

## Terms of Reference

# EUROSAI Project Group on Data Envelopment Analysis (DEA) and other benchmarking methods

(2021-11-29)

### 1. GENERAL PROVISIONS

#### 1.1 Name of the Project Group

EUROSAI Project Group on Data Envelopment Analysis (DEA) and other benchmarking methods.

#### 1.2 Background and objective of the Project Group

The Project Group is aimed to offer workshops to learn more about the DEA method, share experience and gain practical knowledge. DEA is a quantitative method to empirically measure efficiency (best-practice) of decision-making units and a potential useful tool in performance audits. The workshops will also potentially cover other benchmarking methods such as Statistic Frontier Analysis (SFA), Free Disposal Hull (FDH), etc.

DEA is a method developed in the late 1970s to evaluate the efficiency of non-profit organizations, where the basic question is how to measure the relation between inputs and outputs. Efficiency is defined as a best practice. The method is ideal when you have many units doing the same thing and you have multiple inputs and/or multiple outputs (services).

The Swedish NAO has studied efficiency and productivity in several reports with the DEA method, in such areas as:

- Universities and University colleges (RiR 2011:2)
- Local employment offices (RiR 2012:9)
- District courts (RiR 2017:6)
- Universities in the Nordic countries (RiR 2019:21) Collaboration between the Nordic SAIs
- Prisons (RiR 2020:16).

The method has also been used by a number of other EUROSAI members.

### **1.3 Link with EUROSAI Strategic Plan**

#### **1.3.1. Strategic Goal/Portfolio to which is linked**

SG2 Objective 2.1. To facilitate and support needs-driven institutional capacity development initiatives.

#### **1.3.2. No duplication/overlaps with other activities of the ESP**

Neither duplication nor overlaps have been identified.

## **2. STRUCTURAL PROVISIONS**

**2.1 Lead SAI:** SAI Sweden/Riksrevisionen (Chair).

#### **2.2 Contact Person:**

Christian Andersson, Auditor Director, Swedish NAO, [Christian.andersson@riksrevisionen.se](mailto:Christian.andersson@riksrevisionen.se)

#### **2.3 Participants**

The Project Group is initially open to all EUROSAI members.

## **3. TECHNICAL / PROCEDURAL PROVISIONS**

### **3.1 Intended Results and 3.2 Benefits to EUROSAI Membership**

Improved methodological knowledge of benchmarking methods among EUROSAI members. An intended result is also to form a network within EUROSAI to exchange knowledge about the use of benchmarking methods within performance audits.

### **3.3 Duration & Key Milestones**

We plan for the project to be approved during 2021 and a first workshop to be planned and held during spring 2022. A more hands-on second workshop for advanced users is planned for autumn 2022.

A continuation of the project is to be considered after the first workshops have been held. A possible continuation could be to establish a EUROSAI network for benchmarking quantitative methods.

### 3.4 Working Methods

A workshop to learn more about the DEA method regarding history, theory, experience sharing (many SAIs have used DEA), and practical knowledge and software. More specialized workshops could follow.

The first workshop could, if possible, be held like a hybrid meeting. The second more advanced workshop is, however, only suitable in-person.

### 3.5 Necessary Resources

The SAI of Sweden (Riksrevisionen) will provide staff to manage the activities of the project group. We will use TEAMS and other existing EUROSAI communications tools as much as possible.

The findings and other relevant material of the project group will be uploaded to the database of the BIEP (Benchmarking Information Exchange Project), established and managed by the EUROSAI Presidency – the Supreme Audit Office of the Czech Republic.

Preferably, in-person and hybrid workshops could be held at a location easily accessible for EUROSAI members. In case workshops are not held in the Swedish NAO premises, the project would investigate the possibility of obtaining financial backing from the EUROSAI budget in line with applicable rules set out in EUROSAI Financial Rules (EFR) (*III.3.1. Procedure for application and granting of funds from Chapter 2 of EUROSAI budget; III.3.2. Amount of financial subsidies from the EUROSAI budget and its Annex III*).

### 3.6 Reference Documents

- <https://www.riksrevisionen.se/en/audit-reports/audit-reports/2020/efficiency-at-swedish-prison-and-probation-service-prisons.html>
- <https://www.riksrevisionen.se/en/audit-reports/audit-reports/2019/resource-efficiency-and-productivity-of-swedish-higher-education-institutions-in-the-nordic-countries.html>
- [Efficiency and productivity of district courts | Riksrevisionen](#)

## 4. ACCOUNTABILITY PROVISIONS

The Project Group is established to achieve the objectives set out in these Terms of Reference. The Group will report on its progress and results to the EUROSAI Governing Board via the SG2 progress reports at the EUROSAI Governing Board meetings, following the procedures defined in the General Procedures for the EUROSAI Strategic Plan.