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Research on the Quality of Performance Evaluation Report of Third Party Organizations

Zhuo Xu

Henan Polytechnic University, Jiaozuo, Henan, China

Abstract

With the deepening of budget performance management reform in China, the role of third-party organizations in performance evaluation is increasingly prominent. This paper focuses on the quality problems of performance evaluation reports of third-party organizations, systematically analyzes the main problems existing in the current reports in terms of index design, index empowerment, analysis process, countermeasures and suggestions, and format specification, such as the disconnection between indicators and targets, subjectivization of empowerment, lack of in-depth analysis, lack of operability of suggestions, etc., and proposes to build a path to improve the quality of reports from four dimensions: institutional standards, institutional capacity, entrustment relationship and application of results. The research shows that improving the quality of third-party evaluation reports requires both internal and external repair, improving external supervision and incentives, and strengthening internal quality control and professional ability of institutions, so as to achieve the goal of serving high-quality budget performance management with high-quality evaluation.

Keywords

Performance Evaluation; Third-Party Organizations; Quality Evaluation; Budget Performance Management.

1. Introduction

With the in-depth implementation of the Opinions on Full Implementation of Budget Performance Management, establishing and improving the modern budget system has become an important measure to promote the modernization of the national governance system and governance capacity. In this process, as an independent and professional evaluation subject, the quality of the performance evaluation report issued by the third party organization is directly related to the allocation efficiency of financial resources and the credibility of the government. According to the Guiding Opinions on Entrusting Third-party Organizations to Participate in Budget Performance Management issued by the Ministry of Finance, third-party evaluation has become an indispensable part of the budget performance management system. However, the current third-party evaluation report faces many challenges in practice, including serious formalization, independence controlled by the entrusting party, vague evaluation criteria, and imprecise analysis process (Jiang Guobing, Shi Chuanlin, 2021)[1], which seriously restricts the application value of performance evaluation results.

The existing research mainly focuses on the construction of budget performance evaluation system, the third-party participation mechanism and its advantages. In terms of evaluation system, foreign scholars have conducted in-depth discussions from the perspective of the whole process of performance evaluation (Kettl, 2003; Wearings, 2010), domestic scholars put forward differentiated and all-round evaluation ideas combined with China's reality (Hu Zhiyong et al., 2020)[2]. In the aspect of third-party participation, scholars generally agree that it can improve objectivity and professionalism (Lu Mingyuan, 2008; Wang Zecai, 2021)[3], but

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also pointed out the independence dilemma it faced (Li Wenbin, Huang Yiyin, 2016)[4]. However, there are relatively few studies on the systematic evaluation of the quality of the final output-performance evaluation report of third-party organizations.

2. Status Quo of Performance Evaluation Reports of Third-party Organizations

In recent years, China's third-party performance evaluation report has made remarkable progress in institutional framework, practice scale and professional participation. The degree of institutionalization has improved, and the central and local governments have gradually established a standardized system covering entrustment procedures, report templates, application of results, etc., and report writing has rules to follow. The scale of supply has expanded, accounting firms, research institutions, consulting companies and other types of subjects have participated, and the number of reports has increased rapidly, covering fiscal expenditures, policy projects, public services and other fields. With the enhancement of professional awareness, third-party organizations gradually attach importance to the study of evaluation methodology, and some reports reflect certain professionalism in index design, data collection and analysis methods. However, the overall quality shows obvious characteristics of "multiple differentiation": a small number of excellent reports have high reference value, but a large number of reports are still in the stage of filling in the blanks, which is far from the ideal goal of "promoting construction by evaluation". Most reports stay in the "management compliance" inspection and fail to evaluate the policy benefits and long-term value in depth; The design of index system is not scientific enough, and it pays more attention to output than benefit; The ability of evidence analysis and attribution is weak, and the conclusions and suggestions are not targeted; Text expression is templated, which is less readable.

3. The Main Problems in the Performance Evaluation Report of Third-party Organizations

According to the Administrative Measures for Performance Evaluation of Fiscal Expenditure revised by the Ministry of Finance in March, 2020, the general procedure of performance evaluation, based on the third-party perspective, the steps that have an impact on the quality of evaluation report are mainly five steps: formulating performance evaluation work plan, collecting performance evaluation related materials, reviewing and verifying the materials, comprehensively analyzing and forming evaluation conclusions, and writing and submitting evaluation reports. It affects the construction of index system, evaluation process, evaluation conclusion and report form respectively. Therefore, the author evaluates the quality of several performance evaluation reports of third-party organizations from four angles, and finds that there are common problems such as unreasonable index design, unscientific empowerment, imprecise analysis process, lack of operability of suggestions and irregular report format.

3.1. The Index Design is Unreasonable

Unreasonable index design is the outstanding shortcoming of the current third-party performance evaluation report, and its core lies in the failure to establish a scientific bridge between evaluation objectives and measurable evidence. Specifically, the indicators are out of line with the strategic objectives of the project, and the general template is mechanically applied, ignoring the industry characteristics and stage characteristics; The structure is unbalanced, and it is excessively biased to quantify the short-term output indicators that are easy to obtain, while the design of the achievement indicators that reflect the long-term benefits, social impact and public gain is weak; The logic between indicators is loose, which fails to form an organic system of progressive and mutual verification. This leads to the evaluation activities

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being "easy to measure, not important", unable to accurately describe the true value of policy intervention, shaking the foundation of the whole evaluation, and making it difficult to go deep into the subsequent data collection and analysis because of vague directions, which ultimately weakens the credibility and decision-making support of the report.

3.2. Empowerment Lacks Scientificity

In the current third-party performance evaluation report, the lack of scientific index weighting seriously restricts the accuracy and fairness of the evaluation results. Its outstanding performance is that the process of empowerment is subjective and empirical, often relying on experts' personal experience or simple average, lacking sufficient statistical basis or objective data support. This not only leads to the fact that the actual influence of each index on the final evaluation result is seriously inconsistent with its real importance, but also makes the evaluation conclusion easily influenced by human preferences, and it is difficult to objectively reflect the core effectiveness of the evaluated project. Fundamentally speaking, the lack of scientific empowerment cuts off the inherent logical connection between the index weight and the evaluation goal, makes the quantitative scoring lose its rigorous foundation, and finally leads to the distortion of the evaluation results, which weakens the professional credibility and decision-making reference value of the report.

3.3. The Analysis Process is Not Rigorous

The problem of imprecise analysis process in the third-party performance evaluation report is widespread, which directly shakes the scientific foundation of the report conclusion. Its typical performance is: satisfied with the simple listing of data and phenomena, failing to use scientific methods for in-depth causal inference, trend comparison or correlation test; Insufficient sensitivity to abnormal data, lack of necessary verification and cross-validation; Attribution analysis is sloppy, and complex problems are often simply attributed to a single surface factor, ignoring the influence of deep variables such as policy design, management mechanism or external environment. This superficial analysis makes the report stay at the description level of "knowing what it is" and cannot reach the explanation depth of "knowing what it is", which leads to the lack of solid logical chain and evidence support for the evaluation conclusion, which seriously weakens the reliability and value of the report as a basis for decision-making.

3.4. The Proposal Lacks Operability.

The suggestions put forward in the third-party performance evaluation report generally lack maneuverability, which has become a key bottleneck restricting the practical value of the report. Its main manifestations are as follows: the content of the proposal is too general and macro, and it mostly stays at the principle level of "strengthening management" and "perfecting mechanism", and fails to put forward targeted measures in combination with the causes of specific problems; The suggestion is divorced from the above analysis conclusion, which fails to form a logical closed loop of "problem-cause-countermeasure"; The responsibility subject is vague, the implementation path is missing, and the resource demand and time node are unknown, which makes it difficult for the evaluated unit to formulate specific improvement plans accordingly. This "universally applicable" proposal is essentially a reflection of the lack of analysis depth and management insight, which not only fails to achieve the core goal of "promoting reform through evaluation", but also may damage the trust and expectation of report users on performance evaluation.

3.5. The Report Format is Not Standardized

The nonstandard report format is a concentrated expression of the lack of professionalism in third-party performance evaluation at the formal level. The problem lies not only in the technical details such as disordered numbering of charts and different typography, but also in

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the rupture of structural logic: the abstract is out of touch with the conclusion of the text, the core findings are submerged in redundant descriptions, and the data presentation mode is chaotic, which hinders information extraction. This irregularity weakens the authority and credibility of the report as a serious decision-making document, and greatly increases the cost of reading and using it. In essence, it reflects the lack of strict quality control and standardized process in the evaluation process, and it is an external signal of arbitrariness in work attitude and insufficient professional training, which ultimately leads to the fact that even reports with valuable contents are difficult to be effectively adopted and applied due to formal problems.

4. Suggestions on Improving the Quality of Performance Evaluation Reports of Third-party Organizations

4.1. Improve the System Standards and Supervision System.

Through systematic system design, a quality assurance framework covering the "whole life cycle" of performance evaluation reports of third-party institutions is constructed. First of all, the formulation of a unified national quality standard is the basis, and the Ministry of Finance should take the lead in jointly developing the Quality Standard for Performance Evaluation Reports of Third-Party Organizations with industry associations and academic circles, so as to clarify the normative requirements of the report in four dimensions: structure, content, technology and ethics. This not only provides clear practice guidelines for third-party organizations, but also provides an objective basis for supervision. Secondly, strengthen the whole process quality supervision mechanism, and extend the post-inspection of quality control to pre-qualification review, in-process monitoring and post-acceptance of results. The financial department should establish a dynamic platform for credit evaluation and information disclosure, and link the practice quality and credit records of institutions with the government procurement qualifications, thus forming a market environment of "encouraging trustworthiness and punishing dishonesty". Finally, promote innovative procurement modes such as "framework agreement procurement", establish a library of high-quality service institutions through open competition, and screen out third-party institutions with strong professional ability and good quality reputation from the source to avoid the damage of vicious competition at low prices to the quality of reports. This series of institutional arrangements aims to fundamentally change the current industry ecology of "low threshold, lack of standards and weak supervision".

4.2. Strengthen the Capacity Building of Third-party Institutions.

Focus on improving the "endogenous quality capability" of third-party organizations, emphasizing specialization, standardization and accountability. First of all, it is the key to improve the quality of the project to establish and implement the chief reviewer system in an all-round way As the first person responsible for project quality, the chief reviewer should pass strict qualification certification, have profound professional skills, rich practical experience and good professional ethics. The organization should provide continuous professional training and development support for the main reviewers, and ensure that they perform their quality control duties independently and prudently through assessment and incentives. Secondly, it is very important to build a perfect internal three-level quality control system : the project team cross-checks to ensure the accuracy of basic data and logic; Independent quality control department conducts technical review and compliance review; The management or technical committee of the organization is responsible for the final approval and risk control. This layer-by-layer check mechanism can effectively intercept possible quality problems in each link. In addition, strengthening the construction of compound professionals is the foundation of capacity building. Institutions need to establish a systematic talent training system. Through the mode of "theoretical training+practical training+continuous education", they should cultivate comprehensive evaluation talents who not only understand fiscal policy and performance theory, but also are familiar with industry characteristics and data analysis technology, so as to provide human resources for the output of high-quality reports.

4.3. Optimize the Design of Principal-agent Relationship

Solve the agency problem between government departments (clients) and third-party institutions (agents) caused by inconsistent goals and asymmetric information, and promote the coordination of goals between the two sides through mechanism design. The first task is to clearly define the boundaries of rights and responsibilities of both parties in the entrustment contract . The contract should specify in detail the obligation of government departments to provide information and guarantee the conditions of investigation, and the commitment of third-party institutions to maintain independence and ensure technical quality, and set up dispute settlement clauses to lay a solid contractual foundation for cooperation. Secondly, it is fundamental to establish a comprehensive performance evaluation and incentive mechanism with quality as the core. In service procurement, we should change the simple mode of "the lowest price wins" and adopt the comprehensive scoring method to include the qualification performance of institutions, the quality of technical solutions, the level of main reviewers and other factors into the bid evaluation criteria. Contract payment can be linked to the quality level of the report, implement "high quality and good price", and even explore the establishment of long-term performance partnership to encourage institutions to make long-term quality investment to maintain their reputation. Finally, it is also very important to establish a normalized communication and coordination mechanism throughout the project. Regular progress reports, key node meetings and problem consultations can promote information transparency, correct mistakes in time, ensure that the evaluation work always focuses on the core objectives of financial performance, and avoid direction deviation or quality discount caused by poor communication.

4.4. Strengthen the Application and Continuous Improvement of Evaluation Results.

The core logic of the proposal is to open a complete value closed loop from "reporting output" to "applying results" and then to "improving quality", so that quality improvement becomes a dynamic and continuous process. The key is to establish and improve the application-oriented quality feedback and accountability mechanism. The financial department should not only grade the report itself and disclose the results, but also include the problems found in the evaluation, the adoption of suggestions and the effectiveness of rectification in the assessment of the budget department, so that high-quality reports can really drive budget adjustment and policy optimization. At the same time, the historical quality performance of third-party organizations will be regarded as the core basis for future employment, forming a virtuous circle of "high quality-more opportunities". In addition, actively cultivating and giving play to the self-discipline and leading role of trade associations is a long-term strategy to build a healthy industry ecology. Industry associations can organize the formulation of detailed practice guidelines and technical guidelines, carry out professional training and ability certification, and regularly organize excellent case selection and experience exchange to build a platform for mutual learning and common improvement among institutions. Through mutual supervision, standard co-construction and knowledge sharing within the industry, the professional bottom line and quality consensus of the industry can be raised as a whole, and finally the fundamental change from external supervision to internal ability and self-discipline can be realized.

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5. Conclusion

As the key output of budget performance management, the quality of third-party performance evaluation report is directly related to the efficiency of financial resource allocation and the modernization of government governance. At present, although the report quality has made progress in institutionalization and specialization, it still faces practical challenges such as unscientific index design, in-depth analysis and difficult implementation of suggestions. In the future, we should make systematic efforts from four aspects: institutional norms, institutional capacity, cooperation mechanism and application closed loop, and push the third-party evaluation from "formal compliance" to "substantial effectiveness", so as to truly give play to its governance function of "promoting management by evaluation and promoting efficiency by evaluation" and provide solid support for comprehensively improving the level of budget performance management.

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