data that characterises the process:

- Analyse relevant legislation and official documents to understand the requirements, assess whether they are comprehensive, analyse whether legislation follows the sub-principles and establish a baseline of how the country should be performing on the basis of these requirements.
- Analyse the organisational set-up of relevant CoG institutions and the functions of departments/units involved in Government decision making to define the role and authority of each actor in the process.
- Interview the directors of the Government Office involved in Government decision making and ensuring legal conformity, director-level representatives from institutions responsible for ensuring legal conformity (if separate from the Government Office), Secretary General of the Government Office, member(s) of the Prime Minister's Cabinet and two managers from the

ministries (depending on the country, either permanent secretaries or heads of departments) in order to analyse daily working practices.

- Analyse working documents; three randomly selected Government session agendas; the Government session minutes and a random selection of two examples of the opinions provided by each structural unit of the CoG during the decision making process and assess whether:
 - comments are made on the content or only on a formal rule-obeying
 - comments by CoG units were taken into account during decision making (especially if they address legal conformity issues)
 - out-of-agenda items were allowed during the Sessions and if yes, under what circumstances?
 - compare the staff numbers in CoG structural units and other institution(s) responsible for ensuring legal conformity with the volume of legislative and other Government decisions.

Information sources

The list of sources consulted is as follows:

- Government RoP; relevant laws, Government decisions and bylaws setting out mandatory processes; guidance notes;
- reports of progress of implementation of policies and legislation;
- Government publications and official reports;
- interviews with 1) those responsible in the CoG, 2) relevant staff within two line ministries (especially those with a heavy focus on policy making and legal conformity);
- statistics collected through a data collection sheet on the number of regular and urgent agenda items (based on the fourth quarter in a given year) and the number of staff working on preparing Government sessions;
- statistics collected through a data collection sheet on the number of staff and legislative acts and strategies submitted to the Government by ministries and adopted by the Government.

Indicators

- Ratio of regular agenda items submitted on time¹⁹ by ministries to the Government session.
- Transparency of Government policy making²⁰.
- Number of laws with court rulings²¹ against the Government during the year.

¹⁹ On time is understood as within the procedural criteria set by regulation(s).

²⁰ The World Economic Forum Competitiveness Index, score of minimum 1, maximum 7.

²¹ In any court (Constitutional and regular alike).

Principle 7: The Parliament scrutinises government policy making.

1. Systematic procedures are in place and applied in practice to co-ordinate the Government's decision making process with the Parliament. Information about the Government's legislative activities is made available to the Parliament annually in line with the parliamentary planning calendar.
2. Specialist legislative committees are fully engaged in carrying out their oversight function.
3. Committee processes and procedures are in place and followed in practice to enable Parliament to debate, scrutinise and amend draft legislation.
4. Parliament plays a role in ensuring that the legislation enacted is clear, concise and intelligible.
5. The Government has established procedures and capacity for communicating with the Parliament and follows these procedures.
6. Ministers participate in the work of the Parliament when issues under their responsibility are being discussed.
7. Mechanisms are in place and consistently followed to ensure that the Government systematically reviews parliamentary bills.

Analytical framework

Methodological approach

The methods used are a qualitative assessment based on an analysis of legislation, interviews, analysis of working practices and a quantitative data-based analysis of the process:

- Analyse relevant legislation and official documents to understand the requirements, assess whether they are comprehensive and if legislation follows the sub-principles and establish a baseline of how the country should be performing on the basis of these requirements.
- Interview the Government official responsible for relations with the Parliament, the official in the secretariat of the Parliament and members of Parliament from legislative committees to analyse working practices.
- Analyse working documents, e.g. information provided by the Government on legislative plans, if any.
- Analyse the flow of legislation submitted by the Government to the Parliament and its subsequent adoption by the Parliament.
- Analyse data on ministers' attendance in the Parliament.
- Analyse working practices and data on the Government's review of bills proposed by the Parliament.

Information sources

The list of sources consulted is as follows:

- the Government's and the Parliament's RoP; any other relevant laws or bylaws regulating relations between the Government and the Parliament;
- interviews with the Government official responsible for relations with the Parliament and the official in the secretariat of the Parliament;
- formal or informal legislative plans submitted by the Government to the Parliament;
- statistics collected through a data collection sheet on draft laws submitted by the Government to the Parliament; laws approved by the Parliament; laws revised by the Parliament and reviewed by the Government.

Indicators

- Ratio of laws initiated by the Government and approved by the Parliament no later than one year after submission.

- Extent to which forward planning mechanisms between the Government and the Parliament exists.
- Number of law implementation reports discussed in the Parliament.

Key requirement: Inclusive, evidence-based policy and legislative development enables the achievement of intended policy objectives.

Structures should be in place to enable ministries to fulfil their policy making and legislative functions and create policies that, when implemented, deliver the objectives they were designed to achieve. All relevant functions of policy planning and development, and also legislative drafting, should be in place within ministries and there should be sufficient and capable staff to perform the stated functions. The system should encourage regular dialogue in order to form a cross-government view about desired outcomes against the strategic direction of the Government.

There should be procedures that set out clear roles, responsibilities and approaches to develop, deliver and review the effectiveness of policies and legislation and enable effective prioritisation and sequencing of activities. These procedures need to be followed in practice. Ministries should have functioning systems and forums to agree on work planning and resourcing.

Good policy making also requires assessing the likely costs and benefits and associated risks to the public, private or civil society organisations, the environment and society at large over the long-term. Evidence that the policy is necessary and that it will solve the issues it was created to address should exist from the outset.

Policy makers should use a range of tools to help them think through and understand the need for, and consequences of, proposed policy interventions and assist the Government in weighing up relevant evidence on the likely impacts of such interventions and consult with those affected. A system and structure that explicitly values and makes best use of available evidence is key to developing policies and legislation. A continuous process should be in place that emphasises the importance of effectively implementing policy and legislation and ensures the ability to monitor and evaluate impacts and whether the objectives are being achieved.

Consultation improves the quality of new and existing policies and rules. It can assist greatly in assessing the potential impacts of proposed policy changes. Consultation processes should therefore be built in at key stages of the policy development and legislative process, since consultation outcomes can influence the final policy design.

Policy development process and legal drafting procedures should ensure that legislation is understandable, coherent and publicly available.

Principle 8: The organisational structure, procedures and staff allocation of the ministries ensure that developed policies and legislation are implementable and meet Government objectives.

1. The relevant rules of procedure and other legislation establish the structures and responsibilities of the ministries and departments responsible for policy development.
2. As a general rule, the key policy making functions remain in the ministries and are not transferred to subordinate bodies.
3. Clear boundaries exist between departments/units and other ministries with regard to policy development, legislative drafting and implementation responsibilities.
4. The relevant rules or procedures reflect ministries' responsibilities for medium-term policy and legislative planning, including planning financing and other implementation aspects.
5. Policy development and legislative drafting procedures are established by clear internal procedures of ministries.
6. The management of policy development and legislative drafting within ministries, the managerial levels responsible for these functions and the manner in which responsibility is delegated are clearly established.
7. The institutional framework and distribution of staff reflects the workload of ministry departments in order to fulfil Government commitments.

Analytical framework

Methodological approach

The methods used are a qualitative assessment based on analysis of the legislation and other documents, complemented by interviews with officials:

- Perform a qualitative assessment of relevant Government decisions and RoP to determine whether the required organisational structure is in place.
- Analyse statutes of at least two ministries (with sectoral responsibility) to determine whether and how responsibility for policy development and responsibility for legislative drafting are allocated in a given ministry.
- Analyse annual reports (or their equivalent) from at least two ministries to ensure that – in the event of crosscutting policy issues – the relevant other ministries are involved in developing and agreeing the Policy position.
- Analyse annual plans or strategic documents that set out planned work against its delivery and compare with the total staff numbers at two ministries to establish their comparative workloads and determine discrepancies between workload and capacities.
- Analyse the staffing requirements in terms of the number and distribution of staff across each ministry, e.g. in departments and across functions such as policy development, co-ordination and administrative/support, and the extent to which these requirements are met.
- Use interviews to provide additional information on the extent to which agreed working practices are actually followed.

Information sources

The list of sources consulted is as follows:

- the Government RoP, the Law on Budget and any procedures related to policy making processes and clearance and the division of policy responsibilities across the Government;
- relevant Government decisions, strategies, action plans systemisations and so on, that specify requirements for the number and distribution of staff across each ministry, e.g. in departments and across functions such as policy development, co-ordination, policy enforcement and administrative/support;
- internal working procedures and description of processes of at least two ministries;
- annual work programmes and business plans of ministries and progress reports for at least two ministries;
- analysis of data collected to determine possible discrepancies between the headcount, staff in post and plans to fill vacancies, and understand in detail the internal working procedures of sample ministries;
- interviews with the directors and selected staff members of two ministries to identify whether the prescribed working methods are followed in practice.

Indicators

- Extent to which ministries are oriented towards policy development.

Principle 9: The European integration procedures and institutional set-up form an integral part of the policy development process and ensure systematic and timely transposition of the *acquis*.

1. The legal framework establishes a clear procedure, and determines the responsibility of line ministries and other Government bodies, for transposing the *acquis* and sets requirements for the transposition process.
2. The *acquis* transposition process forms an integral part of the overall Government policy development process, with clearly defined responsibilities for all relevant structural units regarding planning, co-ordinating and monitoring, and ensures conformity with the Constitution and national legal system.
3. All Government bodies responsible for transposition regularly use tables of concordance in the transposition process.
4. The relevant laws, regulations and statutes assign clear obligations for interministerial consultation at the specialist, management and political levels; those obligations are rigorously followed.
5. The interministerial co-ordination structure is robust and enables conflict resolution during the policy development and the *acquis* transposition process.
6. Internal structures (European integration and legal departments) co-ordinating the *acquis* transposition in Government bodies have capacity in terms of staff numbers and skills to co-ordinate transposition.
7. Responsible departments co-operate closely with other policy co-ordination and legal departments; distribution of duties between co-ordinating departments is clear.
8. The *acquis* is translated into the national language.

Analytical framework

Methodological approach

The methods used are a qualitative assessment based on analysis of the legislation and other documents, complemented by interviews with officials:

- Analyse relevant legislation and official documents to understand the requirements, assess whether they are appropriate, analyse whether legislation follows the sub-principles. Assess whether the legal framework for the EI process is coherent with the national policy development framework.
- Interview the head of the EI co-ordination unit, the head of *acquis* transposition co-ordination or of the unit's legal department, the directors of the Government Office involved in Government decision making and two managers from the ministries (depending on the country, either permanent secretaries or department heads).
- Analyse working documents, a random selection of three agendas of each level of an EI interministerial co-ordination structure meeting, the meeting minutes and three examples of opinions given by the EI co-ordinating unit in the *acquis* transposition process.
- Analyse the annual *acquis* transposition volume and staff numbers dealing with *acquis* transposition in the CoG, both collected through data collection sheet(s).
- Analyse the statutes of at least two ministries to determine whether and how *acquis* transposition is organised in a given ministry.
- Analyse annual plans, which should include the *acquis* transposition.
- Analyse working documents and at least two transposition cases to determine the quality and practical functioning of transposition.
- Compare staffing levels in the key structures responsible for co-ordinating *acquis* transposition with the planned transposition workload and actual delivery of plans.

Information sources

The list of sources consulted is as follows:

- the Government RoP; relevant laws, Government decisions and bylaws setting mandatory processes for EI decision making, including accession negotiations and *acquis* transposition;
- statutes and internal working procedures and description of processes of at least two ministries;
- annual work programmes, business plans and progress reports of at least two ministries;
- statistics collected through data collection sheets on *acquis* transposition volume (planned workload and draft legislation submitted to Government for approval) and numbers of staff dealing with *acquis* transposition at the CoG and ministries;
- data collected is analysed to establish any discrepancies between the headcount, staff in post and plans to fill vacancies and understand in detail the internal working procedures of sample ministries;
- interviews with those responsible at the CoG, as well as directors and selected staff members of two ministries, to identify whether the established working methods are being followed in practice.

Indicators

- Backlog of transposition²².
- Number of annually transposed directives.

Principle 10: The policy making and legal drafting process is evidence-based and impact assessment is regularly used across ministries.

1. The legal framework establishes the types of analytical processes and the requirements and standards expected of line ministries.
2. Clear and transparent methodologies and criteria define the issue/problem and analyse the potential impacts (benefits, costs and anticipated effects) of both new and existing policies and legislation. The analytical approach is proportionate to the complexity of the issues under analysis.
3. The analyses are based on relevant and up-to-date data.
4. Policy options are costed and the outputs of the analysis clearly indicate the source(s) of funding for the proposed policy, linking the anticipated cost of the measures and the medium-term financial planning process. The proposal is affordable within current budgetary agreements or an explanation for any deviation and need for additional funding is provided.
5. There is clarity about responsibility over day-to-day guidance and quality assurance of the analyses and the responsible institution(s) fulfils established responsibilities. Where several institutions share this role, line ministries clearly understand their respective roles.
6. Mechanisms for monitoring implementation, to evaluate progress and identify obstacles to successful implementation of the policy and concrete pieces of legislation are routinely identified within the analyses.

Analytical framework

Methodological approach

The methods used are qualitative and quantitative assessments, mainly through an analysis of policy documents and of the outputs of analytical tools used, combined with interviews with staff from line ministries, non-governmental organisations (NGOs) and the CoG:

²² Backlog is analysed as comparison of documents consisting of commitments (GAWP and EI plan) of two consecutive years taking into account items carried forward from one year to the other. Based that analysis ratio of transposition against planned commitments is calculated.

- Analyse relevant rules or prescribed processes and standards to assess the policy options and processes ministries follow when undertaking problem analysis, identifying options and analysing the impacts of different options.
- Analyse relevant rules prescribing the issues to be covered in paperwork submitted to the Government meeting to justify a policy proposal (e.g. options analysis, budgetary implications, EI implications).
- Using a sample of two to four analysis outputs, examine the extent to which the required processes are followed routinely and instances where exceptions occur.
- Analyse relevant guidelines and templates for using analytical tools (e.g. impact assessments for two to four policy areas) to determine the extent to which they are followed.
- Analyse the extent to which the Government oversees and reviews the quality of the use of analytical tools, such as impact assessments.
- Review the output of relevant policy development tools (e.g. impact assessments or cost-benefit analyses, primarily covering three areas – policy development and appraisal, the appraisal’s reliability and the implementation and evaluation plan) on a sample of two to four policy areas.
- Examine analytical documents from two to four policy areas to find evidence of a logical approach to identifying the core of a policy problem, considering options and evaluating their costs and benefits. In particular, evaluate whether adequate attention is paid ex ante to the availability of sufficient resources to achieve the proposed policy’s stated benefits.
- Interview a sample of staff (e.g. analysts, economists, lawyers and policy development staff) involved in developing impact assessment tools across two to four line ministries to evaluate how they use the mandatory analytical processes in practice and whether the monitoring and implementation mechanisms used are adequate.

Information sources

The list of sources consulted is as follows:

- relevant laws and official procedures (Government RoP or Government decisions) defining an agreed process for analyses and impact assessments and the structures for supporting line ministries and evaluating impact assessments;
- guidance documents issued by the CoG to assist line ministries in their analysis of policy areas;
- outputs from analytical tools (e.g. impact assessments, fiscal impact appraisals);
- policy or concept papers (e.g. concept papers, explanatory memoranda);
- any internal or external evaluative studies (e.g. by the World Bank or the International Monetary Fund) about the use and quality of existing analytical systems (e.g. regulatory or fiscal impact assessments);
- interviews with staff in the CoG, NGOs and a sample from ministries dealing with impact assessment and policy development to assess the quality and logic of analysis carried out, and the understanding of required procedures;
- website of the relevant national statistical agency/office.

Indicator

- Extent to which policy development process makes the best use of analytical tools.

Principle 11: Policies and legislation are designed in an inclusive manner that enables the active participation of society and allows for co-ordinating perspectives within the Government.

1. Procedures are in place to enable effective public consultation and are consistently applied across ministries, allowing non-governmental organisations and citizens to influence in Government policy.
2. Opportunities for comment and involvement by stakeholders are timed to enable genuine dialogue and the potential to affect policy development with clear information to consultees on the issues and questions at stake.
3. Public consultation mechanisms and procedures include prior notification to those likely to be affected by the policy changes and other stakeholders, e.g. non-governmental organisations, the private sector and advisory bodies, these procedures are consistently followed in consultation process.
4. Ministries have sufficient time and resources to analyse and use consultees' responses.
5. The Government liaises effectively and holds constructive discussions on the manner in which consultees' views have shaped and influenced policy and the Government's final decisions.
6. The procedures and structures for consultation on proposals between ministries operate effectively and discuss not only the process but substantive matters, to enable the development of policies and legislation that complement the existing system.
7. The lead ministry reports on the outcome of interministerial consultation as part of the documentation submitted along with the Government sessions agenda items.
8. Interministerial conflict resolution mechanisms are built into the decision making process at both the administrative and political levels to ensure Government stakeholders access, and fully utilise the administration's expertise and to enable optimal conflict resolution before the issue is discussed by the Government.

Analytical framework

Methodological approach

The methods used are largely qualitative and are based on an analysis of documents about public and interministerial consultation on policies. Data collected through data collection sheets and interviews examine specific cases of policy development and consultations to assess to what extent line ministries follow the agreed procedures in practice:

- Review the procedural requirements for public consultation. Perform a qualitative assessment of the RoP and other relevant legislation, examining the requirements for interministerial consultation (e.g. the types of documents and level of detail required, and the time taken to reach cross-Government agreement).
- Assess to what extent ministries understand and follow the procedures of interministerial consultation. As a follow-up, interview relevant staff at two line ministries to establish how the rules operate in practice. Focus on co-ordinating departments, such as the Department for European Integration and Policy Co-ordination.
- Assess through data gathered from line ministries how they evaluate their awareness of rules and good practices on public consultation and assess how frequently consultation takes place on proposed policy changes versus the number of policy changes foreseen in the ministry's annual work plan. Also assess to what extent the ministry publishes the results of consultations, along with an explanation of how they fed into finalising the policy.
- Assess through data gathered from key NGOs, covering a sample of two to four policy areas, whether they are satisfied with their involvement in the policy development and implementation process.

- Review documents submitted to support Government decisions in two to four policy areas to evaluate how well the procedural requirements are followed.
- Using two to four consultations as examples, evaluate whether the groups most likely to be affected by the changes were actively consulted.
- Compare relevant documents (e.g. submissions to Government for policy approval, reports on the results of public hearings) indicating the manner in which consultations were undertaken and their results used and the extent to which the consulting body provided feedback on the process and its reasons for accepting or rejecting the results of the consultation. This includes:
 - For interministerial consultation, analysis of correspondence between the ministry and the CoG, for two sample policy decisions, to assess the practical workings of policy development and planning, in particular existence of appropriate and sufficiently detailed information submitted to the CoG and alignment with mandatory requirements, such as EI and an explanation of budgetary implications.
 - For interministerial consultation, analysis of minutes of relevant meetings, (e.g. of state secretaries and ministerial committees), on two policy areas where differences of opinion arose between ministries or between the CoG and a ministry, to examine how differences were resolved.
 - For public consultation, review correspondence (e.g. official reports, letters, emails) between two to four line ministries and the CoG institution responsible for consultation to determine the nature of discussions on consultation.
- Review the reports from public hearings/working groups to determine the level of attendance at these participatory events and their influence on policy development.
- Interview staff from two to ten line ministries on how they conduct consultations in sample policy areas.
- Review relevant data from international organisations (e.g. Transparency International, the Organisation for Economic Co-operation and Development (OECD) “Better Life Index” (civic engagement), the results of the OECD “Indicators of Regulatory Management Systems” surveys and any data from regional NGOs) about the strength of civil engagement.

Information sources

The list of sources consulted is as follows:

- any relevant legislation that codifies requirements on interministerial consultation and on public consultation (e.g. the Constitution, RoP, Government decisions, law on NGOs);
- guidance issued by the CoG on good consultation practice;
- reports from any CoG institution responsible for overseeing engagement of NGOs with the Government; records (in Excel, Word, emails, etc.) of materials about policy proposals submitted to the secretary general and the CoG;
- documentation that accompanies items submitted to the Government for decision;
- published consultation documents;
- for public consultation, minutes from relevant CoG policy development meetings where the Government’s decision conflicted with the majority of consultees’ opinions;
- for interministerial consultation, records of exchanges between a ministry and the CoG; minutes from meetings featuring discussions about policy issues, e.g. meetings of state secretaries and ministerial committees;
- any CoG reports about the depth, breadth and quality of consultation;
- reports from Transparency International, the OECD Better Life Index and regional NGOs.
- data collected from a sample of line ministries on the nature and practice of interministerial consultation; interviews with staff from two line ministries focusing on co-ordinating departments (e.g. the Department for European Integration and Policy Co-ordination) on the process of interministerial consultation.

Indicators

- Extent to which public consultation is used in developing policies and legislation.
- Extent to which the interministerial consultation process occurs.

Principle 12: Legislation is consistent in structure, style, and language; legal drafting requirements are applied consistently across ministries; legislation is made publicly available.

1. Processes and guidelines are in place and applied to ensure the coherence and quality of legislative drafting to encourage making laws simple and easy to understand.
2. The guidance details draft formalities and arrangements, including how to enact and commence laws and transitional issues. It helps drafters develop primary and subordinate legislation.
3. A continuing education programme (e.g. training, mentoring) is in place. Its European integration curriculum includes legal transposition issues and ensures drafters remain technically competent.
4. Procedures are in place to make legislation readily accessible including the fulfilment of formal responsibilities for monitoring publication and availability of laws to the public.
5. Administrative guidance, documents, directives, interpretation bulletins or other rules that do not have the force of law, but have a practical impact, are clear and easily available to businesses and service suppliers.
6. A register of laws in force, including consolidated versions of legal acts, is available to the public.
7. Laws and any explanatory materials, e.g. guidance for those affected by legal changes, are available electronically.

Analytical framework

Methodological approach

The methods used are a qualitative assessment based on analysis of legislation, interviews, analysis of working documents and quantitative data-based analysis:

- Analyse relevant legislation and official documents to understand the requirements, assess whether they are appropriate and analyse whether the legislation follows the sub-principles.
- Conduct interviews to establish whether adequate sources of advice are available to policy makers on issues related to the style and structure of primary and secondary legislation.
- Interview staff from two ministries and representatives from the non-governmental sectors to assess unity of legal structure and style.
- Analyse a sample of legislation to ensure the policy intent is expressed succinctly, achieves its purpose in a legally sound manner and is technically implementable.
- Review a sample of legislation and relevant explanatory materials to establish the purpose of a particular item of legislation, the duties it imposes or rights/benefits it confers; assess whether it is easy to read and accessible to non-lawyers.
- Review relevant websites and the Official Gazette to check whether consolidated versions of laws are available and whether all the legislation and relevant explanatory materials are made publicly available.

Information sources

The list of sources consulted is as follows:

- the Constitution;
- the Government and Parliament RoP; Government decisions and bylaws that establish mandatory processes; guidance notes;
- Government publications, academic literature describing or discussing the legislative drafting process in the relevant country that indicate whether the process works adequately;

- Official Gazette or a log of the number and type of legislative amendments;
- Government website(s);
- sample legislation;
- interviews;
- input received from legal drafters;
- The World Bank Doing Business report;
- reports by the European Bank of Reconstruction and Development.

Indicators

- Ratio²³ of staff participating in legal drafting training or mentoring over the past year.
- Number of laws annulled on the basis of legal inconsistency or unconstitutionality in a given year.
- Number of laws sent back to the Government by the Parliament.
- Extent to which primary and secondary legislation are made publicly available in a centralised manner.

²³ Ratio is calculated as staff trained over the total ministerial staff dealing with legislative drafting.

A teal-colored folder icon with a white tab on the left side. The tab contains the number '3'. The folder is tilted slightly to the right.

3

Public Service and
Human Resource
Management

PUBLIC SERVICE AND HUMAN RESOURCE MANAGEMENT

Public service is one of the key components of public administration. A legally well-designed and managed public service system enables the state to reach an adequate level of professionalism, sustainability and quality of public service in all parts of its administration and to provide better services to citizens and businesses.

Modern, constitutional public service in a democracy is regarded as possible only when a set of conditions is in place:

- separation between the public sphere and the private sphere;
- separation between politics and administration;
- individual accountability of public servants;
- sufficient job protection, level of pay and stability, and clearly defined rights and obligations of public servants;
- recruitment and promotion based on merit²⁴.

European Union (EU) Member States have adopted different approaches to public service, usually rooted in the history of their respective states and modified over time. A number of countries, such as France, the Netherlands, Spain and Sweden, have public services encompassing every public employee, and the broad concept of public service, whereas other countries, such as Austria, Denmark, and Italy, have restricted the scope of public service to the so-called “core public administration”, i.e. ministries, police, judiciary, defence and foreign service. Almost all Member States have maintained a duality between public law and labour law employees. However, a general tendency is that the percentage of labour law employees is rising and the percentage of public servants is decreasing, concentrating public service mainly in the core areas of administration. Another trend is towards fragmentation of the public workforce at the central, regional, local and semi-public levels²⁵.

The European Court of Justice (ECJ) (Case 149/79), as well as the European Commission (EC) and SIGMA by interpretation (*SIGMA Paper* No. 27, 1999), have used the following two criteria for defining the positions which could be reserved for (national) public servants:

- positions with public authority and legal competencies to exercise powers conferred by public law, to propose public policies and regulatory instruments or to give advice on them;
- positions with responsibility for safeguarding the general interests of the state or other public bodies²⁶.

Considering the European administrative law principles, the set of conditions for the public service carrying out the core functions of the state, as well as the case law by the ECJ on defining public servants,

²⁴ Organisation for Economic Co-operation and Development (OECD) (1999), "*European Principles for Public Administration*", *SIGMA Papers*, No. 27, OECD Publishing. doi:10.1787/5kml60zwd7h-en

²⁵ European Institute of Public Administration (2012), *The future of public employment in central public administration*.

http://www.eupan.eu/files/repository/2013021293522_Study_The_future_of_public_employment.pdf

²⁶ Using these criteria, the performance of the following functions could be considered as public service positions: management of an administrative body; exercise of state and administrative supervision, as well as conduct of internal audit; ensuring the security and constitutional order of the state; permanent military defence of the state and related preparation; proceeding of offences; diplomatic representation of the state in foreign relations; decision making necessary for the performance of the principal functions of the constitutional bodies (the Parliament, the President, Supreme Audit Institution, Ombudsman and the courts), the substantive preparation or implementation thereof; substantive preparation or implementation of the policy-making decisions within the competence of the Government, local government council, municipality or city government; activities which, in the interests of the state or of strengthening the administrative body, cannot be given to the competence of a person who is only in the relationship governed by private law with the authority.

SIGMA applies the narrow scope of public service in these Principles in the area of “human resource management in public service” covering:

- ministries and administrative bodies reporting directly to the Government, Prime Minister or ministers, i.e. the civil service strictly speaking;
- administrations of the Parliament, the President and the Prime Minister;
- other administrative bodies at the level of the central administration if they are included in the scope of the public service in terms of the public/civil service law and they exercise public authority conferred by public law and are responsible for safeguarding the general interests of the state or other public bodies;
- independent constitutional bodies reporting directly to the Parliament.

It does not cover institutions at the level of the sub-national administration and special types of public service, elected and politically appointed officials, or support and ancillary personnel in the administrative bodies.

The following chapter defines two key requirements and seven Principles which determine the functioning of public service.

KEY REQUIREMENTS AND PRINCIPLES

Key requirement: The scope of public service is clearly defined and applied in practice so that the policy and legal framework and institutional set-up for professional public service is in place.

Principle 1: The scope of public service is adequate, clearly defined and applied in practice.

Principle 2: The policy and legal framework for a professional and coherent public service is established and applied in practice; the institutional set-up enables consistent and effective human resource management practices across the public service.

Key requirement: Professionalism of public service is ensured by good managerial standards and human resource management practices.

Principle 3: The recruitment of public servants is based on merit and equal treatment in all its phases; the criteria for demotion and termination of public servants are explicit.

Principle 4: Direct or indirect political influence on senior managerial positions in the public service is prevented.

Principle 5: The remuneration system of public servants is based on the job classification; it is fair and transparent.

Principle 6: The professional development of public servants is ensured; this includes regular training, fair performance appraisal, and mobility and promotion based on objective and transparent criteria and merit.

Principle 7: Measures for promoting integrity, and preventing corruption and ensuring discipline in the public service are in place.

Key requirement: The scope of public service is clearly defined and applied in practice so that the policy and legal framework and institutional set-up for professional public service is in place.

Sound human resource management (HRM) in the public service depends not only on the use of modern HRM tools and techniques, but also on the rational policy, legal basis and institutional set-up. Strategic policy on HRM in the civil service, together with adequate legal provisions encompassing the right scope of the public service and efficient institutional set-up, are the basis for the efficient and effective functioning of the public service.

Principle 1: The scope of public service is adequate, clearly defined and applied in practice.

1. There is a clear legal basis (i.e. law on civil service, laws on constitutional bodies, laws on special types of civil service) establishing the horizontal and vertical scope of the public service.
2. The horizontal scope contains at least the positions with public authority to exercise powers conferred by public law and with responsibility for safeguarding the general interests of the state or other public bodies in the following institutions:
 - ministries and administrative bodies reporting directly to the Government, the Prime Minister or ministers, i.e. the civil service at the level of central administration strictly speaking;
 - administrations of the Parliament, the President and the Prime Minister;
 - other administrative bodies at the level of central administration, if they are included in the scope of public service in terms of the public/civil service law;
 - constitutional and other independent bodies reporting to the Parliament.
3. The vertical scope clearly determines the upper and lower division line between political appointees, public servants and support staff.
4. The material scope establishes all general provisions relevant to the employment relations of public servants and management of public service²⁷.
5. Public servants are distinguished from political appointees, i.e. political positions are not included in the scope of public service.
6. The scope of public service is applied in practice as established in the legal framework.

Analytical Framework

Methodological approach

The methods used are a qualitative assessment based on analysis of the Constitution and primary legislation, interviews with key persons and data collected through data collection sheets, interviews and relevant documents to verify to what extent the established legal framework clearly defines the scope of public service, whether political positions are excluded from the scope of public service, and whether the general provisions and principles of the law on civil service are applicable to all types of public service:

- Analyse the Constitution and primary legislation (i.e. law on civil service, law on civil servants and public employees, laws on special types of public service, laws on constitutional and independent bodies).

²⁷ The following major issues of the material scope of public service should be covered in the primary legislation: scope and principles of the civil service; classification; recruitment and selection, including of civil servants in senior managerial positions; rights and obligations of civil servants, including the integrity system; remuneration (main principles and components of salary system); professional development, including performance appraisal, training, mobility and promotion; disciplinary procedures, including suspension of the civil service relationship; termination of employment, including demotion and redundancy; management and central co-ordination of the civil service.

- Conduct complementary interviews with the key persons, including from a representative sample of administrative bodies, and analyse other relevant documents to verify to what extent the established scope of public service is applied in practice.

Information sources

The list of sources consulted is as follows:

- the Constitution;
- laws on public service (law on civil service, law on civil servants and public employees, laws on special types of public service, laws on constitutional and independent administrative bodies);
- drafts of laws on public service or of amendments to the current laws on public service in the final phase of parliamentary proceedings;
- interviews with the minister responsible for public administration and civil service, director of the central co-ordination unit for civil service, chair of the civil service commission (CSC) or equivalent, chair of the respective committee in the Parliament, ombudsman, secretaries-general of ministries, directors-general of administrative bodies, representatives of the public service unions;
- interviews with the representatives of civil society organisations, academia and international organisations;
- annual reports of the central co-ordination unit for civil service, CSC or equivalent and ombudsman, as well as other relevant reports or documents.

Indicator

- Extent to which the scope of public service is adequate, clearly defined and applied in practice.

Principle 2: The policy and legal framework for a professional and coherent public service is established and applied in practice; the institutional set-up enables consistent and effective human resource management practices across the public service.

1. There is a defined policy in the framework of the relevant strategies (e.g. government programme, public administration reform strategy) for public service development, with clear and coherent measures in place to support its implementation.
2. Primary and secondary public service legislation is in line with the administrative law principles: reliability and predictability (legal certainty), openness and transparency, accountability, efficiency and effectiveness.
3. The general provisions of the public service law are applicable to the special types of public service (e.g. police, prison, defence, foreign service) and staff of the constitutional bodies, or the general provisions and principles of the laws of the special types of public service and constitutional bodies are principally similar to the general provisions of the public service law.
4. The degree of regulation in the primary and secondary legislation is adequately balanced to allow flexibility and ensure stability of the public service.
5. Public service policy, and primary and secondary legislation enacting it, are applied in practice.
6. Political responsibility for the public service is clearly established.
7. A central co-ordination unit, sufficiently empowered and capable of leading, supporting and monitoring the implementation of the values, policy and legal framework of the public service is in place.
8. A human resource management information system to support the strategic workforce planning, management and monitoring of human resource management practices in the public service is in

place, including correct and complete data at the level of the entire public service, organisation and individual public servant²⁸ required by the legislation and enabling statistical information at a given date. This system interacts electronically with other national databases to avoid duplication of data gathering.

9. Professional and consistent human resource management services are ensured across the public service by sufficient capacity to manage the workforce and implement the public service legislation.
10. Independent oversight of the public service is ensured.

Analytical Framework

Methodological approach

The methods used are a qualitative assessment based on an analysis of policy documents, primary and secondary legislation, interviews with key persons and data collected through data collection sheets, interviews and other relevant documents to assess the objectives, measures and implementation of the established public service policies:

- Analyse relevant policies, e.g. the government programme, national development strategy, public administration reform (PAR) strategy, public/civil service strategy anti-corruption strategy, as well as their action plans and implementation reports.
- Analyse the primary and secondary public service legislation to verify to what extent the established legal framework is in line with the administrative law values and covers all aspects relevant to the employment relations of public servants and management of public service.
- Analyse the drafts of the primary and secondary legislation or drafts of the amendments to the primary and secondary legislation in the final phase of parliamentary or governmental proceedings.
- Analyse the codes of conduct and guidelines on public service values and behaviour.
- Analyse the annual reports of the central co-ordination unit for civil service, CSC or equivalent and ombudsman, as well as other relevant reports or documents.
- Practical inspection of the human resource management information system (HRMIS).
- Conduct complementary interviews with the key persons, including from a representative sample of administrative bodies, and analyse other relevant documents and data to assess the application of the legal framework in practice.

²⁸ The following data could be considered relevant for the HRMIS to support strategic workforce planning, management and monitoring of HRM practices in the public service: organisational structure of administrative bodies; recruitment plans and training plans of administrative bodies and/or public service and respective budgets; total number of public servants; education, qualification and tenure of public servants; recruitment of public servants, including the average number of candidates per vacancy, average time to fill a vacancy, appointments by internal or external candidates, appeals against recruitment decisions and final judgements on these; salaries of public servants including average salaries of different categories/classes and administrative bodies; performance appraisal results of public servants, appeals against appraisal decisions and final judgements of these; training of public servants, including average training days and training expenditure for the different categories/classes of public servants and administrative bodies; disciplinary sanctions of public servants, appeals against disciplinary sanctions and final judgements of these; gender and ethnic representativeness of public servants; termination of employment of public servants, including annual turnover for the different categories/classes and administrative bodies, appeals against decisions on termination of employment and final judgements of these.

Information sources

The list of sources consulted is as follows:

- law on public service (law on civil service, law on civil servants and public employees, laws on special types of public service, laws on constitutional and independent administrative bodies, law on administrative courts, law on ombudsman or relevant oversight body);
- drafts of relevant primary and secondary legislation or drafts of amendments to the primary and secondary legislation in the final phase of parliamentary or governmental proceedings;
- interviews with the minister responsible for public administration and civil service, director of the central co-ordination unit for civil service, chair of the CSC or equivalent, chair of the respective committee in the Parliament, ombudsman, secretaries-general of the ministries, directors-general of administrative bodies, heads of HRM departments in ministries and administrative bodies (if the HRM is decentralised), representatives of the public service unions;
- interviews with the representatives of civil society organisations, business community, academia, international organisations;
- activity and implementation reports of the relevant policies and strategies;
- annual reports of the central co-ordination unit for civil service, CSC or equivalent, ombudsman and other relevant reports or documents.

Indicators

- Extent to which the policy and legal framework for professional and coherent public service is established and implemented.
- Extent to which the institutional set-up enables consistent HRM practices across the public service.

Key requirement: Professionalism of public service is ensured by good managerial standards and human resource management practices.

Recruitment and dismissal of public servants based on merit is of utmost importance for ensuring the merit-based and sustainable public service needed for developing and implementing policies as effectively as possible regardless of the Government of the day. Sound recruitment procedures are the prerequisite for a professional public service, but they have to be accompanied by other HRM tools, including remuneration, performance appraisal, professional training and development, integrity measures and disciplinary procedures, that are needed not only to attract valuable employees to the public service, but also to retain and motivate them to achieve the strategic goals of the state.

Principle 3: The recruitment of public servants is based on merit and equal treatment in all its phases; the criteria for demotion and termination of public servants are explicit.

1. The recruitment and selection process in public service, either external or internal and regardless of the category/class of public servants, is clearly based on merit, equal opportunity and open competition. The public service law shall clearly establish that any form of recruitment and selection not based on merit is considered legally invalid.
2. The general eligibility criteria for applying for public service positions and general provisions ensuring the quality of the recruitment are established in the primary legislation. The detailed procedures, including specific requirements for entering each category/class, job descriptions, competency profiles, selection methods, scoring systems and composition of selection committees, are covered mainly by secondary legislation.
3. The recruitment and selection committees include persons with expertise and experience in assessing different sets of skills and competences of candidates for public service positions, with no political interference.
4. Candidates who are not appointed have the right to appeal against unfair recruitment decisions.
5. Protection against discrimination of persons applying to the public service and those employed is ensured by all administrative bodies in accordance with the principle of equal treatment. In the cases explicitly established in the law, comprehensive equitable representation is taken into account in the recruitment process.
6. The objective criteria for demotion of public servants and termination of the public service relationship are explicitly established in law. These provisions are applied in practice.
7. Public servants have the right to appeal against unfair demotion and dismissal.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessments, based on an analysis of primary and secondary legislation, interviews with key persons, data collected through HRMIS, data collection sheets, interviews and other relevant documents and quantitative indicators to verify to what extent the established legal framework and practices with regard to recruitment are in line with the Principle:

- Analyse the primary and secondary public service legislation with regard to recruitment.
- Analyse the drafts of the primary and secondary legislation or drafts of amendments to the primary and secondary legislation with regard to recruitment in the final phase of parliamentary or governmental proceedings.
- Analyse the annual reports of the central co-ordination unit for civil service, HRMIS, CSC or equivalent, ombudsman and administrative courts, as well as other relevant reports or documents to assess the application of the legal framework with regard to recruitment in practice.
- Analyse the following performance information for three previous years:

- annual turnover of civil servants at the level of central administration²⁹;
- turnover of civil servants at the level of central administration within six months of a change of Government;
- average number of candidates per vacant position in the civil service at the level of central administration;
- percentage of vacant positions filled by external competition in the civil service at the level of central administration;
- percentage of vacant positions filled by internal competition in the civil service at the level of central administration;
- percentage of women and men in the civil service at the level of central administration;
- percentage of women and men in senior managerial positions in the civil service at the level of central administration;
- percentage of civil servants in the civil service at the level of central administration by different ethnic origin in relation to the general ethnic division in the country based on the latest census;
- percentage of appeals on recruitment in the civil service at the level of central administration and the number of those appeals which are successful;
- percentage of appeals on termination of employment in the civil service at the level of central administration and the number of those appeals which are successful.
- Conduct complementary interviews with the key persons, including from a representative sample of administrative bodies, and analyse data to assess the application of the legal framework with regard to recruitment in practice.

Information sources

The list of sources consulted is as follows:

- law on public service (law on civil service, law on civil servants and public employees), laws on special types of public service, laws on constitutional and independent administrative bodies) with regard to recruitment;
- drafts of relevant primary and secondary legislation or drafts of amendments to the primary and secondary legislation with regard to recruitment in the final phase of parliamentary or governmental proceedings;
- interviews with the minister responsible for public administration and civil service, director of the central co-ordination unit for civil service, chair of the CSC or equivalent, chair of the respective committee in the Parliament, ombudsman, secretaries-general of the ministries, directors-general of administrative bodies, heads of HRM departments in administrative bodies, judges of administrative courts and representatives of the public service unions;
- interviews with representatives of civil society organisations, the business community, academia, international organisations;
- HRMIS, annual reports of the central co-ordination unit for civil service, CSC or equivalent, ombudsman and administrative courts, as well as other relevant reports or documents.

Indicators

- Annual turnover of civil servants at the level of the central administration.
- Turnover of civil servants at the level of central administration within six months of a change of Government.
- Percentage of vacant positions filled by external competition in the civil service at the level of central administration.

²⁹ Here and hereafter when referring to **civil servants**, the positions of all ministries and administrative bodies reporting directly to the Government, the Prime Minister or ministers, i.e. the civil service at the level of central administration strictly speaking, will be analysed.

- Percentage of vacant positions filled by internal competition in the civil service at the level of central administration.
- Percentage of women and men in the civil service at the level of central administration.
- Percentage of women and men in senior managerial positions in the civil service at the level of the central administration.
- Percentage of civil servants at the level of the central administration by different ethnic origin in relation to the general ethnic division in the country based on the latest census.
- Extent to which recruitment of public servants is based on the merit principle in all its phases.
- Extent to which the termination of employment of public servants is based on merit.

Principle 4: Direct or indirect political influence on senior managerial positions in the public service is prevented.

1. The category/class/level of senior managerial positions in the public service, at the interface of politics and administration, is included into the scope of public service (usually the positions of secretary-general of the ministry and director-general of the administrative body determine the upper dividing line between public servants and political appointees).
2. The criteria for recruiting persons to the senior managerial positions are clearly established and disclosed.
3. The recruitment and selection process to the senior managerial positions, either external or internal, is based on merit, equal opportunities and open competition.
4. The termination of employment of public servants holding senior managerial positions is only admissible in cases explicitly provided for, and under the procedural provisions established in, the law. These provisions are applied in practice.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessments, based on an analysis of primary and secondary legislation, interviews with key persons, data collected through HRMIS, data collection sheets, interviews and other relevant documents, as well as quantitative indicators to verify to what extent the established legal framework and practices with regard to senior public servants are in line with the Principle:

- Analyse the primary and secondary public service legislation with regard to recruitment and termination of employment of senior public servants.
- Analyse the drafts of the primary and secondary legislation or drafts of the amendments to the primary and secondary legislation with regard to recruitment and termination of employment of senior public service in the final phase of parliamentary or governmental proceedings.
- Analyse the files of recruitment procedures for the senior managerial positions.
- Analyse the annual reports of the central co-ordination unit for civil service, HRMIS, CSC or equivalent, ombudsman and administrative courts, as well as other relevant reports or documents to assess the application of the legal framework with regard to the recruitment and termination of employment of senior public servants in practice.
- Analyse the following performance information for three previous years:
 - annual turnover of senior managerial civil servants at the level of central administration;
 - turnover of senior managerial civil servants at the level of central administration within six months of a change of Government;
 - percentage of vacant senior managerial positions at the level of central administration filled by external competition;
 - percentage of vacant senior managerial positions at the level of central administration filled by internal competition.

- Conduct complementary interviews with the key persons, including from a representative sample of senior public servants, and analyse data to assess the application of the legal framework in practice.

Information sources

The list of sources consulted is as follows:

- law on public service (law on civil service, law on civil servants and public employees), laws on special types of public service, laws on constitutional and independent administrative bodies with regard to recruitment and dismissal of senior public servants;
- drafts of relevant primary and secondary legislation or drafts of the amendments to the primary and secondary legislation with regard to recruitment and dismissal of senior public servants in the parliamentary or governmental proceedings;
- interviews with the minister responsible for public administration and civil service, director of the central co-ordination unit for civil service, members of the recruitment committee of senior managerial positions, chair of the CSC or equivalent, chair of the respective committee in the Parliament, ombudsman, secretaries-general of the ministries, directors-general of administrative bodies, heads of HRM departments in administrative bodies, judges of administrative courts and representatives of the public service unions;
- interviews with the representatives of civil society organisations, business community, academia, international organisations;
- HRMIS, annual reports of the central co-ordination unit for civil service, CSC or equivalent, ombudsman, administrative courts and other relevant reports or documents.

Indicators

- Annual turnover of senior managerial civil servants at the level of the central administration.
- Turnover of senior managerial civil servants at the level of central administration within six months of a change of government.
- Percentage of vacant senior managerial positions at the level of central administration filled by external competition.
- Percentage of vacant senior managerial positions at the level of central administration filled by internal competition.
- Extent to which political influence on the recruitment and dismissal of senior managerial positions in the public service is prevented.

Principle 5: The remuneration system of public servants is based on the job classification; it is fair and transparent.

1. The principles of remuneration, including the salary classification based on the job classification system, the complete list of variable elements of salary and the relation between the fixed and variable salary, are established in law to ensure the coherence, fairness and transparency of the whole public service. The detailed remuneration regulations are established in secondary legislation. The remuneration provisions are applied in practice.
2. Allowances and benefits in addition to the salary (e.g. family, rent, education, language allowance, benefits in case of sickness, maternity or work accident) are established in law to ensure the coherence of the whole public service and applied in practice.
3. Managerial discretion in assigning different elements of salary, allowances and benefits to individual public servants is limited to ensure fairness, transparency and consistency of the total pay.
4. The remuneration system of public servants provides reasonable conditions for recruiting, motivating and retaining public servants with the required competencies.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessments, based on an analysis of primary and secondary legislation, interviews with key persons, data collected through HRMIS, national statistics, data collection sheets, interviews and other relevant documents, and quantitative indicators to verify to what extent the established legal framework and practices with regard to remuneration of public servants are in line with the Principle:

- Analyse the primary and secondary public service legislation with regard to the remuneration of public servants.
- Analyse drafts of the primary and secondary legislation or drafts of the amendments to the primary and secondary legislation with regard to remuneration of public servants in the final phase of parliamentary or governmental proceedings.
- Analyse HRMIS, national statistics, annual reports of the central co-ordination unit for civil service, Ministry of Finance (MoF), CSC or equivalent, ombudsman, administrative courts and other relevant reports or documents.
- Analyse the following performance information for three previous years:
 - percentage of base pay of total remuneration in average monthly salary of civil servants at the level of central administration;
 - percentage of base pay of total remuneration in the average monthly salary of senior civil servants at the level of central administration;
 - percentage of bonuses of total remuneration in the average monthly salary of civil servants at the level of central administration;
 - percentage of bonuses of total remuneration in average monthly salary of senior civil servants at the level of central administration;
 - ratio of average annual compensation of central government senior and junior professionals to compensation of tertiary-educated workers;
 - ratio of average annual compensation of central government senior managers to compensation of tertiary-educated workers.
- Conduct complementary interviews with key persons, including from a representative sample of administrative bodies, and analyse data to assess the application of the legal framework with regard to remuneration of public servants in practice.

Information sources

The list of sources consulted is as follows:

- law on public service (law on civil service, law on civil servants and public employees), laws on special types of public service, laws on constitutional and independent administrative bodies with regard to remuneration of public servants, law on salaries in public service and secondary legislation with regard to remuneration of public servants;
- drafts of relevant primary and secondary legislation or drafts of amendments to the primary and secondary legislation with regard to remuneration of public servants in the final phase of parliamentary or governmental proceedings;
- interviews with the minister responsible for public administration and civil service, minister of finance, director of the central co-ordination unit for civil service, chair of the CSC or equivalent, chair of the respective committee in the Parliament, ombudsman, secretaries-general of the ministries, heads of HRM departments in administrative bodies, and representatives of the public service unions;
- interviews with representatives of civil society organisations, the business community, academia, international organisations;

- HRMIS, national statistics, annual reports of the central co-ordination unit for civil service, MoF, CSC or equivalent, ombudsman, and other relevant reports or documents.

Indicators

- Ratio of average annual compensation of central government senior and junior professionals to compensation of tertiary-educated workers.
- Ratio of average annual compensation of central government senior public servants to compensation of tertiary-educated workers.
- Extent to which the remuneration system of public servants is fair and transparent and applied in practice.

Principle 6: The professional development of public servants is ensured; this includes regular training, fair performance appraisal, and mobility and promotion based on objective and transparent criteria and merit.

1. Professional training is recognised as a right and duty of public servants, established in law and applied in practice.
2. Strategic training needs assessment and development of annual/bi-annual training plan(s) are conducted through transparent and inclusive processes, co-ordinated or supported by the central co-ordination unit for public service and/or public service training institution.
3. Strategic annual or bi-annual training plan(s) of public servants (for different categories, including senior managerial positions) are adopted, implemented, monitored and evaluated.
4. Sufficient resources are allocated for training public servants.
5. The principles of performance appraisal are established in law to ensure the coherence of the whole public service. The detailed provisions are established in secondary legislation. The performance appraisal of public servants is carried out regularly. The public servants have the right to appeal unfair performance appraisal decisions.
6. The mobility of public servants (secondment, temporary or mandatory transfer) is encouraged, established in legislation, based on objective and transparent criteria, and applied in practice.
7. The functional promotion of public servants (on-the-job, horizontal and vertical promotion) is established in the legislation, based on the merit principle and objective and transparent criteria, and applied in practice.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessment based on an analysis of primary and secondary legislation, interviews with key persons, data collected through data collection sheets, interviews and other relevant documents, and quantitative indicators to verify to what extent the established framework and practices with regard to professional development of public servants are in line with the Principle:

- Analyse the primary and secondary public service legislation with regard to training, performance appraisal, mobility and promotion of public servants.
- Analyse drafts of the primary and secondary legislation or drafts of the amendments to the primary and secondary legislation with regard to training, performance appraisal, mobility and promotion of public servants in the final phase of parliamentary or governmental proceedings.
- Analyse HRMIS, annual reports of the public service training institution, central co-ordination unit for civil service, CSC or equivalent, ombudsman and administrative courts, as well as other relevant reports or documents.
- Analyse the following performance information for three previous years:
 - expenditure for training civil servants at the level of central administration;

- number of training days of civil servants at the level of central administration;
- percentage of civil servants at the level of central administration who received good and very good results on their performance appraisal ratings;
- percentage of civil servants at the level of central administration who were promoted based on their performance appraisal ratings;
- percentage of civil servants at the level of central administration whose employment was terminated based on consecutive negative performance appraisals;
- percentage of vacancies in the civil service at the level of central administration what were filled by promotion.
- Conduct complementary interviews with the key persons, including from a representative sample of administrative bodies, and analyse data to assess the application of the legal framework with regard to training, performance appraisal, mobility and promotion of public servants in practice.

Information sources

The list of sources consulted is as follows:

- law on public service (law on civil service, law on civil servants and public employees), laws on special types of public service, laws on constitutional and independent administrative bodies with regard to training, performance appraisal, mobility and promotion of public servants;
- drafts of relevant primary and secondary legislation or drafts of amendments to the primary and secondary legislation with regard to training, performance appraisal, mobility and promotion of public servants in the final phase of parliamentary or governmental proceedings;
- interviews with the minister responsible for public administration and civil service, director of the public service training institution, director of the central co-ordination unit for civil service, chair of the CSC or equivalent, chair of the respective committee in the Parliament, ombudsman, secretaries-general of the ministries, heads of HRM departments in administrative bodies and representatives of the public service unions;
- interviews with representatives of civil society organisations, the business community, academia, international organisations;
- HRMIS, annual reports of the public service training institution, central co-ordination unit for civil service, CSC or equivalent and ombudsman, as well as other relevant reports or documents.

Indicators

- Extent to which the training system of public servants is in place and applied in practice.
- Extent to which the performance appraisal system of public servants is in place and applied in practice.

Principle 7: Measures for promoting integrity, and preventing corruption and ensuring discipline in the public service are in place.

1. Effective and adequate legal provisions and institutional arrangements and tools exist to promote integrity and prevent corruption in the public service³⁰, and are applied in practice.
2. Corrupt behaviour of public servants is criminalised in the Penal Code.
3. The main principles of the disciplinary procedure (including the presumption of innocence, proportionality between disciplinary sanction and violation of official duties, right to receive legal

³⁰ The following elements could be considered relevant to an effective public service integrity system: managers' responsibility (or managerial responsibility); regulation of incompatibilities and conflicts of interest; restriction of secondary employment; post-employment restrictions; gifts and benefits; financial disclosure; whistle-blower protection; codes of ethics and conduct; ethics training and guidelines; anti-corruption and integrity policies and action plans.

assistance, right to appeal, right to be heard during the appeal) and the main procedural steps (including initiation of the procedure, impartial investigation of facts, hearing of the public servant concerned, bodies involved in initiation of the procedure, decision and review) are established in law to ensure consistency across the public service and are applied accordingly in practice.

4. A catalogue of disciplinary sanctions is established to ensure proportionality between the misconduct and respective sanction.
5. The right of the public servant to appeal against unfair disciplinary sanctions is established and implemented to ensure that the decisions are legally predictable, impartial and free from political interference.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessments, based on analysis of primary and secondary legislation, interviews with key persons, data collected through data collection sheets, interviews and other relevant documents, and quantitative indicators to verify to what extent the established framework and practices with regard to integrity, prevention of corruption and discipline in the public service are in place and applied:

- Analyse the anti-corruption strategy/policy with regard to integrity and anti-corruption in the public service.
- Analyse the primary and secondary public service legislation with regard to integrity and anti-corruption, and disciplinary procedures in the public service.
- Analyse drafts of the primary and secondary legislation or drafts of amendments to the primary and secondary legislation with regard to integrity and anti-corruption, and disciplinary procedures in the public service in the final phase of parliamentary or governmental proceedings.
- Analysis annual reports of the anti-corruption agency (ACA), civil service ethics commission (CSEC) or equivalent, central co-ordination unit for civil service, CSC or equivalent, ombudsman and courts, as well as other relevant reports or documents.
- Analyse the following performance information for three previous years:
 - transparency International Corruption Perception Index – the country score;
 - number of public servants who have been criminally convicted of corruption crimes.
- Conduct complementary interviews with the key persons, including from a representative sample of administrative bodies, and analyse data to assess the application of the legal framework with regard to integrity and discipline in the public service in practice.

Information sources

The list of sources consulted is as follows:

- law on public service (law on civil service, law on civil servants and public employees), laws on special types of public service, laws on constitutional and independent administrative bodies with regard to integrity and anti-corruption, and disciplinary procedures in the public service;
- law on conflict of interest in public service or equivalent;
- drafts of relevant primary and secondary legislation or drafts of amendments to the primary and secondary legislation with regard to integrity and anti-corruption, and disciplinary procedures in the public service in the final phase of parliamentary or governmental proceedings;
- interviews with the chair of the ACA, chair of the CSEC or equivalent, minister responsible for public administration and civil service, director of the central co-ordination unit for civil service, chair of the respective committee in the Parliament, ombudsman, secretaries-general of the

ministries, heads of HRM departments in administrative bodies and representatives of the public service unions;

- interviews with representatives of civil society organisations, the business community, academia, international organisations;
- annual reports of the ACA, CSEC or equivalent, central co-ordination unit for civil service, CSC or equivalent, ombudsman, administrative courts and other relevant reports or documents.

Indicators

- Transparency International Corruption Perception Index – the country score.
- Citizens' perception of the integrity and trustworthiness of the public service.
- Number of public servants who have been criminally convicted of corruption crimes.
- Extent to which the integrity and anti-corruption system of the public service is in place and applied in practice.
- Extent to which the disciplinary procedures against public servants are established to promote individual accountability and avoid arbitrary decisions.

A teal folder icon with a light teal tab on the left side. The number '4' is printed on the tab, and the word 'Accountability' is printed on the main body of the folder.

4

Accountability

ACCOUNTABILITY

It is commonly accepted that the organisation of a public administration has a deep impact on its overall performance and, hence, on its democratic legitimacy in relation to citizens' expectations.

The search for efficiency, the need for further specialisation, the constitutional/legal context and administrative tradition, the system of control in place and the political conjuncture all influence the organisational model adopted by each country. As a result, no single pattern exists regarding how public administration is structured and operates in different countries.

However, where accountability (including organisational accountability) is concerned, some conditions are generally deemed necessary to ensure that public administrations perform their functions properly and efficiently:

- Rationality – aiming at efficiency and coherence; avoiding overlaps between public institutions; establishing a balanced system of control.
- Transparency – ensuring clear and simple organisation following common established types.
- Affordability – adapting size and costs to the country's needs and capacities.
- Accountability – each organisation must ensure that each part is internally accountable and that the institution as a whole is externally accountable. This implies accountability to the political, judicial and social systems, as well as to the independent existing institutions. The cornerstone of accountability is to provide wide access to public information.

Accountable institutions are also liable and should provide for a fair solution in cases of wrongdoing.

Accountability has a broader scope, which includes the organisation of the administration, openness and transparency, internal and external accountability, and oversight institutions. The following chapter defines five principles which cover all mentioned dimensions of the accountability.

KEY REQUIREMENTS AND PRINCIPLES

Key requirement: Proper mechanisms are in place to ensure accountability of state administration bodies, including liability and transparency.

Principle 1: The overall organisation of central government is rational, follows adequate policies and regulations and provides for appropriate internal, political, judicial, social and independent accountability.

Principle 2: The right to access public information is enacted in legislation and consistently applied in practice.

Principle 3: Functioning mechanisms are in place to protect both the rights of the individual to good administration and the public interest.

Principle 4: Fair treatment in administrative disputes is guaranteed by internal administrative appeals and judicial reviews.

Principle 5: The public authorities assume liability in cases of wrongdoing and guarantee redress and/or adequate compensation.

Key requirement: Proper mechanisms are in place to ensure accountability of state administration bodies, including liability and transparency.

State institutions should be accountable (according to broadly understood criteria) in order to guarantee that public administration fulfils its duties satisfactorily. The essential elements required for this purpose are: a proper organisation of state administration, access to public information, a system of checks and balances, and an efficient system of internal administrative appeals, as well as independent oversight and judicial review of administrative cases. Accountability must be complemented by liability for the state institutions' decisions or lack thereof.

Principle 1: The overall organisation of central government is rational, follows adequate policies and regulations and provides for appropriate internal, political, judicial, social and independent accountability.

1. There are rules governing the creation and organisation of all public bodies under the executive power at central level; a limited number of types of state bodies/agencies are set; all bodies have a defined line of accountability to the relevant ministry to which they report on a periodic basis.
2. The creation of new bodies and their organisation is controlled in order to ensure their rationality and value for money.
3. All state administration bodies are subject to scrutiny by oversight institutions, by the courts and by the public, based on legislation.
4. Management units report through clear lines of accountability; "managerial accountability" is enhanced by empowering and delegating decision making to managers and supervisors.
5. The legal framework clarifies the legal status and degree of autonomy of the different types of autonomous or semi-autonomous bodies, as well as their accountability lines, and enhances a results-oriented management.
6. The ministries have assigned responsibilities for steering and controlling the subordinated agencies/bodies and have sufficient specialised professional capacities available.
7. Direct accountability of agencies to the Parliament is an exception.
8. Ministers are answerable for the performance of the agencies/bodies subordinated to their ministry.

Analytical framework

Methodological approach

The methods used are a qualitative assessment of relevant documents and reports, supplemented by data collection sheets, interviews with relevant actors and analysis of statistical data to assess the rationality of the overall structure of ministries and other bodies subordinated to central government:

- Assess the policies in this area, even if they are not explicit.
- Identify which organisations are covered by the policy and how are they influenced by it.
- Assess the roles and capacities of the different actors to set and monitor the policies, and to exercise leadership in this area.
- Assess and compare the regulations to identify flaws and gaps.
- Identify the number and typology of organisations making up the state administration and draft a descriptive chart.
- Analyse the structure of the state administration from a legal, budgetary and organisational perspective.
- Analyse the current structure of the state administration and its evolution over recent years.
- Understand the dynamics behind changes in the machinery of Government, paying attention to political elements that could have influenced the way in which the state administration has been structured.

Information sources

The list of sources consulted is as follows:

- current and previous organisational charts of the state administration, including all bodies directly or indirectly accountable to the central government;
- the Constitution;
- legislation on the organisation and functioning of the state administration, the Government and ministries;
- public administration reform strategy, the government programme and other policy papers covering state organisational matters;
- national budget (organic structure);
- interviews with relevant officials from the Prime Minister's office, the horizontal ministries, the body/unit in charge of checking draft legislation, members of Parliament from the parliamentary committee on public administration, officials of the Supreme Audit Institution (SAI), officials of the office of the Ombudsman and other relevant oversight institutions, representatives of non-governmental organisations, universities;
- relevant Government reports, external reports and academic research.

Indicators

- Number of bodies reporting to the Council of Ministers, to the Prime Minister or to the Parliament³¹.
- Average number of hierarchical layers in a typical ministry.
- Extent to which the overall structure of ministries and other bodies subordinated to central government is rational and coherent.

Principle 2: The right to access public information is enacted in legislation and consistently applied in practice.

1. The right of the individual or legal person to public information is enshrined in a law that is coherent, complete, logically structured, formulated in a simple and clear manner and easily accessible.
2. Public information is defined broadly as encompassing all information that is recorded and documented on the performance of public duties. Private persons who carry out public duties are considered holders of public information.
3. All information on the performance of public duties that is recorded and documented is considered public unless there are compelling reasons to classify it. Exceptions are set down precisely in law and interpreted strictly.
4. Public information is disclosed proactively. All public authorities maintain official web pages displaying, at minimum, the information required by regulations (the minimum content is: legal acts, policy plans, public services offered, annual reports, budget, contact information, organisation chart, etc.). Information is accurate, up to date and intelligible.
5. Information is provided in the requested format (unless the request would place an unreasonable burden on the administration), within prescribed timescales and normally without charge.
6. Individuals requesting public information do not have to give reasons for their request. Where the information requested includes classified material, the public authorities are required to release the non-classified portions, unless releasing only partial information would be misleading.
7. The public authorities maintain up-to-date document registers and databases and follow rules relative to the preservation and destruction of documents.
8. There is a designated supervisory authority overseeing the implementation of the legislation on public information with the power to set standards, make prescriptions and impose sanctions.

³¹ Excluding ministries and constitutionally independent bodies.

Analytical framework

Methodological approach

The methods used are qualitative and quantitative assessments, based on an analysis of the legislation and documents relating to the public information supervisory authority, complemented by interviews to assess to what extent the right to access public information is enacted and applied in practice:

- Analyse the legislation to establish whether requirements listed in sub-principles are covered.
- Assess whether the legislation on access to public information is coherent, complete, logically structured, service-oriented, formulated in a simple and clear manner, easily accessible and is based on expert judgement supported by examples extracted from the legislation during the analytical process.
- Identify the administrative and judicial fees for access to information in order to analyse if they create significant obstacles in access to public information.
- Analyse the web pages of sample authorities to assess conformity with requirements listed in this Principle.
- Examine the legal foundation of the public information supervisory authority to assess its organisational, personal, financial and managerial powers.
- Analyse the working plans and (annual) reports of the public information supervisory authority to establish the major shortcomings in the area of access to public information, the authority's working methods and the effectiveness of the authority in practice.
- Analyse the human and financial resources of the public information supervisory authority to determine their adequacy to fulfil its functions.
- Conduct complementary interviews with key officials to assess how the legislation and the supervisory authority work in practice.

Information sources

The list of sources consulted is as follows:

- legislation on access to public information;
- drafts of relevant primary and secondary legislation or drafts of amendments to primary and secondary legislation in parliamentary or governmental proceedings;
- working plans, reports and budget of the public information supervisory authority;
- data on requests for information;
- interviews with officials from the public information supervisory authority, ombudsman and judiciary;
- interviews with representatives from civil society.

Indicators

- Share of public information requests refused in a given year by the public authorities.
- Share of public information requests refused in a given year by the supervisory authority.
- Share of public information requests upheld by the courts.
- Share of public authorities maintaining websites in line with regulatory requirements.
- Share of public authorities maintaining a document registry and database.
- Extent to which the right to access public information is enacted in legislation and applied in practice.

Principle 3: Functioning mechanisms are in place to protect both the rights of the individual to good administration and the public interest.

1. All state administration bodies are subject to scrutiny by oversight institutions³², courts and the public, based on the legislation.
2. The remit, powers and independence of oversight institutions are regulated by law, providing for a coherent and efficient system.
3. The Parliament exercises control over the Executive; rules, including for monitoring the implementation of the Ombudsman's recommendations, are enacted in the Constitution.
4. Supervisory internal control, i.e. control exercised by senior officials over the legality and purposefulness of subordinates' activities, is established.
5. The Ombudsman institution(s) is/are enshrined in the Constitution; its/their independence is prescribed in law and ensured in practice.
6. Rules regulating the status and functioning of the Ombudsman institutions meet standards enacted in Article 2(2) of the By-laws of International Ombudsman Institute and in Resolution 1959 (2013) of the Parliamentary Assembly of the Council of Europe.
7. The administration implements the Ombudsman's recommendations.

Analytical framework

Methodological approach

The method used is a qualitative assessment based on analysis of the legislation, complemented by interviews, to assess whether there are mechanisms in place to protect the public interest and the rights of the individual to good administration:

- Analyse the legislation (the Constitution, laws etc.) to establish whether requirements listed in sub-principles are foreseen.
- Assess whether the legislation regulating the fundamental principles of control over public administration is coherent, complete, logically structured, formulated in a simple and clear manner, easily accessible and is based on an expert judgement supported by examples extracted from the law during the analytical process.
- Analyse the legal framework for internal control and audit in state administration, with particular focus on safeguards for the necessary independence of auditors/inspection officers.
- Conduct complementary interviews with relevant officials to assess the application of the legal framework in practice.
- Compare the salaries of the heads of oversight institutions with the salaries of other comparable senior public officials.
- Analyse the statistics derived from surveys on the reliability of oversight institutions.
- Interview relevant staff from oversight institutions, from the Government and from the Parliament.
- Interviews with representatives of civil society organisations on the effectiveness of the existing legal framework to support the 'watchdog' activities of their organisation.

Information sources

The list of sources consulted is as follows:

- the Constitution;
- relevant legislation, mainly laws establishing and regulating oversight institutions;
- interviews with relevant officials of courts, oversight institutions and the Government;

³² SAI, Ombudsman and other oversight bodies.

- the Budget;
- statistics;
- reports and statistics of oversight institutions.

Indicators

- Percentage of citizens who have trust in the ombudsman institution(s).
- Share of oversight institutions' recommendations to state administrative bodies implemented within two years.
- Extent to which the mechanisms are in place to provide effective checks and balances, and controls over public organisations.

Principle 4: Fair treatment in administrative disputes is guaranteed by internal administrative appeals and judicial reviews.

1. Procedural rules on internal administrative appeal are established in law.
2. Procedural rules on judicial appeals are established in law, which specifies that:
 - the scope of the procedure is wide;
 - time limits to submit a challenge or bring an action are reasonable;
 - legal aid is available;
 - procedures are based on the inquisitorial principle;
 - judgements of the first instance court can be challenged in higher courts.
3. Administrative disputes are decided by judges specialising in such issues.
4. Rules regulating the status and functioning of courts and judges (resolving administrative disputes), as well as the organisational and financial arrangements, meet the key standards enacted in Recommendation CM/Rec (2010)12 of the Council of Europe.
5. The workload of judges is systematically analysed.
6. Judges specialising in administrative disputes have adequate support staff with access to the necessary training, legal literature and information and communication technology equipment to be able to carry out their tasks effectively.
7. The cost of court proceedings does not prevent citizens from challenging administrative decisions.

Analytical framework

Methodological approach

The methods used are largely qualitative and are based on an analysis of legislation and documents, complemented by interviews and analysis of statistics and budgets to assess whether sufficient protection in administrative disputes is guaranteed:

- Analyse the relevant legislation in order to establish whether the sub-principles are enshrined in law and judges specialising in administrative disputes have been appointed.
- Analyse the Budget to establish whether it is sufficient to meet the needs of an effective system of administrative justice and fair trial requirements.
- Analyse the structure and institutional framework of the court system in order to assess the guarantees of impartiality and independence of judicial authorities and individual judges.
- Analyse the statistics from surveys on the reliability of courts.
- Analyse judges' workloads.
- Analyse court statistics in administrative disputes to determine the number of complaints submitted, the length of proceedings, the number of judgements quashed (wholly or partially) at the higher court level, and the number of non-execution and length of execution of final judgements.
- Compare judges' salaries with the salaries of comparable senior public officials.

- Conduct interviews with selected judges and officials from relevant bodies, e.g. the courts, the Court Council and the Ministry of Justice (MoJ).

Information sources

The list of sources consulted is as follows:

- the Constitution and relevant legislation covering internal administrative appeals and judicial review;
- drafts of relevant legislation or drafts of amendments to the legislation in parliamentary or governmental proceedings;
- judiciary budget;
- data from comparative studies on the efficiency of judicial systems, in particular reports of the European Commission for the Efficiency of Justice;
- court and survey statistics, interviews with selected judges and relevant staff of courts, the Court Council and MoJ.

Indicators

- Number of administrative court cases ruled per year per judge.
- Number of complaints submitted to the administrative court in a given year.
- Percentage of cases changed or returned for verification by the higher court.
- Percentage of citizens who have trust in the court system.
- Backlog of administrative cases.

Principle 5: The public authorities assume liability in cases of wrongdoing and guarantee redress and/or adequate compensation.

1. The legislation includes a requirement to redress or compensate individuals who suffer damages from wrongdoing by public authorities.
2. The regulation on public liability is coherent, complete, logically structured, formulated in simple and clear manner and easily accessible.
3. The scope of public liability is wide and encompasses the exercise of powers by the public authorities and the performance of other public duties, regardless of who performs them (i.e. a public authority or a private person performing public duties).
4. Rules concerning time limits and the burden of proof do not jeopardise the effective exercise of the right of action for compensation.

Analytical framework

Methodological approach

The method used is a qualitative assessment based on an analysis of the legislation and financial and other information relating to compensation, complemented by interviews to assess how this works in practice:

- Analyse the legislation to establish whether it sets out the requirements listed in the sub-principles.
- Assess whether the legislation on public liability is coherent, complete, logically structured, formulated in simple and clear manner, easily accessible and is based on an expert judgement supported by examples extracted from the law during the analytical process.
- Analyse the relevant legislation, final court decisions, data and interviews with the relevant authority, for example the Ministry of Finance (MoF), to understand how compensation payments work in practice.
- Analyse the enforcement of administrative judgements by the public administration.

Information sources

The list of sources consulted is as follows:

- legislation on public liability;
- major case-law on public liability;
- drafts of relevant legislation or drafts of amendments in parliamentary or governmental proceedings;
- financial information from sample authorities detailing compensation payments;
- final decisions (made by courts and administrative authorities based on public liability rules) ordering payment of compensation;
- interviews with officials of relevant authorities (e.g. MoF);
- interviews with judges, academics and think tanks on the practical aspects of implementation of public liability mechanisms.

Indicators

- Share of complaints resulting in payment of compensation.
- Extent to which public authorities assume liabilities and guarantee redress.

5

Service Delivery

SERVICE DELIVERY

Good public administration is an essential prerequisite for European Union (EU) competitiveness and growth. A fully functioning national public administration is also a prerequisite for a transparent and effective democratic system. Although no formal *acquis communautaire* exists in this area, the EU enlargement criteria recognise and emphasise the need for a candidate countries and potential candidates to build an effective public administration.

Under EU law, Member States have wide autonomy regarding their administrative legal framework, their public service and the way they deliver most services³³. No *acquis* exists for setting standards for horizontal systems of governance or national public administrations. However, the effective application of EU law³⁴ and equal treatment of citizens must be ensured. According to Article 41 of the EU Charter of Fundamental Rights, “Every person has the right to have his or her affairs handled impartially, fairly and within a reasonable time by the institutions, bodies and agencies of the Union”.

Over time, a wide consensus on the key components of good governance has emerged among EU Member States with different political systems and legal traditions. The concept of “good administration” has been progressively defined accordingly and included in the EU Charter of Fundamental Rights³⁵.

The administrative law principles common to all EU countries, setting the standards and inspiring the behaviour of public servants, should be embedded in institutions and administrative procedures at all levels of the administration, and can be distinguished as follows:

- reliability and predictability (legal certainty)
- openness and transparency
- accountability
- efficiency and effectiveness³⁶.

Building on this, the aim of these Principles of Public Administration is to focus on service delivery by the public administration, with a special focus on effectiveness, while ensuring the protection of individuals during administrative proceedings.

Service delivery may be defined broadly as all contacts with the public administration during which customers (citizens, residents and enterprises) seek data, handle their affairs or pay taxes. In this context, orientation towards citizens needs to be understood as encompassing all contacts and all tasks performed by the public administration that affect citizens. This broad definition encompasses not only contacts between the central public administration and customers, but also the rules regulating those contacts i.e. the administrative procedures.

One of the main responsibilities of public administration is to handle the affairs of citizens and deliver services effectively and efficiently. Effectiveness cannot, however, be measured solely against existing legal provisions, since this principle focuses to a great extent on fulfilling client expectations, while respecting legal provisions. Yet effectiveness also entails ensuring equal access to public administration services and the efficient provision of these services, thus saving citizens both money and time.

The Principles focus primarily on the central government, but establish essential links to the subnational public administration (local self-government) and judiciary. The focus is on horizontal policies and the

³³ Many countries use the European Code of Good of Administrative Behaviour as a source of inspiration.

³⁴ Article 197.1 of the Treaty on the functioning of the European Union.

³⁵ Article 41, Right to good administration: 1. Every person has the right to have his or her affairs handled impartially, fairly and within a reasonable time by the Institutions, bodies and agencies of the Union. 2. This right includes: the right of every person to be heard, before any individual measure which would affect him or her adversely is taken; the right of every person to have access to his or her file, while respecting the legitimate interests of confidentiality and of professional and business secrecy; the obligation of the administration to give reasons for its decisions.

³⁶ Organisation for Economic Co-operation and Development (OECD) (1999), "European Principles for Public Administration", *SIGMA Papers*, No. 27, OECD Publishing, <http://dx.doi.org/10.1787/5kml60zwd7h-en>.

overall manner in which public administration organisation enables citizen-oriented service delivery. The Principles do not encompass special types of public service, such as education and health care.

The Principles use a combination of EU legislation and non-binding texts as benchmark references. These include the EU Charter of Fundamental Rights and the European Code of Good Administrative Behaviour, the public service principles of the EU civil service and the European Convention on Human Rights. The Principles also rely on benchmarks and good practices from Organisation for Economic Co-operation and Development (OECD) countries.

The following chapter defines four key principles for service delivery.

KEY REQUIREMENTS AND PRINCIPLES

Key requirement: Administration is citizen-oriented; the quality and accessibility of public services is ensured.

Principle 1: Policy for citizen-oriented state administration is in place and applied.

Principle 2: Good administration is a key policy objective underpinning the delivery of public service, enacted in legislation and applied consistently in practice.

Principle 3: Mechanisms for ensuring the quality of public service are in place.

Principle 4: The accessibility of public services is ensured.

Key requirement: Administration is citizen-oriented; the quality and accessibility of public services is ensured.

European citizens have the right to good administration. Developing good administration requires political commitment, vision, strategy, defining priorities and the right sequencing of actions. This commitment needs to be translated into practice, with public services designed, delivered and constantly re-designed around the needs of the user, rather than for the convenience of the administration. Proper policy development and monitoring mechanisms should be in place for this purpose. It is also essential that the public administration's approach towards service delivery is coherent, effective and efficient, as well as ensuring equal treatment. Strategic policy documents and arrangements are not the goal in themselves, but rather prerequisites for providing citizens with high-quality, easily accessible services. Sound administrative procedures that are applied in practice are another essential element but must be accompanied by continuously improved quality of services and equal access to them.

Principle 1: Policy for citizen-oriented state administration is in place and applied.

1. A policy exists to design public services around the needs of the user; it is considered in the framework of the relevant strategies or other documents and consistently applied throughout the administration.
2. Mechanisms to analyse and avoid red tape are in place; a policy for administrative simplification has been developed and is consistently implemented.
3. Public service delivery policy solutions are consistently defined in the legal framework and are applied in practice.
4. An adequate institutional set-up, including political and institutional responsibilities for co-ordinating and steering delivery of public services, is in place.
5. The policy and legal framework to deliver e-services is in place, aligned with the general service delivery policy and consistently applied across the administration.
6. Interoperability of registries and digital services to simplify procedures for citizens is promoted through the legal framework and technical preparedness.
7. The cost of public services is kept under transparent review and the cost of public administration is not disproportionate to total public expenditure.

Analytical framework

Methodological approach

The methods used are a qualitative assessment of relevant documents and reports, supplemented by data collection sheets, interviews with relevant actors and analysis of statistical data to assess the level of orientation of the public administration towards citizens:

- Analyse the Government's key public service planning documents to look for statements on: good administration, service delivery, e-government and e-services, and red tape reduction. Look for concrete objectives, activities designed to achieve them along with their costs, indicators for measuring achievement of the aims, responsible institutions, and monitoring and evaluation requirements.
- Identify the legal framework related to the main/universal administrative services provided by the central administration³⁷, including e-services, and assess whether it fosters a coherent approach to the service offer.
- Analyse the institutional set-up for co-ordinating and steering delivery of services and enhancing the quality of service delivery, including e-services.
- Interview senior officials, representatives of civil society and think tanks, and the ombudsman.

³⁷ Such as civil register, passport, or income tax.

- Compare the total cost of public administration (e.g. the cost of general public services in accordance with the Classifications of the Functions of Government [COFOG]) with relevant benchmarks from the region and EU/OECD countries' good practices.
- Obtain evidence that the Government assesses and reviews the costs of public services.

Information sources

The list of sources consulted is as follows:

- documents defining Government priority areas, including strategies for public service (and e-services) delivery and for red-tape reduction;
- interviews with key senior officials, representatives of civil society, non-governmental organisations (NGOs) and the ombudsman;
- relevant legislation;
- annual reports and/or analyses of the public authorities and ombudsman showing how administrative procedures are conducted in practice and how the services are delivered;
- official statistics.

Indicators

- Expenditure on general public services³⁸ as a share of gross domestic product.
- Extent to which citizen-oriented policy for service delivery is in place and applied.
- Extent to which policy and administrative preconditions for e-service delivery are applied.

Principle 2: Good administration is a key policy objective underpinning the delivery of public service, enacted in legislation and applied consistently in practice.

1. Good administration is identified among the priorities of the Government's priorities.
2. A coherent and complete legal framework on administrative procedures exists, limiting special regulations to a minimum, preferably in the form of a law on general administrative procedures.
3. The legal framework on administrative procedures is implemented in practice in all state administration bodies.
4. Key principles of good administrative behaviour are defined in the legislation on administrative procedures: legality, equity, equal treatment, proportionality, lawful exercise of discretion, openness and transparency, impartiality, objectivity and due diligence.
5. The right of hearing before the final decision is ensured.
6. Authorities are required to state the reasons for their decisions and to inform citizens of the rights of appeal.
7. Procedural and substantial rules are elaborated relative to the amendment, suspension and repeal of an administrative act in order to guarantee a fair balance between the public interest and the legitimate expectations of the individual.
8. Consultations with civil society are held when taking administrative decisions that have a general impact.

Analytical framework

Methodological approach

The method used is a qualitative assessment based on an analysis of the relevant planning documents and legislation, complemented by interviews to assess what is happening in practice:

- Analyse the Government's key public service planning documents to look for statements on good administration.

³⁸ General public services are defined according to the COFOG for public expenditure.

- Analyse legislation on general administrative procedures (if it exists), together with laws regulating special administrative procedures in key areas, to assess whether all the issues listed above are regulated.
- Analyse the existence of major case law of administrative and constitutional courts in order to assess the interpretation of principles of good administrative behaviour and main problems appearing in the process of their application.
- Assess whether the legislation on administrative procedure is coherent, complete and compatible with the principles of good administrative behaviour.
- Analyse the Government's key public service planning documents to look for statements on good administration. Look for concrete objectives, activities designed to achieve them and their costs, indicators to measure achievement of the aims, responsible institutions, and monitoring and evaluation requirements.
- Interview senior officials, the ombudsman, the judiciary and NGOs to collect information on the extent to which good administration is acknowledged as a Government priority, the extent to which legal provisions related to administrative procedures are implemented in practice and the scope of the legislation on administrative procedures.

Information sources

The list of sources consulted is as follows:

- documents defining Government priority areas/issues;
- planning documents covering good administration;
- interviews with a sample of officials from ministries, senior officials, the judiciary, the ombudsman and NGOs;
- legislation on administrative procedures;
- collections or summaries of the case law of supreme administrative courts and constitutional courts;
- annual reports and/or analyses of the public authorities and ombudsman showing how administrative procedures are conducted in practice.

Indicators

- Favouritism in decisions of government officials³⁹.
- Extent to which the legal framework for good administration is in place and applied.

Principle 3: Mechanisms for ensuring the quality of public service are in place.

1. The service delivery policy promotes one or several quality assurance tools (e.g. service charters, European Foundation for Quality Management ², Common Assessment Framework or other self-assessment frameworks, quality awards, ISO or other international standards).
2. Processes for regular monitoring of service delivery, assessment and re-design are in place, based on customer satisfaction and an analysis of users' needs.
3. Service modernisation efforts are structured around achieving savings in the time spent by customers, the costs of acquiring and delivering services and the number of times physical presence is required, as well as improving the ease of obtaining both information on services and the services themselves.
4. Public officials involved in service delivery are regularly trained.
5. Mechanisms enabling sharing good practices and their dissemination are in place.
6. Standards of service delivery are set out for the main public services delivered by the public administration.

³⁹ The World Economic Forum Competitiveness Index, score of minimum 1, maximum 7.

Analytical framework

Methodological approach

The methods used are qualitative and quantitative assessments of strategic documents and activity reports, complemented by interviews to assess whether public services are designed and delivered taking into account the needs of users:

- Analyse government documents and other reports.
- Interview government officials and representatives of NGOs, civil society, the ombudsman, chambers of commerce and consumer/citizen advice organisations.
- Collect data on quality assurance tools and obtain evidence on their use.
- Collect data on training of officials directly involved in service delivery.
- Check whether good practices related to service delivery are disseminated through the Internet, conferences, events, etc.
- Search for satisfaction surveys at the national level and documentation of quality awards.

Information sources

The list of sources consulted is as follows:

- government documents and other reports, including training strategies and programmes for civil servants;
- standards of service delivery set out in the legislation or soft law acts, citizen charters, if they exist;
- interviews with government officials and representatives of NGOs and civil society;
- data collection sheets from a sample of institutions;
- service satisfaction surveys at the national level;
- documentation from quality awards;
- interviews with relevant officials from the body promoting citizen orientation;
- interviews with citizen/consumer advice organisations, chambers of commerce and the ombudsman;
- international and national statistics on establishing businesses (e.g. from the website <http://www.doingbusiness.org/>);
- Government web pages.

Indicators

- Percentage of users satisfied with public services.
- Proportion of institutions using quality assurance tools and techniques (e.g. European Foundation for Quality Management, Common Assessment Framework and other international standards).
- Share of public servants directly engaged in service delivery who received training in the last two years.
- Average time needed to acquire a personal identification document (passport or ID card) after submitting the application.
- Share of institutions where customer satisfaction surveys are conducted on a regular basis (at least every two years).
- Average number of days needed to set up a business⁴⁰.
- Average cost of setting up a business⁴¹.

⁴⁰ The World Bank Doing Business report

⁴¹ The World Bank Doing Business report

Principle 4: The accessibility of public services is ensured.

1. The territorial service delivery network of state administration ensures equal access to services.
2. One-stop-shops/points of single contact covering a wide range of services are available to individuals and businesses.
3. Communication and handling of official matters is possible through user-friendly electronic channels covering a large range of services.
4. Official websites and published leaflets provide contact information and clear advice and guidance on accessing public services, as well as on the rights and obligations of users and the public institutions providing services.
5. Service provision (including e-services) takes into account the needs of special groups of customers, e.g. disabled persons, older persons, foreigners and families with children.

Analytical framework

Methodological approach

The methods used are qualitative and quantitative assessments of the accessibility of public services and reports, complemented by interviews to assess whether public services are easily accessible to all customers on an equal basis and are customer friendly:

- Analyse governmental data, reports and the reports produced by other organisations.
- Analyse sample web pages of public institutions.
- Send out a data collection sheet to ascertain whether the public services are accustomed to serving the needs of special customer groups.
- Interview governmental officials, NGOs, the ombudsman, associations of disabled persons and the EU Delegation on the accessibility of public services.

Information sources

The list of sources consulted is as follows:

- interviews with the associations of disabled persons, government officials, NGOs and the ombudsman;
- government web pages and platforms for e-services delivery;
- government documents and other reports;
- survey among government authorities;
- data from the tax authorities regarding online tax declarations.

Indicators

- Number of one-stop-shops that provide the services for more than three different public institutions.
- Number of services provided through one-stop-shops.
- Percentage of wheelchair-accessible institutions.
- Share of citizens who submitted paperless/electronic/digital income tax statements last year.
- Share of companies that sent their tax declarations using the Internet.

A teal-colored folder icon with a white tab on the left side. The tab contains the number '6'. The folder is tilted slightly to the right.

6

Public Financial Management

PUBLIC FINANCIAL MANAGEMENT

The Budget establishes the financial framework within which the Government delivers its economic and social policy objectives for the benefit of its citizens. If the right choices are to be made and expenditure limits respected, robust public financial management (PFM) systems are essential for all elements of the budget cycle – from formulation to execution including procurement, control and audit.

European Union (EU) candidate countries and potential candidates are expected to have a credible and relevant programme to improve all key aspects of PFM in order to benefit from Sector Budget Support, an increasingly frequent aid delivery mechanism in these countries. If such countries are to achieve PFM systems centred on delivering results, reforms must take place sequentially, in a manner fitting each country's unique circumstances. There is no "one-size-fits-all" approach but good PFM systems rest on certain basic principles and practices, described in the following pages.

Public procurement is an integral part of good financial management. Its economic impact is both significant and highly visible. Also, as an area where risks of misspending, poor control and corruption are high, it can influence significantly the public's trust in government. The Principles therefore provide the framework for a good public procurement system and they are reflected in a wide range of international regulatory frameworks.

The Principles focus primarily on central government. Local self-government is covered only within general government data requirements for budgeting and reporting. Also, apart from the forecasting of total public revenues, they focus on expenditure. However, the collection and administration of tax and other resources are important elements of PFM, and the European Commission (EC) publication Fiscal Blueprints⁴² for tax administration, as well as the Public Expenditure and Financial Accountability (PEFA) Programme requirements in this area can be regarded as the standard.

The Principles take into account several international standards such as:

- the EU framework for economic governance (including the rules for budgetary frameworks⁴³);
- horizontal criteria for sectoral budget support under the Instrument for Pre-accession Assistance (IPA)⁴⁴;
- the EU Directives on public procurement;
- the opening and closing benchmarks for Chapters 5, 17 and 32 of accession negotiations;
- the PEFA Programme;
- the Organisation for Economic Co-operation and Development (OECD) Principles of Budgetary Governance⁴⁵;
- the International Monetary Fund (IMF) Code of Good Practices for Fiscal Transparency; and
- the International Standards of Supreme Audit Institutions (ISSAIs) of the International Organisation of Supreme Audit Institutions (INTOSAI).

The following chapter defines eight key requirements and sixteen principles in the public financial management area, in line with international standards and the EU *acquis communautaire*.

⁴² Fiscal Blueprints:

http://ec.europa.eu/taxation_customs/resources/documents/common/publications/info_docs/taxation/fiscal_blueprint_en.pdf

⁴³ Council Directive 2011/85/EU.

⁴⁴ http://ec.europa.eu/europeaid/how/delivering-aid/budget-support/documents/budget_support_guidelines_part-1_en.pdf

⁴⁵ Currently available in draft form only <http://www.oecd.org/governance/budgeting/Draft-Principles-Budgetary-Governance.pdf>

KEY REQUIREMENTS AND PRINCIPLES

Key requirement: The Budget is formulated in compliance with transparent legal provisions and within an overall multi-annual framework, ensuring that the general government budget balance and the debt-to-gross domestic product ratio are on a sustainable path.

Principle 1: The Government publishes a medium-term budgetary framework on a general government basis that is founded on credible forecasts and covers a minimum time horizon of three years; all budget organisations operate within it.

Principle 2: The Budget is formulated in line with the national legal framework, with comprehensive spending appropriations that are consistent with the medium-term budgetary framework and are observed.

Key requirement: Accounting and reporting practices ensure transparency and public scrutiny over public finances; both cash and debt are managed centrally, in line with legal provisions.

Principle 3: The Ministry of Finance, or authorised central treasury authority, centrally controls disbursement of funds from the treasury single account and ensures cash liquidity.

Principle 4: There is a clear debt management strategy in place and implemented so that the country's overall debt target is respected and debt servicing costs are kept under control.

Principle 5: Budget transparency and scrutiny are ensured.

Key requirement: National financial management and control policy is in line with the requirements of Chapter 32 of European Union accession negotiations and is systematically implemented throughout the public sector.

Principle 6: The operational framework for financial management and control defines responsibilities and powers, and its application by the budget organisations is consistent with the legislation governing public financial management and public administration in general.

Principle 7: Each public organisation implements financial management and control in line with the overall financial management and control policy documents.

Key requirement: The internal audit function is established throughout the public sector and internal audit work is carried out according to international standards.

Principle 8: The operational framework for internal audit reflects international standards and its application by the budget organisations is consistent with the legislation governing public administration and public financial management in general.

Principle 9: Each public organisation implements internal audit in line with the overall internal audit policy documents as appropriate to the organisation.

Key requirement: Public procurement is regulated by duly enforced policies and procedures that reflect the principles of the Treaty on the functioning of the European Union and the European Union *acquis*, and are supported by suitably competent and adequately resourced institutions.

Principle 10: Public procurement regulations (including public-private partnerships and concessions) are aligned with the *acquis*, include additional areas not covered by the *acquis*, are harmonised with corresponding regulations in other fields, and are duly enforced.

Principle 11: There is central institutional and administrative capacity to develop, implement and monitor procurement policy effectively and efficiently.

Key requirement: In case of alleged breaches of procurement rules, aggrieved parties have access to justice through an independent, transparent, effective and efficient remedies system.

Principle 12: The remedies system is aligned with the *acquis* standards of independence, probity and transparency and provides for rapid and competent handling of complaints and sanctions.

Key requirement: Contracting authorities are adequately staffed and resourced and carry out their work in accordance with applicable regulations and recognised good practice, interacting with an open and competitive supply market.

Principle 13: Public procurement operations comply with basic principles of equal treatment, non-discrimination, proportionality and transparency, while ensuring the most efficient use of public funds and making best use of modern procurement techniques and methods.

Principle 14: Contracting authorities and entities have the appropriate capacities and practical guidelines and tools to ensure professional management of the full procurement cycle.

Key requirement: The constitutional and legal framework guarantees the independence, mandate and organisation of the Supreme Audit Institution to perform its mandate autonomously according to the standards applied for its audit work, allowing for high-quality audits that impact on public sector functioning.

Principle 15: The independence, mandate and organisation of the Supreme Audit Institution are established and protected by the constitutional and legal framework and are respected in practice

Principle 16: The Supreme Audit Institution applies standards in a neutral and objective manner to ensure high quality audits, which positively impact on the functioning of the public sector.

Key requirement: The Budget is formulated in compliance with transparent legal provisions and within an overall multi-annual framework, ensuring that the general government budget balance and the debt-to-gross domestic product ratio are on a sustainable path.

In order to better manage public resources a government should have a medium-term financial plan based on the objectives it wishes to achieve and the financial resources available to it. It must also ensure that the multi-annual costs of all spending are clearly stated so that the annual budget is set within a medium-term financial horizon. This approach, together with long-term estimations in selected public spending areas (e.g. pensions and health care), will help inform the Government, the Parliament and the citizens of the financial parameters and leeway for new policy development.

Within the budget process, it is vital to set realistic expenditure allocations while respecting the fiscal rules and the parameters of an overall top-down ceiling. Revenue forecasting is equally important, since an inaccurate forecast of potential revenue could result in the expenditure ceiling being set at an unsustainable level.

Principle 1: The Government publishes a medium-term budgetary framework on a general government basis that is founded on credible forecasts and covers a minimum time horizon of three years; all budget organisations operate within it.

1. The medium-term budgetary framework is published each year, taking into account the latest available data.
2. The medium-term budgetary framework is co-ordinated, at the central level, by the Ministry of Finance on the basis of input from, and consultation with, line ministries and subordinated bodies.
3. The medium-term budgetary framework clearly sets out the macroeconomic projections and the revenue and expenditure expectations on which it is based.
4. Revenue and expenditure plans are based on agreed Government policy. They include the future costs of existing policies and the estimated costs of any new policies to be introduced during the period and are in line with national fiscal rules.
5. The targets for the budgetary aggregates, particularly the general government balance and debt to gross domestic product ratio, are sustainable.
6. The programming of Instrument for Pre-accession Assistance funds is co-ordinated with the overall medium-term budgetary framework and budget preparations and is based on the overall strategic priorities of the Government.
7. The medium-term budgetary framework includes a sensitivity analysis of the major variables.
8. The medium-term budgetary framework notes the long-term costs of investment costs to be incurred during the period.
9. A clear and credible plan for structural economic reforms exists and is coherent with the fiscal policy.
10. The strategic plan of each public sector organisation is consistent with the overall medium-term budgetary framework.
11. There is an independent body (fiscal council), in line with European Union requirements to monitor compliance with fiscal rules and the medium-term budgetary framework.

Analytical Framework

Methodological approach

The methods used to analyse this principle are mainly quantitative and based on an analysis of the quality of the medium-term budgetary framework (MTBF) publication using published data, supplemented by interviews with senior officials:

- Assess the completeness of information on the principle in the MTBF documentation.

- Examine how the economic and fiscal forecasts of the Ministry of Finance (MoF) compare with those of independent bodies, e.g. the IMF, the World Bank, the EC and fiscal council.
- Examine the accuracy of forecasts by comparing forecasts in the MTBF with outturns in the last three years.
- Examine the revenue forecasts in light of the existing revenue receipts and intended sources of any new revenue.
- Assess whether the MTBF is based on information from existing sectoral policies and whether ministries provide systematic input to MTBF preparations.
- Determine whether the spending estimates clearly show the costs of existing policies/services and the costs of new policy initiatives as a separate item.
- Review the reasonableness of sensitivity factors used based on relevant international or domestic data.
- Examine the MoF's circular of instruction to line ministries for evidence that the macroeconomic and budgetary parameters are clearly outlined.
- Review two strategic plans, at the organisational level, to determine whether they are in line with MTBF assumptions and whether they distinguish between costs for existing policies and costs for new policy initiatives (i.e. additional funding needs).
- Determine which fiscal rules (balance, debt, expenditure, revenue) and correction mechanisms are in place.
- Establish whether an independent body, such as a fiscal council, exists and check that the rules of procedure (RoP) and other documents regulating its work enable it to fulfil its role as an independent monitor of organisational compliance with fiscal rules and policies.

Information sources

The list of sources consulted is as follows:

- Organic Budget Law and other relevant regulations;
- MTBF and other fiscal policy documents (e.g. Pre-Accession Economic Programme);
- MoF circular to line ministries;
- economic and fiscal forecasts and reports of independent bodies (e.g. the IMF, the World Bank, the EC, fiscal council);
- treasury data on monthly and annual spending outturns;
- annual financial report of the Government;
- strategic plans of line ministries;
- published reviews of budget organisations' plans (if available);
- interviews with relevant officials from the MoF, as well as officials from the fiscal council.

Indicators

- MTBF strength index⁴⁶.

⁴⁶ Directorate General for Economic and Financial Affairs (DG ECFIN) has constructed an index on the quality of MTBFs which is currently only available for EU Member States. The index could be used as a part of a principles monitoring framework if DG ECFIN also extended its coverage to the IPA countries. The index captures the quality of the MTBF through five criteria:

- existence of a domestic medium-term framework;
- connectedness between the multi-annual budgetary targets and the preparation of the annual budget;
- involvement of national parliaments in the preparation of the medium-term budgetary plans;
- existence of co-ordination mechanisms between general government layers prior to setting the medium-term budgetary targets for all government tiers;
- monitoring and enforcement mechanisms of multi-annual budgetary targets.

http://ec.europa.eu/economy_finance/db_indicators/fiscal_governance/framework/calculation_mtbf_en.htm

Until the DG ECFIN index covers the EU accession countries, a simplified index to capture the same information is used.

- Fiscal rules strength index⁴⁷.
- Percentage differences between the planned budget revenues in the MTBF (as approved two years before the latest available year) and the outturn of the latest available year.
- Percentage differences between the planned budget expenditure in the MTBF (as approved two years before the latest available year) and the outturn of the latest available year.

Principle 2: The Budget is formulated in line with the national legal framework, with comprehensive spending appropriations that are consistent with the medium-term budgetary framework and are observed.

1. The budget process is based on transparent legal provisions that define public moneys, and the roles of the Government, the Ministry of Finance and within a timetable that allows each of them time to fulfil their responsibilities in the process.
2. The Parliament has the time and resources to analyse and debate the budget proposal.
3. The Budget's coverage is comprehensive and includes Instrument for Pre-accession Assistance funds and other donations.
4. The Government approves a top-down expenditure ceiling within which the Budget is framed.
5. The Ministry of Finance sets out, in an annual circular, the overall approach, timetable and assumptions that must underpin the estimates of the different budget organisations.
6. The budget organisations comply with the Budget circular by providing the Ministry of Finance with comprehensive, accurate and transparent estimates, including contingent liabilities and costs for the years beyond the budget year.
7. A mechanism is in place to ensure that national co-financing is available for all Instrument for Pre-accession Assistance programmes.
8. Capital investment projects are subject to appropriate investment analysis and prioritised according to assessments of their overall final costs and benefits, taking into account the priorities to obtain European Union funding.
9. The Ministry of Finance publishes a list of what constitutes fiscal risks.
10. The published Budget is transparent and:
 - sets out the macroeconomic assumptions that underpin it;
 - separates capital and current expenditure and pay and non-pay expenditure;
 - contains separate forecasts for baseline (existing) expenditure and new policies;
 - indicates the final outturns for the current year for comparison purposes;
 - includes contingent liabilities and multi-annual commitments of capital spending.

Analytical Framework

Methodological approach

The methods used to analyse this principle are both quantitative and qualitative, using data to analyse the quality of the annual Budget and also reviewing the legislation and documentation from a sample

⁴⁷ DG ECFIN has constructed an index of strength of fiscal rules, which is currently only available for EU Member States. The index could be used as a part of the principles monitoring framework if DG ECFIN also extended its coverage to the IPA countries. The index uses information on:

- the statutory base of the rule;
- the room for setting or revising its objectives;
- the body in charge of monitoring respect and enforcement of the rule;
- the enforcement mechanisms relating to the rule;
- the media's visibility of the rule.

http://ec.europa.eu/economy_finance/db_indicators/fiscal_governance/fiscal_rules/index_en.htm

Until the DG ECFIN index covers the EU accession countries, a simplified index to capture the same information is used.

budget organisation. The data are supplemented by interviews with senior officials from the MoF and budget organisations:

- Examine the revenue forecasts, particularly in the light of the current-year performance.
- Compare the Government's macroeconomic projections in the latest annual budget publication with the projections of international and domestic organisations for the same period.
- Review a sample budget estimate request to the MoF by a line ministry to see if the timetable has been observed, whether multi-annual costs and commitments are part of the return and whether the return clearly states the capital spending requirements and splits current spending into pay and non-pay expenditure.
- Compare the planned budget revenue and expenditure (analysing capital and current expenditure separately) with the outturn of the latest available calendar year.
- Verify on a sample basis whether IPA funds and the required co-financing are part of the state budget.
- Check whether the MoF consults with the IPA co-ordinator on any proposal for IPA funding.
- Examine the process for approving a sample of two recent investment proposals to determine whether they have been subject to an appropriate appraisal process.
- Analyse whether information on fiscal risks and contingent liabilities (including state guarantees and potential negative lawsuits) exists.
- Verify if there is information on long-term projections of revenues and projections.
- Review the relevant legislation.
- Verify that the budget timetable complies with international standards and is respected.

Information sources

The list of sources consulted is as follows:

- Constitution and legislation governing PFM procedures, including the Organic Budget Law;
- published Budget for the most recent year;
- MTBF and other fiscal policy documents;
- Final Account of the latest available year;
- reports by the Supreme Audit Institution (SAI);
- latest IPA planning documents;
- budget estimate request from sample budget organisation to the MoF;
- media reports;
- interviews with relevant officials from the MoF, two line ministries and an extra-budgetary fund, as well as members of the parliamentary committee with responsibility for considering the annual budget.

Indicators

- General government budget balance.
- Percentage differences between the planned budget revenues (as approved in the Budget) compared to the outturn of the latest available year.
- Percentage differences between the planned budget expenditure (as approved in the Budget) compared to the outturn of the latest available year.
- Extent to which the annual budget proposal includes full information at the time of presentation to the Parliament.

Key requirement: Accounting and reporting practices ensure transparency and public scrutiny over public finances; both cash and debt are managed centrally, in line with legal provisions.

Cash management is central to successfully monitoring and controlling expenditure during the year. It covers both the revenue and expenditure of government. Inadequate systems and information make it difficult to align cash flow with spending allocations and to allow for timely remedial action where necessary.

Debt management should also be exercised at a central level, covering the entire general government area, to avoid unauthorised borrowing or borrowing at sub-optimal costs.

Strong systems for reporting of financial data, based on reliable accounting information, are essential for the successful control of government spending. Information on public finances should be published on a regular basis so that the Parliament and citizens can see clearly the progress of spending and revenue collection during the course of the budget year.

Principle 3: The Ministry of Finance, or authorised central treasury authority, centrally controls disbursement of funds from the treasury single account and ensures cash liquidity.

1. The budget legislation provides for a treasury single account into which all cash received from any source (taxes, fees or other income) is paid, normally by the end of the same working day.
2. The legislation provides that only authorised payments may be made from the treasury single account.
3. The cash management or treasury function is managed through the treasury single account, under the control of the Ministry of Finance/treasury authority.
4. The Ministry of Finance/treasury authority prepares its own cash flow projections at aggregate level, after consulting with line ministries and other state bodies concerned, on a monthly basis at least.
5. The monthly profiles for each public sector organisation provide a clear picture of the cash flow under the main budget headings and clearly include the different elements – pay, non-pay current, capital and own resources.
6. The treasury system incorporates adequate coding structures to facilitate detailed analysis of expenditure and income.
7. Regular reconciliation takes place between the treasury information system, accounting information systems and bank account data.
8. A monitoring system is in place to ensure that public sector organisations neither exceed the budget allocations without prior legal authorisation nor enter into commitments that have the effect of circumventing this requirement.
9. State-owned (and municipal) enterprises are required to seek prior approval from their controlling body before undertaking any fiscal risk.

Analytical Framework

Methodological approach

The methods used to analyse this principle are mainly quantitative, using data from the treasury system supplemented by interviews with senior officials to assess the quality of the cash management system:

- Examine the law/regulations underpinning the treasury single account.
- Review the powers of the MoF/treasury authority in relation to operating the treasury single account.
- Check that the cash received is paid into the treasury account.
- Check that the cash balances in all government bank accounts (including accounts for extra-budgetary funds and government-controlled project accounts) are identified and consolidated.

- Assess whether cash flow projections are at an appropriate aggregate level.
- Check whether each public sector organisation inputs or verifies its monthly profiles of expected spending once its budget allocation is decided and ensures it has internal procedures to monitor cash flow during the year.
- Review the adequacy of the process for monitoring cash flow during the year, including examining the coding system for recording expenditures and revenues.
- Examine samples of two organisations' cash flow forecasts for comprehensiveness and accuracy; compare these to their actual budget as decided by the Parliament.
- Check that where a ministry or other organisation has information and accounting systems separate from the treasury accounting system, appropriate reconciliation arrangements are in place.
- Establish the basis of accounting for the Government financial statements and in particular, arrangements for recording and reporting financial commitments.
- Check whether carry-overs to the next calendar year are permitted and if so to what extent and how actively they are used. If they are not permitted, determine whether spending increases towards the end of the year.
- Assess the level of arrears recorded and any significant changes to the previous year's level.
- Examine reports of independent bodies, e.g. the IMF, the World Bank, the EC and the fiscal council for commentary on budget execution and accounting.

Information sources

The list of sources consulted is as follows:

- laws and regulations governing the treasury single account;
- instructions by the MoF/treasury authority to line ministries and other state bodies;
- published monthly outturns compared to monthly cash flow projections/ profiles;
- records of payments into the treasury single account;
- reports to the MoF on spending commitments;
- reports of independent bodies (e.g. the IMF, the World Bank, the EC, the fiscal council);
- interviews with relevant officials from the MoF/treasury authority.

Indicators

- Average percentage differences between cash flow projections and actual cash balance on a monthly basis.
- Accumulated arrears for central government measured as a percentage of total expenditure at the end of the latest available calendar year.

Principle 4: There is a clear debt management strategy in place and implemented so that the country's overall debt target is respected and debt servicing costs are kept under control.

1. There is a clear debt management strategy⁴⁸ (including risk and sensitivity analysis) to ensure the debt is sustainable and can be serviced.
2. The debt management strategy is published and feeds into the annual Budget process.
3. Government borrowing and guarantees are always within the limits set in the annual Budget.
4. The responsibilities of different government bodies (Ministry of Finance/treasury agency/central bank) involved in debt management are clearly delineated.
5. Only the Ministry of Finance/treasury agency carries out central government borrowing.
6. Borrowing or guarantees or the entering into contracts involving other instruments that could carry a financial risk by any state-owned bodies, including local government or state-funded enterprises, is constrained in legislation and must be authorised in advance by the Ministry of Finance

⁴⁸ Can be part of other government strategies or published as a separate document.

/treasury agency.

7. The level and costs of local government and state-owned enterprise borrowing are regularly reported to the Ministry of Finance /treasury agency and any changes are duly noted.
8. Systematic co-operation is in place between the debt management and cash management functions.
9. An annual report on debt management is prepared soon after the end of the budget year.
10. The Supreme Audit Institution audits debt management.

Analytical Framework

Methodological approach

The methods used to analyse this principle are both quantitative and qualitative, using published data to analyse the quality of the debt management strategy and reviewing the relevant legislation. The data are supplemented by interviews with senior officials from the MoF:

- Review the legal basis for the control of government borrowing and the regulations underpinning the treasury single account (TSA).
- Review the MoF/treasury authority's powers in relation to the operation of the TSA.
- Check if the cash balances in all government bank accounts are identified and consolidated (including those for extra-budgetary funds and government controlled project accounts).
- Assess if cash flow projections are at an appropriate aggregate level.
- Check if each public sector organisation inputs or verifies its monthly profiles of expected spending once its budget allocation is decided, and ensures that it has internal procedures to monitor cash flow during the year.
- Review the adequacy of the process for monitoring cash flow during the year, including examining the coding system for recording expenditures and revenues.
- Analyse samples of two organisations' cash flow forecasts for comprehensiveness and accuracy; compare these to the actual budget as decided by the Parliament.
- Establish the basis of accounting for the government financial statements and, in particular, arrangements for recording and reporting financial commitments.
- Check if carry overs to the next calendar year are permitted, to what limits; and how actively these are used. If not, check whether the level of spending increases towards the end of the year.
- Ascertain the level of arrears recorded and any significant changes to the previous year's level.
- Review the debt management policy and any reports on debt management.
- Check adherence in recent years to the annual borrowing and guarantee limits.
- Analyse the ways the central authority plans and executes additional borrowing and issuing of treasury bonds and similar instruments.
- Review the procedures for the control of borrowing by local government and state owned enterprises and the reporting arrangements for any such borrowing.
- Check whether external audit covers the debt management policy.
- Analyse reports of independent bodies such as the IMF, the World Bank, the EC, the fiscal council for commentary on the budget execution and accounting

Information sources

The list of sources consulted is as follows:

- legislation and other relevant regulations governing debt management;
- published debt management reports;
- circulars and instructions by the MoF/treasury authority to other state bodies;
- reports to the MoF/treasury agency from other state bodies;
- interviews with relevant officials from the MoF/treasury authority;

- reports by the SAI;
- reports of independent bodies (e.g. the IMF, the World Bank, the EC, fiscal council, Central Bank, the rating agencies).

Indicators

- Public-sector debt servicing costs as a share of gross domestic product.
- Difference of public-sector debt level outturn from target⁴⁹.

Principle 5: Budget transparency and scrutiny are ensured.

1. The Ministry of Finance publishes monthly reports of central government revenue, expenditure and borrowing within four weeks of the month's end.
2. The report is compiled from reports by central government spending bodies and the revenue collection agencies to the Ministry of Finance on their spending and revenue in the previous month.
3. The reports note and explain variations from the original spending and revenue profile and include future spending commitments made during the month.
4. The Ministry of Finance publishes local government quarterly financial data in line with the European Union Directive 2011/85/European Union before the end of the next quarter.
5. The annual financial report of the Government is comprehensive (including Instrument for Pre-accession Assistance funds) at the state government level and includes generic information at the general government level.
6. Fiscal risk is continuously monitored and state-owned companies are required to submit their annual audited financials, including an income statement, balance sheet, statement of changes in equity and cash flow statement.
7. The annual financial report is published not later than six months after the end of the financial year, is audited by the Supreme Audit Institution and is discussed by the relevant parliamentary committees before the next budget discussions.
8. The data for each organisation is appropriately reconciled with accounting information and the accounting standards are defined.
9. The national standards for accounting are aligned with the minimum requirements in place for European Union Member States, particularly those defined in the European Union Directive 2011/85/EU, and enable providing ESA2010⁵⁰ compliant data.
10. The annual financial report is in a format that mirrors the presentation format of the Budget and explains any variation from the Budget figures.
11. The annual financial report includes an overview and analysis of state assets covering all assets above a specified minimum value threshold.

Analytical Framework

Methodological approach

The methods used to analyse this principle are mainly quantitative, based on information contained in the annual financial report and a sample of in-year reports submitted to, and published by, the MoF. The data are supplemented by interviews with senior officials:

- Examine the monthly reports published by the MoF in the previous year, analysing monthly expenditure outturns against the profile and reviewing the reasons for peaks in spending (including “year-end fever”).

⁴⁹ Difference is calculated as a percentage comparing public sector debt level outturn in the latest calendar year with the target set in the budget of the same calendar year.

⁵⁰ Regulation (EU) 549/2013 on the European System of National and Regional Accounts in the EU.

- Examine the published monthly reports for revisions of data from earlier reports that could indicate a weakness in the reporting system.
- Ask MoF officials whether all reports from budget organisations were submitted in a standard format in line with MoF guidelines and review whether examples indicate and explain variations.
- Examine the latest budget/financial report from one line ministry to determine the level of detail provided to the MoF.
- Examine the procedures for in-year monitoring of fiscal risk.
- Check whether the state-owned companies are required to submit their annual audited financial reports, including an income statement, balance sheet, statement of changes in equity and cash flow statement.
- Establish whether local government quarterly reports are published and are comprehensive.
- Review the annual financial report for clarity and comprehensiveness.
- Check whether the annual financial report clearly refers to the accounting standards used for preparing it.
- Review the annual financial report for consistency with Eurostat standards.
- Review the arrangements for recording assets and stocks, including appropriately valuing holdings in state-owned (or municipal) enterprises.
- Examine how variations are accounted for.

Information sources

The list of sources consulted is as follows:

- published monthly reports;
- MoF guidelines;
- local government quarterly reports;
- interviews with officials in the MoF and two selected ministries;
- annual reports and the published Budget documents;
- interviews with the key staff compiling the annual financial report and the relevant staff from the statistical office;
- publicly available reports of the parliamentary committee on budget and finance;
- annual report and the audit opinion of the SAI;
- other reports of the SAI.

Indicators

- Extent to which in-year financial reporting provides full information and is made publicly available.
- Extent to which the annual financial report includes full information and is made available in time to the Parliament.

Key requirement: National financial management and control policy is in line with the requirements of Chapter 32 of European Union accession negotiations and is systematically implemented throughout the public sector.

Financial management control (FMC) is a key pillar of the Public Internal Financial Control (PIFC) arrangements that countries wishing to join the EU are required to implement under the provisions of Chapter 32 of the *acquis communautaire*. Some EU Member States pursue the same objectives under the concept of public internal control.

FMC applies to all public sector organisations). Although implementing FMC is a complex and challenging task, well-established arrangements for the financial management and internal control of public resources are essential to ensuring they are utilised efficiently, effectively and economically. These arrangements should facilitate managerial accountability and the delegation of authority to different levels of management with appropriate accountability reporting.

Principle 6: The operational framework for financial management and control defines responsibilities and powers, and its application by the budget organisations is consistent with the legislation governing public financial management and public administration in general.

1. The laws and other regulations setting the operational framework for financial management and control apply to all public organisations and are in line with the Committee of Sponsoring Organisations⁵¹ model.
2. The financial management and control laws and regulations are consistent with the laws and regulations governing civil and public service arrangements and organisational structures.
3. The laws and regulations governing budgetary and treasury arrangements, European Union fund management, public accounting and other public financial management arrangements facilitate the development of managerial accountability through appropriate delegation and reporting.
4. The management and control systems for using European Union funds meet the relevant European Union requirements and are in line with national financial management and control procedures, unless specifically explained and justified.
5. A clear strategy and action plan that states realistic steps and change management plans to develop financial management and control in public sector organisations is in line with the overall public financial management system and its reform plans is in place, regularly reviewed and updated.
6. The ministry responsible for implementing financial management and control has clear legal authority to establish a central harmonisation unit and issue subsidiary regulations on financial management and control implementation and development.
7. The ministry responsible for implementing financial management and control reports regularly to the Government either specifically on financial management and control or as part of a wider public internal financial control/ public financial management progress report.
8. Where financial inspection exists, it is supervised by the ministry responsible for the overall state Budget, is concerned with compliance, is driven by complaints and clear indication of irregularities, focuses on potential risks of fraud, corruption or major financial abuse, and does not duplicate with the objective of internal audit.

⁵¹ Committee of Sponsoring Organisations of the Treadway Commission. These principles were originally drafted to apply to private sector companies.

Analytical Framework

Methodological approach

The methods used to analyse this principle are mainly qualitative, using interviews with senior officials and a review of written documentation that cannot normally be quantified:

- Review and analyse all relevant legislation (including regulations) to determine both whether it is comprehensive and facilitates the development of FMC and whether the different laws are mutually compatible.
- Determine whether the legislation provides that FMC applies to all public organisations and allows for different arrangements according to the type and size of the organisation.
- Determine whether the legislation defines the responsibilities of the head of the organisation, the most senior civil servant and any other manager entrusted with achieving FMC objectives.
- Determine whether the legislation provides for appropriate organisational structures to underpin FMC, including appointing a high-ranking head of finance within the organisation.
- Examine whether the staff complement of the central harmonisation unit (CHU) is compatible with the size of the public sector, is trained in FMC and has experience in PFM and public organisation policy.
- Review the annual report prepared by the CHU and compare actual progress against the FMC strategy and action plan.
- Establish whether the head of the CHU and other senior staff regularly consult with the organisation responsible for civil service organisational arrangements and MoF departments responsible for budgetary, treasury and public sector accounting policy and whether they actively promote FMC and networking.
- Study any public administration guidelines to determine whether they allow for heads of organisations to develop their own organisational arrangements, delegated authority and the appointment of qualified finance officers.
- Determine whether the budgetary and other relevant regulations allow for delegation of budgets within organisations.
- Review the treasury documentation to assess the level of treasury control (if any) over payments.
- Determine whether any proposed changes to budgetary and treasury arrangements and to public accounting and procurement laws properly reflect FMC requirements and whether the CHU is regularly consulted on proposed such changes.
- Determine whether change management arrangements go beyond organising seminars and conferences and issuing rules and guidelines.
- Interview senior officials from the CHU and relevant organisations to assess any problems with implementation of and adherence to the legislation.

Information sources

The list of sources consulted is as follows:

- primary and secondary legislation regulating financial management and other management arrangements in public sector organisations;
- circulars and other guidelines on the organisational structure of public organisations, delegation of authorities and appointment of senior officials;
- organisational structures;
- FMC strategy and action plan;
- Budget circular and any other documents relating to controls exercised by the MoF over public expenditure;
- reports to and response from the minister responsible for implementing FMC;

- annual report of CHU to the responsible minister or the Government;
- minutes of PIFC councils or similar (where they exist);
- senior finance officer job specification;
- FMC guidance issued to managers and other training materials (other than to line ministry finance staffs);
- comments by the SAI on FMC implementation;
- reports by the EC or audit authority on management and control systems for IPA-funded programmes;
- reports of technical assistance projects and international organisations, e.g. the World Bank;
- procedures of the anti-fraud co-ordination service network and minutes of the meetings, if available;
- documentation of practical steps taken to develop managerial accountability in public organisations, including identifying difficulties experienced.

Indicators

- Extent to which the operational framework for FMC is complete, in place and applied.

Principle 7: Each public organisation implements financial management and control in line with the overall financial management and control policy documents.

1. Each organisation has issued an internal regulation committing to implementing financial management and control, including:
 - appointing a suitably qualified finance officer at a high-level within, and with the authority to implement financial management and control throughout the organisation;
 - establishing budgets for relevant line managers, along with delegation and accountability arrangements compatible with financial management and control requirements;
 - ensuring that management information is regularly provided to the appropriate levels of the organisation.
2. Where subordinate or second-level organisations exist:
 - each second-level organisation meets financial management and control requirements for an organisation of its type and size;
 - its relationship with the higher or first-level organisation is clearly defined in a regulation or similar written document.
3. State-owned and municipal enterprises are subject to robust governance arrangements by their “owner” first-level organisations.
4. Internal control procedures in public organisations:
 - make responsibilities within the organisations clear;
 - ensure that policy proposals initiated by the organisations include an estimate on budgetary costs;
 - make calculated choices between alternative ways to achieve objectives;
 - keep financial commitments within budget limits;
 - ensure that the use of financial resources, e.g. through procurement operations or human resource costs, is in accordance with the existing budget;
 - enable detection and reporting of irregularities (both for national and Instrument for Pre-accession Assistance funds);
 - allow an audit trail of key financial decisions, including those relevant to Instrument for Pre-accession Assistance-funded programmes.
5. The central harmonisation unit organises at least one annual review of progress across the public sector organisations with regard to aligning financial management and internal controls to the established legal and operational requirements.

Analytical Framework

Methodological approach

The methods used to analyse this principle are mainly qualitative, using interviews with senior officials and reviewing a variety of written documentation that cannot be normally quantified. If quantifiable data exists, this is used to complement the analysis:

- Examine the internal regulations on implementation of FMC in two line ministries and one large agency or a social fund.
- Establish the extent to which the budgetary and operational objectives have been delegated down through the organisation's management structure.
- Establish whether the delegated budget holders are consulted about the compromises required to meet budgetary limits.
- Establish whether the (performance) objectives of the delegated budget holders reflect changes in the budget available to them.
- Examine each organisation's strategic plan to determine whether the corresponding accountability arrangements are in line with financial responsibility for the budget.
- Where a ministry or other organisation has information and accounting systems separate from the treasury accounting system, determine whether the necessary reconciliation arrangements are in place.
- Verify if management information and data are organised and analysed systematically and are shared among the different levels of the organisation.
- Examine a selection of reports by internal audit units to establish whether any weaknesses in the underlying systems have been identified and dealt with, or not
- Examine the arrangements between the two line ministries and their second-level organisations.
- Examine the practical steps being taken to implement FMC and establish managerial accountability, including that:
 - the objectives set for each senior manager are applied to subordinate managers;
 - managers are required to report on achievements during the year against objectives, including the efficiency and effectiveness with which objectives have been achieved;
 - managers are required to provide explanations for financial variations against target;
 - managers at all levels account for risks while fulfilling their responsibilities, report strategic risks to the head of the organisation and manage them appropriately.
- Check that the organisation has developed appropriate accounting, costing and reporting systems that:
 - permit managers to effectively control and manage commitments;
 - inform managers about actual financial progress during the financial year;
 - allow for re-forecasting expenditure and income during the current year;
 - ensure investment proposals are subject to a robust cost-benefit analysis before they are submitted to the Government for approval.
- Assess whether the responsibilities of the senior finance official in the sample line ministries and other public organisations exceed those of a financial controller or accountant/bookkeeper.

Information sources

The list of sources consulted is as follows:

- internal regulations on FMC implementation for each of the sample organisations;
- strategic plans of the sample organisations;
- organisations' management structures and delegation arrangements;
- budget preparation and allocation processes, including programme budget arrangements;

- internal reports that show spending compared to budgets, commitment levels, performance against target and other management information, including risk management;
- accounting and costing systems, including the coding structure, reconciliation arrangements with the treasury system and financial reporting arrangements;
- internal guidelines for investment appraisal procedures;
- agreements between and reports from second-level to first-level organisations;
- internal audit reports;
- reports by the SAI;
- annual performance reports;
- interviews with key officials responsible for FMC in each of the sample line ministries and other public organisations.

Indicators

- Share of first-level budget organisations where budget structure is aligned with the organisational structure⁵².
- Share of first-level budget organisations where delegated budget holders below minister or secretary-general level receive at least monthly information on financial commitments and spending against the Budget within their part of the Budget⁵³.
- Wastefulness of Government spending (The World Economic Forum)⁵⁴.

⁵² This needs to be incorporated into a regular survey and analysis by the CHU.

⁵³ This needs to be incorporated into a regular survey and analysis by the CHU.

⁵⁴ Survey performed annually in a comparable manner in all countries and published under *The World Economic Forum Global Competitiveness Report*. The question posed to national business executives is as follows: “In your country, how efficiently does the government spend public revenue? [1 = extremely inefficient; 7 = extremely efficient in providing goods and services]”.

Key requirement: The internal audit function is established throughout the public sector and internal audit work is carried out according to international standards.

Internal audit is a key pillar of PIFC that countries wishing to join the EU are required to implement under the provisions of Chapter 32 of the *acquis*. The EC defines internal audit in the same manner as the Institute of Internal Auditors, i.e. “Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.” Internal audit is the means by which the top manager and management team of an entity receive assurance from an internal source that internal controls are appropriately designed and operate effectively to ensure the organisation achieves its objectives.

The implementation of internal audit within an organisation depends on its size, complexity and objectives. Hence, not all public organisations are expected to implement internal audit exactly the same way.

Principle 8: The operational framework for internal audit reflects international standards and its application by the budget organisations is consistent with the legislation governing public administration and public financial management in general.

1. The law and regulations for internal audit are consistent with the Institute of Internal Auditors⁵⁵ definitions and are in line with regulations governing the civil service and public administration, allowing for the development of internal audit and appointment of internal auditors who are independent from other activities within an organisation.
2. The law provides that internal audit applies to all public organisations but allows actual arrangements to differ depending on the type and size of the organisation.
3. The law or regulations specify the operational arrangements for internal audit, including the minimum size, independence and reporting arrangements, internal audit standards, manuals, code of ethics and certification.
4. The ministry with overall responsibility for introducing internal audit has clear legal authority to establish a central harmonisation unit and issue subsidiary regulations and methodological guidance on implementing and developing internal audit.
5. The central harmonisation unit for internal audit sets central standards, co-ordinates its implementation and related training activities and arranges for an annual review of the quality of internal audit activity, including strengths and weaknesses and indicators of progress on implementation against the action plan.

Analytical Framework

Methodological approach

The methods used to analyse this principle are mainly qualitative, using interviews with senior officials and a variety of written documentation that cannot be quantified on the whole:

- Assess whether relevant laws and regulations facilitate the development of internal audit, define responsibilities and provide for operational and transitional arrangements.
- Study arrangements for applying internal audit standards and where international standards have been applied, study adaptations to local circumstances.
- Review (e.g. in a PIFC or PFM policy statement) the strategy and action plan for implementing internal audit and compare actual progress against the action plan.

⁵⁵ International Standards for the Professional Practice of Internal Auditing – International Professional Practices Framework.

- Assess whether internal audit training plans and the quality of any internal audit certification scheme meet the relevant standards.
- Review the internal audit manual and any other documents on key principles, roles, responsibilities and operational activities.
- Review the annual report of the CHU on progress in implementing internal audit during the year, including the quality of any performance indicators and reporting arrangements.
- Determine whether CHU staffing is in proportion to the size of the public sector, comparing actual staffing with the systematised establishment.
- Determine whether the CHU budget allows it to function effectively.
- Examine the advisory material issued by the CHU to internal auditors.
- Assess whether internal audit is clearly distinguished from financial inspection and, as internal audit develops, whether financial inspection increasingly centres on requests to investigate potential areas of fraud, corruption and major financial mismanagement.
- Study comments made by the SAI in its reports about internal audit.
- Interview relevant officials from two line ministries and one public sector organisation to ascertain whether they adhere to audit legislation and to identify any problems with the legislative framework.

Information sources

The list of sources consulted is as follows:

- legislation and relevant regulations;
- official records of numbers of established, actual and qualified staff in CHU for internal audit;
- strategy and action plan for internal audit;
- guidance and training material and any certification scheme;
- annual report and other internal audit reports to, and responses from, the MoF;
- comments by the SAI on the implementation of internal audit;
- reports of technical assistance projects and international organisations, e.g. the World Bank;
- interviews with key CHU officials.

Indicators

- Share of public administration organisations meeting national legal requirements for establishing and minimum staffing of internal audit units.
- Share of internal auditors with a national or international internal audit certificate.
- Extent to which the operational framework for internal audit is designed and in place.

Principle 9: Each public organisation implements internal audit in line with the overall internal audit policy documents as appropriate to the organisation.

1. The head of the organisation has established an internal audit function that fits the size and complexity of the organisation and is in line with national legal requirements.
2. Public sector organisations that are required to do so have established an internal audit charter in line with national legal requirements.
3. Strategic and annual internal audit plans exist for the organisation and are based on an assessment of both business and business system risks, including arrangements for recording assets. The views of the different management levels have been taken into account when preparing those plans.
4. The strategic and annual plans are based on an assessment of all aspects of an organisation's business, including actions co-financed by the Instrument for Pre-accession Assistance.
5. The head of internal audit reports to the head of the organisation and also consults with the senior financial officer and chief administrative officer about the findings of the internal audit reports before submitting them to the head of the organisation.
6. A systematic "follow-up" process ensures that agreed internal audit recommendations are properly implemented.

Analytical Framework

Methodological approach

The methods used to analyse this Principle are mainly qualitative, using interviews with senior officials and review a variety of written documentation that cannot be normally quantified. If quantifiable data exists, this is used to complement the analysis:

- Study the internal audit arrangements for two line ministries and one large agency or a social fund, including the internal regulation on internal audit issued by the head of the organisation.
- Determine whether second-level organisations have a strong internal audit function or alternatively, whether arrangements are made to provide an adequate internal audit function.
- Examine whether a suitably qualified and experienced person has been appointed to head the internal audit function.
- Request information on the number of approved internal audit posts, of funded posts and of staff actually in post, as well as their experience.
- Assess the adequacy of the financial resources and the numbers of staff in the internal audit units selected.
- Study the strategic and annual internal audit plans.
- Examine the actual implementation of the annual internal audit plan, which should follow the strategic plan and have been prepared in consultation with all key managers and the senior finance officer.
- Establish the extent to which the internal audit work takes into account the element of risk and understands the difference between business risk and business system risk.
- Examine whether all audits are conducted in accordance with the agreed plans and according to the standards specified by the ministry responsible for the implementation of internal audit. Analyse a sample of recent audit reports prepared by a sample of public sector organisations.
- Establish whether an adequate "follow-up" process is in place.
- Assess the relations between the CHU and the head of the internal audit unit.
- Examine the management arrangements for ensuring the quality of the work of the internal audit unit, and in particular:
 - whether the head of unit manages the standard of internal audit performance in accordance with the required level of performance agreed with the head of the organisation;

- extent to which the actual internal audit activity follows the internal audit plan regarding both time and content;
- whether auditees have an opportunity to clarify or correct any facts included in the audit reports;
- whether the internal reporting arrangements within the organisation, and especially to the senior finance officer, allow the officer to advise the head of the organisation on the quality of the internal financial control systems;
- how the head of the organisation reacts to, and decides on, the recommendations of an audit report;
- how the head of the internal audit unit manages the ‘follow-up’ process.
- Examine a sample of recent internal strategic and annual audit plans, as well as audit reports from sample public sector organisations.
- Check that the head of internal audit makes internal audit reports available to the SAI.
- Review the membership and activities of any established internal audit committee.
- Check with the CHU that the annual internal audit plans of public organisations required to have an internal audit function conform to national legal requirements.
- Use audit reports from a sample of at least six public organisations (at least half of which are ministries) to assess the quality of internal audit.

Information sources

The list of sources consulted is as follows:

- internal regulation on internal audit issued by the heads of the sample organisations;
- strategic and annual audit programmes;
- arrangements for applying internal audit to second-level organisations;
- internal audit charter;
- organisations’ management structures and delegation arrangements;
- size, structure and budget of the internal audit department/unit;
- internal audit reports;
- external reports on internal audit (e.g. by the SAI);
- statistics on “follow-up” arrangements;
- agendas and minutes of internal audit committees;
- interviews with key officials including the senior financial officer and chief administrative officer, and with officials from the SAI.

Indicators

- Share of organisations with annual internal audit plans conforming to national legal requirements⁵⁶.
- Quality of internal audit reports.

⁵⁶ The existence of annual internal audit plans is measured as a percentage of public organisations that are required to establish an internal audit function.

Key requirement: Public procurement is regulated by duly enforced policies and procedures that reflect the principles of the Treaty on the functioning of the European Union and the European Union *acquis*, and are supported by suitably competent and adequately resourced institutions.

Good public procurement practice requires a sound policy making and regulatory framework, and institutional structures and arrangements that will ensure the regulatory system functions effectively. A well-functioning and sound public procurement system, however, is dependent not only on its legislative and institutional structures, but also on the extent to which the horizontal policy, legal and institutional environment manages to accommodate the specific needs of that system. This environment includes, among other elements, external audit, financial control, budget rules and planning, administrative and civil service laws, competition law, commercial law, labour law, and environmental legislation.

The quality of, and capacity for, public procurement reform are ultimately expressed through a strong and knowledgeable political focal point at high ministerial level within a government and through central public procurement bodies with a clear political mandate and the authority and capacity required to carry out their tasks. Policy making and co-ordination should be characterised by clarity, coherence and continuity. There is also a need to organise the political relationship, communication and accession negotiations with the EU. While candidate countries are required to transpose the public procurement European *acquis* into national legislation, they should also adhere to EU good practice in areas not covered by the detailed provisions of the EU Directives – not only to qualify for admission to the EU, but also to further their own development in a context of scarce resources and globalisation.

Principle 10: Public procurement regulations (including public-private partnerships and concessions) are aligned with the *acquis*, include additional areas not covered by the *acquis*, are harmonised with corresponding regulations in other fields, and are duly enforced.

1. Public procurement legislation reflects fundamental policy goals and principles of public procurement (including public-private partnerships/concessions), such as value for money, free competition, transparency, equal treatment, mutual recognition and proportionality and supports integrity in public procurement.
2. Public procurement legislation (including public-private partnerships/concessions) is in compliance with the *acquis* and in accordance with the requirements agreed with the country under the European Union integration process, both in terms of substance and timing.
3. Outside the scope of the European Union Directives, particularly below the European Union thresholds but also in areas where a Member State is free to include national provisions, the legislation reflects the principles of the Treaty on the European Union and good European practice and offers a proper regulatory balance commensurate with the nature and size of the contracts.
4. Secondary and tertiary legislation reflects the same key principles as the primary legislation and promotes sound and efficient procurement.
5. New and amended legislation is prepared in consultation with the whole procurement community and made effective only when all those concerned are reasonably well-prepared to manage and apply the new legislation.
6. As soon as they have become effective, regulations are consistently and comprehensively applied across the public procurement system, with primary legislation complemented, as appropriate, by corresponding secondary legislation, prepared in a timely manner.
7. Procurement regulations are clear, free from overregulation and unnecessarily bureaucratic approaches, and frequent changes to them are avoided.
8. Procurement regulations, budget and expenditure regulations and other related regulations, such as contract law, are harmonised so that public contracts can be prepared, awarded and managed within a time frame and in a manner that is commensurate with good project management principles.

Analytical Framework

Methodological approach

The methods used to analyse this Principle are essentially qualitative assessments based on an analysis of the regulatory framework and supporting documentation, as well as interviews with key decision makers and practitioners:

- Analyse the degree of compliance with the *acquis*, including identifying non-compliant areas or provisions.
- Analyse the extent of rules and provisions for procurement below the EU thresholds or outside the scope of the EU Directives and their appropriateness and compatibility with the principles of the Treaty on the European Union and EU common practice and standards.
- Analyse secondary legislation and guidance documentation, including the availability of model tender and contract documentation, in order to determine whether the secondary legislation is aligned with the *acquis* and primary legislation and whether and how it is applied.
- Analyse regulations and working materials in the public consultation process to determine the extent of public consultations during the process of developing regulations and monitoring their use and appropriateness.

Information sources

The list of sources consulted is as follows:

- all legislative acts on public procurement, including public-private partnerships (PPPs)/ concessions;
- key secondary legislation and guidance documentation;
- working materials (for example consultation tables, meeting agendas and minutes);
- interviews with policy makers, practitioners and other stakeholders.

Indicators

- Extent to which public procurement legislation is complete and enforced.
- Nature and extent of public consultations during the process of developing regulations for public procurement and monitoring their use and appropriateness.

Principle 11: There is central institutional and administrative capacity to develop, implement and monitor procurement policy effectively and efficiently.

1. There is a clear political and legal mandate for an entity with a policy making function to initiate, outline, implement and monitor public procurement reform in all sectors (unless allocated differently, e.g. in the case of public-private partnerships and concessions) and all aspects (e.g. capacity building, modernisation of procedures, green procurement and integrity) and within the whole public administration.
2. There are clear and comprehensive policies for the orderly, longer-term development of the public procurement system, which may take the form of a national strategy and action plan, whether specific to public procurement or covering public financial management at large.
3. Dedicated capacity is available and well-used for implementing and revising the strategy for developing public procurement (including public-private partnerships and concessions).
4. A designated entity with the mandate and the capacity to communicate with the European Union institutions and co-ordinate European Union-related public procurement matters (including public-private partnerships and concessions) is in place and working.
5. The legislation defines the distribution among the central procurement and public-private partnership/concession institutions of their respective functions and responsibilities, which typically would include:

- long-term policy framework;
 - primary legislation;
 - secondary policies and regulation;
 - international co-ordination;
 - oversight and monitoring;
 - advisory and operational support;
 - publication and information;
 - professionalisation and capacity building;
 - operational development and co-ordination.
6. Potential conflicts of roles and interests are avoided, addressed in applicable legislation and built into the organisational design of the institutional structure.
 7. The public procurement institutions have the necessary authority and resources to exercise their functions and duties effectively and efficiently, and do so.
 8. A well-functioning central electronic portal is in place for the publication of tender and contract notices, as well as other important information and guidance.
 9. Advice and guidance to contracting authorities and entities and economic operators on applying the procurement legislation is available on demand and is practical and useful.
 10. An oversight and monitoring system for public procurement is in place, providing ready access to data on public procurement operations and, thereby, on implementing all applicable principles, policies and regulations.

Analytical Framework

Methodological approach

The methods used are a qualitative assessment of legislation and working practices and a quantitative analysis:

- Analyse the laws and regulations establishing the central institutional framework in order to determine the quality, completeness and consistency of the institutional framework and any possible conflicts of interest.
- Interview high-level representatives of the central procurement institutions (including at the political level) and practitioners (contracting authorities and economic operators and their organisations).
- Analyse and describe the functioning of procurement portals and monitoring systems using quantitative methods.

Information sources

The list of sources consulted is as follows:

- all acts regarding the establishment of the central institutions on public procurement, PPP/concessions, and in the defence sector;
- key secondary legislation and guidance documentation;
- data from procurement portals and monitoring systems;
- interviews with policy makers and practitioners.

Indicators

- Extent to which policy framework for public procurement is developed and implemented.
- Extent of coverage by dedicated institutions of the central procurement functions mentioned and of regulations defining their roles, responsibilities, working practices, staffing and resources.

- Comprehensiveness of systems for monitoring and reporting on public procurement proceedings and practices.
- Clarity, timeliness, comprehensiveness and accessibility of information available to contracting authorities and entities, economic operators and other stakeholders.

Key requirement: In case of alleged breaches of procurement rules, aggrieved parties have access to justice through an independent, transparent, effective and efficient remedies system.

A crucial mechanism for protecting the legality and integrity of the procurement process is guaranteeing access to justice by organisations and businesses participating in public tenders. Directive 2007/66/EC, which amended Directives 89/665/EEC and 92/13/EEC, defines the basic requirements for a review system to deal with complaints submitted by dissatisfied tenderers: speed, effectiveness and independence from contracting authorities. However, EU Member States are left to decide on the choice of administrative and legal solutions for organising the review system, resulting in a variety of models implemented. Among the key determinants of a well-functioning review system are the transparency and efficiency of the procedures, the institutional capacity, the quality of the decisions and how they are implemented. Topics of special interest in this respect include standstill periods, interim measures, contract ineffectiveness or alternative penalties, compensation of damages, cost of access to the appeal system, and access to judicial review and published decisions.

Principle 12: The remedies system is aligned with the *acquis* standards of independence, probity and transparency and provides for rapid and competent handling of complaints and sanctions.

1. The procurement legislation lays down the mechanisms and institutional set-up for handling complaints in compliance with the European Union Directives, and covers both public contracts and concessions.
2. The *acquis* mechanisms for ineffectiveness of the contract and the imposition of penalties are transposed into the national legislation.
3. Due consideration is given to achieving the main goals of public procurement (particularly value for money through open, transparent and non-discriminatory competition), as opposed to focusing on purely formal errors and omissions, especially those that do not impact on the outcome of the procurement process.
4. The review and remedies system provides speedy, effective and competent handling and resolution of complaints and sanctions, including comprehensive publication of judgements and their rationale.
5. The review and remedies system is easily available to economic operators, without discrimination and excessive cost.
6. The review organisation handles complaints and sanctions in a timely manner, in accordance with the law, and ensures their effective and competent resolution.
7. Data on the functioning of the remedies system is published without delay.

Analytical Framework

Methodological approach

The methods used are a qualitative assessment of legislation, supported by interviews and quantitative analysis of statistical data:

- Analyse the laws and regulations establishing the complaints review and remedies system in order to determine the quality and consistency of the institutional framework.
- Interview directors and other key members of the review and appeal bodies.
- Review sample decisions to analyse how the system is functioning in practice.
- Interview contracting authorities and entities, economic operators and other stakeholders.

- Analyse statistical data on operations⁵⁷.

Information sources

The list of sources consulted is as follows:

- laws, regulations and internal organisation charts, instructions and procedures;
- interviews with key officials and economic operators;
- statistics on the extent and nature of complaints, processing time, judgements, etc.;
- sample judgements made by the review organisation.

Indicators

- Actual processing time of complaints related to procurement compared with the maximum legal requirements.
- Number of cases in which the procurement review body exceeded the legal maximum processing time in relation to the total number of complaints.
- Number of complaints in relation to the number of tender notices published.
- Share of complaints in procurement that are challenged to the next judicial level.
- Presence of procurement review and appeal bodies covering the functions mentioned and of regulations defining their roles, responsibilities, working practices, staffing and resources, including the integrity of their work.
- Presence of user-friendly procurement review website including timely publication of decisions and statistics, with adequate search functions.

⁵⁷ Experience shows that care must be taken when using such data for analysis and recommendations. In fact, data for several of the indicators under the Principle is commonly available but could be interpreted in different ways depending on the circumstances. In other words, what they actually indicate and what value they should have in a well-functioning system is not always easy to determine on a purely theoretical basis, without considering the situation at hand.

Key requirement: Contracting authorities are adequately staffed and resourced and carry out their work in accordance with applicable regulations and recognised good practice, interacting with an open and competitive supply market.

An efficient public procurement system is founded on the availability of a professional, value driven and integrity conscious management function within the contracting authorities and entities that delivers value for money by conducting all the key aspects of the procurement processes professionally and cost-effectively. Successful public procurement operations strongly benefit from the use of a number of tools and approaches that can reduce transaction costs in the whole procurement process, provide more competitive prices and simplify tendering and contracting for contracting entities and economic operators. The main instruments of interest are e-procurement (which may include e-auctions), framework agreements and the establishment of central purchasing bodies and arrangements.

Public procurement is exposed to risks of corruption and fraudulent practices due to the extensive volume of business transactions that take place. Mitigating measures would focus on building the skills and experience of contracting authorities. Another basic prerequisite for an economic, efficient and effective public procurement system is the presence of an open, competitive and attractive market for awarding public contracts. The public sector market's attractiveness to economic operators depends on many factors, including the fairness and relevance of qualification and award criteria, and the availability of a complaint mechanism. The market should also be free of barriers to participation and allow interested small and medium-sized enterprises to participate where motivated.

Principle 13: Public procurement operations comply with basic principles of equal treatment, non-discrimination, proportionality and transparency, while ensuring the most efficient use of public funds and making best use of modern procurement techniques and methods.

1. The planning and preparation of public procurement are given due attention and are carried out competently, in a timely manner and in consultation with the parties concerned.
2. Technical aspects, cost estimation and budgeting consider both the short (acquisition) and long-term (operation, maintenance, replacement), as well as the benefits to users, duly taking into account alternative solutions.
3. Procurement procedures are chosen with a view to ensuring effective competition and timely and efficient proceedings (considering the transaction costs incurred both by contracting authorities and entities and by economic operators), and are proportionate to the nature and value of the items procured.
4. Tender documents contain clear, unbiased technical specifications, with conditions (including selection and contract award criteria) proportionate to the subject matter of the contract at hand and without any unduly onerous procedural requirements.
5. The provisions in the European Union Directives concerning compulsory and non-compulsory grounds for excluding tenderers are properly understood and applied by all contracting authorities and entities.
6. The procurement process prioritises economy, effectiveness and efficiency, with a special focus on proper planning and preparation and effective contract management and control.
7. Instruments to evaluate contract performance and benchmark the economy, effectiveness and efficiency of public procurement proceedings and of contract management by an individual contracting authority or entity are in place and working.
8. Mechanisms, including rules on conflict of interest and collusive practices, are in place to identify and address corrupt and fraudulent practices.
9. A risk indicator system signals potential integrity problems in the procurement process.
10. E-procurement, as envisaged and described in the European Union Directives, is used as an important tool for improving competition, transparency and reducing costs in the procurement process, based on a well-anchored and prepared strategy and action plan for implementing e-

procurement at the national level, including e-auctions if and where appropriate.

11. Framework agreements are used in accordance with European Union rules and are implemented and given sufficient regulatory and advisory support by the central public procurement institutions.
12. Centralised purchasing is used for standard products and services of common interest, as foreseen in the European Union Directives.
13. Procurement is carried out with due consideration of the state of the supply market and the need for sustainable development of its competitiveness and capacity.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessments of actual operational practices, based on an analysis of reports and statistical data and including interviews with policy makers, contracting entities and economic operators:

- Assess procurement planning and proceedings preparation.
- Study tender documents and award procedures.
- Assess post-award contract management and evaluation.
- Assess use of framework agreements, e-procurement and centralised purchasing operations, if any.

Information sources

The list of sources consulted is as follows:

- reports, tender documents, contracts and other documentation;
- information derived from interviews;
- official procurement statistics from the competent authorities.

Indicators

- Share of contracts already announced in published procurement plans or indicative notices.
- Share of contracts awarded by competitive procedures.
- Share of contracts awarded based on acquisition price only.
- Share of contracts amended after award.
- Share of contracts subject to formal post-evaluation.
- Average number of tenders submitted per goods contract to be procured.
- Average number of tenders submitted per works contract to be procured.
- Average number of tenders submitted per services contract to be procured.
- Extent of use of modern procurement techniques and methods.

Principle 14: Contracting authorities and entities have the appropriate capacities and practical guidelines and tools to ensure professional management of the full procurement cycle.

1. Each contracting authority or entity has a designated, specialised procurement function with the necessary capacity and capability to undertake its duties and responsibilities efficiently and effectively.
2. Procurement officials are recognised as having specific skills, roles and responsibilities, and policies and concrete measures for staff development and adequate training are in place.
3. Well-documented planning and management tools for all stages of the procurement process exist and are used, in particular for the analysis, budgeting, design of contract documentation, choice of

contracting strategy and tendering method, determination of selection and award criteria, evaluation of tenders, and award and management of contracts.

4. Administrative systems and routines for improving competition, increasing transparency and reducing costs are in place and are used.
5. Supporting documentation (such as manuals and guidelines, model tender documents, evaluation formats, model tender and award notices and model contract conditions for works, goods and services) is readily available to procurement officials and economic operators.
6. Means for monitoring public procurement are in place, particularly for collecting procurement data and making them available, with a view to measuring performance and outcomes (both at the national level and at the level of each contracting authority/entity) and identifying the potential for improving the public procurement system.
7. The dedicated, specialised procurement function of the contracting authority or entity fully understands its role as a service provider and maintains excellent relations with all other parties concerned, both external and internal.

Analytical Framework

Methodological approach

The methods used are qualitative and quantitative assessments supported by the interviews:

- Analyse the regulatory framework, organisational charts and instructions.
- Analyse supporting documentation and statistical data.
- Conduct interviews to analyse working practices. For purposes of information gathering and interviews, identify the main contracting entities, since they normally account for a major share of national public procurement.

Information sources

The list of sources consulted is as follows:

- relevant regulations and internal instructions and organisations;
- representatives of a significant sample of contracting entities of various types and sizes and a small sample of buyers, economic operators and other stakeholders;
- monitoring and reporting departments of central public procurement institutions and contracting authorities.

Indicators

- Nature and extent of clear, user-friendly guidelines and instructions, standard documents and other tools available to contracting authorities and procurement officials.
- Professionalisation of procurement officials.

Key requirement: The constitutional and legal framework guarantees the independence, mandate and organisation of the Supreme Audit Institution to perform its mandate autonomously according to the standards applied for its audit work, allowing for high-quality audits that impact on public sector functioning.

A public financial accountability system requires independent and professional scrutiny of the executive's management of public funds by the SAI. Chapter 32 of the EU accession negotiation process discusses the existence of an operationally and financially independent SAI. This requires the existence of an SAI with a solid basis in the Constitution, subject to a specific SAI law based on the Lima Declaration⁵⁸ and functioning according to the International Organisation of Supreme Audit Institutions (INTOSAI) Standards of Supreme Audit Institutions (ISSAI). SIGMA has sought to identify minimum requirements of a functioning SAI under this category.

The legal framework should authorise the SAI to audit all public financial operations, regardless of whether and how they are reflected in the national budget, and to undertake the full range of financial, regularity and performance audit set out in international standards. It should also maintain the independence of the SAI by granting it the necessary financial, operational and human resources to fulfil its responsibilities. In addition, all SAI members and audit staff should have the qualifications and professional integrity required to carry out their tasks to the fullest extent. An SAI should perform all its tasks in keeping with audit standards, ensuring reliability and consistency by adopting audit manuals and applying effective quality assurance procedures. Delivering professional and objective audit reports in a timely manner is a key condition for ensuring the credibility of the institution. The SAI should be concerned that its work has an impact on the public sector by strengthening the accountability of the Government and public sector entities in general. In this context, it should have proper procedures in place to monitor the implementation of audit recommendations and adjust the audit activity as it sees fit.

Principle 15: The independence, mandate and organisation of the Supreme Audit Institution are established and protected by the constitutional and legal framework and are respected in practice

1. The Supreme Audit Institution and its necessary degree of independence are established in the Constitution or a comparable legal framework. Details may be set out in legislation (International Standards of Supreme Audit Institutions).
2. The independence of the head (or members, in case of collegiate bodies) of the Supreme Audit Institution is legally protected. The appointment, terms of employment, removal, dismissal and immunity of the Supreme Audit Institution head (or members, in the case of collegiate bodies) during the normal discharge of duties are guaranteed by the relevant constitutional or legal provisions.
3. The audit mandate is exhaustive and the Supreme Audit Institution has full discretion in discharging its responsibilities. This includes the right to carry out financial, performance and compliance audits.
4. The Supreme Audit Institution staff have an unrestricted right to access the premises of the audited bodies in order to carry out their audit activity and to decide what information they need for their audits. The law guarantees them unrestricted right to access records, documents and information.
5. The legal framework provides for the financial independence of the Supreme Audit Institution from the executive and the Supreme Audit Institution is entitled to use the funds allotted to it under a separate budget heading as it sees fit.
6. The Supreme Audit Institution has management and supporting structures allowing it to implement its mandate.
7. The Supreme Audit Institution improves its members and staff's theoretical and practical professional development through internal, external and international programmes.

⁵⁸ <http://www.intosai.org/issai-executive-summaries/view/article/issai-1-the-lima-declaration.html>

8. The Supreme Audit Institution is empowered and required by the Constitution to report its findings annually and independently to the Parliament or any other responsible public body and this report is published.

Analytical Framework

Methodological approach

The methods used to analyse this principle are qualitative, using the Constitution and the legislation governing the SAI, including the internal rules and procedures and other relevant documents. The data are supplemented by interviews:

- Examine the Constitution and SAI legislation to ensure it spells out clearly and in detail the independence of the SAI (ISSAI 10, Principles 1 and 2).
- Determine whether the absence of interference from the executive is ensured in practice. The SAI should be managed autonomously, while taking into account the administrative laws applicable to the whole public sector.
- Ensure the legislation includes provisions supporting the freedom of the SAI to programme its audit activity (ISSAI 1, Section 13; ISSAI 10, Principles 3 and 6). Examine and ensure that the annual working programme is established according to SAI's internal procedures. Check that those audits are carried out in practice.
- Determine whether the SAI has unrestricted access to information (ISSAI 10, Principle 4). Restrictions to the SAI accessing the information deemed necessary to carry out its audit work may apply and should be recognised by the relevant legal provisions, e.g. in the law regulating external audit. Also examine whether procedures are in place to resolve cases where access to information is denied. Information may be restricted or even denied when necessary to protect national security, individual privacy, or commercial confidentiality (ISSAI 1, Section 16 [3]).
- Verify that there is an approved and applied organisational structure which ensures that responsibility for all work carried out by the SAI is clearly assigned.
- Assess the availability of appropriate financial and material resources, e.g. offices and access to training centres, archiving facilities and information technology hardware and software enabling employees to communicate, access information and document their work.
- Evaluate the decision making procedures, volume of administrative support and ratio of human, financial and other resources used by the SAI in relation to those allocated specifically for audit work.
- Examine and compare the resources used for mandatory audits with those used for audits selected independently by the SAI. Evaluate the share of the resources allocated by the SAI to requested audits.
- Verify the existence of a strategy or plan for a physical infrastructure, information technology and archiving facilities enabling the quality storage of all relevant records.
- Assess the availability of appropriate staff. Check to what extent the human resource management (HRM) strategy of the SAI actually inspires its human resources policy, particularly with regard to (in-house or not) training activities, and their relevance to audit standards and work (ISSAI 40, Element 4). Assess how the recruitment process functions in practice to ensure the right people are hired. Assess the number of training days, keeping in mind that the guidelines published by the International Federation of Accountants advocate five professional training days per auditor per year.
- Assess whether the strategic development plan or similar document is based on broad internal reviews (e.g. self-assessments) and external peer reviews of the organisation's functioning which are reviewed regularly (i.e. at least once a year). Also assess whether proposals addressed for decision drove progress in achieving the institution's goals.
- Determine whether the SAI is empowered to report on its work annually and independently to the Parliament or any other responsible body and to what extent it actually does so. For

example, the annual report shall cover all activities of the SAI as well as any other particularly important and significant findings during the year (ISSAI 1, Section 16; ISSAI 10, Principle 5). Determine whether the SAI is free to decide on the contents and timing of its reports, except where specific requirements are prescribed by law.

Information sources

The list of sources consulted is as follows:

- the Constitution;
- SAI law;
- Organic Budget Law or equivalent;
- annual financial statements of the state;
- law on social security or equivalent;
- law on fiscal council;
- law on public enterprises;
- Civil Service Law and associated regulations, where applicable;
- SAI internal regulation;
- multi-year audit strategy, annual audit plan, changes in annual audit plans, sample audit reports:
 - communication strategy/policy;
 - SAI human resources strategy;
 - SAI training needs assessment and training strategy;
 - statistics on number of staff, vacancies, recruitment, staff development and educational background of staff;
 - statistics on continuous professional development, e.g. training attendance, staff certification and personnel qualification;
 - series of SAI annual budgets (spanning three to four years).
- SAI annual activity report;
- on-site observation of SAI's premises and equipment;
- interviews with SAI officials, members and chairpersons of Parliamentary committees, auditees, international community, non-governmental organisations (NGOs) and specialised academics.

Indicators

- Difference between approved budget and realised expenditure of the SAI.
- Share of SAI budget in the state Budget.
- Amount of resources used for mandatory audits compared with resources for audits selected independently by the SAI.
- Extent to which the fundamental requirement for SAI independence, mandate and organisation is established and protected by the constitutional and legal framework.
- Extent to which SAI management ensures the development of the institution.

Principle 16: The Supreme Audit Institution applies standards in a neutral and objective manner to ensure high quality audits, which positively impact on the functioning of the public sector.

1. The Supreme Audit Institution applies work and audit standards issued by the International Organisation of Supreme Audit Institutions or other recognised standard-setting bodies.
2. The work of the Supreme Audit Institution is based on independent professional judgement and sound and robust analysis.
3. The Supreme Audit Institution plans and conducts the scope of its work by applying the fundamental principles to public sector audit engagements, allowing for financial, performance and compliance audit to promote accountability and transparency over public activities, and

fulfilling its responsibilities fully and objectively.

4. The Supreme Audit Institution maintains procedures for quality control and ethics on an organisational level, providing reasonable assurance that the Supreme Audit Institution and its personnel are complying with professional standards, including integrity, independence and objectivity, confidentiality and competence.
5. A formal mechanism exists for the Parliament to consider Supreme Audit Institution reports.
6. The Supreme Audit Institution provides the legislature, and especially legislative committees, with relevant, objective and timely information.
7. Supreme Audit Institution reports are clear and concise. They feature relevant and useful recommendations based on Supreme Audit Institution findings and establish procedures for following up on audit reports.
8. The Supreme Audit Institution communicates widely and timely on its activities and audit results through the media, websites and other means and makes its reports publicly available in a timely manner.

Analytical Framework

Methodological approach

The methods used to analyse this principle are qualitative and quantitative assessments, based on an analysis of the relevant documentation and complemented by interviews:

- Verify whether the SAI applies its collective knowledge, skills and experiences to the audit process, and particularly whether it introduces and applies standards for its activity and informs staff of these standards. Review sample (approximately five) of audit files and audit reports and analyse their contents against the wording of the audit standards.
- Check if the existing audit manuals are in line with the fundamental auditing principles (ISSAI 100, 200, 300, 400) and are applied in practice, i.e. whether audit planning is based on risk and materiality, whether audit work provides for audit evidence and sufficient documentation, and whether audit conclusions are balanced.
- Examine the SAI code of ethics or equivalent and ensure that provisions (including rules for corrective measures) exist to monitor the implementation of these requirements and that the SAI applies those measures in cases of non-compliance.
- Assess whether the SAI considers the views of the audited entity, as appropriate (ISSAI 10, Principle 6).
- Examine the quality control policies and procedures in place maintain high audit standards, including adherence to ethical requirements. Verify that there is sufficient staff with appropriate competence and capabilities and that work is supervised and reviewed objectively to ensure it is carried out in a neutral and objective manner and to a high standard.
- Examine whether reporting is timely, is measured by the SAI and reflected (as appropriate) in its statistics. A legal or agreed time frame should be in place for submitting audit reports.
- Assess whether effective follow-up mechanisms exist on SAI recommendations (ISSAI 10, Principle 7), whether there is a well-functioning parliamentary committee tasked to examine, discuss and act on the reports of the SAI and by the existence of good practices on communicating with the legislature, the executive and the judiciary (ISSAI 20, Principle 7).
- Study the extent to which the SAI takes measures to ensure its audit work impacts on the functioning of the public sector. The SAI shall report (as appropriate) on follow-up measures taken with respect to its recommendations (ISSAI 12, Principle 3.6).

Information sources

The list of sources consulted is as follows:

- SAI standards, audit manual, individual audit programmes, internal instructions and guidelines on selecting and using audit procedures;
- multi-annual and annual audit strategy, as well as the audit programmes;
- sample audit reports, audit files and working papers, where possible;
- quality control reports (where they exist);
- SAI law, code of ethics or equivalent document;
- SAI organisational chart identifying a press and media relations function;
- SAI communication strategy or policy;
- press conferences, press releases, content analyses of media reporting;
- SAI annual activity report;
- statistical data, where available, on follow-up to recommendations;
- interviews with SAI management and external stakeholders, e.g. NGOs, MoF and selected auditees and other public sector entities, e.g. the judiciary, members of Parliament and media representatives;
- RoP of the Parliament.

Indicators

- Proportion of audit reports published on the SAI website compared to total audit reports adopted.
- Share of audit recommendations accepted and implemented by auditees.
- Share of timely audit reports⁵⁹.
- Extent to which the SAI uses the standards to ensure quality of audit work.

⁵⁹ Timeliness is measured by comparing the number of SAI reports adopted on time (i.e. within the individual deadlines set by the SAI internal rules) with the number of planned reports for the year.