Monitoring, Evaluation, and Performance Indicators for the Greek State Audit & Control Mechanisms

The goal of this study is to introduce the methods for monitoring and evaluation, for the Audit and Control Mechanisms within the Hellenic Public Administration space, through the application of performance indicators. First, the study describes and analyses the framework within which qualitative and quantitative indicators will be used. It then goes on to present the performance indicators that were used, taking into consideration the peculiarities and the current state of the Hellenic Republic Administrative system. It concludes with the experience gained through the pilot application of performance indicators on the work produced for the Audit and Control Mechanisms of the Greek Public Administration.

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Monitoring, Evaluation, and Performance Indicators
for the Greek State Audit & Control Mechanisms

1. Introduction

1. Traditionally, the major purpose of public administration has been to serve values, such as those of legality, integrity and transparency. In recent years, however, notions such as efficiency, effectiveness and accountability have entered the sphere of public administration, complementing the principles under which the public sector must learn to function. In other words, it is no longer sufficient for public administration to operate on the principles of legality, integrity and transparency, but it is also imperative to empower such principles through the strengthening of the efficiency and the effectiveness of the work performed, based on clear, quantitative and qualitative criteria. This means that public administration will have to offer its services in the best possible way and at the most economical level to the citizen, in order to adhere to today’s demands.

2. Given the scarcity of resources [financial, time, human, natural, etc] that always have existed, but have become more obvious in our days, the challenges are rather formidable and demand deployment of available resources in the best possible way. Thus, in order to fulfil such demands, a method must be found that will be widely acceptable and it will record accurately, the degree to which resources have been utilised rationally and effectively for the fulfilment of the expected goals and results.

3. The promotion of the above-mentioned values is usually accomplished with financial, administrative and management controls. This, because the processes and activities to be measured, are dynamic in nature, influenced by the way an organisation is managed; the goals it sets to achieve; the planning involved; the strategies chosen to pursue the set goals; the degree of accomplishing such goals, as well as the way that human resources play an integral role in the processes involved.

4. The central theme of the current study is the evaluation of the effectiveness and sound management of the work performed by the Greek State Audit and Control Mechanisms¹. Its aim is to reinforce the trust of the citizen on the services provided, by ensuring the effective management and administration of available resources, through the application of the balanced scorecard method, which takes advantage of a series of quantitative and qualitative indicators measuring and evaluating the level of mandated work, produced.

5. It may be clarified, at the start, that what emerged from the study of the current situation of the Audit and Control Bodies is that it has been difficult in this first pilot phase to test the validity of the performance indicators constructed, as no historical data existed to compare the indicators’ derived values to. Consequently, much of the work has depended upon the relevant literature, and the research conducted and propositions put forward, at the European and International levels, in this field.

¹ In this paper, the terms “Mechanisms” and “Bodies” will be used interchangeably and they will denote the Audit and Control Public Organizations that operate within the Greek Public Administration space.
2. Evaluation, Monitoring and Auditing

6. In order to comprehend the need for performance indicators and the method through which they will be constructed, it seems necessary to first analyse the meaning of the evaluation process for a programme. Thus, in this part, an attempt is made to approach the evaluation process with the aim to not only analyse it further, but also to distinguish it from corresponding notions of procedures, such as monitoring and audit.

7. Evaluation is defined as the selective, systematic and objective assessment of a project, a program, or a public policy including its design, application, implementation, and results. The purpose of evaluation is to ascertain the fulfilment of goals, the effectiveness, the efficiency, the economy, and the continuous and substantive functioning of the organisation. It is a course of action, which is connected directly with the decision making process; it feeds the system with credible and useful information, making it possible to detect probable dysfunctions, and thus increasing its capability to improve. The functional role of evaluation lies in its ability, as an oversight mechanism, to provide answers to vital questions, to determine the effectiveness, and the economic viability of a program (or a policy), to increase its transparency and its credibility. Furthermore, to probe substantively, and interfere where it is deemed necessary, in conjunction with other policy monitoring mechanisms such as the organisation’s strategic plan.

8. Conversely, monitoring forms the mechanism to discern the deviations, and mobilise the evaluation system. The difference, between the two lies on the fact that although they both use the same information and are identified by the same application procedures, they place different questions to the system and function on a different level of analysis and in different ways. Evaluation emphasises, not so much the processes as it is the case in monitoring, but primarily the achievement of results and their congruence with targets set. Furthermore, evaluations take place at a given time, at a given point in time and they can be applied periodically and not continuously.

9. Furthermore, evaluation should not be confused with the audit. Audit is a process, which on the main, certifies the adherence to legality and regularity during the application of an activity and the rational utilisation of resources.

10. Diagram 1 below illustrates the distinction between evaluation, monitoring and audit. The diagram clearly illustrates that evaluation covers all steps of a process from the beginning to the end. It is clarified, however, that evaluation gives the signal for corrective interventions based on results and consequences, while monitoring gives the ability for the continuous evaluation in the progress of a program or a policy. Last, the audit ensures that the information is credible and is characterised by integrity, and safe conclusions may be extracted to the extent that agreed targets have been fulfilled and the available resources are used in the best possible way.

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11. In our case, although the focus is on evaluation, it is clear that a monitoring system must be also applied, in order to ensure that the desired prerequisites are in place for the evaluation of the work performed by the State Audit and Control Mechanisms.

Diagram 1:
Evaluation, Monitoring and Auditing

12. Diagram 2, below, presents another, much wider view of the relationship between the implementation of a program from the moment the political and administrative decision has been made for its execution through its evaluation at different points in time, during its deployment. The outer circle represents the level of political decision making for the design and implementation of a given policy. The middle circle represents the transformation of the political decision to a program, and last the inner circle presents the evaluation process during the implementation of a given program. The evaluation process is obviously represented by the inner circle. It is clear, however, that the parameters, which are contained in the other two concentric circles, are influenced, or they should be influenced from the results of the evaluation of a program as it is being implemented. In other words, the evaluation process influences the conclusions during the program implementation, and it possibly causes the re-design of the program, when and if this is required.

3. Monitoring and Evaluation of the work performed by the Audit and Control Mechanisms

13. Some of the Audit and Control Bodies, under examination, maintain some form of a system, in which they record the progress made in performing their mandated

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activities. In addition, they all produce an annual report, in which they record basic information about their organisational structure, the activities they perform, and some general propositions for improving their performance in terms of their efficiency and effectiveness.

Diagram 2:
Public Policy, Programme Cycle, and the Evaluation Process\(^5\)

14. Overall, however, our research revealed that the substantial majority of the Audit and Control Bodies have not determined beforehand, the critical processes and activities that need to be monitored and measured on a systematic basis, so that such information may be used to evaluate their performance. Furthermore, it was revealed that no appropriate methods for data collection and analysis were in place, although, the establishment of such apparatus, for a systematic and accurate data collection, is considered a prerequisite for the successful monitoring of performance, and the construction of performance indicators for evaluative purposes over time.

15. Our research further revealed the lack of evaluation mechanisms in place for measuring the work performed by the Audit and Control Bodies of the Greek Public Administration system. This absence of evaluation systems may also indicate a weakness, and the lack of political will for the establishment, and in-depth creation and application of monitoring and evaluation systems for the work performed. This deficiency, however, may have to be overcome so that the

\(^5\) Source: Evaluating EU Activities, 2004
systematic and substantive evaluation of the Audit and Control Bodies may be attained eventually.

16. In part, this weakness is explained through the legal, or more precisely, through the legalistic character of the work performed by the Audit and Control Bodies. While the work performed should concentrate more on matters of substantive attainment of the targets set – in other words, the improvement of structures and procedures, the emergence of best practices, etc – what is usually observed is the phenomenon of placing considerable emphasis on matters that are related to the legalistic procedures rather than the substantive aspects of the work performed. For example, what became apparent through the examination of the annual reports, is that the presentation of useful, systematic and important quantitative and qualitative data emerging from the audit and control function, is bypassed, and instead emphasis is placed on procedures, avoiding many times the substance. Furthermore, the language used is formal and bureaucratic which leaves room for vagueness, and it inhibits any attempt to monitor and evaluate the work performed on the available information.

4. Performance evaluation systems for the Audit and Control Mechanisms

17. The basic purpose for introducing a performance evaluation system in the Audit and Control Mechanisms has been the desire for their continuous improvement in terms of their effectiveness, the efficient utilisation of available resources, and the competence of their actions and activities. However, if such systems were to be incorporated, they should be accompanied by the introduction of short and medium term strategic targets to be achieved. In addition, personnel training on the use and utilisation of evaluation systems should also be introduced, as well as appropriate processes and procedures, through which the evaluation of their performance would be measured.

18. Furthermore, as it has already been mentioned, evaluation of the work performed is a tool, which aims to be used in the mapping of problematic procedures, and deficient strategic planning and target setting, striving for their subsequent improvement, since their existence may reduce the effectiveness of the organisation at hand. The most common method for evaluating the work performed is through the construction of performance indicators.

19. However, since the use of performance indicators imposes a system of increased control on the organisation’s structures and personnel, such practices are usually perceived in a negative manner. Thus, it was important to determine and clarify towards all directions, precisely the purpose and intention of the system to be imposed, since the ultimate purpose was the use of performance indicators in measuring and evaluating the work performed by the organisation and not the tight control over its personnel. It was imperative that the reasons for measuring and evaluating the work performed were clearly and explicitly mentioned, as follows:

[a] the obligation for increased accountability and the re-instatement of public trust dictate the use of a system, which will provide the ability to measure the efficiency and effectiveness of the work performed,

[b] the continuous effort for the improvement of the targets set in relation to the level of substantive work performed,
the need for continuous improvement of the personnel skills, of their productivity, as well as of their effectiveness, and

the presentation of quantitative data, which may explain the convergence of targets and results, as well as provide information for the efficiency and effectiveness of the work performed, through statistical analysis based on such quantitative data.

Furthermore, it was highlighted that the extraction of measurable conclusions, which would contribute to the depiction of a realistic picture of the current situation and the probing into their future capabilities, would give us the ability to make decisions of corrective character, so that continuous improvement would be ensured for all involved. It was also highlighted that the quantitative indications are only indications and they would not improve by themselves the level of the work performed, but simply show the existing level of performance, to the extent they can, as it should also be remembered that the measurements usually are close to reality, but they do not portray it absolutely.

Basically speaking, the measurement of activities in the public sector and the use of performance indicators are of substantive nature mainly when:

- they are used in a relative manner and not as an absolute criterion, in other words, they are used as a means and not as the end result,
- there exists a need for measuring definitive activities,
- the comparison among partial quantities contributes and seeks the reduction of complexity,
- they can occasion useful debates on organisation-related matters,
- they manage to reflect the administrative processes,
- they take into consideration, that during the application of measurements there exist specific uncertainties and impediments, and
- they contribute to the improvement of the decision making process, as well as of effectiveness, efficiency and transparency.

Consequently, the ultimate goal would be to:

- improve the quality of the work produced by the public administration apparatus,
- improve the effectiveness, and reduce the cost of the public administration apparatus,
- develop better coordination and cooperation among the organisations involved,
- improve and increase professionalism, but also provide the technical means used to perform the mandated work,
- increase cooperation with the public served, the citizens, and thus restore public trust,
- form a more specialised and capable personnel corps, and
- reduce opacity, corruption, bribery and nepotism.

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5. Performance indicators framework for evaluating the work performed by the Audit and Control Bodies: the Balanced Scorecard method

23. In this section the proposed method for monitoring and evaluation of the work performed by the Audit and Control Mechanisms operating within the Greek Public Administration space is presented. The proposed method – the Balanced Scorecard - is widely used. However, in order to utilise this method fully, there is a need for two necessary prerequisites to be in place: [a] the existence of a strategic plan and [b] the desire for continuous improvement.

24. The method of the Balanced Scorecard provides an organisational framework, which may contribute to the improvement and progress of an organisation. Through the use of this evaluation method, what is accomplished, apart from the creation of performance indicators, is the extinction of internal weaknesses associated with the lack of strategic planning and distinct target setting. Consequently, the significance of the method lies in its ability to form a strategic framework for an organisation, but also to provide the measures through which the success of its work performed may be evaluated. According to this method every organisation is analysed along four dimensions: [a] Financial Management, [b] Internal Processes, [c] Citizen Satisfaction, and [d] Learning & Growth.

25. Diagram 3 illustrates the logic of the method. The organization is analyzed on four basic axes (or dimensions), which are in constant interaction with each other. Through this process the dynamic view of an organization is clearly depicted, so that valid conclusions may be derived for the activities of each organization.

Diagram 3: Balanced Scorecard

FINANCIAL MANAGEMENT
- Objectives
- Measures
- Targets
- Initiatives

CITIZEN SATISFACTION
- Objectives
- Measures
- Targets
- Initiatives

VISION & STRATEGY

INTERNAL PROCESSES
- Objectives
- Measures
- Targets
- Initiatives

LEARNING & GROWTH
- Objectives
- Measures
- Targets
- Initiatives

7 Source: www.balancedscorecard.org
26. More specifically, the advantages of the method lie in the:

[a] systematic and formal development of decision making processes, activity utilisation and evaluation,
[b] comprehensive view of the organisation’s functionality,
[c] determination of specific targets,
[d] creation of aggregate indicators which are quantitative and comparable,
[e] ability to study complex processes and procedures, and
[f] avoidance of the linear causal direction in the analysis of the phenomena at hand.

In addition, one of the main advantages of this method lies in the fact that it manages to feed the system not only during the implementation of the targets set, but also on the targets themselves. In this sense it has a dual role to play as it functions as a particularly useful evaluation and design tool.

27. Furthermore, with the organisation’s segregation along the four dimensions, an equilibrium between the indicators related to the internal processes and those that are concerned with the external ones is usually achieved. This equilibrium may be attributed to the global approach of the system under scrutiny and the calculation of the values each indicator may take based on the consequences, which these may bring on any of the other three axes.

6. The four expressions of the Balanced Scorecard method for the Audit and Control Mechanisms

28. Financial Management:

This is the driving axis of every organisation. On this axis the distribution of available financial resources is defined, as well as the determination of the level of allocation and their utilisation per activity.

29. The Audit and Control Bodies are not organizations, which provide services seeking some financial benefit, nor, they aim at increasing their profits or their revenues. Furthermore, if we take into consideration the budget preparation process in Greece, which is not done based on the work performed by each public organisation, it is easily understood that the goal of the Audit and Control Bodies may not be the increase of resources that flow into their system.

30. The goals on this axis are mainly related to the cost reduction of the Bodies’ processes and procedures, with the ultimate purpose to conserve resources. In this case, the aim is the rational and efficient utilization of resources in such a way that the needs of each Body are adequately covered (value for money). In essence, this axis is designed in such a way so that it reflects the budget of each Audit and Control Body, as well as the goals that it has set. Through this process, it is possible, at the end of each financial year, to discern, by the use of indicators, the degree to which financial targets set were accomplished.

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8 The notion of zero budgeting does not exist.
31. **Internal Procedures:**

In essence, this is the main mechanism through which the Audit and Control Bodies fulfil their mandated work. If we were to segregate the course and the processes utilised in the conduct of an Audit, the role of this axis is depicted in diagram 4 below. It is also important to mention that this procedure is the connecting link between the citizen expectations and their fulfilment in the best viable way.

**Diagram 4:**

The Internal Procedures Axis for the Audit and Control Bodies

32. At this point, once more, the value of the method of Balanced Scorecard is highlighted. In the conventional monitoring and measurement systems of activities, the existing internal procedures and the processes through which the desired results are accomplished, are evaluated. Such systems, however, are static and not dynamic like the Balanced Scorecard method. The latter, is not only content with the monitoring and evaluation of the existing procedures, but also in the dynamics of the Audit and Control Body in relation to the new procedures it may develop. For example, the subject matter under scrutiny is not only the existing methods of examination and analysis of a complaint, but also the degree to which the Audit Body is in a position to listen closely to the social environment, to renew its span of control and to introduce innovations.

33. The indicators concerned with internal procedures may evaluate two basic dimensions. The first is concerned with the time required to complete the procedure, and the second the procedures of completing the task (audit) at hand. The communication time among the employees involved, as well as the more general duration of the case flow is also taken into consideration. The dimensions,

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which may be evaluated, in this case, encompass a wide spectrum of the indicators constructed for the Audit and Control Bodies. Furthermore, these indicators may be associated with the legality and the adherence to procedures, the magnitude, and the quality of evidence, as well as with the degree of report articulation and the improvement in the business conduct of the audited organisations.

34. **Citizen Satisfaction:**

The Citizen Satisfaction axis is a rather peculiar one in the case of the Audit and Control Bodies, since, as it has been mentioned earlier, the overwhelming majority of cases earmarked for auditing do not originate from citizen complaints, but from within the public administration itself. For this reason, this axis is treated with special care and with a different approach. On the following table (Table 1) the dimensions that compose the notion of citizen satisfaction are presented. It is obvious that in the case of the Audit and Control Bodies it is not possible to apply all dimensions for citizen satisfaction. This is because the said Bodies do not have a constant number of citizens, which they are obliged to serve, neither can they develop policies to attract more citizens.

<table>
<thead>
<tr>
<th>Span of Control</th>
<th>The public administration organisations and citizens the Audit and Control Bodies encompass</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen Attraction</td>
<td>The procedures through which new citizens are attracted</td>
</tr>
<tr>
<td>Citizen Maintenance</td>
<td>The methods by which citizen interest is maintained and nurtured</td>
</tr>
<tr>
<td>Citizen Satisfaction</td>
<td>The degree of citizen satisfaction by the services provided</td>
</tr>
<tr>
<td>Citizen Effectiveness</td>
<td>The net benefit (profit) per citizen for citizen support of the organisation</td>
</tr>
</tbody>
</table>

35. By extension, the dimensions of citizen attraction and maintenance cannot be evaluated in relation to the Audit and Control Bodies, because they do not satisfy a standing and ordinary, but an extraordinary need for citizens. The only expression of those two dimensions that may be evaluated is the degree of information provided to citizens on the work performed by the Audit and Control Bodies and the services they can offer to citizens. The dimension of span of control may constitute an indication of maladministration in some other organisation of the public administration realm.

36. **Learning and Growth:**

The last axis of the Balanced Scorecard method is concerned with the learning and growth of the Audit and Control Mechanisms. Through this axis, the identification of the degree of improvement in adopting new methods and practices is made possible. Diagram 5 presents the functional framework of this

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axis. The lower layer presents the enablers of the framework and the upper one the core measurements.

**Diagram 5:**

The Learning and Growth Framework\(^{11}\)

37. The dimensions evaluated on this axis are the following three:

[a] the skills and training level of the employees,
[b] the technological infrastructure in place, and
[c] the work environment, including the incentives it may provide.

Table 2 below presents the analysis of the basic parameters for each of the three dimensions. The sum of these factors is in constant interaction with consequences for both the personnel and the organisation.

38. In relation to the skills and competences of personnel, the training programmes offered to personnel are evaluated, their involvement and participation, as well as the degree of applying what has been learnt in direct relation to their work object. This is because appropriate and adequate training, for the personnel, is considered one of the most crucial processes in the organisation's improvement. Furthermore, the application of new technologies is also considered of crucial importance in the work of the Audit and Control Bodies since it enables the rationalization and formalization of procedures utilized in the production of the work.

\(^{11}\) Source: Kaplan R. & Norton D (1996)
Table 2: Basic Axes of organisational learning and growth

<table>
<thead>
<tr>
<th>Staff Competences</th>
<th>Technological Infrastructure</th>
<th>Work Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>Strategic technologies</td>
<td>Key decision cycle</td>
</tr>
<tr>
<td>Strategic skills</td>
<td>Strategic databases</td>
<td>Strategic focus</td>
</tr>
<tr>
<td>Training levels</td>
<td>Experience capture</td>
<td>Staff empowerment</td>
</tr>
<tr>
<td>Skill leverage</td>
<td>Patents and copyrights</td>
<td>Alignment</td>
</tr>
<tr>
<td></td>
<td>Proprietary software</td>
<td>Morale</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Team work</td>
</tr>
</tbody>
</table>

39. These factors may be examined, every time, in relation to the expression of the vertical axis of the Balanced Scorecard, that is: [a] internal communication, [b] cases dispatch, [c] decision planning, [d] services provided and [e] citizen satisfaction. Subsequently, if we were to depict the indicators, which would be derived from such a system in a three dimensional form, they would look something like diagram 6 presents.

40. The first stage was the most crucial one, since at this stage the performance indicators to be used were determined. At this juncture, the set targets were described, the basic functions as well as the desired outputs and results. The essential questions put at this stage were concerned with the determination of the goals, the processes, the outputs and the results. During the next stage the indicators were constructed, which were selected to mirror the organisation and were in a position to appraise its activities. As soon as the indicators were determined, through which the various activities would be evaluated, the appropriate data was collected and analysed in order to extract specific indicators and results.

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13 In order to avoid misleading results, not many indicators were selected. Quantitative indicators, due to their precise nature, were preferable as they depicted a more precise picture of the organisation’s state providing the ability to compare with other organisation or past activities of similar nature and magnitude. On the contrary, qualitative indicators were characterised by immense subjective nature. This, of course, does not mean that their value was not recognised especially in the case where the construction of quantitative ones, was not possible given the nature of the object to be measured.
14 It is important to determine the periodicity according to which data and information is collected, as well as the sources used to obtain the information. The analysis of such information is dependent upon the presentation of the data through a comprehensible systematic way through which such information may be expressed by indicators.
7. **Reservations and Constraints for the Balanced Scorecard method implementation process**

41. In the attempt to construct performance indicators for the monitoring and evaluation of the work performed by the Audit and Control Bodies various problems were expected to arise throughout all stages of the programme's implementation. One of the most basic problems that arose was that the strategic plan of the Audit and Control Bodies was not outlined clearly and precisely. Because of this, there were no clear and precise directions, procedures and goals, which the Bodies could follow. In the following paragraphs, the problems, which appeared and prevented the rational application of the method, are presented.

42. **Financial Management:**

   The lack of a unified budget for each Audit and Control Body caused some problems in the construction of indicators of economic and financial nature. It was not clear what the budget of each Body covered. In some instances, it covered personnel compensation and in other it did not. Furthermore, in some instances the cost of office space was covered through the State Property Board, and in some others was not. As a result, it became difficult to construct indicators which could rationally measure the available resources, since there was no unity in the way relevant financial information is reported.
43. **Internal Procedures:**

The diversity that exists in the various Bodies, in relation to the procedures that are followed in each one of them, was expected to function as a deterrent in the application of a unified practice for the monitoring and recording of procedures and processes followed. It is important to institute a unified system of internal procedures in the Audit and Control Bodies in order to be able to extract comparative results.

44. It is also worth noting that some employees, in the Audit and Control Bodies, exhibited hesitation towards the implementation of evaluation systems with the rationale that this may constitute an extra burden for them. Consequently, it is imperative, prior to the introduction of any evaluation method, to explain to workers that the purpose of the process is not to measure the degree of their ability to perform work, but the mapping of the existing situation and the detection of dysfunction in the organisation itself.

45. **Citizen Satisfaction:**

The construction of indicators mapping citizen satisfaction was approached with suspicion, by the middle and high rank officials of the Audit and Control Bodies, since it was felt that the comparison of citizen satisfaction among the bodies may cause antagonism. On this axis, data concerning the case volume handled by each Body, as well as the time differential needed to complete such cases was approached with special caution and care.

46. Furthermore, the inherent differences among the Bodies, on the ways an Audit was initiated - by application, own initiative, Ministerial decision, etc - the nature of the Audits, as well as the staffing of each Body proved rather problematic, in relation to the strategic plan for each Body involved.

47. **Learning & Growth:**

The complete deployment of the necessary proprietary software requires adequate time, so that all personnel may accustom themselves with the system. Negative reaction from personnel was expected on this front, and it did happen, especially from those who are not familiar with the use of computers. Remedies to alleviate such problems should be considered prior to the deployment of such software applications in the future.

8. The strategic goals of the Audit and Control Bodies and the Logical Model

48. The main goals of the Audit and Control Bodies are, in short, the following:

   [a] the effectiveness of the organisation: whether the most appropriate and most efficient use of resources is in place in order to accomplish mandated activities,
   [b] the transparency of the organization: whether the Bodies utilise rationally their available resources for the purpose of good governance, and reduce maladministration, and
[c] the efficiency of the organization: whether there exists continuous improvement in the productivity and effectiveness of the Bodies’ apparatus, and whether there exists qualitative improvement in the service level provided.

49. Most of these goals are included and extensively discussed in the founding legislation text(s) of the Audit and Control Bodies. However, these Bodies must develop a more detailed strategic plan and specify further the goals they may pursue based on the spectrum of their mandated work and the four dimensions of the Balanced Scorecard method.

50. Before we proceed to the next section of the performance indicators development process, it is worth presenting the logical model approach that disaggregates processes into internal and external ones. It was believed that if the flow of the logical model was followed for each of the four dimensions, each one would be fully covered in a comprehensive manner during the process of constructing performance indicators. The flow of the model is illustrated in diagram 7 below. In addition, the basic notions of the logical model are presented in table 3, followed by its application on this particular case presented in table 4.

**Diagram 7:**
The basic logical model for each axis of the *Balanced Scorecard*[^5]

![Diagram 7: The basic logical model for each axis of the Balanced Scorecard](image)

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Procedures</th>
<th>Outputs</th>
<th>Results</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

The work plan

The expected results

**Table 3:**
Basic concepts of the logical model

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PROCESSES</td>
<td>Specific interventions that the organisation undertakes to convert inputs to outputs.</td>
</tr>
<tr>
<td>OUTPUTS</td>
<td>Direct consequences of the programmes applied. Outputs may have quantitative and qualitative dimensions. More often than not include measurements of the number of recipients served by the organisation.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>The successful result of a process (i.e., complete audits, non complete audits, etc).</td>
</tr>
<tr>
<td>EFFECT</td>
<td>The purpose towards which the organisation contributes as delineated by the strategic plan of the organisation[^17].</td>
</tr>
</tbody>
</table>

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[^16]: In essence, the functional prerequisites of the organisation are recorded.
[^17]: The ramifications indicators measure the long-term changes in society, economy or the environment to which the organisation contributes.
Through the stages of the logical model presented above, indicators were developed based on the outputs, the results and the effects of each target on the strategic goals of the organisations under evaluation.

51. The outputs are mostly concerned with the axes of financial management and internal procedures. The axes of learning and growth and citizen satisfaction are mostly related to effectiveness indicators. Finally, the ramification indicators are related at most part with the strategic plan of the organisation. In conclusion, for each axis, the criteria by which the Audit and Control Mechanisms may be evaluated are: [a] time, [b] cost, [c] quality, [d] flexibility and [e] environment.

9. Performance Indicators based on the Balanced Scorecard dimensions

52. In the tables that follow, the proposed performance indicators for the Audit and Control Bodies are presented along the four dimensions of the Balanced Scorecard dimensions. In any case, these indicators may not be seen as a panacea, but they must be subject to critical scrutiny and interpretation. Furthermore, for each indicator that was chosen for the evaluation of the work performed the following constraints must be taken into account: [a] the degree of difficulty of

<table>
<thead>
<tr>
<th>Table 4: Audit and Control Bodies goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL MANAGEMENT</strong></td>
</tr>
<tr>
<td>Outputs</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Processes</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Results</td>
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<tr>
<td></td>
</tr>
<tr>
<td>Effects</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
each case, [b] the span of control for each Audit Body, [c] the time considered as audit time, and [d] the adequacy of personnel for each Audit Body.

53. It was decided that, it might be possible – at a later stage - to derive a number of performance indicators, which will be a result of further analysis, not only of the existing activities, but also of the total work performed by each Audit and Control Body. In order to reach that level, it is necessary to encompass mechanisms and database systems, which will cover all Audit and Control Bodies under investigation.

Table 5: Performance Indicators for Financial Management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Cost of an Audit</td>
<td>Total cost / total number of Audits</td>
</tr>
<tr>
<td>Average Cost of an Audit per Auditor</td>
<td>Total cost of conducting audits / total number of auditors</td>
</tr>
<tr>
<td>Percentage of an Audit Cost</td>
<td>Real cost of an audit / Estimated cost of an audit * 100</td>
</tr>
<tr>
<td>Deviation Percentage for the cost of an Audit</td>
<td>Estimated cost – real cost / Estimated cost * 100</td>
</tr>
<tr>
<td>Average Cost of Training</td>
<td>Total cost for training / Number of Auditors</td>
</tr>
</tbody>
</table>

Table 6: Performance Indicators for Internal Processes

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Audited Cases</td>
<td>Number of audited cases for a pre-determined period of time / Number of submitted applications for audits in the same period</td>
</tr>
<tr>
<td>Number of Audits Completed</td>
<td>Number of audits that materialised / Number of audits determined to be conducted on a monthly basis</td>
</tr>
<tr>
<td>Total Number of Audits completed within a pre-determined period</td>
<td>Total number of audits conducted within a pre-determined period / total number of scheduled audits in the same period</td>
</tr>
<tr>
<td>Number of Audited Cases per Auditor</td>
<td>Number of audits / Number of Auditors</td>
</tr>
<tr>
<td>Percentage of the Audits conducted following an application by another authority</td>
<td>Number of audits conducted by application / total number of applications for Audits * 100</td>
</tr>
<tr>
<td>Percentage of Self Initiated Audits</td>
<td>Number of self initiated audits / Total number of audits * 100</td>
</tr>
<tr>
<td>Time taken to complete an Audit</td>
<td>Real time used to complete an audit / Estimated time to complete an audit</td>
</tr>
</tbody>
</table>

18 Self-initiated and by application.
Percentage of Fines Imposed = \frac{\text{Audits that led to the imposition of a fine in a pre-determined time period}}{\text{Total number of audits}} \times 100

Number of Auditors utilised = \frac{\text{Number of Auditors utilised}}{\text{Number of Auditors estimated to be utilised}}

Average number of Auditors needed to conduct an Audit = \frac{\text{Number of Auditors per Audit}}{\text{Total number of Audits conducted}}

Average time spent by each Auditor on an Audit = \frac{\text{Duration of an Audit}}{\text{Number of Auditors conducting any single Audit}}

Average Number of Audits = \frac{\text{Number of Audits}}{\text{Number of Auditors}}

Percentage of Audits that were completed fully\(^{19}\) = \frac{\text{Number of completed Audits}}{\text{Total number of Audits conducted}} \times 100

Percentage of Active Personnel = \frac{\text{Existing active personnel}}{\text{Statutory active personnel}} \times 100

Percentage of cases overdue = \frac{\text{Overdue audit cases}}{\text{Total number of audit cases}} \times 100

Average time needed to commence an Audit = \frac{\text{(Commencement time – time the audit request was submitted)}}{\text{Total number of audits under way}}

Average Time of an Audit Duration = \frac{\text{Total duration of an audit}}{\text{Total number of audits}}

Percentage of mistakes detected per Audit = \frac{\text{Number of mistakes detected}}{\text{Total number of audits}}

<table>
<thead>
<tr>
<th>Table 7: Performance Indicators for Learning &amp; Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree and level of Auditors’ training = \frac{\text{Number of auditors who have undertaken initial training}}{\text{Total number of Auditors}}</td>
</tr>
<tr>
<td>Degree and level of Auditors’ continuous training = \frac{\text{Number of Auditors who have taken part in continuous training}}{\text{Total number of auditors}}</td>
</tr>
<tr>
<td>Percentage of Audits re-visited(^{20}) = \frac{\text{Number of Audits re-visited}}{\text{Total number of Audits}} \times 100</td>
</tr>
<tr>
<td>Percentage of use of new information technologies = \frac{\text{Number of Auditors who utilise new technologies in the task performance}}{\text{Number of proprietary software available}} \times 100</td>
</tr>
</tbody>
</table>

54. The following table (Table 8) presents indicators concerned with citizen satisfaction in relation to the quality of services provided. In other words, it is

\(^{19}\) It includes Audits cases that were re-examined by mobilising all relevant government units. This indicator controls for the legality and compliance along the existing legal and regulatory framework.

\(^{20}\) Audits for which, following internal evaluation, it was determined that the Auditors should re-visit the case for further investigation.
concerned with citizen / consumer expectations, the successful or unsuccessful outcome of an Audit initiated by a citizen complaint to the Audit and Control Bodies. With these indicators, an attempt was made to measure to what extent the services provided have satisfied the citizen expectations and/or demands\textsuperscript{21}.

**Table 8:**
Performance Indicators for Citizen Satisfaction

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Parameters Audited</td>
<td>( \frac{\text{Number of parameters audited}}{\text{Number of parameters that ought to be audited}} )</td>
</tr>
<tr>
<td>Percentage of Audits conducted following a citizen application</td>
<td>( \frac{\text{Number of Audits conducted due to citizen applications}}{\text{Total number of audits initiated due to applications}} \times 100 )</td>
</tr>
<tr>
<td>Percentage of investigated Audits which were planned</td>
<td>( \frac{\text{Number of planned Audits}}{\text{Total number of Audits}} \times 100 )</td>
</tr>
<tr>
<td>Staffing level of the Audit and Control Body</td>
<td>( \frac{\text{Number of serving Auditors}}{\text{Number of auditors who ought to staff the organisation}} )</td>
</tr>
<tr>
<td>Percentage of successful Audits</td>
<td>( \frac{\text{Number of Audits that caused a practice change}}{\text{Total number of Audits}} \times 100 )</td>
</tr>
</tbody>
</table>


55. Right from the initial stages of this project, it became apparent that the Audit and Control Mechanisms lacked the basic framework to perform a monitoring and evaluation exercise, in order to assess the degree to which they fulfil their mandate vis-à-vis the work they perform. This first observation demonstrated that organisations under scrutiny did not possess the necessary mechanisms by which they could easily gauge their activities, in terms of efficiency and effectiveness, when compared with their strategic goals and mandated mission. Thus, this finding constitutes a major step forward in establishing monitoring and evaluation systems for the work performed by the Audit and Control Bodies operating within the Greek Public Administration space.

56. It also seems that by concluding this exercise, the foundations for the development of an objective and reliable monitoring and evaluation framework have been put into place. This has been a serious attempt to measure the operational capabilities of the Audit and Control mechanisms, in terms of their efficiency and effectiveness, as well the consequences and results of their organisational structure, strategic planning, and programming of activities on public administration and the society.

57. Furthermore, by implementing this exercise, valuable knowledge was derived, which may lead the Audit and Control Bodies to progress to a more advanced application of the proposed evaluation method beyond its pilot phase. In other

\textsuperscript{21} In this case, it is assumed that citizen satisfaction is always the reason in performing some public service (client oriented public services).
words, it is expected that the experience gained through this pilot project, will contribute to further work on the proposed evaluation system and method aiming at the adoption of best practices and structural changes, which will contribute to a more efficient and effective operation of the Audit and Control Bodies.

58. The mapping of the existing situation highlighted the strengths and weaknesses of the Bodies in relation to the demands placed upon them with the introduction of the Balanced Scorecard evaluation method. For example, it highlighted the need for more sophisticated data collection and analysis systems, which may be used to determine the values the indicators, may take at any time, in measuring performance. This observation also points to the fact that new technologies have not been sufficiently incorporated into the organisations’ operating environment. While, most of these Bodies have introduced the use of electronic information systems into their operations, it is not at all certain that such systems are utilized to facilitate, to simplify, and at the same time to automate many of their procedures, as well as to create an easily retrievable institutional memory.

59. In sum, the practical application of a performance indicators system revealed the existence of factors, which influence the operation of the Audit and Control Bodies, pointing to rather serious and critical dysfunctions and nonconformities between their activities and their mandates. The acquisition of skills that will enable the elucidation of operational aspects of the organisations in connection with the fulfilment of their strategic goals is considered a necessary precondition for the successful incorporation of an evaluation system based on the principles and characteristics of the Balanced Scorecard method.

60. The completion of this project and the knowledge acquired through its pilot implementation leads to a number of propositions, the materialisation of which may have positive results to the efficiency and effectiveness of the Audit and Control Bodies in the future. These are the following:

   [a] further refinement of the evaluation method in order to highlight its weaknesses, which need to be alleviated before the method is applied on a larger scale,
   [b] more active involvement of the Audit and Control Bodies’ personnel in order for as many of them as possible to become active partners in the implementation of the monitoring and evaluation process, including provision of training to those that request it and need it the most, and
   [c] major emphasis placed on the adaptation of electronic information systems, including the design and creation of versatile databases, as well as better and more efficient usage of their existing electronic information systems.

61. The first major step has been made. However, the road is still long. This pilot project would lose its meaning, if it were to stop here. The conditions are optimal for the Audit and Control Bodies to strive towards the full implementation of a monitoring and evaluation system that will allow them to correlate their activities with their mandate by deploying a full system of performance indicators. Such a deployment may contribute to the substantive improvement of the structure, functioning and performance of their organisations, in order to create a rational and effective administration system.
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