Quality Matters
A guide to ensuring quality in VFM work
Quality matters. And more so today than ever before. We enjoy considerable support for our work from Parliament, the media and others but we are being judged by ever increasing standards: on the value of the insights we bring, the strength of our recommendations and the appearance of our reports. The increasingly complex environment in which we work is only adding to the need to produce high quality reports. And there are greater expectations of transparency in the public sector. Citizens and their representatives are better informed and more questioning.

So why does quality matter?

- As a public body with a statutory role and using public money, it is essential that we perform to the highest standards. Our standing depends on the credibility of our work.

- As an organisation with the ability and power to effect change, it is quite right that we meet certain expectations of quality in our thinking. Without this we could be encouraging wasteful and inappropriate decision-making.

- Those who seek to promote quality in other organisations need to demonstrate it within themselves.

- As an organisation of professionals, we aspire to produce high quality work.

Over the years we have given a lot of thought to how we ensure high quality work and have established a number of mechanisms for building quality into our work, as extensive as any audit office. This guidance brings much of this together and adds a number of new ideas. In all, it provides a definitive overview of the quality standards expected throughout the whole study process.

It is vital that we continue to meet the standards we have striven so hard to achieve in recent years, and that our reports strengthen our reputation as leading experts in improving government efficiency and effectiveness. By using the standards set out here we can achieve this. I commend this guide to the attention of VFM staff, and recommend it is used as a reference point to achieving quality in our work.

Sir John Bourn
July 2006
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1.1 The external reputation of the National Audit Office is measured in great part by the success of our value for money reports. To enhance and maintain our reputation we must ensure that these reports are of high quality from start to finish. We must be professional in our planning and research, in the execution of the study and in the way we report our findings. To do this, we must be looking to innovate and develop our work but also build on what we have done before, drawing on our accumulated knowledge and external research expectations.

1.2 But our reputation is based on much more than the final published report. The NAO’s stakeholders are many in number, including Parliament and the Committee of Public Accounts, Government departments, agencies and non departmental public bodies, the media, academics, the public and other interested parties with whom we may discuss study issues and gain feedback. Their opinions of us are influenced not only by the final reports but also by the way in which we interact with them and the understanding we show throughout the process. Thus, we must ensure that all aspects of what we do are of the highest standards.

1.3 Value for money work is constantly evolving and developing. Over recent years we have increased the number of published reports, whilst shortening the time to collect data and provide our findings to Parliament. In developing our work, we have maintained a non-prescriptive approach, recognising there is no ‘one-size-fits-all’ solution. Whilst stages such as business case submission and clearance are well defined aspects of the study cycle, we have also preserved a certain amount of freedom, for example, in the ways in which we derive study questions, manage our projects and carry out the fieldwork. Clear guidelines are given in these areas through the quality thresholds, but no set standards have ever been in place.

1.4 The Freedom of Information Act 2000 has added to the expectations of our work. Now, as never before, we need to hold data in a format that is accessible, on request, by anyone who wishes to see it. This has further increased the need to produce work to high standards throughout a process which is now more visible. We cannot rely on aspects of the study cycle such as clearance to detect anomalies in our reports; we need to get it right first time.

1.5 This guidance aims to ensure that our reports meet the needs of as many people as possible. To do this there is an overriding requirement that they are based on clearly presented, rigorous analysis of valid and reliable evidence. Our readers also assume that we will act in a professional way in conducting our work and that the end products will contribute to our mission to help the nation spend wisely. To do all this, we need:
1.6 This guidance spells out the expected quality standards at all stages in the VFM study cycle (Figure 1) and the roles and responsibilities of members of staff to ensure that we reach these standards. Most of the ideas are not new. We have extensive quality arrangements in place already and can be proud of what we have achieved in enhancing our product. But this guide brings them together in a single reference place for the first time, and provides a link to other pieces of guidance, such as the VFM Handbook, Impacts guidance and research methods guidance.

1.7 The processes laid out in this guidance are not intended to add bureaucracy to our work, but to help the processes run more smoothly by providing a clearer framework of responsibilities for tackling areas of risk. Sharing of good practice is one of the best means to mitigate risks but is often shared within study teams, when it could be beneficial to the whole office. Nor should the processes prevent innovation. In a constantly evolving world, we must be looking to incorporate innovative methodologies and techniques into our work.

1.8 In putting together this guidance we have used the assessments from our external reviewers on the quality of our reports, feedback from study teams and departments, and our own analysis of the strengths and weaknesses of reports. The guide is split into five sections, detailing the controls in place at each stage of the study process, and ways in which we can bring together good practice to enhance learning and sharing of experiences throughout the office. The five sections are:

- Chapter 2: Assuring quality through the VFM study process: requirements, roles and responsibilities. This chapter highlights the areas where we must ensure quality throughout the study process. It stresses the use of all five ‘quality thresholds’ and the role of key decision makers at each stage. It also discusses best practice for project management, through the Study Smart initiative, by making good use of consultants and through effective clearance.

- Chapter 3: Assuring technical quality: methods, evidence and documentation. This section covers our approach to producing robust and clear evidence and conclusions, and examines areas such as a standard for audit trails, building in methodological rigour, linking evidence to audit findings and using expert panels to enhance accessibility to our information.

- Chapter 4: Assuring quality in presentation. This chapter brings together good practice and guidance on house styles for drafting and presentation. It covers the basic principles of drafting and available training, graphical and financial presentation.

- Chapter 5: Continuous improvement: post project review and knowledge sharing. This chapter discusses how the enhanced arrangements from the quality review process can ensure we learn from our work. It discusses the quality review folder requirements and how to turn the findings from the quality review process into actions for improvement in the future.

- Chapter 6: Achieving impacts from high quality work. This chapter spells out the key principles of measuring financial impacts, as described in the guidance ‘Are you making an Impact?’ and raises awareness of how to ensure quality throughout this process. It also discusses the use of alternative outputs to increase our wider impact, both in terms of the publication of reports and follow-through of recommendations through workshops and conferences.
Figure 1: The Study process and how this guidance assists in adding quality to our VFM work

**Quality Threshold and Key Considerations**

- **QT1**
  - Peer Assist
  - Issue Analysis, Study Smart

- **QT2**
  - Methodological Rigour
  - Use of Consultants
  - Assertions Matrix
  - Expert Panels
  - Trail Evidence
  - Dinner Party
  - Peer Review
  - Presenting Graphics

- **QT3**
  - Clearance Plan

- **QT4**
  - Communications Plan

- **QT5**
  - Quality Review Folders
  - Learning Lessons
  - Identifying Impacts
  - Other Outputs

**Study Process**

1. Study Proposal
2. Business Case
3. Fieldwork and Analysis
4. Drafting
5. Clearance
6. Publication
7. Follow Through Recommendations
8. Measuring Financial Impact
9. Post Project Review
We have a number of approaches to producing good quality VFM products. This chapter examines them, focusing on what is required and who is responsible.

The gateway approach to quality management: VFM quality thresholds

2.1 There are five quality thresholds which span the whole study cycle. They are in a ‘yes/no’ format and they are designed to get VFM staff to consider whether they can assure themselves and senior management that they are ready to proceed to the next stage of the study. They do this by asking staff to judge their work against essential criteria which should help to ensure that a high standard of quality is maintained. Figure 2 overleaf shows the five Quality Thresholds and the role of key decision makers for each. The detailed criteria to be assessed under each threshold are listed in Part 3 of the Value for Money Handbook, published in 2003, and available on Merlin at http://merlin/vfm/guides/VFM_handbook.pdf.

Getting approval for a high quality Business Case

2.2 To gain approval for a study the Director must prepare a convincing business base for the C&AG, which sets out:

- the rationale for the study;
- the issues it will cover;
- the methods that will be used to collect the evidence;
- the cost of the study;
- the resources (staff and consultants);
- the timetable;
- the risks associated with the study and how these might be mitigated; and
- the likely financial and other impact it will have.
**Figure 2: Quality thresholds and the roles of key decision makers**

<table>
<thead>
<tr>
<th>Quality Threshold</th>
<th>Role of key decision makers</th>
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</table>
| **1: Are you ready to proceed?**                       | - The study director should be satisfied that s/he is prepared to enter into a “contract” with senior management to deliver the study within the cost and timeframe proposed.  
- The study team should identify areas where a financial analysis is appropriate and ensure basic cost data collection is incorporated. |
|                                                        | - The AAG must judge whether the likely impact measured against the proposed cost justifies proceeding with the study, and must decide on the most appropriate way to secure the C&AG’s approval. |
|                                                        | - Approve the study.                                                                        |
| **2: Have you derived clear, compelling messages, supported by the evidence?** | - The study director should be satisfied that the key findings are sufficiently clear and well-supported by the evidence to begin drafting the report.  
- The study team might decide to engage the AAG at this stage in order to proceed on the basis of an agreed report structure. |
|                                                        | - Agree the report structure.  
- Check that areas of interest for PAC, for example social exclusion and cost analysis are clearly defined. |
| **3: Are you ready to clear the draft report?**         | - The study director and team members should be satisfied with the clarity of the messages in the draft report before seeking the approval of the AAG. In most cases, study teams will start the formal clearance of the draft report with the audited body and third parties once the AAG is content. |
|                                                        | - The AAG must judge at what stage to consult the C&AG on the draft report. |
| **4: Are you ready to spread the message?**            | - Study directors and their teams will liaise with the Press Office and agree with their AAG arrangements for disseminating the messages in the report, handling the media and conducting follow-up activities. |
|                                                        | - Agree with the team arrangements for disseminating the messages in the report, handling the media and conducting follow-up activities. |
|                                                        | - Give approval for publication of the report. |
| **5: Have you learnt and disseminated the lessons?**   | - The study director should lead Quality Assurance work and ensure that lessons from the study and potential impacts have been identified and discussed with the client department.  
- Evidence of this should then be submitted, via the AAG and the VFM Development Team, to the Deputy Comptroller and Auditor General on a quality folder. |
|                                                        | - Submit Quality Assurance folder to the Deputy Auditor and Comptroller General. |
2.3 The manager of the study plays a key role in ensuring that it is well planned and monitored. This includes producing a strong project plan at approval stage which confidently defines the project and demonstrates how resources are to be deployed to ensure a good quality report in the shortest feasible time. If the C&AG approves the business case, this becomes a contract with the study team which clearly states what product will be delivered, by when and with what resources.

2.4 Examples of good business cases are available on the VFM good practice web pages, [http://merlin/vfm/goodpractice_examples/index.html](http://merlin/vfm/goodpractice_examples/index.html). The box below summarises what the C&AG has said he likes to see in Business Cases submitted to him.

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### The C&AG’s views on good quality Business Cases

In looking at a Business Case, what I am really looking for is the logic that has persuaded the team that we should do a particular study and a clearly set out analysis of the risks and benefits of doing the work. This should be a realistic analysis rather than optimistic advocacy. I would like to see Business Cases include:

- A clear statement of why we should do the study and what the NAO will get out of it, particularly in terms of impact (financial savings, good practice etc);

- What is the big thing that this report will say? What is it that will make this report stand out?

- Make it clear how the report will contribute to what the relevant department fundamentally cares about, and how it will contribute to what PAC cares about.

- An intellectually coherent case for doing the study, rather than a series of questions bolted together or simply following a checklist approach.

- A simple and straightforward argument, avoiding the pitfall of not being able to see the wood for the trees and avoiding overly complex proposals.

- Use of contemporaneous and up-to-date financial data.

- A clear commitment to the final size of the report with an outline of what supporting documentation may be necessary (eg appendices, supporting material in separate documents or on the website).

- A comprehensive risk analysis for the report.
The study smart framework for managing the project to time and budget

2.5 Study Smart is a bespoke process for setting up, controlling and reviewing projects in accordance with best practice. It provides guidance, tools and templates that encourage better project/programme management. AC 02/06 requires that all major outputs from 2006-07 use at least a minimal Study Smart template. The Study Smart templates include:

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS Project Generic Study Plan</td>
<td>A “generic” project plan, which details major possible elements of a VFM study broken down into work packages and tasks and given indicative timescales and resources. A useful starting point which you can tailor for your own project.</td>
<td>Study team</td>
</tr>
<tr>
<td>MS Project realistic study plan</td>
<td>A more “realistic” study plan to illustrate how the generic project plan (above) might be tailored for a real study. It has a smaller number of fieldwork tasks and costs that are in line with existing studies. This plan has been updated to include the agreed milestones for reporting progress on VFM studies.</td>
<td>Study team</td>
</tr>
<tr>
<td>MS Project Slim Plan</td>
<td>A slimmed-down version of the Realistic Study Plan for those who want to plan at a higher level of detail.</td>
<td>Study team</td>
</tr>
<tr>
<td>MS Project 16-line Template</td>
<td>A shorter and simpler template including the minimum milestones required for reporting study progress to senior management.</td>
<td>Study team</td>
</tr>
<tr>
<td>Risk Analysis Template*</td>
<td>A document which records the study risks and how they should be mitigated, assesses their likelihood and impact, and establishes ownership of them.</td>
<td>Audit Manager</td>
</tr>
<tr>
<td>Issues Log*</td>
<td>A form for recording any significant problems arising on the study, and setting out how these are being resolved.</td>
<td>Study team</td>
</tr>
<tr>
<td>Change Control Template</td>
<td>A document to record changes to the scope or execution of the study, along with the impact that these changes will have.</td>
<td>Audit Manager (with Senior Management agreement)</td>
</tr>
<tr>
<td>Status Report Template</td>
<td>A report which is compiled by the study team and is predominantly for the benefit of senior management; it sets out in a user-friendly format the budgeted versus actual progress of the study to time and cost, and summarises any issues and changes arising.</td>
<td>Audit Manager</td>
</tr>
<tr>
<td>Communications plan</td>
<td>A worksheet which allows you to record key contacts on your study, in the department, other audited bodies, consultants, third parties, parliament, the public and the wider NAO.</td>
<td>Study Team</td>
</tr>
</tbody>
</table>

* It is best practice to log and manage risks and issues on the MS Project database rather than as a separate document.
Setting up your study

2.6 Proper planning is crucial. Teams need to know what they want to achieve and how they are going to get there. To do this, it is necessary to work out:

- the what - use issue analysis or similar method to define your questions;
- the how - a methodology, broken down into chunks or audit tasks;
- the when - work out the critical path and set a realistic timetable;
- the who - identify the skills and expertise required for each strand of work, including the need for consultants, and
- the cost.

Running your study

2.7 You need to keep control of the study to ensure you deliver on time and to budget. The key elements of project control are to:

- agree SMART objectives (Specific, Measurable, Achievable, Realistic, Time-based)
- stabilise scope
- agree execution plan
- monitor everything, but report by exception
- have an early warning system
- take corrective action
- put things right before they go wrong.

Reviewing your study

2.8 Studies need to be monitored closely so potential problems can be overcome before they impact on the study’s delivery. The key elements of monitoring and reporting on a study are to:

- hold regular progress meetings and maximise the time available by arranging for someone in the team to coordinate a status report (indicating green, amber or red);
- watch your critical path – that will tell you whether you are still on track;
- take early action to avoid problems;
- manage change; and
- escalate problems when necessary so that the Director or AAG can act.

The Issue Analysis/Dinner Party approach

2.9 When drafting a study proposal, teams will typically identify two or three broad issues that the study might best address. However, once detailed design of the study begins, the team should identify the full hierarchy of issues and sub-issues that need to be covered in order to provide a rigorous and robust set of issues. One of the more commonly used methods for defining the issues is the Issue Analysis/Dinner Party (IADP) approach. This is a method developed by the NAO as a means to deliver audit reports that are focused, logically rigorous and built on consensus. It is derived in part from theory contained in Barbara Minto’s book *The Pyramid Principle*. IADP is a mix of logical and practical rules which, when combined with good project management, helps to produce well-structured reports in a timely and cost efficient manner. It enables early and full “buy in” of clients to our general approach and likely conclusions, while ensuring that all team members are involved throughout the study. Further detail is available on Merlin.
**What is Issue Analysis?**

2.10 Issue Analysis is a rigorous, structured approach for turning high-level audit questions into specific audit tasks. As such, it provides a framework for study fieldwork. The team identifies a main question which the study seeks to answer. Under this are two or three sub-questions, and below that a detailed hierarchy of questions, resulting in a pyramid structure.

**What is a Dinner Party?**

2.11 At a ‘Dinner Party’ meeting the aim is to produce crisp, interesting report conclusions that can be stated in 10 to 15 seconds – and which encourage your fellow guest to ask for more information … giving you their attention for at least another 10 to 15 seconds!

**Who should be involved in IADP?**

2.12 Issue Analysis and Dinner Party meetings should include as many key stakeholders as possible – up to a maximum of 10 delegates to keep it manageable. Key stakeholders are:
- the study team
- clients
- a facilitator
- the study Director
- the Assistant Auditor General (AAG)

Other stakeholders who it may be worth inviting include study consultants and members of the expert panel.

2.13 After IADP meetings, it is a good idea to hold a shorter follow up meeting with clients and possibly also the AAG. It may be appropriate for study teams to meet on their own, independent of clients and AAG, in order to make sure of the logic linking together the issues/answers.

2.14 In principle, any team member could produce the resulting outline and full reports, and it would not be necessary to subject it to repeated stages of review.

2.15 Whilst the IADP approach is heavily used throughout the Office, it is by no means the only way forward. Our main aims at the early stages of a report are to have a set of clearly articulated and defined objectives and questions. Techniques such as systems analysis and stakeholder analysis can also help to achieve this.

**Getting help from colleagues – the Peer Assist process**

2.16 The NAO contains numerous people with a wealth of knowledge and experience. They may have undertaken many studies, used particular methods or experienced other ways of carrying out research, perhaps on secondment or in a previous job. Peer Assist is an approach which enables colleagues to share knowledge and experience in designing and executing projects, with an emphasis on face-to-face meetings and workshops, so that teams do not “re-invent the wheel” on each new project.
2.17 Topics covered in previous Peer Assist sessions to date include:
- good or bad experiences of particular methodologies or contractors;
- web surveys;
- IT systems;
- procurement;
- clearance;
- process costing;
- benchmarking;
- impacts, and
- alternative outputs.

2.18 To arrange a Peer Assist session, the study team should advertise around the Office asking for colleagues with a particular set of skills, knowledge or expertise to attend. The team can contact all staff or target specific areas or individuals (see the Peer Assist site on Merlin under Committees/Initiatives for more details). A Peer Assist session can be held at the scoping stage of a study before you start QT1, or to identify key issues/methods while preparing the business case.

2.19 After a Peer Assist session, it is useful for the study team to hold a short feedback session to discuss what they have learned and what they can use in their study.

Managing external consultants

2.20 We do not always have the skills, experience or resources required to examine all VFM issues in-house and employing consultants can be advantageous in terms of technical know-how or cost effectiveness. We use consultants for a range of VFM work including:
- expert opinions,
- help with specific methodologies (e.g. surveys), and
- carrying out whole studies.

We currently contract out about one fifth of our value for money work, with the aim of increasing this proportion to around 25 per cent. To ensure we get the best results from employing consultants it is important to build quality into both the procurement and contract management stages.

Procurement of consultants

2.21 We contract with consultants in a number of ways. Following competition, eight organisations have been appointed as strategic partners to carry out VFM work. Our three previous partners, Enterprise LSE, PricewaterhouseCoopers and RAND Europe, have been reappointed and we have also appointed Accenture, Arup, Atkins, ISIS (University of Oxford), and KPMG. These partners will operate under Framework Agreements let for 2 years with possible 2 year extension, from 1 April 2006.
2.22 The strategic partnerships contribute to the pursuit of our corporate objectives in a number of ways including by:
- adding to our resource capacity;
- increasing the range and depth of skills available for VFM work;
- helping us to tackle subjects which we might have struggled to do in-house; and
- providing the opportunities for skills transfer and mutual learning.

2.23 The Strategic Partners are not the only external resources we can use, but to ensure we secure the best value from them, teams need to have convincing reasons why they are not using them. The Central Purchasing Team should be consulted as soon as the study team start to consider the use of consultants. They have framework agreements with a number of consultants in different fields, can advise on procurement best practice, and organise tender processes where required. For any consultancy work, the role of the study team is to provide a detailed specification, and prepare to be involved in the procurement process at key stages such as:
- being available to answer questions from potential suppliers
- conducting interviews with bidders where required
- reviewing the bids and choosing a winner.

2.24 There are many things to consider when buying services from external providers. Below is a list of what to look for when buying services. In particular:
- What experience does the organisation have in the specific field?
- Does the organisation have the capacity to deliver the services we require on time?
- Does the organisation have the most appropriate mix of specialist skills and expertise to complete the work effectively?
- What is the NAO’s previous experience of the organisation?
- Have they shown a clear understanding of the work expected of them?
- Could the consultant potentially have a conflict of interest with the aims of the study?

Contract management

2.25 Having secured the best candidate for the work required, the study manager must supervise the consultants and actively manage the contract. The manager is responsible for maintaining regular contact with the consultants, giving feedback and, on longer contracts, holding interim reviews.

2.26 At times in the past we have not made best use of our consultants. Work has been delivered late, there have been differences in understanding of the nature of the evidence and different perceptions of what was needed. We must become intelligent customers if we are to increase our use of consultants and maintain the quality expected of NAO reports.
2.27 To get the best results, we should:
- identify tasks, opportunities and new approaches where consultants’ experience and expertise could benefit the work.
- discuss the intention to use consultants on a study at an early stage with the audited body.
- select the right consultants for the job.
- bring them in early.
- ensure consultants are given sufficient assistance to understand our needs and expectations.
- set firm objectives, clear terms of reference and tight budgets.
- integrate the consultants’ contribution with the rest of the team.
- supervise and manage the work through to a successful conclusion.
- identify areas where we may need to assist the consultant, for example clearance or client handling.
- learn lessons for the future.

The VFM web pages contain best practice examples on the use of consultants and this document should be referred to when approaching the start of a tendering process. The VFM Development Team can also provide guidance on how to get the most out of consultants.

Getting agreement about our results - the clearance process

2.28 There are two main types of clearance: internal clearance with the AAG and C&AG which occurs once the report has been prepared; and external clearance, with the audited body or bodies and with third parties, prior to publication. Both stages should have realistic timetables with clear milestones agreed with all relevant parties, which take into account availability of key players. Internal clearance provides a quality checkpoint, allowing senior management to ensure the draft report is clearly structured, contains conclusions that are substantiated by strong evidence and offers useful and realistic recommendations.

2.29 Responsibility for day to day clearance tasks lies in the first instance with the Audit Manager who, as project manager, should set the timetable for clearance and ensure that key milestones are met. Clearance meetings will be attended by the Audit Manager and the Director. The latter is responsible for smoothing the process and maintaining good client relations.

External clearance

2.30 There is a long-standing convention that we agree (or “clear”) with Accounting Officers the facts and presentation of VFM reports before publication. The 1986 clearance statement stated that the C&AG’s intentions in clearance were to establish that:

i all material and relevant facts had been included;

ii the facts were not in dispute;

iii their presentation was fair;

iv where the report stated any NAO views or conclusions which the Department were unable to agree, this was made clear and the NAO’s and the Department’s reasons properly represented, with all necessary balance.
Thus, the purpose of external clearance is to minimise the risk of public disagreement with the Department about the material presented to Parliament. It is not a substitute for doing our own work to check the factual accuracy of the report or the soundness of its conclusions. In practice, Departments are likely to use the clearance process as a process of negotiation on what material is presented to Parliament, and officials will see it as their job to ‘protect’ their Accounting Officer by challenging any criticism. In this case it is vital that we enter the process confident in the robustness of our findings and conclusions. Furthermore, if we have done our job properly we may understand the issue better than the officials with whom we are negotiating, and cannot assume that their agreement with our report guarantees its accuracy.

The key stages in the external clearance process are:

- **Finance Director Clearance.** Clear drafts first with the Finance Director (FD) and other staff he or she may nominate.

- **Accounting Officer Clearance.** Once the draft is agreed at working level in the audited body, it can be submitted to the C&AG for formal clearance with the Accounting Officer (AO). Ideally, there should be no outstanding issues by this stage and the report can be signed off, but on occasions when there are still difference of view remaining, they can be discussed at this higher level. At this stage the C&AG also clears a draft press notice with the Accounting Officer.

2.31 Clearance is a crucial stage of the study cycle which, handled badly, can result in delays in publication and damage relations with the audited body. Well managed clearance comes from a well planned study, with client involvement throughout the process. Teams should be looking to take every opportunity to reduce clearance times consistent with providing a balanced and independent report. Good practice in managing clearance includes:

- Lay the bedrock for trouble free clearance early on in the study by involving clients in issue scoping processes and keeping them informed of progress and emerging findings should ensure they are not faced with any surprises when they receive the draft report, so hopefully facilitating clearance.

- Agree a realistic timetable, taking into account the availability of key personnel (FD, AO, C&AG) and likely complications (multiple clients, multiple authors).

- Agree ground rules with the client. e.g. if client is getting feedback from several parts of the Department, they should be channelled through one liaison point who checks the comments for consistency. Ask clients to feedback their concerns using a template so that both parties can focus on the key areas of concern in clearance meetings. This also avoids ‘drip-feeding’ of a large number of separate, unmanageable communications covering individual points.

- Put yourself in the client’s shoes; understand their position. Be aware that our top priority is not necessarily the AO’s top priority.
Know your evidence base and arguments inside out. Having an audit trail document (paragraphs 3.12 - 3.17) will help with this.

Prepare for clearance meetings – agree strategies on key points and allocate roles beforehand (who talks, who listens and clarifies, who makes decisions).

Offer clearance training to new AOs (official guidance on the Accounting Officer’s role is some 20 years old).

Don’t be reluctant to ask for Senior Management support when it is warranted, for instance

- AAG attendance at difficult meetings
- C&AG contact with AOs.

Be aware of the risks of leaks – refer to the guidance on Minimising the risk of leaks.

2.32 Teams should identify as early as possible how points of difference with the department will be managed and how communications will be handled. Options include:

- emailing or posting versions of the report
- presenting findings orally
- having “real-time” clearance meetings where changes are agreed and the report amended during the meeting on a laptop.

2.33 In order to ensure that our reports are fair and balanced, we almost always refer them to third parties as well as the audited body. Third parties (which include any individual or organisation who are referred to in the report) should be given the opportunity to see the draft and to comment on what is said about them and their actions or views. Whilst the audited body receives the whole draft for clearance, you will need to decide how much of a stake third parties have in the report subject. In some cases, you will wish to send third parties the whole report or major sections of it, but often it will be appropriate only to send them paragraphs relevant to them. They should be given a deadline for comments, after which it should be assumed they are satisfied with the content.

2.34 In some extreme cases it may prove impossible to agree some of the text in a draft report. It is quite clear that the clearance process is not intended to give audited bodies a veto over our work. In these circumstances, it may be necessary to report that certain points have not been agreed and to acknowledge explicitly that the following statement is the NAO’s view. Although conclusions and recommendations form part of the report, there may also be circumstances in which agreement cannot be reached on the text. In these circumstances, it may also be necessary to note that these are the views of the C&AG.
Bringing it all together: who is responsible for what

2.35 Everyone needs to be clear who is responsible for different aspects of a good quality report. In the past, we have not explicitly identified where these responsibilities fall. Figure 3 opposite sets out aspects of the VFM process for which team will need to assign responsibility for delivery and review. To show that the essential quality checks have been made, we recommend that the checklist at Appendix 1 is completed when draft reports are submitted to senior management at the QT3 stage.

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**Key points from Chapter 2**

1. Provide a clear business case for all studies, to be signed off by the C&AG.

2. Form a clear and rigorous structure for your study by using Issue Analysis or similar technique for formulating issues.

3. Use Study Smart to plan studies well, and monitor progress for time and budget against the plan throughout the study.

4. Take advantage of your colleagues’ experience in a study area through the Peer Assist initiative.

5. Follow best practice in using consultants to improve the quality of our research, and speak to the Procurement Team at the beginning of the process.

6. Identify early on how points of difference will be managed during the clearance process.
## Figure 3: Assuring the quality of VFM work - checklist of responsibilities

<table>
<thead>
<tr>
<th>Elements of a quality VFM product</th>
<th>Team</th>
<th>AM</th>
<th>Director</th>
<th>AAG</th>
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<tr>
<td><strong>Product</strong></td>
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<td>Suitably scoped</td>
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<td>Innovative approach</td>
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<td>Takes account of hot reviews</td>
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<td>Sound methodology</td>
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<td>Assertions substantiated by evidence</td>
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<tr>
<td>Factual accuracy</td>
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<tr>
<td>Appearance of report and photographs</td>
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<td><strong>Process</strong></td>
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<td>Delivery to time and budget</td>
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<td>Compliance with quality guidance</td>
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<td>Consultation with wide range of stakeholders</td>
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<td>Cleared with Department; third parties given opportunity to comment</td>
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<td>Clarity of drafting and structure</td>
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<td>Meaningful conclusions and verifiable recommendations</td>
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<td>Timely and relevant to wider context</td>
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<td>Achieves impacts set out in business case</td>
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<td>Achieves beneficial change</td>
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ASSURING TECHNICAL QUALITY: METHODS, EVIDENCE AND DOCUMENTATION

The quality of our VFM work is heavily dependent on readers having confidence in the rigour of our data collection and analysis. Members of the PAC expect us to get to the bottom of particular issues and we can be of most assistance to our clients if our work is rigorous and provides a clear path between the data collection, analytical evidence and conclusions. This chapter assists in answering the questions for Quality thresholds 1, 2 and 3 and sets out ways of enhancing our methodology, and creating clear links between our evidence and conclusions.

Building in methodological rigour in planning and fieldwork

This section addresses question (1e) of quality threshold 1, and questions (2a), (2b), (2c) and (2d) of quality threshold 2

3.1 We have traditionally used audit methods such as interviews, file reviews and the analysis of departmental data as a major element of our evidence base, and have expanded our methods from this to make heavy use of focus groups and surveys as our understanding of the importance of people issues and the citizen’s perspective has increased. Between them, these provide strong evidence for reports. Appendix 2 shows some of the key considerations in using these techniques. There are always ways of improving our research, by expanding our repertoire of methods, and ensuring that we use them in the most appropriate ways. Appendix 3 outlines more complex methods sometimes used in value for money studies. Further details on the use of a variety of methods will be available in the Methodology Toolkit.

3.2 Whilst these methods provide substantial amounts of information for a study, we should avoid using them simply out of habit and each method should be fully justified both at the business case stage and in the final report. It is no longer acceptable to simply report that we have used a certain technique, but should explain the thinking behind our methodology and consider the choice of methods as a ‘road-map’ to go from a set of structured questions to the answers. The business case should link each study question to a method, so that a direct path can be seen between the question and the route by which the question will be answered. Figures 4 and 5 overleaf show hypothetical examples of logical roadmaps through our study methods.
Figure 4: Hypothetical example of the logical roadmap to our methods

What are the issues for this topic?

Interviews of key stakeholders?

Satisfaction levels seem low

What are the satisfaction levels like?

Omnibus survey of users

30 percent of users satisfied

Why are users unsatisfied?

Focus groups of users

Process takes too long

What’s wrong with the process?

Process mapping

How can they improve things?

Simulation modelling

They often get details wrong on forms

How often do things go wrong in the department? What goes wrong?

File review and statistical analysis
How much is the total procurement spend?

Do Offices perform well and get value for money from their procurement arrangements?

Is there a good fit between type of spend and profile of procurement methods?

What are the barriers to bringing about change?

Can we identify good practice?

What effect would introducing this good practice have on the wider markets?

Census of offices - questions re spend arrangements for procurement practices

Collection of administrative data from department

Analysis by key procurement factors - type, supplier, location etc

Census of offices - self report savings from procurement arrangements

Statistical analysis looking at relationships between performance and procurement arrangements

Benchmarking against other sectors

Focus groups of procurement staff and finance directors

Case studies selected as representative of possible size/type/location population

Benchmarking of offices from survey results to find those doing better than expected

Further case study work, sample identified from survey benchmarking

Discussion with expert panel and interviews with key stakeholders

Financial analysis quantifying the impact of good practice
Including methodological detail in the methodology annexe

This section addresses question (3g) of Quality threshold 3

3.3 We must ensure that enough methodological detail has been provided for the reader to be reassured that the observations are the results of independent and critical analysis. The external quality review (see Chapter 5 for further details) asks reviewers to score the report on how far the methodology is clearly set out, and whether it includes an appropriate range of evaluative criteria and techniques to answer the question posed in the specification. We have been criticised in the past for not forming clear links between the data collection, evidence and conclusions in our reports. Following a review of comments received by our external reviewers, and discussions with a number of VFM study directors, we have developed lists of the basic points (others may be appropriate in addition) to be covered in describing each of the principal methods in the methodology annexe. A full list is available at Appendix 4 and should lead to fuller understanding and clarity of purpose for our readers.

3.4 Consistency in the way we present our work is important. We should ensure that all methods described in the annexe are mentioned within the main text and conversely ensure that all work mentioned within the text is described in full within the methodology annexe.

3.5 We must also look for places where more innovative methods can add value to our reports. In particular, we must be rigorous in our analyses of both quantitative and qualitative data, and report where we have undertaken such analyses for our studies. Whilst the commonly applied methods can provide perfectly valid and useful data if rigorously applied, there is more scope for using methods such as statistical modelling, performance benchmarking (both internal and international), non-statistical (eg logic) modelling and costing and cost apportionment. When designing studies, speak to specialists in the VFM Development Team about such techniques and where they could add benefit to your study. Appendix 2 shows a list of techniques which have been successfully used in VFM studies in the past.

3.6 To share good practice in methods more widely, the VFM Development Team have created a database, available on Merlin which contains a summary of the methods used on each reports since 2004. This is updated regularly and also includes other data on the project. When embarking on a new study consult the database to see where experiences from around the office may benefit the preliminary phases of the report.
Addressing diversity issues in VFM reports

This section addresses question (1d), (1e) of quality threshold 1 and question (2a) of quality threshold 2

3.7 NAO reports often examine topics which affect different groups of the population. Issues of social inclusion and diversity are an important facet of our work, and Members of Parliament have a strong interest in ensuring that the needs of their often diverse communities are met and that there is equality of access to services. In designing our studies we must take account of changes in society, consider particular groups who make use of government services and consider whether disadvantaged groups are excluded from services. Such considerations are relevant to all studies, not just those in the education or welfare areas.

3.8 Our studies must gather adequate information on the needs and make-up of the stakeholder base and we must consider the best methods to gain the necessary information. A number of studies examining diversity issues have used methods such as focus groups, surveys and interviews in such a way as to ensure they generated evidence on different groups and this practice should be encouraged in all relevant VFM studies. In addition, when consulting with others through stakeholder discussions and expert panels, we should make sufficient use of views on diversity and consult those who understand the views of different groups.

3.9 The guidance reflecting a diverse society in our VFM work, produced in 2005, highlights these issues in more detail and gives a list of the key points when addressing diversity issues throughout the study cycle. These points should be also borne in mind when developing the forward study programmes and business cases. As part of the hot review process at the business case stage, consideration will be given as to whether the proposal has taken into account the guidance.

Incorporating financial analysis

3.10 Our stakeholders, in particular, the Committee of Public Accounts and our external reviewers, expect to see clear scrutiny of the costs of a programme, and assume an analysis of trends in costs and financial performance will feature strongly in reports. We must therefore make sure we meet their requirements and examine in detail the financial performance of each programme or initiative we are evaluating. Doing so can be part of creating the context for our report and, for example, allows for comparisons to be made between different ways of delivering services.

3.11 Often departmental data can be unreliable or lacking, but we should not allow this to be a constraint. We must endeavour to collect basic cost information in all our studies, either through direct contact with the department if the data are reliable and available, or through a survey or similar measure if we need to carry out our own data collection. Once we have the data there is much we can do with it. The VFM Development Team has established training to raise awareness of the scope, for example, for financial modelling and benchmarking. Guidance is available. The table overleaf highlights a number of key questions to ask yourself.
Recording and marshalling evidence

*This section addresses questions (2a), (2c), (2e) of quality threshold 2 and question (3c) of quality threshold 3*

**Recording evidence: a standard for audit trails**

3.12 The conclusions we reach are a key part of our reports and the evidence supporting these should be transparent to all our readers. Conclusions can often be queried during clearance if this is not the case. This can lengthen the clearance process, adding a delay to study delivery and putting additional pressure on budgets, and also leading to ‘watered-down’ conclusions in the final report. In addition, there have been occasions when our external reviewers have reported they could see no clear links between our conclusions and the reported evidence. We must, therefore, make those links explicit to assist in improving clearance and our external reputation.

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Ensuring reports contain appropriate financial analysis – a checklist

Does the Executive Summary and main report provide appropriate background and context on:

- The cost of the programme/project?
- A breakdown of the main cost components and drivers?
- Trends in expenditure/income?
- The source of funding/income? and
- A clear analysis of where expenditure/income is greater or less than budgeted?

Is the above information and analysis sufficiently prominent in both the Executive Summary and main report?

Where a study is about a particular agency or other public sector organisation, is there clear analysis of financial performance drawing on data in both the resource account and balance sheet?

Where there is a specific PSA target covering financial performance or cost issues, has achievement against this been set out in the report, with variances considered?

Have financial audit colleagues been consulted? They are likely to be good sources of advice on financial performance.

Has the cost of the programme or project been related to the outputs or outcomes achieved?

Have costs been benchmarked where practicable and some analysis provided to explain differences?

Where data is presented on the level of service provision, for example, by different client group or region, is corresponding information provided on financial resources invested to deliver?

Has the potential for improving efficiency been fully explored?

Is financial data unambiguously presented, supported by a clear audit trail and capable of withstanding external scrutiny?
3.13 There are other reasons for having easy to find links between comments in our reports and the supporting evidence. The Freedom of Information Act requires us to act quickly in response to queries, and if audit trail is poor, the process of providing a response can be delayed. Documents relating to VFM studies are public records. To manage the related risks we need to ensure consistency in managing documents and records by following the NAO’s record management policy, principles and guidance. Keystone is the corporate file store where all documents should be stored and key documents declared as records.

3.14 The Freedom of Information Act also increases the importance of ensuring that drafts sent to Departments for clearance have been checked for robustness and factual accuracy as they are potentially in the public domain after the study. For the same reason, we need to maintain a scrupulous record of the reasons for any changes made to the report in clearance. As discussed in paragraph 2.30, agreement with the Department does not guarantee accuracy.

3.15 Quality Threshold 2(c) advocates the use of a logic map and the Dinner Party technique to connect conclusions with evidence. Despite this, there are no agreed guidelines on presenting sources of evidence in VFM reports and there are few built-in quality checks. The cataloguing of stored evidence differs between study teams with a mixture of logic maps, schedule of references, and dinner party documents being used to link evidence to report conclusions before drafting. However, many teams still rely solely on the knowledge of the team to locate the stored evidence and this makes the NAO susceptible to criticism following a potential peer review by another SAI, a strong challenge by the client or PAC and if we struggle to meet an FOI request. The move to a more networked office will make this even less acceptable as team members will move with greater frequency.

3.16 Although we make great efforts to ensure our reports are factually accurate, there is a need for greater consistency across the Office. To firm up the robustness of the audit trail of VFM reports, we recommend the following procedures are put into place. They are:

- Once a study has been approved, ask your Keystone Champion to set up a structured file plan using the Keystone VFM study plan to manage documents relating to the study.

- All study teams should produce a dinner party document or assertions matrix to outline the report. This document should clearly include the evidential support for all assertions made (the methodology it was derived from and, if pertinent, the person who supplied it). If the study fieldwork has been based on an issue analysis, teams should be able to log the evidence obtained to answer each question as the study progresses.

- In addition, each statement from the report pertaining to our evidence should be incorporated into an audit trail document – a file or folder which holds the statement or quotation, the paragraph number in the report, the particular source, a link to the document holding the evidence and the particular information it relates to. A hypothetical example is shown in Figure 6 overleaf.

- During drafting the audit trail document will be updated to index the evidence with the paragraphs in the report. This will allow teams to have a discernible audit trail throughout the clearance and PAC processes. This will also assist any FOI requests or follow up procedures from the study.

- The study team must review all documents relating to the study, both paper and electronic. Throughout the study key documents should be declared as records to be retained and reviewed as appropriate. The records management guidance published on Merlin must be followed or contact the records management team within the Information Centre for help.
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<th>Paragraph/ Figure No.</th>
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<th>Topic</th>
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<td>8</td>
<td>Introduction</td>
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<td>VFMstudy/ Evidence/ Survey/Survey1</td>
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<td>Survey qu. 1</td>
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<tr>
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<td>Figure 5</td>
<td>VFMstudy/ Evidence/ Quantitative analyses/ Departmental Data</td>
<td>Treasury</td>
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<td>OGC</td>
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3.17 An additional approach to creating an explicit link between our conclusions, recommendations and our evidence is to add a reference to the relevant report paragraphs to each conclusion and each recommendation. This is standard practice in some areas around the office and study teams should consider whether this approach would benefit their readers.

**Marshalling evidential support: the assertions matrix**

3.18 One approach to ensuring that audit conclusions are robustly supported by the evidence, which can be viewed as an extension of the standard IADP approach, is to use an assertions matrix. This structures provisional findings and revises them in the light of the evidence to build up a convergent, coherent and robust set of conclusions. It is based in the logic that building rigour into arguments grounded in audit evidence requires an explicit focus on both potential sources of support for assertions, as well as potential ways in which they might be challenged or refuted.

3.19 The assertions matrix is a method of marshalling evidence against the study issues. It starts from the issue analysis, or similar issue structure, but with all the yes/no questions restated as either positive or negative assertions. Each row of the matrix consists of an assertions; each column of the matrix consists of a methodological strand (e.g. survey, interviews, a literature review, an economic model etc). Each cell of the matrix then sets out what evidence (collected or analysed using the method in that column) relates to the assertion in that row. Appendix 5 gives a hypothetical example.

3.20 As you collect evidence during fieldwork, you must check continuously the assertions are defensible, and re-shape them in the light of the evidence. They will become more accurate through this continuous review, and the initial assertions, which may have been broad, will become more detailed. The approach helps to mitigate the risk that you seek evidence that ‘fits’ your initial position because you must review the depth and breadth of evidence for or against each assertion.

3.21 Because this is a rolling approach, it helps you arrive at an outline report based on the key assertions and evidence. The dinner party can then be the opportunity to address this directly. As you have been developing your key messages throughout fieldwork you will have a clear idea about what you can and can’t say. If using the assertions matrix approach, teams are recommended to share the assertions and evidence matrix with the audited body before the dinner party. Figure 7 overleaf summarises how the assertions matrix approach fits into the IADP framework. This can be enhanced by elaborating on the current dinner party approach to further critique the strength of the evidence supporting a conclusion, by providing a means to challenge and confirm our conclusions.
Figure 7: The assertions matrix

HYPOTHESES
(points to make)

ISSUE ANALYSIS
(what to ask)

ASSERTIONS MATRIX
(how to answer)

Fieldwork Design

REVISIONS
(in light of evidence)

‘DINNER PARTY’

CONVERGENCE

Collect what you need. Don’t collect what you don’t need.
Using peer and external review and expert panels to add quality to VFM reports

This section addresses question (3d) of quality threshold 3

3.22 We have longstanding arrangements in place to review our reports and for more than 10 years sent each of our published reports to external academics for review against agreed criteria. AC01/06 introduced revised internal and external hot review procedures to enhance the contribution of quality reviews to VFM business cases and draft reports, replacing the previous arrangements for ‘cold’ review of published reports. Business cases and draft reports are now reviewed by an internal panel independent of the study team and by our external reviewers, the London School of Economics and Oxford University (Figure 8).

Figure 8: Key stages when hot reviews are required

BUSINESS CASE PREPARATION

Internal Challenge Hot Review

External Hot Review

AAG Sign Off

C&AG Approval

FIELDWORK

Internal Challenge Hot Review

External Hot Review

C&AG Consulted

C&AG Agreement

Clock starts for 8 month deliveries

Clearance
**Internal hot reviews**

3.23 The key purpose of the internal challenge hot review is to help ensure a high quality business case or report prior to external hot review. A minimum of three people (independent of the study team) should make up an internal challenge hot review team. These should be a VFM director or experienced manager; a methods expert (from the central VFM Development Team or an external to spread loading); a financial audit director or experienced manager. The AAG responsible for the study chairs the two hot review meetings (this responsibility cannot be delegated but could, if absolutely necessary, be passed to another AAG). The role of the AAG will not be as line manager for the study team, but as guardian of the corporate interest in the quality and consistency of our products.

3.24 The role of the review team is to provide constructive challenge to the study. To assist this, templates of the typical questions which should be addressed at each stage are provided at Appendices 6 and 7. Teams have discretion as to whether the focus of the challenge meetings is a presentation or early draft. However, the assumption is that there will be some documentation to comment on. A formal note of each key action point arising from each challenge meeting should be prepared and retained on the main study file put to the C&AG.

**External hot review**

3.25 LSE and Oxford carry out two reviews prior to publication. These are:

i. of the *business case* before is formally submitted to the C&AG for approval but after the internal review; and

ii. of the *finance director draft report* before it goes to the Department.

Templates (Appendices 8 and 9) have been agreed setting out the criteria which the external reviewers will use to review drafts. Scores (out of five, as already used) will be applied only to the finance director’s draft, where they will continue to give us an indicator of how the quality of our VFM work is changing over time. External reviewers will provide written comments. A formal note of how the team have responded (or the reasons why it was not practical to act on the reviewers’ comments) should be placed on the main file accompanying the business case and the report.

**Committee of Public Accounts**

3.26 Members of the Committee have expressed an interest in how we respond to LSE and Oxford’s comments. The PAC brief should therefore state whether LSE or Oxford undertook the hot review and will provide a contact telephone number. If Members wish to contact the reviewers they will be referred to a central senior co-ordinator in each institution who will arrange any subsequent meeting. NAO staff (director or AAG) should aim to attend any meeting.

3.27 The brief should draw on reviews as appropriate to suggest possible lines of PAC questioning. External reviewers have been asked to identify areas which could be explored further by the PAC. It is important, however, that gaps they may identify in our work are properly followed up, and not just held over for the PAC to investigate.
**Expert panels**

3.28 Expert panels are particularly useful when dealing with complex subjects, something that is increasingly common in our work. There is no formal definition of an expert panel, but the aim is to provide feedback at different stages in the study. Seeking expert advice throughout the study process can add vital knowledge and rigour but they should not be used as a steering group or a tool to assist project management. They are most useful if dealing with subjects which involve a multitude of stakeholders and to obtain professional advice on complex regulations and guidance.

3.29 VFM Teams should agree the main objectives of the expert panel during the planning stage, including the level and type of involvement in their study design and methodology. Teams should always consult the audited department or agency to ensure they are content with the panel. Useful contributions to discussions can result from having members of the Department or Agency and/or client bodies on the panel.

3.30 Before each meeting give thought to the structure of the meeting and your main objectives. The panel should be a mutually beneficial arrangement and panel members should ideally gain something from the session as well. Networking with other specialists in the field, for example, can be beneficial to all those involved.

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**Key points from Chapter 3**

1. If using commonly applied methods in reports they should follow best practice, as described in Appendix 2. Also make sure the use of each method is justified and clear.

2. When describing your methodology in the report, incorporate as much information as possible to give the reader a clear idea of the purpose of the method and what you gained from it.

3. Have a clear link between your conclusions, assertions and evidence. This can be done through enhancing the dinner party document, by using an audit trail and by placing explicit references in the report to aid reader’s understanding.

4. Always assess the strength of evidence supporting our conclusions. Check linkages cannot be criticised by external readers.

5. Use the internal and external review processes and expert panels to enhance the quality of the report.
Our reports provide the public face of the NAO. We have a number of different stakeholders, including Parliament and PAC, Departments, the media, public and academics. The reports are often the first port of call for information on the NAO and VFM studies must therefore be written to the highest standards. Drafting and presentation skills are crucial for all VFM staff. This chapter outlines the essential standards needed whilst drafting reports.

4.2 Reports should provide a very clear message of the main findings. The NAO does not have a ‘house style’ as there is no wish to prescribe the way in which our reports are produced. We do, however, recommend that study teams use the VFM study template in drafting the report and there are key principles which study teams can follow. These are only guidelines and there will always be exceptions to the rules but it can be helpful to consider:

- Try to stick to the ‘rule of six’. Readers tend to be able to cope with only six parts within one chapter, six sections within a part, six paragraphs within a section and six bullet points where provided.
- We must get the main messages across succinctly. Consider the benefits of using the guidelines used by other audit institutions to:
  - Allow one minute reading-time to get the main messages across in a preface
  - Allow five minutes reading-time to get background and key findings across in the executive summary
  - Allow 20 minutes reading-time to give the full details necessary to understand our conclusions and recommendations.
By using this technique we can guarantee that the key messages are received by our readers without overwhelming them with information. Additional information to support the text can be provided in appendices or on the NAO website.

- In addition, busy readers will not read reports from beginning to end. Instead, they will mainly focus on contents page, headings and subheadings, the Executive Summary, conclusions and recommendations, and distinctive figures such as tables, charts, diagrams, maps, text boxes and photographs. Always make sure these are used to full effect to draw the reader to the most important messages you want them to receive.

- Titles for parts, sub-parts and sections in our reports should be assertive rather than descriptive as this gives a better steer to the reader. If you have carried out a dinner party to reach your conclusions and plan your report layout, the assertions develop from the session. However, beware of making them too long in order to contain the necessary information. This can be a danger during the clearance process, so can be avoided by involving the department throughout the study process.

- Where the report uses specialist terms and concepts, it is more helpful to the reader if explanations are provided in a glossary or easy-to-find footnotes. Also ensure that if a glossary is used, it is comprehensive.

- Executive summaries can be very long. Aim to contain only essential information in this section, but provide a précis of the rest of the report. The VFM best practice pages contain examples of executive summaries which have been very well received by our external reviewers.

4.3 These principles and techniques are covered in the Effective drafting skills training course available to all staff. The aim of the course is to enable participants to draft material for VFM reports clearly and concisely, making use of appropriate NAO stylistic conventions in their written work, and use clear, well-designed tables and charts to present quantitative information. We recommend that all staff attend this course at some point during their VFM career.

4.4 A more advanced course is also available to staff involved in reviewing draft reports. Improving the quality of existing drafts aims to equip reviewers with the skills needed to improve report drafts so as to provide a clear, concise and attractive product for clearance with senior management and client departments. It covers how to diagnose problems with a draft, how to use graphics, sign-posting and structure to maximise the report’s impact, and how to write an effective Executive Summary. It also explores ways to reduce the effort expended by study teams in re-drafting reports, and to give feedback which helps report writers to improve the draft in hand whilst developing their drafting skills in the longer term.

4.5 Brevity is a key aspect of our drafting and this is particularly important now that the C&AG has agreed to produce a number of 20-page reports. Examples of shorter reports are available on Merlin and teams may want to copy approaches used by teams to fit the key messages within this significantly shorter length. Different approaches are also being trialled with two-page Executive Summaries, and technical reports in which additional material is available.

Writing for PAC

4.6 PAC reports and briefs have a style of their own, although the key messages about effective drafting apply equally to our work for the Committee as well as for the C&AG. Experience has shown that the most effective PAC briefs take account of many or all of the points opposite. Expectations of PAC reports are influenced by the wishes of the Chairman, which are relayed to teams often as a result of informal discussions with senior management. In general, reports are made up of three to four sections and should be concise and based on all the available evidence. The Chairman is particularly looking for clear, precise and
measurable recommendations (which avoid wording such as ‘the Department should ensure’ – a degree of certainty they can never meet), which allow for assessment later as to whether they have been successfully implemented or not. Recommendations should include details of how we would like the audited body to react. A small number of diagrams or graphics are valuable in helping to convey key messages.

Writing effective conclusions and recommendations

4.7 The point of carrying out a VFM study is to reach clear, meaningful conclusions based on the evidence we have found and make useful recommendations. They are the only part that some key readers will look at, and the risks associated with not getting this part of our work right are serious. You should think carefully about conclusions and recommendations at the design stage, as well as stepping back and taking stock after fieldwork has been completed to determine what the key messages should be. The NAO guide to writing smart recommendations provides advice about how to write sound, well-evidenced conclusions and recommendations which capture the key messages of a study.

Presenting graphics and tables in reports

This section addresses section (3f) of quality threshold 3 and question (4d) of quality threshold 4

4.8 For reports to communicate clearly their conclusions and recommendations, and the analysis supporting them, it is very important that the data they contain are well presented. There are many ways of presenting data, including tables, graphs, charts, and a range of diagrams. The choice depends on the type of data and the messages the illustration is intended to convey.

Tips for drafting effective PAC briefings

- Make the Chairman’s questions short, sharp and direct, inviting brief but informative answers. Context can be given orally at the briefing meeting.
- We don’t generally have the chance to discuss the brief with Members, so their questions need to be a bit more stand-alone and self-explanatory.
- Try to have at least four sections to your brief, though not more than six. Fewer than four doesn’t give enough angles on the subject.
- Write your questions from the perspective of a service user/taxpayer, not an auditor.
- It’s not the Committee’s role to do the audit. We should have unearthed the facts, so they can concentrate on seeking explanations for those facts.
- Thus a ‘how’ question is better than a ‘what’ question and a ‘why’ question better still. Not ‘what are you doing’ but ‘why are(n’t) you doing’.
- Frame questions that open up lines of enquiry. Members often ask yes/no questions, but the brief is most useful in helping to explore the subject.
- The ‘key issues to explore’ are just a paraphrase of the Chairman’s questions because we don’t send the members his questions as such.
- The Committee isn’t generally concerned who gives the answer as long as it’s a good one. But if a question is for a particular witness, say so.
- It can help to show the draft brief to someone who knows nothing about the subject and ask for feedback.
4.9 The NAO Graphics Guide “Can You See The Wood For The Trees?” provides more detailed advice on design and format and has been produced to help NAO staff improve the quality of graphics to convey information in NAO reports, to enhance understanding of the kind of presentations that work and why, and to introduce a consistent standard for presenting graphics. The overall theme of the guide is best captured by the expression “less is more”. By reducing and simplifying the data and the way it is presented, you can add clarity, increase our impact, and save the reader time in interpreting, or perhaps misinterpreting, a mass of detailed information.

4.10 We suggest six key principles of graphics design. They are:

- Think of your audience and design the graphic for the reader. Consider what data and information will help them understand the evidence or arguments. Texts and illustrations should address the question “What do readers need to know?”

- Know your purpose. Before designing a table, graph or chart, be aware of the explicit point you are trying to show. This awareness will lead to displays that are specific and meaningful.

- Organise the display or illustration so that your point is obvious. Avoid smothering your point with too much data or camouflaging it with unhelpful decoration.

- Make titles and labels clear and concise. All data graphics and other illustrations should be self-explanatory, so that readers should not have to refer to the main text to understand them.

- Ensure that financial analysis of the area under scrutiny is clearly presented.

- Use graphics strategically to give prominence to important themes. Where appropriate, focus in particular on issues of relevance to members of the Public Accounts Committee.

4.11 Graphics experts in the VFM Development Team can provide advice and suggestions on how to improve graphics in reports to create maximum impact. Reports should be sent to them for comment prior to external clearance.

Presenting financial information

4.12 Financial information is essential in our reports, and we have been criticised for not providing a sufficient background into the financial context of the report. Basic cost analysis, such as unit cost analysis, should be placed near the start, preferably in the executive summary. Our readers expect to see financial analysis in every VFM report, and we should not disappoint them by hiding it away. More details of the financial analysis can be placed in the main text, but overall figures regarding the cost of the service under examination, the cost per person involved, and also if appropriate how much can be saved by implementing our recommendations, should appear in the first few paragraphs.

Presenting our results in different ways

4.13 In addition to our published value for money reports, we aim to use a range of means to increase the impact of our work by helping organisations to improve their performance, and by spreading good practice and lessons learned from value for money studies across the public sector. To do this, we use a variety of methods, such as detailed reports addressed to a department or agency’s management; good practice guides for policy-makers and practitioners; workshops with the audited body to help stimulate and embed beneficial change; and increasingly hold conferences as an effective way to reach practitioners and promote discussion on important issues. We are testing the use of different media, such as CD-ROM to communicate to stakeholders.
4.14 Examples include conferences on performance measurement, Defence project management and achieving value for money in public services through working with the Third Sector and a one-day conference on Hospital Acquired Infections in conjunction with Royal Society of Medicine (RSM) and Department of Health, Royal College of Physicians and Royal College of Nursing.

4.15 We have also produced good practice guides and targeted leaflets to accompany reports. For example, pamphlets on:

- *Managing the risks in IT outsourcing: a self-assessment checklist*;
- A CD-ROM to support our report on *Modern Methods of Construction* which contained good practice material for practitioners including process maps, cost data and quality analyses;
- A specially designed website and booklet to disseminate lessons from Defence project management and acquisition;
- An audit toolkit on attendance management and a guide on the evidence of what worked in tackling sickness absence;
- A guide for school governors on their role sent to 22,000 schools;
- A booklet on *Neighbourhood renewal, case examples in getting communities involved*; and
- An electronic toolkit for assessing an organisation’s efficiency.

4.16 We are in the process of developing further subject ‘toolkits’ for internal and external use which outline how to examine and evaluate an organisation’s management of specific areas. They are based on the tried and tested methods and good practice from several VFM studies and are designed to support individuals or teams with little understanding of the area, to develop and conduct an audit.

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**Key points from Chapter 4**

1. Use good drafting skills and internal guidelines in preparing reports and make key messages clear.

2. Present financial information up front in all reports. This is a key aspect of our work and should be reported early on.

3. Think about conclusions and recommendations from the design stage onwards so that the conclusions in the report are clear and evidence-based, and lead to useful recommendations.

4. Make PAC Briefs and reports as precise and concise as possible.

5. If additional outputs would be beneficial to raise the profile of the study, then speak to the relevant parties in good time and include in the Business Case.

6. Add documents as web links if they would improve understanding. Speak to the Electronic Information Team to discuss the best way to show the information.

7. Workshops and conferences can also assist in spreading our message. Attend an internal workshop on how to make these most effective.
A good quality VFM study uses the questions posed in the quality thresholds, and good project management to ensure the product is delivered to a high standard and to time and budget. However, there are always areas where we can improve, and if this information is shared these improvements can be reflected more quickly in our work. The aim of this chapter is to strengthen the use of Quality Threshold 5 and reinforce the processes involved in post project review. It also introduces a new centralised system to encourage knowledge sharing and learning. Please contact the VFM Development Team if you feel you have documents which could provide useful insights for other VFM staff.

Post project review and the quality folder

This section relates to question (5a) of quality threshold 5

5.1 Maintaining quality throughout the study process is vital, and ensures a robust and well presented document at the end of the process. However, we often come across obstacles which were not predicted during our risk assessment and the way we cope with such obstacles could be a valuable lesson for other VFM staff. We need to ensure that this information is shared fully throughout the office.

5.2 Historically, there has often been a delay in receiving the academic review which meant that the quality review process could go on for months. Now that reviews are received before publication, learning can be done more quickly and quality folders can become an integral part of the study process, rather than an add-on at a later date.
5.3 Once the study team has received hot review documents and formulated their response, they should begin to put together the quality assurance folder immediately, while learning points are still fresh in their minds. Other documentation – for example, the review of press coverage – can be added when it becomes available. A note of what is needed for the folder is available on Merlin. The quality review process consists of collecting information from a number of sources, namely:

- Independent academic review
- Feedback from department or major stakeholders
- Study team questionnaire
- Media coverage and PAC interest.

The remainder of this chapter maps out what to do for each of these summaries and how to make best use of the information we gather.

The role of independent academic reviews

5.4 The independent assessments of the quality of our VFM reports over the last ten years or so have assisted in identifying areas for learning, development and methodological improvement. As a result we have produced training, guidance and support in the areas where the office seems weak. In addition, the review process assisted in monitoring the impact on readers of new approaches such as the presentation of key facts ‘at a glance’ in executive summaries, the use of narrative sub-headings and shorter overall reports. We have also used the reviewers’ scores to measure trends.

5.5 Under the arrangements for hot reviews (paragraphs 3.22 to 3.25) teams should include the external reviewers’ report in the quality folders, highlight lessons learned from the hot review process and explain how this will impact on future work. The VFM Development Team will continue to administer the process and monitor the comments made at internal challenges and external reviews. As before, the Director of the study should also send a copy of the review to the Department for information and to the Treasury.

Self-review questionnaire by audit teams

5.6 The external quality review provides a useful outsiders’ view on the report, but cannot provide insight into how effectively the study process operated, or how well the project was managed. The self-review by the audit team addresses these points and looks at what went well, what went less well and how things could be improved in future.

5.7 The VFM Development Team have updated the study team questionnaire, so that it concentrates less on scoring criteria (which are subjective in nature), and more on collecting useable information on areas where we can improve aspects of the next study. The questionnaire is shown in Appendix 10. It has been shortened considerably, and now considers all aspects of the study cycle from planning to publication following the quality thresholds. Details of the information to consider are discussed below.

5.8 In some instances the Director will have held a review meeting with a member of the Peer Assist initiative team. Whilst there may seem some overlap in the discussions for this meeting and the quality review process, they should be used to complement each other. It may also be useful to keep the Study Smart Issues Log available for both meetings.
5.9 The first area we wish to collect information on is planning and writing the Business Case. We should aim to think about:

- whether the Business Case was well written and planned;
- whether the use of Issue Analysis made the planning easier;
- whether there were many changes requested from senior management or the department; and
- how involved we kept the department of our decisions.

For the planning stage, also include details of whether the correct resources were available for the study, and where expertise was brought in from elsewhere (either external consultants or internal specialists).

5.10 Fieldwork is split into three areas – methods, the use of consultants and the use of internal expertise. Consider which methods were of particular use and any that were not so useful, consider the level of analysis that was carried out and whether more could be done. Also consider how differing conclusions were reconciled with the evidence (see Chapter 3 for further details). In terms of consultants, consider how much support they needed to get the work done, whether the scope was sufficient to start with or whether further support was required, and whether they delivered to time and budget.

5.11 The next area to consider is that of drafting. Using the principles laid out in Chapter 4 of this guide, consider what worked well and less well during drafting. For example, did the use of Dinner Party make drafting easier, was the report drafted by one individual or was it split between members of the team, did the process of aligning style afterwards work well, and were particular style guides useful? Are there things which you would do differently next time?

5.12 One of the areas which often causes delays in publication of VFM studies is clearance. We must ensure that the clearance process works smoothly, but where there have been delays make sure the reasons are recorded to assist other teams in the future. Records of good and bad practice in clearance, such as holding workshops, should be recorded. Make a note of what worked well and what could have been done better. Please provide examples of good practice.

5.13 The new questionnaire includes questions about what went well and badly during publication and the PAC session. Record your experiences, including press coverage and any workshops or meetings held to spread the messages of the report and whether they had a positive effect. In terms of the PAC session, consider whether the briefing note was well thought out in advance, or an afterthought, and if there were any negative comments about the report from the PAC members at the session.

5.14 The final area to consider may have already been covered in previous sections, but examine whether the report was delivered to standard, time and budget, in accordance with the Study Smart initiative, if there were any delays the reasons behind them, and how things would be done differently in future. Also record if there were any risks which were not identified up front and how they were handled.

5.15 Finally, provide the one overriding lesson learnt from the study – in particular something that as a team you would do differently next time, and in order to compare the trends in external scores with the views of the study teams, please score the report on the seven criteria used for the external quality review.
5.16 The form should be completed at the end of each stage of the study cycle. Regardless, we should aim to complete this form within **eight weeks of publishing the study** so that we may gain as much benefit as possible from the discussion, and before team members have become too engrossed in their next study. Once completed the form should be stored in the appropriate area of Keystone.

**Feedback from the Department and major stakeholders**

5.17 The third aspect of a quality review folder is to gain feedback from the Department. In the past this was normally done after receiving the external quality review, and under the old contractual arrangements meant that by the time the feedback was received from the Department, they had often forgotten any particular points they would like to raise. Therefore, we would like all teams to collect feedback within eight weeks of publication, before the Department has forgotten how the study worked for them.

5.18 The Office initiative to improve the implementation of our recommendations should help also to improve the ongoing relationship with departments and to gain more effective and constructive feedback. To initiate more open discussion, the Finance Director questionnaire has been replaced by a semi-structured interview which should, where possible, be held as a workshop with the study team and the main contact(s) in the departments. We should encourage departments to give us honest and open feedback so we can constantly improve the services we provide them. A copy of the interview guide is provided in *Appendix 11*.

5.19 Shortly after completing the study, contact the policy lead for the study, and arrange a feedback meeting between them and the study team. They may also invite any other staff from their department who have contributed to the study as they feel appropriate. There are a number of recommended questions, but they are for guidelines only. If you feel there would be more appropriate questions for your particular study then please ask them. Once completed, write up the interview using the sub-headings given and store in the appropriate directory in Keystone.

**Press and Media Coverage**

5.20 The final area of the post publication review process is the press summary. This gives an idea of the media interest in the report. Press summaries are monitored by the Press Office until the end of the month following publication and a report is sent to the study team after the monitoring period. Once completed this should be added to the quality review directory in Keystone.

**Sharing good practice and learning from others**

*This section addresses question (5b) of quality threshold 5*

5.21 Once the quality review process is complete, the Keystone folder should contain:

- The external review
- The study team questionnaire
- Department feedback
Press summary

PAC interest; and

A minute to the D/C&AG, copied to the study team, the VFM Development Team and the AAG summarising the findings of the review.

The quality assurance pages of the VFM Development home pages contain a page to submit your quality folders. Email a link to the quality review keystone directory, via the quality folder page on Merlin, to the VFM Development Team. The VFM Development Team will analyse the information, and pass the folder on to the relevant AAG to pass to the D/C&AG. They will also add any learning points and references to the best practice page relating to useful tips and guidance. If similar themes are arising they will make a note of areas where further training or guidance would be beneficial to the Office.

Key points from Chapter 5

1. Create in Keystone a folder dedicated to the quality review process in which to store all the documents.

2. Within eight weeks of publication arrange a workshop with all audited bodies to gather information for the Finance Director review. Once completed place the electronically completed form in the Keystone directory.

3. Within eight weeks of publication the study team should have completed the study team questionnaire.

4. The Press Office will provide a summary of media interest in the report. Once received, add this to the quality folder.

5. Once all documents are complete, email the documents, or links to the Keystone folder, to your AAG, copying in the VFM Development Team.

6. The VFM Development Team will add best practice examples to the website on a regular basis.
This section addresses question (5c) of quality threshold 5

As well as making sure we follow the right processes and produce work of a high technical and presentational standard, our work needs to have an impact. Our reports should influence the way in which services are designed and provided to citizens, and our recommendations should help to deliver improvements in the efficiency and effectiveness of these services.

One key aspect of our impact is the amount of public money saved as a result of our work – a key corporate performance measure for many years. We have committed ourselves to increase this to £9 for every £1 that we cost from 2007 onwards, and this will be an increasingly demanding challenge. Although financial impact is not the only measure, it is an important indicator to Parliament and the taxpayer of how we ‘help the nation spend wisely’. As such, it requires commitment to achieve and high standards of quality to stand up to scrutiny. This chapter sets out the main considerations when measuring and recording impacts and how to integrate impacts into the study process in order to widen the number and value of impacts.

Planning and identifying impacts at early stages

6.1 The ‘Are you making an impact’ guidance sets out the standards for planning for, quantifying and documenting financial impacts and should be referred to at the start of every study. Merlin also has a financial impacts page for up-to-date guidance and policies¹.

¹ http://merlin/impacts_site/home.htm
6.2 AC7/05 required directors to draw up an impact strategy paper for each major client group and listed a range of short, medium and long-term actions for increasing our impact. In future years this will be subsumed within the client strategies now required under oneNAO (see AC04/06). When we put forward our proposed future study programmes, we use potential for achieving financial impacts as one of the criteria that study proposals need to address. AC7/05 asks directors to ensure this that at least some studies have the achievement of financial impact as their sole focus so as to make it more likely that we will generate new savings each year.

6.3 Previous analyses of the distribution of impacts have shown that over half of our impacts come from a few VFM areas. There is clearly a danger in relying on too small a number of areas to provide the bulk of our financial impacts. Teams should bear in mind that certain topics are more amenable to generating impacts than others. There is likely to be more scope in areas with large expenditure or topics that examine complex processes, or large-scale procurement activity. We should recognise this in planning for impacts and aim to generate large impacts in these areas. We suggest that at least one study in each area should be designed to achieve significant financial impacts.

6.4 However, we should not neglect searching for impacts in smaller areas. The Government is likely, in the medium term, to continue to maintain the pressure for departments to realise efficiency gains. As efficiency is central to our statutory remit there is an expectation that we should have something significant to contribute from all areas. The composition of our financial impacts profile could be better aligned to the priority areas identified by the Gershon review as having most potential to deliver efficiency gains: procurement, productive time, reduced regulation and bureaucracy, corporate services and transaction costs. In planning for impacts, teams need to focus more on identifying financial impacts in these priority areas to demonstrate our contribution to the efficiency agenda.

6.5 Once teams have identified the issues for a study, they should carefully plan and select appropriate methods to allow them to identify, quantify and agree financial impacts. Where possible, teams should also engage their clients upfront in discussing impacts that may arise. This will help with subsequent discussions when agreeing the source and attribution of improvements.

6.6 Appendix 12 provides the standards for agreeing and recording NAO impacts.

**Systematically following-up on recommendations**

6.7 To allow us to quantify impacts, recommendations have to be clear, evidence-based, specific and useful. In other words, a recommendation has to set out a course of action which will lead to savings and/or improved outcomes that are measurable and therefore quantifiable.

6.8 However, we will not be able to claim financial impacts unless we follow through our recommendations. Teams need to maintain a dialogue with the relevant teams in client bodies so they can systematically check that after implementation, beneficial changes result. Sometimes, impacts take several years to materialise so we will need to keep up this commitment, sometimes over the long term. Given that study teams move on, we will need to make sure there are systems in place to track impacts and they are not overlooked. This will include consistently checking departmental progress against the Treasury minute at an appropriate elapsed time post-publication.

**Integrating impacts into the study cycle**

6.9 Impact forms are now submitted electronically on an ongoing basis throughout the year. There will still be reminders at key points but impact identification and agreement should become integrated into the follow-up process as part of QT5 and beyond rather than as a twice yearly process.
6.10 Figure 9 overleaf outlines the VFM study cycle and highlights the stages at which financial impacts should be considered. At each threshold there are a number of questions to be addressed to ensure that impacts can be delivered.

Ensuring quality in impacts

6.11 Given the importance of our target, we have to be confident that the performance we report is robust and will stand up to external scrutiny. We look for a trail from the recommendations in our audits, to the department’s actions and any subsequent and measurable change in performance. Importantly, we also seek client agreement for all our impacts so the organisations involved must be convinced as to the validity and value of the financial savings. This evidence should be documented.

6.12 Requiring departmental agreement to each impact is a control, which provides assurance that the savings figures we claim as arising from the NAO’s work are accurately calculated and conservatively stated. However, we should do a ‘reality check’ on Departmental figures, to ensure that the underlying savings identified have been delivered and are substantiated.

6.13 We have several review mechanisms in place to ensure that the impacts meet established standards. Each impact submission is reviewed by several levels – a manager or director, a senior manager (if the impact exceeds £10m), and a central team. We also now have the savings independently reviewed each year by internal audit to check that we have followed guidance on agreeing and evidencing the impacts, and that the individual teams have ensured that impacts are reasonable, i.e. that the savings do in fact represent a saving to the taxpayer. Our external auditors report on the accuracy of annual reported savings, alongside their financial audit assurance.

Principles for impacts

6.14 The high level principles on accounting for impacts are:

- Prudence – only net savings can be claimed, for example after taking into account additional implementation costs.

- Attribution – there must be a causal link between the impact and the NAO recommendation. Figure 10 overleaf illustrates examples of how impacts can be attributed where there is overlap between NAO and departmental work.

- Realisation – the underlying saving must have been delivered at the time the impact is claimed.

- Delivery – the client must be able to prove that there has been a saving. There must be a clear before and after position.

- Agreement – impacts must be agreed by the client.

- Cost equivalence – where impacts represent lower costs or increased outputs, our policy for quantification is that we take either the costs saved or what it would have cost to deliver the increased output.

- Qualitative impacts – for qualitative recommendations, the impact is limited to the cost which would have been saved had the client had to buy that extra quality

- Matching – where impacts represent on-going savings, they will be claimed over as many years as the causal link to the NAO recommendation can be demonstrated.
**Figure 9: Building financial impacts into the quality thresholds**

| Proposal | Estimate realistic potential for impact  
|          | Consider selecting at least one study which contributes major impacts  
|          | Engage appropriate stakeholders  
| Report | QUALITY THRESHOLD 1  
| Production | - Have you designed a methodology to deliver the financial impacts you planned for?  
| Clearance | QUALITY THRESHOLD 2  
| | - Are there financial impacts which can be claimed?  
| | - Have you discussed with the client the possibility of impacts and obtained their ‘buy-in’ from the outset?  
| Follow-up | QUALITY THRESHOLD 3  
| | - Have you made SMART recommendations that facilitate identifying and quantifying actions for impact?  
| | - Have likely financial impacts been included in the report? Can these be cleared?  
| Marking and Monitoring | QUALITY THRESHOLD 4  
| | - Do you have a plan to follow up on recommendations and measure potential impacts?  
| Follow-up | QUALITY THRESHOLD 5  
| | - Do you systematically monitor the delivery of impacts?  
| | - Is there an opportunity to multiply the impacts across the sector?  
| | Follow-up Treasury Minutes  
| | Overview landscape and policy developments  
| | Think of potential study proposals  

**Proposal**  
- Estimate realistic potential for impact  
- Consider selecting at least one study which contributes major impacts  
- Engage appropriate stakeholders  

**Report**  
- QUALITY THRESHOLD 1  
- Have you designed a methodology to deliver the financial impacts you planned for?  

**Production**  
- QUALITY THRESHOLD 2  
- Are there financial impacts which can be claimed?  
- Have you discussed with the client the possibility of impacts and obtained their ‘buy-in’ from the outset?  

**Clearance**  
- QUALITY THRESHOLD 3  
- Have you made SMART recommendations that facilitate identifying and quantifying actions for impact?  
- Have likely financial impacts been included in the report? Can these be cleared?  

**Follow-up**  
- QUALITY THRESHOLD 4  
- Do you have a plan to follow up on recommendations and measure potential impacts?  

**Marking and Monitoring**  
- QUALITY THRESHOLD 5  
- Do you systematically monitor the delivery of impacts?  
- Is there an opportunity to multiply the impacts across the sector?  
- Follow-up Treasury Minutes  
- Overview landscape and policy developments  
- Think of potential study proposals
### Figure 10: Attributing impacts to the NAO

<table>
<thead>
<tr>
<th>NAO input</th>
<th>Can it be claimed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The NAO recommendation is the same as (and sometimes partially derived from) earlier ones contained in the department’s plans.</td>
<td>Only claimable by the NAO, if our work provides a fresh impetus to the Department taking action.</td>
</tr>
<tr>
<td>The NAO recommendation is similar to an idea being circulated for discussion within the Department.</td>
<td>Partly claimable by the NAO, if the NAO’s recommendation was instrumental in the ideas being accepted.</td>
</tr>
<tr>
<td>The Department initiated a review when the NAO disclosed it was starting a study in the area and the Department produced its plans before the NAO report was finalised.</td>
<td>Still largely claimable by the NAO, if the NAO work was instrumental in the idea being reviewed.</td>
</tr>
<tr>
<td>Although the NAO originated the idea, the normal departmental monitoring process could have led to the policy change in response to changing circumstances.</td>
<td>Only claimable by the NAO if we can indicate benefits from earlier implementation than would otherwise have been the case.</td>
</tr>
</tbody>
</table>
Appendix 1: Checklist for submission of draft report to senior management (QT3)

I confirm that:

The work plan set out in the approved business case has been completed with the following changes:

The facts presented in this report are supported by evidence documented at
(insert reference to dinner party document, assertions matrix, or equivalent summary)

The outcomes of internal and external quality review are documented at

The draft has been proofread and checked for accuracy  

<table>
<thead>
<tr>
<th>Progress against timetable and budget</th>
<th>Date</th>
<th>Cost (£000)</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 2: Key considerations to ensure rigour in our methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Key Considerations to ensure rigour</th>
</tr>
</thead>
</table>
| Interviews          | - Provide all staff involved with interviewing skills.  
                      - Write up interviews in full immediately after the meeting.  
                      - Tape record and transcribe interview wherever possible.  
                      - Use analytical software to analyse groups of interview.                                                                                                           |
| Focus groups        | - Use a trained facilitator at all times.  
                      - Ensure that the conclusion of the focus group is consensus points on the major issues.  
                      - Tape record and transcribe discussion.  
                      - Use analytical software to analyse discussion in full.                                                                                                               |
| Surveys             | - Consider whether survey is a snapshot or whether you aim to generalise results.  
                      - Ensure an appropriate sample size for your needs.  
                      - Consider the timing of distribution. For example departments are regularly understaffed in summer vacation and teachers will be busy around exam times.  
                      - Speak to internal survey specialists before commencing the fieldwork.  
                      - Consider at an early stage the types of analysis you would like to do.                                                                                                 |
| Use of administrative data | - Use the data as a starting point. This can always be added to by doing small amounts of primary data collection.  
                      - Speak to the statistical and analytical teams – this will provide a better understanding of the information held. Internal statistical specialists will be able to support these visits also. |
| File review         | - Consider how you will select your files. Speak to statistical specialists to calculate appropriate sample sizes and sampling plans.  
                      - Ensure that by the time you start the file review you are aware of the information that you can and can not obtain from the files.  
                      - Create a proforma in order to gather the necessary information. This will save time and give a better steer.  
                      - Consider at an early stage the types of analysis you would like to do.                                                                                                 |
### Appendix 3: Other methods to consider using in VFM studies

<table>
<thead>
<tr>
<th>Method</th>
<th>What is it?</th>
<th>Useful if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community workshop</td>
<td>A qualitative method similar to focus groups, but involving a large number (often in excess of 50) of stakeholders or members of the public to discuss study issues.</td>
<td>There are a number of stakeholders with whom you would like to discuss the topic and would involve in focus groups.</td>
</tr>
<tr>
<td>Systematic review</td>
<td>A review in which evidence on a topic or research question has been systematically identified, appraised and summarised according to predetermined criteria.</td>
<td>There has already been a lot of evaluation work carried out in the past and you wish to ensure it is fit for purpose and wish to fully evaluate findings before using them in your report.</td>
</tr>
<tr>
<td>Grounded theory</td>
<td>A practical, systematic and iterative way of analysing qualitative data, by generating abstract concepts (or codes) and drawing conclusions from those concepts.</td>
<td>You have a number of transcripts from interviews and/or focus groups and want to simultaneously search for underlying themes in a number of documents.</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>A tool for determining, through comparisons with performance or good practice elsewhere, whether there is scope for doing things better.</td>
<td>You wish to identify opportunities to improve efficiency and make savings.</td>
</tr>
<tr>
<td>Cost benefit analysis</td>
<td>A method for assessing advantages and disadvantages of a proposal, action or decision, valuing as many as possible of these in monetary terms.</td>
<td>You wish to examine whether the monetary benefits of a proposal outweigh the costs – can help to identify financial impacts.</td>
</tr>
<tr>
<td>Statistical modelling</td>
<td>A tool for looking at the relationships between an outcome of interest (for example a performance measure) and one or more variables, or inputs, which may affect that outcome.</td>
<td>You wish to identify which aspects of inputs have the largest effect on the outputs, and measuring different offices on the same footing.</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>A subset of statistical modelling, examining the costs of running a programme in relation to its performance.</td>
<td>You wish to examine the costs of the programme and disaggregate this into constituent parts to look at costs.</td>
</tr>
<tr>
<td>modelling</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 3: Other methods to consider using in VFM studies *continued*

<table>
<thead>
<tr>
<th>Method</th>
<th>What is it?</th>
<th>Useful if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meta-analysis</td>
<td>A subset of systematic review to put together the results of a number of evaluations of a programme to say for certain what the effects of the programme are. Pooling together results from a number of studies may help say for sure what the effects of the treatment are.</td>
<td>There has already been a lot of numerical evaluation work carried out in the past and you wish to find an overall estimate for the effect of a programme.</td>
</tr>
<tr>
<td>Process mapping</td>
<td>Diagrammatically depicting a set of activities which convert inputs into outputs, to determine duplications and bottlenecks in a system.</td>
<td>You wish to identify clear roles and responsibilities in a programme, and to assist departments and agencies in identifying areas where performance can be improved.</td>
</tr>
<tr>
<td>Simulation modelling and sensitivity analysis</td>
<td>An extension to process mapping and statistical modelling, looking at the change in outcome if changes are made to the inputs or process.</td>
<td>You wish to identify what the effect of recommendations are on a process or model and estimate their likely impact.</td>
</tr>
<tr>
<td>Logic modelling</td>
<td>A method to identify and describe the key contextual factors from outside a programmes influence which can affect outputs and performance.</td>
<td>You wish to develop an enhanced understanding of a programme and identify more realistic expectations of resources, and identify key performance measurement points.</td>
</tr>
</tbody>
</table>
## Appendix 4: Guidance for writing methodology annexes

The table below provides a list of the details required when reporting methodologies in our reports. For each of the methods included below ensure the following are included in their description.

<table>
<thead>
<tr>
<th>Method</th>
<th>Details to incorporate into description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
<td>How many interviews</td>
</tr>
<tr>
<td></td>
<td>When the interviews took place</td>
</tr>
<tr>
<td></td>
<td>The stakeholders that were interviewed</td>
</tr>
<tr>
<td></td>
<td>Who/what organisations the stakeholders represent</td>
</tr>
<tr>
<td></td>
<td>A framework of questions asked or what was ascertained/examined</td>
</tr>
<tr>
<td></td>
<td>Where the interviews were held</td>
</tr>
<tr>
<td></td>
<td>How the findings were used</td>
</tr>
<tr>
<td>Surveys</td>
<td>Who was commissioned to conduct the survey (if applicable)</td>
</tr>
<tr>
<td></td>
<td>The number of surveys conducted</td>
</tr>
<tr>
<td></td>
<td>Where and when the surveys took place</td>
</tr>
<tr>
<td></td>
<td>How the survey were conducted (e.g. postal, web, face to face)</td>
</tr>
<tr>
<td></td>
<td>How the sample of those surveyed was selected and why</td>
</tr>
<tr>
<td></td>
<td>What the survey was designed to examine</td>
</tr>
<tr>
<td></td>
<td>A copy of the survey questionnaire can be added to the external website</td>
</tr>
<tr>
<td>Focus groups</td>
<td>The number of groups which took place</td>
</tr>
<tr>
<td></td>
<td>The delegates involved and their link to the study issue</td>
</tr>
<tr>
<td></td>
<td>The location of the focus groups</td>
</tr>
<tr>
<td></td>
<td>Who facilitated the session (if applicable) and any specialist techniques used (for example six thinking hats)</td>
</tr>
<tr>
<td></td>
<td>The aims of the focus group and how the findings were used</td>
</tr>
</tbody>
</table>
### Appendix 4: Guidance for writing methodology annexes continued

<table>
<thead>
<tr>
<th>Method</th>
<th>Details to incorporate into description</th>
</tr>
</thead>
</table>
| **Case studies**                | The case studies reviewed  
When they were examined  
How many were examined  
A brief description of each case study  
How they were examined/what was actually done  
Why they were reviewed  
How they were selected  
How were they used in the report  
Any assistance provided by the relevant government department (if applicable) |
| **Consultations**               | Who was consulted  
How (e.g. by interview)  
Who/what organisations the individuals represented  
Why they were consulted – possibly some background information about them to show why their feedback is useful  
The subject of the consultation  
How or at what stage of the study their input was used  
How their views were solicited |
| **Review/analysis of secondary data** | A list of source documents reviewed/what data were analysed  
Where the data were obtained from  
Why the data were analysed  
How the data to be reviewed/analysed was chosen (for example a subset sampled from a range of projects)  
What review/analysis was performed  
What the data was used to do (for example calculate a range of..., establish an understanding of ...)  
The outcome from the review or what the interpretation of the data would hope to show  
Any limitations of the data used |
<table>
<thead>
<tr>
<th>Method</th>
<th>Details to incorporate into description</th>
</tr>
</thead>
</table>
| Expert panel                | Why the expert panel was invited  
Who were the expert panel  
Who/what organisation did each attendee represent |
| Literature review           | Who performed the review  
What the review set out to do  
What was performed (for example systematic review, meta-analysis)  
The range of literature reviewed, eg English language only, last 5 years etc  
Any other facts the team was interested in discovering from the review  
The complete review should be placed on the website if appropriate |
| Commissioned work/use of a consultant | Who was commissioned to perform the required work  
What work they were asked to do and why  
What the work was based on and any assumptions made  
How the company/consultant was chosen (for example tender process if applicable)  
When was the work performed  
The approach that was adopted by the consultant  
The complete paper should be placed on the website |
| Foreign visits               | Which countries were visited  
When they were visited  
Why they were visited  
What work was performed, a selection of key questions  
Any benchmarking which took place against the UK |
| Other visits                 | When the visits took place  
Why the places were visited  
A selection of the key questions asked |

If using methods which require specialist input, for example statistical or economic modelling, make sure you talk to the experts to ensure suitable detail is incorporated.
## Appendix 5: Assertions matrix example

<table>
<thead>
<tr>
<th>Other Assertions</th>
<th>Update survey and other</th>
<th>Front-line survey</th>
<th>Case visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Para 1.11</td>
<td>Para 1.17</td>
<td>Para 3.5</td>
<td>Para 2.9</td>
</tr>
<tr>
<td>Corporate Documents \VFM\ VFM Reports\Survey1</td>
<td>Corporate Documents \VFM\ VFM Reports\UPDATE survey</td>
<td>Corporate Documents \VFM\ VFM Reports\MORI survey</td>
<td>Corporate Documents \VFM\ VFM Reports\CASES</td>
</tr>
<tr>
<td>1 There is insufficient public awareness of what benefits there are, the means testing involved, and how to take up entitlement</td>
<td>13% of respondents said a main reason for not taking up entitlement was that 'they did not know' and only 23% of respondents said that on average they were highly likely to seek advice on own accord</td>
<td>Only 16% of respondents said they have an awareness of public perceptions</td>
<td>Four visits by region demonstrated confusion on the range of entitlements at front-line with much time taken to explain the complexities of the benefits and the impacts of various means testing</td>
</tr>
<tr>
<td>2 Public campaigns aimed at encouraging take-up have had relatively low penetration, and have had modest, or no, success in value for money terms</td>
<td>82% of respondents could not name the benefit to which they were entitled</td>
<td></td>
<td>Lack of up-to-date posters or information leaflets in all centres visited</td>
</tr>
<tr>
<td>3 Knowledge levels are particularly poor when looking at the most deprived groups</td>
<td>There are significant variations in awareness of entitlement by deprivation level and ethnicity</td>
<td>43% of Centre staff said they 'lacked sufficient training' on the methods of calculating the newest benefit for the lowest socio-economic groups</td>
<td>NW Office was 20% down on expected pay-outs compared with 8% in SE</td>
</tr>
</tbody>
</table>
### Appendix 5: Assertions matrix example continued

<table>
<thead>
<tr>
<th>Dept data</th>
<th>International comparisons</th>
<th>Literature (using existing research)</th>
<th>Economic analyses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Para 3.3</td>
<td>Appendix 3</td>
<td>Para’s 1.2/3, 2.14</td>
<td>Para’s 1.17, 2.8, 2.9, 3.8</td>
</tr>
<tr>
<td>Corporate Documents \VFM\VFM Reports\Departmental Data</td>
<td>Corporate Documents \VFM\VFM Reports\OECD</td>
<td>Corporate Documents\VFM\VFM\Reports\MORI survey</td>
<td>Corporate Documents\VFM\VFM\Reports\FA</td>
</tr>
<tr>
<td>Annual data compilation of 90 nationwide offices demonstrating shortfall in expected and actual take-up increasing in last 3 years</td>
<td>Scandinavian countries process claims on-line and through computer terminals at post offices. Australia’s decentralised system allows local autonomy and better targeting of local services</td>
<td></td>
<td>Merging the 3 systems into 1 would enhance public awareness and streamline services</td>
</tr>
<tr>
<td>Money spent on advertising and promotion tripled through 2002-2005</td>
<td>Proportionally, UK has third highest advertising budget and second lowest take-up rate</td>
<td>Social Marketing journal investigated the inconsistency of branding and recognition by public</td>
<td></td>
</tr>
<tr>
<td>Promotion poorly targeted – 23% of budget went to broadsheet newspapers</td>
<td></td>
<td></td>
<td>New simplified system would reduce regulatory burden on the lower socio-economic groups</td>
</tr>
</tbody>
</table>
## Appendix 6: Internal hot review - Business Case Stage - potential lines of questioning

- Assessment of the links between the aims, objectives and the chosen methodology, for example:
- How appropriate are the methods to each study question (e.g. broad generalisations need quantitative techniques)?
- What types of approach are proposed for **qualitative** and **quantitative** work? Do they look likely to complement each other and generate a broad range of evidence?
- What administrative data, if any, do the team intend to collect and analyse? How will it validate this information?
- What survey and qualitative interview approaches are they proposing: postal, internet, telephone or face-to-face etc? Are they aware of the strengths and limitations of their choice?
- Does the survey have any response rate targets? How do they intend to maximise response rates, especially for hard to reach groups (e.g. those on benefits, ex prisoners etc)?
- Why were focus groups and case studies selected? Is the team aware of the limitations of these methods for making generalised statements?
- Have the team engaged with all the stakeholders that a programme or delivery chain relies upon for its success? If not, why not?
- Is there any benchmarking against other public & private sector organisations, service levels and costs? If not, why not?
- Is the team planning to undertake suitable financial analysis? Have they considered weaknesses in the available data?
- Does the study have a cost-effectiveness focus? If not, why not?
- Has the team considered whether the report addresses the concerns of members of PAC known to be interested in the subject area? How have they done this?
- Is there any intention to follow-up on PAC recommendations? Is so, how? If not, why not?
- What parts of the study does the team intend to commission externally? How will they manage the relationships and ensure delivery of high quality work to time?
- Does the study budget look realistic given the work proposed?
- What beneficial outcomes might the study produce, and is the planned approach appropriate to deliver those outcomes?
- Has the study proposal taken account of NAO guidance on diversity issues?
### Appendix 7: Internal hot review - Draft Report Stage - potential lines of questioning

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have the team taken account of the recommendations made during the internal and external hot reviews of business cases? If not, why not?</td>
</tr>
<tr>
<td>Overall, are there logical links between the study aims and objectives, the chosen methodology, the resulting evidence and the conclusions and recommendations? For example:</td>
</tr>
<tr>
<td>Has the team answered the study questions it proposed at Business Case stage? If not, why not?</td>
</tr>
<tr>
<td>Does the evidence support or disprove the main conclusions?</td>
</tr>
<tr>
<td>Are the recommendations broken down into measurable constituent parts, costed and time-bound?</td>
</tr>
<tr>
<td>Do the recommendations follow from the conclusions?</td>
</tr>
<tr>
<td>Have the team considered whether there might be intended and unintended impacts of their recommendations?</td>
</tr>
<tr>
<td>Does the report include appropriate financial analysis? How robust was the data available?</td>
</tr>
<tr>
<td>What further analysis and data collection might the study team conduct to improve the evidence base? Is this essential to the credibility of the report?</td>
</tr>
<tr>
<td>Has appropriate use been made of graphs, tables, charts and maps? Are they properly constructed and appropriately footnoted?</td>
</tr>
<tr>
<td>Has there been any use of secondary material? Is it appropriately sourced, validated and properly referenced? Does it look as if it has been scrutinised independently?</td>
</tr>
<tr>
<td>Do the recommendations lend themselves to being monitored for progress (eg specific and time bounded), and how would we test whether they had been properly implemented?</td>
</tr>
<tr>
<td>Does the team explain their methodology appropriately in the report? Has the team explained any problems they may have experienced in conducting the work (eg data problems etc)?</td>
</tr>
<tr>
<td>Overall, does the study now provide a strong platform for leveraging positive outcomes for taxpayers and/or users of public services?</td>
</tr>
<tr>
<td>Criteria</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1 Will this study, if carried out as proposed, enable the team to arrive at a reasonable conclusion about value for money?</td>
</tr>
<tr>
<td>2 Is the proposed evidence base sufficiently comprehensive? (including quantitative and qualitative information as appropriate)?</td>
</tr>
<tr>
<td>3 Is sufficient emphasis placed on obtaining reliable and useful financial and quantitative data about benefits, costs and performance in this area?</td>
</tr>
<tr>
<td>4 Are the methods of <strong>data collection</strong> reasonable? (are they sufficiently ambitious?) Could the study team generate more useful data within the same resources?</td>
</tr>
<tr>
<td>5 Are the proposed methods of <strong>data analysis</strong> appropriate for the study question and as rigorous as possible given the data available?</td>
</tr>
<tr>
<td>6 Are appropriate methods of triangulation proposed to ensure the robustness of evidence and subsequent conclusions?</td>
</tr>
<tr>
<td>7 Is it clear how the proposed evidence collection and analysis will feed through into results that can foster the formulation of convincing recommendations?</td>
</tr>
<tr>
<td>8 Has sufficient attention been given to the potential for financial impacts (savings or better use of resources)? Are potential improvements in service quality, productivity and effectiveness also addressed?</td>
</tr>
<tr>
<td>9 Is there evidence of sufficiently comprehensive stakeholder analysis? And is this adequately reflected in the proposed data sources?</td>
</tr>
<tr>
<td>10 Overall, does the proposed focus and approach appear reasonable for the timescale proposed?</td>
</tr>
</tbody>
</table>
### Appendix 9: Criteria for external hot review of draft report

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Yes/No/Partly</th>
<th>Score</th>
<th>Comment as appropriate</th>
<th>Possible areas for further exploration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Is the rationale for undertaking the study clearly set out together with its objectives?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  Does the report clearly describe the administrative and managerial context?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3  Does the report include sufficient financial analysis and quantitative information on costs, benefits and performance? If not, what would you have expected?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4  Is the report well structured and well written? Does it include an effective executive summary?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>5  Is the report sufficiently succinct?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6  Are graphics and statistics appropriately used and well presented? Could they be improved?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7  Is the methodology clearly set out? And does it include an appropriate range of evaluative criteria and techniques?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8  Does the report reasonably conclude whether VFM has been achieved or is likely to be, together with an indication of the action needed to achieve better VFM? Does the report say enough about opportunities to improve productivity, effectiveness and service performance?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criteria</td>
<td>Yes/No/Partly</td>
<td>Score</td>
<td>Comment as appropriate</td>
<td>Possible areas for further exploration</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>---------------</td>
<td>-------</td>
<td>------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>9 Are the recommendations sufficiently specific, cost effective, convincing and supported by the underlying analysis in the report?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 As a report to Parliament is the draft sufficiently convincing in its use of evidence and analysis and is it likely to maintain or enhance the NAO's reputation?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Appendix 10: Study Team summary of quality review discussion**

<table>
<thead>
<tr>
<th>Study: report title</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HC Number</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td></td>
</tr>
<tr>
<td>Unit</td>
<td></td>
</tr>
<tr>
<td>Planned expenditure (from business case)</td>
<td></td>
</tr>
<tr>
<td>Final expenditure</td>
<td></td>
</tr>
<tr>
<td>Planned delivery date</td>
<td></td>
</tr>
<tr>
<td>Final delivery</td>
<td></td>
</tr>
<tr>
<td>Job Code (to link with project Eagle)</td>
<td></td>
</tr>
</tbody>
</table>
KEY DISCUSSION POINTS FOR STUDY TEAM POST PROJECT REVIEW WORKSHOP

On publication of the study, or at the end of each stage of the study cycle, arrange a workshop with the team to address the questions below. Trained facilitators can be arranged through the VFM Development Team.

Refer to the quality thresholds to examine the main steps throughout the study process, and ensure these are addressed when completing the workshop summary.

Please aim to write a brief summary in each box, and provide scores where appropriate. If you have any queries about this questionnaire please contact the VFM Development Team.

Summary of review workshop

Planning and Business Case (QT1)

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fieldwork (QT2)

Methods

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Use of consultants

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Use of internal expertise and experience

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Drafting (QT3)

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Clearance (QT3)

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

### Publication (QT4)

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PAC

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
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</table>
Monitoring delivery and budget (project management)

(Please include in this section reasons for late or over-budget delivery if appropriate)

<table>
<thead>
<tr>
<th>What worked well?</th>
<th>What worked less well?</th>
<th>Lessons for future</th>
</tr>
</thead>
<tbody>
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Lessons for the future (QT5)

Please provide one particular lesson you have learnt from this study which you will take forward into future work. This lesson will be added to the VFM quality review pages to share with audit staff (comments can be anonymised if requested).
Quality scores by study team

(Note - this supersedes the one on Merlin which uses the old “cold” review criteria.) In line with the quality reviews of Oxford and LSE, please rank the study on the following criteria (please tick appropriate box, where 5 = outstanding).

<table>
<thead>
<tr>
<th>Criteria</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Is the rationale for undertaking the study clearly set out together</td>
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<tr>
<td>with its objectives?</td>
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<tr>
<td>2  Does the report clearly describe the administrative and</td>
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<tr>
<td>managerial context?</td>
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<tr>
<td>3  Does the report include sufficient financial analysis and</td>
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<tr>
<td>quantitative information on costs, benefits and performance?</td>
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<tr>
<td>4  Is the report well structured and well written? Does it include an</td>
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<td>effective executive summary?</td>
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<td>5  Is the report sufficiently succinct?</td>
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<tr>
<td>6  Are graphics and statistics appropriately used and well presented?</td>
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<tr>
<td>Could they have been improved?</td>
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<tr>
<td>7  Is the methodology clearly set out? And does it include an</td>
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<tr>
<td>appropriate range of evaluative criteria and techniques?</td>
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<tr>
<td>8  Does the report reasonably conclude whether VFM has been achieved</td>
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<td>or is likely to be, together with an indication of the action needed</td>
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<td>to achieve better VFM? Does it say enough about opportunities to</td>
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<tr>
<td>improve productivity, effectiveness and service performance?</td>
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<td>9  Are the recommendations sufficiently specific, cost effective,</td>
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<tr>
<td>convincing and supported by the underlying analysis in the report?</td>
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<td>10 Is the report sufficiently convincing in its use of evidence and</td>
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<td>analysis as a report to Parliament and does it maintain or enhance</td>
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<tr>
<td>the NAO’s reputation?</td>
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Thank you for completing the questionnaire. Please place the completed questionnaire in a dedicated area of keystone and once all relevant documents are complete please provide a link to the directory to the VFM Development Team.
Appendix 11: Interview schedule for Finance Director review

This form should be used to summarise feedback from the finance director, policy lead, or stakeholders for each VFM report. The questions are intended as a starting point for discussion; the themes closely matching the main points arising in the departmental questionnaire. This format, using face to face interviews and discussion, aims to encourage more open feedback from the department and as a result lead to lessons we can learn with regard to how to conduct studies in the future.

Once you have conducted the interview, please complete the attached questionnaire and add to your quality folder in keystone. Once all the relevant documents have been completed please forward to the VFM Development Team.

Finance Director / Policy Lead Interview Summary Sheet

HC No.

Title of VFM Report

Publication date

Date of interview

NAO interviewer

Interviewee

Interviewee post and grade (if known)
Did the study provide any new insights into the services it examined? Please give details

Have changes been prompted or reinforced by the study? Please give details

Did you feel you had enough opportunity to comment on the methods and scope of the study? Please give details
How well do you think the study team understood the key features of the service they investigated?

How well were you kept informed of progress of the study? Are there any ways this could have been improved?

Do you have any concerns about the way the study was reported, either by the study team or the media?
Are there any ways you feel the study may have been handled better to make it more useful for those involved in the programme?

Any further comments from interview
Appendix 12: Standards for Agreeing and Recording NAO Impacts

Recording

1. Each area to keep their impacts up-to-date to ensure all new impacts agreed during a calendar year are recorded and impacts carried forward beyond one year are re-visited and re-validated.

2. Individuals should submit all agreed impacts into the impacts database as soon as practicable after client sign-off but by 31 March at the latest.

3. Individuals should also input potential and prospective impacts for future years.

4. One impact submission form to be used per impact. However where impacts are small and similar, they may be grouped, but only one category of impact type and source should be recorded per form.

5. Each impact form should provide sufficient detail to stand-alone. Supporting information should be held on file. It should explain how the impact arose, how it was quantified (methodology) and evidence of external agreement.

Agreeing

6. All impacts need evidence of client agreement with the exception of financial audit impacts below £250,000 or duplicate payments where a management letter or ISA 260 report counts as evidence of client acknowledgement and acceptance of the impact.

7. External agreement must be evidenced by at least one of the following:
   - confirmation in a letter or e-mail (includes Management Letter);
   - agreed minutes of a meeting with the Department;
   - response in a Treasury Minute; or
   - exceptionally, a note from a telephone call or meeting.

Teams should seek to agree impacts at the highest level possible, normally at least at Grade 5 level or equivalent within the Department or agency.

8. Each form should be:
   a. reviewed by an appropriate Audit Manager or Director; and
   b. authorised by the AAG if the value of the impact exceeds £10 million.

Any changes to forms must be countersigned by the person preparing the form and the reviewer.

---

2 Teams need to be encouraging clients to adopt the principles set out in the NAO report on ‘Progress in Improving Government Efficiency’ which includes clear baselines, comprehensive calculation methodologies and clear audit trails
9 The reviewers should ensure:
   - there is appropriate evidence to support the impact; and
   - there has been a ‘reality check’ on the figure, i.e. the figure is reasonable, can be substantiated and represents a saving to the taxpayer.

Reporting and Review

10 The Management board and committee will receive updates on the total savings achieved by the Office on a regular basis.

11 All impacts are reviewed by internal audit to check that we have followed guidance on agreeing and evidencing the impacts.

12 A sample of impacts each year are reviewed by the external auditor.
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Impacts (Chapter 6 of guidance)
- process
- and study cycle
- planning for
- following up recommendations
- ensuring quality in
- and quality thresholds
- principles
- attributing to NAO
- standard for agreeing and recording (Appendix 12 of guidance)

Independent academic reviews
- hot review
- role in post-project review

Internal challenge hot review
- business case stage questions (Appendix 6 of guidance)
- draft report stage questions (Appendix 6 of guidance)

Interviews

Issue analysis/Dinner party approach

Logic modelling

Logical maps (examples)

Manager responsibilities for quality

Presentation quality (Chapter 4 of guidance)

Managing consultants

Meta-analysis

Methodological rigour

Methodology annexe

Methodology annexe (model content) (Appendix 4 of guidance)

Methods
- ensuring rigour (Appendix 2 of guidance)
- traditional
- complex (Appendix 3 of guidance)

PAC
- and hot review process
- drafting for
- tips for effective briefings

Peer Assist

Peer review

Post-project review
- academic review
- Department feedback
- team self-review
- press and media coverage

Post-project review and knowledge sharing (Chapter 5 of guidance)