

Value for Money and Policy Review Initiative Guidance Manual

**Value for Money and Policy Reviewers' Network
Central Expenditure Evaluation Unit, Department of Finance**

7 March 2007

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1. Value for Money and Policy Review Initiative

1.1. Introduction

The Government's Value for Money and Policy Review Initiative is part of a framework introduced to secure improved value for money from public expenditure. The objectives of the Value for Money and Policy Review Initiative are to analyse Exchequer spending in a systematic manner and to provide a basis on which more informed decisions can be made on priorities within and between programmes. It is one of a range of modernisation initiatives aimed at moving public sector management away from the traditional focus on inputs to concentrate on the achievement of results.

Value for Money Reviews are undertaken under the aegis of steering committees which are representative of the Departments/Offices managing the programmes/areas being reviewed. For the more significant reviews the Department of Finance is generally represented on the steering committees.

The primary objective of this Guidance Manual is to provide practical and user-friendly assistance on the Value for Money and Policy Review process, as well as guidance on evaluation methodology and practice. The target audience for the Manual is civil servants who have been asked to carry out Value for Money reviews and managers of the process in Departments/Offices. The manual should also be of interest to those seeking a general overview of the Value for Money and Policy Review Initiative. It replaces the original Guidelines on the Expenditure Review Initiative issued by the Department of Finance in 1997.

1.2. Background to Value for Money and Policy Review Initiative

The main developments over the lifetime of the Value for Money and Policy Review Initiative and its predecessor the Expenditure Review Initiative are summarised below:

- March 1997 – Government approved arrangements for the Expenditure Review Initiative as proposed by the Minister for Finance;
- July 1997 – Government approved the first round list of reviews to be completed by Departments/Offices;
- June 2001 – May 2002. Government approved revised arrangements for the next phase of the Expenditure Review Initiative, which included setting criteria for the selection of programmes for review and providing for all review reports to be published and laid before the Oireachtas. It also approved the schedule of review topics for 2002 – 2004;

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- October 2001 – The C & AG published Report No 39 on its Value for Money examination of the Expenditure Review Initiative;
- May 2003 - New arrangements for the external quality assessment of review reports were implemented;
- October 2004 – The first Formal Report of the Expenditure Review Central Steering Committee to the Minister for Finance was published;
- June 2006 – The Value for Money and Policy Review Initiative was introduced to replace the narrower Expenditure Review Initiative and included 92 formal reviews approved by Government for the 2006 – 2008 Round.

1.3. Value for Money Framework

A new improved Value for Money Framework has been put in place in recent years. It is designed to achieve better value for money and to provide greater accountability to the Oireachtas and the taxpayer on what is being achieved for public expenditure. This framework¹ includes:

- **5 year rolling multi-annual capital envelopes** - These set out on a rolling basis for the 5 years ahead the annual commitment of Exchequer capital and targets for Public Private Partnership capital spending. A key element of the capital envelope arrangements is that they permit the carry-over into the following year of unspent Exchequer capital up to a maximum of 10% of the original allocation. Delegated Sanction is given to Departments and implementing agencies to manage their capital programmes within their capital envelope commitments, subject to certain conditions which include compliance with capital appraisal and value for money requirements. Departments and implementing agencies therefore have greater budgetary certainty and flexibility to plan and manage their capital programmes and projects;
- **Revised capital appraisal guidelines** – The guidelines contain detailed advice in regard to assessing the costs and benefits of projects at appraisal stage and on arrangements for the management and implementation of capital programmes and projects. They reflect best practice and greater proportionality in project assessment;
- **Public procurement reforms** - In line with the Public Procurement Guidelines - Competitive Process, 2004 (and subsequent additional guidelines material contained in the guidance section of www.etenders.gov.ie) public bodies are required to use a competitive process for all purchases of goods and services - whatever the value. In very exceptional cases this requirement may be waived and the rare circumstances justifying this are contained in the guidance material. The degree of competition and the time taken to complete the process must be proportionate to the value of the contract but in all cases the process must be open and transparent. In addition, Departments are required to develop Corporate Procurement Plans that outline value for money objectives, set targets to achieve savings from existing procurement expenditure and put in place the appropriate structural changes to facilitate better outcomes from procurement.;
- **PPP Specific Guidelines** – The Revised Capital Appraisal Guidelines apply to all public capital projects but some of the specific steps followed in PPP procurement (following detailed appraisal and approval in principle) differ.

¹ Details of the various initiatives under the Value for Money Framework are available under the Policy Areas and Publications section of the Department of Finance website (www.finance.gov.ie).

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These are set out in PPP specific guidelines (available on www.ppp.gov.ie) and include for example the appointment of a Process Auditor and using a Public Sector Benchmark;

- **January 2006 Circular Letter: Additional VFM measures** - These measures include the adoption of fixed price contracts as the norm; the appointment of project managers with individual responsibility for major projects; lowering the threshold for undertaking full cost benefit analysis for major projects to €30 million; reporting by Departments and implementing agencies of outcomes on projects above €30 million against budgets and timescales in their annual reports; and peer reports and peer review of ICT projects;
- **Central Expenditure Evaluation Unit in the Department of Finance** - The role of the Unit, which was established in mid-2006, is to promote best practice in the evaluation and implementation of programme and project expenditure across all Government Departments and Public Sector Agencies. The Unit focuses in particular on ensuring that Department of Finance frameworks in relation to the appraisal and management of programmes and projects are being implemented, and overseeing ongoing Programme Evaluation under the Value for Money and Policy Review Initiative and the National Development Plan;
- **Annual Output Statements** - Under reform of the Estimates and Budget process, Ministers will, from 2007 onwards, present an annual Output Statement in tandem with their estimates to the relevant Oireachtas Select Committee responsible for considering their estimates. From 2008 onwards, Ministers will be reporting on what was delivered in the previous year versus the planned output for that year, and setting targets for delivery in the current year.

1.4. Support Structures

1.4.1. Value for Money and Policy Review Central Steering Committee

The Value for Money and Policy Review Central Steering Committee (CSC) is chaired by the Secretary General, Department of Finance. Other members consist of a Secretary General of one large and one smaller Department (one with an economic perspective, one with a social perspective) and one independent member with economic and evaluative expertise.

The Committee monitors the review process in Departments/Offices with particular reference to the selection of topics for review under each new round of the initiative and progress with the conduct of reviews. The Committee meets with Secretaries General and Heads of Office and reports on progress to the Minister for Finance and to the Government. It considers general issues in relation to the development of the review process, focusing particularly on questions of impact and quality assurance.

1.4.2. Value for Money and Policy Reviewers' Network Committee

The Value for Money and Policy Reviewers' Network Committee oversee the VFM Reviewers' Network. The Network comprises staff from Departments and Offices who are involved in the review process. It organises events with relevant speakers and offers support and advice to officials undertaking VFM reviews. The network committee acts as an interface between reviewers in Departments/Offices and the Central Steering Committee. Further details on the Network's activities and on the central supports available to reviewers are set out in Chapter 8.

The current membership of the Central Steering Committee and the Network Committee is given at Annex 1.

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The Central Expenditure Evaluation Unit (see Section 1.3) provides administrative and technical support to the Central Steering Committee and to the Network Committee.

1.5. Overview of Guidance Manual

The Guidance Manual has been designed primarily for administrators and programme managers charged with carrying out Value for Money Reviews, many of whom may not have either a specialist background or formal qualifications in evaluation and policy analysis. The Manual is intended to be a resource and reference for reviewers to consult at appropriate junctures in their reviews. As far as possible, real-life examples have been offered to enhance the practical usefulness of the Manual. Where it is considered helpful, references to further reading and useful web resources are given.

The Manual also sets out the responsibilities of Departments/Offices in relation to the Value for Money and Policy Review Initiative. Managers of the process should have particular regard to Chapters 1, 2 and 8 of the Manual.

1.5.1. Methodology used in developing the Guidance Manual

The Manual was developed by the Value for Money and Policy Review Network Committee in conjunction with the Central Expenditure Evaluation Unit.

A Consultant, Mr Colm Dunne, Epsilon Consulting, with experience and expertise in evaluation was appointed to draft chapters dealing with the evaluation framework, planning, methodologies and review report content (i.e. Chapters 3-6).

A Network event was held to obtain the views of reviewers on the proposed content of the manual and a sample of review reports from the period 2004-2006 were examined along with the briefings received from Departments in advance of their meetings with the Central Steering Committee.

1.5.2 Content of Chapters

The structure of the manual is set out below:

Chapter 1	Outline of Value for Money and Policy Review Initiative and the Value for Money Framework
Chapter 2	Guide to the main stages in a VFM review, including selection of topics for review, establishment of review Steering Committees, and quality assessment arrangements
Chapter 3	The evaluation framework for VFM reviews, including the programme logic model and the key evaluation criteria (rationale, efficiency, effectiveness, impact and continued relevance)
Chapter 4	Planning a VFM review, which consists of drawing up the Terms of Reference and developing the review plan covering methodology, resources and organisation
Chapter 5	Guidance on how to apply the key evaluation criteria to a VFM review, and advice on the application of different evaluation methodologies and evidence gathering techniques
Chapter 6	Practical guidance and tips for structuring, writing and presenting a VFM review report
Chapter 7	Special arrangements applying to Cross Departmental VFM Review Reports
Chapter 8	Management of the Value for Money and Policy Review process in Departments and Offices, the role of the Management Advisory

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Committee, fulfilling the reporting requirements for the process, and an outline of the support structures available to reviewers.

1.5.3. Work in Progress

The Guidance Manual is intended to be a “living document” which will be amended and updated over time. In that context, civil servants using the manual are asked to contact the VFM and Policy Review Secretariat regarding any shortcomings they have identified or to point out areas in which they think further guidance would be helpful.

Contact details: geraldine.merrick@finance.gov.ie

Annexes: 1. Membership of Central Steering Committee and Network Committee

Further Reference

C & AG Value for Money examination of the Expenditure Review Initiative, October 2001 (Report No. 39)

http://www.audgen.gov.ie/documents/vfm_review_reports/25972_Expend%20Review%20Initiative.pdf

First Formal Report of the Expenditure Review Central Steering Committee to the Minister for Finance, October 2004

<http://www.finance.gov.ie/documents/publications/other/exprevinitrepjune02june04.pdf>

Department of Finance Press Release of 11 June 2006 on Value for Money and Policy Reviews which incorporates the topics scheduled for review by Departments/Offices over the period 2006 – 2008

<http://www.finance.gov.ie/viewdoc.asp?DocID=3955&CatID=1&StartDate=01+January+2006&m=n>

Annex 1: Membership of Central Steering Committee and Network Committee

Central Steering Committee

Mr David Doyle, Secretary General, Department of Finance (Chair)

Mr Jim O'Brien, Second Secretary General, Sectoral Policy Division, Department of Finance

Mr John Hynes, Secretary General, Department of Social and Family Affairs

Ms Julie O'Neill, Secretary General, Department of Transport

Dr Michael Mulreany, Director of Postgraduate Education Programmes, Institute of Public Administration

Vacancy, Department of Finance (secretary)

Value for Money and Policy Reviewers' Network Committee

Mr Cormac Gilhooly, Head of Central Expenditure Evaluation Unit, Department of Finance (chair)

Mr David Byrne, Department of Health and Children

Mr Eoin Corrigan, Department of Environment, Heritage and Local Government

Ms Sighle deBarra, Civil Service Training and Development Centre, Department of Finance

Ms Una Nic Giolla Choille, Department of Communications, Marine and Natural Resources

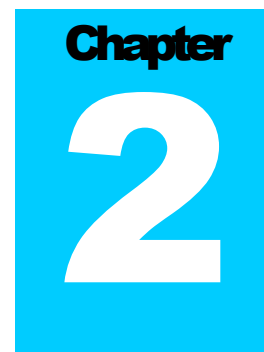
Mr Ciaran Lawler, Department of Social and Family Affairs

Mr Fintan O'Brien, Department of Education and Science

Mr Conor O'Malley, Department of Arts, Sports and Tourism

Vacancy, VFM and Policy Review secretariat, Department of Finance

Ms Geraldine Merrick, Department of Finance (secretary)

A blue square graphic with the word "Chapter" in black text at the top and a large white number "2" in the center.

2. Stages in a Value for Money Review

2.1. Introduction

This chapter will give a guide to the main stages in the Value for Money Review process and provide an overview of the course of a review from start to finish. The chapter focuses on five key stages in the review process:

- selection of topics under each new round of reviews;
- establishing review Steering Committees;
- agreeing Terms of Reference for reviews;
- the Quality Assessment process; and
- the formal steps to be taken on completing a review.

For detailed guidance on planning a review and on the evaluation tools used in conducting a review you should turn to Chapters 4 and 5.

2.1.1. Guidance Outcomes

The guidance in this chapter will enable you to:

- obtain an overview on the stages in the review process;
- learn about the criteria used in approving topics under each 3-year cycle of reviews;
- be aware of issues related to the establishment and operation of review Steering Committees, including the use of consultants;
- understand the process for drafting and obtaining approval for the Terms of Reference of a review;
- handle the Quality Assessment process; and
- be aware of the steps to be taken on the completion of a review.

2.2. Overview of Review Process

At the beginning of each round of reviews Departments are invited by the CSC to identify topics for review. Following consultation between Departments/Offices and the Department of Finance regarding their evaluation priorities the review proposals

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submitted by Departments/Offices are considered by the CSC and submitted to Government for approval.

For each review topic approved by Government, the Department/Office concerned must establish a Steering Committee to oversee the review. The first task of the Committee is to draft and obtain approval for the proposed review Terms of Reference. The review is then carried out in accordance with the approved Terms of Reference.

Towards completion, the penultimate draft of the review report is forwarded for external quality assessment. The Department/Office has the option to address the quality assessor's comments in the final draft of the review report, which is then submitted to the Secretary General/Head of Office for approval. It may also be necessary to submit the report to the Minister or to Government for decision/noting.

The final report, once approved, is laid before the Houses of the Oireachtas, submitted to the appropriate Oireachtas Select Committee, and published on the website of the Department/Office. It is the responsibility of the Department/Office to ensure the implementation of the agreed recommendations contained in the review report.

2.3. Selection and approval of topics for Review

Departments/Offices should identify topics for Value for Money review when invited to do so by the CSC (the CSC has recommended that Departments/Offices should decide on future VFM review topics as early as possible *in anticipation* of the next review cycle).

In accordance with criteria laid down by the Government, the focus should be upon topics that are significant and relevant, and that involve major policy issues or significant levels of expenditure.

2.3.1. Coverage of organisation's expenditure

The CSC has advised that the general approach should be to choose a small number of reviews each year (e.g. two reviews for larger Departments or one for smaller to medium size Departments) which account for a significant proportion of the organisation's budget rather than large numbers of reviews on topics of less significance.

Note that while many reviews focus on discrete expenditure programmes, areas of activity (including Administrative Budget activity) or even the performance of a whole organisation should also be considered. Some past examples of such reviews are the Central Statistics Office's Expenditure Review Report on the Social and Demographic Statistics Directorate; the Expenditure Review on the Operation and Management of the IT Systems in the State Laboratory; and the Expenditure Review of the Valuation Office.

Departments/Offices are required to clearly indicate the estimated total expenditure and the percentage of their total budgets that the proposed reviews will cover. They are also asked to state the specific business factors underlying the choice of the particular programmes/areas for review.

For the 2006-2008 round of reviews, Departments/Offices were asked to provide for an indicative coverage of at least 10-15% of expenditure by Vote based on the 2005 estimates of expenditure.

The approach followed by two Departments – Communications, Marine and Natural Resources; Community, Rural and Gaeltacht Affairs – in proposing review topics for the 2006 – 2008 round is given in Annex 1.

A Department/Office may find it useful to examine the feasibility of potential review topics by reference to the headings set out in the Terms of Reference Proposal Document outlined in Chapter 4 and in Annex 1 to that Chapter.

2.3.2. VFM Reviews and Capital Appraisal Guidelines

The Department of Finance Capital Appraisal Guidelines² require that capital programmes with an annual value in excess of €50 million and of 5 years or more duration must be evaluated at the beginning and mid-point of each 5-year cycle. Evaluations for this purpose may be included as topics for VFM review provided that the general requirements for carrying out and implementing VFM reviews are complied with.

2.3.3. Finalisation of topics and Government decision on new round of reviews

Finalisation by Departments/Offices of their proposed review topics is done in consultation with Sectoral Policy Division or, in cases where the organisation's expenditure comes primarily from the Administrative Budget, with Organisation, Management and Training Division of the Department of Finance.

The CSC examine the proposals made by Departments/Offices to ensure that they comply with the Government's requirements. Where the Committee is not satisfied that this is the case, it may ask the Department/Office concerned to submit alternative or additional topics for review.

A comprehensive review plan is submitted to the Minister for Finance who seeks Government approval for the new round of reviews, including the programmes/areas to be reviewed and the timeframe to be followed.

2.3.4. Amendment of review topics subsequent to Government decision

Departure from the list of review topics approved by Government is only allowed in exceptional circumstances, such as a change in Government policy in the area in question, and then only where a suitable topic of at least equal significance is substituted for a review being dropped.

2.3.5. Inclusion of Smaller Offices in review process

All Government Departments and three of the larger Offices (Office of the Revenue Commissioners; Office of the Houses of the Oireachtas; and the Office of Public Works) are participants in the 2006-2008 round of the VFM review process.

In its decision of June 2006, the Government decided to focus the review effort on the larger Departments and Offices, which are responsible for the vast bulk of public spending.

A number of the smaller Offices participated in previous rounds of the review initiative, and some are still finalising outstanding review reports. In its October 2004 progress report, the CSC recommended that the VFM Reviewers' Network Committee should assess the particular demands of the review initiative on the smaller Offices and propose what actions it considers necessary to reduce the administrative burdens of the reviews on the smaller Offices while maximising the benefits that internal evaluation can bring.

2.4. Steering Committees for VFM Reviews

Departments/Offices should appoint individual Steering Committees for each of their reviews. The Steering Committees should be seen clearly to act independently and to exercise direct, hands-on responsibility for the conduct of reviews. They should include personnel from outside the line divisions that operate the programmes/areas being reviewed and, insofar as possible, from other relevant Government Departments/Offices

² See <http://www.finance.gov.ie/documents/publications/other/capappguide05.pdf> and <http://www.finance.gov.ie/documents/publications/other/pubproc&cap.app.pdf>

or bodies. This is desirable to maintain objectivity and to contribute to the overall robustness of the review.

The Steering Committee is responsible for drafting the terms of reference, planning and conducting the review, agreeing methodology and performance indicators, writing the report, liaising with consultants and quality assessors, and advising the MAC of progress and of any difficulties arising. Further information on the role of the Steering Committee is set out at Paragraph 4.3.3.

2.4.1. Membership of Steering Committees

When selecting Steering Committee members, the focus should be on identifying people who have knowledge, influence or skills that will enable the Committee to accomplish its task and guide the review to completion. Depending on the type of review and the availability of prospective members, the Steering Committee membership might be drawn from some of the following areas (in each case, the rationale for selecting the member is provided):

- section/division that runs the programme being reviewed or handles the related policy area – the officials concerned will be aware of the issues that need to be addressed in the review and of the sources of information available; the Principal Officer from the line Division concerned usually acts as chair of the Committee (although, at least one Department requires that the chair **not** come from the line Division);
- lead reviewer – where the review is carried out in house, the lead reviewer should always be a member of the steering committee. Where consultants are carrying out the review the project manager for the consultancy should be a member of the steering committee (see Paragraph 2.4.5 below on use of consultants);
- finance Unit – obtaining financial information is a crucial part of any review;
- evaluation/planning Unit/coordination unit for VFM reviews – where such a Unit exists, it will have staff who are experienced in evaluation methodologies and practices;
- internal audit unit – for example, the Department of Foreign Affairs draws from staff of its professionally-staffed Evaluation and Audit Unit within its Development Cooperation Directorate;
- specialist sections of the Department/Office – for example, the Department of Education and Science Schools Inspectorate might be represented on reviews related to schools as their Inspection Reports might be a useful input into these reviews;
- personnel with a particular interest, experience, or training in evaluation – for example, those who have completed Masters or Higher Diploma Programmes in public policy analysis/evaluation, or officials who were involved with previous reviews or evaluations;
- other Departments/Offices – officials from other Departments may have expertise relevant to the subject of the review; for example, the Steering Committees for the Department of Enterprise, Trade and Employment review of IDA Ireland's Property Programme and the Courts Service review of Courthouse Maintenance and Capital Building Refurbishment included representatives of the Office of Public Works (see also Section 7.3 dealing with cross-departmental aspects of reviews);

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- agencies/bodies charged with delivering the programme being reviewed (see paragraph 2.4.2. below);
- representative from target group of the programme (see paragraph 2.4.3. below);
- independent members – if the Steering Committee comprises only officials close to the administration of the programme, representatives from other areas, including from other Departments/Offices, could play a key role in ensuring objectivity and independence;
- Department of Finance – the relevant Vote Section in Sectoral Policy Division³ of the Department should be invited to nominate a representative; note that the Department of Finance may confine its involvement to the larger VFM reviews; a Department/Office should take steps to keep the relevant Vote Section ‘in the loop’ regarding its review, especially where there is no Steering Committee representative.

2.4.2. Including agencies on Steering Committees

External agencies are involved in the delivery of many Government programmes. Departments/Offices have tended to include on review Steering Committees representatives of agencies administering the programmes/areas being reviewed. For example, the Department of Enterprise, Trade and Employment had representatives of IDA Ireland, Forfás, and Enterprise Ireland on the Steering Committees for its reviews of IDA Ireland’s Property Programme and Enterprise Ireland’s Overseas Office Network while the ESRI were represented on the Steering Committee for the Department of Finance Expenditure Review of the Grant-in-aid to the ESRI.

The advantages of including agency representatives in such cases are that:

- it enables the views and concerns of the agency to be represented in the review report;
- it might enable the Steering Committee to access the available data more readily and in a more thorough way than if it had no agency representative; and
- it is a means of ‘sharing the load’ in relation to the various evaluation tasks and the drafting of the review report.

The disadvantages of including representatives from agencies in these circumstances are:

- the review would not have complete independence from the body charged with operating the programme under review and might consequently be less rigorous in its approach to questions of efficiency and effectiveness;
- there might be a concern of ‘capture’ if the agency representatives exercised too strong a role in the planning and conduct of the review.

If agency representatives are to be included as full Steering Committee members – being allocated only a minority of seats – there is a consequent responsibility upon the full Committee, and particularly on the Chairperson, to ensure a rigorously independent perspective in relation to the agency’s role in providing data and submitting its views.

³ Details of the relevant contact personnel should be available from the Department’s/Office’s Finance Unit. In cases where expenditure is primarily from the Administrative Budget, the liaison may be with the Organisation, Management and Training Division of that Department.

2.4.3. Including users/beneficiaries on Steering Committees

A Department/Office will need to decide whether to represent the views of users/scheme beneficiaries either by including them as members of the Steering Committee or by inviting them instead to give their views by means of submission or other form of consultation.

An example of a review in which users were included on the Steering Committee is the Expenditure Review Report Social and Demographic Statistics Directorate, Central Statistics Office. That review had the Department of Social and Family Affairs and the National Disability Authority represented on its Steering Committee. It is relevant in this regard that a major focus of the review was on customer service.

An example of a review in which beneficiaries were included is the Department of Finance review of the Change Management Fund. The beneficiaries in this case were Government Departments that had received funding from the Fund.

Some obvious concerns with including beneficiaries on a Steering Committee include:

- it may be difficult to identify a beneficiary who will be accepted as genuinely representative of the target group of the scheme/programme being reviewed;
- involving external stakeholders could adversely impact upon the confidentiality of the Committee's deliberations and/or delay the progress of a review.

On the other hand, particularly where the cooperation of beneficiary representatives will be crucial in progressing ultimate review recommendations, and/or where customer service issues are at play, it may be deemed appropriate to allow beneficiaries to have full representation on the Steering Committee.

Section 5.3.2 sets out various approaches to securing the views of stakeholders for the purposes of a VFM review.

2.4.4. Meetings of the Steering Committee

The work of Steering Committee members is additional to their normal 'desk jobs'. For this reason, care should be taken to minimise the demands upon their time. Some suggestions in this regard are outlined below:

- reporting arrangements should be decided and agreed in advance. The Committee should agree at an early stage, for example, if individual members are to be expected to research and contribute on specific areas of the review;
- meetings should be scheduled in advance (for example, monthly) and should be kept focused. Rather than opening up general discussions, the aim should be to secure decisions on targeted, specific matters;
- relevant material and updates should be forwarded by e-mail prior to the meetings, and members should be kept informed of progress at regular intervals and agreed milestones;
- committee members could be enlisted to help solve problems as they arise and to use their influence when difficulties arise;
- the main liaison with any consultant being used for the review should be with the project manager; meetings between the consultant and the Steering Committee should be targeted on specific areas where high level input is required;
- difficulties that cannot be addressed by the Steering Committee should be submitted promptly to the MAC or other higher level committee overseeing the Department's/Office's review programme.

2.4.5. Steering Committees and the use of consultants

Work on VFM reviews is generally carried out by line Divisions within Departments/Offices and reviews should be an integral part of their work. Reviews conducted internally rather than by external consultants (or by evaluation units) help to ensure a practical focus and to build evaluative capacity within Departments.

However, there are times when it may be necessary to use external consultants, whether for all or part of a VFM review. Some examples are given below:

- a Department/Office may not have the necessary specialist knowledge or expertise – the Steering Committee for the Expenditure Review of IDA Ireland's Property Programme asked consultants to examine practice overseas, an aspect of its Terms of Reference that it did not feel qualified to consider without such expert input;
- a Department/Office may not have the necessary staff resources to complete the review on time – as a result of using dedicated consultants the Expenditure Review on the Operation and Management of the IT Systems in the State Laboratory was completed within a period of only two months;

If it is necessary to contract out the review, the Steering Committee should manage the process and work closely with the consultants so that (i) ownership of the VFM review is seen to rest clearly with the Department/Office and (ii) a transfer of knowledge can take place. The consultant should report to the Steering Committee; he or she should never be a member of the Steering Committee.

When using Consultants the Steering Committee should:

- agree the Request for Tender and ensure that tendering takes place in accordance with the latest guidelines from the Department of Finance, that the tendering process is open and transparent, and that there is a signed contract for the project. Consideration might be given to forming a sub-group of the Steering Committee to oversee the tendering process;
- nominate a designated contact to act as the primary contact with the consultant on behalf of the Steering Committee – the project manager;
- be aware that problems and misunderstandings may arise, so anticipate what might go wrong and develop strategies to deal with it;
- ensure that consultants are clear about their Terms of Reference (which may be the same as, or a subset of, the review Terms of Reference), evaluation scope, objectives, work plan, timelines and understand exactly what is required of them;
- set up an initial meeting with the Consultant before commencement of work to clarify expectations, establish project management and to identify the major issues and priorities;
- alert consultants to confidential or sensitive issues at the outset;
- ensure that programme data and any other necessary information are available to the consultant, i.e. files, reports, publications and other relevant information, ensure there is adequate administrative support during the evaluation, and provide input as necessary in relation to review methodologies and assumptions;
- plan for interim reports to monitor progress; monitor the budget as the work proceeds;

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- review the final report to ensure that it is consistent with the agreed requirements as set out between the Departments/Offices and the consultant, and that it takes on board the comments made by the external Quality Assessor (the consultant should be advised in advance of the requirements in relation to Quality Assessment).

Care should be taken to ensure that a VFM review carried out by a consultant is presented as a product of the Department/Office in question. The Expenditure Review on the Operation and Management of the IT Systems in the State Laboratory is a good example of a review that was carried out by consultants and yet is clearly 'owned' by the commissioning organisation.

2.5. Arrangements for approval of Terms of Reference

The first key task of a VFM review Steering Committee is to draw up the Terms of Reference (ToRs) for the review. The template Terms of Reference issued by the Central Steering Committee (see Annex 2) should be followed in full, adapted as appropriate in accordance with the guidance on the Terms of Reference Proposal Document in Section 4.2.4 below.

When a draft of the ToRs has been discussed with the Steering Committee, it should be forwarded for consultation to the relevant Vote Section in the Department of Finance (see the final indent of Paragraph 2.4.1 above). This can be done informally if the Department of Finance is represented on the Steering Committee. However, it should be noted that internal Department of Finance procedures require Vote Sections to submit all draft ToRs for approval at Assistant Secretary level before advising line Departments/Offices of agreement to proceed.

Following this consultation, any amendments that might be agreed with the Department of Finance should be made to the draft ToRs before they are submitted to the Secretary General/Head of Office. Where a matter of dispute exists with the Department of Finance, direct consultation should take place between the Secretary General/Head of Office and the relevant Department of Finance Assistant Secretary with the aim of resolving the point at issue. Once the Secretary General/Head of Office is satisfied with the draft ToRs, he or she will give authority to formally commence the review.

A copy of the approved ToRs should be forwarded to the Central Steering Committee secretariat by email (geraldine.merrick@finance.gov.ie) or at the following address:

Secretary to the Central Steering Committee on Value for Money and Policy Reviews
Department of Finance
Room 0.16
South Block
Merrion Street
Dublin 2

2.6. Next steps in a VFM Review

The Steering Committee is now in a position to conduct the review in accordance with the approved Terms of Reference. Chapter 4 sets out further guidance on planning the review, Chapter 5 deals with evaluation methodologies, while Chapter 6 deals with the content of the VFM review reports.

The next formal stage in the VFM review process is the Quality Assessment stage.

2.7. Quality Assessment

All completed VFM review reports must be quality assessed before completion. The Department of Finance established a Panel of Independent Evaluation Experts for this

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purpose in 2003. The panel consists of around 50 evaluation experts, drawn from a range of consultancy companies, individual practitioners, and academics.

Reviewers should contact the VFM Reviewers' Network secretariat (Geraldine.merrick@finance.gov.ie) for further information on how to access the panel by means of the VFM Reviewers' Extranet.

2.7.1. Quality assessment of draft review report

The penultimate draft of the review report must be quality assessed by a member of the Independent Panel of Evaluation Experts. Responsibility for contracting the quality assessor (and for paying for his or her services) rests with individual Departments/Offices. Normal public service tendering procedures should be followed in selecting the assessor.

In the assessment process, the quality assessor is required to prepare an initial draft of the assessment report and to forward it to the Department/Office concerned. The Department/Office may initiate additional contact with the quality assessor at this stage if there are matters that require further clarification. The Department/Office then has the opportunity to amend the report in light of the comments made.

The quality assessment is carried out using the following criteria approved by the CSC:

1. Are the Terms of Reference appropriate to the Value for Money and Policy Review Initiative?
2. Does the evaluation report comprehensively address the terms of reference?
3. Is the overall analytical approach adequate and are the methodologies utilised robust?
4. Does the report address potential future performance indicators that might be used to better monitor the performance of the programme?
5. Are the conclusions and recommendations of the evaluation supported by the analysis carried out?
6. Comment on the structure, presentation and clarity of the report

The written assessment includes any recommendations that the quality assessor wishes to make on the process of evaluation within the Department/Office in question.

The role of quality assessors is that of independent external reviewers; assessors are not asked to carry out any part of a VFM review under the arrangements applying to the panel. It is also made clear to the evaluation experts that the objective of the quality assessments is to comment on the evaluative process and methodologies, rather than on any policy recommendations set out in VFM review reports *per se*.

Departments/Offices may also invite evaluation experts to offer specific advice at the initial stages of VFM reviews in relation to terms of reference, planning the review, performance indicators, and evaluation methodology if desired.

It should be noted that the quality assessment requirement also applies to reviews conducted by external consultants.

A detailed information note on the operation of the Panel is available from the Value for Money and Policy Review secretariat. Relevant extracts are set out at Annex 3.

2.8. Completion of Report

When the final amendments have been made to the review report, it is ready for submission to the Secretary General/Head of Office. The report is deemed to be

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completed once the approval of the Secretary General/Head of Office has been obtained.

In certain cases, depending on the scale of the review and the nature of the report's recommendations, it may be necessary to submit the review report for decision/noting by the Minister and/or the Government. The report should not be published or externally circulated until this matter has been decided by the Secretary General/Head of Office.

The following steps should be taken once the report has been cleared for release:

- lay the report before both Houses of the Oireachtas, ideally, along with the response of the Department/Office to the report's recommendations; the Oireachtas Library requires six copies of the document together with the completed form (see Annex 4): for further information, contact Joan Flynn, Room 002, Oireachtas Library, Kildare St., Dublin 2 (Joan.Flynn@oireachtas.ie);
- copies of each review must also be forwarded to the relevant Dáil Select Committee.⁴ The Clerk of the Committee will be able to advise how many copies the Committee will need;
- the report (and the Department's/Office's response) should be published on the website of the Department/Office;
- five copies, together with a copy of the quality assessment report, should be forwarded to the Value for Money and Policy Review Secretariat, Department of Finance;
- a copy of the report and of the quality assessment report should be sent to the Department of Finance Vote Section which acted as liaison for the review (see final indent of Paragraph 2.4.1);

Apart from the parties listed above, it may be a good idea to submit completed VFM review reports (and perhaps earlier drafts while reviews are still underway) to the Internal Audit Unit, Audit Committee, and Financial Management Committee of the Department/Office.

2.9. Dissemination of report findings

When finalising a review report, Departments/Offices should give consideration in advance to the dissemination plan they wish to follow post completion. Successful implementation of recommendations may involve working closely with stakeholders. In some cases, this may be facilitated through press launches, presentations, holding workshops with relevant stakeholder groups, etc. The use of a variety of communication channels may be required.

2.10. Implementation of VFM review recommendations

Implementation of VFM review recommendations is primarily a matter for the Departments/Offices that manage the areas concerned. Recommendations may involve the introduction of alternative ways of delivering services more efficiently and effectively or the more productive utilisation of resources on other priority activities. Resource allocation decisions would fall to be addressed by spending Departments and by the Department of Finance in the context of the annual Estimates process.

Annexes: *1. Approach followed by two Departments in proposing topics under 2006-2008 round of VFM reviews*

⁴ Details of the various Select Committees are available at:
<http://www.oireachtas.ie/ViewDoc.asp?fn=/documents/committees29thdail/SelectCommittees.htm&CatID=103&m=c>

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2. *Template Terms of Reference*
3. *Relevant extracts from the Information note on Quality Assessment process*
4. *Form for laying VFM Reviews before the Oireachtas*

Further reference

For further guidance on public procurement (e.g. hire of consultants to conduct all or part of a review; hire of quality assessor) see the Department of Finance e-Procurement Network, in particular, <http://www.eprocnet.gov.ie/policydocs/>

ANNEX 1: Approach followed by two Departments in proposing topics under 2006-2008 round of VFM Reviews

Department of Communications, Marine and Natural Resources

Selection of topics is progressed by proposals made by the Departmental Expenditure Review Committee (DERC), where all relevant stakeholders (Internal Audit, Finance Division, SPD vote section in D/Finance) are represented. The list is then subject to final clearance by the Secretary General and the Management Committee. The key criteria in the last few years in the selection of topics have been:

- (a) Materiality of spend, both absolute and relative, in terms of Vote proportion
- (b) Sectoral/Strategic significance, especially in the national/international sense.
- (c) The need to avoid evaluation duplication; for example, major sections of the Department such as sustainable energy, communications, fisheries and seafood supports have just recently been evaluated at Operational Programme or NDP level, or both, at varying degrees of depth, quality and comprehensiveness and in addition the same programmes are also referred to in the forthcoming ESRI report on priorities for next NDP.
- (d) Stage in policy formulation process, for example the once-off decommissioning scheme was agreed at Government on foot of an extensive policy review by an external expert in the area and would not therefore warrant an expenditure review, in a manner similar to an ongoing programme
- (e) Business/environmental risk, for example where factors driving spend are changing rapidly
- (f) within the overall constraint of only having a single review accounting for a major proportion of spend per year and maintaining sectoral balance across the Department over the medium term.

Department of Community, Rural and Gaeltacht Affairs

In selecting expenditure areas of the Departmental Vote for review and evaluation, the Department has taken account of the requirements and selection criteria of the first ERCSC Report to the Minister for Finance (November 2004).

In addition to adhering to the selection criteria outlined in this Report, and so as to ensure that there are no duplicate reviews and assessments in the Department, the Department has borne in mind all other review and evaluation processes that are ongoing in the Department during the selection and development of its review programme of work.

So as to ensure adequate and relevant coverage of the Department's Vote when undertaking reviews, the following criteria were used:

- materiality – ensuring significant areas of spend are covered;
- expenditure in context of Programme for Government – relevance of spend to programme for Government;
- nature of expenditure and public need in context of present time, linkage to overall objectives in Statement of Strategy and period of last review of this expenditure;
- ensuring coverage of all areas of operation in the Department over a specific timeframe, including in respect of bodies that come under the ambit of the Department;
- liaison with IAU regarding their risk selection model and their programme of work for systems audits and value for money audits; and
- ensuring that areas of expenditure selected for review complement the other evaluation processes that are ongoing in the Department.

ANNEX 2: Template Terms of Reference for Value for Money Reviews

The following are the template terms of reference for Value for Money reviews issued by the Central Steering Committee.

“The *Public Service Management Act, 1997* and the *Comptroller and Auditor General (Amendment) Act, 1993* set the background for expenditure review as regards the achievement of economy, efficiency and effectiveness, and the maintenance of adequate systems, practices and procedures for the purpose of evaluating effectiveness (VFM). The VFM Review of Programme X will:

- 1) Identify programme objectives.
- 2) Examine the current validity of those objectives and their compatibility with the overall strategy of the Department controlling programme X.
- 3) Define the outputs associated with the programme activity and identify the level and trend of those outputs.
- 4) Examine the extent that the programme’s objectives have been achieved, and comment on the *effectiveness* with which they have been achieved.
- 5) Identify the level and trend of costs and staffing resources associated with programme X and thus comment on the *efficiency* with which it has achieved its objectives.
- 6) Evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis (e.g. through international comparison.)
- 7) Specify potential future performance indicators that might be used to better monitor the performance of programme X.”

A VFM review should not, as a general rule, recommend an increased resource allocation for the programme concerned. Where, in exceptional circumstances, it is proposed to recommend such an increase to deliver better overall VFM, the Department’s/Office’s overall Steering Committee (or MAC) should be consulted in advance and should identify possible savings and/or additional income on other lower priority programmes (for the Department/Office concerned or another public body) that would be sufficient to meet the additional costs involved: full details of these offsetting measures should be included in the VFM review report.”

ANNEX 3: Main Points from the Information Note on the Quality Assessment Process

1. Task of evaluation experts

As part of its role in developing the Value for Money and Policy Review process⁵, the CSC established a Panel of Independent Evaluation Experts drawn from research institutions, academics, and consultants to provide relevant assistance to Departments/Offices and to the CSC.

An evaluation expert listed on the panel may be invited by Departments/Offices to tender for the assessment of draft VFM review reports/evaluations prepared under the Value for Money and Policy Review Initiative. An evaluation expert may also be asked to offer specific advice at the initial stages of VFM reviews in relation to terms of reference, planning the review, performance indicators, and evaluation methodology.

In addition, experts may be asked by the CSC to prepare periodic reports for the CSC evaluating the operation of the Value for Money and Policy Review process within Departments/Offices, thereby enabling the CSC to reach a view on the ongoing development of the review process.

It should be noted that the role of evaluation experts is that of independent external reviewers; experts will not be asked to carry out any part of a VFM review under the terms of this arrangement.

2. Assessment of VFM review reports for Departments/Offices

Responsibility for contracting evaluation experts will rest with individual Departments/Offices.

Each Department/Office will submit each of its VFM review reports for assessment prior to completion. It will select an appropriate evaluation expert from the panel to carry out the assessment. The assessment will be done using criteria approved by the CSC (see paragraph 3). The Department/Office will have the opportunity to amend the report in light of the comments made.

A Department/Office will have the option to contract the evaluation expert to offer specific advice at the initial stages of a VFM review in relation to terms of reference, planning the review, performance indicators, and evaluation methodology. Both the Department/Office and the evaluation expert should ensure that the provision of specific advice in this way will not compromise the ability of the evaluation expert to give an independent assessment of the draft VFM review report in due course.

The fees to be charged by the evaluation expert in relation to the above tasks will be met by the Department/Office concerned.

Obviously, the assessment of VFM review reports and the provision of independent expert advice in the initial stages of reviews are separate to any consultancy work that the Department/Office might commission as part of the actual carrying out of VFM reviews. The role of evaluation experts is that of independent external reviewers; experts will not be asked to carry out any part of a VFM review under the terms of this arrangement.

In the assessment process, the evaluation expert will be required to prepare an initial draft of the assessment report and forward it to the Department/Office concerned. A meeting between the evaluation expert and the Department/Office may be necessary at that stage. The evaluation expert should take on board any comments made by the Department/Office concerned to the extent that it considers appropriate.

⁵ The references to 'expenditure reviews' and the 'Expenditure Review Initiative' from the original Information Note of January 2003 have been replaced with 'VFM reviews' and 'Value for Money and Policy Review Initiative', respectively.

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It should be noted that the objective of the assessment is to comment on the evaluative process and methodologies, rather than on any policy recommendations set out in reports *per se*.

3. Criteria to be used in assessment of individual reports

The assessment will be carried out on the final draft of the VFM review report, thus enabling changes to be made on foot of the assessment report.

The assessment should have regard to the Department of Finance Framework and Guidelines under which reports are drawn up and to the following criteria or questions:

1. Are the Terms of Reference appropriate to the Value for Money and Policy Review Initiative?
2. Does the evaluation report comprehensively address the terms of reference?
3. Is the overall analytical approach adequate and are the methodologies utilised robust?
4. Does the report address potential future performance indicators that might be used to better monitor the performance of the programme?
5. Are the conclusions and recommendations of the evaluation supported by the analysis carried out?
6. Comment on the structure, presentation and clarity of the report

The assessment should include any recommendations that the evaluation expert wishes to make on the process of evaluation within the Department/Office in question.

4. Conditions as regards tendering, pricing, etc.

Departments/Offices will invite three or more experts from the panel to tender in relation to one or more VFM reviews in which they are involved. The selection process will comply with public procurement procedures. In general, tenders will be evaluated on the basis of the most economically advantageous tender, applying the following criteria (not necessarily in order of importance):

- understanding of project;
- experience of the proposed team on similar assignments, including their expertise and qualifications;
- the ability of the team to manage the project effectively, and to complete it according to the time schedule laid down by the Department/Office;
- cost of proposal, including number of charge days and daily rate per individual;
- quality of proposal, including the ability to fulfill the specific roles within the project envisaged by the Department/Office and as set out in this Information Note.

In evaluating the tenders received, Departments/Offices may wish to hold meetings with those submitting tenders.

ANNEX 4: Form for laying VFM Reviews before the Oireachtas

DOCUMENT(S) TO BE LAID BEFORE HOUSE OF OIREACHTAS

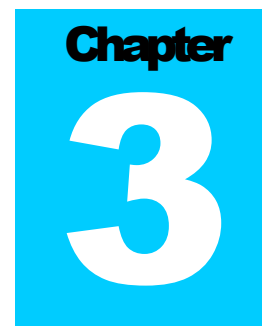
Clerk of

I enclose copies* of the under mentioned document(s) to be laid before the House.
The information sought below is as set out.

Head of Department or other body

<p>1. Department or other body laying document</p>	<p>.....</p>
<p>2. Title of document</p>	<p>.....</p>
<p>3. (If laid pursuant to statute, state Title and section of Act)</p>	<p>.....</p>
<p>4. Is there a statutory period in relation to the laying of the document?</p> <p style="padding-left: 40px;">If so, give particulars.. ..</p> <p>.. ..</p>	<p>.....</p> <p>.....</p>
<p>Is a motion of approval necessary? ..</p>	<p>.....</p>

***Three** copies of the document on respect of each House, or **six** copies where it is to be laid before one House only.



3. The Evaluation Framework for Value for Money Reviews

3.1. Introduction

The theoretical foundation for VFM reviews is set out in this Chapter. This foundation is referred to as the “Evaluation Framework”. The Chapter is divided into four parts. It starts by defining evaluation and distinguishing it from monitoring and audit. It introduces the programme logic framework which is the basic framework for VFM reviews. The Chapter then presents the key evaluation criteria and the concept of Value for Money. The key evaluation criteria are linked to the programme logic model. The Chapter concludes by positioning VFM reviews in the context of other public policy criteria that are relevant to the design and implementation of Government programmes, e.g. poverty impact assessment.

3.1.1. Guidance Outcomes

The guidance in this Chapter will enable you to:

- define Programme Evaluation and its links to programme design;
- define a VFM review and become familiar with the evaluation criteria used in a VFM review ;
- define the concept of Value for Money;
- appreciate the relevance of the programme logic model to VFM reviews; and
- understand how VFM reviews relate to public policy criteria in respect of poverty alleviation, quality regulation, equality proofing, etc.

3.2. Evaluation

3.2.1. Definition of Evaluation

In simple terms, evaluation is the process of collecting and analysing information, and reaching conclusions on specific questions. The questions are referred to as the evaluation criteria. It is common practice for an evaluation to make recommendations and this is a requirement for VFM reviews.

3.2.2. Types and uses of Evaluation

Evaluation is used by many professional disciplines for a range of purposes including, pure and applied social research, experimentation to inform policy options, for medium to long range economic planning and to serve as a basis for accountability. Where evaluation is used to support accountability and resource allocation, it can be divided into the following broad types:

Process (or Implementation) Evaluation - focuses on the extent to which a programme is operating as intended and whether adjustments should be made to improve the workings of the programme;

Evaluation of Results - considers programme effectiveness by focusing on outputs and their effects on direct beneficiaries;

Impact Evaluation - compares wider and longer term programme outcomes with what would have happened in the absence of the programme.

Value for Money Reviews

VFM reviews are evaluations of major spending programmes and other priority areas of Government activity. They examine the Value for Money of the programmes/areas in question and consider whether or not a robust rationale exists for the allocation of public monies. Where such rationale exists, VFM reviews will examine alternative (more efficient or effective) means of delivery without detracting from the quality of the results and impacts achieved. VFM reviews also propose arrangements for the better management of the programme into the future.

The VFM reviews contain elements of process, result and impact evaluation.

3.2.3. Levels of Evaluation

VFM reviews may be carried out at three basic levels:

Policy – e.g. Cross Departmental Review on Road Safety (lead Department, Transport); Review of Social Welfare Payments to Orphans (lead Department, Social and Family Affairs);

Programme – e.g. Review of IDA Property Portfolio (lead Department, Enterprise, Trade and Employment); Compensatory Allowance Scheme (lead Department, Agriculture and Food);

Project or Activity – e.g. the Operation and Management of IT Systems in the State Laboratory; BSE Eradication (lead Department, Agriculture and Food).

3.2.4. Differences between Audit and Evaluation

Audit is an independent examination carried out to reach an opinion on certain specified matters. In the public sector, there are two types of external audit – regularity audit and Value for Money examinations. Regularity audits collect evidence to support an audit opinion on the fairness of presentation of financial information, the underlying regularity of transactions, compliance with authority and the proper conduct of public business. The independent Value for Money examinations of the Comptroller and Auditor General (C&AG) collect evidence to support reports on the economy and efficiency of departmental operations or on the systems employed to ensure the effectiveness of operations.

Evaluation involves the exercise of evidence based judgement in reaching conclusions about the value of public programmes and projects. It requires the collection and analysis of information to reach conclusions on specific questions known as the evaluation criteria. Evaluation may be done independently of the organisation managing the programme/area in question or as part of internal management processes. VFM reviews are a structured programme of evaluations carried out by Departments/Offices on their own programmes/activities and are concerned with rationale, efficiency, effectiveness, impact and continued relevance.

3.2.5. Differences between Monitoring and Evaluation

Monitoring is the continuous, routine collection and presentation of information on the progress being made in implementing programmes. Evaluation, on the other hand, is a periodic assessment, involving the exercise of judgement, of policy or programme implementation by reference to predefined performance criteria such as efficiency and effectiveness.

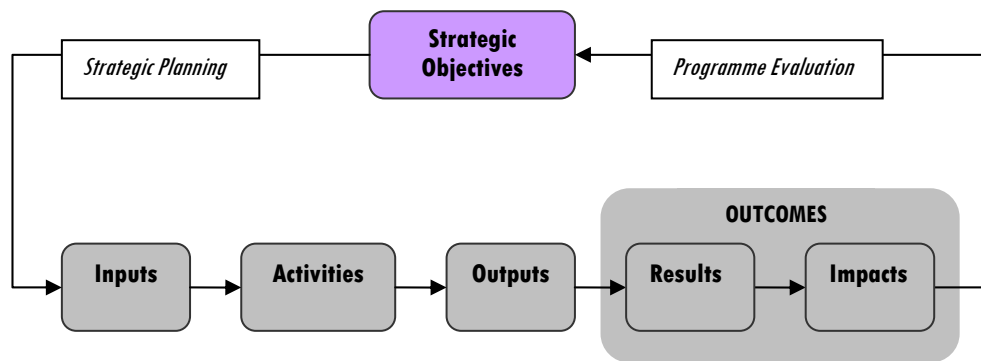
3.3. Evaluation Framework

As a starting point in conducting evaluations, it is necessary to have a clear framework for understanding how programmes work. The framework considered most useful for the VFM reviews is the Programme Logic Model. The key aspects of the model are explained below. It should be noted, however, that other evaluation frameworks exist, and may be considered more helpful in certain exceptional review situations. In these cases, prior discussion should be held with the appropriate officials in the Department of Finance, who may consult with the Central Expenditure Evaluation Unit of that Department.

3.3.1. Programme Logic

The Programme Logic Model maps out the shape and logical linkages of a programme. It provides a systematic and visual way to present and share understanding of the cause-effect relationships between inputs, activities, outputs and outcomes (results and impacts). The Programme Logic Model is used in planning, implementation, monitoring and evaluation of programmes. Adoption of this approach should enable programmes to be analysed in terms of inputs, activities or processes, outputs, and outcomes that are arranged to achieve specific strategic objectives. The Programme Logic Model is also sometimes referred to as the “Input-Output Model”.

Figure 1: Programme Logic Model



3.3.2. Definitions of Input-activity-output-result-impact

The basic definitions of the elements of the programme logic model are summarised below. A more complete glossary of terminology with more formal definitions is presented at the end of the Guidance Manual.

Strategic Objectives	<i>Describe the desired outcome at the end of the strategy period. The objectives should ideally be described in both qualitative and quantitative terms.</i>
Input	<i>There are many inputs to programmes – physical inputs like buildings and equipment, data inputs like information flows, human inputs (grades of staff) and systems inputs like procedures. The financial input is the budget made available to the programme. Inputs are sometimes referred to as resources.</i>
Activity	<i>Activities, also called processes, are the actions that transform inputs into outputs. Activities are collections of tasks and work-steps performed to produce the outputs of a programme.</i>
Output	<i>The outputs are what are produced by a programme. They may be goods or services.</i>
Result	<i>The results are the effects of the outputs on the targeted beneficiaries in the immediate or short term. Results can be positive or negative.</i>
Impact	<i>Impacts are the wider effects of the programme, from a sectoral or national perspective, in the medium to long term. They include the medium to long term effects on the targeted beneficiaries.</i>

A basic understanding of the underlying Programme Logic Model is fundamental to the successful conduct of a VFM review. Reviewers must include a description of the Programme Logic model in the VFM review planning documents. A practical example showing how the Programme Logic Model might be applied to two very different expenditure programmes is given below.

Examples of Programme Logic Models

	Road building example	Health Sector example
Strategic Objectives	<p>Dublin-Dundalk Motorway</p> <p><i>Improved road infrastructure to support economic and social policy in the North East over the next twenty years</i></p>	<p>School children vaccination programme</p> <p><i>Improved long term socio-economic benefits from reduction in child illness/mortality</i></p>
Programme Objective	<p><i>Average time taken to travel by road from Dublin to Dundalk reduced to 90 minutes</i></p>	<p><i>Targeted reduction in the incidence of relevant illness in the child population in three years' time</i></p>
Inputs	<p><i>The team involved in the project, the funds allocated and physical inputs</i></p>	<p><i>Medical staff, funds allocated, vaccinations and administrative support</i></p>
Activities	<p><i>Planning, design, construction and maintenance activities</i></p>	<p><i>Management of the programme</i></p> <p><i>School visits to administer the vaccines</i></p> <p><i>Research on new vaccines</i></p>
Outputs	<p><i>The kilometres of motorway actually built</i></p>	<p><i>Number of Vaccinations given</i></p>
Results	<p><i>Immediate reduction in actual average journey time from Dublin to Dundalk</i></p>	<p><i>Percentage of child population vaccinated</i></p>
Impacts	<p><i>Growth in economic activity in the North East due to the new road and improvement in social conditions</i></p>	<p><i>Reduction in child illness in the population in three years time.</i></p> <p><i>Improved long term child survival rate, decrease in school days lost due to illness, and fall in demand on health service for child illness</i></p>

3.3.3. Using performance indicators to test the logic of the programme chain

Under the Programme Logic Model, it is possible to measure the achievement at each stage in the chain by reference to agreed performance indicators. This will be examined in more detail in Chapter 5. The purpose here is to introduce the concept of performance indicators and outline their relevance to the Programme Logic Model.

Performance indicators are data points used to measure inputs, activities, outputs or outcomes. They are most frequently used in reports to monitor the progress of the programme or activity in question. Existing performance indicators will generally be used in the conduct of an evaluation, although sometimes the evaluation team will specially construct new indicators. Performance indicators may be simple or complex. Examples of simple performance indicators are:

- the cost of a building (input);
- the number of housing grant applications processed (output);
- the number of Court cases heard (output);

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- the reduction in waiting time for a surgical procedure (result);
- the number of social welfare appeals processed in a month (output); and
- the number of new jobs sustained for more than one year (impact).

Complex performance indicators are produced by combining two or more simple indicators. Examples are:

- the percentage of payroll cost spent on training (combining performance indicators on cost of training and cost of payroll);
- the unit cost of a kilometre of road (combining indicators on length of road built and total cost of the road); and
- the percentage of children vaccinated (combining indicators on the total population of children and the number of children vaccinated).

In the VFM review methodology, the term “performance indicators” is the collective term used for input, output, result and impact indicators. The indicators relevant to the road building and health examples given earlier might include:

Transport infrastructure example: Road building

	Programme logic	Performance indicators
Strategic Objectives	Improved road infrastructure to support economic and social policy in the north east	% of primary road in the area Regional economic output/ (un)employment levels/ average incomes
Programme Objective	Average time taken to travel by road from Dublin to Dundalk reduced to 90 minutes	Baseline expected time to travel at a specified time and in specified conditions (e.g. weather)
Inputs	The team involved in the project, the funds allocated and physical inputs.	Overall cost Value or quantity of materials for road building Value or quantity of labour for road building
Activities	Planning, design, construction and maintenance activities	Whether milestones are met during the construction phase
Outputs	The kilometres of motorway actually built	Number of kilometres built Quality of the road
Results	Reduction in actual average journey time from Dublin to Dundalk	Improvement in journey times Reduction in accidents/road deaths
Impact	Growth in economic activity in the North East due to the new road and improvement in social conditions	Changes in traffic volumes Attraction of new business/tourism to the area Increase in population served

Health Sector example: School children vaccination programme

	Programme logic	Performance indicators
Strategic Objectives	Improved long term socio-economic benefits from reduction in child illness/mortality	National child mortality rate School days lost due to illness HSE cost of treating children
Programme Objective	Targeted reduction in the incidence of relevant illness in the child population in three years' time	Targeted improvement in child health in respect of certain illnesses Expected % of children reached
Inputs	Medical staff, funds allocated, vaccinations and administrative support	Total cost of the programme

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Activities		<i>Staff and medicines used</i>
		<i>Cost and resources for a promotion campaign</i>
		<i>Activity milestones in the programme</i>
		<i>Number of schools visited</i>
Outputs	<i>Management of the programme</i>	
	<i>School visits to administer the vaccines</i>	
Results	<i>Research on new vaccines</i>	
	<i>Number of vaccinations given</i>	<i>Number of vaccinations given</i>
Impact	<i>Percentage of child population vaccinated</i>	<i>Number of children vaccinated</i>
		<i>Percentage of child population (of age x or above) vaccinated</i>
		<i>Percentage of child population vaccinated within 6 months of reaching the age of X</i>
	<i>Reduction in child illness in the population in three years time</i>	<i>Actual change in incidence of specified illness(es) in the child population</i>
	<i>Improved long term child survival rate, decrease in school days lost due to illness and fall in demand on health service for child illness</i>	<i>Long term change in strategic objective indicators (see above) due to incidence of specified illness(es)</i>

The **resources** used by a programme are the **inputs**. The most common indicator of resources is the actual **cost** of the programme as this represents the amount of resource that has been consumed in the delivery of outputs. The next most common resource indicator is staff time as, in the public sector, payroll cost is often the largest expenditure item in a programme.

The programme **outputs** are the **goods** and **services** that are actually delivered. In many cases these are easily measured. For example:

- the number of social welfare payments made;
- the number of passports issued; and
- the number of planning approvals given or refused.

Sometimes it is convenient to think about outputs in terms of the **activities** that produce them. This is especially the case where there are intermediate products along the way. For example the preparation of case notes could be considered an intermediate output of a State Solicitor. The final output is the number of cases actually processed.

Result indicators relate to the **direct and immediate to short term effects** brought about by a project/programme on the targeted beneficiaries. Such indicators can be of a physical (reduction in journey times, number of successful trainees, number of jobs created etc.) or financial nature (decrease in transportation cost). Results may be present even before the programme is completed. In other cases, like road building, the result may not be realised until the project is completed i.e. when the road is opened for use. Accordingly the full outcomes may not be known until after the completion of the programme.

Impact indicators represent the **wider medium to long term effects** of the programme such as the effect on economic or social indicators. In economic and social programmes, the determination of impacts may require specially commissioned studies.

Input and output indicators are derived from looking inside the programme. The data and information needed for them is usually available from the programme managers. Result and impact indicators are the result of looking out from the programme to see its effect on the target stakeholder group and beyond the group to sectoral and national perspectives. In many cases, surveys of the targeted final beneficiaries and economic modelling will be needed to develop result and impact indicators.

3.4. Evaluation criteria

3.4.1. Evaluation criteria for VFM Reviews

The evaluation criteria are reflected in the specific questions that the evaluation will have to answer. In the case of a VFM review, the specific questions are set out in the template Terms of Reference and cover the evaluation criteria: rationale, efficiency, effectiveness, impact and continued relevance. The criteria encompass the established Value for Money criteria (economy, efficiency and effectiveness – note that VFM reviews address ‘economy’ under the ‘efficiency’ heading). Other public policy evaluation criteria may also be relevant depending on the nature of the review (See Section 3.5). Each of the five evaluation criteria (rationale, efficiency, effectiveness, impact and continued relevance) is discussed in the following paragraphs.

3.4.2. Rationale

Rationale is concerned with establishing why a public policy intervention is necessary in a given area. It requires consideration of the public policy objectives of a programme and the reasons for public sector provision or involvement. It is closely linked to the economic concept of market failure. Market failure is considered in more detail in Annex 1 but in simple terms, it exists where private individuals or firms do not produce the optimal level of a good or service from a societal perspective. A practical example of market failure is the need for subsidised bus services on socially desirable yet uneconomic routes.

The rationale criterion usually also extends to whether the design of the programme or project is the most appropriate means of achieving the identified public policy objectives.

In a VFM review, the study of rationale covers the following issues:

Rationale Issues	Performance questions that can arise	Indicators
The validity of programme objectives	<i>Why is a public policy intervention necessary?</i>	<i>Reasons for public policy intervention</i>
	<i>What market failure is being addressed?</i>	<i>Evidence of market failure</i>
	<i>Are the programme objectives valid?</i>	<i>Whether the programme objectives were valid to start with and whether they are kept up to date</i>
	<i>Are the programme objectives compatible with objectives in the statement of strategy?</i>	<i>Documented links to statement of strategy</i>
	<i>How does the programme fit-in with other programmes of the Department or programmes of other Departments/Agencies that target the same category of beneficiary or economic/social issue?</i>	<i>Linkages and dependencies between programmes at the expected results level</i>
	<i>Is the programme rationale kept under review?</i>	<i>The frequency of review</i>

3.4.3. Efficiency and economy

Efficiency and economy look at performance in terms of the production of outputs and the acquisition and use of inputs (See table below). It is common for economy and efficiency to be studied together in an evaluation report although, in many cases, it is also worthwhile to study them separately.

	Definition	Programme Logic Model
Economy	Securing the appropriate quality of inputs at the best price	Inputs
Efficiency	Optimising the ratios of inputs to outputs	Inputs, Activities, and Outputs

Efficiency is a comparison of outputs to inputs and can be viewed in two different ways:

- whether the same level of output and result could be achieved with fewer inputs, i.e. at a lower cost; or
- whether a higher quality or quantity of outputs might be delivered from a fixed amount of input.

Evaluations of economy are in-depth considerations of inputs. The template VFM review Terms of Reference (see Annex 2 to Chapter 2) include a separate criterion for a study of the trend of resource inputs.

A study of efficiency and economy will cover some or all of the following issues.

	Performance questions that can arise	Indicators
Efficiency Issues		
The throughput of outputs	What are the outputs? How many are produced? Are output targets met?	Actual number of outputs produced
The timeliness of production of outputs	How long does it take to produce an output? Are time targets met? What is the backlog of production in the system? Is it getting better or worse?	Outputs produced per hour, day, week or month Average time to produce a unit of output Movement in backlogs
The Quality of the Output	How complete and accurate are outputs? How many complaints are there about outputs?	Accuracy level (e.g. of a report) Number of valid complaints about outputs
The Cost of an Output	How much did the output cost – per item and altogether? Distinguish between programme and administration cost.	Unit cost of output
Management and resource allocation	Are the management structures and allocated resources appropriate for the achievement of programme objectives? Is the measurement framework (indicators) adequate?	Management arrangements Budget allocations Proposed monitoring indicators and targets
Economy Issues		
The cost of the resource inputs	Was the best price obtained? Could a cheaper price be obtained? E.g. performing work during normal hours instead of on overtime	Actual cost of input Unit price or cost of input

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	<i>Identification of wasted expenditure – inputs paid for but unused</i>	<i>Cost of unused inputs</i>
	<i>How do the inputs compare with the inputs of equivalent programmes elsewhere?</i>	<i>Relative cost of inputs compared elsewhere?</i>
The quality or mix of the inputs	<i>Was a higher and more expensive grade of staff used? E.g. an AP doing the work of a HEO</i>	<i>Actual number of staff days input</i>
	<i>Was the quality of inputs maintained? E.g. through staff training</i>	<i>Ratio of grades of staff used</i> <i>Percentage of payroll spent on training</i>

3.4.4. Effectiveness

Effectiveness is defined in terms of the extent to which the objectives have been achieved and the planned benefits delivered. (Achievement of impact objectives is considered under the impact heading.) It should be kept in mind that the results can be positive or negative, and intended or unintended. In terms of the programme logic model, the study of effectiveness is a study of the relationship between outputs and results. Effectiveness will consider the immediate to short term effects that the availability of outputs had on the targeted beneficiaries.

In a VFM review, the study of effectiveness should include the following issues:

Effectiveness Issues	Performance questions that can arise	Indicators
The extent that the objectives were achieved?	<i>What did the programme achieve?</i>	<i>Quantitative and qualitative measures of actual and expected performance</i>
	<i>Can the "performance gap" be measured or otherwise defined?</i>	
	<i>What are the contributing factors to the performance gap?</i>	<i>Input/output indicators that reflect contributing factors</i>
	<i>Is there satisfaction with the level of achievement of results?</i>	
The way that the achievement of objectives is assessed	<i>What methods are used to assess effectiveness?</i>	<i>Appropriateness of indicators used</i>
	<i>Is the achievement measured against a valid baseline?</i>	<i>Suitability and accuracy of baseline indicators</i>
	<i>Is the feedback on effectiveness used in setting new objectives?</i>	<i>Evidence of assessments of effectiveness informing policy development and objective setting</i>
Cost effectiveness	<i>Could the same results be achieved in a better or cheaper way?</i>	<i>Benchmark comparisons to other approaches to the same problem nationally and internationally</i>

3.4.5. Impact

Impact is concerned with the wider effects of the programme for a larger group of persons (e.g. a sector) or for society as a whole (it includes the medium to long term effects on targeted beneficiaries); the successes and failures in achieving the wider objectives; and the main causes of this. In the study of impact, the same basic performance questions used for effectiveness are applied to the medium and long term sectoral objectives of policy interventions and programmes. The impact of a programme is the difference it has made. As with effectiveness, it should be kept in mind that impacts can be positive or negative, and intended or unintended

The consideration of impact extends the evaluation of effectiveness into the wider sectoral or national level. The issues that should be included in impact assessment are:

Impact Issues	Performance questions that can arise	Indicators
Socio-economic objectives	<i>What are the longer-term impacts on targeted beneficiaries?</i>	<i>Indicators directly related to the targeted long-term impacts on direct beneficiaries</i>
	<i>What are the wider socio-economic effects of the programme?</i>	<i>Relevant socio-economic indicators</i>
Causality	<i>Is it possible to isolate the programme contribution to wider impact?</i>	<i>Direct contribution of programme to strategic objectives</i> <i>Measures of additionality, deadweight and displacement</i>
	<i>Were there unintended side effects?</i>	
Other public policy evaluation criteria	<i>What are the other relevant policy impacts?</i>	<i>Poverty impact assessment</i> <i>Equality impact assessment</i> <i>Regulatory impact analysis</i> <i>Rural proofing</i>

The definitions of economy, efficiency, effectiveness and impact always need to be customised to the inputs, activities, outputs, results and impact of the Department or programme being studied. This is why it is important to produce a programme logic model as part of the evaluation planning papers for all VFM reviews. (See Chapter 4)

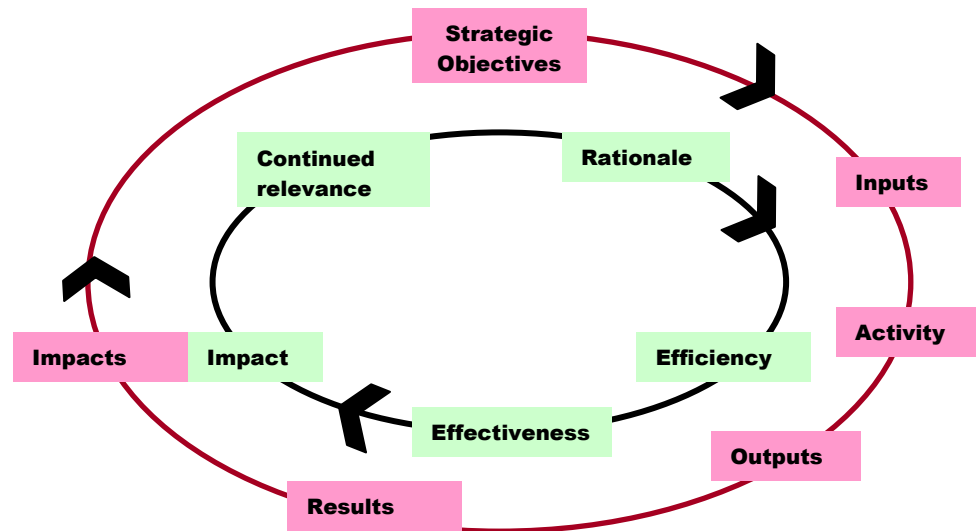
3.4.6. Continued relevance

In a VFM review, the evaluation of the continued relevance of the programme covers the following issues:

Continued Relevance Issues	Performance questions that can arise	Indicators
Continued relevance	<i>What is the justification for the continued allocation of public funds to the programme?</i>	<i>Estimate of programme benefits expressed in quantitative, qualitative and timing terms and taking account of what would have been achieved anyway in the absence of the programme.</i>
	<i>How does the programme fit in with other programmes of (i) the Department, (ii) other Departments, and/or (iii) other public bodies in delivering on the Government's overall policy objectives in the area in which the programme operates</i>	<i>Changes in programme context/environment.</i>

Has the examination of effectiveness shown that the programme is achieving its objectives?

The five evaluation criteria (in green) can be mapped to the programme logic model (in red) in the following way.



3.5. Additional public policy evaluation criteria

In addition to the five main evaluation criteria outlined above, VFM reviews will need to take into account a range of additional public policy criteria that are relevant to the design and implementation of Government programmes. These are sometimes referred to as *horizontal principles*. The most important are addressed briefly below, with references for further reading given in each case.

Depending on the nature of the programme being reviewed, it may be appropriate to address the additional public policy criteria under one or more of the five evaluation criteria outlined in section 3.4.1 above. For example, for a programme run by the Department of Social and Family Affairs, poverty impact assessment might be handled under Effectiveness and Rationale. Alternatively, they may be handled as separate criteria in their own right.

Further guidance on the development of evaluation criteria in the planning of VFM reviews is set out in Chapter 4.

3.5.1. Poverty Impact Assessment

Poverty Impact Assessment is defined as the process by which Government Departments, local authorities and State agencies assess policies and programmes at design, implementation and review stages in relation to the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction.

Under the Poverty Impact Assessment guidelines issued by the Office for Social Inclusion (OSI), Poverty Impact Assessment should be conducted prior to finalising any Memorandum for Government and in the preparation of SMI Statements of Strategy, Annual Business Plans, Estimates and Annual Budget proposals, National

Development Plan and other relevant EU Plans and Programmes, and legislation, including significant Statutory Instruments.

Poverty impact assessment should be carried out at every stage at which significant policy proposals or changes are being considered, including where a pre-existing policy is being evaluated with a view to possible change.

The OSI Poverty Impact Assessment guidelines, from which relevant evaluation questions can be extracted, can be found at www.socialinclusion.ie

3.5.2. Rural Proofing

Guidelines for the implementation of rural proofing procedures were issued by the Department of Agriculture and Food in March 2002. This followed the adoption of rural proofing in the Cabinet Handbook in November 1999. The guidelines state that rural proofing should be undertaken, inter alia, in the preparation of Estimates and annual budget proposals, including VFM reviews and programme evaluations.

For further information, [contact](#) the Department of Community, Rural & Gaeltacht Affairs

3.5.3. Equality Proofing

Equality legislation prohibits discrimination in employment and in the delivery of goods and services on any of the following 9 specified grounds: gender, marital status, family status, sexual orientation, religion, age, disability, race, or membership of the Traveller community. Equality Proofing means integration of equality objectives (i.e. elimination of discrimination on the above 9 grounds) into policy planning, implementation, evaluation and review. Gender Proofing is essentially the same process, but restricts its focus to discrimination on the grounds of Gender.

The following links provide further information relevant to equality proofing.

Equality Proofing: the Good Practice section of the Equality Authority's website provides material on the practical aspect of equality proofing (see <http://www.equality.ie>). A manual and quick reference guide to equality proofing is currently being prepared, under the auspices of the Equality Proofing Working Group.

Gender Proofing: the NDP Gender Equality Unit in the Department of Justice Equality and Law Reform has its own website (see <http://www.ndpgenderequality.ie>). Of particular relevance on this website is the Gender proofing handbook and their section of 'how to' guides, all listed in the Publications area.

Disability Proofing: The Government's national Disability Strategy and six Departmental Sectoral Plans were launched over the Summer of 2006. For further information contact the National Disability Authority (see: <http://www.nda.ie/>)

3.5.4. Quality Regulation

The Government's White Paper *Regulating Better* (2004) sets out six principles of good regulation:

NECESSITY – is the regulation necessary? Can we reduce red tape in this area? Are the rules and structures that govern this area still valid?

EFFECTIVENESS – is the regulation properly targeted? Is it going to be properly complied with and enforced?

PROPORTIONALITY – are we satisfied that the advantages outweigh the disadvantages of the regulation? Is there a smarter way of achieving the same goal?

TRANSPARENCY – have we consulted with stakeholders prior to regulating? Is the regulation in this area clear and accessible to all? Is there good back-up explanatory material?

ACCOUNTABILITY – is it clear under the regulation precisely who is responsible to whom and for what? Is there an effective appeals process?

CONSISTENCY – will the regulation give rise to anomalies and inconsistencies given the other regulations that are already in place in this area? Are we applying best practice developed in one area when regulating other areas?

Where possible, VFM reviews should examine the regulatory framework underpinning the policy area/programme under review to ensure that the regulations conform to each of these principles. If appropriate, recommendations should be made in relation to the repeal or replacement of poor quality or unnecessary regulations and consideration given to the possibilities for consolidation of existing regulations. Where new regulations are recommended, a regulatory impact analysis must be conducted.

Further information is available at www.betterregulation.ie.

3.5.5. Quality customer service

The Quality Customer Service Initiative (QCS) is about the achievement of an excellent service for the public. Under the QCS, 12 principles apply to how the public service deals with the public. These relate to: quality service standards; equality/diversity; physical access; information; timeliness and courtesy; complaints; appeals; consultation and evaluation; choice; official languages equality; better co-ordination; and internal customers.

The QCS principles require that 'In their dealings with the public, Civil Service Departments will ensure meaningful evaluation of service delivery.' The document *Customer Charters: Guidelines for Preparation* issued by the Department of the Taoiseach in 2002 details 'Evaluation of Performance' as one of four steps in the preparation of Customer Charters. An appendix to the guidelines, which are available on the website www.bettergov.ie, sets out methodologies and good practice examples for the evaluation of performance.

3.5.6. Development Aid Projects

The VFM review framework is suitable for use in the evaluation of development programmes, for example, the Irish Overseas Aid programme. The evaluation criteria for these programmes should follow the criteria of the Development Assistance Committee of the OECD. These are relevance, efficiency, effectiveness, impact and sustainability.

The relevance criterion is covered by the existing rationale and continued relevance criteria in the template Terms of Reference.

Sustainability considers whether the flow of benefits to the beneficiaries, and to society generally, is likely to continue after the programme has been completed and the available funding is exhausted. This criterion needs to check whether the impact of a project remains in place after the project comes to an end. Indicators on sustainability should tell whether the current state of the project indicates sustainability or not. If not, then the original needs and problems will return quickly after closing the project down. Sustainability compares needs to impact over time (the medium to long term).

Annexes: 1. Rationale for Public Intervention – Types of Market Failure

Further references

Further guidance on the performance indicator model applied to VFM reviews is in *CSF Performance Indicators: Proposals for 2000-2006 Programming Period*, CSF Evaluation Unit, October 1999.

<http://www.ndp.ie/documents/publications/evaluation/GuidancePaper.doc>

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European Commission GUIDE to evaluating socio-economic development and associated resource materials. – <http://www.evaled.info/>

For further discussion of the horizontal principles, please see the July 2004 report by the NDP/CSF Evaluation Unit *Review of Relevance of NDP/CSF Horizontal Principles to OP Measures*. The web-site reference is:

<http://www.ndp.ie/viewdoc.asp?fn=/documents/publications/evaluation/default.htm&mn=pubo&nID=5>

Annex 1: Rationale for Public Intervention – Types of Market Failure

The ESRI has identified four rationales (numbered 1 to 4 below), based on types of market failure, for public sector intervention. It notes that this is not an exhaustive list:

Public Goods

Spending on Public Goods: A public good is a type of market failure. It is a good or service for which it is not possible or convenient to charge all beneficiaries (e.g. the road system). Making it available for one effectively makes it available for many. Private producers will tend to undersupply such goods or services relative to what is socially optimum. As a result, it is appropriate for the Government to act to ensure that such goods or services are made available. Goods and services for which it is policy to provide free of charge (e.g. second level education) can be included here.

Externalities

Externalities arise where the actions of one individual or firm affect other individuals or firms without appropriate compensation being paid i.e. where one individual or firm imposes a cost on others but does not compensate them (e.g. air and water pollution), or alternatively, where one individual or firm confers a benefit on others but does not reap a reward for providing it (e.g. rehabilitation of a derelict house which contributes to neighbourhood regeneration).

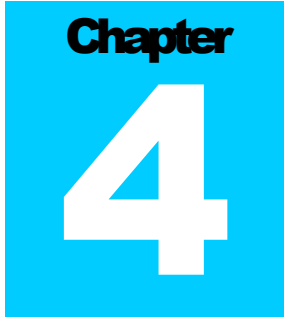
- **corrective Subsidies to Correct for General Ongoing Externalities:** These relate to policy schemes chiefly designed to alter relative prices facing private firms and individuals in order to correct for some ongoing externality, hence the term corrective subsidy. Characteristically these are largely passive grant schemes where the administration of the scheme is confined to ensuring that it is reaching the target group, delivering the change in relative prices, and deadweight and displacement are minimised (e.g. environmental grants to combat pollution or to maintain areas of natural beauty).
- **targeted Subsidies to Overcome Specific Externalities:** These schemes are designed to address a specific externality. More active administration and greater selectivity is required than for corrective subsidies (e.g. compensation to farmers and landowners for the adverse effects of building a new motorway).

Redistribution

Spending with a Redistributive Function: These are intended to deliver what society considers as being a “fair” distribution of wealth and income among its members (e.g. welfare spending and regional development programmes).

Merit Goods

These constitute another form of market failure. It arises if individuals or firms underestimate the personal or private benefits derived from consuming a good or service (e.g. compulsory education). In other words, due to gaps in their information, individuals or firms attribute insufficient merit to the good or service, giving us the term merit good. This market failure can be addressed, inter alia, by schemes to improve information and/or subsidising the price paid for the merit good.



Chapter
4

4. Planning a Value for Money Review

4.1. Introduction

A VFM review must be adequately planned. A good VFM review plan will optimise the ability of the VFM review team to:

- reach a clear understanding of the evaluation criteria for the Review;
- propose, in general terms, the methodologies to be applied in the Review, having regard to the available data;
- ascertain the budget, resources and personnel that are necessary to conduct the Review in an economic and effective manner;
- communicate effectively with all stakeholders;
- manage the expectations of the Departmental MAC, the Steering Committee and team members;
- conduct the Review in an efficient manner; and
- operate effectively within the “triple constraints” of time, cost and quality.

The first meetings of the Steering Committee for a Review should be devoted to planning, which consists of drawing up, and obtaining approval for, the review Terms of Reference and the preparation of a Review Plan. While the process may seem time-consuming, obtaining clarity on difficult matters at this point will head off potentially difficult discussions at a later stage in the Review. It will also ensure that the organisation’s management are properly brought into the picture from the outset on the proposed approach to the Review.

4.1.1. Guidance Outcomes

The guidance in this Chapter will enable you to:

- understand the elements of the VFM review planning process;
- develop the proposal and terms of reference (TOR) for a VFM review ; and
- prepare a Review Plan to the level of detail appropriate to the scope of the Review.

4.2. VFM Review Terms of Reference Proposal Document

The planning process for a VFM review can be divided into two discrete parts – the VFM review Terms of Reference Proposal Document that sets out the terms of reference and scope of the review and the Review Plan covering the methodology, resources and organisation of the Review.

The headings used in this chapter can be used as a document template to aid the development of the TOR and the review Plan. Templates for the TOR and for the review Plan are annexed to this Chapter

The content of a VFM review Terms of Reference Proposal Document should always include:

- the **title** of the VFM review ;
- the **overall objective** of the VFM review ;
- a short description of **context**;
- the **Terms of Reference** for the review (these are the **evaluation questions** that the Review will seek to answer); and
- the **scope** of the Review

A good VFM review Terms of Reference Proposal Document will be concise but precise. The proposal must contain sufficient information to facilitate the development of (1) a work schedule and (2) a meaningful resource budget and timeline for the Review.

4.2.1. Title of the VFM Review

The title of the VFM review should be chosen with care. VFM review proposals are listed in the relevant government decision. In many cases, the title will use the name of the subject organisation/programme or policy but in other cases, where the review covers an area of work, there will be a need to be more specific. For example: “the IDA Property Programme” or “Operation and Management of IT Systems” in the State Laboratory or “the Social and Demographic Statistics Department” at the CSO.

4.2.2. Overall Objective of the VFM Review

It is good practice to state the overall objective of the VFM review in one sentence. The overall objective should state what the review is expected to achieve. An example of wording for the overall objective is:

Communications, Marine and Natural Resources: Metropolitan Area Networks programme

The purpose of the proposed review of the Metropolitan Area Networks (MANs) programme is to analyse what has been achieved by public expenditure in this area and to inform future policy making regarding ICT policy in this regard.

4.2.3. Context for the Review

The Terms of Reference Proposal Document should include a short discussion of the evaluation context of the review. This discussion should place the assignment in the context of the Government’s policy and programme priorities and customise the evaluation questions/criteria to the distinctive performance issues associated with the review subject. Two examples are:

- Social and Family Affairs: Review of Social Welfare Payments to Orphans where the Review aimed to “judge scheme effectiveness in relation to the adequacy of payment and targeting of the schemes;” and
- Education and Science: Small and Rural Schools Initiative and Permanent Accommodation Initiative where the review aimed to “examine the validity of significant prospective expenditure over the life of the capital envelope.”

Any such special performance issues should be fully identified and explained.

The discussion of the evaluation context should address the:

- wider policy context of the subject, including the current stage of implementation, and any unique factors that may affect the review. This may extend to a brief history of the evolution of the programme;
- reasons for the selection of the subject for review; and

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- preparation of a high level description of the programme logic of inputs, activities, outputs, results and impacts, including performance indicators. Please refer to the examples at Section 3.3.3 for guidance on how this should be done.

4.2.4. Terms of Reference

The specification of the Terms of Reference (TOR) for a VFM review is at the heart of the VFM review planning process. It is important that there should be a clear articulation of the TOR and a common understanding of what is covered by each term of reference.

Template Terms of Reference

The CSC's template Terms of Reference (see Annex 2 to Chapter 2) has seven generic questions for a VFM review. In the following table these are linked to the five evaluation criteria introduced in Chapter 3.

It may be possible to adopt the template TOR without adjustment but there are many examples of suitable adaptations of the template, including the following:

- the Agriculture: Review of Compensatory Allowance Scheme where a purpose for the Review was set and the template was used to achieve the stated purpose;
- the Back to Education Allowance Report (Social & Family Affairs) also set a focus and expanded this with a more specific set of questions that did not use the standard wording; and
- the IDA Property Review is also a good example of an adaptation of the template TOR.

A difficulty with adopting the template TOR without adjustment is that it might not show how the Review is being customised to meet its specific objectives. Also, there may be insufficient information to allow the Secretary General of the Department, who is asked to approve the Terms of Reference, to understand exactly what the focus of the Review will be. This could, potentially, cause problems "down the line" when management is receiving its first progress reports on the Review.

It may also be possible to reduce the number of evaluation questions by combining two or more of the Template Terms of Reference criteria into a single evaluation question. An example of a Review where this was done was in the Agriculture: Review of Programmes in the Potato Sector.

A further example is the Review of the Valuation Office where it was considered appropriate for the type of review being undertaken to reduce the seven template criteria to three criteria.

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Template Terms of Reference	Link to evaluation criteria
Identify programme objectives	Rationale, Effectiveness, and Impact
Examine the continued validity of those objectives and their compatibility with the overall strategy of the Department controlling programme X and to the overall objectives of the Government in relation to the policy or area being reviewed	Continued Relevance Rationale
Identify the level and trend of costs and staffing resources associated with programme X and thus comment on the efficiency with which it has achieved its objectives	Efficiency, and Economy
Define the outputs associated with the programme activity and identify the level and trend of those outputs	Efficiency, and Effectiveness
Examine the extent that the programme's objectives have been achieved, and comment on the effectiveness with which they have been achieved	Impact Effectiveness
Evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis	Continued Relevance, Efficiency, and Effectiveness
Specify potential future performance indicators that might be used to better monitor the performance of programme X	Efficiency, Effectiveness, and Impact

As noted in Section 3.5, it will be necessary to take horizontal principles into account when planning a review. There is scope for Departments to adjust their terms of reference to suit their needs in this regard. For example, the Department of Social and Family Affairs has sometimes included poverty proofing as one of the explicit terms of reference in its VFM reviews.

However, efforts should be made to cater for the horizontal principles without increasing the overall number of evaluation questions. For example, it may be appropriate to consider the criterion on poverty impact under the rationale, effectiveness and/or impact headings.

4.2.5. Scope of the Review

Defining scope is a way of setting limits to a review and enabling it to be carried out within the constraints on resources, the data available, and the timeline for completion of the review. The scope of the VFM review should be defined under various headings as set out in the table below. There may be other areas of scope that the Steering Committee consider relevant.

Scope heading	What it covers
<i>Programme/ Activity</i>	<i>The programmes and/or activities covered by the review and those specifically excluded</i>
<i>Temporal</i>	<i>The time period covered by the review, for example, the last five years, or the period since the last evaluation</i>
<i>Financial</i>	<i>The revenue, expenditure or net assets covered by the review</i>
<i>Organisational</i>	<i>The organisations within the boundary of the review and those specifically excluded</i>
<i>Legislative</i>	<i>The Acts and Regulations that govern the subject of the review</i>
<i>Data/ Systems</i>	<i>The expected reference data for the review and the database information systems (financial and non-financial, computer or manual) that are concerned with the activities under review. Also the systems, practices and</i>

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Scope heading	What it covers
Requirements	<p><i>procedures that regulate the conduct of these activities, including financial control</i></p> <p><i>The basic requirement is to produce a VFM review report that addresses the Evaluation Questions. There may be other purposes for choosing to perform a review and these should be captured here. Examples might be:</i></p> <ul style="list-style-type: none"> • <i>meeting the requirements for evaluation set out in a contract or Regulation;</i> • <i>meeting the requirements to evaluate certain capital programmes as set out in the Department of Finance Capital Appraisal Guidelines; and</i> • <i>meeting the requirements for environmental evaluation, equality proofing, poverty proofing, regulatory impact assessment, quality customer service, etc.</i>

In developing the scope of the review, the following checklist could be used:

- is the scope too narrow or too broad having regard to the review's overall objective, the likely resources, and timeline for completion?
- should a large programme be divided into more manageable sub-programme components?
- does the scope imply a Cross-Departmental review (See Chapter 7)?
- is the data to pursue all aspects of scope likely to be available?
- how feasible is the likely analysis implied by the scope?
- what implications do the scope decisions have for the structure and content of the final report and the time and resources that will be needed to complete it? and
- do the scope decisions help to clarify the Evaluation Questions?

The following issues should be addressed in developing the definition of the review scope.

Issue	What it covers
Requirements	<i>The extent to which the outputs of the review are expected to satisfy requirements other than the Department VFM review requirements.</i>
Deliverables	<i>Deliverables include the outputs required to satisfy the objectives of the review (i.e. the VFM review report), and any other outputs, such as assignment management reports and documentation that the Steering Committee may agree on. For example, a separate report on the conduct of a survey might be required. It may also a good idea to require consultants to produce a separate stand alone report for their inputs to the review process.</i>
Constraints	<i>It is important to list the specific constraints on the conduct of the review. These may include a predefined budget, any imposed dates or restrictions of data sources. If part of a review is outsourced, the contractual provisions will generally be constraints for that portion of the review.</i>
Assumptions	<i>List and describe the specific assumptions and the potential impact of those assumptions if they prove to be false.</i>

4.2.6. Finalising the VFM Review Terms of Reference Proposal Document

The guidance in this Section is based on obtaining approval for the proposed Terms of Reference in the context of a wider Terms of Reference Proposal Document. To date, many reviews have taken 'Terms of Reference' to mean the CSC's template terms of reference adapted to suit the review in hand. It is suggested that a wider approach to include title, overall objective, context, evaluation questions, and scope would make for

a better planning/approval process. A template for the VFM review Terms of Reference Proposal Document is suggested in Annex 1.

Section 2.5 above sets out the formal arrangements for approving the Terms of Reference of a VFM review.

4.3. The Review Plan

The written review plan should detail the Steering Committee's decisions on the methodology, resources and organisation of the review. It should be noted that some of these decisions may need to be revisited by the Steering Committee in light of actual experience with the review.

4.3.1. Methodology

The review methodology describes *how* the assignment will be carried out, including the main methods to be used to collect, analyse, record and report information.

The methodology should be documented at the level of the Terms of Reference Evaluation questions. The following needs to be established for each TOR question:

- the type of information to be collected and analysed;
- the potential data sources;
- the proposed means of collection;
- who is allocated responsibility; and
- the relevant chapter of the review report.

For large VFM reviews it may be convenient to divide each TOR evaluation question into a series of sub-questions. This may be necessary where more than one source of evidence will be used in the review.

The following is an example of a template for developing the methodology for TOR Evaluation Question 1:

TOR Evaluation Question	Sources of Information	Who	Relevant Report Chapter
<i>Identify the programme objectives?</i>	1. <i>Review of programme documentation</i>	<i>Team Member</i>	2
	2. <i>Interview programme managers</i>	<i>Lead Reviewer</i>	
	3. <i>Interview stakeholders</i>	<i>Lead Reviewer</i>	
<i>Define the programme outputs</i>	1. <i>Interrogation of financial systems</i>	<i>Finance Unit member</i>	3
	2. <i>Review of quantitative info on programme outputs</i>	<i>Prog admin member</i>	

The evaluation fieldwork is divided into tasks which may be further divided into work steps. Guidance on fieldwork tasks is included in Chapter 5. The generic tasks for the fieldwork stage are:

- discovery and review of documents;
- financial and other data analysis;
- conducting surveys and structured interviews;
- review of international practice;
- identification of benchmarks and comparators; and
- synthesis of report findings.

As far as possible, each task should be marked by a visible deliverable, such as a working paper on the results of a survey, a chapter of the report, or an oral report adopted at a Steering Committee meeting.

The expected availability of data should be ascertained at the planning stage and an outline of the proposed analysis (including the potential need for specialist assistance) should be identified when developing the methodology and the other elements of the review plan. The Steering Committee should ideally identify alternative approaches to cater for a situation where data that was promised does not materialise or is in such poor shape as to be of little use.

The data/information collection tools that will be used will have timing implications that need to be planned for. For example, planned surveys should include adequate time for the issuance and receipt of questionnaires and time should be allowed to collate and analyse the survey results.

The Steering Committee may need separate high level approval for consultation with stakeholders, particularly if a consultation with the general public is envisaged.

4.3.2. Resources

It is common to underestimate the time required for many planning and field work tasks and the time required to write the VFM review report. The consideration of resources identifies *who* will conduct the VFM review.

To complete the VFM review on schedule, the following aspects must be addressed:

1. **Availability:** the lead reviewer will need sufficient time for the VFM review, including a certain amount of full time commitment, particularly at the report-writing stage. It is essential to include the completion of a VFM review as a key work objective on the PMDS Role Profile Form.
2. **Skill level:** an assessment of internal skills and the need for external assistance (e.g. consultants) should be made. The lead reviewer and prospective members of the review Steering Committee should be encouraged to attend the short training course organised by the VFM and Policy Reviewers' Network. Some Departments have specialist skills that may be helpful to the review (e.g. in the areas of IT, internal audit, finance, and statistics).
3. **Policy analysis skills:** Departments should take advantage of the availability of students and graduates of the CSTDC/IPA Masters and Higher Diploma programmes in policy analysis underway since 2003.
4. **Quality Assessment:** Steering Committees should consider whether to involve an independent quality assurance expert at the outset as well as at the finalisation stages (see Section 2.7). It should be noted that the quality assessment function is considered to be part of the review methodology (See Section 5.4).

The time estimate is particularly important where it is proposed to outsource some or all of the review work. In the Review of support to Afghanistan 2000 - 2003 (DCI, Foreign Affairs) the QA review noted that the TOR were too wide and the time allowed for the work was underestimated. In these circumstances the options are to scale back the TOR or to increase the time allowed. If it is necessary to fundamentally change the TOR, the revised TOR must be submitted to the Secretary General (or Head of Office) for his or her approval following consultation with the Department of Finance.

4.3.3. Organisation

The organisation of the review covers the following issues:

- key roles in the conduct of a VFM review;
- summary timeframe and milestones; and
- reporting arrangements.

Key roles

There are four key roles in the conduct of a VFM review:

1. Departmental MAC/ High Level Committee overseeing the VFM review process

The MAC is the ultimate decision making authority and as such owns the responsibility for the success or failure of the VFM reviews. The MAC is primarily focussed on the VFM review initiative as a whole as it pertains to the Department in question, rather than on particular reviews (see Section 8.2.1.).

2. Steering Committee

A Steering Committee is the primary driver for the VFM review. The Steering Committee has delegated decision making powers from the MAC. It discharges key roles in the planning, conduct and reporting stages of a VFM review and reports to the MAC on progress made and on any difficulties or blockages in the process. The Steering Committee should consider, discuss, and agree the VFM review Terms of Reference Proposal Document, the review plan, key correspondence (e.g. for a survey), the report text, and the conclusions and recommendations of a review.

The Chairperson of the Steering Committee discharges an important role in the VFM review. S/he drives the review and acts as a key channel between the lead reviewer, the evaluation team and the MAC. The Chairperson should not be the lead reviewer.

The establishment of a Steering Committee is a key step in the planning of a VFM review. This is addressed at Section 2.4 above.

3. Lead Reviewer

The lead reviewer is responsible for the development of the VFM review Terms of Reference proposal document and review plan in consultation with the Steering Committee.

The key responsibility of the lead reviewer is to conduct the review and draft the review report. The lead reviewer keeps the Chairperson of the Steering Committee informed of progress in the review and of issues that may require an amendment to the TOR or review Plan so that timely decisions can be made and surprises avoided. The lead evaluator also is responsible for managing the Quality Assessment stage of the review process and serves as the main liaison (project manager) for any consultants used to carry out all or part of the review.

4. Stakeholders

Stakeholders are any individual or group with a substantive interest in the review. Their individual interest should be identified and actions should be planned to promote their positive support for the review.

Summary timetable and milestones

The review timetable is a function of two variables, the persons allocated to the evaluation team and the time they have available.

A summary timetable for the review should be developed as part of the review plan. The Steering Committee should identify milestones with imposed dates for the submission of substantial interim deliverables for consideration. It is important to distinguish between **elapsed** time, the total amount of calendar time taken to perform a task, and the **actual** time taken for the task. The timeframe should allocate persons to tasks and identify the time availability for the proper completion of the review in terms of both actual time and elapsed time.

All VFM reviews will have at least five key milestones:

- approval of Terms of Reference by Secretary General;
- the date of commencement of fieldwork (the first fieldwork meeting);

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- the date of completion of fieldwork (this is the date that the Steering Committee has a complete text for the draft VFM review report);
- the date of sending/receiving the draft report from the QA process; and
- the date of final approval of the VFM review report.

For larger VFM reviews it may be appropriate to have further milestones, such as:

- the date of completion of individual chapters of the report; and
- the date of completion of substantial fieldwork tasks such as surveying, an interview programme or research on alternative options.

Reporting requirements

The final element of the review plan is an outline of the reporting requirements, which should identify the:

- planned meeting arrangements for the Steering Committee;
- allocation of tasks for the keeping of minutes and the distribution of correspondence or working papers by email or through the post;
- reporting arrangements in respect of consultants used to carry out all or part of the review;
- proposed submission date(s) for drafts and final copies; and
- proposed scheduled reporting dates to MAC.

It is good practice to include an outline of the VFM review report in the VFM review plan.

- Annexes:**
1. Template for a VFM Review Terms of Reference Proposal Document
 2. Template for Review Plan
 3. Template for Work Schedule

ANNEX 1: Template for a VFM Review Terms of Reference Proposal Document

The TITLE PAGE should contain the following information:

[Name of Department/Office]

[Title of VFM Review]

VFM Review Terms of Reference Proposal Document

Document Control

	Date
Version approved by Secretary General	

Content of the VFM Review Terms of Reference Proposal Document:

Title of the VFM Review

The proposed title of the VFM review is “Programme X.....”

[Insert commentary on choice of title and reason for selection, if considered necessary]

Overall objective of the Review

Insert one sentence for overall objective of the VFM review

Context of the Review

- wider policy context, including the current stage of implementation and any unique factors that may affect the review
- reasons for the selection of the topic for review
- high level description of the programme logic (see Section 3.3)

Terms of Reference

These are based on the CSC Template TOR

Scope of the Review

Define the scope in terms of:

- programme/ activity;
- temporal;
- financial;
- organisational;
- legislative;
- systems;
- requirements; and
- other relevant scope dimensions.

ANNEX 2: Template for Review Plan

The TITLE PAGE should contain the following information:

[Name of Department/ Office]

[Title of VFM Review]

Review Plan

Document control

	Date
Version approved by Steering Committee	

Content of the Review Plan:

Methodology

[See Section 4.3.1]

Work schedule

[See Annex 3 below]

Resource Plan

Reporting Arrangements

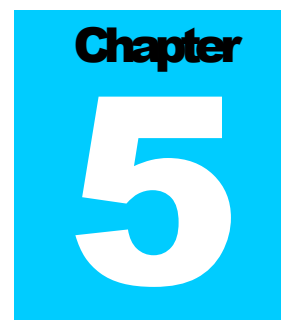
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ANNEX 3: Template for Work Schedule

	J	F	M	A	M	J	J	A	S	O	N	D	Total days
Inception meeting	◆												
Draft Chapter 1													
Field work for Chapter 2													
Document Review													
Interviews													
Steering Committee Review													
Fieldwork for Chapter 3													
Financial Analysis													
Stakeholder Survey													
Interview													

KEY: Shaded Areas = planned weeks; ◆ = milestone

Note: This template has been prepared for illustrative purposes only; it does not represent the full schedule of tasks that might be expected to be undertaken in a VFM review.



5. Evaluation Methodologies: Conducting a Value for Money Review

“Clear rules or standards for all aspects of the quality of an evaluation, in particular a **sound methodology**, reliable data and the balanced presentation of findings, may be even more effective in ensuring objectivity and impartiality than the formal autonomy of the evaluation function ...”

- Report of the EC Working Group “Evaluation and Transparency”,

5.1. Introduction

This Chapter provides guidance on the use of evaluation methodologies for conducting a VFM review. The chapter starts with a detailed explanation of how the evaluation questions in the Terms of Reference should be converted into fieldwork tasks involving the collection of evidence to support the evaluation conclusions. Guidance on the more common evidence gathering methods is then provided. The Chapter ends with advice on the formulation of evaluation judgments.

5.1.1. Guidance Outcomes

The guidance in this Chapter will enable you to:

- analyse the subject of a VFM review;
- choose and implement appropriate field-work activities;
- reach conclusions based on the evidence collected; and
- identify further sources of information to assist with the conduct of a VFM review.

5.2. Applying Programme Logic to the Evaluation Criteria

The VFM review involves a study of inputs, activities, outputs, results and impacts to reach conclusions on the evaluation criteria (rationale, efficiency, effectiveness, impact and continued relevance). The evaluation criteria are reflected in the evaluation questions agreed in the Terms of Reference (see Chapter 4). The purpose here is to take some of the detailed questions developed for each of the five evaluation criteria introduced in Chapter 3 and show how to break them down into fieldwork tasks.

The general approach is to follow the programme logic that is identified in the planning stage of the VFM review. This is built into the template TOR by requiring a study of the trend in inputs/resources, outputs and outcomes. The rationale for this approach is that if the links between inputs-activities-outputs-results-impacts can be confirmed and achievement measured by reference to agreed performance indicators for each link in the chain, then there is a basis for reaching conclusions on the performance delivered by the programme. Where it is found that there are weaknesses in some linkages within the programme logic, then this has a basic effect on the strength of the conclusions that can be reached. For example, if the programme logic links between outputs and outcomes are weak then this affects the conclusions that may be reached

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on effectiveness and impact. The programme logic table should be updated in the course of the fieldwork of a VFM review. This is a natural part of the analysis work and is not a change in scope.

The following guidance sets out specific issues for each of the evaluation criteria. It is written specifically to link the evaluation criteria to the elements of the programme logic model. Some of the VFM review tasks generated in the tables below are developed in more detail in the remaining part of the Chapter.

5.2.1. Rationale

The evaluation questions concerned with identifying the programme objectives and examining their validity.

There are 2 main aspects involved in the evaluation of rationale:

Detailed Questions	VFM Review Tasks
<p>Why is a public policy intervention necessary? What market failure is being addressed? How does the programme fit-in with other programmes of the Department or programmes of other Departments/ Agencies that target the same category of beneficiary or economic/social issue?</p> <ul style="list-style-type: none"> • Is the programme responding to identified current needs/policy/development plans (NDP)? • Are the programme objectives clear and specific? • Are the programme beneficiaries clearly identified? (objectives should be linked to beneficiaries). • Are implementation responsibilities clearly identified? 	<p>Analyse and assess the stated rationale</p> <p>Identify and specify the market failure</p> <p>Obtain and review the relevant documentation that supports the programme strategy/plan, e.g. situation analysis, business plan, Memoranda for Government, relevant Ministerial speeches, PQ responses, historical briefing, stakeholder consultations, cost benefit analysis, and strengths, weaknesses, opportunities, threats (SWOT) analysis, etc.</p>
<p>Are the programme objectives valid?</p> <ul style="list-style-type: none"> • Are the programme objectives compatible with objectives in the statement of strategy? • Are the expected results/impacts clearly defined and related to the objectives? • Can the planned activities be linked to the expected outcomes? • Are risks and assumptions identified? 	<p>Compare with the objectives set out in the Statement of Strategy.</p> <p>Interview those responsible for the design of the programme to gain an appreciation of the linkages between objectives, inputs, outputs and outcomes.</p> <p>Consider whether the indicators of achievement for inputs, activities/outputs and outcomes are appropriate to the objectives.</p> <p>Make a critical assessment of the programme objectives and of the linkages between objectives, inputs, outputs and outcomes.</p>

Review findings on rationale should be developed in a pro-active way. For example, a VFM review might recommend a re-articulation of objectives in a more meaningful way as in the Review of the Compensatory Allowance Scheme (Agriculture).

5.2.2. Efficiency

The evaluation questions that ask for identification and analysis of trends in inputs, activities and outputs are concerned with efficiency. It is usually appropriate to zoom in on specific aspects of output, like timeliness or output cost. Efficiency is a relative concept, that is, observations on efficiency involve a comparison with previous years, a base line, an imposed standard, or an external benchmark. The underlying efficiency question is *how were resources/inputs transformed into outputs?* The study of economy is a subset of the study of efficiency which zooms in on programme inputs.

Detailed Questions	Tasks
Efficiency	

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<p>What are the key indicators for measuring the operational efficiency of the programme?</p> <p>What are the outputs? How many are produced?</p> <p>Are output targets met?</p> <p>How long does it take to produce an output?</p> <p>Are time targets met?</p> <p>What are the backlogs in the system? Are they getting better or worse?</p> <p>How complete and accurate are outputs?</p> <p>How many complaints are there about outputs?</p> <p>How much did the output cost, per item and altogether?</p> <p>Can the indicators relating to the assessment of efficiency be improved?</p>	<p>Obtain sufficient information for the temporal scope of the VFM review and study the following changes/trends, where relevant:</p> <ul style="list-style-type: none"> • the quantity (throughput) of output; • the timeliness of outputs; • the different quality of output (e.g. different types of reports); and • the unit cost of outputs. <p>Benchmark each of the above against appropriate standards</p> <p>Study the programme activities from the perspective of transforming inputs (resources) into outputs.</p> <p>Matters to consider include:</p> <ul style="list-style-type: none"> • the overall management of the programme; • co-ordination; • co-operation; • monitoring; • financial management; • time management; • stakeholders' performance; and • contractors'/consultants' performance. <p>Review the performance indicator framework in light of the evaluation of programme efficiency.</p>
Economy	
<p>Was the best price obtained?</p> <p>Could a cheaper price be obtained? (e.g. performing work during normal hours instead of on overtime)</p> <p>How do the inputs compare with the inputs of equivalent programmes elsewhere?</p> <p>Was a higher and more expensive grade of staff used? (e.g. an AP doing the work of a HEO).</p> <p>Was the quality of inputs maintained? (e.g. through staff training)</p>	<p>Assemble and analyse the trends in relevant expenditure for the period of the review.</p> <p>Identify any wasted expenditure (e.g. inputs paid for but unused)</p> <p>Benchmark against appropriate standards.</p> <p>Obtain an understanding of the staff resources consumed by the programme.</p>

Where there are a large number of outputs, or linked outputs, attempts should be made to separate them into intermediate and final outputs. The extent to which intermediate outputs need to be considered depends on the circumstances of the review. It is usually the attributes of the final outputs that deliver outcomes. This analysis should have started in the planning phase but will need to be revisited here.

Where data availability on outputs is poor, an alternative approach is to study the transformation process, that is the activities that produce outputs. There should be documentation of activities in business plans, activity reports and from the daily work of the responsible officials. The VFM review then consists of the identification and discussion of the factors influencing efficiency in the programme under consideration with particular reference to those factors that cause variances from planned activity and inefficiency. These can be management issues, resource allocation issues, or external influences on implementation (e.g. changes in senior management, changes in procedures, and/or problems with original design). Difficulties encountered in measuring outputs should be discussed in the report and appropriate recommendations for systems improvements should be made.

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5.2.3. Effectiveness

The evaluation questions concerned with reviewing the extent to which programme objectives are achieved are covered by effectiveness. The establishment and maintenance of objectives are covered under the rationale and continued relevance criteria.

Effectiveness can be broadly described as the extent of achievement of the programme specific objectives aimed at achieving results. Objectives defined in terms of impacts, as opposed to results, should be considered under the impact criterion (see below). In order to properly measure effectiveness, the specific objectives must be capable of measurement. In the absence of clear objectives and measurable result indicators, the task of the VFM review team becomes more difficult and there is a greater dependence on the judgment of the Evaluation team and the Steering Committee. This does not make the VFM review less valuable. In these cases the VFM review Steering Committee and Evaluation Team should make suitable recommendations for introducing improved documentation of objectives and indicators for future programmes. Where there are no defined programme objectives and/or result indicators there are two areas that should be explored:

- it may be possible to develop a small set of result indicators or proxy indicators suitable to judge effectiveness, by breaking down the immediate objectives into subsets whose achievement can easily be identified. For example, the effectiveness of a recycling programme could be measured by public awareness, volume recycled, and the efficiency of the recycling facilities (e.g. throughput period of time); and
- it may be possible using programme logic to work back from high level sectoral objectives through an investigation of the relative contribution of the programme to the overall sectoral objectives. Examination of comparable programmes might help in this regard. This approach combines effectiveness with impact (see below).

The suggested detailed evaluation questions and tasks for effectiveness include:

Detailed Questions	Tasks
To what extent have output and result indicators been specified for the programme?	Identify output and result indicators specified for the programme
What did the programme achieve? What methods are used to assess effectiveness?	Determine the actual level of outputs and results Study the movement in output and result indicators that provide information on the effect on targeted beneficiaries. Consider the appropriateness of the output and result indicators used.
What is the performance gap (i.e. the difference) between actual and expected outputs and results? What are the contributing factors to the performance gap?	Compare the actual levels of output and result indicators with the desired level. Analyse and discuss the reasons for any performance gap.
Is there satisfaction with the level of achievement of outputs and results?	Interview managers and review documentary evidence to assess the level of satisfaction with outputs and results achieved. Inquire into the level of complaints or appeals received in respect of outputs and results. Consider a survey of final beneficiaries to gather evidence of their satisfaction with the outputs and results.
Is the achievement measured against a valid baseline?	Consider and assess the suitability and accuracy of baseline indicators
Could the same results be achieved in a better or	Consider alternative approaches to achieving the same

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cheaper way?	<p>outcomes.</p> <p>Undertake a literature review to gain an understanding of approaches to the programme objectives in other jurisdictions.</p> <p>Develop benchmark comparisons to other approaches to the same problem nationally and internationally</p>
Is the feedback on effectiveness used in setting new objectives?	Interview programme managers and review documentary evidence to find out how effectiveness issues influence policy development and the setting of new objectives.
Can the indicators relating to the assessment of effectiveness be improved?	Review the performance indicator framework in light of the evaluation of effectiveness.

Where the programme is at an early stage:

It can be difficult to evaluate the effectiveness and impact of programmes that are in an early stage of implementation. In these situations, evaluation questions should be adjusted to investigate the likelihood for effectiveness and impact. This might include a review of the following issues:

- the robustness of the programme logic;
- a strengths, weaknesses, opportunities, threats (SWOT) analysis;
- the performance of personnel in the implementation of other on-going projects;
- whether the sponsoring body is new;
- the rationale of the project; and
- positive or negative external factors (including expected changes) in the project environment.

5.2.4. Impact

The impact evaluation questions focus on wider socio-economic effects (including the medium to long term impacts on target beneficiaries), the contribution of the programme to overall policy implementation and the influence of other policy frameworks. For programmes running for less than five years, it may be difficult to properly assess programme impacts. In such cases, VFM review reviewers should rather seek to (i) assess the likelihood of impact, and, if appropriate, (ii) make recommendations to strengthen the information basis to support management judgments on impact. A number of different indicators should be used to build a level of confidence about the conclusions reached on impact. The consideration of impact can draw on information gathered to support all the other elements of programme logic.

Detailed Questions	Tasks
<p>What are the medium to long term impacts on the targeted beneficiaries?</p> <p>What are the wider socio-economic effects of the programme? Is it possible to isolate the programme contribution to wider impact?</p> <p>Are there impact indicators to measure the socio-economic effects? Can impact indicators, or proxy indicators, be specified for this?</p>	<p>Study the expected and actual impact by reference to the:</p> <ul style="list-style-type: none"> • specified impact indicators; • actual programme implementation (output and result indicators); • programme logic (especially the overall objectives, specific objectives and expected results), i.e. the quality of the programme design; • current stage of implementation; • the quality of the management of the programme; • the intended/unintended behaviour of the final beneficiaries; • the strength of external influences on impact

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	(political, economic, legislative, social, etc.); and <ul style="list-style-type: none"> • additionality, deadweight and displacement effects.
Were there unintended side effects?	Consider the wider effects of the programme and assess whether there were any unintended side effects
How does the programme fit in with other programmes of (i) the Department, (ii) other Departments, and/or (iii) other public bodies in delivering on the Government's overall policy objectives in the area in which the programme operates	Consider and assess the interaction/relationship with complementary policy interventions in the Department or in other Departments.
What are the other relevant policy impacts?	Where included in scope, undertake other policy analysis in line with specified guidance: <ul style="list-style-type: none"> • poverty impact assessment; • equality impact assessment; • regulatory impact assessment; • rural proofing; and • quality customer service.
Can the indicators relating to the assessment of impact be improved?	Review the performance indicator framework in light of the evaluation of impact.

The study of effectiveness and impact will usually relate programme objectives to the Departmental Statement of Strategy. Where relevant, the review should go beyond this to consider objectives set in the NDP, other National Strategies (e.g. in the areas of poverty and equality) and relevant EU objectives as set out in policies such as the Lisbon Agenda and EU Structural Funds Operational Programmes. An example of this is the Review of the Potato Schemes (Agriculture) which considered work performed in several agencies.

A full consideration of impact for a complex programme typically requires a medium to long time horizon and a shared understanding of the variables that contribute to wider impact. Review teams should outline any difficulties they encounter in evaluating impact and propose appropriate indicators to enable a more comprehensive assessment of impact to be made in the future.

5.2.5. Continued Relevance

The evaluation questions that cover the justification for continued allocation of public money to a programme are associated with the evaluation criterion “continued relevance”. Continued relevance is likely to be more important for programmes that have been in existence for a number of years.

Detailed Questions	Tasks
What is the justification for the continued allocation of public money to the programme? Is the service being provided by another body, public, community or private? Has the programme been achieving its objectives?	Undertake fieldwork to establish the justification for the continued allocation of public money to the programme. The fieldwork is likely to consist of some or all of the following: <ul style="list-style-type: none"> • researching of previous policy papers, Ministerial speeches, annual programme reports, and needs analysis; • interviewing programme managers and/or key stakeholders; • conducting a survey of stakeholder opinions; • considering similar services provided both by the Department or Agency concerned and by other (public and private) organisations and the implications for the continuation of the

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	<p>programme; and</p> <ul style="list-style-type: none"> carrying out original research and analysis to establish the justification for the continued allocation of public money to the programme.
<p>Is rationale kept under review?</p> <p>Has anything happened during the implementation of the programme to make the programme more, or less, relevant?</p> <p>Is programme design being kept up-to date to take account of the changing external environment?</p>	<p>Assess the environment/context in which the programme operates</p> <p>Inquire if the objectives and target indicators have been updated.</p> <p>Consider whether this would have been appropriate.</p>

Some of the factors that may indicate that continued relevance is an issue are:

- the programme is not achieving its objectives;
- the objectives of the programme (programme design) have not been reviewed for a long time;
- the market failure argument is no longer immediately obvious;
- the programme may be overtaken by events such as the passing of new legislation or changed socio-economic factors;
- there is a perception that a different Department or stakeholder should have ownership of the programme;
- there is evidence of an international trend to change the implementing arrangements; and/or
- the programme budget has been in decline for some years.

VFM review teams are encouraged to research the experience of other jurisdictions in these situations. There will usually be a need for more extensive consultation with stakeholders (perhaps also with unwilling stakeholders).

5.3. Evaluation tasks in carrying out a VFM Review

The tasks in carrying out a VFM review can be divided into the following groups:

- desk based tasks;
- primary data gathering and analysis;
- identification and use of benchmarks, comparators and good practice;
- cost benefit analysis and cost effectiveness analysis;
- proofing exercises related to the additional public policy evaluation criteria;
- recommending potential future performance indicators; and
- formulating judgements on the evaluation criteria.

5.4. Desk based tasks

5.4.1. First fieldwork meeting

The next meeting of the Steering Committee after the terms of reference are approved should be identified as the start date of the implementation stage of the VFM review. This meeting will focus on initiating the planned field-work tasks and should finalise and formally approve the VFM review Plan. There may be additional attendees for some or

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all of this meeting e.g. representatives from Finance, HR or IT sections who may be asked to supply information.

The result of a good first fieldwork meeting should be:

- fine-tuning of the methodology to be used;
- agreement on which stakeholders should be interviewed;
- identification of areas of special concern;
- availability of information and documents to the VFM review team on a timely basis; and
- initial allocation of VFM review tasks.

The minutes of this meeting should be circulated as soon as possible, including the agreed set of documents to be provided to the VFM review team.

5.4.2. Evaluating previous studies of programme/ area being assessed

Previous studies of the programme area being assessed are important secondary sources of evidence for the reviewer. This is sometimes referred to as a “literature review”. Relying on information in previous studies is efficient and acceptable as long as the Steering Committee is satisfied that the information is relevant, objective and reliable.

The review of previous reports should be made in the initial period as it may generate other tasks for the review or eliminate or reduce the scope of some tasks already planned.

The review of previous reports should include:

- documents on strategic /policy/programme background;
- documents on programme objectives, funding, outputs and outcomes (e.g. terms of reference, monitoring reports, annual activity reports, evaluation reports);
- Acts, Regulations, Bills, Minister’s speeches, parliamentary questions, internal guidelines; and
- monitoring reports (these are good sources of data on inputs, activities, outputs and outcomes).

The result of the review of previous reports should be:

To identify and confirm availability of important data and facts. For example:

- consider the completeness, accuracy and validity of available data sets needed for the VFM review ; and
- identify any missing information and consider its impact.

To provide answers to elementary questions of the VFM review:

- confirm the programme logic model;
- confirm programme objectives and key stakeholders; and
- identify potential external references for assessing the continued relevance of the programme.

To prepare the basis for interviews/surveys:

- identify potential interviewees;

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- confirm the need for surveys and the target survey audience; and
- confirm the need to interact with stakeholders to respond to queries about the VFM review and build support.

To obtain these outcomes:

- make an early and detailed request for information from the appropriate data owners;
- distinguish important information from less essential information;
- take the time to analyse the available reports in a critical but constructive way and write a short detailed review of this analysis. In determining the quality of the information, the reviewer should consider the following:
 - a. the objective of the study – how compatible is it to the TOR for the VFM review?
 - b. timing – how up-to-date is the information in the study?
 - c. scope – the study could be wider or narrower than the TOR for the VFM review ;
 - d. objectivity – the intended audience or purpose of a study may limit its usefulness as a source of information for a VFM review ; and
 - e. analytical method – the reviewer should be satisfied that a sound methodology was used; and
- prepare checklists of questions for interviews and surveys, where required.

A good example of presenting a literature review in a VFM review report is to be found in Section 6.4 of the *IDA Property Review*.

5.4.3. Identifying and analysing objectives of programme/ area being reviewed

The study of programme objectives should lead to a conclusion on what the objectives are, how they fit with the Statement of Strategy, and Government and EU policy objectives (for example the National Action Plan against Poverty or the Lisbon Agenda). Objectives are referred to in three of the seven Template TOR evaluation criteria.

The basic points to remember when addressing the issue of programme objectives are:

- objectives have a hierarchy. For most programmes there should be three levels of objectives in the programme logic, as shown in the following examples:

	Labour market programmes	Poverty proofing
Overall objectives, also called "wider objectives" or "final objectives".	The target national rate of unemployment)	Contribution to the National Anti Poverty Strategy
Specific objectives, also called "specific purpose" or "intermediate objectives".	Employment rates in a specific industry	Specific objectives of anti-poverty programmes
Expected results	Employment rates for specific target group(s)	Intended reduction in poverty among specified group(s)

- it follows from the above that objectives are not equal. It is usually necessary to reconstruct the different levels of objectives before reaching any conclusions on their adequacy or on effectiveness and impact; and

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- objectives are always present, either in explicit or implicit form.

The identification of objectives is usually done through document review, discussions in the Steering Committee and interviews with key stakeholders. The documents to be reviewed will include:

- approved programme documentation (i.e. a strategy, plan or policy statement);
- working papers clarifying the intentions of the policy makers;
- Government Memoranda;
- cost-benefit analysis or other ex-ante appraisal report;
- laws, especially framework laws that create implementing bodies. However, the legal objectives are rarely in a SMART format that is suitable for the purposes of a VFM review ; and
- parliamentary debates, Minister's speeches and parliamentary questions. In many cases, especially in the welfare area, this is an authoritative source of the government's intentions.

While it should be a straightforward issue to identify the expected outcomes, this is not always so. In some cases, there will be little or no programme documentation from which to establish the objectives. In other cases it may involve several interventions and, correspondingly, several sets of objectives. In these latter cases, the challenge is to find linkages between these sets of objectives to provide a clear reflection of the overall logic of the programme.

The expected outcomes can be considered as the performance targets for the programme. If there are no specific expected outcomes, it is very difficult to make meaningful comments on effectiveness and impact. Where necessary VFM review reports should be used to promote improvements in the articulation of objectives in strategic documents and in the documentation of expected outcomes. If a re-articulation of objectives is being done with specific performance targets listed, appropriate monitoring/performance indicators should be recommended to track progress against those targets.

5.4.4. Primary data gathering

The Steering Committee has an important role to play in supporting the data collection fieldwork. In many cases, members will be appointed to the Steering Committee on the basis of their knowledge of the subject, and their ability to identify the sources for relevant information.

5.4.5. Quantitative data gathering

The main methods for collecting primary numerical data for a VFM review are the extraction or compilation of financial and operational data. Surveys and interviews with stakeholders (discussed below) can also be used to collect supplementary quantitative information.

The options for accessing quantitative data are:

- data may already be available in routine management reports, for example monthly operational reports;
- data kept manually can be inspected and copied directly from its source records; and
- a lot of data is kept on Office software applications like Excel spreadsheets or in simple databases. The VFM reviewer may be able to obtain a full copy of the relevant data files.

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Depending on the complexity of data, assistance should be available from the data owners (e.g. Finance, HR or IT units). An approach to the extraction of data from large MIS systems is set out in Annex 1.

5.4.6. Outlining the cost of the programme assessed, including administrative costs

The template TOR include a separate evaluation criterion that requires a study of resources consumed as part of the investigation of the efficiency of a programme. Where the investigation is lengthy, this will usually warrant presentation in a separate chapter of the VFM review report.

It is essential to include the full cost of the programme under review for the relevant period in the VFM review report. The analysis of programme cost can be divided into the following parts:

- direct programme costs;
- indirect programme costs (overheads); and
- free of charge inputs.

Free of charge inputs are typically services received from other Government bodies without charge. Examples are property maintenance services from OPW or legal advice and services from the Chief State Solicitor’s Office. Some smaller Departments and Offices share the cost burden for inputs like training.

The following summary table sets out an approach to calculating the total programme cost.

	Cost element	What is included
	Direct expenditure	This is cash based expenditure from the appropriation accounts.
+/-	Adjustments for non-cash items	The adjustments are to substitute opportunity cost for capital asset expenditure and to take account of prepaid and accrued expenses where they are significant.
+	Indirect costs	This is an allocation of non-programme costs like management costs (costs of senior management time) cost of central services like the finance unit, HR or library services
+	Free of charge inputs	Programmes benefit from the provision of services for which no charge is made. These include OPW property management services or CSSO legal advice. Where significant an estimate of the value of these services should be made by contacting the relevant service providers
=	Full Programme cost	

Where the programme generates revenues, these should be also calculated and presented separately.

Indirect costs associated with staff costs may be estimated using the Department of Finance formula for this purpose. This is available on the Value for Money Reviewers’ Extranet (See paragraph 8.5.)The Review of the Compensatory Allowance Scheme (Agriculture) (see Appendix 4 of the report) and the Review of the Operation and Management of the IT Systems in the State Laboratory (see paragraph 4.5 pages 17 and 18) provide practical examples of this approach.

The report should be very clear on the basis for calculating full programme cost. Costs should always be given in nominal (money) terms. Where the VFM review covers a period of more than four years and inflation is a material factor the review should include a sensitivity analysis showing how much the total expenditure is in current prices.

Administrative or Management costs

In many VFM reviews the consideration of efficiency and effectiveness requires an estimate of the management of administrative costs of a programme. For some sectors like the collection of various taxes, there are international benchmarks for administrative costs. For example, the EU benchmark is that the cost of the collection of VAT should be about 1% of the amount collected. In some situations, the management costs will be an estimate of the costs of a section or unit, while in other cases, an estimate of time spent on administration will need to be assembled and costed by reference to salary scales.

5.4.7. Data sampling

Where large volumes of data are involved, particularly in relation to the study of results and impacts, it may be necessary to carry out some kind of data sampling. Data sampling can be described as the study of a subset of a population (which is called the "data set"). Data sampling is useful to a reviewer as it is often cheaper and, in certain cases, less error prone than studying the entire population. Where it is decided to use a data sampling approach, the following points should be kept in mind (further guidance is set out in Annex 2):

- there should be a good knowledge of the population (estimate of overall size and any distinguishing population segments). The population might be consumers, members of the public, employees or welfare recipients;
- decide if you intend to use the sample to reach conclusions on the entire population (this is extrapolation). If so, a statistical sampling method should be used. This is useful in situations where it is considered advantageous to estimate financial effects (costs or savings) which might be achieved from adopting the recommendations of the VFM review report. It is particularly important that the data set from which the sample will be selected represents the complete population. If it is not intended to reach conclusions on the entire population, a non-statistical sampling method may be used; and
- if a statistical sampling approach is to be used, advice should be sought to confirm that the sampling approach is valid and to assist with the interpretation of the results.

Where data sampling is proposed, separate documentation of the sampling frame (the population), the proposed use of the sampling data, the sampling method and the sample size is required. Further guidance should be sought where it is proposed to extrapolate the results from a sample analysis to support conclusions on the wider population as specific statistical design rules must be followed.

5.4.8. Coping with poor data

The availability or quality of data to support the work of a VFM review is a big issue. There may be situations where the data needed to support analysis of one or more of the evaluation questions is insufficient or does not exist. There are a lot of possible approaches to minimising the consequences of poor data. Here are some suggestions for dealing with this issue.

There are two important points to remember:

- it is better to avoid using unreliable data altogether, as the risk of reaching unfounded conclusions is too high; and
- another common mistake is to base too many conclusions on a narrow set of data. For example, in the *Bord Fáilte Éireann Expenditure Review*, it was found that the overall tourism numbers and revenues had increased as a result of spending on a particular programme. On closer review, it was found that the

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numbers of tourists and tourist revenues for the specific areas targeted by the programme had actually decreased.

The quantitative data gathering should be prioritised in the fieldwork so that if the data is insufficient alternative approaches can be considered as follows (this issue should be flagged to the Steering Committee at the earliest possible moment):

- it may be possible to overcome the data limitations by varying the temporal scope of the VFM review or for particular evaluation questions in the VFM review. For example a VFM review might consider a programme that started in the late 1990s but restrict the financial analysis to the last five years;
- if fragmented information is available for earlier years, it may be possible to work around the missing data elements by establishing trends for different time periods;
- the use of case studies can be an effective alternative when data is limited. Specific case studies may be typical examples of positive or negative outcomes; and
- summary information may be available without supporting detail. This may be enough for the purposes of the VFM review.

In cases where there is no information at all, the alternatives include:

- change the methodology to specifically provide for the collection of data through a survey or through examination of primary records;
- choose reference periods (say two separate periods of 3 months) in different years and assemble information for these reference periods, maybe as case studies. Take care to identify any unusual events that might distort the interpretation of trends observed in the reference period;
- assess the implications of the data deficiencies for programme management and future public funding.

In all cases where data problems are encountered, the VFM review team should investigate the causes of the deficiency (e.g. poor programme design and/or high cost of data collection), and make appropriate conclusions and recommendations. In particular, recommendations can be made regarding future design i.e. the importance of properly specified performance indicators and a system for gathering and storing relevant data.

There are several practical examples of how different Departments have dealt with poor data availability. It is important that poor data should be acknowledged. For example, in the Review of the Compensatory Allowance Scheme (Agriculture) the lack of information to evaluate one of the objectives is referenced and the alternative approach of reliance on deduction, economic theory and a limited literature review is documented.

5.4.9. Surveys

A survey is the putting (by post, telephone or otherwise) of a structured or semi-structured questionnaire to a selected group who may or may not be representative of a wider target audience. A structured questionnaire will provide a range of answers for the respondents to select. These may include Yes/No options or a ranking like Excellent/Good/Average/Below Average/Poor. A semi-structured questionnaire will include a number of open questions.

Surveys enable the VFM reviewer to gather more data efficiently, but of a more standardised form, than would be possible through interviews. They are a useful means of obtaining information from beneficiaries or target audiences of Government programmes/schemes. Guidance on the conduct of a survey is set out in Annex 3.

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Surveys are important primary data fieldwork instruments for several reasons:

- a survey is an efficient evaluation method to collect information from outside the programme being reviewed and about medium to long term effects. This is necessary for the consideration of effectiveness, impact and continued relevance;
- use of a survey supports “triangulation”. Triangulation is achieved when a finding is confirmed by more than one independent source of evidence. This is a built-in quality control technique used by the VFM review reviewer to strengthen the basis for his/her conclusions. A survey is a good way of reaching independent evidence sources; and
- in situations where the quality of customer service is a key driver of a review, the carrying out of a customer survey makes particular sense. Customer or employee surveys already being carried out on a regular basis will provide useful data without having to engage in a new survey.
-

5.4.10. Consultations with stakeholders

Most VFM reviews require a series of interviews (face-to-face or by telephone) with key players to provide data for the analysis and/or to support the review findings that will emerge. Stakeholders can be divided into three groups:

1. Departmental Stakeholders	Should automatically be covered in a VFM review e.g. through their membership on the Steering Committee;
2. Inter-Departmental Stakeholders	Consultation needs to be planned well in advance.
3. NGOs/General Public	

Other useful approaches to obtaining stakeholder opinions are to:

- invite written submissions on some of the evaluation questions;
- use surveys already available with relevant information;
- meet with people who have responded to a survey (but be aware of potential bias in opinion); and
- go out and meet stakeholders.

Further guidance on stakeholder consultation is available in Chapters 4 and 5 of the Regulatory Impact Assessment Guidelines. Reference should also be made to Section 1 and Appendix 1 of the Guidelines for the Preparation of Customer Charters available on the www.bettergov.ie website, which contain some practical tips on consultation methodologies.

5.4.11. Identification and use of benchmarks, comparators and good practice

Benchmarking is the quantitative and/or qualitative comparison of project or programme effects to a base case. The base case is the benchmark or standard for the comparison. It can be:

- doing nothing or minimal intervention i.e. what would have happened in the absence of the project or programme;
- a comparable intervention in the same or in a related policy area or jurisdiction; or
- comparable “best practice” in the same or a related policy area or jurisdiction.

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Benchmarking can also be used to refer to the comparison of contextual/environmental conditions between territories. Quantitative benchmarking looks mainly at the numbers or ratios of an operation. Qualitative benchmarking looks at the systems and processes that deliver the outputs and outcomes. Both types form an important part of a VFM review.

When the base case used is doing nothing or minimal intervention, the aim is to separate the effects of a project or programme from changes that would have occurred anyway. It can address the issues of additionality, deadweight and displacement, leading to conclusions regarding the effectiveness, impact and continued relevance evaluation questions. This type of benchmarking is often applied through the use of a “control group”. This is a group to whom the project or programme intervention does not apply but which is otherwise similar to the targeted beneficiaries. For example, a study of child support in a specific county might use a similar demographic group from a neighbouring county as a control group. Control groups are very useful for pilot studies.

Using a comparable alternative or “best practice” intervention as the base case can yield useful insights into the efficiency and effectiveness evaluation criteria. There are many good examples of this type of use of benchmarks in VFM review reports. In the Review of the Compensation Allowances Scheme (Agriculture), the Review set out to benchmark administrative costs with similar schemes in other EU countries. When no data was received from the EC, a 1998 C&AG VFM report was used instead. In the Review of the Social and Demographic Statistics Directorate (Central Statistics Office), a cost comparison of census collection in four countries was made. The same report also considered alternative approaches to census taking. A further good example of cross comparison was reported in the Review of the Operation and Management of the IT Systems in the State Laboratory. The methodology included contact with other organisations of similar size to establish and compare approaches to the organisation and management of the IT function. A cost comparison was also made.

Benchmarking is facilitated when, at the national or regional level, there is comparative information, and knowledge of good and not so good practice. The results of a benchmarking exercise should be reliable when a suitable base case or comparator is identified, and the method used for the calculation of the performance indicators for the project or programme under review and the benchmark is identical. Sometimes it is difficult to establish a precise formula of calculation, with directly comparable data sources, for the benchmark. It should be noted that if assumptions are made, they must be compatible e.g. useful life, time period, and interest or inflation rates.

Caution is also required in relation to contextual conditions that may influence the comparisons being made. It is almost impossible to find identical environmental conditions that make a benchmark immediately reliable. For example, some popular benchmarking approaches are to compare Dublin to Manchester or to compare Ireland to Scotland. Although, on the face of it, these comparisons may appear valid there are many reasons why such comparisons may be unreliable e.g. the relative demographic or political differences between Ireland and Scotland, or the difference in transport infrastructure between Dublin and Manchester, and so on.

Finally, benchmarking should ideally combine quantitative and qualitative processes. It is not enough to know the value of quantitative performance indicators e.g. the unit cost of output is higher than the benchmark. It is necessary to ask how to improve such a ratio. To improve a process, there will have to be measures that indicate where process improvements can be made.

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Properly implemented, in the context of VFM reviews, benchmarking should facilitate the prioritisation of areas for improvement within public expenditure as well as giving a simple way to measure progress over time.

A further useful technique for cross comparisons is Multi-Criteria Analysis. More detail on this is set out in Annex 4.

5.4.12. Cost Benefit Analysis (CBA) and Cost Effectiveness Analysis (CEA)

A cost benefit analysis (CBA) is generally used as an ex-ante evaluation tool. While not normally an integral part of a VFM review methodology, Steering Committees may in certain circumstances consider it useful for the purposes of their reviews. Guidance on the conduct of CBAs is available from the Department of Finance and from EU sources. More detail is set out in Annex 5 to this Chapter.

It is not intended that a VFM review should take the place of the requirement for a formal ex ante cost benefit analysis or business case analysis under the Capital Appraisal Guidelines.

Cost Effectiveness Analysis (CEA) is distinguished from CBA by the treatment of benefits. In a CBA, a monetary value is placed on both costs and benefits while in a CEA benefits are quantified in a non-monetary way. CEA compares the costs of alternative ways of providing similar kinds of outcomes and it is used to identify the cheapest way of achieving that outcome, e.g. by comparing cost per unit of output across a range of options. CEA is appropriate in cases where the benefits are difficult to quantify in monetary terms but is more limited in the use that can be made of the resulting analysis. (see Annex 5).

5.4.13. Recommending potential future indicators

The template TOR includes a requirement to recommend potential future performance indicators to monitor and evaluate the programme under review. The recommended indicators should flow directly from the other analysis work done in the VFM review. The basic indicators that should be recommended are indicators of inputs, outputs, results and impacts. The most common indicators are:

Inputs	Outputs	Results and Impacts
<ul style="list-style-type: none"> • Cost of inputs • Number of staff • Time spent by staff 	<ul style="list-style-type: none"> • Number of outputs • Value of outputs 	<ul style="list-style-type: none"> • Measures of the direct effects on targeted beneficiaries (e.g. service user satisfaction rates) • Measures of wider effects on sector or national priorities (e.g. contribution to national indicators like GDP, employment, competitiveness, poverty, etc.)

The intended use of the recommended indicators should guide the choice of indicators. Where it is desired to compare or benchmark performance across programmes, a common unit of measurement such as the unit cost of inputs and outputs is used. Many other evaluation indicators (of economy and efficiency) are produced from these unit cost indicators.

For the monitoring of programmes, reference should always be made back to the programme logic. This relates the indicators of achievement to the hierarchy of programme objectives as follows:

Programme Logic	Performance Indicators
Programme objective	Impact indicators
Specific programme objectives	Results/ Impact indicators

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Results	Output/ Result indicators
Resources	Input indicators

Subsequent to a VFM review, when addressing the report recommendations, the relevant Department/Office should incorporate or adapt as appropriate the recommendations on potential future performance indicators into its Management Information Framework.

5.4.14. Formulating judgments on the evaluation criteria

The judgments the VFM Review Evaluation Team and Steering Committee make on each of the Evaluation Criteria should be presented as the conclusions of the VFM review report. The conclusions are the salient points, the key messages to be conveyed, and the basis for recommendations that need to be made, emerging from the VFM review. Conclusions must be constructive and should flow naturally from the core evaluation report. Depending on how the review has been carried out (and the review report structured), it may be useful to group the conclusions for each of the review Terms of Reference, rather than for each evaluation criterion.

There is a difference between “conclusions” and “findings”. Findings are a summary of the information collected. They are factual descriptions of what the VFM review team discovered. Conclusions are interpretations of the meaning and significance of the findings. The conclusions **are not** a summary of the evaluation findings. They should be based on the evaluation findings, but also establish the link to recommendations. Different words should be used to distinguish the conclusions from the findings.

5.4.15. Formal Completion of the VFM Review Fieldwork

The fieldwork is completed when the Steering Committee is in possession of a complete text of the draft VFM review report. In order to speed up the VFM review process and shorten the elapsed time, it is common practice for Steering Committees to accept portions of the report (e.g. completed chapters) on a phased basis. In these situations, the fieldwork is completed when the various chapters have been assembled and referenced with a table of contents into one document. It is good practice to also have all the Annexes available at this time, although there may be occasions when this is not necessary.

The finalisation of the report involves the completion of internal review of the draft report by the Steering Committee and an external review by an appointed quality assessor (the quality assessment arrangements are set out at Paragraph 2.7.1). Many review points may arise from this work and in some cases it may be necessary to reopen the fieldwork e.g. to conduct additional interviews or analyses. Some Departments have adopted the practice of including in an Annex to the report the main concerns of the Quality Assessor and the response, on a point by point basis, of the Steering Committee. This approach is encouraged.

- Annexes:**
1. Steps for extracting data from large MIS systems
 2. Data Sampling and Analysis
 3. Steps in Conducting a Survey
 4. Multi-Criteria Analysis
 5. Cost-Benefit Analysis and Cost Effectiveness Analysis

Further References

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Department of Finance CBA Guidelines:

<http://www.ndp.ie/documents/publications/evaluation/Workingrules-cost-benefit-analysis.doc>

DG Regio's Working Papers on cost benefit analysis:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evaluation_en.htm

Quantitative Data Analysis, An introduction, GAO, 1992

<http://www.gao.gov/special.pubs/pe10111.pdf>

Collecting, analysing and presenting data, How software can help, NAO, UK, 1996

The purpose of this guide is to give assistance on how software packages can assist in analysing and interpreting data

http://www.nao.org.uk/intosai/edp/audit%20Guides/presentation_and_analysis_software.pdf

Annex 1: Steps for extracting data from large MIS Systems

For data stored in larger MIS systems, the first option to be pursued is the possibility of running queries to interrogate the information system. For financial systems, the Finance Unit should be able to assist the VFM reviewer with this task. Support may also be obtained from the IT Unit.

For large data sets, it may be useful to download a subset of the data in a transfer format that can be read by Office tools like Excel, Access or Lotus123. The standard format for ease of manipulation is the ASCII format. This gives a text file with fixed or variable length formats. The advantage of downloading the data is that the reviewer can access the data at his/her convenience and is not overly dependent on the support of the user department.

In some larger Departments, the Internal Audit unit or Finance Unit may have a specialist data handling tool like IDEA (Interactive Data Extraction and Analysis). This supports the downloading of files from a large variety of formats and also has the functionality for the routine data analysis functions.

The basic steps to organise for the downloading of data files are:

- obtain a detailed understanding of the databases, file structures to identify the information that is needed;
- obtain permission for the downloading of the data. There may be confidentiality or data protection considerations;
- specify the data files, records and data fields that are sought. The data should be cleaned at source before the transfer;
- agree the transfer method and medium; and
- check the downloaded file for completeness and reliability before proceeding to use the data. For more complex data sets, data integrity is controlled through the use of field check digits or control totals.

The downloading of data can be time consuming, especially if there are errors and it needs to be repeated several times. These risks can be avoided through good planning, specification of requirements and technical support.

Annex 2: Data Sampling and Analysis

Some of the more common sampling methods are:

Method	How it is applied
Simple random sampling	Sample is selected at random (e.g. through the use of a random number table)
Interval sampling	Also called systematic sampling – every n th item is selected to get an even distribution across the population
Cluster sampling	The population is first divided into clusters and a sample is drawn from each cluster
Probability sampling	This is a weighting method where the sample is selected based on the probability of occurrence of an event
Non-statistical sampling	Non-statistical sampling is where the reviewer selects a sample based on his/her judgment.

Make use of software for sample selection and analysis. Excel can be used in a lot of cases. In more complex sampling exercises an application like SPSS or IDEA should be considered.

Sample size: The sample size will depend on the proposed use of the analysis findings. Where it is proposed to make a conclusion on the entire population (statistical sampling) the sample size is directly linked to (1) the degree of expected error in the population and (2) the tolerance or confidence level that the analyst is willing to accept. Sample size does not depend on the size of the population. In a statistical sampling exercise, a sample size of less than 30 is referred to as a “small” sample and further advice is needed where small samples are proposed.

Avoid attributing too much weight to the sample results. A non-statistical sampling approach is a useful technique in a triangulation strategy. For statistical sampling, where it is proposed to extrapolate the results to apply to the full population, the sample size needs to be determined by reference to the amount of error that can be tolerated and the extent of variability in the population. Special assistance should be sought in these cases. In general, a minimum sample size of 30 is needed in statistical sampling exercises.

Data Analysis

For most VFM reviews, simple analysis techniques will be sufficient to support the conclusions of the review.

Data sets are defined by two characteristics, the measure of central tendency (mean, median or mode), and a measure of dispersion (range or standard deviation). When describing data in a VFM review report, references to both the average and the range should be made.

Start by assembling (sorting) the data into groups so that the lowest and highest values can be seen. Where relevant, data should be organised according to value, geographic area or other criteria. Use a frequency distribution to reduce the volume of data to a more manageable size. If the report refers a lot to averages, it should be kept in mind that the average can be affected by extreme values.

Special attention should be given to the study of outliers. These are values of data that lie outside or at the limits of the main data set. Outliers should be removed from the analysis if they are distorting the statistical analysis. The reviewer should check that the outliers are not, in fact, errors.

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Index numbers

Index numbers are useful where the change in value or quantity over time is being analysed. Indexes are also used for benchmarking analyses. A base period is selected and all subsequent values are scaled against the base value to produce an index number.

Index numbers reduce complicated values to relative values that are easy for a lay person to understand. Special assistance should be sought where it is proposed to use more sophisticated indexing methods. Spreadsheet software is useful for producing the calculations to support index numbers.

Care is needed in the use of index numbers. In particular, the choice of base year can make a difference to the way the trends are perceived. When items are excluded and new items are added, there can be dramatic movements in the index values.

Time Series

The analysis of data over time is called a time series. When plotting a time series in a graph the time is always represented on the horizontal axis.

In a simple trend analysis, the raw values are tracked over time and peaks, troughs and seasonal trends should become apparent. A time series is best presented as a line graph.

For large data volumes, the time series may be smoothed through the use of moving averages. This involves the substitution of the raw data with (for example) three month averages which has the effect of smoothing out the highs and lows. The use of a time series is based on the assumption that trends in past data will repeat themselves. The use of moving averages enables a simple forecast to be prepared.

Where the time series is concerned with monetary values for more than two years, consideration should be given to applying an inflation index to restate the values in "real terms".

Measures of association, correlation and causality

The evaluation questions in a VFM review may require a study of the relationship between two or more data series. In the study of effectiveness and impact the search for positive causality factors is one of the more complicated aspects of an evaluation.

The simplest way to investigate association and correlation is by preparing a scatter diagram. This is a plot of two variables, one on each axis. Where the scatter diagram indicates a clear relationship, this can be further investigated by calculating the correlation coefficient.

Linear regression analysis can be used to investigate the relationship (or dependence) of one variable on another. The simplest application of linear regression is the presentation of a line of best fit.

Multiple regression

Multiple regression analysis is valuable in the context of econometric modelling to assess impacts of large socio-economic programmes.

Annex 3: Steps in conducting a survey

Surveys are used to:

- obtain a large data base, adequate for descriptive statistical purposes, in order to confirm understanding of the factors influencing project results, impact and sustainability; and
- identify trends in performance.

To obtain these outcomes:

Preparation of the survey

1. For very large surveys or where there will be a high dependence on the survey results for the VFM review report, consideration should be given to obtaining specialist help with the organisation and analysis of the survey.
2. Check that the sample target groups selected for the survey are representative by checking criteria with key stakeholders.
3. Prepare a questionnaire and test it over a small sample. If possible, organise a workshop to fine tune the questionnaire.
4. Prepare a very clear accompanying letter, preferably signed by a senior official
5. Emphasise the confidentiality of information provided to the reviewers.
6. Limit the overall number of questions and the number of open questions in the questionnaire. It is efficient to use discrete questions (i.e. questions that have a yes/no answer), or relative questions (i.e. questions where the respondent chooses one pre-prepared answer from a group of four or five).
7. Invite the respondent to provide a short supporting narrative for some answers.
8. Plan sufficient time for survey responses.
9. Plan resources in your team for follow up of the survey and for data entry.
10. Define your survey target in terms of rate of responses (depending on the topic and the characteristics of the sample).

Survey analysis

1. Follow up the survey until you have reached your target rate of response.
2. Process the data and make a double check for completeness and reasonableness of the data captured.
3. Use appropriate statistical analysis to test hypotheses.
4. Avoid the use of terms such as “correlation”, which have precise statistical definitions, for all analysis made.
5. Be very careful in the use of the results and in the type of conclusions made. These should always be in line with the original key issues that were to be tested.
6. Exploit the survey to give illustrations of typical or exceptional events.

Annex 4: Multi-Criteria Analysis

Multi-Criteria Analysis (MCA) can be used to describe any structured approach to determine overall preferences among alternative options, where the options should accomplish multiple objectives. The term covers a wide range of techniques that share the aim of combining a range of positive (benefits) and negative (costs) effects in a single framework to allow for easier comparison of alternative options in decision-making. It can take account of effects:

- measured in monetary units (e.g. construction costs, time savings, accident savings, and vehicle operating savings);
- that may be quantified but not monetised (e.g. number of houses experiencing specified increases in noise); and/or
- assessed only in qualitative terms (e.g. impacts on landscape).

Applying MCA involves the following key steps:

- establishment of the decision context. The decision context is the whole range of political, administrative, economic and social structures that surround the decision being made. Within this context, it is vital to have a clear understanding of the multiple objectives being pursued, the ways in which they may conflict, and the ultimate trade-offs to be made. In order to establish objectives, it is important to identify who the decision-makers are and also the set of people who may be affected by the decision. At this step of MCA, it is common to refer to the underlying policy statements;
- identification of criteria that reflect the value associated with the consequences of each option. Each objective must be expressed by a criterion or criteria. Because criteria serve as the performance measures for MCA, they should be specific, measurable and relevant.

Example: One of the Objectives for a Motorway Bypass

Objective: Environmental Sustainability

Criterion: Environmental Impact

Sub-Criterion: Air Quality

Measures: *Quantitative*

Tonnes CO₂/year/person/km

Population affected by change in PM10 and NO₂ levels

Qualitative

Summary of greenhouse gas and local air quality effects;

- identification of options. This involves listing the set of options to be considered in pursuit of the objectives. In practice, there will more than likely be ideas in circulation as to appropriate options. It should be noted that the feasibility of the options of doing nothing or of minimal intervention should also be considered. Where there are many possibilities, MCA can be used to short-list using basic data and quick procedures. When short-listing, it may be useful to consider the possibilities in the context of relevant constraints. These can be budgetary, environmental, physical, technical, legal, administrative, policy and/or distributional. On the other hand, where there is a scarcity of acceptable possibilities, this step of MCA may need to be revisited at a later stage if further analysis demonstrates the unacceptability of possibilities initially thought to be acceptable;
- description of the performance of each option against the criteria. This can be done using a performance matrix. An example of a generic format for a performance matrix is as follows:

Multi-Criteria Analysis							
Options	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Total
A							
B							
C							

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D							
E							
F							
G							
Weights							

Each row describes an option and each column describes the performance of the options against each criterion. The individual performance assessments can be measured in monetary units; quantified but not monetised; and/or assessed in qualitative terms. A more complex performance matrix can be developed to incorporate sub-criteria if required;

- scoring of the options. The expected performance of each option is assigned a numerical score on a strength of preference scale (e.g. a scale from 0 to 100 is often used) for each criterion. More preferred options score higher on the scale, and less preferred options score lower;
- weighting the criteria. Weights are assigned for each of the criteria to reflect their relative importance to the decision.

Example:

Criterion	1	2	3	4	5	6
Weighting	30%	5%	15%	25%	15%	10%

In this example 100 points are allocated against the criteria as weights. The differences between the options in terms criterion 1 are considered the most important, while the differences between the options in terms of criterion 2 are considered the least important. The relative importance of differences in relation to the remaining four criteria lie between these bounds;

- combining the weights and scores for each of the options to derive an overall value.

Example:

Multi-Criteria Analysis							
Options	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Total
A	100	24	0	42	48	50	54
B	25	100	83	33	0	80	41
C	42	43	100	34	86	50	56
D	67	68	66	21	37	100	54
E	67	68	41	12	100	90	57
F	0	0	26	0	37	90	18
G	84	85	66	100	58	0	73
Weights	30	5	15	25	15	10	

In this example, a simple weighted average is used. The scores in each row are multiplied by the column weights expressed as decimals (e.g. 30 as 0.30) and the products are summed to give the weighted score for each option;

- examining the results. The overall ordering of the options is given by the weighted average of the preference scores. In the above example, option G scores highest while option F scores lowest. The scores also give an indication of how much better one option is over another;
- conducting a sensitivity analysis of the results to changes to parameters, assumptions, scores and weights. This involves recalculating the overall score for each option in line with changes to values of important parameters and assumptions; the scoring system; and the weights

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assigned. It should be noted that in the appraisal of proposals of public interest, the choice of weights can be particularly contentious; and

- making a decision. MCA is **an important input** into decision-making on resource allocation. It does **not** make the decision. It should be noted that for the criteria, a minimum threshold value may be a prerequisite for acceptability of an option.

Advantages

- Recognises the multi-dimensionality of deciding between options. Multiple and potentially conflicting objectives can be incorporated into the analysis;
- Allows different types of data (i.e. monetary, quantitative non-monetary, and qualitative) to be compared and analysed in the same framework;
- Provides a transparent presentation of the key issues and allows trade-offs to be outlined clearly. The choice of objectives and corresponding criteria are open to analysis. Scores and weights are also explicit. There is an audit trail;
- Can provide an important means of communication among the decision-makers and, ultimately, between the decision-makers and the wider community of stakeholders affected by the decision.

Disadvantages

- Includes elements of subjectivity, especially in the scoring and weighting stage;
- Cannot show that an option adds more to welfare than it detracts. Unlike CBA, there is no explicit rationale that benefits should exceed costs. Therefore, the MCA “best” option may be inconsistent with improving welfare, and doing nothing could in principle be better;
- Time preferences may not always or easily be reflected.

Annex 5: Cost Benefit Analysis and Cost Effectiveness Analysis

Cost Benefit Analysis (CBA)

A CBA is a comparison of the costs and benefits associated with alternative ways of achieving a specific objective. The Department of Finance guidance is that a CBA should have the following elements:

1. **A Clearly Defined Set of Objectives for the Proposal**: Objectives should be as explicit, precise and amenable to measurement as possible. The definition of objectives is closely bound up with the definition of the project itself. Where there are multiple objectives, they should be explicit and prioritised.
2. **Identification of Realistic Alternatives**: This should always involve consideration of the options of doing nothing or of minimal intervention. It should also include consideration of different scales of the same intervention as separate alternatives. Finally, there is a need to guard against presumption that public sector only responses are all that's available e.g. PPPs offer an alternative.
3. **Clarification of Real Constraints**: These may be budgetary, environmental, physical (relating to availability of inputs/raw materials), technological, legal/regulatory (including issues of land use planning), the availability of manpower and skills (including administrative/managerial ability), time, distributional (e.g. between regions, income groups, etc.), social, spatial policy requirements, general policy considerations, and/or the need for co-operation from other interests. The alternatives identified at 2 above should be compared against the constraints to assess their feasibility. Certain options may be selected out at this point.
4. **Identification of Costs and Benefits**: This will involve some categorisation of the costs and benefits identified. Only real costs and benefits affecting the welfare of society should be considered in the analysis. Proper account must be taken of the concepts of additionality, deadweight and displacement. Care must be taken in the handling of transfer payments, and to avoid double-counting. A monetary value must be assigned to all the costs and benefits identified. In cases where market prices provide a poor guide to social values or do not exist, it may be necessary to construct artificial prices known as shadow prices. Finally, as money has a time value, all monetised costs and benefits must be converted to present values by applying the Department of Finance Test Discount Rate.
5. **Application of a Decision Criterion**: Three commonly used criteria are Net Present Value (NPV), Internal Rate of Return (IRR) and the Benefit-Cost Ratio (B/C). **NPV** is based simply on whether the sum of the discounted benefits exceeds the sum of the discounted costs. If it does, this criterion indicates acceptance of a proposal. The **IRR** is the maximum rate of interest that a proposal can afford to pay for resources used which allows the proposal to cover its investment and operating expenses and still break even. In other words, the IRR is the discount rate which will make the NPV of a proposal equal zero. When calculated, it can be compared against a pre-determined target rate of return. If it exceeds this cut-off rate, IRR indicates acceptance a proposal. Finally, **B/C** is the ratio of discounted benefits to discounted costs. If it is greater than one, independent proposals will be accepted. Both IRR and the B/C ratio have limitations which favour use of the NPV criterion as being the most reliable. In using it, however, it needs be borne in mind that it tends to favour larger interventions over smaller ones.

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6. **Dealing with Uncertainty and Risk:** There are a number of approaches that can be used. For example, to deal with uncertainty about the useful life of a physical asset (e.g. a piece of equipment), the estimated useful life of the proposal can be reduced. Another approach is to take an uncertain variable, and assess the probability of high, medium and low values occurring. Finally, the use of sensitivity analysis involves recalculation of the NPV in line with changes to the values of key parameters and assumptions. It allows for the discovery of the parameters and assumptions to which the NPV is most sensitive. These will need careful monitoring.
7. **Deciding Between Alternatives:** A recommendation as to the preferred alternative should be made based on the NPV analysis. However, it is important to remember that CBA is a decision aid. It does not make the decision.

Distributional Issues

It should be noted that CBA attempts to select projects and programmes that are efficient in their use of resources. It implicitly assumes that the existing distribution of income is an acceptable one. However, distribution considerations may be important. One approach to incorporating them into the analysis is to attach weights to benefits and costs accruing to different people. Another is to compare measures of inequality both without, and then, with the project or programme.

Using CBA in a VFM Review

A CBA is normally used as an ex-ante evaluation tool, but may also be appropriate in the VFM review toolkit. Where it is proposed to use a CBA approach in a VFM review, the evaluation team should:

- involve the Steering Committee and key stakeholders in the identification of costs and benefits, and in the approach taken to assigning monetary values to these costs and benefits;
- discuss the treatment of uncertainty and risk within each element of the CBA; and
- consider the use of triangulation i.e. having other supporting evidence to confirm the results of the CBA.

Advantages and limitations of CBA

Advantages

- CBA makes explicit the economic assumptions that might otherwise be overlooked in programme design;
- it supports the identification of a preferred option, which is useful for resource allocation decisions; and
- it provides an indication of the efficiency of projects and programmes.

Limitations

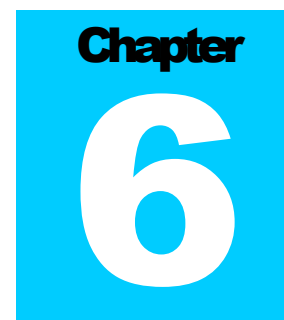
- CBA is a technical technique that requires some specialist knowledge in economic analysis to be properly applied;
- the required data, particularly for the representation of **all** costs and benefits in monetary terms, may not be available;
- the results need careful interpretation; and
- the technique may be costly to apply, depending on the scope of analysis and the availability of data.

Cost Effectiveness Analysis

Cost Effectiveness Analysis (CEA) is a type of CBA. It compares the costs of alternative ways of providing similar kinds of outputs. Costs are monetised, benefits are not. A single quantified measure of the principal benefit is made. CEA is used in cases where the benefits are hard to value in monetary terms. CEA is also used to compare the costs of achieving different degrees of an objective e.g. the most cost effective way of increasing literacy rates among a certain cohort of the population.. As CEA is a variation of CBA it is based on the same principles, uses the same methods and is subject to similar advantages and limitations.

Some additional limitations of CEA in comparison with CBA are:

- It cannot assist in selecting the optimal expenditure level for a project;
- It doesn't provide a sufficient basis for deciding whether or not to proceed with a project.;
- It is not as useful as cost-benefit analysis in comparing marginal costs and marginal benefits.



6. Content of Value for Money Review Reports

6.1. Introduction

The purpose of this chapter is to present practical guidance and tips on the content of a VFM review report. Although there is no universally applicable evaluation report structure, the CSC believes that there should be a distinctive recognisable quality to VFM review reports.

The development of an initial outline for the VFM review Report forms part of the planning stage for the review (Chapter 4). The methodology chapter (Chapter 5) has been designed to help evaluation teams with the process of organising the information gathered during the review for presentation in the Report. The documentation of the methodology will define the link between the evaluation questions and the Report chapters. Evidence collected may lead to changes in the organisation of the material.

6.1.1. Guidance Outcomes

The guidance in this Chapter will enable you to:

- plan the structure for a VFM review report;
- identify the essential elements of a VFM review report;
- use appropriate techniques for the presentation of data in tables and graphs;
- write a good executive summary; and
- write clear and focused conclusions and recommendations.

6.2. Content of a VFM Review Report

A VFM review report should have the following content:

- Title or Cover Page;
- Table of Contents;
- Glossary and Abbreviations/ Acronyms;
- Executive Summary;
- Introductory Chapter;
- Chapters reporting the findings of the VFM review , for example:
 - objectives of Programme X and the Rationale for the programme;
 - inputs, outputs and the trend in efficiency achieved;
 - effectiveness;
 - impact;
 - continued relevance and alternative means of achieving Programme X objectives; and

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- potential future performance indicators; and
- a Final Chapter reporting the Conclusions and Recommendations arising from the review; and
- Annexes, to include:
 - TOR Summary Sheet (See Annex 1);
 - the programme logic model template;
 - members of the Steering Committee and evaluation team;
 - details of surveys undertaken;
 - review of international practice;
 - major points raised by Quality Assessor and response by Steering Committee; and
 - the final two Annexes should separately list the persons interviewed and the documents reviewed for the review.

The remainder of this Chapter is organised under the headings related to the structure of a VFM review report.

6.2.1. Title Page

A VFM review report should have a title or cover page that includes the following information:

- the name of the Department conducting the review;
- an indication that the report is a Value for Money review;
- the title of the VFM review; and
- the month and year of adoption of the report. This is the date the Secretary General/Head of Office approved the VFM review report for publication.

Many Departments also put their logo on the Cover Page.

6.2.2. Table of Contents

A VFM review report should have a Table of Contents by reference to the Chapter titles and headings used in the report. It should not be necessary to go beyond the second level of headings in a VFM review report when generating a Table of Contents. The Table of Contents should also list the titles of the Annexes attached to the report. Where the report contains a large number of tables or figures, the table of contents may also have these listed separately.

6.2.3. Glossary and Abbreviations/ acronyms

Where necessary, a glossary of technical terms and a list of abbreviations and acronyms used in the VFM review report should be provided immediately after the Table of Contents. It is not necessary to include the evaluation terminology defined in this guidance manual in the glossary.

By convention, the Department or Office conducting the review should be referred to as “the Department” or “the Office”. All other Departments should be referred to using their full titles or defined acronyms.

6.2.4. Executive Summary

The Executive Summary is aimed at the widest intended audience of the Report and may be the only part of the Report actually read by the majority of its audience. It should be possible to circulate the Executive Summary as a separate stand-alone

document. The Executive Summary should provide the reader with sufficient detail to enable him or her to understand how the conclusions have been reached.

The key characteristics of a well written Executive Summary are:

- conciseness i.e. a maximum 5 to 6 pages and preferably shorter;
- well structured i.e. the Executive Summary should follow the structure of the main report; and
- easy to read i.e. use short sentences, and avoid abbreviations and acronyms.

The Executive Summary should begin with two paragraphs, one that identifies the subject of the review and the temporal and financial scope and a second paragraph that lists the evaluation questions. Thereafter the Executive Summary should follow the same sequence as the main Report. For smaller Reports, the Executive Summary might only use four main headings. These are review objectives, findings, conclusions and recommendations.

The Executive Summary should always be reviewed by an independent person to ensure that it is an accurate reflection of the main Report, and does not include new information.

Examples of good Executive Summaries are to be found in the Review of the Compensatory Allowance Scheme (Agriculture), a three page Executive Summary that used appropriate headings and cross referenced the recommendations to the main text; and in the Social and Family Affairs reviews.

6.2.5. Introduction Chapter

Chapter 1 of a VFM review report should be titled "Introduction". Where the chapter is long (i.e. more than ten pages, consideration should be given to either shortening it (preferred option) or splitting it into two chapters. The content is discussed below.

Contextual introduction

The contextual information should introduce the reader to the programme under review and to the Department's/Office's approach to the Value for Money and Policy Review Initiative.

Short description of the Department/Office and its role

A generic wording for the description of the Department/Office may be developed. This may also be found in Annual Reports or from the organisation's website. The text used should be consistent with these sources.

Short description of the VFM review framework

This would provide a summary of the objectives of the Value for Money and Policy Review Initiative (see Section 1.1 above) and the structure of the review programme within the Department/Office.

Short description of the programme being reviewed

The description of the subject being reviewed should be kept very short as the remainder of the report will provide much more information. Only the highest level of objectives of the subject should be presented.

The description of the subject should include references to the programme logic model (inputs, activities, outputs and outcomes) but should not go into any detail as this will be presented in later Chapters.

Reasons for selection of topic for Review

As part of the description of the subject, the reasons for its selection for review should be given here (see Section 2.3 regarding the selection of review topics). The overarching reason should be clearly stated i.e. as an input into future resource allocation decisions.

The CSC require that review reports detail the size or significance of the programme, including annual programme cost and an indication of the percentage of the total Departmental spend that this represents.

Scope, Objectives and Methodology

A description of the scope, objectives and methodology of the VFM review is essential technical information that must be included in all VFM review reports. When drafting this information, the following should be kept in mind:

- when presenting the scope, particularly the financial scope, report writers should avoid the temptation to introduce analysis which is more appropriate to later chapters;
- the evaluation questions should be presented in full, as reflected in the TOR;
- a short paragraph should highlight the extent to which the additional public policy evaluation criteria (see Section 3.5) have been covered in the VFM review;
- a description of the methodology should be outlined in narrative form. Care is needed to avoid duplicating information between Chapter 1 and later Chapters. A reference to the quality assessment arrangements should be made;
- the choices made by Steering Committee as regards setting Terms of Reference, scope, evaluation methodologies, and assumptions should be summarised;
- Data restrictions (unavailability) that are pervasive for the report should be set out up front in Chapter 1. This avoids the need to repeat these limitations many times later in the text; and,
- Chapter 1 should finish by outlining the content of the remainder of the report, including Annexes.

Good descriptions of methodology are found in the Review of Compensation Allowances Scheme (Agriculture) and the Review of Social and Demographic Statistics Directorate (CSO).

Other specific information

The names of the Members of the Steering Committee and the lead reviewer should be provided either in Chapter 1 or in a separate Annex. It is not usually necessary to include acknowledgements, except where permission to reproduce material is involved. There is no need to thank a long list of people for contributing to the review.

Depending on the circumstances, it may be appropriate to indicate how the Steering Committee operated i.e. the date of its first meeting and the number of meetings held. This was done in the IDA Property Programme Report.

Disclaimer notices should be avoided. Where there is a disagreement of opinion between the Steering Committee and the Department, both opinions should be presented either within the body of the report or in Annexes. For example, in the

Review of Support to Afghanistan (Department of Foreign Affairs), a management response to the review findings was presented which included a criticism of an aspect of the review. This approach is useful where there are a number of key Stakeholders, for example, in cross departmental situations.

It should be noted that it is possible to draft the complete text of Chapter 1 before the fieldwork starts as it is confined to contextual information about the Department, the programme under review, key elements of the TOR and the review plan. All of this information is available at the end of the planning stage of a VFM review.

6.3. Report Content addressing each VFM Review Term of Reference

There are few prescriptive requirements for the remaining Chapters of VFM review reports, apart from a requirement for clearly identified Conclusions and Recommendations.

Each Chapter should begin with a support link paragraph that identifies the evaluation criteria and/or evaluation questions that the Chapter is addressing. This should be done even if the evaluation criteria/questions are included in the Chapter title.

There should then be a short explanation of the evaluation methods that were used to collect and analyse information for that Chapter. For example, in the first Chapter where reference is made to a survey, a brief outline of the survey parameters (population, sample size, and number of responses) should be given.

6.3.1. Organising the content of VFM Review Report Chapters

The content of each Chapter should follow the findings on each evaluation question/criterion in a logical sequence. This means that for a VFM review that uses the template TOR, there could be a maximum of nine Chapters (Introduction, seven technical Chapters and a final Conclusions and Recommendations Chapter). Depending on the extent of information and the issues that are to be included in the report, some amalgamation or reorganisation of the order of the evaluation questions may be appropriate. Accordingly, many good VFM review reports may only have four or five chapters.

The most obvious options and their advantages are:

Combining the identification of programme objectives and assessment of their validity: The advantage is that it reduces the likelihood of repetition on the discussion of programme objectives as the evaluation criteria for rationale and continued relevance are addressed in a single chapter. However, this could also lead to a long and complex narrative.

Merging the consideration of inputs and outputs in a single Chapter. The advantage is that both inputs and outputs are relevant to the efficiency criterion and it is therefore appropriate to have all the relevant detail for efficiency in the same Chapter. This will work when the extent of the commentary on outputs is significantly more than the findings on inputs, or vice versa. Where there are a lot of findings on both inputs and outputs, it is usually appropriate to separate them into individual Chapters. In the Valuation Office Review, inputs, activities and outputs were considered in a single Chapter which was data rich. A separate Chapter covered the qualitative aspects of strategy.

Placing of a discussion of activities in a VFM Review Report. Many VFM reviews investigate the processes that transform inputs into outputs, including the administrative or management processes. Where there are separate Chapters on inputs and outputs, it is more appropriate to cover the investigation of processes in the same Chapter as outputs. Where there are significant findings arising from the study of processes, a separate Chapter should be considered, as was the case in the IDA Property Programme Report. One of the reasons for this is that a Chapter dealing with inputs

and outputs will have a lot of data presentation whereas a Chapter of processes will be predominantly narrative text.

Discussion of potential future performance indicators. A separate Chapter, usually at the end of the report, can present all the potential performance indicators identified. This has the advantage that it enables a performance indicator model or system to be presented and explained in a single Chapter. The disadvantage is that the performance indicators relevant to each programme logic element are separated from the Chapters where performance issues are discussed and there is a risk of duplication of text. Where a Department already has a working system of indicators, it may be appropriate for the discussion of indicators to be integrated with the discussion of the relevant performance criteria.

6.3.2. Presenting data

The visual presentation of data in VFM review reports is important for the overall impact of the Report and for supporting the Conclusions reached from the analysis of quantitative information. Quantitative information can be presented in four main ways in a report i.e. in tables, graphs, figures and/or charts (e.g. maps). The choice of presentation method depends on several factors but mainly the type of data and the message that it is intended to convey.

Most Office software (Word, Excel, PowerPoint etc.) is capable of producing the most common graphs that are seen in VFM review reports. As spreadsheets are most often used to develop tables of data, it is usually easiest to use a spreadsheet application to draw data graphs:

Some general advice on layout is:

- do not forget to include a table or graph heading. Where there are a lot of tables and graphs, they should be numbered and separate indices of tables and graphs can be inserted as part of the table of contents, if desired;
- always give the source of information in a table or graph immediately under it;
- tables and graphs should always be placed on the same page as the accompanying narrative text; and
- the minimum information for the results of a survey is the total population (where known), the number of questionnaires issued and responses returned. The summary of responses to relevant survey questions should be presented in summary tables in the relevant Chapters that support the narrative commentary on these responses. A copy of the survey questions should be provided in an Annex to the Report. The full detailed statistics on the results of the survey should also be included in an Annex.

More detailed guidance on the use of tables and graphs in VFM review reports is set out in Annex 2. The VFM review reports produced by the Department of Social and Family Affairs generally provide a good standard of presentation for tables and graphs.

6.3.3. Case Studies

Case studies can be an effective way of supporting qualitative findings in a VFM review report. Case studies can be used in several different ways. A single case study might be presented where it is representative of a typical scenario, for example, to describe a typical beneficiary of a programme. They may amplify quantitative data e.g. county case studies in the Review of the Coastal Protection Report (DCMNR). Case studies are also a useful way for highlighting extreme cases. They are an effective means of supporting a difficulty that has arisen, for example, where there is poor data availability. Another good use of case studies can be found in the IDA Property Programme Report.

6.4. Conclusions and Recommendations

6.4.1. Recommendations including costings and ranking of priorities

Recommendations are actions that need to be taken to improve, restructure or terminate a programme or to address issues that must be considered in future programming. Recommendations must be constructive and time-bound and should identify who will progress them. A Recommendation should ideally be broken down into its logical implementation steps.

The reviewer should try to track down the causes of problems as well as their effects. In doing so, the reviewer will formulate Recommendations which genuinely address these causes.

The reviewer must ensure that Recommendations can indeed be implemented. Therefore, generic Recommendations should be avoided. A clear indication of the ranking of priorities should be given. This could be either in the form of the time sequence in which Recommendations should be addressed or in the priority associated with resource allocation for implementation.

The costing of Recommendations is a necessary part of a VFM review although usually this will only be possible in the form of an approximation. The inclusion of an estimated cost (and the potential source of funds) is an important part of the prioritisation of Recommendations. A Recommendation might be to wind up the programme/scheme being reviewed. In these cases, a valuation of the savings to be realised should be carried out.

A VFM review should not, as a general rule, recommend an increased resource allocation for the programme concerned. Where, in exceptional circumstances, it is proposed to recommend such an increase to deliver better overall VFM, the Department's/Office's overall Steering Committee (or MAC) should be consulted in advance and should identify possible savings and/or additional income on other lower priority programmes (for the Department/Office concerned or another public body) that would be sufficient to meet the additional costs involved. Full details of these offsetting measures should be included in the VFM review report.

6.4.2. How to write Conclusions and Recommendations

Conclusions and Recommendations should be developed whilst drafting the VFM review report. The most frequent problems with conclusions are:

- not all the relevant points are taken into the Conclusions;
- the same Conclusion is written in several different ways; and
- the linkage between the Conclusion and the supporting analysis is unclear.

For each TOR question, the reviewer should reflect on the Conclusions that flow from the evidence collected. An initial list of Conclusions should be drawn up which will then need to be tested and refined. While not all Conclusions need to be translated into a Recommendation, in a good Report, all Recommendations will flow from the Conclusions.

Once the list of Recommendations has been prepared, the reviewer should:

- check that they address the causes of problems identified in the Conclusions;
- check that there is no duplication or contradiction;
- check that all the actions proposed are in line with applicable rules and Regulations. It should be kept in mind that a VFM review may recommend rule and/or Regulation changes. A Regulatory Impact Assessment may need to be conducted (See Paragraph 3.5.4.);

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- check that the Recommendation is logically split into implementable actions, ideally with an assignment of responsibility and a timeframe attached to each action; and
- prioritise Recommendations and limit the list to five to ten key Recommendations rather than listing numerous less important Recommendations.

There are different approaches to the presentation of Conclusions and Recommendations in a VFM review report. For short Reports, it is preferable to include the Conclusions and Recommendations at the end of each “analysis” Chapter. For longer Reports, or where a Recommendation is in the form of an action plan, a separate Chapter at the end of the Report may be appropriate. The Conclusions and Recommendations are also presented in summary form in the Executive Summary.

When drafting Conclusions, the following guidance should be kept in mind:

- be clear;
- be specific;
- focus and prioritise the conclusions;
- be systematic in presenting the arguments that support a conclusion;
- make any assumptions explicit;
- it is highly desirable that there should be data to empirically support conclusions. Data based statements should be separated from interpretations and judgments. Data should be adequately described in the Report;
- the criteria and reference standards for judgments should be explicitly stated; and
- generalisations should be kept to a minimum.

6.5. Characteristics of a well written Report

The characteristics of a well-written VFM review report include:

- a good structure, reflecting the logical order in which the reviewer has clustered the analysis;
- no gaps i.e. the evaluation criteria should be worked through in a logical order of presentation;
- conciseness and precision, whereby the use of words such as “appears to be”, “seems”, or “apparently”, and generalisations are avoided but concrete examples are given to illustrate issues;
- short sentences, with one idea per sentence;
- simple and unambiguous wording; and
- coherence between analysis and Conclusions.

Detailed guidance tips on drafting styles and report formats are set out in Annex 3.

- Annexes:**
1. VFM Review Terms of Reference Summary Sheet
 2. Use of Tables and Graphs
 3. Tips for drafting good VFM Review Reports

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ANNEX 1: VFM Review Terms of Reference Summary Sheet

Department			
VFM review Subject			
Temporal Scope		Financial Scope	Amount % of Vote
Evaluation Questions	1. 2. 3. 4. 5. 6. 7.		
Methodology	Document review Data analysis Survey Interview Benchmark analysis Comparison with other jurisdictions Other		<u>Yes/No</u>
Key Reference Sources			
Key External Stakeholders			
Other Relevant Information			

ANNEX 2: Use of Tables and Graphs

Use of tables

It should be kept in mind that data tables can sometimes be a more efficient way of presenting data than drawing a graph. The advantage of tables over graphs is that they show the actual data values. The disadvantage is that the table must be studied to get the message, while a graph delivers the message much more quickly.

Large data tables should be put in the Annexes, with summarised tables in the Report itself.

Tables showing performance indicators should be referenced to the source data used to compute the indicators.

Pay attention to the order of presentation of the data. It should be logical or natural, e.g. presenting highest value first or using a geographical sequence.

Figures in tables should be rounded where appropriate. Usually percentages can be rounded to the nearest whole number or one decimal place.

Graphs

Pie charts

A pie chart is a circle divided into segments that represent the division of a data element (e.g. expenditure) into its relative parts (e.g. various subheads). Different pie charts can be used to show the composition of the total at different time periods or to compare relative compositions for two different organisations.

When using a pie chart:

- do not have more than five or six “slices” in the pie chart;
- while the slices of a pie chart can be separated, no more than one slice should be blown up to provide further information; and
- if more than one pie is used, they should be kept to the same size and colour scheme. Also the order of presentation of the slices in the pie chart should be consistent. Consider using a doughnut graph rather than a pie chart to compare discrete data sets.

Bar Charts

A bar chart presents a series of vertical or horizontal bars to represent the magnitude of data. The width of each bar should be constant and they are presented with a space in between each bar. Technically, a bar chart should be used for point in time data (e.g. value of assets at end of each month), rather than continuous flow data (e.g. recurrent expenditure for each month), but in practice they are often used to show a time series (e.g. salaries expenditure for a year). Bar charts are a very common graph found in VFM review reports.

A histogram is a particular type of bar chart used for frequency distributions i.e. where the area of each bar represents the number of observations for each class interval. There are no spaces between the bars.

When using a bar chart:

- avoid three dimensional bars or adding shadows to bars, especially where there are two or more data sets being compared in the one graph;
- don't forget to label the vertical scale properly; and
- remember that bar charts look best when they are kept simple.

Component bar charts

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This is a composite bar chart that divides the data into component parts (e.g. having separate bars for full-time and part-time staff in a work force). They are useful to show the relative changes in the components over time.

There are two common variations to the component bar chart; the stacked bar chart is where one component is placed on top of another (in a stack) and the percentage bar chart where, by converting the data into percentages, each bar is the same size because it totals to 100%.

When using component bar charts:

- restrict the number of components to three or four;
- avoid using percentage bar charts as they are only suitable where the absolute values are not important. This is rarely the case in a VFM review ; and
- it is easier to read a stacked bar chart when the most variable component is placed at the top and the least variable component is placed at the bottom.

Line graphs

A line graph is probably the most common graph seen in a VFM review report as it is used to show trends in the data. It is the most appropriate way of reflecting a time series. Line graphs can show more data elements than a bar chart.

When using line graphs:

- keep the number of lines to a maximum of five or six;
- use different colours, and data point markers to make the line graph easier to read;
- use grid lines in a lighter colour to make the graph easier to read. An alternative is to label the key data points of interest;
- where possible both axes should start at zero, otherwise the graph can be misleading; and
- if two different vertical scales are used, ensure these are clearly labelled and explained in the narrative text.

XY scatter charts

XY scatter charts are used to compare two data measures to each other. They are commonly used to investigate association and dependence between variables. They are more likely to be used in fieldwork than in Reports, although for a large presentation of data, it can be useful to use an XY chart in an Annex to the Report.

ANNEX 3: Tips for drafting good VFM Review Reports

Format for headings

The style of the Report headings can have a significant effect on making the Report interesting. Good headings provide readers with an overview of the content of the paragraphs that follow. This helps readers to link what is to come with the information they have just read in previous paragraphs. It also helps readers to identify key messages more quickly. The Report looks more interesting and can be more easily read and understood.

Paragraph headings also help report writers to organise the structure of each Chapter and to decide where to place the key messages.

The wording of headings will raise expectations in the mind of the reader which must be met in the subsequent text. Headings are also important contributors to the tone of the report.

Headings that use verbs are usually more informative than those that are confined to nouns. Consider the following four examples:

Heading	Comment
Salary Costs	The heading is very general and gives no indication of key message.
Managing Salary Costs	The introduction of a verb ending in "ing" increases the information content and makes the heading more lively.
Poor management of salary costs led to a loss of Value for Money	This is a short sentence that contains a key message i.e. a conclusion.
Better management of salary costs could deliver expenditure savings	Same message in a positive tone.

It is a good idea to use verbs in paragraph headings, but not to go too far. Headings should rarely go beyond one line. It is a matter of Departmental choice whether full sentences should be used as headings.

In some evaluation Reports, the key message is presented in the first sentence of a paragraph in bold or underlined (or both) font. These are referred to as "shoulder headings". Again the use of shoulder headings is a matter for Departments.

Language

There are many reference books offering tips on the use of language in reports. The few basic points of good practice guidance are:

- use short sentences with an average of no more than about twenty words;
- avoid long or obscure words i.e. use plain English;
- minimise the use of compound adjectives; and
- foreign language (including Latin) words should be in italics, or better avoided.

There are a few tricks that can assist in producing effective reports:

- the language used should be specific rather than vague, for example:

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Vague	Specific
The Department is considering the matter.	The Department has set up a Working Group that will report within the next three months.

- avoid the use of unnecessary phrases such as:
 “The VFM review team noted that” ... “The Steering Group felt (or concluded)”
- verbs rather than nouns should be used to describe activities: and

Use of noun (not recommended)	Use of verb (better)
After the <u>revision</u> of the programme...	After the Department <u>revised</u> the programme...
The <u>selection</u> of tenderers was based on...	The shortlist of bidders <u>was selected</u> using ...

- avoid over-using the passive voice:

Passive	Active
X driving license tests have been cleared.	The Department has handled X driving license tests.
It was decided to do something ...	The Department decided to act.

Proof reading checklist

All VFM review reports should be carefully proof read before finalisation. The points to watch out for are:

- spelling mistakes;
- typographical errors, including punctuation, use of capital letters;
- inconsistent use of font style, size or spacing;
- missing text, references or numbers;
- illogical text caused by poor cutting and pasting; and
- gaps in number sequences.

Paragraph numbering

There is no prescription for the use of Chapter or paragraph numbering although it is desirable, as it helps to support discussion of specific elements of a report when a reference can be made to a specific paragraph. Two forms of numbering are suggested, both are capable of being programmed using a word processing application:

Sequential numbering of paragraphs from one to the end without interruption for changes in Chapters.

Sequential numbering within each Chapter with the Chapter number as a lead number, e.g.: 1.1, 1.2, 1.3 2.1, 2.2, 2.3 ... etc.

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It is not necessary to number the paragraphs of an Executive Summary, although this can be done if desired. If the Executive Summary is numbered, the number sequence should be separated from the number sequence used in the main Report.

Fonts, page layout etc

Many Departments have their own “house style” in terms of fonts, size of text, line spacing, use of headers and footers, and page numbering. A standard house style within a Department is encouraged to make a VFM review report easily recognisable. The choice of style is left to Departments.

Referencing

Where references or quotations from previous studies are to be inserted into the VFM review report, it is important to properly acknowledge the source of the information. The Harvard referencing method is recommended. This identifies the name of the author and year of publication in the text with the full details (Author, Title, Publisher, Year) of the study listed in the references at the end of the Report.



7. Cross Departmental Value for Money Review Reports

Note that this Chapter is a 'work in progress'. It will be finalised following decisions on the future approach to Cross Departmental Reviews.

7.1. Background

Two pilot cross-Departmental reviews on Road Safety and Supports to the Long Term Unemployed were completed early in 2006.

The process and outcomes of the two reviews were examined by the Committee on Public Management Research (CPMR) on behalf of the Central Steering Committee. The Minister for Finance has asked the Central Steering Committee to advise him on the best approach to conducting reviews of a cross-Departmental nature in the future in light of the CPMR's findings.

7.2. Cross-Departmental aspects of standard VFM Reviews

A Department/Office undertaking a standard VFM review (i.e. not one formally designated as a Cross-Departmental Review) should identify any other Departments or public service agencies with responsibilities linked to the area being examined and should, as appropriate, (a) formally consult such Departments/agencies as part of the review process (and when preparing the initial feasibility study), (b) consider inviting such Departments/agencies to participate in the review process as members of the Steering Committee, and (c) make the eventual report available to those Departments/agencies.

Further Reference

Boyle, R, CPMR Discussion Paper 34 – *Cross Departmental Expenditure Reviews: Lessons from the Pilot Exercises* (IPA, 2006)

<http://www.cpmr.gov.ie/publications/discussion-papers/cross-departmental-expenditure-reviews-lessons-from-the-pilot-exercises.pdf/>

8. Management, Reporting and Support Structures

8.1. Introduction

This chapter outlines the arrangements for managing the Value for Money and Policy Review process within Departments/Offices. It details the various requirements laid down for reporting on the process, both in relation to ongoing Value for Money and Policy Reviews and in relation to the implementation of recommendations set out in completed review reports. It also provides guidance around some 'best practice' approaches to the management of reviews identified in a number of Departments/Offices. Finally, it outlines the support structures that are available to civil servants who are asked to carry out Value for Money reviews.

8.1.1. Guidance Outcome

The guidance in this Chapter will enable you to

- Learn how Departments/Offices manage the Value for Money and Policy Review process, and particularly the role of the Management Advisory Committees;
- Understand the reporting requirements laid down under the Value for Money and Policy Review Initiative;
- Learn about the arrangements for tracking progress in (i) carrying out VFM reviews and (ii) implementing review recommendations; and
- Be aware of the various supports available to reviewers both within Departments/Offices and through the Value for Money and Policy Reviewers' Network

8.2. Management Structures within Departments/Offices

There is no one structure for managing the Value for Money and Policy Review process in Departments/Offices. Many Departments/Offices have established dedicated high-level committees, usually chaired by an Assistant Secretary, to oversee the review process. The membership of these committees often includes the chairs of the individual review Steering Committees, representatives of the Finance and/or Internal Audit Units, and a Department of Finance representative.

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Some Departments/Offices have opted to use an existing management committee, such as the Audit Committee or Financial Management Group, to take on this oversight role. In other cases, the Management Advisory Committee (MAC) itself acts as the high level committee.

The Committee overseeing the process will need to ensure that the formal responsibilities placed on the MAC under the Value for Money and Policy Review Initiative, as detailed below, are fully complied with.

8.2.1. Summary of formal responsibilities of Departments/Offices

Apart from the reporting responsibilities outlined at Section 8.3, the Review Initiative places the following responsibilities upon Departments/Offices and their MACs:

- Top priority to be given to the achievement of Value for Money in expenditure and to the completion on time of the 2006-2008 round of formal Reviews;
- All reviews underway should be listed as standing Agenda items at MAC meetings and the Minister/MAC meetings of all Departments/Offices;
- The MAC is responsible for the selection of topics for each new round of reviews. The MAC should decide on future VFM review topics as early as possible in anticipation of the next review cycle (the selection of review topics is addressed at Section 2.3);
- Departments/Offices must ensure that effective and independent Steering Committees are put in place for all reviews (guidance in this regard is set out at Section 2.4);
- Departments/Offices should also ensure that adequate staff resources are made available for the conduct of reviews; in particular, it is a formal requirement that VFM reviews are noted in Statements of Strategy and Business Plans and included as key priorities in the PMDS role profiles of the staff concerned. Where possible, full-time staff input should be planned for at crucial stages in the review process, for example, in report drafting;
- The MAC should monitor the progress of reviews in each round and assist the review Steering Committee where difficulties are encountered. The MAC may need to liaise with the Central Steering Committee in relation to this role;
- Departments/Offices should put systems in place to ensure that the response to VFM review report recommendations is tracked and reported regularly to their MACs (see Paragraph 8.3.5);
- Departments/Offices should strengthen the linkages between the VFM reviews and the Management Information Framework in the development of performance indicators (see Paragraph 5.3.6).

Each MAC is required to designate one of its members to coordinate and report to it on the Value for Money and Policy reviews. In addition, each Department/Office is asked to nominate a day-to-day operational coordinator of the Value for Money and Policy Review process. The coordinator, usually a staff member of the Finance Unit or Planning Unit, is responsible for disseminating information and offering advice to reviewers, as well as monitoring progress for the MAC and the CSC.

The VFM review secretariat maintain up to date lists of both the MAC and operational coordinators of all Departments/Offices.

8.2.2. Dedicated subhead for Value for Money and Policy Reviews

From the 2007 Estimate on, the cost to Departments/Offices of all Value for Money Reviews as well as Policy Reviews whether initiated internally or commissioned externally that impact on Value for Money is shown in a separate dedicated Administration subhead of each Vote.

8.3. Reporting on Value for Money and Policy Reviews

This section outlines the responsibilities of Departments/Offices as regards reporting on their Value for Money and Policy Review activities. These responsibilities are addressed under the following:

- Strategy Statements and Annual Reports;
- Progress reports to Performance Verification Groups;
- Reporting to the Select Committees on Policy Reviews that impact on Value for Money;
- CSC's central monitoring arrangements for VFM Reviews (including CSC regular reports on progress);
- MAC tracking of implementation of review recommendations.

Requirements in relation to the publication of VFM review reports, and the forwarding of reports to the Oireachtas and its Select Committees, are addressed at Section 2.8.

8.3.1. Strategy Statements and Annual Reports

Value for Money and Policy Reviews should be noted in Statements of Strategy and Business Plans of Departments/Offices.

An example of reporting on expenditure reviews (now VFM reviews) in a Strategy Statement can be found in the 2005-2007 Statement of Strategy of the Department of Agriculture and Food (<http://www.agriculture.gov.ie/publicat/publications2005/SoS2005-2007/sos2005-2007e.pdf>). Reference to the reviews is made in the following way:

- In Chapter 3, which deals with the Department's internal context, subsection 3.1.2 states, '... in the 2002-2004 round of expenditure reviews, we reviewed 12 policy areas which account for 71% of overall expenditure (excluding the administrative budget).' Under the financial management commitments which follow, the Department commits itself to undertaking the next round of expenditure reviews;
- Chapter 5 sets out the Goals, Strategies and Performance Indicators for the Strategy Statement. Strategic Action 4.5 is to undertake regular evaluations of key spending areas through the expenditure review programme. The related performance indicators are 'Share of spending evaluated' and 'Actions taken on expenditure review'.

Departments/Offices should use their Annual Reports to report formally on Value for Money and Policy Reviews, and to detail progress in implementing recommendations set out in review reports and the impacts achieved as a result.

8.3.2. Performance Verification Groups

In progress reports of the modernisation action plans submitted to the Performance Verification Groups under the terms of the social partnership agreements, Secretaries General/Heads of Office should detail the current Value for Money Review plans that relate to the sectors for which they are responsible and report on progress in finalising the reviews set out in those plans.

8.3.3. Reporting on Policy Reviews to the Oireachtas Select Committees

The Government have decided that, in addition to publishing VFM review reports and presenting them to the relevant Select Committee of the Oireachtas, all other Policy Reviews that impact on Value for Money should also be published and presented to the relevant Select Committee except where the relevant Minister decides otherwise, and that a list of all such reviews will, in any event, be provided annually to the Select Committee and published in the Annual Report of the Department;

8.3.4. CSC's central monitoring arrangements for VFM Reviews

The Central Steering Committee has initiated a quarterly reporting process on the reviews with Departments and Offices.

Under the monitoring arrangement, schedules of Departments/Offices reviews under the current review round are emailed to all of the operational coordinators of the Value for Money and Policy Reviews at the end of each quarter. Each coordinator is asked to update the position for each review that was still outstanding for their Department/Office as at the date of the previous return.

In line with the relevant Government decision, the operational coordinators are asked in addition to provide details of all other Policy Reviews whether initiated internally or commissioned externally that impact on Value for Money.

Departments/Offices should integrate these requirements into their internal reporting arrangements to their respective MACs. Annex 1 sets out a template for tracking progress with the completion of a review as developed by the Department of Justice, Equality and Law Reform.

Since mid-2002, the CSC has been engaging in a rolling series of meetings with Secretaries General/Heads of Office to review the experience of Departments/Offices in relation to the review process.

8.3.5. MAC tracking of implementation of review recommendations

Departments/Offices are required to have systems in place to track progress in and to report to MAC on the implementation of review recommendations on a regular basis.

Paragraph 4.52 of the C&AG's October 2001 value for money study on the ERI (given below) sets out some guidance in this regard.

The following elements should be included in the arrangements departments put in place for monitoring review impacts.

- review reports should specify the type of recommendations made e.g. savings, efficiency improvements, effectiveness improvements, customer service improvements. They should also quantify the expected benefit arising from each recommendation;
- reports should outline the steps required for the implementation of the recommendations arising from the review;
- there should be routine reporting of progress in implementation of recommendations and of impacts achieved. The level of impact achieved should be reported as a measure of performance of evaluation activity.

The Department of Community, Rural and Gaeltacht Affairs have adopted a standardised tracking template (copy at Annex 2) to facilitate reporting on the implementation of recommendations. The reporting system adopted requires the Joint Steering Group secretariat to provide six monthly reports to the Senior Financial Management Group on implementation of recommendations.

8.4. Support Structures for the Value for Money and Policy Review process

Support for personnel involved in the conduct of reviews is provided centrally by the Department of Finance via the Reviewers' Network as well from each Department/Office.

8.4.1. External Supports

In addition to this Guidance Manual there are other external supports available to Departments/Offices:

- VFM review training (See 8.5. below)
- M.Sc in Public Policy Analysis (See 8.6. below)
- Higher Diploma in Public Policy Analysis (See 8.6. below)

8.4.2. Internal Supports

The following summarises the supports available locally within a Department/Office:

- approval of TOR & regular reporting of progress 'up the line';
- review Steering Committee;
- Policy Support Unit;
- Graduates of MSc in public policy analysis (see 8.6. below);
- networking with other Reviewers (current and past), Mentoring;
- quality assessor – before and after.

The VFM Review Secretariat attached to the Central Expenditure Evaluation Unit in the Department of Finance is responsible for the provision of central supports for the Value for Money and Policy Review initiative.

8.5. Value for Money and Policy Reviewers' Network

The VFM Reviewers' Network was launched in July 2002. It now has over 400 members drawn from staff in Departments/Offices who are or have been involved in carrying out VFM reviews.

The Network was established to provide central support to the Value for Money and Policy Review process. Its role is to:-

- deliver and disseminate best practice across Departments and give a wider policy perspective through presentations by bodies such as the ESRI, NESC etc.;
- provide training for those involved in carrying out VFM reviews;
- organise network events with outside speakers where relevant (a list of the events held to date is given at Annex 3);
- act as a forum for the exchange of ideas;
- provide practical supports through contacts, disseminating relevant papers and through the provision of the VFM reviewers' extranet;
- promote the continuous development of evaluation and of those that commission evaluations.

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Membership

Membership of the Network is open to all civil servants across Departments/Offices, with a particular focus on:

- Personnel involved in the conduct of VFM reviews;
- Coordinators of the review process in Departments and Offices;
- Students of the IPA/CMOD Masters and Higher Diploma programmes in public policy analysis and similar educational programmes.

Overseeing Committee

The committee is chaired by the Head of the Central Expenditure Evaluation Unit (see Section 1.3 in Chapter 1) and consists of the Value for Money and Policy Review Secretariat and nominees from a selection of representative Departments and from reviewers at various stages, e.g. completed reviews, currently engaged in a review, coordinator, etc. Annex 1 to Chapter 1 lists the current membership of the Committee.

VFM Reviewers' Extranet

The VFM Review Extranet is a dedicated website for members of the Network. The site sets out upcoming events and announcements and contains document folders and relevant web Links. It lists contact details for members and provides a discussion forum for the exchange of ideas. The VFM Review Secretariat can arrange access to the extranet. See <http://www.cmodservices.gov.ie/ern>.

Contact Geraldine.merrick@finance.gov.ie to obtain a login and password.

8.5.1. VFM Review Training

The provision of appropriate VFM review training for civil servants involved in the conduct of reviews is made available by the Department of Finance under the auspices of the VFM Reviewers' Network. To date, the training has involved a 3-day course presented with assistance from an expert in evaluation attached to the Institute of Public Administration. The course modules aimed to follow the life cycle of a typical review:

1. Introduction to evaluation; Review Terms of Reference; establishing the Steering Committee; planning the review
2. Identifying programme objectives; introduction to programme logic model and performance indicators; data collection and analysis; structuring the content of the report
3. Formulating judgments and concluding the evaluation; quality assessment; use and impact of VFM reviews

The VFM Reviewers' Network Committee intends to develop a new training programme based around the approach set out in this Guidance Manual. When the details have been finalised, they will be notified to the coordinators of the review process in Departments/Offices and to the full Reviewers' Network.

8.6. Education programmes in Public Policy Analysis

8.6.1. Masters in Public Policy Analysis

Departments/Offices are encouraged to avail of the opportunity to participate in the Masters Programme (Trainee Analyst) in Public Policy Analysis and to optimise the deployment of their trainees and graduates in supporting and carrying out Value for Money Reviews.

The CSC has directed that the work of the trainees and graduates under the new CSTDC/IPA Masters Programme in Public Policy Analysis should be used to full strategic advantage, with particular regard to fulfilling the demands of the VFM and Policy Review initiative. Particular attention should be given to the nomination of VFM reviews as potential second year projects under the Masters programme in public policy analysis.

Some Departments have chosen former students to act as coordinators for the VFM Review process.

The Department of Finance graduates are seconded for a fixed period of time to the Central Expenditure Evaluation Unit.

For further information contact the training unit/HR section of Departments/Offices.

8.6.2. Higher Diploma in Public Policy Analysis

The Higher Diploma in Policy Analysis is a two year programme, commissioned by CSTDC and delivered by the IPA on a part-time basis. The subjects on the Higher Diploma programme are the same subjects covered on the Masters programme.

The programme was upgraded in 2005 from Diploma status to that of Higher Diploma. The Higher Diploma programme is now available (since September 2006) on a modular basis whereby students can select the number of subjects they want to study, from as little as one up to a maximum of all of the ten subjects available. The option is also available to complete the Higher Diploma programme on an accelerated one year basis.

For further information contact the training unit/HR section of Departments/Offices.

- Annexes:**
1. *Template for tracking progress of a review*
 2. *Standardised tracking template to facilitate reporting on the implementation of VFM review recommendations.*
 3. *Events held by the Value for Money and Policy Reviewers' Network*

**ANNEX 1: Template for tracking progress
of a review**

VFM AND POLICY REVIEW INITIATIVE

TOPIC:

Member Responsible

Milestone	Due Date	Status *	Comment
Steering Group Formed	01 Sep 05	Complete	
Draft Terms of Reference Complete	01 Nov 05	In Progress	
Terms of Reference Agreed	01 Dec 05		
Resources/Training Identified	31 Dec 05		
Commencement of Report	01 Jan 06		
Draft Report Complete	01 Jul 06		
Dept. Approval Received	01 Sep 06		
Report for External evaluation	15 Sep 06		
External evaluation complete	01 Nov 06		
Final Draft Complete	31 Dec 06		

Note * Status definition

Status: **Progressing:** *VFM Review Milestone proceeding according to plan.*

Complete: *VFM Review Milestone has been achieved*

FAILURE: *VFM Review Milestone has not been achieved.*

Source: Adapted from briefing material provided to the CSC by the Department of Justice, Equality and Law Reform

ANNEX 2: Standardised tracking template to facilitate reporting on the implementation of VFM review recommendations.

Review Title:
Responsible PO:

Recommendation	Priority (1/2/3)	Mgmt Response (Accepted / Rejected)	Target Date for Implementation	Responsibility assigned to	Current Status	Comments

Priority 1: For Immediate Implementation
 Priority 2: Medium Term Priority
 Priority 3: Longer Term Priority dependent on other factors.

Source: Template developed by the Department of Community, Rural and Gaeltacht Affairs

Annex 3: Events held by the Value for Money and Policy Reviewers' Network

<u>Appendix 3</u>	
Events held under the auspices of the Expenditure Reviewer's network	
15 July 2002	The Expenditure Reviewer's Network was launched in Buswell's Hotel. Mr Brian O'Raghallaigh of the Department of Social and Family Affairs addressed the Network on the structures in place in his Department to facilitate the Expenditure Review Initiative.
2 October 2002	The Network met to discuss the issues surrounding the quality assessment of completed Expenditure reviews.
14 January 2003	Mr Seamus McCarthy addressed the network on the " <i>Lessons from the C & AG's VFM role for the Expenditure Review Process</i> ". Mr Joe Timbs from the Department of Arts, Sports and Tourism spoke from his own experience of " <i>Practical lessons learned in carrying out expenditure reviews.</i> "
21 May 2003	Professor Patrick Dunleavy gave a presentation to the Network on the subject of " <i>embedding a culture of evaluation into your organisation</i> ". This was followed by a useful question and answer session.
16 July 2003	This event was aimed at the small offices who were previously exempted from the Expenditure Review Initiative. The speakers were <ul style="list-style-type: none"> ○ Michelle Grant from the Oireachtas giving her experience of carrying out a review. ○ Andy Harkness discussed outputs, inputs and performance indicators ○ Conor McGinn talked about some useful ideas that offices might take into account when selecting topics and gave an overview of the Expenditure Review Initiative from the perspective of the smaller organisation
Network Event planned for 14 January 2004	A Network event is planned for 14 January 2004 to discuss the future of the Network and how to further develop this valuable central support.
Colm Dunne 30 November 2004	Colm Dunne gave a presentation on Quality Assessment issues
Jim Fitzpatrick 9 th June 2005	Jim Fitzpatrick addressed the Network on the subject of planning a review, followed by a general question and answer session hosted by Jim and Úna nic Giolla Choille.
Guidance Manual 12 th May 2006	This Event was held for the purpose of consultation with the Network on drawing up the Guidance Manual for the conduct of VFM Reviews

Appendices

Glossary of Terms

Alphabetical list and web reference of all VFM Review Reports referred to in the Manual

Appendix 1: Glossary of Terms

Activity	<i>Activities, also called processes, are the actions that transform inputs into outputs. Activities are collections of tasks and work-steps performed to produce the outputs of a programme.</i>
Additionality	<i>The amount of output from a policy as compared with what would have occurred without the intervention. (UK Treasury)</i>
Benchmarking	<i>Benchmarking is the quantitative and/or qualitative comparison of project or programme effects to a base case.</i>
Benefit-Cost Ratio (B/C)	<i>The Benefit-Cost Ratio is the ratio of discounted benefits to discounted costs. At minimum it should be greater than one.</i>
Cost-Benefit Analysis	<i>Comparison of the costs and benefits associated with alternative ways of achieving a specific objective. Monetary values are assigned to both costs and benefits.</i>
Cross comparators	<i>Cross comparators are projects or programmes similar to the project or programme under review that are used to make a comparative assessment of the performance of the project or programme that is the subject of the review. In using data on cross comparators to make such assessments, full account must be taken of the similarities and differences in characteristics between them and the project or programme under review.</i>
Deadweight	<i>Deadweight: Deadweight is that portion of increased output that would have happened anyway irrespective of the project or programme.</i>
Displacement	<i>Displacement occurs when the creation of a positive programme output in one area leads to a loss of output in another. (Mulreany)</i>
Double-counting	<i>Double-counting occurs when pecuniary benefits are added to the real benefits derived by the final consumer. As a general rule pecuniary benefits are not additional and should not be included in Cost-Benefit Analysis.</i>
Economy	<i>Acquisition of resources in the right quantity and of a quality no higher than is needed for the job, at the appropriate time, and at the lowest obtainable price. (UK Treasury)</i>
Effectiveness	<i>The extent to which the objectives of a policy are achieved.</i>
Efficiency	<i>The ratio of the output of an activity to the resources used to produce that output. (UK Treasury)</i>
Impact	<i>Impacts are the wider effects of the programme, from a sectoral or national perspective, in the medium to long term.</i>
Input	<i>There are many inputs to programmes – physical inputs like buildings and equipment, data inputs like information flows, human inputs (grades of staff) and systems inputs like procedures. The financial input is the budget made available to the programme. Inputs are sometimes referred to as resources.</i>
Internal Rate of Return (IRR)	<i>Maximum rate of interest that a proposal can afford to pay for resources used which allows the proposal to cover its investment and operating expenses and still break even. In other words, the IRR is the discount rate which will make the NPV of a proposal equal zero. (Mulreany)</i>
Multi-Criteria Analysis (MCA)	<i>MCA can be used to describe any structured approach to determine overall preferences among alternative options, where the options should accomplish multiple objectives. The term covers a wide range of techniques that share the aim of combining a range of positive (benefits) and negative (costs) effects in a single framework to allow for easier comparison of alternative options in decision-making.</i>
Net Present Value (NPV):	<i>NPV is the sum of the discounted benefits less the sum of the discounted costs.</i>
Output	<i>The outputs are what are produced by a programme. They may be physical goods or services.</i>
Pecuniary benefits	<i>Pecuniary benefits derive from changes in relative prices in secondary markets, and are not a net gain to society e.g. increased property prices along a new Luas line. (Mulreany)</i>

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Real benefits	<i>Real benefits are those derived by the final consumer. They add to the welfare of society and can be offset against the real cost of resources used e.g. time savings in travel due to a road improvement project. (Mulreany)</i>
Result	<i>The results are the effects of the outputs on the targeted beneficiaries in the immediate, short or medium term. Results can be positive or negative, and intended or unintended.</i>
Shadow prices	<i>Shadow prices are artificial prices constructed where market prices provide a poor guide to social values or where market prices do not exist e.g. the value of time saved due to a road improvement project. (Mulreany)</i>
Strategic Objectives	<i>Describe the desired outcome from a programme at the end of the strategy period. The objectives should ideally be written in terms of a quantifiable and qualitative description of the programme.</i>
Transfer payments	<i>Transfer payments transfer part of a project's or programme's benefit from one member of society to another.</i>

Appendix 2: Alphabetical list and web reference of all VFM Review Reports referred to in the Manual

[Back to Education Allowance scheme](#)

(Department of Social and Family Affairs)

Bord Fáilte Eireann - Pre 2002 – 2004 Review – not published to website

(Department of Arts, Sport & Tourism)

[BSE Eradication](#)

(Department of Agriculture & Food)

[Change Management Fund](#)

(Department of Finance)

Coastal Protection Scheme - Pre 2002/2004 Review – not published to website

(Department of Communications, Marine & Natural Resources)

[Compensatory Allowance Scheme](#)

(Department of Agriculture & Food)

Courthouse Maintenance & Capital Refurbishment – Not published to website yet due to technical difficulty

(Courts Service)

[Enterprise Ireland's Overseas Office Network](#)

(Department of Enterprise, Trade & Employment)

[Grant-in-Aid to the ESRI](#)

(Department of Finance)

[IDA Ireland's Property Programme](#)

(Department of Enterprise, Trade & Employment)

[Operation and Management of the IT Systems in the State Laboratory](#)

(State Laboratory)

[Programmes in the Potato Sector](#)

(Department of Agriculture & Food)

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[Road Safety - Cross Departmental Review](#)

(Department of Transport)

[Small and Rural Schools Initiative and Permanent Accommodation Initiative](#)

(Department of Education & Science)

[Social and Demographic Statistics Directorate](#)

(Central Statistics Office)

[Social Welfare Payments to Orphans](#)

(Department of Social and Family Affairs)

[Support to Afghanistan 2002-2003](#)

(DCI, Department of Foreign Affairs)

[Review of the Valuation Office](#)

(Valuation Office)