

Table 1- Summary of Cook Islands PEFA Scores for 2011 and 2014

PFM Performance Indicator		Overall rating 2011	Dimension Ratings-PEFA 2011				Overall Rating PEFA 2014	Dimension Ratings-2014				Key Performance Change
			1	2	3	4		1	2	3	4	
A. PFM-OUT-TURNS: Credibility of the budget												
PI-1	Aggregate expenditure out-turn compared to original approved budget	C	C				B	B				Performance improved. None of the last three years has a deviation of more than 10%.
PI-2	Composition of expenditure out-turn compared to original approved budget	C+	C	A			B+	B	A			Performance improved. The variance in expenditure composition over the budget exceeded 5%, but lower than 10%, in all of the last 3 years And less than 2% charges to Contingency Fund.
PI-3	Aggregate revenue out-turn compared to original approved budget	B	B				A	A				Performance improved. Actual collection was between 97% and 106% of budgeted revenue in 2 of the last 3 years.
PI-4	Stock and monitoring of expenditure payment arrears	N/R	N/R	D			B+	A	B			Performance improved due to monitoring and aging of accounts payable which started in 2012 .The stock of arrears as of June 2013 is 0.7%

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B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency											
PI-5	Classification of the budget	A	A			C▲	C▲				Performance improved; difference in rating is due to assessors' interpretation. COFOG adopted but started only in 2014/15 budget formulation.
PI-6	Comprehensiveness of information included in budget documentation	B	B			A	A				Performance improved with the inclusion of previous year actual data and summarized tables in the budget document.
PI-7	Extent of unreported government operations	B+	A	B		C+	A	C			No change in performance; Rating difference is only a difference in interpretation on how to rate dimension 2; Lacks comparison between projected and actual inflows by project
PI-8	Transparency of inter-governmental fiscal relations	N/A	N/A	N/A	N/A	A	B	A	A		Performance improved with horizontal allocation formula used starting 2013/14. Considered Not Applicable in the 2011 assessment.
PI-9	Oversight of aggregate fiscal risk	C	C	N/A		C	C	C			No significant change in

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	from other public sector entities											performance as fiscal risks are still not reported for both SOEs and outer island governments. But there is intention to expand report on this in 2015/16.
PI-10	Public access to key fiscal information	B	B				A	A				Performance improved; Resources available to schools and health centers are now posted online government websites.
C. BUDGET CYCLE												
C(i) Policy-Based Budgeting												
PI-11	Orderliness and participation in the annual budget process	C	B	D	C		B	A	C	C		Performance improved due to observance of fixed budget calendar, baseline ceiling for recurrent budget included in budget circular, and more timely approval from legislature.
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	D+	C	C	D	C	C+	C	A	C	C	Performance improved due to annual DSA and costed strategies in Education and Health.
C(ii) Predictability and Control in Budget Execution												
PI-13	Transparency of taxpayer obligations and	B	B	B	B		A	A	A	C		Performance improved due to better clarity in the

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	liabilities											amended tax laws, limited discretion, information campaign intensified, and outreach to islands.
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	C+	C	B	C	B+	B	B	A			Performance improved due to improved system with linkages to bank accounts registration, and implementation of risk-based audit.
PI-15	Effectiveness in collection of tax payments	NR	NR	A	B▲	NR	NR	A	B			Performance improved due to more frequent reconciliation as a result of system enhancement, except that reference period of collected arrears could not be distinguished whether previous or current year.
PI-16	Predictability in the availability of funds for commitment of expenditures	A	A	A	NA	C+	C	A	A			No change in performance; Lack of cash flow forecast for ODA projects were not considered in the 2011 assessment.
PI-17	Recording and management of cash balances, debt and guarantees	C	C	D	B	B	A	D	A			Performance improved: Debt data are reported quarterly and clearer rules and criteria on loan

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											guarantees have been included in the Loan Repayment Fund Act.	
PI-18	Effectiveness of payroll controls	D+	D	B	A	D	B+	A	A	A	B	Performance improved; The new payroll system (HRIMS) Human Resources Information Management System is now integrated with Personnel (PSC) system, changes made within a month, and one payroll audit conducted.
PI-19	Competition, value for money and controls in procurement	D	C	D	D	D	C	C▲	N R	C	D	Performance improved due to better clarity of legal framework, compliance; and access to awards information. No data available on total value of awards and non-competitive awards justified.
PI-20	Effectiveness of internal controls for non-salary expenditure	C+	C	B	B		C+	C	B	B		In general, except for the Ministry of Education, there is no evidence of

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											significant change in performance.
PI-21	Effectiveness of internal audit	NA	N A	N A	N A	D	D	N A	N A		No significant change in performance as there is still no Internal Audit function. But MFEM plans to establish starting in 2015.
C(iii) Accounting, Recording and Reporting											
PI-22	Timeliness and regularity of accounts reconciliation	B	B	B		A	A	A			Performance Improved; All central government accounts reconciled monthly; Only one suspense account and rare cash advances with small balances which are cleared quarterly;
PI-23	Availability of information on resources received by service delivery units	B	B			A	A				Performance improved; Both Ministries of Education and Health compile and report on total resources received by schools and health centers.
PI-24	Quality and timeliness of in-year budget reports	C+	B	B	C	C+	C	B	B		Performance improved due to improved quality as confirmed by auditors.; difference from

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											previous rating for dimension (i) is due only to interpretation, as commitments are still not reported;	
PI-25	Quality and timeliness of annual financial statements	D+	B	D	B	D+	A	D	A		Improved in performance as island council reports have been included, and accounting policy has been consistently applied.	
C(iv) External Scrutiny and Audit												
PI-26	Scope, nature and follow-up of external audit	C+	A	B	C	C+	B	B	C		Due to the backlog in auditing the annual financial statements, the scope of financial audits have been reduced for smaller MLAs under the agreed upon procedures	
PI-27	Legislative scrutiny of the annual budget law	D+	C	C	D	D	D+	C	C	D	C	Performance improved as supplementary budget was approved during and not after the fiscal year.
PI-28	Legislative scrutiny of external audit reports	D	D	D	D	D	D	D	D	D		No significant change in performance.
D. DONOR PRACTICES												
D-1	Predictability of Direct Budget	NA	NA			NR	NR	D				There is direct

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	Support											budget support modality but no available data comparing projected and actual cash inflows. Donors disbursed based on completed milestones, but no quarterly estimates from donors.
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	D	D	D		D+	B	D ▲				Performance improved as at least half the donors provide projections prior to start of budget preparation processes and do not impose different classifications.
D-3	Proportion of aid that is managed by use of national procedures	D	D			D	D					No significant change in performance; Slightly less than 50% of aid disbursed is managed by the use of CIG procedures.