Tailored Review of the Independent Commission for Aid Impact (ICAI)

December 2017

Contents

Summary

Tailored Reviews are part of the government's public bodies' reform programme. This Tailored Review of the Independent Commission for Aid Impact (ICAI) builds on the year-long 2013 Triennial Review of ICAI and was therefore a light-touch process. The Triennial Review affirmed the continuing need for ICAI. This Tailored Review reaffirms that conclusion. It further finds that ICAI's continuing existence is assured, based upon strong stakeholder support for its functions as well as the statutory obligation for independent scrutiny of Official Development Assistance (ODA) arising from the 2015 International Development Act.

ICAI's remit is complex – with its mandate to assess the impact and value for money of UK aid across a wide geographical spread of fragile, middle income and lower income countries, including programmes managed by a wide range of government departments across different sites and taking into account evolving definitions and classifications of ODA. The context in which ICAI operates is thus both sophisticated and complex. For a scrutiny body that is only 6 years old ICAI has effectively scrutinised UK ODA, largely focused on that provided by DFID, whilst remaining operationally independent from DFID as the sponsor department and maintaining independence from Parliament as the body to which it is accountable for its work. Furthermore, ICAI's growing reputation and increasing recognition of its work among its stakeholders is testament to the breadth and depth of the reviews it has published since its inception in 2011.

Stakeholder consultations carried out for this Tailored Review revealed that there is clear value in the existence of ICAI as a scrutiny body, in addition to the value of work it produces. In its recent annual Follow-up Report ICAI outlined how its work has influenced government departments, how it has supported the International Development Committee (IDC) (for example by informing some of the Committee's inquiries) and how its reviews are influencing cross-Whitehall ODA funds. ICAI's reports are also widely referenced by DFID, the IDC and external partners, including many Non-Government Organisations (NGOs) and Civil Society Organisations (CSOs). The Tailored Review found that ICAI's work has contributed to improving the impact of UK aid, and in doing so has demonstrated value for money.

As per the scope of work for all Tailored Reviews this review challenged the continuing need for the functions and remit delivered by ICAI. It concluded that these are still required and that a Non Departmental Public Body (NDPB) remains the most appropriate model for their delivery. The review team received a clear and consistent message from stakeholders that the functions of ICAI are both important and necessary, but could be simplified for greater clarity and prioritisation.

Based upon the stakeholder consultations this Tailored Review finds that, as ICAI becomes more mature as an organisation, it could usefully prioritise efforts to maximise the impact and influence of its work; including through an analysis of how to do this within its resource envelope. Such an analysis should also include a review of ICAI's own performance measurements, resource allocation and an ICAI-wide review module and staff capability review, with a view to further improving its efficiency and effectiveness over the long-term.

ICAI's governance practices largely comply with Cabinet Office good practice guidance, with a few small areas that could be strengthened. However, ICAI's effectiveness, efficiency and

good governance practices are somewhat hampered by its operating model which has led to high internal transaction costs and negotiated decision-making among and between its component parts. To address these constraints the Tailored Review recommends certain changes to the ICAI Chief Commissioners' role, to the size of ICAI's board of Commissioners and to the current division of labour between ICAI's Commissioners, secretariat and service provider. Together with the recommendation for an ICAI-wide module and staff capability review these changes will help establish greater internal leadership and control over ICAI's reviews. ICAI would also benefit from building 'one-ICAI thinking' among its component parts and should ensure that, during recruitment and induction of staff, the expectations, roles and responsibilities of all components are well understood.

Looking ahead, ICAI's existence is likely to increase in importance, given the changes which have already begun occurring to the UK aid landscape, such as an increasing proportion of ODA being spent outside of DFID. ICAI will therefore need to be dynamic in its methodologies and collaborative with ODA providing departments to ensure its work is as useful as possible. To date, ICAI has done well in handling the challenges of working with new ODA providing government departments; but more could be done by both DFID and ICAI to sensitise such departments to the role of external aid scrutiny.

A full list of conclusions and recommendations made by this Tailored Review can be found in Annex E.

1. Introduction

Background to the Tailored Review process

1.1   The Cabinet Office approved Department for International Development (DFID) plans to conduct a mandatory review of the Independent Commission for Aid Impact (ICAI) in 2017, in accordance with the Cabinet Office Public Bodies Reform Agenda and the DFID-ICAI Framework agreement.

1.2   Tailored Reviews have the following aims:
- to provide robust challenge to, and assurance of, the continuing need for individual organisations – both their functions and form, and:
- where it is agreed that an organisation should be retained, to review:
    - its capacity for delivering more effectively and efficiently
    - the control and governance arrangements in place

1.3   The Tailored Review of ICAI adopted a light-touch approach, proportionate to ICAI's size and nature, and as agreed with Cabinet Office. The review built on the evidence and findings of the yearlong 2013 Triennial Review of ICAI[1] and as such explored only Phase 2 of ICAI's work (started in July 2015); Phase 1 took place between ICAI's inception in 2011 and ended in June 2015. The Terms of Reference for the review can be found in Annex A.

1.4   The Tailored Review was carried out in accordance with Cabinet Office guidelines stipulated in 'Tailored Reviews: guidance on reviews of public bodies'[2]. Its design and oversight were also shaped by input from the International Development Committee (IDC) (1.17).

Process

1.5   The review team consisted of 2 DFID staff members working full-time for approximately 5 months and was supported on short term inputs by an economic adviser from DFID. In line with Cabinet Office guidance the review team reported directly to a Challenge Panel who periodically reviewed and challenged the content and process of the review to ensure its robustness. The Challenge Panel consisted of a non-Executive Director and Director General from DFID, independent of the sponsor team for ICAI, and a director from the National Audit Office (NAO). Further details of the Review Team and Challenge Panel can be found in Annex B. The review team received additional support and peer review from a Programme Director from the Institute for Government (IfG), who assisted on methodology, consultation approach and findings (See 1.9). The review team also supported the implementation plan for the recommendations made by the Tailored Review which began development following the review's conclusion.

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[1] *Triennial Review of ICAI* *https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266693/ICAI-triennial-review-public-report-dec13.pdf*
[2] *Tailored Reviews: Guidance on Reviews of Public Bodies* *https://www.gov.uk/government/publications/tailored-reviews-of-public-bodies-guidance*

Evidence and stakeholder engagement

1.6   The review team identified relevant stakeholders in consultation with ICAI, the IDC and the DFID sponsor team for ICAI. The review team spoke individually to over 50 stakeholders and received written evidence from a further 15, drawn from ICAI, Parliament, the private sector and a range of Non-Governmental Organisations (NGOs)/Civil Society Organisations (CSOs). A list of consulted stakeholders can be found in Annex C.

1.7   The review team used a hypothesis based approach, testing hypotheses based on recommendations made by the Triennial Review of ICAI (see 2.0), IDC feedback, ICAI's own assessments and Cabinet Office guidance. The stakeholder consultation process was used to test these hypotheses further, and informed the reviews conclusions and recommendations.

1.8   Where it existed, the review highlights consensus across multiple groups of stakeholders. The reviews recommendations were drawn from discussions with stakeholders and tested against Cabinet Office and IfG best practice guidance on the governance and conduct of public bodies.

Approach

1.9   The review team involved the IfG as a peer reviewer in the process, who assisted on methodology, including design of the hypothesis based approach (see 1.7), evidence gathering and findings. The IfG primarily provided timely, technical assistance and peer review, although also provided robust, independent challenge to the reviews conclusions and recommendations, including the assumptions underpinning them. The review team would like to place on record their thanks to the Programme Director at the IfG for their engagement with the review.

1.10   The review team gave ICAI the opportunity to periodically comment on the review's emerging conclusions and recommendations.

1.11   The review team would like to place on record their thanks to the head of the ICAI secretariat, the ICAI secretariat staff, the ICAI Commissioners and service provider(s), and all other stakeholders who took part in the Tailored Review of ICAI, for their valuable engagement in the process.

Overview and structure of the Independent Commission for Aid Impact

1.12   ICAI is a Non-Departmental Public Body (NDPB) with advisory functions sponsored by DFID. ICAI was established in 2011 with the strategic aim of providing independent scrutiny of UK aid spending, promoting the delivery of value for money and maximising the impact of UK aid.

1.13   ICAI has 4 functions as determined by the 2013 Triennial Review of ICAI (2.0), and set out in its Framework Agreement[3], published in 2015:

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[3] *DFID-ICAI Framework Agreement*
http://icai.independent.gov.uk/corporate-documents/icai-dfid-framework-agreement/

- carry out a small number of independent, in-depth, thematic reviews addressing strategic development issues faced by the UK Government's development programmes, combined with additional short reviews (where needed) to address specific issues of interest/concern to key stakeholders;
- produce high quality and professionally credible reports which are independent of the UK Government and provide evidence and analysis of the impact and value for money of the Government's development programmes;
- support Parliament in its role of holding the UK Government to account; and
- make information on the UK Government's development programme available to the public, based on its analyses.

1.14   ICAI's work is overseen by a Board of Commissioners appointed on four-year contracts. The board includes a Chief Commissioner, Alison Evans, and 2 other Commissioners: Tina Fahm, and Richard Gledhill. A fourth commissioner resigned their post in December 2016. The Commissioners are operationally independent from government and report directly to Parliament on their work through the IDC. They are supported in their work by a secretariat of 10 people. The secretariat carries out day to day management of a contracted out service provider which is responsible for undertaking reviews on behalf of Commissioners. The current service provider, who has been appointed on a four-year contract, is Agulhas Applied Knowledge, in partnership with Ecorys and Integrity.

1.15   ICAI's Corporate Strategy 2015/16-2018/19[4] sets out its 4 objectives, focusing on impact, accountability, effective learning and efficiency. The Corporate Strategy reiterates how ICAI is adapting its priorities in light of the new UK Aid Strategy (UKAS)[5] according to 5 themes of inclusive growth; leaving no-one behind; crisis resilience and stability; transparency, accountability and empowerment; and beyond aid.

1.16   ICAI's strategy highlights the introduction of 3 distinct types of reviews – impact, performance and learning. Each type takes approximately 9 months to complete and results in a set of recommendations, conclusions and a RAG (red, red/amber, amber/green, green) score. In 2016 ICAI introduced rapid reviews, a new, shorter review type, examining emerging areas of the UK's aid programme which take approximately 5 months to complete and are not scored.

Aid scrutiny and assurance

1.17   ICAI's remit sits within an overall scrutiny model for UK ODA, involving other scrutiny bodies with varying remits. The key bodies involved in scrutiny of UK ODA in addition to ICAI are:
- The National Audit Office (NAO), which is the statutory external auditor of DFID and typically undertakes one or two value for money reviews each year in the area of international development, reporting to the House of Commons Committee of Public Accounts (PAC).
- The House of Commons International Development Committee (IDC), which monitors the policy, administration and spending of the Department for International

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[4] *ICAI Corporate Strategy 2015-2019*
http://icai.independent.gov.uk/corporate-documents/corporate-strategy/
[5] *UK Government - UK Aid Strategy*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf

Development (DFID) and its associated public bodies. The IDC is an investigative Committee made up of members of the House of Commons which sets its own programme and chooses subjects for inquiries.

- Independent internal assurance providers to government departments - agencies that are neither overseen, nor commissioned, by departmental management teams. For example, DFID's Internal Audit Department (IAD), which reports directly to DFID's Secretary of State and Permanent Secretary over the adequacy and effectiveness of DFID's arrangements for risk management, control, and governance.

2. Triennial Review of ICAI – Recommendations and Follow-up

Overview of the Triennial Review of ICAI

2.1   The Triennial Review process was the precursor to the current Tailored Review process having been established in 2011 and superseded in 2015.

2.2   The Triennial Review of ICAI took place in 2013, in accordance with Cabinet Office guidance stipulated in 'Triennial Reviews; guidance on Reviews of Non-Departmental Public Bodies'[6]. The Triennial Review of ICAI had 2 stages: i) to verify whether ICAI's functions were still required and whether they contributed to HMG's core business; ii) if and where functions were still needed, to examine how best they could be delivered.

2.3   The Triennial Review concluded that the functions performed by ICAI were still required and that a NDPB remained the most appropriate model for their delivery. The review also found that ICAI's corporate governance arrangements were largely in accordance with Cabinet Office guidance.

2.4   The Triennial Review made a number of recommendations; 2 as part of stage (i), related to ICAI's functions and delivery model, and 16 as part of stage (ii), related to ICAI's governance and accountability.

Triennial Review recommendations

2.5   The stage (i) recommendations included a revised set of functions for ICAI which were implemented in 2015 and remain the current functions of ICAI (see 1.13). Stage (i) of the Triennial Review also reviewed alternative classifications for ICAI, including as a new Executive Agency, and recommended that it remain as an Advisory NDPB[7].

2.6   The majority of the 16 recommendations made as part of stage (ii) of the Triennial Review have been implemented. One recommendation, for DFID to decide what limitations should be in place regarding future employment of current ICAI Commissioners, has not yet been implemented. This Tailored Review makes specific recommendations with regards to future appointments in Chapter 6. A full list of the Triennial Review recommendations, and the status of their implementation, can be found in Annex D.

2.7   Stakeholders were asked during this review about the impact of the Triennial Review recommendations upon ICAI. The majority felt that it was either too early or difficult to tell

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[6] *Triennial Reviews: Guidance on Reviews of Non-Departmental Public Bodies*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332147/Triennial_Reviews_Guidance.pdf
[7] *Advisory NDPBs are now classified as NDPBs with advisory functions, the term used elsewhere in this Tailored Review.*

what the overall impact has been although there was broad support for the introduction of 'thematic' reviews, as encapsulated in the recommended revised functions for ICAI. A number of stakeholders commented on the increased size of ICAI's secretariat in phase 2 in comparison to in phase 1; although the potential merits of this were considered in the Triennial Review, it was not a formal recommendation of that review.

3. Continuing Need for ICAI – Classification, Remit and Functions

3.1   This section examines whether there is a continuing need for ICAI and, if so, whether or not its functions are being delivered effectively and are still needed, and whether the current classification of the organisation as a NDPB with advisory functions remains the most appropriate.

Continuing need for ICAI

3.2   Cabinet Office guidance stipulates that Tailored Reviews should provide robust challenge to, and assurance on, the continuing need for organisations under review. There was near unanimous agreement among stakeholders that ICAI should continue to exist in some form. Stakeholders made it clear that they consok ider ICAI to be an important component of the wider UK aid scrutiny landscape, particularly given the increasing proportion UK ODA being spent outside of DFID, with many also identifying the additional assurance to taxpayers provided by ICAI that their money is being spent wisely.

3.3   Many stakeholders, including those from DFID and also the ICAI service provider(s), made reference to an 'existence value' of ICAI, reflecting the benefit people receive from knowing that a particular resource simply exists, and provided specific examples of this. For example, prior to actually undergoing an ICAI review ODA programmes may raise their standards on the basis that they may undergo review in the future, whilst for the general public ICAI's existence provides an assurance that there exists an independent mechanism to scrutinise the impact of UK ODA.

3.4   ICAI's existence also contributes to the DFID Secretary of State's statutory obligation, under Section 5 of the 2015 Act, which states that "The Secretary of State must make arrangements for the independent evaluation of the extent to which ODA provided by the United Kingdom represents value for money in relation to the purposes for which it is provided." Furthermore, the 2015 UK Aid Strategy makes several references to the importance of scrutiny of UK ODA which ICAI's existence contributes to. These factors, in addition to the near unanimous stakeholder feedback received, led the review team to conclude that there is clearly a continuing need for ICAI.

Conclusion 1: The existence of ICAI as an independent scrutiny body is clearly a valuable component of the UK aid scrutiny landscape and supports the Secretary of State's statutory obligation under Section 5 of the 2015 International Development Act.

How effectively has ICAI delivered its functions?

3.5   There was consensus among stakeholders that ICAI has effectively delivered upon its current functions, although some government stakeholders raised questions regarding the quality of certain reviews.

Function 1: To carry out a small number of independent, in-depth, thematic reviews addressing strategic development issues faced by the UK Government's development programmes, combined with additional short reviews (where needed) to address specific issues of interest/concern to key stakeholders.

3.6   There was near unanimous agreement that conducting 'thematic' reviews has been a positive development for ICAI and that it has effectively identified themes for its reviews which address strategic development issues. NGOs in particular highlighted that ICAI occupies a unique niche among aid scrutiny bodies in that it looks at thematic and cross-cutting issues. The IDC expressed support for ICAI's thematic reviews although felt that it also requires flexibility to conduct short-term, rapid reviews to address emerging issues which are not necessarily thematic in nature. ICAI's horizon piece, entitled 'UK Aid in a Changing Landscape', and its Corporate Strategy, were both well received, and seen as evidence of ICAI responding to the UK Aid Strategy.

3.7   A large number of government stakeholders questioned whether ICAI's reports were sufficiently 'in-depth' to warrant their conclusions and recommendations. In contrast many external stakeholders, including the IDC and many NGOs, considered ICAI's reviews to be comparatively more in-depth than what they could otherwise access themselves. There was consensus among stakeholders that ICAI's reports are independent, both of government and of Parliament**.**

Function 2: To produce high quality and professionally credible reports which are independent of the UK Government and provide evidence and analysis of the impact and value for money of the Government's development programmes.

3.8   There was a lack of consensus among stakeholders over the extent to which ICAI's reports have been of 'high quality' and/or 'professionally credible'. Government stakeholders in particular claimed that the evidence base for reviews was often "partial" and/or "selective". A number of government stakeholders also commented on the fact that ICAI Commissioners typically visit only a small subset of the countries which their reports concern as part of the review process and felt that the evidence base for reviews was sometimes biased in favour of the country/countries visited. NGOs and the IDC, however, felt that ICAI's reports were of high quality and professionally credible whilst also recognising concerns around poor evidence base in a few cases.

3.9   Government stakeholders felt that ICAI reviews were strongest and most credible where both the Commissioner and lead reviewer had a strong understanding of the department under scrutiny, as was the case for reviews which scrutinised DFID, and in which the Commissioner demonstrated clear leadership and oversight of the review process. Good examples of this were ICAI's Social Protection and Violence against Women and Girls (VAWG) reviews. In reviews where this was not necessarily the case stakeholders felt that there was a tendency for the review to be unfocused, particularly in its early stages.

Function 3: Support Parliament in its role of holding the UK Government to account.

3.10   Stakeholders clearly felt that ICAI have prioritised this function and have been increasingly responsive to Parliament over the course of the current funding phase. The IDC expressed their appreciation of ICAI's role in supporting them, especially during the past year, and described the various means by which ICAI effectively supports Parliament and collaborates with them as a Committee. For example, ICAI's annual work-plan is agreed with

the IDC, the ICAI secretariat meets with the Committee clerks of the IDC on a regular basis, all ICAI reviews involve an evidence hearing with the IDC, and ICAI has planned the timing of some of its reviews (for example its 'Marginalised girls' in basic education review') such that they can inform subsequent IDC enquiries. The review team concluded that ICAI has been particularly effective in its delivery of this function but could nonetheless investigate ways of further strengthening its relationship with the IDC and with its sub-committee on ICAI, for example by engaging with IDC members on an individual basis in addition to the committee as a whole.

Function 4: Make information on the UK Government's development programme available to the public, based on its analyses.

3.11   There was strong consensus that ICAI has performed this function effectively, for example by publishing all of its reports on its website and making them available for download, and stakeholders consistently cited the importance of ICAI making its work available to the public given its role as a scrutiny body. Furthermore, ICAI clearly follows good-practice in terms of transparency, for example by publishing minutes of its board meetings, conflict of interest registers and approach papers for all of its reviews on its website. Some stakeholders did question whether ICAI's obligation for transparency as a public scrutiny body necessitated a proactive approach to communications with the general public and NGOs, as is discussed in section 3.20.

Conclusion 2: ICAI delivers all of its current functions. It has effectively supported Parliament and actively made its work available to the public and the wider aid community. ICAI's reviews are valued for being independent and thematic, however have varied in terms of their credibility among government stakeholders.

Are ICAI's functions still required?

3.12   Having examined the extent to which ICAI has delivered its functions effectively the Tailored Review examined whether or not these functions are still required and/or could be improved.

3.13   This was considered in light of ICAI's role/remit, which according its Framework Agreement is to 'provide independent scrutiny of UK aid, in order to support Parliament in holding HMG to account and to promote the maximisation of value for money and aid impact'. The vast majority of stakeholders clearly understood ICAI's overarching remit; although some questioned whether ICAI's role in relation to government departments other than DFID was well understood.

3.14   A small number of stakeholders, particularly those from other scrutiny bodies, felt that ICAI has occasionally strayed into areas not encompassed by its remit, citing its reviews into DFID's procurement and fiduciary risk and its information note on the ODA allocation process (produced for the IDC). Given that ICAI is the only ODA-centric scrutiny body the review team concluded that ICAI needs to ensure it remains focused on aid impact to remain fully credible among its stakeholders and to justify its continued existence. Consultation and regular engagement between ICAI and other scrutiny bodies such as the NAO is, and will continue to be, important in ensuring that ICAI's reviews are well prioritised and sequenced, and build on the work of other scrutiny bodies.

3.15   There was broad agreement that ICAI's 4 functions (see 1.13) are relevant to its remit but also that they need to be more clearly articulated and prioritised. A number of recurring themes were raised by stakeholders in relation to each individual function (see 3.16 – 3.20).

Function 1: 'Carry out a small number of independent in-depth thematic reviews addressing strategic development issues faced by the UK Government's development programmes, combined with additional short reviews (where needed) to address specific issues of interest/concern to key stakeholders'.

3.16   Most stakeholders commented on the phrase 'small number'; however there was no consensus as to whether ICAI should be producing more or fewer reports. The IDC in particular felt that ICAI should produce more reports in order to adequately scrutinise all UK aid. However, many stakeholders felt that the 13 reports included in ICAI's 2017-18 Annual work-plan was too many given ICAI's resources and the burden it would place on the government's business (although ICAI intends to publish only 9 of these reports in 2017/18). The review team therefore concluded that, given the aforementioned lack of consensus in addition to ICAI's current resourcing, the Triennial Review recommendation of ICAI producing a small number of reports, focusing upon depth rather than breadth, should still apply.

3.17   The ability for ICAI to produce 'additional short reviews', in the form of rapid reviews, was welcomed by stakeholders as it allows ICAI to be reactive to emerging developments and trends.   However, a small number did comment that, given that they typically take 5 months to complete, rapid reviews were perhaps still too long a process to adequately respond to fast developing issues.

Function 2: 'Produce high quality and professionally credible reports which are independent of the UK Government and provide evidence and analysis of the impact and value for money of the Government's development programmes'.

3.18   There was clear agreement of the importance of ICAI's reports being 'independent of the UK government'. Stakeholders from outside of government particularly emphasised that this gave ICAI reports their credibility and that the reports "would not be taken seriously otherwise". Some stakeholders also remarked that the definition of 'high quality' was credible and well-evidenced and that the wording should reflect this. IDC members called for increased value-for-money analysis within ICAI's reviews; however both DFID's Internal Audit Department and the NAO raised concerns about duplication of scrutiny with their respective bodies were ICAI to do this.

Function 3: 'Support Parliament in its role of holding the UK Government to account'

3.19   Whilst some stakeholders questioned the appropriateness of ICAI reporting solely to the IDC, given that ICAI has a mandate to scrutinise ODA spent across all departments whereas the IDC's mandate concerns DFID, there was nonetheless strong support for this function among all stakeholder groups. The IDC recognised that ODA is increasingly spent outside of DFID however highlighted the potential complexity of ICAI reporting to other Select Committees or, for example, of other Select Committee members attending ICAI Sub-Committee meetings. The IDC did state that they have on occasion invited other parliamentary select committee members to attend evidence-hearings for ICAI reviews. The review team agreed with stakeholders' support for this function, given ICAI's overarching remit as encapsulated in its Framework Agreement (see 3.13) and in terms of ensuring ICAI's independence from government.

Function 4: 'Make information on the UK Government's development programme available to the public, based on its analyses'.

3.20   There was unanimous agreement that ICAI should make its work available to the public with strong evidence emerging that transparency is integral to ICAI's credibility. Some stakeholders felt that this ought to be best practice for all public bodies and not explicitly stated as a function. The review team concluded that ICAI clearly has an important, formal, obligation for transparency which must include making its work available to the public. However the current wording of this function makes reference to the provision of information about the UK government's development programme more generally, which is the role of DFID and other ODA providing departments rather than an independent scrutiny body.

3.21   Nearly all stakeholders agreed on the need to clarify the wording of ICAI's functions, consistently expressing the view that there is some duplication between the first and second functions. The review team asked stakeholders to identify key words/phrases they would want to retain in a potential revised function. The consistently identified terms were: 'independent' (of government), 'support' (of Parliament), and 'credible'. Based on these criteria, and a concern to streamline and sequence the existing functions, the review team proposed revised wording (Recommendation 1).

3.22   The inclusion of the word 'evaluation', in addition to 'scrutiny', within ICAI's remit statement aligns it with the International Development (Official Development Assistance Target) Act 2015 (herein referred to as 2015 Act), which calls for "independent evaluation of the extent to which ODA provided by the United Kingdom represents value for money in relation to the purposes for which it is provided". The revised function no longer makes reference to ICAI having the flexibility to carry out 'additional short reviews' however the review team concluded that ICAI should retain this capacity given how well its rapid reviews have been received across stakeholder groups. Similarly, whilst the revised function no longer states that ICAI should carry out 'a small number' of reviews, the review team concluded that ICAI should not increase the number of reports it produces each year, as discussed in 3.16. Taken as a whole, the revised function for ICAI, including its remit statement and the inclusion of 'evaluation' within it, is intended to streamline and clarify ICAI's remit and the nature of its work, in order to provide clarity to stakeholders – it is not intended to make a significant difference to what ICAI currently does or to the flexibility it currently has.

Conclusion 3: ICAI's remit is clear and well understood by its stakeholders. ICAI distinguishes itself from other scrutiny bodies by focusing on assessing aid impact.

Conclusion 4: ICAI's functions are appropriate and necessary, but could be simplified to ensure clarity.

Recommendation 1

The following clarified function for ICAI is proposed:
'ICAI's remit is to provide independent evaluation and scrutiny of the impact and value for money of all UK Government ODA. ICAI will:
•   carry out a small number of well-prioritised, well-evidenced, credible, thematic reviews on strategic issues faced by the UK Government's aid spending;
•   inform and support Parliament in its role of holding the UK Government to account;
•   ensure its work is made available to the public.'

Classification of ICAI

3.23   Having determined that ICAI's functions are still required, subject to clarification, this section considers whether a NDPB, with advisory functions, remains the most appropriate classification for ICAI. Cabinet Office guidance on the Classification of Public Bodies provides detail on administrative classification and ensures that the governance objectives of public bodies fall within a clear, consistent and comparable system. Looking across comparable indicators (see Annex C in the Cabinet Office Guidance)[8], ICAI's remit and functions align more closely with a NDPB with advisory functions than with other classifications such as Expert Committees whose governance (unlike ICAI's) is not accountable to Parliament.

3.24   Cabinet Office guidance also stipulates that the function of a NDPB with advisory functions should pass at least one of the following tests in order for the body to remain as a NDPB:
1. Is this a technical function which needs external expertise to deliver?
2. Is this a function which needs to be, and be seen to be, delivered with absolute political impartiality?
3. Is this a function that needs to be delivered independently of ministers to establish facts and/or figures with integrity?

3.25   The Triennial Review concluded that ICAI clearly provided a technical function which needed to be delivered independently of ministers and with political impartiality. This remains the case today; hence ICAI passes the test for continued classification as a NDPB.

3.26   A very small number of stakeholders, including the IDC, felt that ICAI's independence would benefit from it being made into a statutory body. However, the majority of stakeholders felt that ICAI is already sufficiently independent of government, that its reports are independent, and that there is an unequivocal case for its continued existence therefore making it into a statutory body would have minimal benefit in comparison to the current situation whilst creating an unnecessary legislative burden. Furthermore, making ICAI a statutory body would likely reduce its flexibility; if its structure, remit and functions were established in primary legislation they would require primary legislation to be changed, which could make ICAI less able to respond to changing circumstances.

Conclusion 5: ICAI should continue to exist as a Non Departmental Public Body (NDPB) with advisory functions as it fully satisfies Cabinet Office requirements for doing so.

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[8] *Cabinet Office, Public Bodies Handbook – Part 1 Classification Of Public Bodies: Guidance For Departments, March 2017.*

4. Effectiveness

4.1   The section examines ICAI's effectiveness with regards to its role in demonstrating impact and value for money, its review process, its communications and 'effective learning' functions, its own measures of performance and its delivery model.

How is ICAI contributing to improving the impact and value for money of UK aid?

4.2   When first set up ICAI's reviews focused on individual development programmes. This had the advantage of providing programme specific recommendations, with immediate implications for how a programme should make improvements. Indeed, one Phase 1 ICAI review actually resulted in the closure of a DFID programme. In its second phase of operations since 2015 however, and following recommendations made by the Triennial Review, ICAI has focused on thematic reviews that take a broader look at UK aid programmes and portfolios. This reflects a more strategic approach to scrutinising the long-term impact of UK aid.

4.3   ICAI expressed the view that providing evidence and analysis of the impact and value for money of aid can be challenging given that it does not undertake formal evaluation studies or primary evidence gathering. This resonates with the view of other scrutiny bodies which recognised the challenges of attempting to scrutinise aid impact. Nonetheless, there are specific examples of where stakeholders felt ICAI has particularly successfully scrutinised aid impact with both DFID and the NAO, for example, citing ICAI's Cash Transfers review. ICAI itself cited a range of examples of how it has contributed to increasing aid impact in its 2016/17 Annual Report[9], such as introducing new measures to enhance the sustainability and results monitoring of water, sanitation and hygiene (WASH) programmes, ensuring more work is done on understanding the impact of cash transfers on women, and updating of DFID's value for money guidance for education sector interventions.

4.4   Consultations for the Tailored Review confirm that recommendations made by ICAI's thematic reviews during this phase have led to a range of improvements in the delivery and impact of UK aid; even though these may be less immediately visible than those made by phase 1's programme-specific reviews. Several examples were cited to evidence the impact of ICAI's thematic reviews. For example, ICAI's review of 'Accessing, staying and succeeding in basic education - UK aid's support to marginalised girls' dovetailed with, and informed, an IDC enquiry on education, whilst ICAI's reports are frequently referenced by IDC members. This, and other ICAI reviews, have supported government decision making in some areas, for example on programmes on violence against women and girls, and have provided useful suggestions for strengthening result chains, as with DFID's WASH programmes. In the case of the ICAI's report on DFID's WASH programmes ICAI's recommendations will help to ensure that investments in water and sanitation make a lasting difference to the 60 million people they are targeting. Furthermore, ICAI's review of the Prosperity Fund (March 2017) was significant in informing the design of the government's new Empowerment Fund, as evidenced in cross Ministerial correspondence. The referencing

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[9] *ICAI 2016/17 Annual Report* *http://icai.independent.gov.uk/wp-content/uploads/ICAI-Annual-Report.pdf*

of ICAI review findings by Ministers and senior level management in government departments outside of DFID is testimony to ICAI's impact in driving change.

4.5   Evidence gathered by the Tailored Review clearly suggests that ICAI's work has contributed to increasing the impact and value for money of UK ODA. Currently, however, the extent to which it has done so is difficult to capture due to a lack of clear mapping between the improvements in impact that ICAI is seeking and the means by which it intends to achieve them.

4.6   According to its Corporate Strategy ICAI currently defines its objective as making a positive difference to the impact and value for money of UK aid. One way that ICAI measures this objective is in terms of the number of recommendations made which are then implemented by government departments, which is one of its Key Performance Indicators (see 4.19). During the Tailored Review stakeholders across the board agreed that this is an appropriate metric for ICAI to measure but it is not adequate on its own to fully capture ICAI's impact and that this measure may actually be "under reporting its [ICAI's] impact and successes".

4.7   ICAI also conducts annual Follow-up Reports[10] which test the adequacy of departmental responses to its reviews and their progress on implementing agreed management actions. This retrospective analysis of the impact of its work is clearly valuable. Nonetheless, the review team concluded that ICAI could further increase its effectiveness by clearly setting out its objectives and strategy for increasing the impact and value for money of UK ODA. Such a forward looking strategy would help ensure that ICAI reviews are consistently useful to, and influence, its key stakeholders including government departments and the IDC. To take this forward ICAI should conduct an internal theory of change exercise involving Commissioners, service provider(s) and the secretariat to make more explicit how its outputs will lead to the desired outcomes of improving the impact and value for money of UK ODA. Whilst the review team recognises that this will require a modest time investment from ICAI it should nonetheless provide a lasting, long-term benefit to the organisation.

Conclusion 6: ICAI's work has contributed to improving the impact and value for money of UK ODA. By evaluating how its work has done this ICAI can increase its contribution further.

Recommendation 2

ICAI should establish a theory of change for its work, defining and analysing how it contributes to improving the impact and value for money of UK aid. This should inform ICAI's metrics for measuring its own performance.

ICAI review process

4.8   ICAI's review process typically involves terms of reference, approach paper, evidence gathering (often including country visits by Commissioners and service provider), emerging findings meetings, fact-checking process, draft report, publication, government response, IDC hearing, and public engagement. A fuller description of ICAI's review process can be found on ICAI's website.

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[10] *ICAI Follow-up Review of Year 5 Reports* http://icai.independent.gov.uk/wp-content/uploads/EMBARGOED-ICAI-follow-up-review-of-Year-5-reports.pdf

4.9   Government stakeholders made clear during the consultation the aspects of the ICAI review process which they felt contributed to a strong review in terms of it having clear and focused design, resulting in a well-evidenced report, and making useful and achievable recommendations, as was the case for example in ICAI's Cash Transfers and Violence Against Women and Girls reviews. Two key themes emerged very strongly among stakeholders from across multiple government departments: that both the Commissioner and the review team-lead (drawn from the service provider) have relevant development expertise and a strong understanding of the department/(s) under scrutiny. There was also consensus that ICAI has allocated Commissioners and review team-leads on the basis of their development expertise. However, some government stakeholders from outside of DFID felt that on occasion it would have been useful for ICAI to have had a greater understanding of their departments' business. The review agreed that this could potentially improve ICAI's review process however recognise the need for government experience among ICAI's staff to be balanced with potential conflicts of interest.

4.10   Whilst it was clear that government staff take ICAI reviews very seriously, and thus invest time and effort in ensuring that they properly support the process, it is important for ICAI to ensure that its review process establishes a credible and well-evidenced set of findings and recommendations in the most efficient manner possible. It was clear from the consultation exercise that government stakeholders, particularly those from outside of DFID, consider ICAI's review process to be time and resource intensive. Many stakeholders drew comparisons between the ICAI review process and that of other scrutiny bodies, for example stating that "it [the ICAI review process] was less targeted than the IDC process", "less streamlined than the NAO process" and "substantially longer than that of other scrutiny processes". The review team recognise, however, that these opinions are anecdotal and also that a comparatively more 'onerous' review process may be necessary given ICAI's remit of producing in-depth, strategic and thematic reviews covering work in multiple countries and which often encompass multiple government departments.

Review recommendations

4.11   A number of government stakeholders commented on the quality of the recommendations made by ICAI reviews, stating that they were often "less useful than the conclusions or other findings". The NAO described its own process for making recommendations as part of its reviews, whereby review teams attempt to identify recommendations that are smart and visible once implemented, as opposed to those that propose perfectible changes (i.e. could do better). The NAO also discusses its recommendations with the audited body during clearance of a report though retains the right to make recommendations with which the audited body disagrees. Many government stakeholders felt that a more consultative process (with the department under scrutiny) would result in stronger and better understood recommendations emerging from ICAI's reports. ICAI has already begun exploring a more consultative recommendations process and should, so long as doing so does not compromise its independence, continue to pilot this approach by soliciting stakeholder feedback in its Phase 2 reviews.

4.12   Nearly all stakeholders commented on the overall Red Amber Green (RAG) scores included in ICAI's performance, learning and impact reviews. Whilst some stakeholders felt that including RAG scores was good practice the majority did not share this view, for example stating that they can be "an unnecessary distraction" and/or can "detract from the nuance contained within the reports". ICAI evaluated its scoring process in 2016 and decided to continue scoring its reviews on the current RAG scale (of red, amber/red, amber/green and green). However, the review team reviewed the scores given by ICAI's reviews during

phase 2 and found that all but one have been scored amber/red or amber/green, effectively making the scoring scale a binary one. Given this, in addition to stakeholder concerns over the appropriateness of RAG scale scores for ICAI's nuanced, in-depth reviews, the review team concluded that there are reasonable grounds for ICAI to re-evaluate its scoring process once again and to explore alternatives to a RAG scale system, such as a brief concluding statement from the Chief Commissioner.

Conclusion 7: ICAI's strongest reviews are characterised by clear leadership from the Commissioner and a review team lead with both relevant development expertise and a strong understanding of the government department under scrutiny, which helps focus the review's design and ensures useful recommendations.

Conclusion 8: ICAI's review process is considered time and resource intensive by government stakeholders in comparison to other scrutiny processes.

Recommendation 3

Based on ICAI's independent findings its recommendations process should be more consultative with the department(s) under scrutiny, ensuring that recommendations are smart, useful and visible, and facilitating potential efficiency gains through reduced transaction costs. ICAI should continue to pilot this approach in phase 2. ICAI could reevaluate its process for overall scoring of reviews and consider replacing RAG scores with a Chief Commissioner's statement.

Government responses to ICAI reviews

4.13   ICAI's current Framework Agreement stipulates that DFID should "Issue a written government response to each report within 3 weeks of publication. The response should be approved by the Permanent Secretary, sent to the Chief Commissioner and copied to the IDC". Typically, working level officials from departments under scrutiny see a near-final version of ICAI reports at the fact-check stage (usually around a month before publication), which senior officials such as Director Generals are occasionally involved in. However, the formal process of developing and clearing a response begins at publication – when the final embargoed report is received by the department under scrutiny, at which point the stipulated 3 week timeframe begins.

4.14   Government stakeholders expressed frustration at this three week timeframe for a government response, feeling that it does not allow for a fully considered response given the complexity of ICAI's reviews and the strategic nature of the recommendations made by them. There was a consensus that, given the internal clearance chain required to approve and issue a government response, 3 weeks is insufficient. This is evidenced by the fact that the majority of DFID's government responses during the current phase of ICAI have been issued more than 3 weeks after the publication of its reports.

4.15   The review team concluded that an increase in the timeframe for a government response should be considered to ensure that responses properly address the issues raised by ICAI's strategic reviews. This would also align the timeframe for responding to ICAI more closely with that for response to other scrutiny processes. For example, the expected timeframe for a government response to a Select Committee review, and thus for an IDC review, is 8 weeks. Any increase in the timeframe for a government response should be clearly communicated to ICAI, the IDC and all ODA providing departments (see chapter 7).

Conclusion 9: Given the complexity and strategic nature of ICAI's reviews, and the recommendations made by them, the current 3 week deadline for a government response, as stipulated in ICAI's Framework Agreement, is insufficient for a fully considered response.

Recommendation 4

Departments should aim to produce a government response to an ICAI review within 6 weeks of its publication to enable them to give proper consideration to ICAI's complex reviews.

Communications and 'effective learning'

4.16   The Triennial Review concluded that ICAI could communicate more with its NGO stakeholders as part of its commitment to openness. ICAI responded through its Corporate Strategy, introducing a new function around effective learning: 'contributing effectively to learning and to the wider aid debate with government and with other development stakeholders'. ICAI's Chief Commissioner considered this learning function as "underwriting their [ICAI's] value".

4.17   The review team received contrasting perspectives on the extent to which ICAI, as an independent scrutiny body, should take a proactive approach to communication with the general public. On the one hand IDC and DFID stakeholders felt that ICAI should take a neutral and dispassionate approach to this area as an independent scrutiny body. Another perspective was that ICAI should play a more proactive role in ensuring its reports gain wider interest and engaging with the aid community on reviews, with the aim of enhancing its reputation as an authoritative and influential body.

4.18   There was near unanimous feedback from NGOs/CSOs that their engagement with ICAI to date has been useful for policy development and has offered an additional opportunity to focus their lobbying efforts. Many of the government stakeholders consulted for this review, however, expressed concern over ICAI's approach to media communications, suggesting for example that it was 'prioritising transparency over impact'. Best practice for scrutiny bodies such as ICAI states that communication should be balanced and so reflect the main conclusions (of the report in question), defend any misreporting, and should be measured in terms of the overall influence the body is seeking.

Measures of effectiveness

4.19   The Cabinet Office 'Functional Review of Arms-Length Bodies Providing Expert Advice[11'] describes the performance management of Public Bodies and highlights the importance of such bodies ensuring that Government responds to the advice they provide and of soliciting stakeholder feedback on their own performance. ICAI published a set of 9Key Performance Indicators (KPIs) in its 2017 Annual Report, divided across 4 areas: impact (1 indicator, including the number of its recommendations adopted by government); accountability (2 indicators, including IDC satisfaction with ICAI's work); effective learning (3 indicators); and efficiency (2 indicators).

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[11] *Functional Review of Arms-Length Bodies Providing Expert Advice*
https://www.gov.uk/government/publications/functional-review-of-bodies-providing-expert-advice-to-government

4.20   Performance tracking against ICAI's impact KPI on the number of recommendations adopted by government reveals that a high proportion of recommendations have been accepted (19 out of 27 in 2016/17). However, as the only impact KPI, this indicator alone does not fully capture the value of ICAI's work (although ICAI's Follow-up Reports do capture further evidence of its impact). Many stakeholders provided specific examples of how they have utilised ICAI's work and this was frequently in ways which would not be captured by the current KPI. For example, many stakeholders from DFID described how ICAI reviews have reinforced existing effective practices without making specific recommendations. Whilst some of this information could conceivably be captured via ICAI's accountability KPIs, at present these refer only to feedback from the IDC. Though this is indeed of the utmost importance, is not enough on its own to capture the full impact of ICAI's work.

4.21   Several stakeholders from across stakeholder groups felt that ICAI's current impact KPI may incentivise it to make recommendations which are easy for the Government to implement, and therefore likely to be adopted, rather than those which would be most useful. The review team received no evidence that this has occurred. Nonetheless, this is a potential risk and indicates that ICAI's KPIs could be better designed to incentivise performance.

Conclusion 10: ICAI's own measures of performance are under-reporting the full value of its work.

Recommendation 5

Following the completion of Recommendation 2, ICAI should develop fewer but more meaningful measures of its own performance which incentivise it to maximise the effectiveness of its remit and functions. ICAI should consider soliciting government stakeholder feedback alongside Parliamentary feedback as part of this process, and report annually on the results.

Delivery model

4.22   Having concluded that a NDPB with advisory functions remains the most appropriate classification for ICAI the review team explored whether its current delivery model (4 part-time Commissioners, 10 secretariat staff, and a contract with a consortium of 3 suppliers) is set up to deliver as effectively as possible. Consultations on ICAI's delivery model suggested that its secretariat and Commissioners are required to manage high transactional and coordination costs among ICAI's internal parts. The source appears to be one of a principal agent problem – a situation where each part of ICAI has different ways of working and asymmetric information and where there are imbalances in costs, risks, work and expertise between such parts.

4.23   Theoretically, solutions for resolving principal agent problems require increased work and risk sharing options and clearer lines of accountability between and among internal parts of an organisation. Accordingly, the following changes to ICAI's delivery model could help it alleviate the issues identified above:
   a. Empowering the Chief Commissioner to lead and manage ICAI by making the role full-time or near full-time (4.24);
   b. Reviewing how best the production of deliverables between ICAI's secretariat and service provider should work, for example, by bringing certain review modules currently undertaken by the service provider in-house and empowering the secretariat to have greater involvement in review delivery (4.25);
   c. Developing a contracting model that allows greater control over the quality of review deliverables;

d. Ensuring that ICAI recruits a high calibre of development, management and government expertise across all of its internal parts.

4.24   Making the ICAI Chief Commissioner's role full-time should be accompanied by reducing the size of its board of Commissioners from 4 to 3. The ICAI Chief Commissioner is currently remunerated for 100 days and its Commissioners for 65 days (see 5.5). Therefore, making the Chief Commissioner's role full-time and reducing the size of the board from 4 to 3 Commissioners would result in a moderate net increase in total Commissioner time which all stakeholders groups, including the ICAI Commissioners themselves, indicated they would welcome. This additional capacity would enable the Chief Commissioner to support the implementation of recommendations made by this review and the transition to ICAI's next Phase (see 6.14). It should be noted that ICAI has already operated on a 3 Commissioner basis at various points during both phases of its existence. There is considerable support for such a change to be made.

4.25   Facilitating greater co-production of ICAI's deliverables between its service provider and its in-house components (secretariat and Commissioners) would require a substantial change to its delivery model but offers significant long-term potential in terms of improving effectiveness. The rationale for such a change is that bringing more review processes and knowledge in-house will give Commissioners greater control and accountability over ICAI's reviews and will result in reduced transaction costs for ICAI's secretariat. A risk with this model however is that a comparatively more civil service-led review process (given that ICAI's secretariat staff are civil servants) may be perceived as reducing ICAI's independence from government in comparison to its current delivery model. An alternative to the proposed co-production model, which would partly address the identified principal-agent problem, would be to increase the Commissioners' time but reduce the role and number of staff of ICAI's secretariat, such that they continue to support the Commissioners and manage the service provider but are no longer involved in review delivery. This may save costs in comparison to the current delivery model however it may over-burden the Commissioners and would not fully resolve the identified principal agent problem.

4.26   A key assumption underpinning the proposed co-production model is the need to recruit high performing, experienced, technically capable staff with both relevant government experience and relevant development expertise. Both the NAO and DFID Internal Audit Department suggested that ICAI would benefit from greater in-house development expertise which would mark a departure from the current ICAI model which primarily buys in development expertise via the service provider and which relies on the expertise of the service provider to deliver reviews.

4.27   Having concluded its theory of change exercise ICAI should undertake an internal review of its capabilities and its own review processes. This review should be used to help ICAI identify what is needed to implement its theory of change. In doing so it should also consider what proportionate changes to its operating model could help to address the principal agent problem, including modules currently undertaken by its service provider could be brought in-house, and should ensure that doing so does not increase costs and where possible decreases administrative costs. The review should also match the capability and expertise requirements of any modules being brought in-house against ICAI's existing capabilities and expertise and any gaps should be built into a recruitment plan which forms part of the transition plan to ICAI's next phase (see Chapter 6). A number of stakeholders suggested that review design modules, such as the approach paper and terms of reference, could be brought in-house. However, it should be left to the module and capability review to determine which, if any, modules should be absorbed by ICAI.

Conclusion 11: ICAI's current operating model lacks appropriate balance in cost and work-sharing between Commissioners, secretariat and service provider(s), resulting in high coordination and transaction costs. Resolving this would also increase ICAI's efficiency and effectiveness.

Recommendation 6

ICAI's operating model should be improved by:
- Making the Chief Commissioner's role full-time and reducing the Board of Commissioners from 4 to 3 members;
- Measuring, tracking and reporting annually on the full and average cost of its reviews, thereby developing benchmarks to facilitate a reduction in costs over time. This reduction should include finding a saving of at least 5% of administrative costs in the current phase and under the current operating model (see paragraph 5.5).

Recommendation 7

ICAI's operating model could be further enhanced by bringing more review processes in-house. This would need to be agreed between ICAI and DFID following the outcome of ICAI's current drive to reduce process and cost inefficiencies and a module and staff capability review for the whole of ICAI.

5. Efficiency

5.1   This section explores ICAI's economic efficiency including its total budget, staffing costs and measures of efficiency, in addition to the potential costs and benefits of relocating ICAI outside of London, as per Cabinet Office guidance.

5.2   ICAI's total budget is £13.5 million over 4 years for its Phase 2 work. Contractually, the maximum payable to the service provider for undertaking reviews is £10 million. The remainder covers ICAI Commissioners and secretariat costs – the majority supporting activities for reviews. ICAI's Annual Report shows that it spent £2 million on contractors and £841,000 on in-house review, delivery and administration between June 2016 and June 2017, a 70%/30% split between service provider costs and total internal costs. ICAI's total spend to date for the first 2 years of the current phase is nearly £5 million, leaving £8.5 million to be spent over the remaining 2 years. As occurred in Phase 1, ICAI's Phase 2 is projected to underspend by £500,000.

Table 1 - ICAI's Phase 2 budget and 2016/17 project spend.

	Phase 2 (2015-19 budget)	2016/17 project spend
Total	£13.5m	£2.85m
Payable to external service provider	£10m	£2.01m
In-house costs	£3.4m	£841,000
Frontline – including 4 Commissioners & 5 secretariat staff	£1.701m	£496,000
Administration – including 5secretariat staff[12]	£1.748m	£345,000

5.3   The main cost drivers for ICAI are the costs of its reviews and its workforce. The average cost per review type paid to the contractor is given in Table 2 and is similar to the average cost of reviews during Phase 1 (£237,000, which also rose with increased complexity). At the time of its 2017 Annual Report ICAI had published 11 reviews in Phase 2, including 2 rapid reviews. ICAI had a slow first year in terms of review outputs (see 6.14), but accelerated its work programme in Year 2 and 3 of its current phase. The average contract cost per review is £275,000 for ICAI's larger impact, performance and learning reviews, and £117,000 for its rapid reviews. The total cost of reviews, however, should include in-house administrative and Commissioners costs as well as the amount payable to the service provider to accurately reflect their full cost which they currently do not. The review team

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[12] *ICAI's admin costs also include, for example, its accommodation, office supplies and Parliamentary engagement costs.*

concluded that ICAI should benchmark and monitor the full and average costs of its review as part of its on-going efficiency drive and aim to reduce this over time. Doing so will help ICAI identify further changes which could improve its operating model (see 4.27).

5.4   In addition to benchmarking the cost of reviews and reducing it over time ICAI should explore what efficiency savings it can derive within its current delivery model. These should include:
   a. Embarking on an explicit theory of change exercise (see 4.7);
   b. Empowering the Head of the Secretariat to make all final decisions on finance and administrative matters under the purview of the Accounting Officer role (see Chapter 6);
   c. Soliciting commercial support from DFID to help with on-going contract management issues;
   d. Exploring how administrative budgets can be reduced (see 5.5).

Table 2 - ICAI's Phase 2 review costs (payable to service provider).

Type of review	Number of reviews	Average cost of reviews (£'000)	Range of reviews (£'000)
Performance	5	286	277-397
Learning	2	229	156-302[13]
Impact	2	287	224-309
Performance, Learning and Impact	*11*	*275*	*156-397*
Rapid	2	117	102-123
Other	5	67	15-222

Commissioners and secretariat

5.5   ICAI's secretariat has more than doubled in size since Phase 1. This follows the result of a 2014 staffing review undertaken which looked at duplication of roles across ICAI's operational model. Secretariat costs are split between staff that deliver corporate functions (admin costs) which, together with various other admin costs such as estate costs, accounted for 12.9% of ICAI's 2016/17 expenditure, and those that support reviews, which accounted for 17%. ICAI is a small body with a mandate for independent scrutiny reporting into Parliament. To meet this mandate effectively it has to support Parliament, coordinate with other scrutiny bodies and work across many government departments often coordinating with many country offices. This requires proportionally higher administrative costs than for other NDPBs which typically work with 1 government department. Nonetheless, as part of the Cabinet Office's ongoing drive for efficiencies among NDPBs ICAI should identify potential administrative savings of at least 5% (of its forecasted

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[13] *Variances in the cost of ICAI reviews typically arise due to differences in the geographic scope and subject matter of reviews, with those that require travel to fragile/conflict-affected countries incurring substantially higher costs for example.*

administration spend for the current phase) and report on its progress towards achieving them in its Annual Report.

5.6   ICAI's reviews across multiple ODA providing departments have resulted in an increase in the cost of Commissioners (rising from 55 to 70 days for Commissioners and from 65 to 100 days for the Chief Commissioner) and secretariat time in order to meet the need for increased coordination and fact-checking and to sensitise new ODA providing departments to ICAI's remit. This increased level of effort by ICAI's Commissioners and secretariat has helped raise the level of new ODA-providing departments' understanding of, and engagement with, ICAI reviews but has not resulted in additional review reports or other outputs. This reinforces the review team's conclusion (see 5.3) that payments to the service provider do not reflect the full cost of ICAI reviews and that a proportion of the time and other overhead costs of the Commissioners and secretariat should also be factored in. The review team further concluded that ICAI could achieve efficiency gains through more effective sharing of work and budgets across its 3 components (see Chapter 4).

Service provider

5.7   ICAI has an output based contract with a service provider to deliver review reports, based on fixed-priced modules of work such as terms of reference or a literature review. Payments to the service provider are output based and made upon delivery of the product in question. The relatively small size of ICAI's current primary service provider has resulted in high transaction costs arising from the work undertaken by all components of ICAI (including the service provider itself) to ensure the quality of reviews. Over the past year however ICAI has worked with the service provider to implement performance improvement measures and has agreed review standards designed to ensure that quality criteria are embedded throughout the review cycle. The tender decision for the next ICAI service provider should ensure that it incorporates the relevant recommendations made by DFID's ongoing Supplier Review.

Indirect costs

5.8   Indirect costs refer to government staff time and resources required to support ICAI reviews throughout the review process including fact checking and post publication follow-up and add to the total cost of a review. The review team received feedback that ICAI reviews incur indirect costs of up to 6 months' full time equivalent time for core staff, a month of senior management time and additional time for Directors and Director Generals. As a conservative estimate this would translate to an average of £25,000 per review or 50% of a grade 7 staff salary. The Triennial Review estimated that an average of 76 days of DFID staff time was needed for engaging with ICAI reviews during Phase 1. It is important that ICAI considers these indirect costs in its operating model and performance measurements to ensure that its reviews are being delivered as efficiently as possible.

Shared and estate costs

5.9   Cabinet Office guidance asks Tailored Reviews to examine the potential for public bodies to make efficiency savings through cost-sharing and/or shifting current services to digital channels. ICAI currently shares many overhead costs with the Scotland Office (to whom it pays rent) hence there is little scope for it to derive further efficiency gains via cost-sharing. ICAI's current offices do not have video conferencing (VC) facilities hence there is potential for it to derive some minor cost efficiencies from having such facilities, for example,

via reduced travel overseas for Commissioners. VC facilities cost roughly £6000-7000 to install hence reducing even 1 trip per year would see these costs recouped by the end of Phase 2. If and when ICAI moves from its current premises in the Scotland Office it should ensure that its new premises has adequate VC facilities in order to facilitate small potential efficiency gains.

Measures of efficiency

5.10   ICAI has 2 Key Performance Indicators related to efficiency, one on increasing its range of review products and another on managing its finances within its budget. According to ICAI, lessons learned as a result of implementing and monitoring its KPIs have led to improvements in the quality and pace of delivery of its reviews. The review team recognise the effort that ICAI has made this past year in attempting to increase the pace and quality of its work, and also acknowledge that it has maintained good financial performance against its budget. As ICAI develops new KPIs (recommendation 5) it should consider implementing a KPI which will incentivise it to reduce its costs.

Arms-length bodies moving out of London

5.11   ICAI's current office is in Whitehall. The staff complement of 10 secretariat staff and 3 part-time commissioners, with off-site service providers, means its location costs are minor (less than 2% of its total budget). Cabinet Office guidance asks all Government departments to explore the relocation of Arms-Length Bodies to outside of London and the South-East of England. The Tailored Review conducted an analysis estimating the costs and benefits, including regeneration benefits, of relocating ICAI outside of London and the Southeast. The analysis compared a business as usual model with an alternative delivery model:

- The **Business as Usual** model assumed that ICAI stayed in Whitehall in its current building and that rental costs increased by an estimated £19,000 per annum, from £38,000 per annum (the current amount) to £57,000 per annum for each year of phase 3. The key benefit of this model would be ICAI's close proximity to many of its key stakeholders (which it currently enjoys), including the IDC and DFID, thereby providing it with greater opportunity to develop productive relationships with them. There would be no wider regeneration benefits associated with this model.

- The **Alternative Delivery Model** assumed that ICAI moved to a serviced office in Sheffield (an indicative location satisfying the Public Services Act 2012) – from which a modest regeneration benefit would be derived given the significant needs of the Upper Don Valley area of Sheffield. The Alternative Delivery Model assumed that a potential serviced office would have better IT and video conferencing facilities than ICAI's current building hence would allow it to reduce travel for face to face meetings. ICAI currently attends over 30 meetings a month on average with 2 people attending – the analysis assumed that better video conferencing facilities would reduce this need by half.

5.12   The analysis concluded that a small cashable saving could be derived through the Alternative Delivery Model of up to £100,000 (over four years), assuming that the rent of the current building rose as predicted by the Business as Usual Model. The Alternative Delivery Model would also deliver a meaningful economic/social benefit, derived via a proportion of ICAI's staff post-tax salaries being spent within the region of relocation. The analysis estimated that this would be in the region of £203,000 over a four-year period (the length of an ICAI phase) in Net Present Value terms. The review team have shared their analysis with

Government Property Unit and the potential relocation of ICAI will be considered in the next round of the Public Bodies Relocation Programme.

5.13   Many stakeholders, including the IDC Committee Clerks, concurred, that whilst it would be possible to relocate ICAI outside of London, ICAI derives great value from being in London and that its location is important to its work and its relationships. Therefore, the benefits of relocation have to be weighed against the place value that ICAI derives from being in London, for example, proximity to Parliament allowing it to proactively build a strong relationship with the IDC. Furthermore, the quality of ICAI's reviews and its relationships are dependent upon it recruiting and retaining reputed, high-calibre staff with strong technical and government experience, which might be easier for ICAI to obtain if it is in close proximity to its key stakeholders such as Parliament and ODA-providing government departments.

Conclusion 12: The benefits of ICAI being in London outweigh the small cashable savings that could be derived from a move out of London.

6. Governance and Transition

6.1   This section looks at issues relating to ICAI's governance, including specific issues raised regarding ICAI's independence (both of government and of Parliament), conflicts of interest (of ICAI's commissioners, service provider(s) and secretariat staff), accountability and decision making structures within ICAI, and transition from the current phase to a third phase of ICAI. ICAI's corporate governance was assessed against the Cabinet Office's 'Functional Review of Bodies Providing Expert Advice in Government', referred to herein simply as the Functional review, (see 6.2), and a corporate governance 'comply or explain' questionnaire submitted to and completed by ICAI (see 6.3) and DFID.

6.2   The Functional Review concluded that, whilst independent expert advice plays a vital role in the business of government, it is important for bodies to identify how their work adds value and to reflect upon how effective they are at fulfilling their remit, including more routine reflection on their performance based on stakeholder feedback.

6.3   Good corporate governance, defined by the Cabinet Office as the way in which organisations are directed, controlled and led, is central to the effective operation of all public bodies. According to ICAI's self-assessment, via a 'comply and explain' questionnaire submitted by the review team, it complies with all Cabinet Office provisions for ensuring good corporate governance. Through triangulation the review team concluded that this self-assessment represented an accurate picture of ICAI's corporate governance. The 'comply or explain' questionnaire included a further 5 provisions related to the role of the sponsor department (DFID), all of which were complied with.

6.4   The Functional Review included a set of 14 principles and 25 good performance indicators covering core governance issues for Public Bodies. Benchmarked against these good performance indicators both ICAI and DFID maintain good practice and comply with the first tier indicators in many of the core governance principles, including adherence to transparency, the role of the sponsoring department, and the role of Parliament and of the Chair of the body. However, assessment of ICAI against the Functional Review identified 4 areas wherein ICAI and DFID could strengthen their practice and which could be included in the implementation strategy following the Tailored Review. These are highlighted below in terms of the overall governance principle and corresponding Functional Review indicator which could be implemented:
- Principle 1: **Remit**. Indicator: Drafting terms of reference for Public Body laying out their remit and functions, allowing it to be reviewed periodically (Recommendation 2);
- Principle 3: **Objective analysis**. Indicator: The Department(s) could consider drafting a working protocol on how ministers and the department will consider review recommendations and communicate where there is disagreement on recommendations[14];
- Principle 4: **Codes of Conduct**. Indicator: Complete an annual return by the Commissioners on personal codes of conduct;
- Principle 10: **Continuous improvement**. Indicator: Public Bodies actively seek 'customer feedback' on how they are fulfilling their remit from key departments and any external stakeholders through a proportionate mechanism.

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[14] *See Cabinet Office working protocols example, Functional Review of Bodies Providing Expert Advice to Government, page 28.*

6.5   The review team also looked in more detail at 4 issues raised at the beginning of the review on ICAI's independence, conflicts of interest, accountability and transition between funding phases (see 6.6 - 6.13).

Independence

6.6   The Functional Review defines independence of a public body in terms of: (a) it having a clear remit for the advice it provides which distinguishes its role from any other part of the wider system; (b) mutual independence – it being free to formulate and provide its advice without undue influence whilst respecting the right of ministers to make decisions; (c) it having strong governance arrangements, including high standards for the personal conduct of its members; (d) it being open and transparent, promoting greater confidence in decision making. The review team considered the extent to which ICAI demonstrates each of the aforementioned factors:

   a) ***ICAI does have a clear remit***, which is well understood by its stakeholders although it requires some clarification in terms of distinguishing itself from other scrutiny bodies.
   b) ***ICAI's advice is provided without undue influence.*** The Review team received no evidence that any interference had taken place during the ICAI review process. As is standard practice Ministers can reserve the right to reject recommendations made by ICAI reviews.
   c) ***ICAI maintains high standards for the personal conduct of its members***. For example, the code of conduct for commissioners is included in their honorarium agreement (see 6.7), whilst members of the Secretariat are civil servants and abide by the civil service code.
   d) ***ICAI maintains high standards of openness and transparency***. For example, the minutes of its board meetings and registers of interest of its Commissioners are published on its website.

6.7   These findings strongly corroborate with feedback received from stakeholders regarding ICAI's independence. Stakeholders unanimously emphasised the importance of ICAI's independence for its credibility, suggesting that it "would not be taken seriously otherwise", and largely considered it to be sufficiently independent of both DFID and the IDC. NGOs in particular appreciated the robustness with which ICAI interacts with, and responds to, DFID. Some government departments, other than DFID, who had undergone ICAI review expressed that they had had initial reservations about ICAI's independence but that these had dissipated once the review process began. The IDC called for ICAI to be made into a statutory body in order to increase its independence as is discussed in section 3.26.

Conflict of interest and personal codes of conduct

6.8   ICAI's current conflict of interest policies (COI) are in line with public sector practice and were scrutinised by DFID Internal Audit Department (IAD) in both the 2015 and 2016 Internal Audit Reports. DFID IAD expressed no concerns with ICAI's current practices and their implementation during the stakeholder consultation although highlighted that ICAI will likely be faced with future COI issues given the nature of its work (as is discussed below).

6.9   ICAI and IDC stakeholders raised the issue of potential conflicts of interest arising due to the part-time nature of ICAI Commissioners, whose independence is crucial to their role, but may have earned their reputation within an industry in which DFID is a major donor. Given that the ICAI Commissioner role is part-time, Commissioners are likely to undertake

other work which could compromise their independence and create further conflict of interest issues without robust conflict of interest policies in place. Although ICAI already has robust conflict of interest policies in place the review team concluded that making the Chief Commissioners role full-time would further mitigate against future conflict of interest issues, whilst also facilitating further benefits related to lines of accountability within the organisation (as discussed in Chapter 4). Doing this would require a change of leadership after each ICAI phase to ensure that the new Chief Commissioner can bring innovation, dynamism, and independent challenge to the role. Establishing this limitation on the future appointment of ICAI Commissioners formalises the single unimplemented Triennial Review recommendation (see recommendation 14, Annex D).

6.10   A key principle underpinning NDPBs is that board members are appointed as individuals. All public office holders are expected to abide by the 7 principles of public life: selflessness; objectivity; integrity; accountability; openness; honesty; and leadership. Codes of Conduct set out the standards of behaviour and ethics applicable to the chairs and board members of NDPBs. ICAI follows good practice in this regard but should implement the Cabinet Office indicator of putting in place a process for annual returns on codes of conduct for Commissioners to ensure that principles of public life are continually being assessed.

Accountability and decision-making

6.11   The Triennial Review recommended formal sign-off of ICAI's annual work-plan by the IDC, formalising ICAI's accountability to Parliament through a priority setting process. This has been a welcome decision as it has enhanced ICAI's accountability to Parliament, while ensuring that DFID Ministers still remain accountable to Parliament for ICAI's performance. A clear strength for ICAI in this Phase has been its ability to balance its independence from both DFID (and other ODA providing departments) and the IDC in their respective sponsorship and accountability roles.

6.12   Stakeholders from across ICAI, DFID and the IDC raised issues related to the clarity of decision making, line management and accountability processes within ICAI. Feedback indicated that a lack of clear protocols on lines of management and accountability within ICAI, and the part-time nature of the Commissioner role, has contributed to transaction heavy decision making, both within and between ICAI's Commissioners and secretariat. The IDC and the ICAI service provider also noted that the part-time nature of Commissioners has reduced their ability to work in a collective manner. ICAI's Framework Agreement stipulates the accountability of Commissioners to the Chief Commissioner. Future recruitment of Commissioners should clearly communicate this point, whilst current Commissioner Honorarium Agreements should be updated to reflect this fact.

6.13   To further reduce the extent of transaction heavy decision making within ICAI, the Chief Commissioner should have the casting vote on board decisions and on key milestones of the review processes, regardless of the Commissioner lead, thereby facilitating an arbitration mechanism which currently does not exist. Similarly, with ICAI monitoring the full cost of is reviews as recommended in Chapter 4, the Head of ICAI's secretariat, as the Accounting Officer for the organisation, should be empowered to make final decisions on all matters of finance and administration.

Conclusion 13: ICAI maintains good corporate governance processes. Diverse expectations around the principles of independence, personal conduct and lines of accountability, have posed some challenges to their implementation.

Transition

6.14   The majority of stakeholders identified transition (between funding phases) arrangements as a key issue for ICAI's governance. The transition between phase 1 and phase 2 of ICAI resulted in a 10-month gap in the publishing of scrutiny reports. Part of this was due to the fact that the transition coincided with a general election period and thus a newly formed IDC. The majority of stakeholders felt the gap could have been avoided through better planning, sequencing and some continuity of in-house support (see 6.12). ICAI did produce a well-received position paper, entitled 'UK aid in a changing world: Implications for ICAI', and an information note on the ODA allocation process which informed an IDC enquiry, during this 10-month period. As ICAI now has an established existence the review team concluded that it is reasonable for stakeholders to expect some degree of continuous reporting during transition between phases of ICAI.

6.15   One of the key reasons for the large gap in reporting during the previous transition appears to have been a 'cliff-edge' problem in which the contracts of both ICAI's Commissioners and service provider were renewed at the same time – an issue identified by many stakeholders. Furthermore, there was a high degree of turnover within the ICAI secretariat at the same time which may have exacerbated the problem.

6.16   Stakeholders, including the ICAI secretariat, Commissioners and service provider(s), suggested a wide range of potential improvements to ICAI's transition arrangements which the review team considered sensible:

- Minimising turnover in the secretariat during the transition period to allow for it to manage the implementation of any transition plan. The secretariat should help manage the transfer of knowledge from outgoing to incoming Commissioners and service provider(s).
- Minimising the publication cycle by considering measures such as phase 3 contract starting before the end of phase 2 (overlap) and/or extending existing contract (if absolutely required).
- For the incoming service provider to consider rapid and short reviews at the beginning of its tenure to minimise the length of any gap in reporting during the first year of a new phase.

6.17   A transition plan will need to be finalised between DFID and ICAI in order to allow sufficient planning time prior to the beginning of phase 3 of ICAI. The transition plan should consider all recommendations made by this Tailored Review, many of which have implications for transition arrangements. The implementation plan for the Tailored Review should prioritise those recommendations which have implications for transition. Given ICAI's

reporting relationship to Parliament the IDC should be consulted on and kept informed of proposed transition arrangements.

Conclusion 14: ICAI's transition between funding phases led to a 10-month gap in publishing scrutiny reports in the first year of its current phase.

Recommendation 9

DFID and ICAI should work collaboratively and should consult with the IDC on the following transition arrangements:
• Recruiting a new Chief Commissioner and Commissioners with strong, reputed development expertise in sufficient time to ensure a minimum gap in reporting and an effective handover of work-plan between incoming and outgoing Commissioners;
• Ensuring smooth transition of the service provider contract between this phase and the next, including through extension of the current service provider's contract for a limited transitional period if required, and ensuring that a new service provider is in place by January 2019;
• Agreeing a sequenced transition plan once Recommendations 2, 6, and 7 are implemented.

7. Changing Aid Landscape

7.1   This section examines how the UK aid and aid scrutiny landscape has changed since 2013, when the Triennial Review of ICAI took place, and what the implications of these changes may be for ICAI moving forward. Stakeholders were asked to identify the most important changes to the UK aid and aid scrutiny landscape which have taken place since 2013 with 3 themes being consistently identified.

An increasing proportion of ODA is being spent outside of DFID including by other individual departments.

7.2   Nearly all stakeholders identified the increasing amount of ODA spent outside of DFID. The UK Government's Comprehensive Spending Review (CSR), published in November 2015, sets the parameters for the UK's ODA budget, and included, for the first time, a competitive process for allocating ODA resources across spending departments. In 2014, the year after the Triennial Review of ICAI took place, 86.2% of UK ODA was spent by DFID. According to a recent NAO report on UK ODA[15], this is projected to be 72% by 2020.

The increasing number of cross-government pooled funds as well as programmes in which ODA and non-ODA funds are often blended.

7.3   Nearly all stakeholders also made reference to the fact that ODA is increasingly being administered through large cross-government pooled funding and ODA/non ODA blended funding vehicles, such as the International Climate Fund (ICF) and the Conflict, Stability and Security Fund (CSSF). For example, of the £1.127 billion spent through the CSSF in 2016-17 only around two-fifths were classified as ODA.

The changing definitions of ODA, and distinctions between aid impact, development impact and aid in the UK's national interest.

7.4   A number of references were made across stakeholder groups to various issues surrounding the definition of ODA and differences between aid and development though these were often not clearly articulated. The notion of aid being spent in the UK's national interest, as emphasised in the UKAS, was also consistently identified in terms of ICAI's role in scrutinising all aid spend.

7.5   Stakeholders described what they felt were the key implications of these changes for ICAI. The IDC, in addition to some governmental stakeholders from outside of DFID, highlighted the complexity of ICAI scrutinising ODA spent outside of DFID given that it reports only to the IDC whose role is to 'monitor the policy, administration and spending of DFID'[16]. A small number of stakeholders also felt that the blending of ODA and non-ODA in cross-government funds presents a particular challenge for ICAI given that its remit only

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[15] *National Audit Office - Managing the Official Development Assistance target, a report on progress.*
https://www.nao.org.uk/report/managing-the-official-development-assistance-target-a-report-on-progress/
[16] *International Development Committee – Role of the Committee.*
http://www.parliament.uk/business/committees/committees-a-z/commons-select/international-development-committee/role/

encompasses ODA. The IDC should continue to invite other parliamentary select committee members to evidence hearings for ICAI reviews as was discussed in 3.19.

7.6   ICAI's position paper 'UK aid in a changing world: Implications for ICAI', and its most recent Annual Report, highlight many of the challenges identified in this section and how ICAI intends to adapt to them. Whilst this position paper was near unanimously welcomed, the majority of stakeholders felt that ICAI will need to be increasingly dynamic in responding to the changing aid landscape in the coming years given the expected scale of the changes. Stakeholders particularly felt that ICAI will need a greater understanding of (non DFID) government departments' business and of the difference between aid impact and the wider development benefits, including secondary development benefits, arising from UK development programmes.

7.7   Whilst these are valid concerns ICAI has already begun scrutinising ODA spent outside of DFID and/or via blended funding vehicles. For example, it published a review on the "Cross-government Prosperity Fund" in February 2017, whilst its "UK aid in a conflict-affected country: Reducing conflict and fragility in Somalia" review, published in June 2017, scrutinised the role of the Foreign and Commonwealth Office (FCO) as well as DFID. The majority of government stakeholders from outside of DFID consulted as part of this review expressed support for ICAI's remit though some felt that both ICAI and DFID could have done more to introduce them to ICAI's role and *modus operandi*.

7.8   Given the changes which have already occurred, and which are expected to occur to the UK aid and aid scrutiny landscape, ICAI's priority setting process will have to be increasingly dynamic and responsive to change. It is crucial that ICAI's priorities are determined independently of government and are agreed only with Parliament, however, the stakeholder consultation revealed that both DFID and non DFID stakeholders would value greater consultation with ICAI as part of the process. So long as appropriate steps are taken to ensure that doing so does not encroach upon ICAI's independence the review team concluded that ICAI's priority setting process would benefit from periodic dialogue with major ODA providing departments, as this will enhance sensitisation of new ODA providing departments to ICAI's mandate and could potentially increase the influence and usefulness of ICAI's findings and recommendations. ICAI's future priority setting process should also consider the Global Goals for Sustainable Development[17], an issue raised by some stakeholders including the Chair of the IDC, and the UK government's approach to their delivery, Agenda 2030[18].

7.9   ICAI's Framework Agreement, last amended in 2015, will also need to be reviewed more frequently given the changing ODA landscape to ensure it is up to date and fit for purpose. Currently there is no formal timeframe for review and/or amendment of the Framework Agreement. Whilst the Tailored Review investigated the possibility of this Agreement being signed by all major ODA providing departments, as opposed to just DFID and ICAI as currently occurs, there was little appetite for this among stakeholders. The review team therefore concluded that the Agreement should continue to be agreed between ICAI and DFID but that a light-touch review should take place on an annual basis and then be shared with all ODA providing departments.

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[17] *UK Government – What are the Global Goals? https://www.gov.uk/government/news/what-are-the-global-goals*
[18] *UK Government – Agenda 2030: Delivering the Global Goals. https://www.gov.uk/government/publications/agenda-2030-delivering-the-global-goals*

Conclusion 15: ICAI's mandate to scrutinise aid spent across all government departments is generally well-understood and it has thus far responded appropriately to changes in the UK aid and aid scrutiny landscape and has been proportionate in its scrutiny of government departments other than DFID.

Recommendation 10

The priority setting process which informs ICAI's annual work plan could be strengthened by establishing greater communication with major ODA spending departments. ICAI could also present its annual work plan to the 0.7% Senior Officials Groups following its agreement with the IDC.

Recommendation 11

ICAI's Framework Agreement should be reviewed annually and agreed between DFID and ICAI and shared with all ODA providing departments.