CIPFA The Chartered Institute of
Public Finance & Accountancy

Implementation of Accrual Accounting

Applying a Whole System Approach to improving
Public Financial Management

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# Good governance and accounting standards in public financial management are critical

Why?

- Whatever the level of development or economic circumstances in a country, citizens keep raising the bar with regard to their expectations about public service delivery

- Pressures on national budgets

- Need to better understand the interrelationships between elements of Public Financial Management (PFM) and their unique special characteristics

- Need to improve the performance of public services, transparency and accountability

- Pressure to tackle fraud and corruption

CIPFA definition of strong PFM

'*Pubic Financial Management (PFM) is the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals.*'

High Quality PFM requires (at least)…
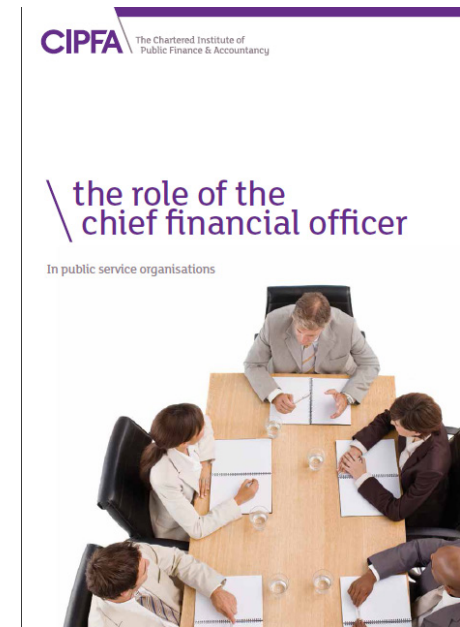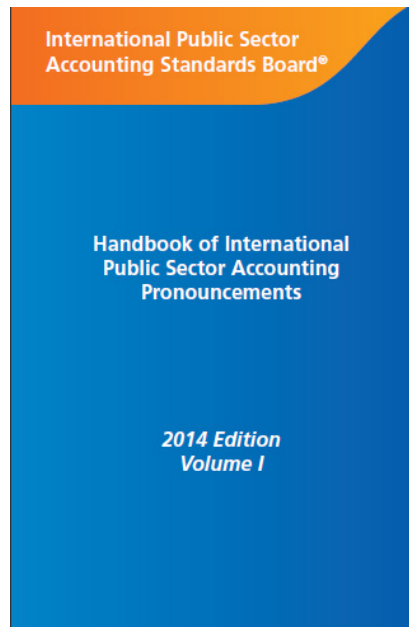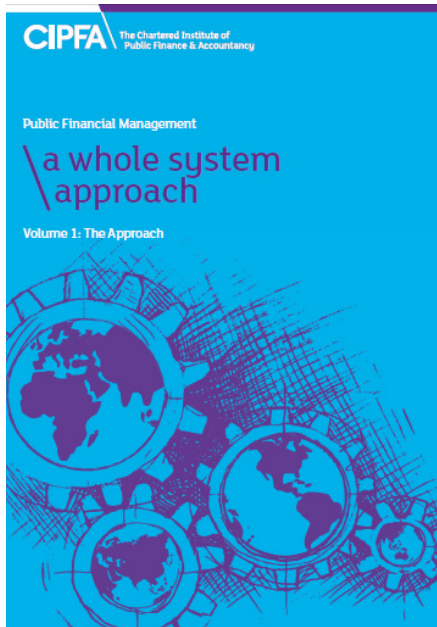
Whole Systems Approach (WSA)-Overview

- The overall architecture is a key aspect of the PFM environment – global, regional and national bodies

- Strong PFM requires good governance (leadership, visioning and planning, performance and risk management, transparency and accountability)

- Recognises multiple stakeholders – citizens, service users and delivery organisations etc.

- Highlights the coordination and collaboration of interests in originating and prioritising policies and programmes.

Delivering Excellent Public Finance
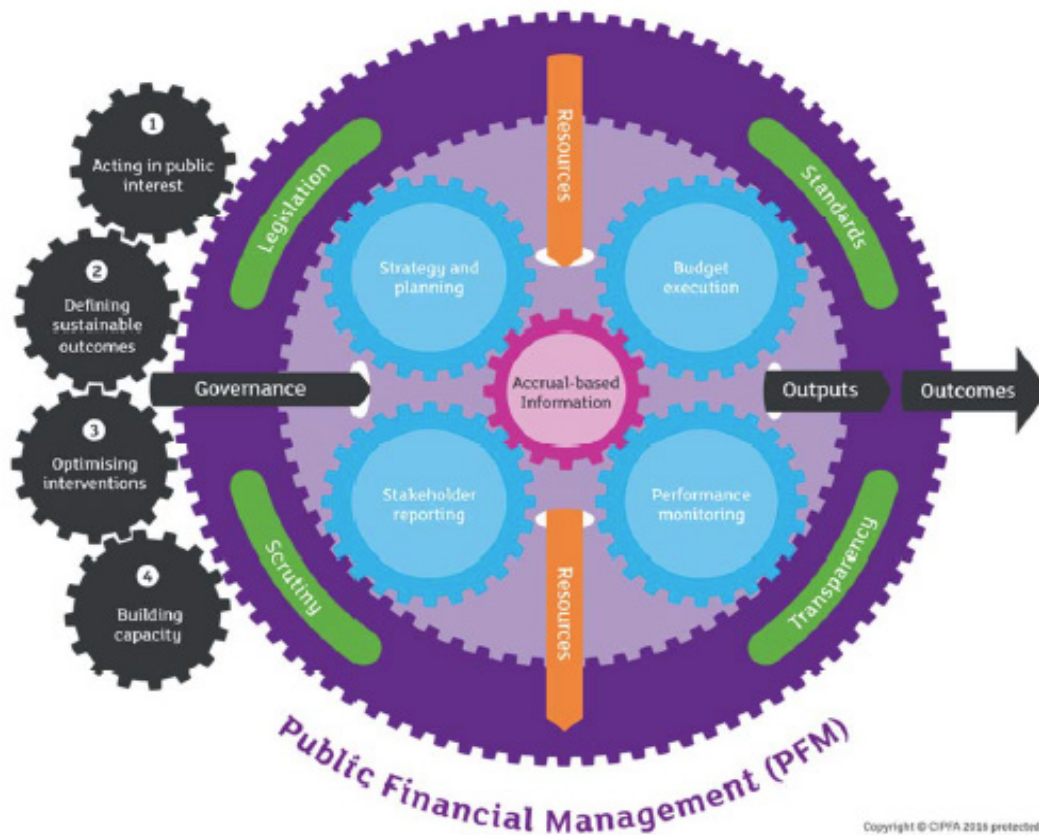
In summary: The WSA offers a range of ways to choose priorities for improvement

- Strengthen individual financial processes
- Analysing the separate activities that contribute to targeted outcomes and focusing on the ones that will make the most difference
- Looking across all the processes that need to come together, and targeting improvement plans on areas where change will have the biggest impact on overall effectiveness
- Identifying core processes in sequencing PFM improvements along with the developments that will sustain them in the future
- Suggesting complementary programmes that are not directly to do with financial management but may be blocking reform
- An emphasis on WSA argues that the effectiveness and sustainability of PFM depends on a health balance across the system components
- Allows for astute and targeted interventions – but mindful of consequences on the system
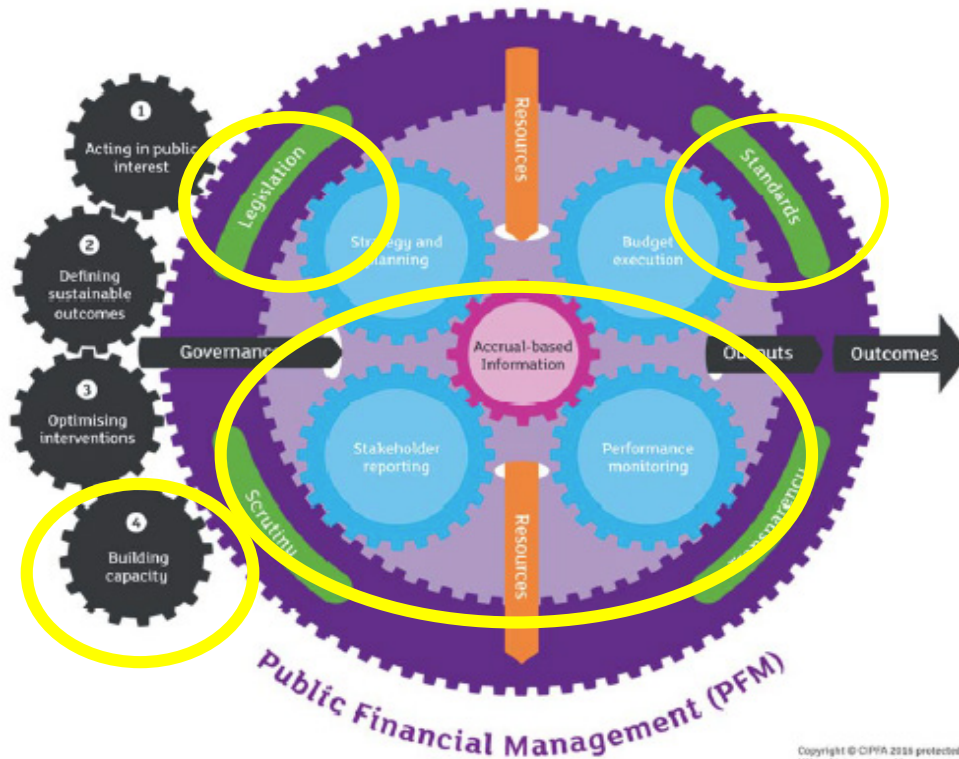
Applying the WSA approach

- PFM improvement programmes depend on local priorities and circumstances
- It is clear from experience that it would be beyond the capacity of almost all countries to implement improvements across the whole range of processes at the same time
- A Ministry of Finance introducing a new PFM system needs to draw on a relatively sophisticated understanding to act as a conduit for donor assistance and champion of PFM reform to create, lead and direct implementation and to act as client to consultants.

Applying WSA in Zimbabwe

Applying WSA in Zimbabwe

- DFiD/IFAC funded project – began in 2016
- National government, rural and urban local authorities
- Public Accountants and Auditors Board (PAAB), Ministry of Finance, Auditor General's Office
- Public Services Commission, 13 Government training Centres
- Eight Professional Accountancy Bodies registered with the PAAB – 2 pilot bodies identified to strengthen qualification for the public sector
- Donors – European Commission, World Bank, IMF, DfiD, US Aid
- IPSAS implementation plan currently in process – deadline August 2018
- PAAB announced a 10 point change plan in March 2018
- New governance structures established within Ministry of Finance to take forward implementation

Ambitious target 2021!

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Since developed in 2009… there have been a number of responses to the challenges raised

- IMF Code for Fiscal Transparency
- PEFA framework
- MOCAIC agreement
- IFAC Accountability Now Initiative

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Thank you

Any questions?