



Comptroller and Auditor General
Report on Value for Money Examination

Department of Finance

The Expenditure Review Initiative

October 2001

© Government of Ireland 2001
ISBN 0-7557-1177-7

This report was prepared on the basis of information, documentation and explanations obtained from the bodies referred to in the report.

The draft report was sent to the Department of Finance and comments were requested. Where appropriate, comments received were incorporated in the final version of the report.

Report of the Comptroller and Auditor General

Expenditure Review Initiative

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out a value for money examination of the Expenditure Review Initiative.

I hereby submit my report on the above examination for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

A handwritten signature in black ink, appearing to read 'John Purcell', with a large loop at the top and a long horizontal stroke at the bottom.

John Purcell

Comptroller and Auditor General
31 October 2001

Table of Contents

	Page
Summary	i
The Expenditure Review Initiative	
1 Introduction	1
2 Extent of expenditure reviews	4
3 Quality of expenditure reviews	10
4 Developing the review process	22
Appendices	
A Spending by government departments and offices, 1996-2001	39
B Main events related to the Expenditure Review Initiative, 1996-2001	40
C Status of planned reviews at end-December 2000, by department	41
D Assessing the quality of expenditure reviews	49
E Planned actions in relation to the Expenditure Review Initiative for 2001/2002	53

Summary of Findings

Summary of Findings

In May 1997, the Department of Finance established a process that was intended to result in the efficiency and effectiveness of all government expenditure being reviewed over a three-year period. This process - referred to in this report as the Expenditure Review Initiative, or ERI - was part of the more general Strategic Management Initiative (SMI), which aims to move public sector management away from the traditional focus on inputs, to concentrate more on the delivery of outputs and the achievement of intended results.

Reviewing existing public expenditure from a results perspective was intended to provide reliable information for decision makers when they considered whether or not there is a continuing public need for specific areas of public sector activity and, if so, how the delivery of services might be improved. The very rapid increases in government expenditure (up from almost £12 billion in 1996 to £21.5 billion in 2001) reinforce the need for comprehensive and regular review of government spending.

This examination was carried out to identify and evaluate the extent to which the ERI achieved its objectives in the period 1997-2000. Specifically, the examination addressed the following questions.

- Was public expenditure comprehensively reviewed over the period?
- Were the expenditure reviews carried out well?
- Were the arrangements put in place to manage the ERI successful?

Evaluation Effort before the ERI

At the time the ERI started, the capacity of government departments¹ to carry out reviews varied considerably, both in terms of technical skills and availability of resources. In some departments, expenditure review systems were already relatively well developed. This was particularly the case in departments with a significant level of EU-funded programmes, since formal expenditure review and reporting procedures are a requirement for EU-funding. In other departments, little or no review of expenditure was undertaken.

The ERI was intended to reduce the degree of variability in the extent to which evaluation was carried out and to make expenditure review an integral part of the management process in all departments and across all programmes. To achieve this, departments needed to build up their capacity in evaluation skills and expertise.

¹ In this report, the term 'department' refers to all central government departments and offices, unless otherwise indicated.

Extent of Expenditure Reviews

The general aim at the outset of the ERI was to review all expenditure programmes every three years. In practice, it soon became clear that this objective would not be achieved.

Schedules of reviews to be carried out were agreed between the Department of Finance and line departments and approved by Government in 1997 and 1999. A total of 118 review subjects were included in these lists. Had all of these reviews been carried out, they would have covered around 50% of government spending, at most.

Many departments were slow to start work on their schedules of reviews and were also slow in carrying out those they did start. By the end of 2000, only 62 of the planned reviews had been completed, and a further 21 were still in progress. The reviews completed or underway related, at most, to 37% of government expenditure. While this body of review work in itself represents a substantial achievement, it falls far short of the level of coverage intended when the ERI started. Variation between departments in the level of coverage achieved was also very significant.

When the ERI was launched, the Department of Finance stated that the aim was to ensure that all spending programmes were reviewed.

Defining the scope of topics for review in terms of spending programmes is somewhat in conflict with the general principles of the SMI, which emphasise results, outputs and outcomes. The alternative is to define the scope of reviews in terms of the objectives and results sought in a particular social or economic area.

Operating on the principle of results-based reviews, the scope of the ERI should also be broadened to include tax 'expenditures' such as tax reliefs and exemptions. While such provisions do not involve direct government expenditure, they nevertheless impact on Exchequer resources and are directed towards the achievement of specific objectives.

Quality of Expenditure Reviews

If reviews are to contribute meaningfully to decision making about public sector spending, they must be carried out to a high professional standard. To assess the quality of the review work carried out in the period 1997-2000, a sample of thirteen review reports - 20% of the reviews completed up to the end of 2001 - was selected and examined by expert readers attached to the London School of Economics against agreed criteria.

The brief given to departments under the ERI specified four main elements which reviews were expected to include. These were

- a review of the objectives of the spending being reviewed
- a review of performance indicators relevant to the area being reviewed
- an evaluation of the effectiveness of spending
- an evaluation of efficiency in the area being reviewed.

Many of the individual review reports in the sample assessed achieved the required professional standard in relation to only part of the ERI brief. The evaluations generally were somewhat better at review of objectives and assessment of cost efficiency than in identifying and assessing performance indicators or evaluating effectiveness. Frequently, the existing information base was poor and formal performance indicators were mostly absent or underdeveloped.

Nonetheless, the review process clearly directed some useful attention to many policy areas not regularly or well analysed before. Overall, the expenditure review process provided some additional limited assurance that government expenditures were being spent to some purpose and in a well-directed manner. The review process also served to help the introduction and development of the concept of evaluation in areas of the civil service where previously it had either been non-existent or poorly understood.

The reviews included in the sample for assessment were all completed by July 1999 so that the impacts of the reviews since then could also be investigated. Reviews completed later may have benefited from lessons learned in the first studies and be of a generally higher standard. The Central Steering Committee (CSC) established by the Department of Finance to oversee the ERI considers that there was a quite perceptible improvement in the quality of the evaluations carried out over the period 1997-2000.

Other developments under the SMI may also make it easier in the future for departments to carry out evaluations to the required standard. For example, the production of comprehensive statements of strategy and detailed business plans should ensure that the objectives of spending are defined. Similarly, the development of management information frameworks in departments should help in the definition and recording of relevant performance indicators.

Developing the Review Process

Given the variation in evaluation capacity and experience across departments in 1997, they were unlikely to deliver equally in the period 1997-2000 on the objectives of the ERI or to be able to achieve a consistently high standard in carrying out reviews. This examination found that there is still wide variation in evaluation capacity. Many departments also still have a considerable distance to go to integrate evaluation into decision making. Building up stronger support mechanisms, central guidance and impact reviews should therefore be the priorities in developing the review process.

A comprehensive strategy for the effective development of the ERI over the next planning period should be put in place by the Department of Finance in consultation with the CSC and with line departments. The strategy should establish a clear set of principles to enable areas of expenditure to be prioritised and scheduled for review. This should take account of the need to review key strategic results areas and cross-cutting issues.

The most usual arrangement in departments for carrying out reviews under the ERI was to rely primarily on the line managers in the area under review to carry out the bulk of the work. Since line management may often be too close to programmes to achieve the required degree of objectivity, there was frequently something of a mis-match between the organisation of reviews and their objectives. This may, in part, explain why many reviews failed to address adequately the effectiveness of the spending they examined.

The CSC should put in place a systematic process of quality assessment of reviews, using agreed assessment criteria. Departments should be provided with the assessments in a timely fashion.

The CSC should report on the findings of each review and should, in conjunction with departments, institute a formal process for monitoring review impacts.

Review reports should, where possible, be published, together with the CSC assessment of the quality of the review.

The Expenditure Review Initiative

1 Introduction

1.1 A central objective of the Strategic Management Initiative (SMI) is to move public sector management away from the traditional focus on inputs, to concentrate more on the achievement of results. A range of separate initiatives have been designed to give effect to this change in focus throughout the management process. As part of this process of change, an expenditure review initiative (ERI) was launched by the Department of Finance in May 1997.

Objectives of the Expenditure Review Initiative

1.2 The idea of establishing a formal review process for all government expenditure was first stated in the 1996 report to Government by the SMI Co-ordinating Group of Secretaries, entitled *Delivering Better Government*². This recognised the need for a systematic analysis of what is actually being achieved by government spending each year. It proposed the agreement between the Department of Finance and spending departments of schedules of reviews to be carried out, with the aim of ensuring that all areas of expenditure are subject to a thorough review at least once every three years.

1.3 The aim of reviewing existing public expenditure programmes from a results perspective was to provide information for decision making about whether or not there is a continuing public need for the programmes and, if so, how the delivery of the programmes might be improved. The review process should therefore usually focus on issues such as efficiency, effectiveness and the prioritisation of spending. The value of the review process itself depends on how well integrated it is in the overall decision-making process and the impact it has on spending decisions.

1.4 The systematic review of expenditure was one of a number of recommendations made by the Co-ordinating Group for an integrated programme of modernisation and change of existing systems in the civil service. These involved a new approach to financial management in the public sector. The Group recommended that, in keeping with the increased emphasis in the SMI on devolving responsibility and accountability, a more appropriate framework was required for settling public expenditure allocations, and delegating authority to departments to manage resources allocated to them. They proposed

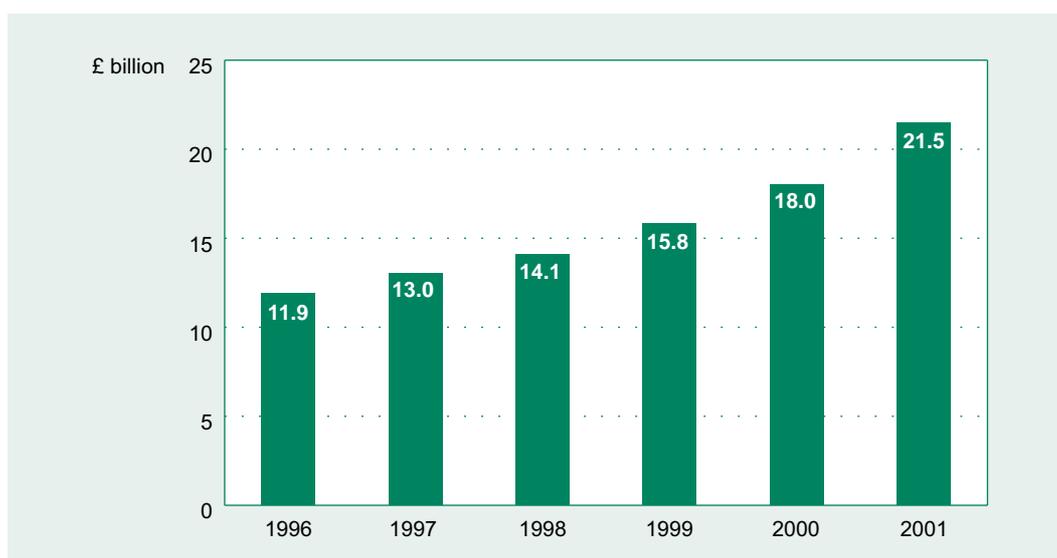
- a rolling three-year budget planning process
- delegation of decision making about spending to departments, to the maximum extent possible
- clear specification of the results to be achieved
- systematic analysis of what is actually achieved by Government spending

2 Second Report to Government of the Co-ordinating Group of Secretaries: *Delivering Better Government*, Dublin: the Stationery Office, 1996

- annual performance reports by departments, in addition to financial reports produced for accounting purposes and
- periodic review of all expenditure programmes.

1.5 The need for comprehensive and regular review of government expenditure recognised in 1996 in *Delivering Better Government* has been strongly reinforced by a very rapid increase in government expenditure over the succeeding years. Gross expenditure incurred by all central government departments increased by almost 80% between 1996 and 2001 (see Figure 1.1). Since inflation totalled less than 20% in the same period, the volume of government expenditure grew by more than half. The greater availability of monetary resources generally could reduce the incentive for departments to rigorously review spending priorities and to scale down or eliminate programmes that are less effective.

Figure 1.1 Gross expenditure by central government departments and offices, 1996-2001



Source: Appendix A

Arrangements for Implementing the ERI

1.6 Expenditure reviews were carried out on a limited scale in government departments before the ERI commenced. The capacity of departments to carry out reviews varied considerably, both in terms of technical skills and availability of resources. In some departments, expenditure review systems were relatively well developed. This was particularly the case in departments with a significant level of EU-funded programmes, since formal expenditure review and reporting procedures are a requirement for EU funding. In other departments, little or no review of expenditure was undertaken. ERI was intended to reduce this degree of variability and to make expenditure review an integral part of the management process in all departments and across all programmes.

1.7 The Department of Finance envisaged individual departments would take the lead in carrying out reviews in relation to their own expenditure. They were to propose the topics for review, subject to Department of Finance agreement. Reviews were to be carried out under the direction of steering groups chaired by departmental officials, and with Department of Finance representation.

1.8 The main events and milestones associated with the ERI are set out in Appendix B.

Scope and Objectives of this Examination

1.9 This examination was carried out to identify and evaluate the extent to which the ERI achieved its objectives in the period 1997-2000. Specifically, the examination addressed the following questions.

- Was public expenditure comprehensively reviewed over the period?
- Were the expenditure reviews carried out well?
- Were the arrangements put in place to manage the ERI successful?

1.10 The examination reviewed the experience of all departments and offices covered by the ERI. The central role of the Department of Finance in planning and co-ordinating the initiative was also reviewed.

1.11 Where the term 'department' is used in this report, it includes all central government departments and offices, unless otherwise specified.

1.12 Chapter 2 reviews the extent to which departments have carried out the planned programme of reviews and the comprehensiveness of the work carried out, given the stated objective in *Delivering Better Government* of reviewing all expenditure over a three-year cycle. Chapter 3 assesses the quality of the reviews carried out. Chapter 4 examines strategic and operational issues relating to the development of the capacity of departments to carry out reviews.

Methodology

1.13 Information for the examination was collected through interviews with officials in departments about the systems, procedures and practices adopted for expenditure review and the impacts of the process; a survey of departments to establish the current status of individual reviews; and an assessment of the quality of a sample of thirteen completed reviews. National and international literature about the conduct of public expenditure reviews was also reviewed.

1.14 The work on the examination was carried out mainly by staff of the Office of the Comptroller and Auditor General. They were assisted by the Public Policy Group of the London School of Economics, who carried out the assessment of the sample of completed reviews.

2 Extent of Expenditure Reviews

2.1 The proposal in *Delivering Better Government* to establish systematic expenditure review was clear about its objective - it should 'ensure that each programme of expenditure is subject to a thorough review at least once every three years'. In launching the ERI in 1997, the Department of Finance adopted the concept of a three-year review cycle and referred to the objective of ensuring that each programme of expenditure was reviewed every three years.

2.2 This chapter looks at the extent to which the evaluations carried out in the period 1997-2000 succeeded in reviewing government expenditure.

Number of Reviews Carried Out

2.3 The Department of Finance wrote to twenty central government departments in May 1997, notifying them about the ERI and asking them to nominate expenditure areas to be reviewed over a three-year period. Following a process of consultation between the Department of Finance and the nominating departments, a first-round list of 61 review topics, to be completed by April 1998, was drawn up, together with a list of further reviews to be carried out over the following two years. The Government approved the first-round list in July 1997.

2.4 Progress in carrying out the first-round reviews was generally very slow. Very few reviews had been completed by the target date of April 1998.

2.5 In April 1999, the Government approved a second-round list of review topics. This list also contained 61 review topics, including four carried over from the first-round list. Some of the first-round reviews were still ongoing, a full year after the original target completion date. The Government decided that all first and second-round reviews were to be completed by April 2000.

2.6 By the end of 2000, a total of 62 reviews had been completed and a further 21 were still in progress. These included five reviews (four completed and one ongoing) additional to those in the lists approved by Government. Of the 118 reviews approved by Government, 40 had not started or had commenced and subsequently been halted.

2.7 The status at end-December 2000 of the planned reviews is summarised in Figure 2.1. The status of individual reviews is shown, on a department-by-department basis, in Appendix C.

2.8 The Department of Finance differs from the relevant line departments in relation to the status of four studies. The departments claim that the four studies are completed. (These are included in Figure 2.1 on that basis.) However, the Department of Finance is not satisfied that the planned review work has been satisfactorily carried out and regards the studies as ongoing.

Figure 2.1 Number of expenditure reviews planned and carried out, 1997-2000

Department/Office (in order of spending level in 2001)	Number of reviews planned	At end-December 2000		
		Reviews completed	Reviews ongoing	Reviews not carried out ^a
Health and Children	4	2	1	1
Education and Science	7	2	1	4
Social, Community and Family Affairs	17	13	5	3
Environment and Local Government	13	7	2	4
Justice, Equality and Law Reform	6	3	3	-
Agriculture and Food	8	3	2	3
Enterprise, Trade and Employment	8	3	1	4
Defence	6	5	1	-
Public Enterprise	6	1	1	4
Arts, Heritage, Gaeltacht and the Islands	8	4	-	4
Foreign Affairs	6	4	1	1
Office of Public Works	4	4	-	-
Finance	1	1	-	-
Revenue Commissioners	3	1	-	2
Marine and Natural Resources	8	1	-	7
Tourism, Sport and Recreation	5	5	1	-
Houses of the Oireachtas	2	-	1	1
Central Statistics Office	1	1	-	-
Taoiseach	3	1	1	1
Valuation and Ordnance Survey	2	1	-	1
All reviews	118	62	21	40

Source: Survey of departments by the Office of the C&AG

Notes: ^aIncludes planned reviews not started and those started and later halted

Overlap of ERI with Other Review Work

2.9 Some of the reviews counted under the ERI were already in progress when the initiative was launched, or would have been carried out anyway. This was particularly the case where departments were committed under agreement with the EU to carrying out evaluations as a condition associated with the provision of EU structural and cohesion funding.

2.10 A few studies included in the ERI lists had been completed even before the ERI began. For example, the Department of the Environment and Local Government's review of the Operational Programme for Transport 1994-1999 was completed in February 1997 but has been counted as an ERI review.

2.11 At the time the ERI started, a number of studies were also underway in two departments (Defence and Environment and Local Government) under the aegis of the Efficiency Audit Group. The Group was established in 1988 to oversee studies that addressed efficiency and effectiveness issues in specific areas - the core issues ERI studies were to address. While these studies did not follow the process specified for ERI reviews, the Department of Finance counts them among the areas reviewed under the ERI.

2.12 Evaluations listed as ERI reviews do not, however, represent the total review and evaluation effort by departments in the period 1997 - 2000. For example, the Department of Health and Children planned to carry out a review of spending on acute hospital care under the ERI but this did not go ahead. Instead, outside the ERI process, the Department commissioned consultants to carry out a review of health services.

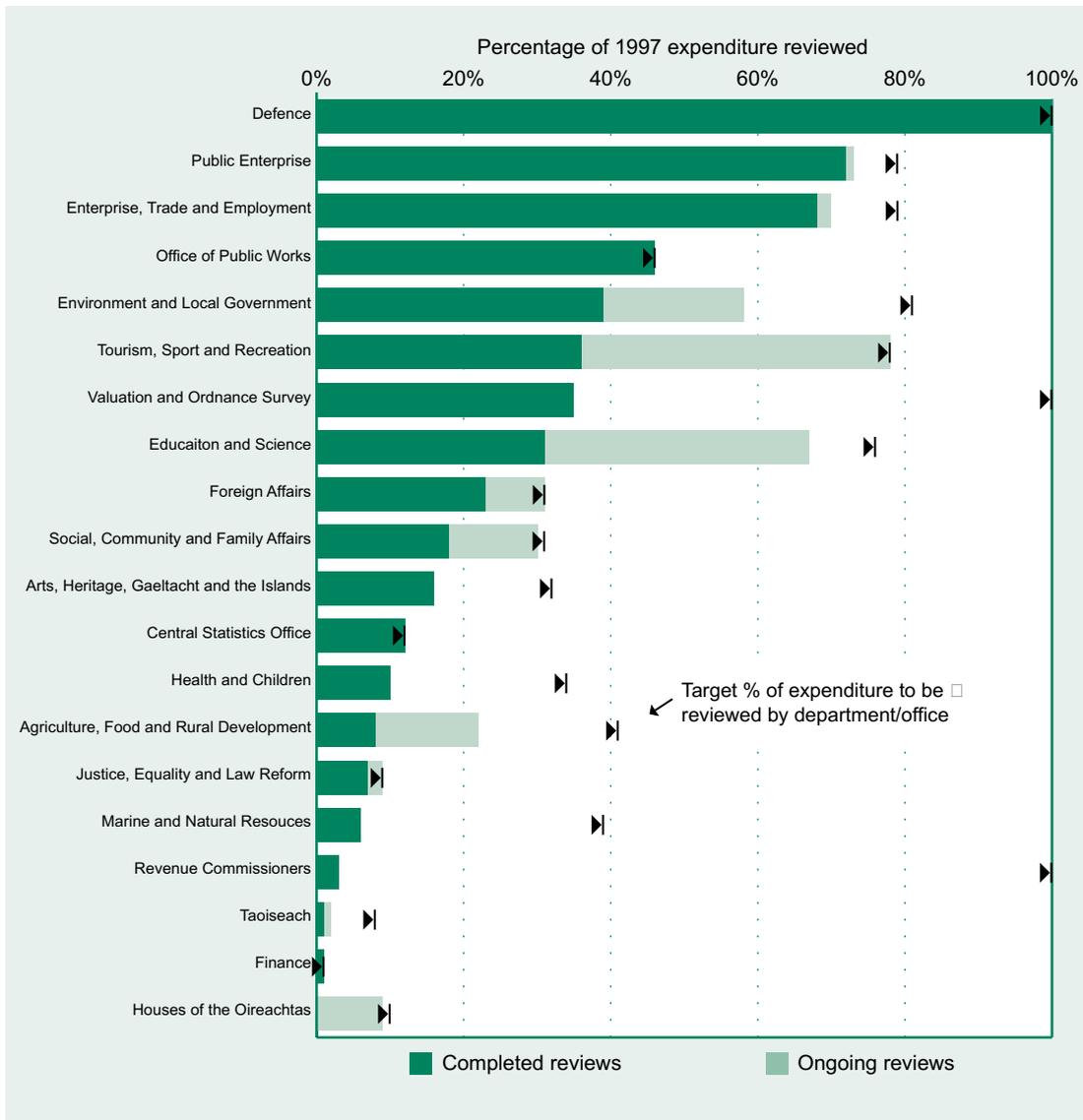
Amount of Expenditure Covered by ERI Reviews

2.13 The 118 reviews approved by Government covered a very broad range of areas of government expenditure across departments. Taken together, they represent a plan to review an estimated 50% of annual gross expenditure. (This estimate is based on the distribution of spending in 1997, when the ERI got underway.)

2.14 The percentage of gross expenditure actually reviewed was lower than planned because a significant number of the planned reviews were not carried out. The reviews completed up to the end of December 2000 related to around 25% of annual gross expenditure. Reviews underway at that stage related to a further estimated 12% of gross expenditure.

2.15 The pattern of what departments planned to review and what they actually achieved is indicated in Figure 2.2.

Figure 2.2 Target and actual percentage of expenditure reviewed under the ERI, by department/office, 1997 to 2000



2.16 In terms of planned coverage, departments fall into four groups.

- Only three departments (Defence, Revenue Commissioners and Valuation Office/Ordnance Survey) planned to review all their annual expenditure
- Five departments planned to review an estimated 70-80% of the annual expenditure for which they are responsible
- Seven departments planned to review an estimated 30-50% of the annual expenditure for which they are responsible
- Five departments planned to review less than 12% of the annual expenditure for which they are responsible.

2.17 The extent to which departments achieved what they planned also varied significantly. Some departments carried out, or at least commenced, reviews of all or most of the spending they planned to evaluate. In other cases, departments dropped reviews of areas involving substantial levels of expenditure.

2.18 The reasons departments give for not carrying out the planned reviews fall generally into two groups.

- Departments dropped some proposed reviews, usually with the agreement of the Department of Finance, because they considered that the topics had been overtaken by policy decisions, or because there were decisions to proceed with organisational or service delivery changes
- In other cases, reviews were not carried out because the required resources were not available.

Scope of the ERI

2.19 *Delivering Better Government* was clear that the objective should be that all government expenditure should be reviewed over a three-year period. The subsequent definition of the scope of the ERI limited the achievement of that objective.

Departments included in the ERI

2.20 The Department of Finance included twenty central government departments and offices in the ERI process. Together, these were responsible for 99.7% of government gross expenditure in 1997.

Defining Spending Programmes

2.21 When the ERI was launched, the Department of Finance stated that its general aim was to ensure that all 'spending programmes' were examined. The term 'spending programme' was not formally defined.

2.22 In general, central government spending programmes tend to be defined in terms of the voted expenditure associated with particular forms of government activity, as shown in the annual Estimates volume. On this definition, there are, for example, spending programmes associated with 'grants for new houses' (£30m in 2001), 'livestock disease eradication' (£113m in 2001), 'child benefit' (£759m in 2001), and so on.

2.23 In the published Estimates, civil service running costs are shown separately from other spending. Running costs include civil service salary costs, spending on information technology and office equipment, and travel and communication costs. They account for about 5.6% of total gross expenditure in 2001.

2.24 Since these costs are not usually considered to be 'spending programmes', most departments did not include them directly in their lists of topics for review. However, if spending programmes are evaluated properly, the associated running costs should be identified and included in the review.

2.25 A number of civil service offices have no expenditure that fits within the general concept of 'spending programmes'. For example, all expenditure by the Office of the Revenue Commissioners (about £240m in 2001) and by the Central Statistics Office (about £45m in 2001) comes within the definition of civil service running costs. The Department of Finance took the view that these offices should be included in the ERI, even though their expenditure does not fall within the general definition of spending programmes.

Results-Based Scope of Reviews

2.26 Defining the scope of topics for review in terms of spending programmes - essentially an inputs-based definition of scope - is somewhat in conflict with the general principles of the SMI, which emphasise results, outputs and outcomes. The alternative is to define the scope of reviews in terms of the objectives and results sought in a particular social or economic area. Under that approach, one of the key issues for the review exercise would be identification of the extent of the expenditure that is related to the results area being evaluated.

2.27 The Department of Social, Community and Family Affairs carried out a number of reviews of areas that are not directly related to specific lines of expenditure. For example, it reviewed the regulations under which individuals receive 'credits' in respect of social insurance without payment of insurance contributions. The awarding of such credits was introduced to achieve very specific objectives. While credits have very significant expenditure implications under a range of social insurance schemes, they are not associated directly with any identifiable spending category in the Estimates volume. Another example of this approach is a review of the treatment of married, co-habiting and one-parent families under the tax and social welfare codes.

2.28 Operating on the principle of results-based reviews, the scope of the ERI should also be broadened to include tax expenditures. These are provisions in the tax code - usually tax reliefs and exemptions introduced to achieve stated policy objectives - which reduce the amount of tax which would otherwise be collected from taxpayers. While such provisions do not involve direct government expenditure, they nevertheless impact on Exchequer resources and are directed towards the achievement of specific objectives.

3 Quality of Expenditure Reviews

3.1 The primary objective in carrying out expenditure reviews is to provide a reliable basis for making decisions about the allocation of public funding and improving the efficiency and effectiveness of public services. It is important, therefore, that the reviews are carried out to a high professional standard. This chapter examines the quality of the reviews carried out in the period 1997-2000.

3.2 An assessment of the quality of all 62 completed ERI reviews was not feasible for the purposes of this examination. Instead, a sample of thirteen reports was selected - approximately 20% of reports completed. The reports selected are listed in Figure 3.1.

Figure 3.1 Reviews included in sample for quality assessment

Title of review	Department or office	Date completed
Review of Credited Contributions	Social, Community and Family Affairs	February 1999
Teagasc	Agriculture, Food and Rural Development	November 1998
Community Employment Programme	Enterprise, Trade and Employment	September 1998
Operational Programme for Transport: Mid-term Evaluation	Environment and Local Government	March 1997
Macro-economic Statistics	Central Statistics Office	May 1999
EU Programme for Peace and Reconciliation	Foreign Affairs	September 1998
Canals Expenditure Review	Arts, Heritage, Gaeltacht and the Islands	December 1998
CIE Subvention	Public Enterprise	July 1999
Annual Grant-in-Aid to the ESRI	Finance	October 1997
Report of Sub-Committee on Property Issues	Finance/Office of Public Works	April 1998
Sports Capital Programme	Tourism, Sport and Recreation	February 1999
Review of the Irish Marine Emergency Service	Marine and Natural Resources	December 1998
Transportation of Prisoners	Justice, Equality and Law Reform	December 1998

3.3 The sample of reviews was selected in the following way

- All reports that had completed the ERI process by July 1999 were identified. This cut off date was chosen so that there was sufficient time for departments to have implemented the review recommendations and for impacts to emerge.
- Thirteen departments had reports that met the cut-off date criterion. One report was selected from each department. Where more than one report had been completed, the latest completed report was selected.

3.4 An individual review report may not represent accurately the general quality of reviews carried out by a particular department. Because of the cut-off date, the reviews selected in many cases represent the earliest efforts of departments to carry out reviews. Departments may have learned lessons from early reviews and improved the quality of subsequent reviews. However, taken together, the sample of reports assessed for this examination probably represent fairly the kinds of successes and difficulties experienced by departments in carrying out expenditure reviews in the period 1997-2000.

3.5 The selected reports were assessed by a panel of experienced readers attached to the Public Policy Group of the London School of Economics (LSE). Some of the aspects considered in the quality assessment were based on elements the Department of Finance sought to have included in expenditure reviews. The other issues considered in the assessment were based on best practice in good evaluation studies (see Figure 3.2). Appendix D explains the approach taken by the LSE panel and the assessment criteria used.

Figure 3.2 Aspects of reviews assessed for quality

Aspects based on Department of Finance requirements for reviews

- review of spending objectives
- review of performance indicators
- evaluation of effectiveness
- evaluation of efficiency.

Aspects based on best practice in evaluation studies

- clear statement of the terms of reference for the review, set in the context of the administration and management of the spending
- appropriate framework for analysis/methodology, clearly stated
- balanced conclusions about performance and reasoned and cost-effective recommendations.

3.6 Each of the review reports was assessed separately and rated in relation to the seven quality aspects. Reports were given a score under each aspect, based on the following scheme.

Score	Standard
5	Excellent or outstanding
4	Very good; well above average
3	Sound professional standard
2	Below required standard
1	Poor

3.7 The assigned scores should be seen as reflecting performance relative to sound professional standards. While it is not possible to achieve measures of quality against absolute standards, taken across the set of reviews as a whole, the ratings indicate which aspects of reviews were done better or worse.

3.8 The detailed assessments of individual review reports prepared by the LSE were supplied to the departments concerned. A general assessment under each of the criteria is given below.

Review of the Objectives of Spending

3.9 Specifying the objectives of spending is a critical stage of the review process. If it is omitted, it is very hard to see how assessments of policy effectiveness can even be attempted. In its guidelines for the ERI, the Department of Finance pointed out that 'programmes without clear objectives cannot be properly evaluated'. They stated that the review process should

- examine existing objectives
- consider the extent to which these objectives remain valid
- check how far objectives have been achieved.

Where objectives had not been made clear prior to the review process, the review teams were expected to try to identify and clarify what the objectives of spending actually were.

3.10 The requirement to review the objectives of spending should have been a relatively easy one for reviews to meet, needing only a relatively short treatment. Figure 3.3 summarises the results of the assessment of how well this was done in expenditure review reports. Nine reports reached a sound professional standard in this respect. Four failed to meet the required standard.

Figure 3.3 Assessment of how well reviews dealt with the identification of objectives of spending



3.11 Only three of the reports assessed included specific and clear consideration of policy objectives. The reviews of Credited Social Insurance Contributions (by the Department of Social, Community and Family Affairs) and of Teagasc (by the Department of Agriculture, Food and Rural Development) were considered to be excellent in this respect.

3.12 In most reviews, the objectives could be discerned with some difficulty, although they emerged in a rather latent way, with broad statements of policy goals often being mentioned in passing and with a general lack of precise targets. In some cases, it appeared that those involved in carrying out the reviews were so close to and familiar with long-lived programme activities that the programme assumed a 'taken for granted' status.

3.13 In a large number of reports, there were indications that, prior to reviews, departments had not specified the purposes that programmes were intended to achieve, and of programmes being maintained on the basis of established historic-funding, up-rated each year for inflation. Another source of unclear objectives concerned programmes established with an initial purpose that might have been expected to be time-limited, but which subsequently seem to have become insulated from reappraisal. In these circumstances, the Department of Finance guidelines specified that review teams should try to identify and clarify what the current objectives of spending actually were. However, there was little evidence of a systematic search by some review teams of legislation or government publications or pronouncements to specify more closely what the purposes of policy are.

Review of Performance Indicators

3.14 Figure 3.4 summarises the assessment of the extent to which expenditure review reports

- identified performance indicators which were relevant to the programme or issue being reviewed
- assessed them for suitability and adequacy
- made proposals to fill gaps in the coverage or usefulness of existing performance indicators.

Figure 3.4 Assessment of how well reviews identified and assessed performance indicators



3.15 In nearly half of the reports assessed, there were either no recognizable performance indicators related to numeric targets, or there were just a very few relevant numbers. Few efforts had been made to assess existing information levels or to extend the analysis of what little data was provided over time or down to a unit-of-output level. Recommendations for improving performance indicators were also largely absent from these reports.

3.16 The poorest report in terms of how performance indicators were handled was the review of the Irish Marine Emergency Service (IMES), carried out by consultants on behalf of the Department of the Marine and Natural Resources. Very few performance indicators were presented in the report and those were of little use in assessing IMES's operations. The report did not identify new or potential performance indicators of efficiency or effectiveness.

3.17 More extensive performance information was provided, some in a numeric format, in the reports that were considered to meet a sound professional standard. However, much of the information was conveyed in a rather qualitative manner and usually not closely linked to considerations of policy objectives. Review teams often referred to specific data inadequacies in explaining why analysis could not be more extended, and usually made suggestions for remedying problems.

3.18 Only two review reports made clear-cut efforts to deliver on the task outlined in the Department of Finance guidelines in relation to performance indicators. They considered carefully a range of relevant performance indicators, paid explicit attention to the limitations of the indicators and suggested areas for potential improvement.

3.19 In carrying out the quality assessment, full weight was given to the often implicit discussion of performance indicators contained in the less systematized reports, and the more qualitative ways of conveying information chosen by review teams were assessed constructively. Despite this, it was not possible to identify much in many of the reports about how outcomes are or could be measured, and even input indicators were sometimes scanty. At the time that these reports were produced, well-specified performance regimes seem to have been rather rare in government departments, although for a few high-spending areas, performance indicators were much better developed.

Evaluation of Effectiveness

3.20 The core need identified in *Delivering Better Government* was for evaluation of the effectiveness of government spending. Examination of effectiveness of spending was also the central objective set by the Department of Finance in the guidelines for the ERI. Given the difficulties noted above on specifying objectives and review teams' apparent uncertainties about what constitutes a relevant performance indicator, this aspect of the reviews was always likely to be less well handled.

3.21 Over half of the reports were judged to be below a sound professional standard in this respect. Only two out of thirteen were handled in an above average way. Figure 3.5 summarises the results of the assessment.

Figure 3.5 Assessment of how well reviews assessed the effectiveness of spending



3.22 In some cases, review reports referred in passing to what would seem to be very relevant effectiveness criteria, but never provided any data on what the outcomes of an agency’s activity were. In all but two reports, the level of information about outcomes (as distinct from outputs) was elementary, and most review teams seemed to have made no effort to specify what might have happened under alternative forms of provision or if policy intervention was withdrawn. Reports that included such analyses demonstrate just how important these aspects of evaluations could be.

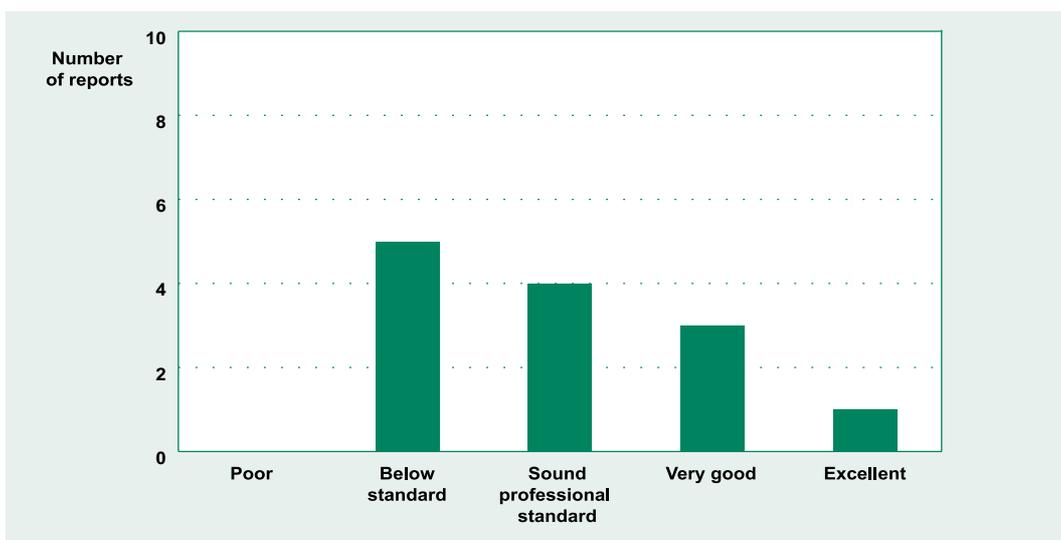
Evaluation of Efficiency

3.23 The Department of Finance guidelines for the ERI also sought to have expenditure reviews address the achievement of efficiency. It defined efficiency in the following terms: ‘An efficient programme is one which, given the objectives and the means chosen to pursue these objectives, minimizes the inputs or resources used in relation to the programme’s output’. The guidelines noted that ‘inputs or costs will usually be measurable in money terms’.

3.24 This requirement should have been relatively easy to meet, since with an annual budget process, all public sector organizations should be able to generate considerable volumes of cost-based information. Figure 3.6 summarises the results in relation to this requirement.

3.25 The Department of the Environment and Local Government’s mid-term review of the Operational Programme for Transport 1994-1999 scored highest in relation to evaluation of cost efficiency. The review considered the issues of cost overruns on projects and the use of cost-benefit analysis for public transport systems, including the calculation of rates of return on road investments.

Figure 3.6 Assessment of how well reviews evaluated cost efficiency



3.26 The amount of information related to efficiency included in most review reports was disappointing. The four best reports presented much specific data on inputs, on the costs of inputs and the personnel and other resources deployed. They also gave good information on activity levels and outputs. Even here, however, there was a pervasive reluctance to specify unit costs for activities, and a tendency to operate only with rather broad aggregate costs. Costing of alternative forms of provision was attempted in some cases.

3.27 The average run of reviews contained fairly limited information on inputs or costs; did not provide a run of data over years; gave only sketchy indications of output or activity levels; tended to assume rather than to show that underlying costs were more or less constant over time (after adjusting for inflation); and did not break costs down between activities in a meaningful way. In some cases, whole-organisation costs were the only form of cost data presented, even though the focus of the review was on only a part of the agency's activities. This failure to disaggregate was compounded in these reports by a complete absence of any unit costs and the inclusion of only qualitative judgments about the possible cost efficiency of alternative forms of provision.

3.28 The five poorest reviews lacked most relevant cost and inputs data and the review teams seemed unconcerned to acquire any, even when relevant data addressing part of their concerns would seem to be available. In these reports, judgments about the relative costs of alternative provision were either absent or based on assertions.

Clarity of Terms of Reference and Context of Spending

3.29 Figure 3.7 summarises the assessments by the LSE readers of the extent to which reports specified clearly the terms of reference they were addressing and described adequately the administrative and managerial contexts in which spending took place.

Figure 3.7 Assessment of how clearly review reports set out their terms of reference in the context of spending



3.30 For evaluative reports to work well, it is important that the report's terms of reference and scope should be clearly specified. In most cases, this aspect was covered in the review's introduction, sometimes with an accompanying appendix. Statements of the scope of reviews were generally handled well, apart from the considerable problems with specifying objectives mentioned above. Some reviews covered small and well-defined policy areas, and others were quite sweeping, embracing a whole sector. Several reports had terms of reference that focused more on organizational issues than on the efficiency and effectiveness issues required under the Department of Finance guidelines.

3.31 The review of credited social insurance contributions (Department of Social, Community and Family Affairs) was considered to be excellent. The terms of reference were set out clearly and in a way accessible to readers less familiar with the social welfare system.

3.32 Administrative context refers to how well the review documents described the allocation of managerial responsibilities for programmes. Since the reviews were not generally intended to be public documents there was more variation here. Most reports gave readers a good sense of organizational arrangements, although this picture often took some time to emerge rather than being given in a synoptic way at the beginning. There were few organization charts or attempts to present information diagrammatically, rather than in a text-heavy way.

Clarity and Suitability of Review Methodology

3.33 In evaluation reports, it is useful for readers to know, even if only in general terms, how the information presented was produced and how reliable it is likely to be as a basis for decision making. Figure 3.8 summarises the assessment of the review reports in terms of the extent to which the methodology adopted in carrying out the review was clearly explained.

Figure 3.8 Assessment of the extent to which reviews used appropriate methodologies and explained them clearly



3.34 The methodologies used in the reviews were well specified in two of the reports produced by private sector consultants. Two reviews produced by inter-departmental committees chaired by Department of Finance personnel were also specific in describing the basis for their analysis. But other reviews were clearly just ‘desk studies’ and some were completely silent on how judgments and conclusions were arrived at.

3.35 The review of transportation of prisoners (Department of Justice, Equality and Law Reform) appears not to have involved any investigations or compilation of data. The review of the Sports Capital Programme (Department of Tourism Sport and Recreation) contained a vaguely-expressed section entitled ‘*Approach adopted in the Review*’ but, in general, the report was not analytic in approach, seeming to assign little weight to being systematic or generating data.

3.36 Some reports made specific use of comparative data from other countries, which was useful in providing some assurance about the performance of Irish agencies. Despite the emphasis in the guidelines upon alternative forms of service provision, data-based public-private sector comparisons were not much in evidence. Several reports where such comparisons seemed clearly relevant dismissed private sector alternatives on qualitative or assertive grounds.

3.37 Since these reports were not generally intended to be public documents for a wide readership, it may not matter so much that the information given on methods was often scanty or absent. However, if the purpose of the expenditure reviews was in part to encourage a more systematic and evidence-based approach to policy-making, then the reliance only on information which is immediately available and the failure to deploy a more extensive range of evaluative techniques is disappointing, especially in a few of the larger expenditure cases.

Reliability of Review Conclusions and Recommendations

3.38 Figure 3.9 summarises the assessment of the plausibility of the conclusions reached in the reports and the usefulness of the recommendations made.

Figure 3.9 Assessment of the reliability of conclusions and recommendations presented in review reports



3.39 In all but one case, the analyses of performance and problems were judged to have been useful, despite the prevalence of a more qualitative and not very systematized approach to analysis. Review teams clearly were serious in their efforts to reappraise activities, even when the performance information was not yet in place for doing so in line with the model suggested in the guidelines. The discipline of the ERI process did help to pinpoint weaknesses, to suggest strategies for improving the information base in future, and to refine policy implementation or organizational arrangements in small but valuable ways.

Conclusions

3.40 The Department of Finance’s template for conducting ERI reviews was clear and sound, albeit presented in a slightly complex way in the guidelines.

3.41 Only three of the thirteen reports assessed achieved a sound professional standard across all four elements the Department of Finance sought to have included in the reviews. Two reports failed to reach a sound professional standard on any of these criteria, and two more were rated below an acceptable standard on three out of four elements. Figure 3.10 summarises the standard achieved on the key criteria.

3.42 The evaluations generally were somewhat better at review of objectives and assessment of cost efficiency than in identifying and assessing performance indicators or evaluating effectiveness.

Figure 3.10 Overview of how well ERI reviews met Department of Finance requirements

Title of review	Review met Department of Finance requirements in relation to:			
	Objectives	Performance indicators	Effective-ness	Cost efficiency
Review of Credited Contributions	✓	✓	✓	✓
Teagasc	✓	✓	✓	✓
Community Employment Programme	✓	✓	✓	✓
Operational Programme for Transport: Mid-term Evaluation	x	✓	✓	✓
Canals Expenditure Review	✓	✓	x	✓
CIE Subvention	✓	✓	x	✓
Macro-economic Statistics	✓	x	x	✓
EU Programme for Peace and Reconciliation	✓	✓	x	x
Annual Grant-in-Aid to the ESRI	x	x	✓	✓
Report of Sub-Committee on Property Issues	✓	x	x	x
Sports Capital Programme	✓	x	x	x
Review of the Irish Marine Emergency Service	x	x	x	x
Transportation of Prisoners	x	x	x	x

3.43 Individual review reports frequently met only a part of the ERI brief, and in some cases made little effort to address the brief. Most problems arose where review teams did not address the strong emphasis in the guidelines upon clearly specifying objectives. Nor did they then bring systematic evidence to bear upon assessing the performance being achieved in the area investigated, usually because the existing information base was poor and formal performance indicators were mostly absent or underdeveloped.

3.44 Nonetheless, the process of producing these documents clearly did direct some useful attention to many policy areas not regularly or well analyzed before. Overall, the expenditure review process provided some additional limited assurance that government expenditures were being spent to some purpose and in a well-directed manner.

4 Developing the Review Process

4.1 At the time the ERI started, there was considerable variation between government departments in the extent to which they were already evaluating the effectiveness of spending. Some had traditionally undertaken evaluation work on a fairly regular basis, though not to the extent of systematically evaluating the effectiveness of all spending on a cyclical basis. Most others carried out little or no evaluation of effectiveness.

4.2 Moving to a situation where the effectiveness and efficiency of all Government spending was reviewed on a regular basis implied a very significant change in the management of public expenditure. It required new systems and procedures to be developed to facilitate the review process and, where necessary, to develop evaluative capacity within departments.

4.3 It is recognised that it takes time to build up a programme evaluation capacity and that one of the main aims of the initiative was to foster and develop within departments a critical perspective on their activities and programmes, which would eventually feed into policy-making, management of programmes, organisational change and expenditure management.

4.4 In practical terms, this has meant ‘learning by doing’ and, from this perspective, the initiative can be viewed as an evolutionary process which has achieved some success in inculcating an evaluation mindset in areas of the civil service where hitherto there had been none. The fact that over 60 reviews have been completed at comparatively low cost represents reasonable progress in this respect, given the requirement to build up skills at the outset and the ongoing learning aspect of the initiative.

4.5 This chapter considers the ERI in the context of the broader ongoing process of change in the management of public expenditure and examines the strategic and operational processes adopted for the ERI, both in line departments and in the Department of Finance. Recommendations for changes in the processes are suggested, where appropriate.

Change in the Management of Public Expenditure

4.6 In *Delivering Better Government*, the Co-ordinating Group of Secretaries set their proposal for systematic review of expenditure in the context of wider change in the management of public expenditure. Two aspects of their recommendations potentially influence the operation of the ERI

- implementation of a system of multi-annual ‘financial envelopes’ for allocating funding to departments
- development of the management information framework in government departments.

Financial Envelopes

4.7 Financial allocations for each department are set at a detailed level each year to cover the expected expenditure needs of the department over the following twelve months. The Co-ordinating Group proposed that there should be more general financial allocations - spending 'envelopes' - and the extension from one to three years of the time frame to which the allocations would relate. This was intended to provide increased certainty about the level of resources available when strategic plans were being developed. It was also intended to provide more scope for departmental management to move funding between spending areas and to carry over spending from one year to the next.

4.8 Increased scope for prioritising spending areas and adjusting levels of expenditure on individual programmes potentially offered an incentive to departmental managers to carry out reviews of expenditure and to identify savings through increased efficiency. There is considerably less incentive for departments to carry out reviews and identify savings where there is a strong possibility that their financial allocations will be reduced by an equivalent amount in the following annual funding round.

4.9 The Department of Finance engaged in discussion with other departments about implementing the financial envelope system in the period 1997-2000 and the Minister for Finance submitted proposals for a scheme to the Government in February 2000. Following consultation with Cabinet members, the Minister for Finance announced in April 2000 that a system of financial envelopes would not be introduced, on the basis that the spending commitments for many major expenditure areas under the National Development Plan and the Programme for Prosperity and Fairness provided sufficient guidance to most departments on the level of resources available in the period 2000-2002 to facilitate medium-term planning.

Management Information Framework

4.10 The Co-ordinating Group of Secretaries also proposed that the financial management systems in departments be redeveloped to focus more on performance and results and to provide links between these and expenditure. This was intended to help in establishing the full cost of activities and what they achieved, and to facilitate systematic review and evaluation.

4.11 The development of performance-focused management information systems in all departments would greatly improve their capacity to produce meaningful indicators and measures of efficiency and effectiveness. This was a particular area of weakness in the reviews assessed for this examination. Consequently, the proposed system will potentially improve the ability of departments to review their expenditure on a systematic basis.

4.12 A management information framework (MIF) initiative was launched in December 1999 under the direction of a cross-departmental steering group. This aims to develop an MIF in each department, based on a common underlying model. Implementation of the initiative is planned over a five-year period. Different rates of progress are being achieved in the development of the MIFs in different departments.

Management of the ERI Process

4.13 Ensuring that there is proper management of public expenditure is a core function of the Department of Finance. It was therefore appropriate that the Department should take the lead in developing and implementing the proposals in *Delivering Better Government* for the systematic review of public expenditure.

4.14 From the outset, the Department of Finance intended that line departments should take the lead in identifying subjects for review and in carrying out reviews in their own areas of expenditure. This approach is consistent with the general principles of the SMI, which advocate, where possible, the close alignment of decision making and delivery of service.

4.15 The Department of Finance retains responsibility for the design and central management of the ERI. However, to assist in development of the process, it established a Central Steering Committee (CSC), chaired by the Secretary General of the Department. The committee also included among its members the Department's Second Secretary General in charge of its Public Expenditure Division, Secretaries General from two other departments and a senior academic economist.

4.16 The main functions the CSC was expected to carry out in the period 1997-2000 are set out in Figure 4.1. In effect, these are the central management functions for the ERI. The Department could have chosen to carry out these functions itself, but the creation of the CSC provided a mechanism for ensuring that a range of points of view, and not just those of the Department of Finance, would be taken into account in guiding the ERI and in overseeing its development.

4.17 The Chairman of the CSC wrote to the heads of all departments in October 2000, seeking their views on the future development of the ERI. Based on the replies received, the CSC proposed revised arrangements for certain aspects of the operation of the ERI. The Government approved the revised arrangements in June 2001. Planned actions arising out of the approved arrangements are set out in Appendix E.

Figure 4.1 Functions of the ERI Central Steering Committee, 1997-2000***Strategic Functions***

- Seek to ensure a consistency of approach across reviews, and in the light of experience, review the framework and guidelines issued to departments
- Report, through the Minister for Finance, to Government on the progress of the review process and on any adjustments that need to be made.

Operational Functions

- Co-ordinate and submit proposals for review to the Government for approval
- Examine the terms of reference for individual reviews and request that they be amended if considered to be seriously defective
- Receive regular reports on the progress of each review
- Assess each report to see whether a thorough, comprehensive and satisfactory review had been carried out
- On consideration of each report, report to the Minister for Finance and the minister responsible for the area reviewed, recommending what action should be taken on the report, including submission of proposals to Government for approval, where appropriate.

Strategic Planning of the Programme of Reviews

4.18 The Department of Finance's guidelines for expenditure reviews, issued to departments in May 1997, indicated that the ERI aimed to examine all spending areas over a three-year period.

4.19 In practice, the Department appears to have accepted early in the process that the degree of coverage that would be achieved in the period 1997-2000 was likely to be significantly more limited. The schedule of reviews agreed with departments and submitted to Government for approval in July 1997 was viewed as a first selection of topics that was sufficient to get the review process underway. Even with the second selection of topics in April 1999, the planned programme of reviews covered only about half of government spending. At that stage also, it was clear that some departments were having considerable difficulty in carrying out the reviews they had started.

4.20 In the light of experience in the period 1997-2000, review of the effectiveness of all government spending within a three-year period is probably not feasible. A more realistic target, taking into account the level of evaluative capacity in departments generally should therefore be set. If it is considered appropriate to have significantly different coverage levels for different departments, this should be acknowledged and the reasons for the variations recorded.

Planning Time Frame versus Review Cycle

4.21 A planning time frame for review common across all departments is useful for central monitoring and reporting purposes. The three-year period within which the first round of the ERI was run is an appropriate time frame for planning of evaluation programmes and should be retained for central management and planning purposes. Synchronising the review planning time frame with the SMI strategic planning process should also be considered.

4.22 Reviewing all expenditure over a longer period (say, five or seven years) would result in too long an interval for review of many schemes. A preferable option is to maintain the three-year time frame for strategic planning but to recognise that not all expenditure will be reviewed in that time frame. This brings with it the need to decide how topics for review are to be selected and how they should be scheduled over the plan period.

4.23 Ideally, each area of government expenditure should be subject to review over an appropriate fixed cycle. Departments should decide during the strategic planning process what is the appropriate frequency of review for each spending area. In doing so, the following types of factors should be taken into account

- the **amount of expenditure** involved in a particular spending area (the higher the expenditure, the more frequent the review)
- the level of **risk to the achievement of value for money**, for example, where the external environment or the spending level are changing very quickly, or where expected results are clearly not being achieved
- the **potential impact** of an activity which, in itself, may cost relatively little but which is strategically important e.g. economic regulation, taxation audit, livestock tagging, health inspection
- the **level of public concern** with particular activities, programmes or issues.

4.24 The planning time frame will not coincide neatly with the review cycle for all expenditure areas. As each succeeding plan is drawn up, priorities for review should take account of how recently the effectiveness of spending was reviewed in the light of the target review cycle. When a spending area goes beyond its target review cycle, it should become an urgent subject for review.

Cross-Cutting Issues

4.25 If each department is selective about the issues it prioritises for review, there is a danger that certain key service or spending areas may be overlooked. This is likely to occur particularly where responsibility for an area is divided between two or more departments - the cross-cutting issues.

4.26 The range of incentives provided by departments and agencies to help unemployed people get back to employment is an example of a cross-cutting issue. The Department of Social, Community and Family Affairs operates a 'back-to work' allowance scheme and provides exemption from PRSI payments to support people making the transition from welfare dependency to employment status. The FÁS Jobstart scheme directly supports the employment of long-term unemployed people by subsidising employers' wage costs, while Revenue's Job Assist scheme also offers support to both employers and employees. Reviewing the effectiveness and efficiency of one of these schemes, without taking account of the influence or relative success of the others might lead to mis-allocation of funding.

4.27 The 1997 Department of Finance guidelines for reviews stated that areas of expenditure that cut across departmental boundaries should be included in the review process. In practice very few, if any, cross-cutting reviews were carried out in the period 1997-2000.

4.28 The CSC should, in consultation with line departments, identify and prioritise cross-cutting issues for review. It should also recommend how such reviews should be managed and carried out, and which departments should be involved. Individual departments should be required to build their contribution to such reviews into their own review plans.

4.29 Different arrangements will be required for carrying out and reporting on cross-cutting reviews than apply for other reviews. Clear lines of responsibility need to be established in terms of who should chair the review and/or provide resources to carry it out. It may be appropriate for such reviews to be overseen directly by the CSC or by a specially convened high-level group.

4.30 For the next round of reviews, the CSC has proposed that departments undertaking reviews should routinely identify other departments or public sector agencies with responsibilities linked to the area being examined (see Appendix E). Depending on the degree to which the other departments or agencies are affected, the reviewing department will be required

- to consult formally with the other departments or agencies as part of the review process
- to consider inviting such departments or agencies to participate in overseeing the review
- to make the final report of the review available to those departments or agencies.

4.31 The CSC should also consider specifying review themes which may be relevant to a number of departments but which are not related to shared responsibilities e.g. the effectiveness of major information technology projects or capital investment programmes, or the efficiency/effectiveness of service delivery to department clients.

Departmental Planning of Reviews

4.32 None of the departments surveyed for this examination produced a plan for carrying out reviews of expenditure in the period 1997-2000. In general, departments were pragmatic in their reactions to issues such as securing the resources needed to carry out reviews, and arrangements to oversee and project-manage individual reviews.

4.33 Each department should develop its own strategic plan for evaluation, reflecting its particular patterns of expenditure and operation. The plan should explain what is to be achieved in terms of target coverage, how the review process will be organised and the resources to be made available. These evaluation plans and strategies should be agreed with the Department of Finance and should be published, perhaps as part of each department's three-year statement of strategy.

4.34 Departmental evaluation plans should cover all types of formal evaluation that are to be undertaken in the plan period. This should help to ensure that non-ERI evaluation commitments, such as those related to EU funds, are properly and efficiently integrated with plans under the ERI.

Organisation and Management of Reviews

4.35 The organisation and resourcing of expenditure reviews in departments varied widely and affected the degree of success achieved in carrying out reviews. This can usefully be considered in terms of the location of review work within departments and arrangements for the management and monitoring of reviews.

Location of Review Work

4.36 A 1997 study commissioned by the Committee for Public Management Research (CPMR)³ identifies four main options for locating responsibility for the carrying out of expenditure reviews, and the relative strengths and weaknesses of each approach.

3 Richard Boyle (1997), **Evaluating Public Expenditure Programmes: Determining a Role for Programme Review**, Dublin: Institute of Public Administration

- ***Review at the programme manager level***
 In carrying out reviews primarily using line management, there may be easier access to information and greater likelihood of acceptance of findings. However, there may also be difficulty in getting the required degree of objectivity and a lack of the necessary skills to carry out evaluations. Finding the time to carry out reviews can also be a problem, when operational demands are great.
- ***Review by evaluation unit within the department***
 Specialist internal evaluation units may be given responsibility for planning and undertaking review studies. These are likely to be more objective than line management in their assessments. Staff in such units typically have less knowledge and expertise in the subject matter of a review, but have more skills in carrying out evaluations. However, unless evaluation units are very large, they are unlikely to have the full range of skills required, and may need to supplement in-house skills with outside consultancy skills.
- ***Review by independent evaluation unit attached to department***
 A number of special evaluation units were set up to monitor and evaluate operational programmes financed through the EU structural funds in the period 1993-1999. These units were attached to particular departments but operated independently under joint EU/departmental monitoring committees. They share most of the strengths and weaknesses of internal evaluation units but, being more independent, may be better placed to address impact and continued-relevance issues.
- ***Review by a central evaluation unit***
 In a number of jurisdictions, central evaluation units, located in cabinet secretariats and finance ministries, have been used to review major government programmes, cross-cutting programmes or programmes deemed to need special attention. The Efficiency Audit Group, based in the Department of the Taoiseach, is an example of this kind of evaluation unit.

4.37 Choosing the best location (or combination of locations) for review depends on which evaluation issues are to be addressed. A 1999 study of evaluation capacity in the public sectors in several countries distinguishes between three different types of issues

- those that deal with the operations of programmes
- those which question the success of the programme and its delivery
- those which examine more fundamental issues about the continued need for the programme (see Figure 4.2).

Figure 4.2 Types of evaluation issues

Issue type	Typical review questions	Features
<p>Operational issues</p> <p>Dealing with: work processes; outputs and benefits produced; inputs used.</p>	<ul style="list-style-type: none"> • Are operating procedures efficient, effective and appropriate? • Are operational objectives being met? 	<ul style="list-style-type: none"> • Generally easier to measure. • More under the control of programme management. • Generally deals with issues of direct interest for ongoing management.
<p>Impact issues</p> <p>Dealing with: benefits and outcomes produced; organisational capacity.</p>	<ul style="list-style-type: none"> • Are the intended outcomes being achieved? • Are there alternative ways of delivering the services? • Will the programme continue to produce the intended outcomes? 	<ul style="list-style-type: none"> • Often more difficult to measure. • Less under the control of programme management. • Assumes the continued existence of the programme.
<p>Continued relevance issues</p> <p>Dealing with: future of the programme (continued relevance, rationale, future directions, funding).</p>	<ul style="list-style-type: none"> • Is the programme still needed? • Is the programme consistent with current government priorities? • Can the programme be afforded in the light of other priorities? • Are there alternative programmes to achieve the objectives? 	<ul style="list-style-type: none"> • Challenges the continued existence of the programme. • Deals with issues of direct interest to oversight and funding parties.

Source: Mayne et al, "Locating Evaluation: Anchoring Evaluation in the Executive or the Legislature, or Both or Elsewhere?", from Richard Boyle and Donald Lemaire, eds (1999), **Building Effective Evaluation Capacity: Lessons from Practice**, New Brunswick: Transaction Publishers pp 23-52.

4.38 The study concluded that locating the evaluation function with the managers of the area being reviewed reduces the likelihood of the review being able to deal adequately with continued relevance and impact issues. Evaluation by specialist and independent evaluation units was found to be more likely to be able to address these issues properly.

4.39 The arrangements for carrying out reviews under the ERI in the period 1997-2000 varied from department to department. The most common choice was to rely primarily on the line managers in the area under review to carry out the bulk of the work. In a few cases, staff in specialist evaluation units took the lead role in reviews but this only occurred where the evaluation units already existed. The EU evaluation units were not involved in ERI reviews.

4.40 Since the reviews carried out under the ERI were intended to deal primarily with issues of impact and continued relevance, there was something of a mis-match between the organisation for many of the reviews and their objectives. This is consistent with the finding that many reviews failed to address adequately the effectiveness of the spending they examined.

4.41 The 1997 CPMR research argued that some sort of special evaluation unit is likely to be one of the requirements if programme review is to be established on a systematic basis, particularly for larger departments, or those responsible for major programme expenditures. The evaluation units set up to monitor and review EU structural fund expenditure aimed to combine some of the benefits of departmental-based and external review units, and minimise the limitations of each. Units of that kind should be capable of addressing the kind of impact and relevance issues of concern under the ERI and may be worth exploring as a model for ERI reviews in the future.

Management and Monitoring of Reviews

4.42 Responsibility for the overall management of a department's review programme should be set at a senior level. The achievement of the programme of expenditure reviews should be routinely monitored within departments and reported to senior management.

4.43 The Department of Finance guidelines for the ERI recommended that the reviews should be carried out under the supervision of joint steering groups (JSGs) chaired by the spending department and with Department of Finance representation.

4.44 For many of the reviews carried out, this supervision arrangement operated broadly as planned and was found to be satisfactory.

- In some departments, all the reviews undertaken were overseen by a single JSG. In those cases, smaller internal, working groups were usually responsible for more routine management and the oversight of individual projects.
- In other departments, a separate JSG was formed for each review. Where this occurred, the JSG was usually more actively involved in the detailed work on the review.

4.45 Departments should set up appropriate performance reporting mechanisms that, at regular intervals, show progress against review plans in each case. Contingency plans to deal with problems that emerge should be developed.

Central Resourcing for the ERI

4.46 The CSC held 15 meetings during the period June 1997 to December 2000. Limited administrative support was provided for the Committee by the Department of Finance. Given the range of functions assigned to the Committee and the volume of work required, the level of support was insufficient. As a result, some of the functions assigned to the CSC were effectively not carried out at all. Others were delivered in a more limited way and more slowly than intended.

4.47 Monitoring of the programme of planned reviews by the Department of Finance and the CSC was sporadic and underachievement of their plans by departments was not actively and speedily addressed. For example, the first round of reviews was due to be completed in April 1998 but most of the planned reviews had not been completed by then and many had not commenced. There was some follow up by the Department of Finance with individual departments but the CSC did not report to Government about the problems until April 1999.

Implementation of Review Recommendations

4.48 One of the principal aims of the ERI was that the review reports would provide a basis on which more informed decisions can be taken about expenditure. Consequently, the degree to which completed reviews feed into decision making can be seen as a measure of their effectiveness.

4.49 There is very little evidence of change in expenditure patterns as a result of ERI reviews having been carried out. Many reviews concluded that the current approach to expenditure should not be changed; few recommended large-scale change or the changing of the priority of the spending reviewed. The lack of radical proposals for change may reflect the closeness of many of the reviewers to the schemes being reviewed.

4.50 Following consideration of each review report, the CSC was to report to the Minister for Finance and the minister responsible for the area reviewed, recommending what action should be taken on the basis of the review. In practice, the CSC produced no reports of this kind. In a few cases, ministers have themselves brought proposals to Government based on reviews.

4.51 None of the departments involved in the ERI in 1997-2000 adopted formal systems to follow up the impact of the reviews they carried out. In the next round of reviews, the CSC intends that departments will be required to monitor the implementation and impact of review recommendations (see Appendix E).

4.52 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.

Publication of Review Reports

4.53 Publication of review reports would help to maintain a focus on implementation and impacts achieved.

4.54 Some departments have made all their review reports available publicly, while others have published a few of the reviews undertaken. Since almost all review reports are liable for release under Freedom of Information requirements, there should be a general policy in all departments to publish all review reports. The published documents should include any comments by the CSC on the review report or its recommendations.

4.55 The CSC should also consider publishing its own periodic report about the ERI. This could indicate the reviews planned and underway; progress in terms of achieving targets and the status of individual reviews; impacts achieved as a result of reviews completed; and an overview of issues such as the quality of reports produced and the state of evaluation capacity in government departments.

Guidance and Training to Develop Skills Levels

4.56 At the time that the ERI was introduced, departments had varying levels of capacity in place for evaluation work. In some departments, the strong tradition of evaluation was reflected in the number and quality of reviews carried out under the ERI. Other departments were faced with significant capacity deficits, in terms of skilled and experienced personnel.

Guidelines

4.57 The guidelines issued by the Department of Finance at the start of the ERI were clear about the objectives and approach to be adopted in ERI reviews but were quite limited in terms of a contribution to building the capacity required within departments to carry out reviews.

Feedback on Individual Reviews

4.58 The CSC was expected to assess the quality of individual reviews. By June 2001, it had reviewed 45 of the 62 reports that departments said they had completed up to the end of 2000. Two of the completed reviews had been initiated under the aegis of the Efficiency Audit Group and these were submitted to the Department of the Taoiseach under the arrangements for efficiency audit studies. Of the remaining 15 reviews, 8 had not been submitted to the CSC for assessment by June 2001.

4.59 Relatively little feedback on the quality of reviews was provided to departments by the CSC. In many cases, only a few sentences of feedback were given.

4.60 The average time taken to provide feedback was around six months.

4.61 Assessment of ERI reports by the CSC does not appear to have followed a fixed assessment scheme or set of criteria. However, to the extent that it was possible to compare the feedback provided by the CSC on individual reviews with the assessment of the same reviews carried out by the LSE for this examination, the comments and evaluations tended to agree.

4.62 The approach adopted by the CSC was one of encouragement and promotion of the review process across departments. This was reflected in the nature and content of the feedback they provided. Based on their assessments of completed reviews, the CSC considers that there has been a quite perceptible trend of improvement in the quality of the evaluations carried out over the period 1997-2000.

4.63 It is unrealistic to expect a high level group like the CSC to carry out a detailed systematic assessment of documents on the scale of the ERI reviews. This kind of function could much better be undertaken by a properly staffed secretariat, or through assignment to suitably qualified assessors in appropriate academic departments or research institutions. Such assessments could be carried out under criteria approved by the CSC, which would receive the assessment reports. Having received such independent assurance about the quality of the reviews, the CSC could then concentrate its attention on the implications of the reviews for spending decisions.

4.64 Departments would also benefit from the more systematic and detailed assessment of reviews that this kind of arrangement would produce. Feedback would also be provided much more quickly thus helping to avoid repetition of problems in successive reviews.

Training of Staff Engaged in Reviews

4.65 Without some formal process to transfer experience and lessons learned in reviews to staff involved in succeeding evaluations, it is unlikely that the capacity for review in departments will be maintained or developed. A more pro-active approach to training of staff engaged in reviews may therefore be needed.

4.66 Since many of the Department of Finance's own staff involved in the review process also had limited experience of evaluation, it introduced its own capacity building measures. The Department established a one-week training course in evaluation methods, primarily for staff in the expenditure control area. The course has now also been extended to staff of other departments and is being run three or four times a year.

4.67 Other initiatives to build evaluation capacity which could be considered include

- the provision by departments of basic induction training for staff newly involved in reviews and more advanced training to enhance the skills of more experienced staff
- establishment of a cross-departmental network of staff involved in evaluation
- development of links with research agencies or academic institutions
- seminars for evaluators to provide greater sharing of experience gained on evaluation work
- establishment of a central team to support and advise Joint Steering Groups and staff carrying out reviews in a non-directive way on the setting of terms of reference and the methodology to be followed
- user supports such as a help desk based in the Department of Finance and the development of a reference database of evaluation methodologies and skill availability
- procedures to encourage skills transfer when outside consultants are engaged on a review.

4.68 The Department of Finance and the CSC are planning to develop initiatives along these lines in 2001/2002 (see Appendix E).

Conclusions

4.69 Recognition of the need for systematic expenditure review in *Delivering Better Government* and in launching the ERI was a significant step forward in the management of public expenditure.

4.70 Given the wide range of evaluation issues across departments, the diverse skill levels of the people conducting the studies and the varying standards of available information, departments were unlikely to deliver equally in the period 1997-2000 on the objectives of the initiative or to be able to achieve a consistently high standard in carrying out reviews. It is more important that the effectiveness and efficiency of government activity and programmes are reviewed adequately than that the processes are followed strictly. Building up stronger support mechanisms, central guidance and impact reviews should therefore be the priorities in developing the review process.

4.71 A comprehensive strategy for the effective development of the ERI over the next planning period should be put in place by the Department of Finance in consultation with the CSC and with line departments. The strategy should establish a clear set of principles to enable areas of expenditure to be prioritised and scheduled for review. This should take account of the need to review key strategic results areas and cross-cutting issues.

4.72 The CSC should put in place a systematic process of quality assessment of reviews, using agreed assessment criteria. Departments should be provided with the assessments in a timely fashion and these should be published along with the expenditure review reports.

4.73 The CSC should report on the findings of each review and should, in conjunction with departments, institute a formal process for monitoring review impacts.

4.74 The level of resources to be provided for the ERI should be set by departments in line with the levels of coverage to be obtained. Supports should be provided to develop review capacity in line departments and to facilitate the CSC in its role of overseeing the implementation of the ERI, particularly in relation to the assessment of completed reports.

Appendices

Appendix A Spending by Government Departments and Offices^a, 1996-2001

Department/Office	1996 ^b	1997	1998	1999	2000	2001
	£m	£m	£m	£m	£m	<i>Estimate</i> £m
Health and Children	2,469	2,819	3,215	3,793	4,454	5,396
Education and Science	2,202	2,456	2,697	2,933	3,335	3,714
Social, Community and Family Affairs	2,620	2,629	2,715	2,771	2,860	3,377
Environment and Local Government	959	1,001	1,030	1,385	1,783	2,296
Justice, Equality and Law Reform	657	738	889	913	1,030	1,234
Agriculture and Food	710	762	757	792	827	1,191
Enterprise, Trade and Employment	699	727	783	832	938	996
Defence	464	507	522	553	598	715
Public Enterprise	141	146	155	365	401	526
Arts, Heritage, Gaeltacht and the Islands	188	217	241	271	302	350
Foreign Affairs	139	153	171	189	230	298
Office of Public Works	122	116	198	228	328	283
Finance	132	250	222	167	173	240
Revenue Commissioners	154	162	178	186	200	240
Marine and Natural Resources	53	89	126	165	198	228
Tourism, Sport and Recreation	74	78	100	118	159	222
Houses of the Oireachtas	31	38	38	40	48	47
Central Statistics Office	24	18	16	19	23	45
Taoiseach	16	14	17	20	57	44
Valuation and Ordnance Survey ^c	14	14	16	16	16	23
Departments/offices included in ERI	11,868	12,934	14,085	15,757	17,960	21,466
Offices not included in the ERI	35	35	46	55	56	79
All departments and offices	11,903	12,969	14,130	15,812	18,016	21,545

Source: Appropriation Accounts (1996-2000); Revised Estimates for Public Services (2001)

- Notes:
- a Expenditure under individual votes is aggregated under the title of the relevant parent departments. For example, the expenditure of the Department of Education and Science shown above includes the voted expenditure of the Office of the Minister for Education and Science, First-Level Education, Second-Level and Further Education and Third-Level and Further Education i.e. Votes 26 to 29 (inclusive) in 2001.
 - b Departmental responsibilities and titles changed in 1997. (The titles shown are the current titles.) Spending changes between 1996 and 1997 may partly reflect these changes.
 - c Ordnance Survey Ireland was established as a separate agency in 1999.

Appendix B Main Events Related to the Expenditure Review Initiative, 1996-2001

Date	Event
May 1996	SMI report <i>Delivering Better Government</i> proposes a systematic programme of reviews of all government expenditure over a three-year cycle
March 1997	Government approve arrangements for ERI proposed by the Minister for Finance
May 1997	Start of ERI process Department of Finance notifies central government departments and offices about the expenditure review process
July 1997	Government approves a first-round list of 61 reviews to be completed by April 1998, and a list of further reviews to be carried out over the following two years
April 1998	Target date for completion of first-round reviews
April 1999	Government note lack of progress by a significant number of departments in carrying out first-round reviews; agree that departments should complete outstanding reviews by the end of April 1999; and approved a second-round list of 61 reviews (including 4 topics carried over from the first round list), to be completed by April 2000
July 1999	The Minister for Finance reports to Government that 32 of the 61 first round reviews have been completed
April 2000	Target date for completion of second-round reviews
July 2000	Government note that a significant number of departments have not met the deadline of April 2000 set for completion of reviews and set end November 2000 as a revised target completion date for all outstanding reviews
October 2000	Department of Finance seek views of departments/offices about a system of monitoring of progress on implementation of completed expenditure reviews and on the way forward for the expenditure review process including selection of further programmes for review
June 2001	The Government approves revised arrangements for the next phase of the expenditure review process and asks that departments finalise all outstanding reviews by September 2001 or such alternative date agreed with the Department of Finance.

Appendix C Status of Planned Expenditure Reviews at End December 2000, by Department

Number	Title of review	Status	Notes
<i>Department of Agriculture, Food and Rural Development</i>			
1.1	An Bord Bia	Completed	
1.2	An Bord Glas	Completed	
1.3	Teagasc	Completed	
1.4	Rural environment protection scheme	Ongoing	Expected completion September 2001
1.5	Operation of Land Commission	Ongoing	
1.6	Pilot programme for the provision of integrated public services in rural areas	Deleted	Not suitable for review
1.7	Western Development Commission	Deleted	Not suitable for review
1.8	Scheme of Early Retirement from Farming	Not started	
<i>Department of Arts, Heritage, Gaeltacht and the Islands</i>			
2.1	Gaeltacht housing grants	Completed	
2.2	Canals	Completed	
2.3	Optimising revenue generation at state-owned heritage sites and cultural institutions	Completed	Not submitted to CSC up to end of June 2001
2.4	Udaras na Gaeltachta	Completed	
2.5	Cultural division expenditure	Started but later halted	
2.6	National parks and wildlife service	Started but later halted	Insufficient resources
2.7	Waterways (Shannon navigation)	Started but later halted	Overtaken by events
2.8	National monuments and historic properties (current and capital expenditure)	Started but later halted	Overtaken by re-organisation of Department

Number	Title of review	Status	Notes
Central Statistics Office			
3.1	Macro economic statistics	Completed	
Department of Defence			
4.1	Review of the Irish Naval Service and Air Corps	Completed	Undertaken as Efficiency Audit Group review
4.2	Naval Service Implementation plan	Completed	Not submitted to CSC up to end of June 2001
4.3	Air Corps Implementation plan	Completed	Not submitted to CSC up to end of June 2001
4.4	White Paper on Defence	Completed	Not submitted to CSC up to end of June 2001
4.5	Review of the Provision of medical services to the Defence Forces	Completed	
4.6	Superannuation code for the Permanent Defence Force	Ongoing	
Department of Education and Science			
5.1	Primary education	Completed	
5.2	Institiúid Teangeolaíochta Éireann	Completed	
5.3	Main post-primary education programme	Ongoing	Initial research underway
5.4	Programmes at Limerick and Tallaght RTCs	Not started	Difficulty getting expertise
5.5	Programmes in food science at UCC	Not started	Difficulty getting expertise
5.6	Higher education programmes in institutions funded through the HEA	Not started	Being planned
5.7	Home/school/community liaison scheme	Not started	Being planned

Number	Title of review	Status	Notes
<i>Department of the Environment and Local Government</i>			
6.1	Mid term evaluation of the operational programme for environmental services	Completed	Completed prior to start of ERI, but accepted by Department of Finance as being sufficiently similar to ERI to be included in list
6.2	OP transport 1994-1999: mid term evaluation	Completed	
6.3	Exchequer capital investment in fire services	Completed	
6.4	A review of the efficiency of county council operations in the non-national roads area	Completed	Undertaken as Efficiency Audit Group review
6.5	Non-national road pavement condition study	Completed	Not submitted to CSC up to end of June 2001
6.6	National road maintenance	Completed	
6.7	Local authority tenant purchase scheme	Completed	
6.8	Exchequer financed water and sewage schemes	Ongoing	Expected completion May 2001
6.9	Voluntary housing	Ongoing	At draft report stage
6.10	Provision of accommodation for homeless persons	Started but later halted	Put on hold following the establishment of a cross-department team
6.11	Local authority housing	Started but later halted	Resource constraints
6.12	Provision of accommodation for travellers	Not started	Overtaken by legislative change
6.13	New house grants	Not started	

Number	Title of review	Status	Notes
<i>Department of Enterprise, Trade and Employment</i>			
7.1	Review of Community Employment Programme	Completed	
7.2	IDA Expenditure Review 1994-1997	Completed	
7.3	Standards based apprenticeship system	Completed	
7.4	Forfás expenditure review	Ongoing	Report at final draft stage
7.5	FAS/LES - employment services	Not started	Re-organisation of scheme
7.6	An Bord Trachtála	Not started	Review overtaken by organisational change
7.7	Export credit scheme	Not started	Scheme closed
7.8	Specific skills training and traineeship	Not started	Commenced January 2001
<i>Department of Finance</i>			
8.1	Annual grant-in-aid to the ESRI	Completed	
<i>Department of Foreign Affairs</i>			
9.1	EU programme for peace and reconciliation: co-operation between public bodies	Completed	
9.2	Management of embassy properties abroad	Completed	
9.3	Irish aid to Ethiopia	Completed	
9.4	Area based programmes - Ireland aid	Completed	Not submitted to CSC up to end of June 2001
9.5	Operation of Passport Office	Ongoing	Expected completion July 2001
9.6	Cultural relations programme	Started but later halted	Major changes in section
<i>Department of Health and Children</i>			
10.1	Intellectual Disability Programme	Completed	
10.2	Dental treatment services scheme	Completed	
10.3	Review of the nursing home subvention scheme	Ongoing	Expected completion mid-April 2001
10.4	Acute hospitals	Not started	Overtaken by VFM study of health service

Number	Title of review	Status	Notes
<i>Department of Justice, Equality and Law Reform</i>			
11.1	Transportation of prisoners	Completed	
11.2	Garda compensation scheme	Completed	
11.3	Garda overtime	Completed	
11.4	Legal Aid Board	Ongoing	At draft report stage
11.5	Compensation scheme for personal injuries criminally inflicted	Ongoing	At draft report stage
11.6	Probation and Welfare Service - grants to voluntary bodies	Ongoing	At draft report stage
<i>Department of the Marine and Natural Resources</i>			
12.1	Irish Marine Emergency Service	Completed	
12.2	Inland Fisheries	Not started	To be completed in 2001
12.3	Peace and reconciliation programme	Not started	Resource constraints initially. Not subsequently considered a priority
12.4	Fisheries harbour development	Not started	To be completed in 2001
12.5	Coast protection programme	Not started	To be completed in 2001
12.6	Bord Iascaigh Mhara	Not started	Review was considered too broad
12.7	Marine research	Not started	Resource constraints initially. Not subsequently considered a priority
12.8	Conservation and management of fisheries	Not started	Resource constraints initially. Not subsequently considered a priority
<i>Houses of the Oireachtas</i>			
13.1	Parliamentary printing	Ongoing	Delayed due to staff changes
13.2	Interparliamentary relations	Started but later halted	Resources unavailable

Number	Title of review	Status	Notes
Office of Public Works			
14.1	Review of property management/ maintenance functions	Completed	
14.2	Arterial drainage maintenance programme	Completed	
14.3	Government Supplies Agency and Furniture Branch	Completed	Not submitted to CSC up to end of June 2001
14.4	Plan for development of Dublin Zoo	Completed	Not submitted to CSC up to end of June 2001
Department of Public Enterprise			
15.1	CIE subvention	Completed	
15.2	Radiological Protection Institute of Ireland	Ongoing	Draft report
15.3	Geological Survey	Not started	
15.4	Subscription to International Organisation	Deleted	
15.5	Energy conservation	Deleted	
15.6	Farm Electrification	Deleted	
Office of the Revenue Commissioners			
16.1	Revenue's Training Programme	Completed	
16.2	IT expenditure	Deleted	Resources unavailable
16.3	Operation of administrative budget	Not started	Resources unavailable

Number	Title of review	Status	Notes
<i>Department of Social, Community and Family Affairs</i>			
17.1	Family and community services; resource centre programme	Completed	
17.2	Review of the national and smokeless fuel schemes	Completed	
17.3	Review of the carer's allowance	Completed	
17.4	Credited PRSI contributions	Completed	
17.5	Actuarial review and national pensions policy initiative	Completed	
17.6	Disincentive effects of secondary benefits	Completed	
17.7	Back to work allowance scheme	Completed	
17.8	Schemes of grants for locally-based women's and men's groups	Completed	
17.9	One-parent family payment	Completed	
17.10	A review of the free schemes operated by the Department of Social, Community and Family Affairs	Completed	
17.11	An evaluation of the back to work allowance and area allowance enterprise schemes	Completed	Not included in original schedule of reviews. Associated with 17.7
17.12	The treatment of married, co-habiting and one-parent families under the tax and social welfare codes	Completed	Not included in original schedule of reviews
17.13	Qualifying conditions for the contributory old age and retirement pensions	Completed	Not included in original schedule of reviews
17.14	Illness and disability payment schemes	Ongoing	Expected completion July 2001
17.15	Back to school clothing and footwear allowance	Ongoing	Expected completion April 2001
17.16	Urban & Gaeltacht school meals	Ongoing	Expected completion July 2001
17.17	Supplementary welfare allowance	Ongoing	Expected completion December 2001

Number	Title of review	Status	Notes
17.18	Orphan payments	Ongoing	Not included in original schedule of reviews. Expected completion May 2001
17.19	Community Support for the elderly	Deleted	
17.20	Money advice and budgeting service	Not started	Expenditure review scheduled to commence
17.21	Community Development Programme	Not started	Expenditure review scheduled to commence
<i>Department of the Taoiseach</i>			
18.1	National Partnership Centre	Completed	
18.2	Information Society Commission	Ongoing	
18.3	NESC/NESF	Deleted	Overtaken by establishment of Office for National Economic and Social Development
<i>Department of Tourism, Sport and Recreation</i>			
19.1	Operational programme for local initiatives	Completed	
19.2	Sports capital expenditure	Completed	
19.3	CERT expenditure	Completed	
19.4	Overseas Tourism Marketing Initiative	Completed	
19.5	SFADCo tourism expenditure	Completed	Not included in original schedule of reviews
19.6	Bord Fáilte Marketing	Ongoing	Expected completion April 2001
<i>Valuation and Ordnance Survey</i>			
20.1	Expenditure review	Completed	
20.2	Potential for Ordnance Survey to maximise revenue by improving services to clients	Deleted	Overtaken by establishment of OSI as separate body in 1999

Appendix D Assessing the Quality of Expenditure Reviews

The Public Policy Group of the London School of Economics (LSE) carried out the quality assessment of review reports. The approach was based on a method that the LSE have used for five years in evaluating all the value for money reports produced by the UK National Audit Office and for three years in evaluating a selection of the Special Reports produced by the European Court of Auditors.

The expenditure review reports were sent to one or two specialist readers drawn from a wide range of academic departments within the LSE. (The number of readers depended upon each review's complexity.) In most cases, the readers were senior academics. Reviews were also read and reported on by a member of the LSE's central project team with expertise in public management.

Assessment Criteria

Each reader was supplied with a brief summary of the ERI process and of the Department of Finance guidelines to departments and offices in carrying out reviews. Readers were also given a set of seven questions, agreed with the Office of the Comptroller and Auditor General. The questions posed were

- Does the report identify *objectives* for the expenditure programme, and assess their continued relevance? Is there an effort to evaluate objectives against broader departmental or governmental goals and strategies?
- How far does the report identify and assess existing *performance indicators* that address outputs and outcomes against the criteria indicated in the following table? Where gaps exist, does the report identify new or potential performance indicators to fill them?

Criteria	Indicators addressing outputs	Indicators addressing outcomes	Indicators addressing inputs ^a
Relevance for the expenditure programme			
Timeliness of data			
Verifiability and validity of indicator(s)			
Reasonable number of indicators and overall scope of indicators			

^a The main focus of the expenditure reviews is on indicators addressing outputs and outcomes. Where indicators primarily or solely address inputs, they were evaluated against the criteria shown.

- How far does the report assess the programme's *effectiveness* in achieving its stated objectives?
- How far does the report assess the *cost efficiency* of the programme against alternative delivery mechanisms or options? Does it identify potential savings or measurable improvements in efficiency or in service quality?
- To what extent are the *terms of reference* for the report clearly set out? To what extent does the report give a concise statement of the administrative and managerial context for the programme being reviewed?
- How far is the *methodology* used in the report clearly set out? And does the report include an appropriate range of evaluative techniques to answer the questions posed in its terms of reference?
- To what extent do the *conclusions* provide a balanced view of successes and shortfalls in performance, the underlying causes, and make reasoned and cost-effective *recommendations* for remedies?

Quality Ratings

The LSE readers were asked to carry out two exercises

- Write a fairly brief qualitative report on the ERI reviews they assessed
- Fill in a pro-forma question sheet with numerical scores from the following scale. (The numerical scores used were similar to those used in LSE's other work of this kind.)

Score	Interpretation
5	Excellent or outstanding
4	Very good, well above average
3	Sound professional standard
2	Below standard
1	Poor

The scores produced should be seen primarily as reflecting a dispersion around the central score of 3. It is not possible to achieve a measure of performance by the expenditure reviews against an absolute standard, whether those specified in the Department of Finance brief or those used in other countries. For example, in evaluating the reviews, the LSE readers were inevitably influenced by indications in the documents they saw about the available levels of policy-relevant data and information in the departments and agencies. An expenditure review team working over a short period cannot fairly be expected on its own to remedy long-standing information deficits in a whole agency or policy sector. Hence the scores given are necessarily contextualised to some degree.

The qualitative comments from readers also reflect and make reference to a range of criteria, including views on how things are handled in comparator countries. Taken across the set of reviews as a whole, the scores can be read as indicating which aspects of the reviews were best or worst done.

Compilation of Assessment Reports

The readers' reports on each review were moderated and collated by the LSE team leader and a synthesised report on each review was produced. Copies of the reports were sent by the Office of the Comptroller and Auditor General to the departments concerned. This was both to provide detailed feedback to the departments and to allow them an opportunity to comment on the assessments. Comments received were considered by the LSE team and where necessary, assessment reports were amended to reflect the comments provided.

In addition to the individual assessment reports, LSE also prepared an overview report drawing out general patterns and results from the individual assessments. This formed the basis for Chapter 3 of this report.

Scores Obtained by Reviews

The scores assigned to individual reviews are presented in Figure D.1 (overleaf).

Figure D.1 Scores assigned to individual reviews by London School of Economics Readers

Review	Objectives	Performance Indicators	Effectiveness	Cost Efficiency	Terms of reference	Methodology	Conclusions and Recommendations	Mean score for all criteria
Credited Contributions	5	4	4	4	5	4	4	4.3
TEAGASC	5	4	3	4	3	3	3	3.6
Community Employment Programme	3	3	4	3	4	4	4	3.6
Operational Programme for Transport - Mid Term Evaluation	2	3	3	5	2	3	4	3.1
Macro-economic statistics	3 ^a	2 ^a	2	4	4	3	3	3.0
EU Programme for Peace and Reconciliation	4	3	2	2	4	2	3	2.9
Canals Expenditure Review	3	3	2	3	3	3	3	2.9
CIE Subvention	3	3	2	3	3	3	2	2.7
ESRI grant-in-aid	2	2	3	3	3	2	3	2.6
Government property services	3	2	2	2	3	2	3	2.4
Sports capital programme	3	2	2	2	3	1	3	2.3
Irish Marine Emergency Service	2	1	2	2	3	2	3	2.1
Prisoner Transportation	2	2	2	2	2	1	3	2.0
Mean score for all reports	3.2	2.6	2.5	3.1	3.2	2.5	3.1	

Note: ^a The CSO is of the view that these scores should be higher.

Appendix E Planned Actions in relation to the Expenditure Review Initiative in 2001/2002

The Central Steering Committee (CSC) instigated an assessment of the expenditure review process in mid-2000. This culminated in a series of recommendations that were approved by Government in June 2001. The recommendations are being progressed by the Department of Finance and the CSC in 2001/2002. The main conclusions and recommendations arising from the assessment are summarized below.

Criteria for Selection of Programmes for Review

A more focused approach to the selection of reviews is required. Discussions will take place between the Department of Finance and individual departments with a view to compiling and agreeing a work plan based on the following criteria

- programmes reflecting Government priorities or Strategic Result Areas
- programmes involving significant levels of expenditure
- programmes where expenditure has been growing unusually fast
- programmes where the external environment has changed substantially since the programme was introduced
- programmes whose objectives are proving to be particularly difficult to achieve.

The list of programme reviews for the next phase of the process will be submitted to Government at a later stage, as in previous years.

Improved Policy Coordination

It is important that expenditure reviews take account of the ways in which the policies of individual departments complement, overlap with or impact on the efforts of other departments. There are a number of relatively straightforward steps that could be taken to improve coordination between departments.

It is proposed that each department undertaking an expenditure review should identify any other departments or public service agencies with responsibilities linked to the area being examined and should, as appropriate,

- formally consult such departments as part of the review process
- consider inviting such departments to participate in the review as a member of the steering group
- make the eventual report available to those departments.

Cross-departmental Reviews

Some of the principal problems that must be addressed are multi-faceted and are addressed by more than one programme. Poverty, long-term unemployment, drugs, homelessness, crime and transport are examples of such issues. Expenditure reviews have the potential to develop more effective approaches to the management of such issues. The CSC will, following consultation with departments, consider cross-departmental reviews as part of the next phase of the process.

Central Support for the Process

There is a clear desire among departments for a greater level of central support for the expenditure review process. The Department of Finance will arrange for

- the provision of structured training to build evaluation capacity both within departments generally and within the Department of Finance
- the establishment of a network of departments and offices to disseminate best practice across departments; the Department of Finance to service this network
- the development of linkages with outside research/academic bodies to facilitate shared learning
- facilitating skills transfer when outside consultants are engaged on a review.

The Impact of Reviews

Departments have made commendable efforts to get the expenditure review process underway and the proposals being progressed by the Department of Finance and the CSC will help to improve the process further. However, there is also a need to assess the impact which expenditure reviews are having in terms of scheme design, value for money, prioritisation of resources, organisational/staffing arrangements, and performance indicators. The CSC will address these issues.

Policy on Publication of Reviews

The decision as to publication of completed expenditure reviews is primarily a matter for the department concerned. A number of reports have already been published and a number of others have been released in response to requests under the Freedom of Information Act.

It is the view of the CSC that completed expenditure reviews should generally be available to the Oireachtas and to the public unless there are particular sensitivities attaching to the subject matter under review. Such an approach would be helpful in generating informed debate on the issues arising from the review process.