

International Journal on Governmental Financial Management

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International Consortium on Government Financial Management

“Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management so that governments may better serve their citizens”

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Requests for information on the Consortium should be addressed to:

International Consortium on Governmental Financial Management
PO Box 1077
St. Michaels, MD, 21663
Telephone: 410-745-8570
Fax: 410-745-8569
Email: icgfm@icgfm.org
www.icgfm.org

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International Consortium on Governmental Financial Management

General Information

“Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management so that governments may better serve their citizens.”

Our mission includes three key elements. First, it highlights that, within the international community, the Consortium is unique - it serves as an “umbrella” bringing together diverse governmental entities, organizations (including universities, firms, and other professional associations), and individuals. At the same time, it welcomes a broad array of financial management practitioners (accountant, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, and national). Additionally the mission statement emphasizes the organization’s commitment to improving government infrastructure so that needs of the people are better met. Our programs provide activities and products to advance governmental financial management principles and standards and promote their implementation and application.

Internationally, the Consortium (1) sponsors meetings, conferences, and training that bring together financial managers from around the world to share information about and experiences in governmental financial management, and (2) promotes best practices and professional standards in governmental financial management and disseminates information about them to our members and the public. The International Consortium on Governmental Financial Management provides three options for membership.

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Foreword

In its *World Economic Outlook* (September 2011), the IMF stated that:

The global economy is in a dangerous new phase. Global activity has weakened and become more uneven, confidence has fallen sharply recently, and downside risks are growing. Against a backdrop of unresolved structural fragilities, a barrage of shocks hit the international economy this year.

In addition, the Arab Spring, whilst continuing to bring an end to more dictators across the region, appears to have sparked a global protest movement. Occupy Wall Street spread to many cities across the US, but also to the steps of St Paul's Cathedral in London, Australia, India and Pakistan. Whilst in Chile hundreds of thousands are demanding free, high quality education; in Greece the general strikes have now extended to two days; and popular unrest has swept across many countries in sub-Saharan Africa.

All this is leading to a continued questioning of the received wisdom. If privatisation, deregulation and free trade do not appear to be working at the economic level; is New Public Management with its balanced budgets and standard set of reforms really delivering the claimed benefits? So what are the alternatives? Perhaps public financial management reforms in developing countries should be based on the following principles:

- *organic and incremental change* – reforms should build on and improve existing systems and procedures rather than the more risky approach of major reforms and fundamental change
- *tried and tested reforms* – one of the few benefits of being a developing country should be that it is not necessary to experiment, but only reforms which evidence clearly show have worked in a similar environment should be adopted
- *support for alternatives* – one size does not fit all jurisdictions, there are different approaches to public financial management and variation is healthy; genetic variation is essential for the future of a species, similarly novel procedures, processes and institutions can provide for healthier public finances
- *use of local experts rather than international consultants* – it is only the local public financial management officials that really understand their systems; international consultants fresh off the plane, whatever their CVs say, can never have the detailed knowledge of the local context, culture and history of reform that is needed.

Applying these principles to the standard public financial management reform agenda, rather than thinking about accrual accounting, which does not appear to bring the claimed benefits, we need to think about simple and clear financial statements that parliamentarians and the public can understand. Accounting standards should be based on existing good practice. As a recent study by the Africa Capacity Building Foundation has shown, many governments in Sub-Saharan

Africa display aspects of good practice in their annual financial statements which are not necessarily included in existing international accounting standards.

The Medium Term Expenditure Framework (MTEF) still appears to be part of the standard donor reform package despite making little progress in many countries. Incremental reforms may be more effective, especially if they are able to gradually extend the effective budgetary horizon and recognise the political economy reality that many presidents want to retain the power to direct resources during the financial year.

It is now accepted that in many developing countries new public financial management laws are in advance of actual practice. In this situation it may be more effective for Auditors General to improve their approaches to regulatory audit rather than struggling to introduce performance audit. For years donors have tried to replace pre-audit with systems or even risk-based audit. However, at a recent audit conference in Nigeria, a presenter received a round of spontaneous applause when they suggested it would be better to have effective pre-audit to prevent fraud and corruption before it has even taken place.

Many countries are still struggling to implement comprehensive Integrated Financial Management Information Systems (IFMIS) when smaller systems have far lower risks. The Federal Government of Nigeria, for example, recently signed a \$29million contract for an IFMIS with only just over two months to go before the 'go live' date of 1st January 2012. IT can be useful, but small, smart applications (for example, www.topgov.org) may be far more effective than dreams of being able to monitor the finances of a whole government 'at the touch of a button'.

Decentralisation is still being pushed in many countries, even quite small ones, but centralisation and regionalisation may be more appropriate in many cases. Some small island states in the Pacific are implementing co-operative audits between countries to access the skills and experience they need. The Federal Government in Nigeria, for example, is successfully centralising the payment of salaries and other payments.

Contracting and procurement are recognised as high-risk areas in terms of bribery and corruption. Perhaps more governments need to consider the direct provision of services rather than entertaining the risks associated with out-sourcing. Where external procurement is considered necessary, social and environmental factors should be considered to ensure that 'whole life costs' and externalities are taken into account. Sustainable public procurement is a tool which allows governments to use public spending in order to promote the country's social, environmental and economic policies – see: www.unep.fr/scp/procurement/

As we publish this issue the donor community is planning for its 4th High Level Forum on Aid Effectiveness in Busan, Korea. The results of its review of the targets set at previous forums in Paris and Accra "are sobering. At the global level, only one out of the 13 targets established for 2010... has been met, albeit by a narrow margin". We hope that the Forum in Busan will provide a further opportunity to reconsider the agenda for public financial management reforms in developing countries.

In the first paper of this issue, David Hall provides the second half of his study on public finance. David notes that taxation tends to increase as a proportion of GDP as countries develop, but also that the burden of taxation has become less fair, because countries have moved towards regressive taxes such as value added tax (VAT), which hit lower incomes harder. He also argues that rather than reducing public sector spending as many European countries, for example, are now being encouraged to do, the better alternative is to develop stronger and fairer taxation systems and to continue to grow public spending to meet the challenges of the future, including climate change.

In our second paper, Michael Parry reviews and compares the financial reporting (IPSAS) and statistical standards for financial information about public sector institutions – particularly sovereign governments. He concludes that there appears to be a general acceptance that statistical reports and financial statements have different objectives and will never be fully harmonised.

In the next paper, Robert Quaye and Hugh Coombs investigate Ghana's organised economic crime legislation strategy and the extent to which it has met international requirements in respect of anti-money laundering measures. The research objective was to acquire a bottom-up and comprehensive picture of Ghana's experience of such legislation and associated regulation. The paper discovered there was general agreement amongst practitioners that, while Ghana had passed relevant legislation relatively quickly, there was concern over how the legislation worked in practice and the cultural acceptance of corrupt behaviour.

In our fourth paper, Sidhakam Bhattacharyya and Gautam Bandyopadhyay consider the background to urban local bodies in India. In particular they consider imbalances between their constitutional responsibilities, their financial resources and the impact of certain financial controls on the performance of these bodies as measured by their annual level of recurrent surplus or deficit.

In our final paper, Mohamed Moindze reviews the modernisation of internal control of public expenditure in francophone African countries. He concludes that it would be unrealistic to establish an internal control system that aims to eliminate any risk of loss. But the costs of any internal control system should be balanced with the benefits of reduced errors, fraud and corruption (this paper is in French).

We again end this issue with a section reviewing recent public financial management publications and other resources which we hope will be of interest to readers of the Journal. We would be pleased to receive reviews and suggestions of other resources which we should refer to in future issues.

Finally we have included a short questionnaire with this issue. The aim is to consider how well the Journal is meeting the needs of its readers and contributors and what further improvements may be made. We would be pleased if you could complete the survey which is on page 94.

If you would like to continue the debates raised in this issue please start thinking about contributions for the next issue of this Journal, the ICGFM blog or attend future ICGFM events. We look forward to hearing from you!

Andy Wynne
Editor

Charbet Duckett
Vice President: Publications and Communications

Linda Fealing
President

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Paying for public spending: taxation

David Hall, Director, PSIRU, Business School, University of Greenwich, London
Email: psiru@psiru.org



“Our tax collectors are like honey bees, collecting nectar from the flowers without disturbing them, but spreading their pollen so that all flowers can thrive and bear fruit.”

Pranab Mukherjee, India’s finance minister, budget speech, July 2009

Executive summary

Like spending, levels of taxation rise alongside economic growth: low tax economies lag behind in development. Tax collection services need to be properly resourced to prevent tax evasion.

The burden of taxation has become less fair, because countries have moved towards regressive taxes such as value added tax (VAT), which hit lower incomes harder, and because companies have managed to pay less and less, despite a rising share of national income. Dealing with tax havens and introducing financial transaction taxes (‘Tobin tax’) should be part of this process.

Overwhelmingly, the increase in government deficit and debt has been due to the crisis, not to spending profligacy by governments. Attacks on these deficits risks pushing economies back into recession. Fiscal limits, such as the EU rules against deficits over 3% of GDP, are arbitrary figures. Markets speculate against countries’ borrowing because they are relatively small; there is no link with actual deficit or debt levels.

The IMF and the EU attacks on public spending on pensions and healthcare would cut spending on the most efficient ways of providing these benefits. The IMF wants to see cuts of over 8% of GDP, equivalent to cutting by half all the government contracts in the world. Cuts in these services have been strongly resisted in many countries. The better alternative is to develop stronger and fairer taxation systems and to continue to grow public spending to meet the challenges of the future, including climate change.

Introduction

Public spending has to be paid for. The key source of revenue is taxation (and social insurance contributions), with some revenues also from aid for developing countries. This section looks at the issues of how much taxation is affordable, and how the tax burden can be

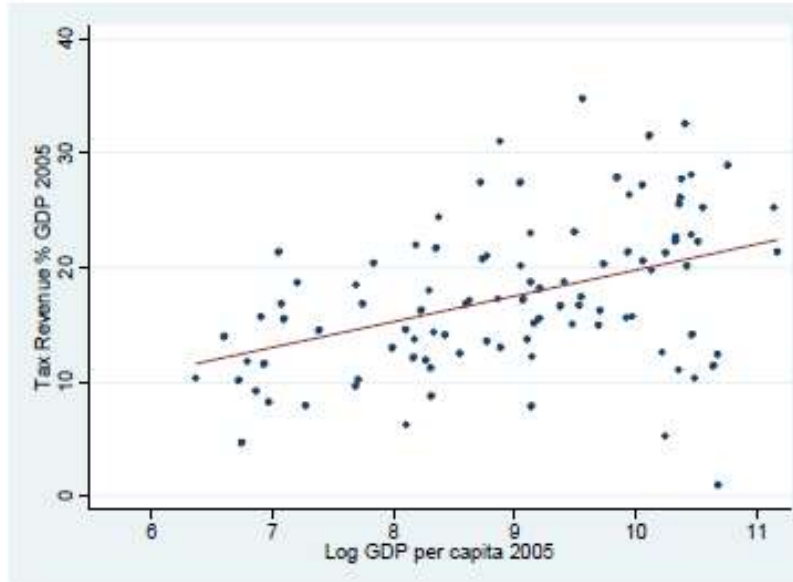
fairly shared. It also looks at government deficits and debt, which are used to cover any gap between taxes and spending, and the economic role of this borrowing – especially in an economic crisis.

1. Affordability: the level of taxation

There is a clear and positive correlation between a high level of taxation and higher gross domestic product (GDP), as shown in the chart below. Even the World Bank consistently draws attention to the possibility for higher levels of taxation and the positive links with economic output. In discussing the need to achieve the millennium development goals, the World Bank and the International Monetary Fund (IMF) have stated: “in most developing countries the problem is collecting enough revenue to provide essential public infrastructure and human development services.” (World Bank 2004)

Although tax revenues in middle-income countries have started to rise significantly, the poorest countries have mostly made very little progress in increasing the level of taxation. Indirect taxes – taxes on spending, such as VAT or sales tax - increased most, but these are the least progressive taxes, which hit the poorest hardest. Direct taxes – taxes on the income and capital gains of people and companies - grew very slowly, partly because the rate of tax on company profits has been cut, in accordance with the advice of the IMF. Taxes on trade have stagnated or even fallen, mainly because of trade liberalisation through the World Trade Organization (WTO), which requires countries to cut the taxes they levy on imports or exports.

Chart A. Tax revenues as % of GDP rise as GDP rises



Source: DIE 2009

Table 1. Tax revenues as % of GDP in OECD countries, 1975–2008

	Total tax revenue as percentage of GDP							
	1975	1985	1990	1995	2000	2006	2007	2008 Provisional
OECD Total	29.4	32.6	33.7	34.7	36.0	35.8	35.8	
of which:								
EU 15	32.1	37.5	38.1	39.0	40.6	39.8	39.7	
Japan	20.8	27.4	29.1	26.8	27.0	28.0	28.3	
United States	25.6	25.6	27.3	27.9	29.9	28.2	28.3	26.9

Source: OECD tax database www.oecd.org/ctp/taxdatabase

Table 2. Government revenues in low income countries as % of GDP, 1990–2006

	Sub-Saharan Africa			South and south-east Asia			Central Asia		
	1990– 1994	1995– 1999	2000– 2006	1990– 1994	1995– 1999	2000– 2006	1990– 1994	1995– 1999	2000– 2006
Direct taxes	2.9	3.3	3.8		2.2	3.1		7.5	9.2
Indirect taxes	3.5	3.9	5.0		3.8	4.6		8.4	10.0
Trade taxes	3.8	3.9	4.1		3.1	2.2		1.7	1.8
Total taxation	10.9	11.8	12.9	-	9.8	10.6	-	18.5	21.9
Total revenue	13.3	14.1	15.6	-	12.5	13.7	-	21.8	25.2

Source: McKinley and Kirili 2009

2. Fairness: the burden of taxation

2.1 Sources of government revenue: taxation, insurance, charges and others

The most significant form of public finance is taxation, but public services are also financed through:

- charges to users of services such as fares paid by passengers on public transport;
- various forms of insurance, including social insurance or health insurance paid by employees;
- state borrowing, e.g. through loans from development banks or selling bonds;
- income from international aid (or regional solidarity funds within the EU); and
- profits from state-owned companies and charitable donations.

The main types of taxes are set out in the table below. The fairest form of taxation is the most progressive: that is, taxes which result in people (and companies) with higher income and wealth paying a higher proportion of their income than people with lower incomes. The key progressive taxes are income tax, corporation tax, and property tax. Taxes on consumption are usually regressive – i.e. the poor have to pay a higher proportion of their income – but specific taxes on expensive items mainly bought by richer people, such as cars, may also be progressive.

Table 3. Sources of public revenue

	Progressive	Type	Example
Taxation	Yes	Income tax	Income tax
	No	Sales/consumption tax	Value added tax (VAT), petrol tax
	varies	Trade taxes	Import duties
	Yes	Property tax	Rates, estate tax
	Yes	Corporate taxes	Profits tax, capital gains tax, transaction taxes
Insurance	No	Social insurance	Pension contributions, unemployment insurance
	No	Health insurance	Health insurance premiums
Other	No		Licence fees,
Charges	No	Utility charges	Water charges, electricity charges, fares
	No	Service charges	Education fees, housing rents, drugs charges
Borrowing	No	Bonds	Government, municipal bonds
	No	Loans	Borrowing from banks, development banks
Other	Yes	Aid	Aid budgets of rich countries
	No	Profits	Surplus of state or municipal companies, interest on loans
	No	Donations	Charity, voluntary labour

The main trends in taxation in the last 20 years have been away from progressive taxes. There has been a great pressure to increase the role of value added tax (VAT), in particular; while corporation tax has declined. In addition, trade taxes have been reduced in order to comply with the trade liberalisation policies required by the World Trade Organization (WTO). For low- and middle-income countries, this has meant having to increase other taxes simply to stand still, because the revenue from trade tax has declined. ^a Baunsgaard and Keen 2010)

Table 4. Tax revenues (excluding social insurance) by type of tax and country income group

Income group	Total Taxes as % of GDP	... of which (as % of GDP):				
		Profits tax	personal income tax	Consumption taxes	Trade taxes	Other
Lower	14.1	2.7	2.3	6.1	2.3	0.7
Lower middle	16.7	2.6	2.7	8.7	1.6	1.1
Upper middle	20.2	1.8	4.1	10.7	1.1	2.5
Total, lower and middle	17.6	2.3	3.2	9.0	1.5	1.6
High	25.0	2.4	11.2	8.2	0.2	

Source: Gordon and Lei 2009

Box A. Taxation in Ghana

Ghana's level of taxation is unusually high for a low-income country. The country increased its tax revenue from only 4.0% of GDP in 1982 to 21.6% GDP by 2007. The 2010 budget sets a target of collecting 23.4% GDP of tax revenue. The reforms in the 1980s were heavily influenced by the IMF, World Bank and other international donors, with the emphasis on shifting the tax burden away from agricultural producers towards consumers, through VAT. But VAT as an indirect tax is regressive, so the burden falls heavily on ordinary workers who spend all their incomes on consumables.

Ghana has created some specific links between taxes and public services. VAT is levied at a rate of 15%, of which:

- The equivalent of a 2.5% rate of VAT is reserved for education (i.e. one-sixth of the total VAT);
- The equivalent of a 2.5% rate of VAT is reserved for social health insurance (i.e. one-sixth of the total VAT);
- 20% of the communication service tax is ring-fenced for a national youth employment scheme.

In a major policy shift from the earlier tax policies influenced by the World Bank and IMF, the 2010 budget has made an attempt to increase the direct tax revenue and to re-introduce some trade taxes. The budget targets to increase direct taxes by 9.8% by: increasing royalties on extractive industries to 6%; increasing road tolls, car licensing fees, and rent tax; and by the re-imposition of 40% import duties on some luxury goods (which is progressive) but also on rice, poultry and vegetable cooking oil (which is not progressive).

2.1 Property tax and land tax

Property taxes in high-income countries are, on average, about 2.1% of GDP, but only 0.6% of GDP in developing countries. The advantages of a property tax are that it is fair, hard to avoid, and impacts on people with assets whose value is increased by public services and infrastructure. If developing countries raised property taxes to the level of 2.5%, it could help fund local governments in particular – for example, in Thailand, such a tax would finance *all* local government spending.

A land tax is even broader, because it taxes all land, not just the buildings on it. It also taxes the value that landowners gain from economic growth and rises in property prices. Hong Kong uses a land tax to raise 38% of its revenues. Australian local governments use a land tax, and the government is considering extending it to cover all commercial and industrial property. Thailand is introducing a new law to enable municipalities to tax land values, and charge double rates on land which is unused. (Bangkok Post 2010)

There are campaigns for a land tax in many countries, including Latvia, where a group of economists and others argue that introducing a land tax would be an alternative to the savage cuts in public spending that have been introduced in that country. There have been many calls for a land tax, including from Adam Smith, Tom Paine and Winston Churchill, who argued:

“Roads are made; streets are made; services are improved; electric light turns night into day; water is brought from reservoirs a hundred miles off in the mountains – and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people and the taxpayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is enhanced. He renders no service to the

community, he contributes nothing to the general welfare, he contributes nothing to the process from which his own enrichment is derived.” (McLean 2004)

Table 5. Property taxes as % of GDP

	1990s	2000s
OECD countries	1.4	2.1
Developing countries	0.4	0.6
Transition countries	0.5	0.7

Source: Roy Bahl 2009

2.2 Corporate taxation

Companies in high income countries are actually paying a lower rate of tax than they were 25 years ago. Over this period, corporate profits have increased their share of GDP in the major OECD countries, so that it now represents about 35% of GDP, compared with only about 25% in the early 1980s (see chart C, below).

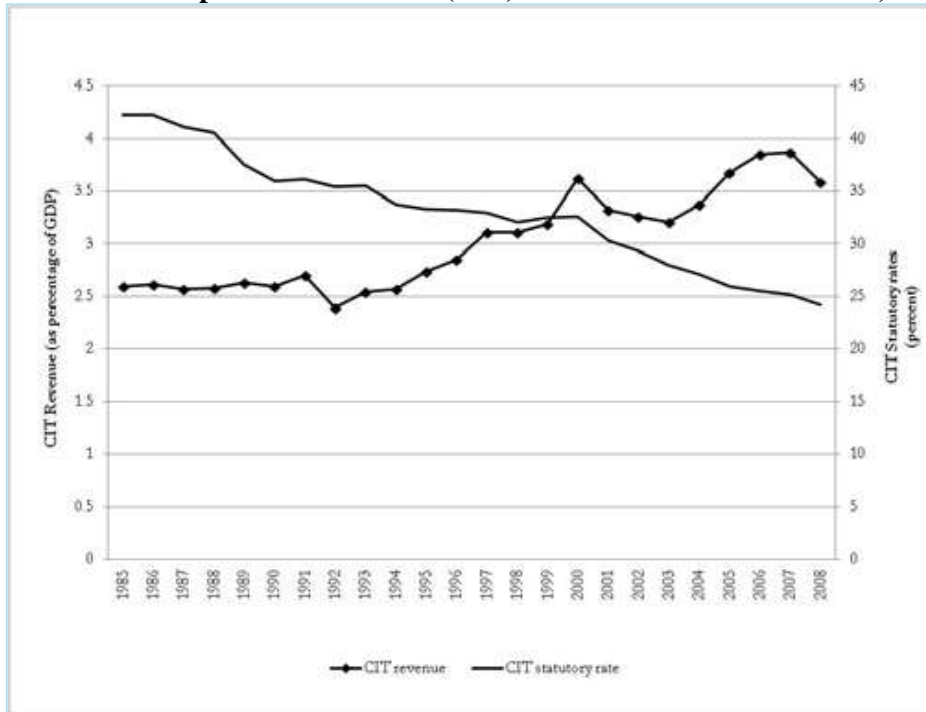
But as a result of political pressures, new forms of tax evasion, and what the IMF calls ‘international tax competition’ the average rate of corporate income tax (CIT) paid has almost halved, from about 42% in 1985 to about 24% in 2008 (see chart B, below).

The net result is that the total tax paid by corporations has risen, but only to about 3.6% of GDP (see chart B). If corporations were still paying at the same effective rate as in 1985, they would be contributing tax equivalent to over 6% of GDP. The missing tax, worth over 2.5% of GDP, has to be found from other sources.

This combination of trends has meant that the post-tax income of companies has risen far more rapidly than the post-tax income of people. Chart D shows the picture for the USA. At the worst point in the current recession, post-tax corporate income had fallen back to ‘parity’ with personal post-tax incomes, both being a bit over 2.5 times the level of 1990. But before 2008, corporate post-tax income had reached more than 5 times the 1990 level – and, remarkably, had recovered by 2011 to nearly 6 times the 1990 level.

This is not only unfair, it creates greater unemployment. Companies spend less of their profits than people spend of their incomes, so taxing profits has less of an effect on overall demand in the economy, so that there are more jobs in the economy as a whole. (Bettendorf et al 2009)

Chart B. Corporate Income Tax (CIT) Revenue in OECD countries, 1985–2008



Source: IMF 2010

Chart C. Wages/profit shares in GDP, EU/USA/Japan, 1960 to 2008

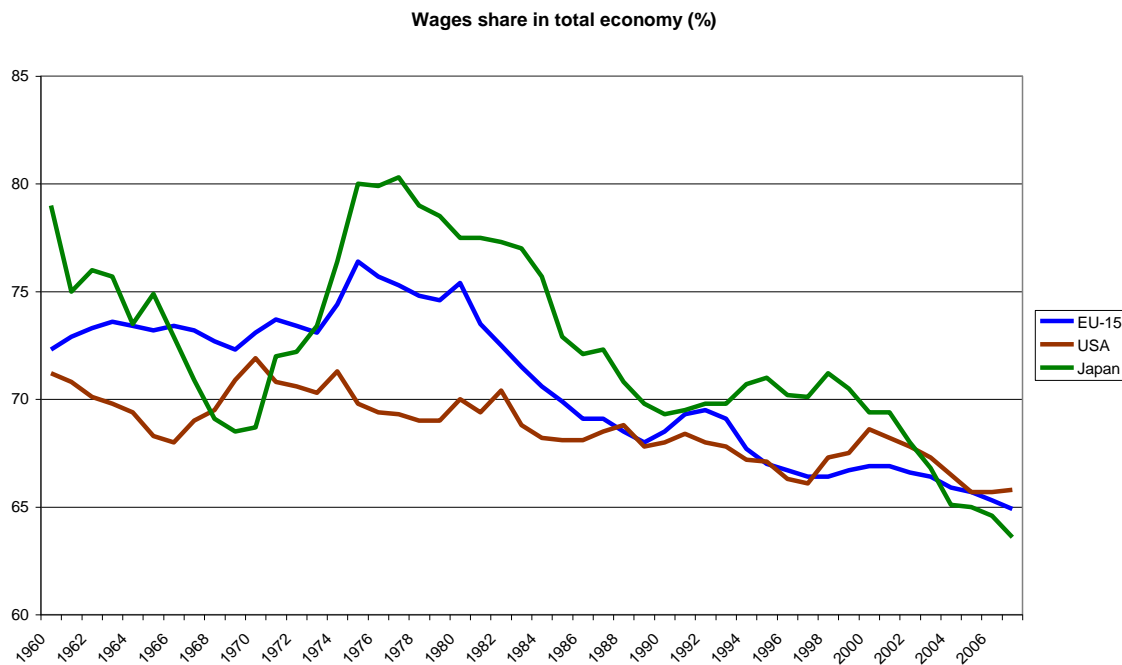
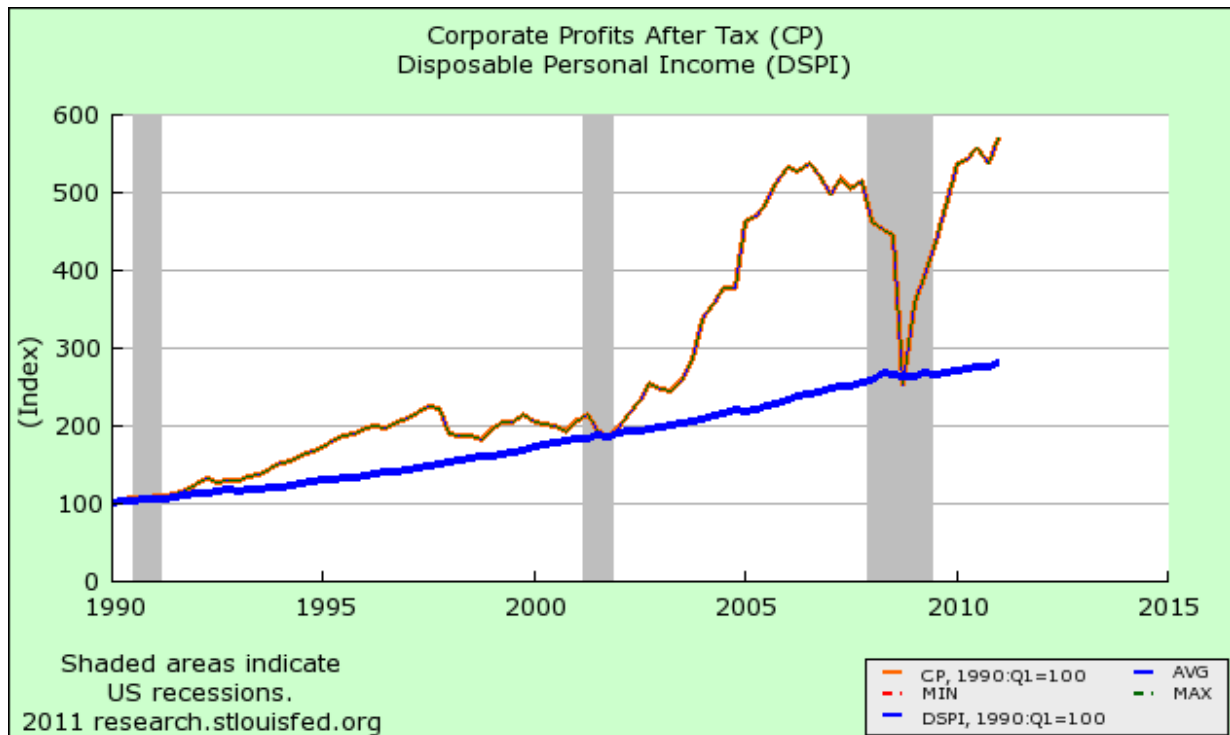


Chart D. Corporate profits after tax, and personal income after tax, USA 1990–2010



Source: US Dept of Commerce, Bureau of Economic Analysis <http://research.stlouisfed.org/fred2/graph>

There are two major problems with corporation tax. One is that most countries allow companies to offset the cost of paying debt interest. As a result, firms that use high levels of debt (such as private equity companies) do not pay any tax on the part of their profits which is paid out as interest. This not only reduces the amount of tax actually paid, it also encourages firms to increase debts, which was one factor causing the economic crisis. Even the IMF thinks that this exemption is unfair and economically dangerous: “Corporate-level tax biases favouring debt finance, including in the financial sector, are pervasive, often large, and hard to justify, given the potential impact on financial stability ... Tax distortions are likely to have encouraged excessive leveraging and other financial market problems evident in the crisis”. (IMF 2009)

The other, and greatest problem, is that multinational companies and finance companies can move freely around the world. They can choose to operate in countries with lower tax rates on profits – or none at all, in the case of tax havens. So countries are under pressure to reduce their levels of company taxation in order to attract investment – even if their need for public services and infrastructure has risen. Countries have tried to attract companies by offering special reductions or allowances. Many developing countries offer free trade zones, where company profits are not taxed. This also happens within countries, where municipalities have tried to offer special concessions to attract company activities. The companies themselves have an incentive to encourage this ‘tax competition’: if countries think that high tax rates on profits will cause a multinational to relocate much-needed investment elsewhere, then all countries are likely to lower their tax rates, and the multinationals will benefit, wherever they go.

However, tax rates are only one factor in deciding where a multinational company operates. (In some sectors, like mining or oil, or utilities such as electricity and water, it cannot possibly have an impact: the multinational cannot choose to move the mine or the town to which it supplies electricity!) Many other factors affect company decisions on the location of

production, including the availability of public infrastructure like roads, rail, electricity, and education.

So it is important not to exaggerate the effect of taxes on corporate decisions on the location of their operations.

It is equally important to recognise the positive attractiveness of well-financed public infrastructure. Countries or regions which reduce spending on these factors in order to cut profits tax may actually make themselves less attractive locations. A study of USA multinationals' decisions found that, in developing countries: "... infrastructure quality appears to be an especially important determinant. Tax rates, on the other hand, do not seem to be important for investment decisions". The solidarity funds and cohesion funds of the EU create "more favourable conditions for investments in central and eastern Europe through funding training, infrastructure and R&D". A recent study on investment decisions by Japanese firms in developing countries concluded:

The improvement of public governance and the ability of a government to provide public goods such as health, education, and infrastructure, appear to be the best long-term strategy to raise national welfare because that reinforces the long-term attractiveness of the host country, benefits to every enterprise without considering their nationality, and increases the possibility of benefit from FDI. (Slemrod 2004)

Companies can also avoid paying high taxes, by 'income shifting' their profits from one country to another. If a multinational has a subsidiary operating in a country with high corporation tax, it can change the way it records its finances so that more income appears in a subsidiary operating in a country with a much lower tax. One way of doing this is by 'transfer pricing', so that the subsidiary in the low tax country charges the subsidiary in a high tax country a very high price for an internal company transaction, with the effect that profits appear elsewhere. So even without moving the actual operations, the company can avoid tax in one country by paying less in another. The country does not lose the jobs, but it may still lose the tax revenues.

This is much easier for countries with controls on the movement of capital. Countries started trying to reduce corporate tax rates when these controls were abolished as part of the financial liberalisations of the 1990s: "Reductions in [corporate] tax rates can be explained almost entirely by more intense competition generated by the relaxation of capital controls". Countries which keep controls on the movement of capital do not reduce corporate tax rates. (Bartelsmann and Beetsma 2003; Devereux et al 2008)

The most complete form of escape from taxation is the use of tax havens – countries which impose no tax on corporate profits and also demand very little information from companies registered in their jurisdictions. Tax havens include the UK-owned Cayman Islands, Channel Islands and Bahamas; and the Dutch Antilles. Half of all world trade and financial transactions are carried out through tax havens. The Tax Justice Network, founded to campaign against tax havens, estimates that USD \$250billion in revenue is lost each year because of rich individuals holding assets in tax havens. It provides clear summaries of the problems of tax evasion, tax avoidance, tax havens, and 'capital flight'. For lower and middle income countries, these forms of corporate behaviour can seriously undermine developmental potential. (TJN 2011; Somo 2008)

Box B. The Tobin tax, ‘Robin Hood tax’

One kind of tax on companies is of great potential benefit. This is the ‘Tobin tax’, also known as a ‘Robin Hood’ tax, which is a tax on financial transactions. The tax is called a ‘Tobin tax’ after the Nobel-prize-winning economist who advocated it as a way of deterring such transactions, and so protecting currencies from the volatility of speculative inflows and outflows. It is now also seen as a great potential source of taxes on international and especially financial corporations. It also has the advantage that it is easy to collect and hard to avoid, especially if it is linked to legal ownership rights.

If applied globally, a financial transactions tax could raise over USD \$1trillion per year, or 2% of global GDP, even at a rate of 0.01%. A more limited currency transaction tax could raise between USD \$25–33billion per year. (Taskforce 2010)

Political support for the idea, in principle, has been growing for some years. In September 2004 world leaders including Presidents Chirac of France and Lula of Brazil, Prime Minister Zapatero of Spain and UN Secretary General, Kofi Annan, pronounced that: “a tax on foreign exchange transactions is technically feasible”. The idea was discussed at a meeting of the G20 in 2009, and has received support in principle from France, Germany and the UK, with the USA ambivalent; the IMF is unenthusiastic.

The tax has the obvious attractions of raising revenue and controlling the most volatile form of financial behaviour. It is discussed as an international tax because of the fears that financial companies would stop operating in countries that introduced it on a national basis, and move to countries which had not introduced such a tax. When Sweden tried to introduce a similar tax in 1990, the volume of trading fell sharply and the tax produced little revenue, so it was dropped. (Beitler 2010)

But there have been a number of cases of countries operating such taxes successfully. The UK has for a long time imposed Stamp Duty on many financial transactions, including a tax of 0.5% on transfers of share ownership, which does not appear to affect dealings on the London stock exchange. It is also international in effect, because it is necessary for legal ownership, so transactions in UK company shares anywhere in the world are taxed.

Financial transaction taxes have also been implemented in various developing countries with some success. Brazil operated a bank debit tax until 2008, which was used to finance healthcare, but it was ruled unconstitutional in 2008. It still operates a currency transaction tax on all capital inflows, at a rate of over 5%, which has the additional effect of controlling any appreciation of the currency. Argentina operates a bank debit tax on buying and selling shares and bonds, which represented 11% of total tax revenue in 2009 (Beitler 2010).

Other international taxes have been proposed as a way of raising revenue to aid developing countries, to bridge the ‘resource gap’ for financing development and climate change, estimated at USD \$324billion per year for the 2011–2015. The main tax being implemented is the Air Ticket Solidarity Levy, charged on passengers flying from participating countries, led by France, which collected €160million for extra French aid in 2009. (Taskforce 2010) There is also discussion of a global environmental tax, to help finance the response to climate change.

2.3 Utilities and local government

Cross-subsidies have always been a common feature of financing utility services. One form of cross-subsidy is by charging a single identical price throughout a country, even though the costs of supplying remote regions are obviously higher than in cities. Public postal services

usually operate on this basis. The people in cities are paying more than a market price, and this enables the inhabitants of remote regions to pay less than a market price – the total income to the service is the same, but there is a cross-subsidy. Another form of cross-subsidy comes from charging different prices according to consumption levels – in water services, for example, there is often a low charge for a basic amount of water consumed, and then a higher charge for litres consumed above that level – big consumers are paying more so small consumers can pay less.

There can also be cross-subsidies between business users and households. This has been important historically – companies were deliberately charged more for each unit of electricity, for example, so that households could be charged less, so providing a direct cross-subsidy from businesses to people. This form of cross-subsidy becomes impossible when a service is liberalised, because the big customers can find a new supplier who will sell them electricity at a much lower rate. Pressure from international institutions for ‘full cost recovery’ also makes it harder to operate cross-subsidies.

Cross-subsidies have also been arranged between services, by providing a number of services through a single municipal company. This arrangement is common in some European countries, such as Germany, where there are many of these municipal companies, known as ‘*Stadtwerke*’. A company can provide electricity, gas, water, cable TV, public transport services etc., and fix its charges so that the electricity, gas and water services make a substantial profit, which is then used to subsidise public transport, so that low fares can be charged to encourage people to make use of buses and trains. These companies can also cross-subsidise other municipal services – for example parks, cemeteries, public baths – because the municipal owners can use the profits as extra income to finance those services. Municipalities in South Africa, for example, have relied heavily on surpluses from various utilities to finance general services, as can be seen in table 20. This form of cross-subsidy is also made harder by liberalisation and rules on full cost recovery, for the same reason: electricity or gas users can get other suppliers at lower prices, so they no longer contribute towards the overall income of the company.

Utilities can also be financed by tax revenues. For investment in developing water and electricity systems, taxation remains overwhelmingly the largest source of finance. Additionally, governments may decide to use subsidies, to make the price of water or electricity more affordable, for example. Water and sewerage services have often been financed almost entirely through taxation of properties rather than charges for the volume consumed – this makes the burden more progressive, even when the sums collected cover the full costs. In the Republic of Ireland almost the entire service is financed from general tax revenues (the same system is also used in Northern Ireland, part of the UK, despite government attempts to introduce specific water charges). More surprisingly, the same system continues to be operated in England and Wales, even after privatisation: the majority of households continue to be charged on the basis of a tax valuation of their property, regardless of consumption.

Local governments depend not only on their own local tax revenues, but also transfers from central government. The need for this depends partly on the distribution of tax revenues between different levels of government: in the EU for example, on average 52% of tax revenue goes to the central or federal government, 30% to the social security funds, 7% to the state or regional government and 10% to local government. But there is a wide variation between countries, even within the EU.

The types of taxes used and the importance of the different sources of income vary between countries, but some form of property tax is common. Other taxes are possible. Taxation on the use of cars could be more used in developing countries, for example. Car ownership has increased significantly in most developing countries, but taxes on cars do not cover the costs of road networks, parking spaces, and traffic regulation, let alone generate surplus revenues for the development of urban services. This form of tax has other advantages: because car ownership is still concentrated among high-income groups, car taxation is progressive, and its proceeds can also be used to promote public transport – which should not be taxed - which is of greater benefit to the poor.

In all countries local governments rely on central government transferring to local authorities a share of the centrally collected taxes. The size of the transfers may be varied by central government, so that this source of income is uncertain for local authorities. Many countries attempt to set out rules for the size of this transfer, for example by specifying the proportion of a specific tax, such as VAT, which will be transferred; and rules for deciding how this revenue is shared between different authorities. However, central government can still vary the rate of tax.

Simple devolution of responsibilities to local government, without devolving the necessary financial and human resources, limits the ability of local authorities to deliver public services, especially in situations of economic growth and social restructuring. In South Africa, for example, new municipalities have been created, unifying areas that were separated under the old apartheid regime, with the objective of raising standards of services for communities that were previously without. The new constitution says that tax revenues must be divided between central government, provincial government, and municipalities, divided according to a formula based on population and per capita income – so that poorer areas get a higher share of the revenues. But the success of this is constrained because central government is not expanding the financial contribution of central taxes proportionately to the new responsibilities of local government.

Table 6. Percentage of municipal revenue from different sources, 2002

	Local tax revenue	Central government transfers	Other local revenue	Borrowing	Total
Denmark	45	19	34	2	100
Finland	42	22	33	3	100
France	52	29	12	7	100
Italy	28	40	20	12	100
Netherlands	7	57	28	8	100
Spain	32	36	23	9	100
Sweden	59	13	27	3	100
UK	13	64	22	1	100
Russia	13	81	6	-	100

Source: Laughlin and Martin 2006, Chernyavsky 2004

Table 7. Sources of local government finance: South Africa and Botswana

	Year	Source	%
South Africa	1999	Property rates	19.89
		Trading services elec etc.	41.40

		Water	11.80
		Sewerage, waste disposal	8.22
		Government grants	10.00
Gaborone City Council, Botswana	2000	Rates	27.3
		Interest	2.05
		Service levy	0.95
		Rentals	0.9
		Other sources	6.1
		Revenue Support Grant	62.7

Source: (Mosha 2004/ Parnell et al 2002)

2.4 The politics of tax collection

Making tax collection more efficient is an obvious way of improving the amount of tax collected – and it also makes taxation fairer, by limiting evasion. Technically, it involves improving procedures and resources, and eliminating special treatment, exemptions and privileges.

But there are significant barriers, as rich individuals and corporations resist paying taxes, so more political effort and commitment is required. The IMF's evaluation division highlights the importance of the political effort and commitment, and at the same time criticises the IMF itself for failing to demand action against these powerful interests:

Stronger efforts should be made at improving collections, curtailing discretionary exemptions, and reducing tax evasion – particularly direct taxes (personal and corporate) and customs duties. Even in the short run, these efforts could yield important revenue increases if targeted at collecting from well-known taxpayers with arrears or those believed to be significantly underpaying. When tax authorities have displayed determination in this area, the results have been impressive and have received wide support. [But] tax administration reforms in IMF-supported programs have focused on the technology side rather than on politically more difficult actions, such as legislation to empower tax agencies to pursue tax evasion forcefully and for the system to be less prone to political interference..." (IMF 2003)

Political commitment and adequate resources make a huge difference to collection levels, even in a country like the UK. In 2009 a report estimated that the country had a total of GBP £21.5 million worth of taxes that were not collected each year, and a further GBP £25 billion lost to tax evasion. Yet the government had cut 7,000 tax compliance jobs in the previous three years, although on average each such job finds an extra GBP £640,000 in tax, and proposed to cut thousands more jobs.

By contrast, in the same year, the finance minister of India announced that the government was increasing the resources it devoted to collecting taxes, using a memorable image for the workers:

Our tax collectors are like honey bees collecting nectar from the flowers without disturbing them, but spreading their pollen so that all flowers can thrive and bear fruit. (India Budget Speech 2009)

Box C. Municipal tax collection in Brazil and Botswana

Ending exemption

In the city of Belem, Brazil, the municipality needed to find new sources of income to fund its programmes of improved public services. At the same time it was losing income because the state was stopping payments to municipalities of a share of a tax on goods. So in 1998 the city decided to revise the register for property taxes. This had not been fully revised since 1976, which registered 200,000 properties in the city. The new survey, based on aerial photography, identified 360,000 properties – of which 280,000 were homes, and 60,000 were commercial – so the city could collect the tax from far more properties, and so get a much greater income. In order to reduce the impact on the poor, it decided to exempt from the tax all properties worth less than R\$19,000, which excluded about 178,000 out of 280,000 properties. The Workers Party still won the next municipal election in 2000. (Baiocchi 2003)

Tightening procedures

Gaborone City Council in Botswana had no clear procedure for following up on people who did not respond to the first demand for local rates. As a result, by 2000, unpaid rates amounted to USD \$6.4million (P 32.48million). New measures were then introduced: written notices were sent to all defaulting ratepayers; and reminders were issued to all plot owners who have not paid their full rates within the allowed period of four months reminding them that they will be liable to pay interest and then that they will be taken to court, with possible confiscation of property. The council then published the names of defaulters in the national press. Within a week, the Council received over USD \$1million dollars of arrears as companies, individuals and government departments rushed to avoid further embarrassment. The collection of rates is not administratively difficult and it merely requires a highly determined administration to achieve low default rates. (Moshia 2004)

3. Government deficit and debt

Following the 2008 financial crisis and the subsequent recession, the key policy adopted almost universally in 2009 for dealing with the recession was the Keynesian approach of increasing government deficits in order to inject more demand into the economy. This has mainly taken the form of higher public spending by governments – on infrastructure, public services and/or social security benefits (see my article in the last issue of this Journal).

There are now numerous voices arguing that spending on public services should be cut back as soon as possible, in order to reduce the deficits which have arisen as a result of the crisis. The EU is insisting that countries should return rapidly within the EU official ceilings on deficit and debt. This has been reinforced by the bond market activity which undermined the feasibility of Greece, Portugal and Ireland.

But there are a number of problems created by this approach.

In high-income countries as a whole, government debt is forecast to reach about 100% of GDP by 2014 – about 35.5% higher than before the crisis. According to IMF estimates, nearly all of this is the combined result of the recession itself (loss of tax revenues due to the recession; higher interest payments because of increased government deficits) or with government action to counter the recession – the automatic stabilisers, additional fiscal stimulus, and support for the banking sector. Only six percentage points are attributable to ‘other’ factors. Governments have little influence over the majority of these factors.

Chart E. Composition of Government Debt Increase 2007–2014

Total increase = 35.5% of GDP, of which:



Source: IMF, *World Economic Report April 2010*, Figure 1.7
<http://www.imf.org/external/pubs/ft/weo/2010/01/pdf/text.pdf>

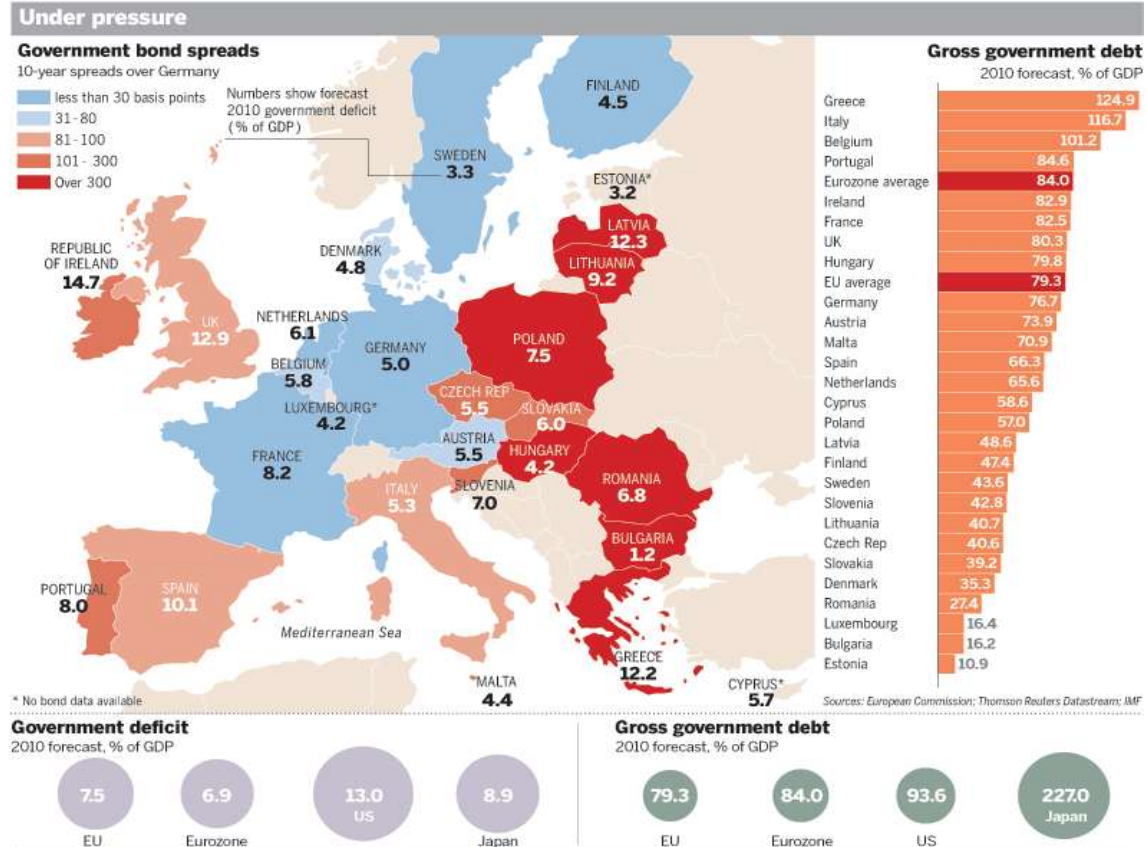
Current policies for limiting government deficits are based on arbitrary figures, such as the EU rule that deficits may not exceed 3% of GDP, and debt may not exceed 60% of GDP. But there is no single magic figure. Much higher levels are sustainable, for example, in the sense that a country could continue with this level of debt and deficit without it getting worse. For example, if the real interest rate paid by the US government on its debt is below 2%, it would only cost 2% of GDP to service a debt of 100% of GDP. If the economy is growing at 4% per annum, then a country with debt of 100% of GDP could manage indefinitely to run a deficit equal to 4% of GDP – both figures way above the EU rules. Historical debt levels have been much higher than current EU rules allow: in the late 1940s, federal government debt in the USA reached 120% of GDP, and in the UK 240% of GDP – yet both countries subsequently experienced healthy economic growth, accompanied by a rapid fall in debt levels as a percentage of GDP – as chart G (below) shows. (Wolf 2009, IMF PFM Blog 2008)

As can be seen in chart F there is a wide range of existing debt and deficit levels – but other factors are more important in deciding what countries have to pay for their borrowing. In 2009 Japan had debt worth 200% of GDP, while Estonia, Bulgaria and Romania all had debt levels of less than 30% of GDP – far below even the EU's ceiling. The deficits of all three countries were also all under 7% of GDP – less than half the level of the USA (13%). Yet Japan and the USA could finance their debt far more cheaply and easily than these three countries. It is also worth noting that when Ireland announced in September 2010 that it would have to increase its deficit by a huge amount in order to rescue a bank, the bond markets did not react against Ireland's bonds at all. To the traders, presumably, increasing government deficit to carry out yet more bank rescues is an acceptable use of government borrowing.

The attempts to cut spending and deficits also risks undermining any recovery in the north. While the global south has already regained healthy annual growth, any signs of recovery in the north (to October 2010) remain heavily dependent on government spending and deficits – personal and corporate spending is barely recovering. As long as this is the case, cutting back public deficits would risk pushing economies back into recession. The deficits are, after all, partly a consequence of the crisis – because of lost tax revenues, the automatic stabilisers – and partly a *deliberate* policy response to the crisis. The FT chief economic correspondent, Martin Wolf, warned in September 2009:

The rescue of the financial system, unprecedented monetary easing and fiscal expansion (most of the latter being automatic rather than discretionary) have indeed put a floor under the world economy ... Now suppose that, instead of keeping calm, the authorities are frightened into premature monetary and fiscal tightening. Given the extreme fragility of the private sector, that could cause another economic downturn. The inevitable result would be another round of emergency fiscal and monetary measures. The point is fundamental: exceptional monetary and fiscal measures are not the root cause of the danger. The weakness of the private economy is at its root. The policy measures are a consequence ... (Wolf 2009)

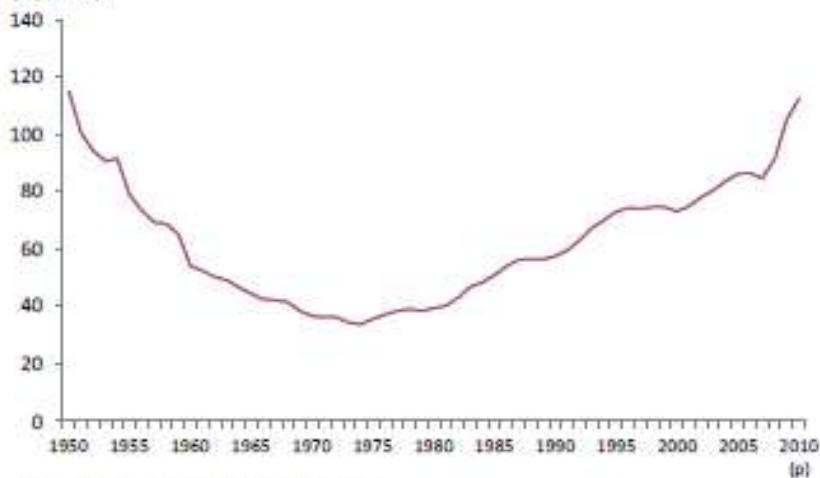
Chart F. Deficit and debt as % of GDP EU countries February 2010



Source: [Financial Times February 9 2010 'Investor headwinds lash Euro solidarity'](#), by Ralph Atkins in Frankfurt and Chris Giles in London

Chart G. Trends in public debt as percentage of GDP, G7 countries, 1950–2015

Figure 1.4. Sovereign Debt to GDP in the G-7
(in percent)



Source: IMF, World Economic Outlook database.
Note: Average using PPP GDP weights.

Source: IMF *Global Financial Stability Report April 2010* Figure 1.4
<http://www.imf.org/external/pubs/ft/gfsr/2010/01/pdf/text.pdf>

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International Standards for Accounting and Statistics

Michael Parry - michael.parry@michaelparry.com

Michael Parry Consulting

This article reviews and compares the financial reporting and statistical standards for financial information about public sector institutions – particularly sovereign governments. The purpose is to provide a better understanding of the relationship between such systems and the extent to which these systems duplicate or conflict with each other.

There are two sets of international accounting standards for entity financial reporting and three for statistical financial reporting. These are summarised in the table below.

Table 1: Overview of accounting standards and statistical reporting systems

Title	Issuing body	Description	Coverage
FINANCIAL REPORTING STANDARDS			
International Financial Reporting Standards (IFRS)¹	International Financial Standards Reporting Board (IFRSB)	Standards for financial reporting by commercial entities	All commercial entities including Government Businesses Enterprises (GBEs)
International Public Sector Accounting Standards (IPSAS)	The International Public Sector Accounting Standards Board (IPSASB) which is part of the International Federation of Accountants (IFAC)	Financial reporting standard for the public sector	All public sector entities (including sovereign governments) except GBEs
STATISTICAL SYSTEMS FOR FINANCIAL INFORMATION			
The UN System of National Accounts (UNSNA)	United Nations	A system by which countries report in standardised format information of a financial and economic nature about each sovereign entity (extends beyond financial information)	All countries
The IMF Government Finance Statistics (GFS) 2001	International Monetary Fund (IMF)	A system for each country to report on Government financial information	All countries except those reporting under ESA 95 or other regional systems
The European System of National and Regional Accounts (ESA) 95	Eurostat (the European Statistical office)	Provides information covering both UNSNA and GFS	All EU members

Accounting standards are standards for financial reporting (in the form of General Purpose Financial Statements) by entities in the public and private sectors. Initially financial reporting

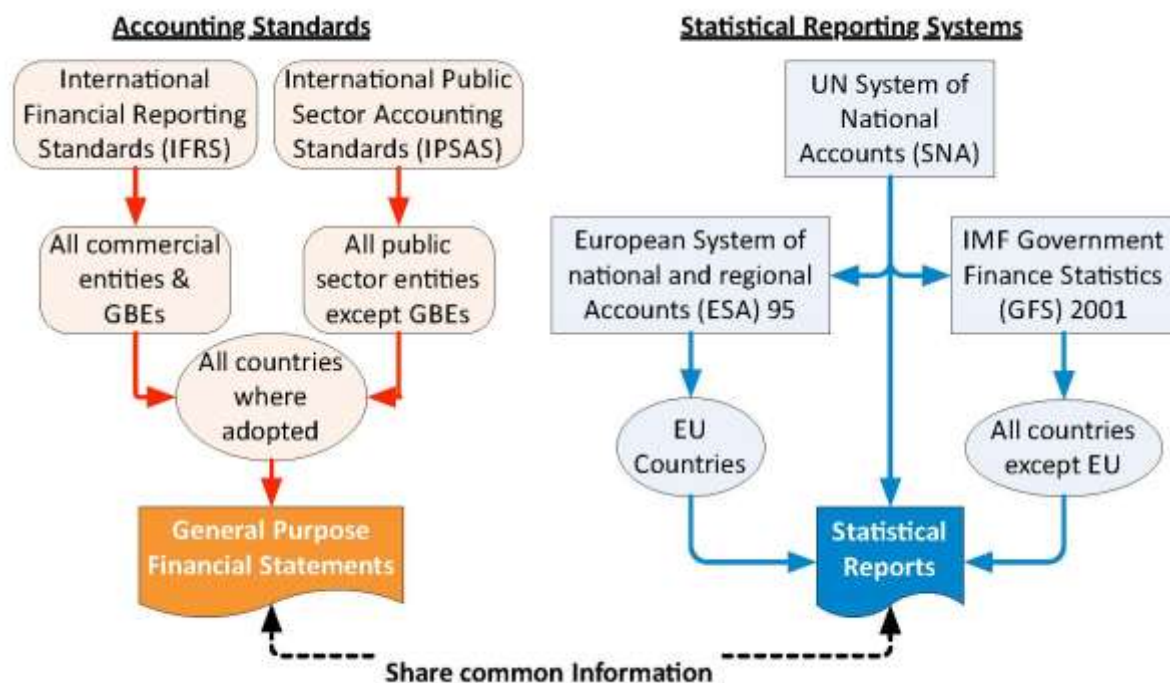
¹ IFRS are new name for International Accounting Standards (IAS), which have all now been renamed or replaced as IFRS.

standards were developed by national accounting bodies. The International Financial Standards Reporting Board (IFRSB) is an international body created by national accounting bodies to establish the IFRS as international financial reporting standards. IPSAS have been developed from IFRS specifically to be applicable to public sector entities. The International Federation of Accountants promulgates IPSAS; although there is much common membership of IFRSB and IFAC they are two separate institutions. Both are private sector organisations although there has been input by multilateral development organisations and some national development agencies into the process of formulating IPSAS.

Statistical reporting systems have been introduced by international bodies to gather information on countries in order to provide cross-country comparisons on a standardised basis. The IMF GFS is concerned exclusively with financial information on the General Government Sector. The coverage of the UNSNA and ESA 95 extend beyond financial information on the government to national economic data. However, this paper is only concerned with financial information element of statistical reporting.

Their relationship between the financial reporting and statistical systems is summarised in the model in Figure 1 below.

Figure 1: Accounting Standards and Statistical Reporting Systems



From the model in Figure 1 it is clear that at the sovereign government level two sets of reports will be required

1. General Purpose Financial Statements that may be compliant with either IPSAS or adopted national standards, and
2. Reports on financial information under either GFS or ESA95

It is further apparent that:

1. Financial reporting standards and statistical reporting systems have different purposes, coverage and outputs, but
2. Both systems share much common information.

Therefore, it is desirable that as far as feasible financial reporting standards and statistical reporting systems share common definitions, valuation models and measurement tools. Further, that a single financial information system (i.e. the accounting system) is the data source for both statistical and financial reports. Unfortunately, this is not always the case, as explained below.

Financial reporting standards

The IFRS have been developed to establish consistent financial reporting by commercial entities across the world. Such standardisation is required to meet the needs of the increasing globalisation of business. It is expected that over time IFRS will replace national reporting standards. This has already happened within the EU and, for example, in many countries in Africa. On the other hand, the USA and other countries continue to use national standards. IFRS also apply to Government Business Enterprises (GBEs) as defined in the IPSAS. Fortunately the definition of GBEs in accounting standards is very similar to the definition of “Public Financial and Non-financial Corporations” used in statistical systems. IPSAS were developed by IFAC based on IFRS in an attempt to meet the specific reporting needs of public sector entities (excluding GBEs). IPSAS are based on IFRS (there is a programme of convergence with IFRS) but adapted specifically to the needs of the public sector. Some IPSAS deal with exclusively public sector issues and hence have no equivalent IFRS. IPSAS apply to all public sector entities including national and regional governments and government agencies (but excluding GBEs). They also apply to multinational public organisations, e.g. the UN has adopted IPSAS for its own financial reporting. It is of course a decision of individual governments whether to adopt IPSAS for the public sector reporting within each country. Unfortunately, many of the governments of countries actively involved in developing the IPSAS have adopted different standards (often commercial financial reporting standards), e.g. the UK, USA, France, Australia and New Zealand.

Statistical reporting systems

The UN System of National Accounts (UNSNA)

The aim of UNSNA is to provide an integrated and complete system of accounts enabling international comparisons of all significant economic activity within a given country. It does not relate to the Government or any other specific sector but rather to the whole of a sovereign entity – hence the term “national” accounts. In addition, the UNSNA contains more information than financial, e.g. the production account, household expenditure account.

Hence, the UNSNA is not wholly relevant to public financial management, though much of the financial information within the UNSNA will come from public financial management reporting systems. Therefore, it is important that there is consistency between the definitions used in UNSNA, GFS, ESA and ultimately the classification systems of government accounting. In particular, the UNSNA defines a “*Classification of the Functions of Government*” (COFOG) that is used by GFS 2001 and ESA 95. Both GFS and ESA 95 have been developed to ensure such consistency and to this extent these two systems may be regarded as specialised financial reporting systems within the umbrella of the UNSNA.

The IMF Government Finance Statistics (GFS) 2001

The IMF GFS is a comprehensive system for reporting on the activities of the General Government Sector (GGS) within each country. The system is fully described in the GFS

Manual (GFSM). Although described as a statistical reporting system it has all of the attributes of an accounting system:

- It adopts an accounting model
- It defines many accounting concepts, e.g. assets, liabilities, revenues, expenditures, etc.
- It prescribes reporting formats including an operating statement and a balance sheet (see Annex).

European System of National and Regional Accounts (ESA) 95

ESA 95 is the standard for fiscal reporting for EU member countries. Eurostat defines the rules and reporting formats for ESA 95. The Maastricht Treaty fiscal criteria for EU members are defined in the ESA 95 methodology. These are the ratio of government deficit to Gross Domestic Product (GDP) and the ratio of government debt to GDP. Hence the ESA 95 methodology generates measures that are significant to achieve compliance with Treaty obligations.

ESA 95 is consistent with the UNSNA and hence most definitions, including classifications (COFOG and economic) are the same as those used for GFS 2001. However, whilst definitions of concepts in GFS 2001 and ESA 95 are the same, differences exist between the two statistical systems². The most important difference is the focus of the GFS system on financial transactions—taxing, spending, borrowing, and lending—while *ESA 95* focuses on the production and consumption of goods and services. Thus whilst the GFS reports are recognisably similar to financial statements (see the Annex) the ESA 95 tables bear no relationship to financial statements. Nevertheless it is possible to link data in ESA 95 tables with the data in GFS 2001 tables.

ESA 95 consists of a set of macroeconomic accounts, balance sheets, and tables based on a set of concepts, definitions, classifications, and accounting rules. These tables may be summarised under three headings:

- Current accounts – resources
- Accumulation accounts – net lending or borrowing
- Balance sheets

In total these accounts provide a record of the complex economic activities taking place within a country. Several conceptual differences exist between the *ESA 95* and *GFSM 2001* data. Three of the most significant are the presentation of social security, the treatment of government employer retirement pension schemes, and the consolidation rules for transactions and balances. The last of these three is especially significant for financial reporting.

Table 2: Comparison of GFS 2001 and ESA 95

² The explanation in this sub-section is based on “The Government Finance Statistics Manual 2001 Framework and Its Relationship with The European System of Accounts 1995” on the IMF web site

Area of difference	GFS 2001	ESA 95
1. Social security	Social security is included as part of the sector that administers the social security scheme, usually central government. Thence they are presented both unconsolidated as a subsector of central government, and also consolidated with the budgetary and extra-budgetary entities to show the consolidated central government.	Social security schemes are a separate subsector and not consolidated in central government.
2. Pension contributions	Contributions and benefits paid under government employer unfunded pension schemes are treated as financial transactions. This requires an imputation of government liabilities related to the unfunded pension schemes, and imputed interest on that liability	Treated as contributions and benefits in the current accounts
3. Consolidation	GFS (and IPSAS) consolidation rules require the elimination of transactions between general government units, as well as stocks of assets and liabilities that represent claims by one general government unit on another general government unit. The transactions that can be more easily identified in practice are interest, taxes, grants, and financing transactions.	Flows and stocks between constituent units are not consolidated as a matter of principle. However, consolidated accounts may be built up for complementary presentations and analysis.

Furthermore, ESA 95 uses more specific concepts and is more rule-based than either UNSNA or GFS 2001. This reflects the need for precise definitions to be able to measure adherence to treaty obligations, and historic experience of some EU members using previous flexibility in the rules to misrepresent their fiscal situation.

Comparison of statistical reporting systems and IPSAS

There are significant differences between, on the one hand, GFS and ESA 95, and on the other hand IPSAS. The IPSASB has published a comparison of the IPSAS, GFS and ESA 95³. Some of the most significant differences are summarised in the table below.

Table 3: Some key differences between IPSAS and statistical reporting systems

Area of difference	Statistical systems	IPSAS
Type of reports that are outcomes of each system	Unaudited statistical reports in a prescribed format	Audited General Purpose Financial Statements which meet minimum information requirements and contain specified statements, but without a mandatory format

³ “International Public Sector Accounting Standards (IPSAS) and Statistical Bases of Financial Reporting: an Analysis of Differences and Recommendations for Convergence” IPSASB January 2005 <http://www.ifac.org/public-sector>

Area of difference	Statistical systems	IPSAS
Entity definition	Defines the entity as the General Government Sector and only reports on that sector	Apply to each separate entity within Government and also the whole of government on the basis of control (Note however IPSAS 22 provides for reporting on the general government sector in addition to other consolidated financial statements)
Basis of accounting	Accrual only (but most countries still report on cash basis)	Accrual or cash basis
Valuation of assets	Current market value. No concept of depreciation but diminution in value of assets over time is treated as an “other economic flow”	Cost or “fair value”. Under accrual IPSAS depreciation is provided to reduce the carrying value of assets benefiting the entity for more than one year and to spread costs over the period of such benefit. Assets are not recognised under the cash basis IPSAS.
Net worth or net equity	Not directly recognised	A fundamental concept for the accrual basis
Concepts such as materiality and prior year adjustments	Not recognised	Fundamental part of reporting in Financial Statements
Classification (Chart of Accounts)	Prescribed in detail – but any classification that enables required reports acceptable	Not prescribed; any classification acceptable as long as it enables required information in Financial Statements
Terminology	Based on terms commonly used in statistics, fiscal and macro economic analysis	Accounting terminology as used in commercial accounting and financial reports

These differences present a challenge when designing an accounting system to enable reporting for, on the one hand, GFS or ESA 95, and, on the other hand, IPSAS compliant financial statements. However, it should be noted that neither GFS 2001 nor ESA 95 prescribe mandatory rules for the accounting system or chart of accounts; as long as the system can generate the required reports it meets the requirements for statistical reporting.

The entity concept and consolidation

One very important area of difference identified above is the definition of the entity and the approach to the consolidation of information from different entity levels.

The IPSAS follow the IFRS in using the concept of control to define an entity for consolidation. Thus at a sovereign government level the “whole of government” financial statements include the entities controlled by central government. This is interpreted to include Ministries, Department and Agencies of central government, and also GBEs under the control of central government. It excludes sub-national levels of government which are controlled by elected bodies. Entities of government may also publish separate IPSAS-compliant financial statements (though there is no guidance as to which entities should publish financial statements).

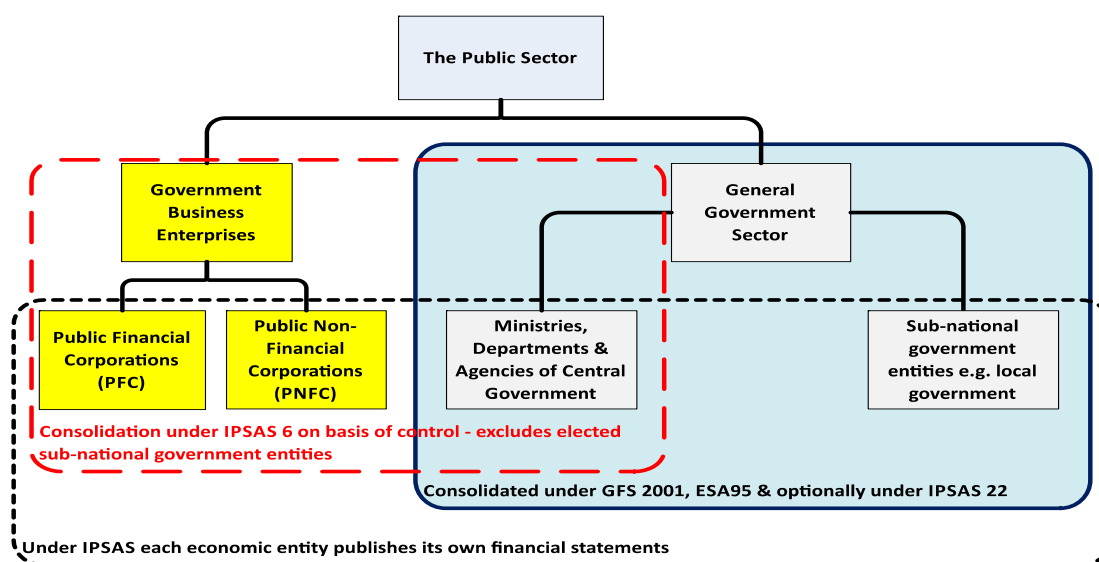
Both GFS 2001 and ESA 95 use the General Government Sector (GGS) as the entity for reporting. The GGS is an administrative concept that includes all Ministries, Departments

and Agencies of all levels of government within the sovereign entity, but excludes GBEs. There are no separate sub-national or entity reports (though there may be reports for specific economic sectors). GFS 2001 (but not ESA 95) applies a consolidation process that eliminates inter-agency flows and balances.

Recognising the importance of financial information on the GGS, IPSAS 22 allows financial statements for the sovereign entity to include consolidated financial statements for the GGS. These are in addition to financial statements prepared using the IPSAS 6 consolidation rules based on the concept of control.

The relationships of the different entity concepts are summarised in Figure 2 2 below.

Figure 2: Different Entity Concepts



In practice only a few countries prepare whole of government consolidated financial statements in accordance with IPSAS or adopted national standards, i.e. including consolidation of GBEs. These are all countries which have applied full accrual principles for government reporting. On the other hand, most countries prepare either GFS 2001 or ESA 95 statistical reports for the general government sector⁴. So clearly reporting in accordance with the statistical basis is more widely adopted than IPSAS reporting for sovereign governments.

A comparison of financial statement and statistical report format and content

The Annex compares the GFS reports and nearest equivalent IPSAS financial statements⁵. This makes it clear that whilst they contain substantially the same information, such information is presented differently using different terminology and with different aggregation.

⁴ However, the IMF GFS website February 2009 indicates that many developing countries rarely submit the GFS return to the IMF

⁵ This Annex was developed through discussions with Mrs. Sagé de Clerck of the IMF

Harmonisation of statistical and accounting reporting systems

There has been considerable success in, on the one hand, harmonising statistical reporting systems with each other, and on the other hand, in the ongoing process of harmonising IFRS and IPSAS. However, the success does not extend to harmonising statistical and financial reporting standards.

In June 2003, the Public Sector Committee (PSC – now the IPSASB) of IFAC initiated a meeting of officers of relevant international organizations – the International Monetary Fund (IMF), Eurostat, and the Organisation for Economic Co-operation and Development (OECD) – and some national organizations that had been working on convergence issues in relation to accounting and statistical bases of financial reporting – the United Kingdom Treasury, United Kingdom Office of National Statistics and the Australian Accounting Standards Board. The purpose of that meeting was to:

- Identify differences in the information reported by IPSAS, the IMF's Government Finance Statistics Manual 2001 (GFSM 2001) and European system of accounts (ESA 95)/ESA 95 Manual of Government Deficit and Debt (EMGDD);
- Consider whether these differences are necessary for the different objectives of those systems; and
- Identify a process to eliminate or reduce any unnecessary or unintended differences

This led to the publication of a study identifying the differences and making recommendations for convergence⁶. This led in particular to the issue of IPSAS 22 allowing Financial Statements to provide additional statements showing the results of the consolidation of the General Government Sector as defined in the UNSNA.

However, this has not become an ongoing process of harmonisation. Though there has been increasing cross recognition between statistical systems and accounting standards, the differences between the two approaches have continued. There is no momentum towards further harmonisation between the statistical systems and financial reporting standards.

Conclusions on accounting standards and statistical reporting systems

There appears to be a general acceptance that statistical reports and financial statements have different objectives and will never be fully harmonised. However, the opportunity of adopting standardised definitions and measurement concepts is not being exploited because:

- IPSASB is mainly focussed on harmonising IPSAS with IFRS; the latter are driven by commercial needs and IFRSB has no linkage with statistical reporting systems.
- Statistical systems have been harmonised with UNSNA and are primarily concerned with developing rules for sovereign government financial reporting.

The consequence of the above is that sovereign financial reporting is at present driven by the rules of statistical reporting systems. For example, all of the EU requirements for financial reporting and compliance with deficit reduction targets are based on ESA 95 reports. Published financial statements of sovereign governments are to a large extent ignored by policy makers.

⁶ All the IPSAS and IPSASB papers referred to in the article are available on IPSASB web site: on the IPSASB web site <http://www.ifac.org/public-sector>

Nevertheless countries are under pressure from professional accounting bodies, external development partners and organisations concerned with transparency of government to publish whole of government IPSAS compliant financial statements. Thus we can envisage an increasingly common future scenario where sovereign governments will have two financial reports:

1. Reports in accordance with statistical systems and requirements – in some cases such as the EU recognised in law, and
2. Audited financial statements in accordance with IPSAS or other adopted standards.

The question is, which of the above reports will then be used in assessing a country's deficit, sovereign fiscal risk or the appropriateness of economic policy decisions?

ANNEX: COMPARISON OF IPSAS ACCRUAL FINANCIAL STATEMENTS AND GFS REPORTS

Figure 3: Balance Sheets and Financial Position

GFS - Balance sheet	Comments on differences	IPSAS - Statement of Financial Position
Nonfinancial assets Fixed assets Inventories Valuables Nonproduced assets	1 IPSAS does not distinguish whether assets are acquired by market or non-market means	Non-current assets Receivables Investments in associates Other financial assets Infrastructure, plant and equipment Land and buildings Intangible assets Other non-financial assets
Financial assets Domestic Currency & deposits Securities other than shares Loans Shares & other equity Insurance technical reserves Financial derivatives Other accounts receivable Foreign Currency & deposits Securities other than shares Loans Shares & other equity Insurance technical reserves Financial derivatives Other accounts receivable Monetary gold and SDRs	2 IPSAS does not distinguish purpose for which assets acquired 3 IPSAS does not distinguish financial and non-financial assets but descriptions used enables such differentiation 4 GFS does not distinguish current and non-current assets & liabilities 5 The classification differences can easily be accommodated through a suitably designed chart of accounts	Current assets Cash and cash equivalents Receivables Inventories Prepayments Other current assets <div style="text-align: right;">Total assets</div>
Liabilities Domestic Currency & deposits Securities other than shares Loans Shares & other equity (public corporations only) Insurance technical reserves Financial derivatives Other accounts payable Foreign Currency & deposits Securities other than shares Loans Shares & other equity (public corporations only) Insurance technical reserves Financial derivatives Other accounts payable <div style="text-align: right;">Net worth (total assets less liabilities)</div>	6 There maybe valuation differences but GFS and IPSAS valuation approaches are converging Because of valuation differences GFS net worth and IPSAS Net assets may not be identical, but differences will usually be minimal or non-existent	Liabilities Current liabilities Payables Short-term borrowings Current portion of long-term borrowings Short-term provisions Employee benefits Superannuation Non-current liabilities Payables Long-term borrowings Long-term provisions Employee benefits Superannuation Total liabilities Net assets <div style="text-align: right;">Net assets = equity</div>

Figure 4: Operations and Financial Performance

GFS - Government Operations Table	Comments on differences	IPSAS - Statement of Financial Performance
<p>TRANSACTIONS AFFECTING NET WORTH</p> <p>Revenue (transactions increasing net worth)</p> <ul style="list-style-type: none"> Taxes Social contributions Grants Other revenue <p>Expense (transactions decreasing net worth)</p> <ul style="list-style-type: none"> Compensation of employees Use of goods and services Interest Subsidies Grants Social benefits Other expense <p style="text-align: right;">Net gross operating balance</p>	<p>GFS is a standardised classification system to enable comparability.</p> <p>IPSAS provides (i) an illustrative presentation, (ii) requirement to disclose specific information and (iii) a general requirement to disclose material information.</p> <p>An appropriately designed chart of accounts can enable the production of GFS reports and IPSAS financial statements</p> <p><i>Net Operating Balance will differ form surplus/deficit because of the inclusion of different items (see below)</i></p>	<p>Revenue</p> <p>IPSAS allows a classification of revenue appropriate to the entity and taking account of the materiality of the items to be disclosed</p> <p style="text-align: right;">Total Revenue</p> <p>Expenses</p> <p>IPSAS allows a classification appropriate to the entity based on either economic purpose or function and taking account of materiality of the items to be disclosed</p> <p>Finance costs</p> <p style="text-align: right;">Total Expenses</p> <p><i>[This would be depreciation in IPSAS and part of use of goods and service]</i></p> <p style="text-align: right;">Surplus/(deficit) for the period</p>
<p>TRANSACTIONS IN CAPITAL ASSETS</p> <p>Net acquisition of non-financial assets</p> <ul style="list-style-type: none"> Fixed assets Change in inventories Valuables Nonproduced assets <p style="text-align: right;">Net lending / borrowing</p>	<p><i>The GFS and IPSAS concepts of revenue & expenses differ. But they can be reconciled within the financial statements as indicated in the box below. IPSAS concept of depreciation differs from GFS concept of consumption of fixed capital but could be regarded as an approximation to the GFS concept. IPSAS also allows revaluation of fixed assets which is closer to the GFS concept of value.</i></p>	<p>Under IPSAS</p> <ol style="list-style-type: none"> 1 Holding gains or losses on current assets (whether financial or non-financial and whether realised or unrealised) are part of surplus/deficit 2 Realised and unrealised holding gains or losses on assets and liabilities are shown as part of surplus/deficit except that unrealised gains (e.g. revaluation) on fixed assets are shown directly as changes in equity and not included in surplus or 3 Cash flows resulting from acquisitions or disposals of assets are part of cash flow statement. Any gain or loss on disposal is 4 Nonproduced assets are not separately identified and hence are treated according to above rules
<p>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING)</p> <ul style="list-style-type: none"> Net acquisition of financial assets <ul style="list-style-type: none"> Domestic Foreign Net incurrence of liabilities (incurrences less liquidations) <ul style="list-style-type: none"> Domestic Foreign 		

Reconciliation of GFS and IPSAS concepts of revenue:

1. GFS (Revenue + Other Economic Flows) = IPSAS (Revenue + economic inflows recognised directly in Statement of Changes in Equity), and
2. GFS (Expenses + Negative Other Economic Flows) = IPSAS (Expenses + outflows recognised directly Statement of Changes in Equity)

Figure 5: Sources and use of cash and cash flow

GFS - Statement of Sources and Uses of Cash	<i>Comments on differences</i>	IPSAS - Cash Flow Statement
<p>Cash receipts from operating activities</p> <ul style="list-style-type: none"> Taxes Social contributions Grants Other receipts <p>Cash payments from operating activities</p> <ul style="list-style-type: none"> Compensation of employees Purchase of goods and services Interest Subsidies Grants Social benefits Other payments <p style="text-align: right;">Net cash received from current operations</p>		<p>Receipts</p> <ul style="list-style-type: none"> Taxation Sales of goods and services Grants Interest received Other receipts <p>Payments</p> <ul style="list-style-type: none"> Employee costs Superannuation Suppliers Interest paid Other payments <p style="text-align: right;">Net cash flows from operating activities</p>
<p>Cash flows from investments in non-financial assets</p> <ul style="list-style-type: none"> Purchase of non-financial assets Fixed assets Strategic stocks Valuables Nonproduced assets <p style="text-align: right;"><i>Net cash outflows from investment in nonfinancial assets</i></p> <p style="text-align: right;">Cash surplus/deficit</p> <p>Cash flows from financing activities</p> <ul style="list-style-type: none"> Net acquisitions of financial assets other than cash Domestic Foreign Net incurrence of liabilities Domestic Foreign <p style="text-align: right;">Net cash inflow from financing activities</p> <p>Net changes in stock of cash</p>	<p><i>Two statements are very similar other than some differences in classification</i></p>	<p>Cash flows from investing activities</p> <ul style="list-style-type: none"> Purchase of plant and equipment Proceeds from sale of plant and equipment Proceeds from sale of investments Purchase of foreign currency securities <p style="text-align: right;">Net cash flows from investing activities</p> <p>Cash flows from financing activities</p> <ul style="list-style-type: none"> Proceeds from borrowings Repayment of borrowings Distribution/dividend to government <p style="text-align: right;">Net cash flows from financing activities</p> <p style="text-align: right;">Net increase/(decrease) in cash and cash equivalents</p>
<p>Reconciliation part of balance sheet</p>		<ul style="list-style-type: none"> Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period

Figure 6: Other economic flows and changes in net assets/equity

GFS - Statement of Other Economic Flows	<i>Comments on differences</i>	IPSAS - Statement of Changes in Net Assets/Equity
<p>Changes in net worth resulting from other Economic Flows</p> <p>Nonfinancial assets</p> <p> Holding gains</p> <p> Other volume changes</p> <p>Financial assets</p> <p> Holding gains</p> <p> Other volume changes</p> <p>Liabilities</p> <p> Holding gains</p> <p> Other volume changes</p>	<p>These two reports are NOT directly comparable as they have different purposes.</p> <p>This is explained below under the concepts of GFS net worth and IPSAS net assets/equity</p>	<p>Balance [year end] 31, 20XX-1</p> <p> Gain on property revaluation</p> <p> Loss on revaluation of investments</p> <p> Exchange differences on translating foreign operations</p> <p> Net revenue recognized directly in net assets/equity</p> <p> Surplus for the period</p> <p> Total recognized revenue and expense for the period</p> <p>Balance at [year end], 20XX carried forward</p> <p> Changes in accounting policy</p> <p> Restated balance</p> <p> Changes in net assets/equity for 20XX</p>

Net worth compared to net assets/equity - the accounting model	
GFS balance sheet opening net worth + operating balance + changes due to other economic flows = balance sheet closing net worth	
IPSAS opening net assets/equity + surplus/deficit + items shown directly on changes in equity statement = closing net assets/equity	
Note:	<p>IPSAS also requires</p> <p>(i) a comparison of budget and actual amounts (provided there is a published budget) either as a separate additional financial statement or as an additional budget column</p> <p>(ii) notes comprising a summary of significant accounting policies and other notes</p> <p>(iii) comparative data for the preceding year</p> <p>None of the above are required for GFS reports</p>

URBAN LOCAL BODIES IN INDIA- PRUDENT FINANCIAL CONTROL PRACTICES

Sidhakam Bhattacharyya, Research Scholar, Department of Management Studies, National Institute of Technology, Durgapur, West Bengal, India - sidhakam@gmail.com

Gautam Bandyopadhyay, Associate Professor and HOD, Department of Management Studies, National Institute of Technology, Durgapur, West Bengal, India - math_gb@yahoo.co.in

Abstract

Indian Urban Local Bodies have the status of third tier local government. Constitutionally built-in imbalances in the functions and finances have made the urban local bodies dependent on grants from upper tiers of government. In addition there are urban local bodies that have insufficient financial resources due to their failure to adequately exploit existing sources of revenues. In such a situation, there is a need for urban local bodies to exercise prudent financial control practices in order to match mandated functions with available finances and so to ensure financial sustainability. We focus on three types of financial control. Urban local bodies should try to meet administration, operation and maintenance costs from own source receipts and also to utilise the amount of any grants received for the intended purposes. We have also suggested a format for presentation of information in the annual financial statements for better understanding of the controls. Our paper ends with a case study where we have shown that the percentage of recurrent surplus is higher in those urban local bodies which exercise financial control. Our findings should be particularly helpful in small and medium-sized urban local bodies where budgetary control system is not well developed.

Introduction

Urban local bodies have a fairly long history in India. The first municipal corporation in India came into existence for Madras in 1688 under a charter transferring financial responsibility to the newly created corporation. The Corporation consisted of the Mayor, Aldermen and Burgesses. The Corporation was empowered to raise taxes from the inhabitants and to use funds for development and maintenance purposes. Mayors' courts were established in Madras, Bombay and Calcutta through the Royal Charter of 1720 (Aijaz 2006, p.6). The charter provided for the constitution of a corporation in each presidency town consisting of Mayor and Aldermen. Lord Mayo's Resolution of 1870 provided for strengthening of urban local bodies. The Government of India Act, 1919 was another development towards the evolution of urban local bodies. This Act transferred the responsibility for local government from the hands of the district officers to a department controlled by a popular minister. The popular ministers of provincial governments proceeded to establish elected councils and gave executive authority to the elected chairman (Aijaz, 2006, p.7). The Constitution of India, after independence, allotted local self-government to the state list of functions but it did not make any specific provision for urban local bodies. Originally, the Constitution of India envisaged a two-tier system of federal government.

Our paper focuses on financial control of urban local bodies including financial sustainability. We identify controls over receipts and expenditure of both a recurrent and capital nature. Finally we examine the influence of such financial controls through a case study. Financial reporting should provide a good view of the status of each urban local body's funds, identify controls and any improvements which may be needed (AGA, 2007). Financial data available from the "Administrative Report of Municipal Affairs Department 2001 – 2005, Government of West Bengal" and from the website of the department is used to assess whether the urban local bodies have adequate financial control and its impact on financial performance.

Constitutional Status

Until 1992, local governments were not part of the Indian government's planning and development strategy. A dramatic change in the federal system of India came with the introduction of the Constitution Amendment Act of 1992 conferring the status of the third level of government to local bodies. This amendment took Indian democracy one step forward and added a new dimension to the federal system of government. Through this amendment the establishment of a local representative government empowered with administrative and financial abilities to deliver mandated services to its citizens came into force. It transferred responsibilities for services to urban local bodies that elect their own representatives and gave them the power to raise their own revenues and authority to make investment decisions. (Rondinelli & Cheema, 2002)

The Constitution Amendment Act aimed to introduce strong grassroots level democracy through the establishment of urban local bodies, but left the issues of their empowerment and operationalization to the discretion of the state governments. The state governments, as a part of municipal governance reforms, should amend their municipal legislation to comply with the spirit of the Constitutional Amendment. However, state municipal legislation mainly covers electoral reforms and there has been little effort towards widening the functional and financial domain of urban local bodies.

In addition, legislation primarily aims to make urban local bodies accountable to their state government rather than to the citizens (Synthesis Report, 2006).

Functions and Finance

In the urban context, functional and financial decentralization should flow from the state to the cities and thereafter from the elected council to its wards. Indian urban local bodies enjoy constitutional responsibility for the preparation of plans for economic developments and social justice and implementation of such plans and schemes as may be entrusted to them. The Constitutional Amendment Act has specified eighteen functions which may be considered as the responsibilities of the urban local bodies. In addition state governments may assign them any tasks relating to the preparation and implementation of plans for economic development and social justice.

As a result, urban local bodies are in need of substantial funds to execute their constitutionally assigned functions. The legislature of a state may, by law, authorize an urban local body to levy and collect taxes, duties, tolls and fees. Central and state governments may also provide grants-in-aid to their urban local bodies. Thus there are two main sources of revenue for urban local

bodies, internal and external. Internal source revenue is commonly known as own source and it includes income generated from various taxes and non-taxes levied on the citizen. External source revenue mainly includes funds obtained from the central and state governments in the form of grants or loans. There may be other external sources of funds, for example, loans from domestic institutions or financial intermediaries. Some urban local bodies have also chosen to raise money from capital markets by issuing bonds. (Aijaz, 2006)

Recently attempts have been made to identify new avenues to mobilise resources for urban local bodies, such as capital markets and financial intermediaries. Furthermore, there are a number of innovative practices to raise other financial resources for local governments, especially in the case of larger urban centres governed by municipal corporations. (Aijaz, 2006)

Constitutional Imbalances

The Amendment Act, 1992 specified the functions of urban local bodies, but it did not provided a corresponding list of legitimate sources for their revenue, and so this has been left to the discretion of state governments. Therefore, there is a constitutional imbalance in the division of expenditure, liabilities and revenue raising powers of urban local bodies. The mismatch between extensive functions and inadequate sources of finance is called a vertical imbalance.

Constitutional imbalances between the functions and finances of urban local bodies often lead to their high dependency on their state governments and then the state governments on the central government.

The principle of fiscal federalism suggests that funds from upper tiers of government should be devolved to lower ones that is from central government to state governments and from state governments to local governments. Indian urban local bodies receive grants from the upper tiers of government which may be used for general purposes (for example, motor vehicle tax grant or stamp duty grant); for carrying out specific projects or schemes; or in the form of reimbursements of specific expenditures.

Grants received by urban local bodies may be of a recurrent or capital nature. A recurrent grant, usually in the nature of a subsidy, is generally utilised for meeting recurrent expenditure during the ordinary course of activity (for example, pay and allowance grant, repair and maintenance grant), the benefits of which usually expire within the accounting year in which it is incurred. Revenue grants may also be given for operating specific schemes or programmes (for example, census grant, pulse polio grant and other social welfare grants), the benefits of such expenditures may spread over several financial years. Capital Grants, usually given for a specific project or scheme (for example, integrated urban area development grant, construction grant), are utilised for capital expenditure, that is the creation of fixed assets (like land, buildings and equipment). The benefits of capital expenditure are of an enduring nature, spreading over an extended period of time. Certain specific purpose grants may include both capital and recurrent components (for example, grants for the construction of new roads and subsequent repairs and maintenance). Sometimes grants may have a deduction of certain charges or dues (for example, interest on loans, electricity dues) by the upper tier of government. Urban local bodies may also receive agency grants for specific beneficiaries who are required to submit utilisation statements. In other cases, scheme expenditure may be met by the urban local body itself.

Due to resource constraints, upper tiers of government may not be in a position to provide adequate resources for urban local bodies. The funding shortfall may also be further deepened, by the failure of the urban local bodies to adequately exploit existing sources of revenues and other factors like population growth, liberalization, and globalization.

Initiative by Government of India

The lack of adequate finances for urban local bodies led to the introduction of two significant constitutional provisions. State Finance Commissions are to be formed by state governments to recommend the devolution of state resources to local bodies. Similarly, the Central Finance Commission recommends grants-in-aid for local bodies through augmenting state consolidated funds. These provisions are designed to establish a proper balance between the finances of the local, state and central governments.

The central Government of India continually tries to strengthen the governance and finances of urban local bodies. The National Action Plan, launched in September 2001 by the Ministry of Urban Development and Poverty Alleviation in association with UN-HABITAT, recommends action plans in the area of decentralization, finance, financial management etc. The Jawaharlal Nehru National Urban Renewal Mission aims to ensure the fiscal empowerment of municipalities. A working group of state finance secretaries and other experts has been constituted by the Reserve Bank of India to consider additional reforms. Finally, the strategic plan of the Ministry of Urban Development for 2011-2016 has a clear mission and vision for urban local bodies.

Management and Finance Practice

The comparative advantage of local government undoubtedly resides in its superior knowledge of local conditions and the needs of local communities. Local Government can make an important contribution to public well being through the execution of government policies and the delivery of local public services. Local government also has the potential to be the most transparent and accountable level of government. Full realization of that promise, however, requires strong fiscal administration to ensure that citizen interests are reflected in local programs; policies are conducted in a fiscally sustainable way; and resources are not lost through inefficient, ineffective, wasteful, or corrupt operations (Mikesell, 2007).

State and local governments have made great strides in measuring and improving performance over the last two decades. This is partly a response to economic crises, decreasing revenue streams, and cuts in state and federal funding (Foltin, 2005). It is in this context that improved public financial management and accountability is crucial not only for better governance, but also for improved service delivery (Synthesis Report, 2006).

Inefficiency in Financial Practices

There may be inefficiency among urban local governments in the management of their finances, which could adversely affect the efficient delivery of basic civic services. This may include: deficiencies in the procedure for determining the cost of services; low levels of revenue collection; high areas from previous years and high dependence on external sources of finance (Aijaz, 2006).

Many urban local bodies are unable to meet the basic service requirements of their populations. Elected representatives and officials of urban local bodies regularly stress the need for the timely provision of funds from upper tiers of government, but they may not be able to maintain basic civic services nor initiate appropriate action for raising local revenues. Prudent financial control practices should match available resources to the function of urban local bodies.

Prudent Financial Control Practices

All resources need proper planning and control in their utilisation to satisfy the public interest (Achua 2009). Financial management initiatives include effective controls over receipts, expenditures, funds, property and other government assets (Audit Federal Financial Controls: Sooner Rather than Later? 2005).

Legislatures should not only appropriate money, but they should also ensure that funds are spent according to their intent, in an economic and efficient manner and produce the intended results (Ahsan, 1996). Proper public expenditure management at any level of government should:

- (a) adequately control the total level of revenue and expenditure,
- (b) appropriately allocate public resources between sectors and programs, and
- (c) ensure that governmental institutions operate as efficiently as possible (Rao & Bird 2010).

Prudent financial control practice should also aim to ensure financial sustainability of urban local bodies. The generation of recurrent surplus is thus one of the key indicators of financial sustainability.

Elected representatives are power seekers and their major decisions are oriented at gaining votes. Therefore they may not take adequate measures to collect sufficient own sources. They may also make unnecessary or irregular expenditure. Public officials should constrain such action by the elected representatives, but they may prefer to keep quiet in order to avoid conflicts with the elected representatives especially if they are popular. Political power supersedes administrative power.

As a result, prudent financial practices are not necessarily adopted by urban local bodies. There are some large urban local bodies which are better governed, but the financial condition of small and medium-sized towns are often poor.

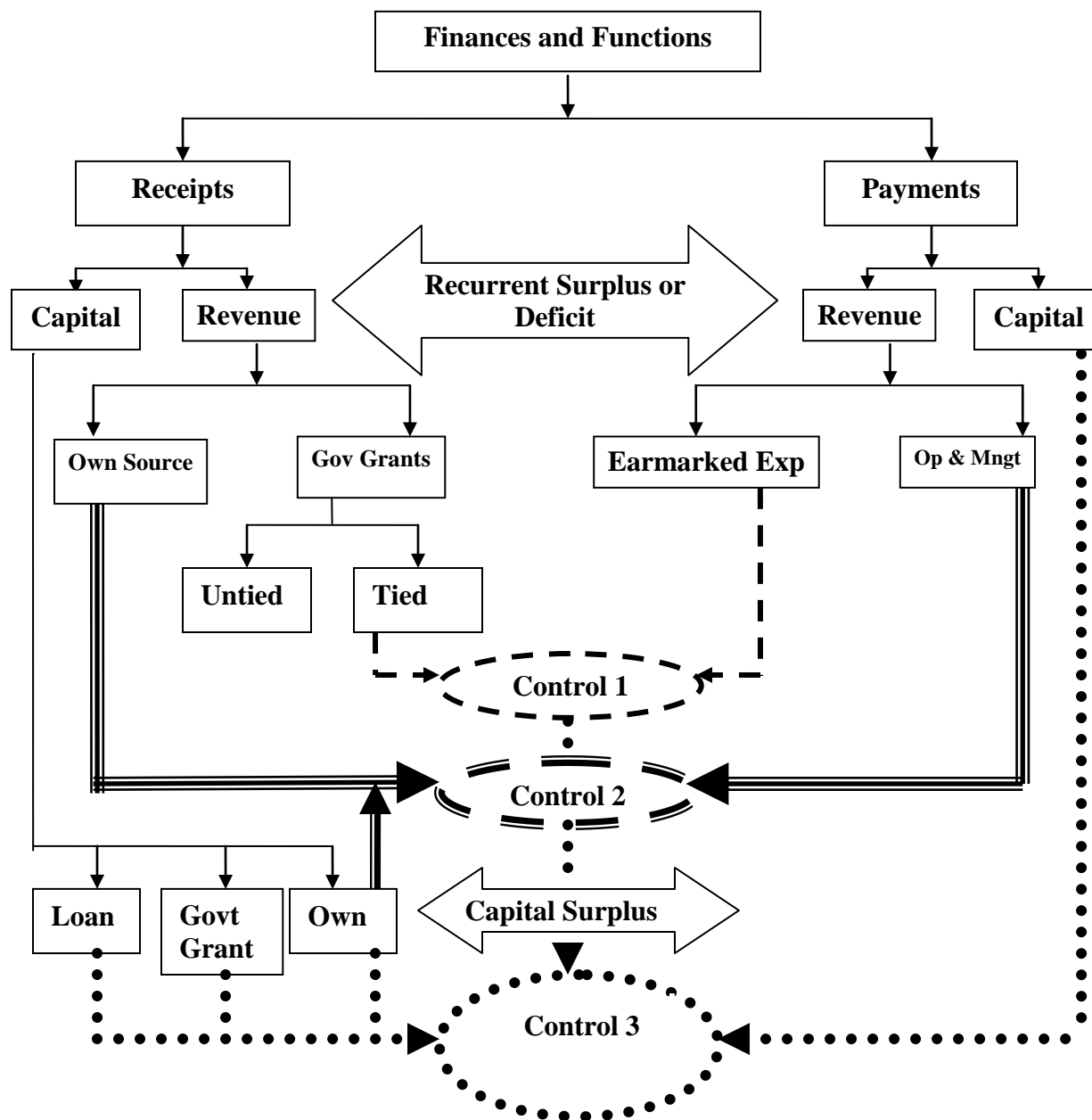


Diagram 1: Prudent Financial Controls

Control 1: This control covers tied grants received from upper tiers of governments. The grant should only be expended in accordance with authorizations of management and the direction of the issuer. However, an urban local body should also exercise financial control (1) to ensure that the amount of any tied grant is either equal to or more than the relevant earmarked expenditures.

Control 2: Appropriate resources are needed at the urban local body level to ensure the provision of basic services. An urban local body should try to meet the administrative, operation and maintenance costs (all expenses other than those covered by tied grants) out of its own source revenue collection. This is the aim of control 2.

Control 3: The result of the above two controls is either a recurrent surplus or a deficit. Any surplus is available for capital expenditure and so will complement capital receipts. Capital receipts, in the form of

a grant or loan, should be expended in line with the requirements of the issuer. Therefore control 3 is directed towards ensuring the balance between capital expenditure and capital receipts (augmented where possible by recurrent surpluses).

Accounting and Disclosure in Financial Statements:

The National Municipal Accounting Manual (2004) published by the Ministry of Urban Development describes the accounting policies, procedures and guidelines designed to ensure correct, complete and timely recording of municipal transactions and to produce accurate and relevant financial reports. An urban local body should prepare its financial statements to indicate the source and use of funds both from its own sources and those of higher tiers of government. In addition, readers of financial statements need to understand the financial control practices that have been exercised.

To achieve this we recommend that the following financial statements are produced by urban local bodies:

- Statement of Cash Receipts and Payments
- Statement of Financial Performance
- Combined Statement of Control.

An illustration of these statements is shown below.

Statement of Cash Receipts and Payments	Amt	Statement of Financial Performance (accrual)	Amt	Statement of Financial Position (accrual)	Amt
Receipts		Income		Capital Employed	
A.Own Source:		A. Own Source:		Funds and Reserves	
Tax Revenue	400	Tax Revenue (i)	440	Retained Earnings	125
Non-Tax Revenue	500	Non-Tax Revenue (ii)	530	Reserve: Capital Contribution (i)	320
Other Income	10	Other Income	10	Grant, Contribution	210
Total Own Source	910	Total Own Source	980		
B. Transfer from Upper tiers		B. Transfer from Upper tiers		Borrowings	150
General purpose Grant	100	General purpose Grant	100	Total	805
Revenue Grant Specific Purpose	550	Revenue Grant Specific Purpose (iii)	500	(i)Capital contribution is fixed assets purchased out of capital grant.	
Capital Grant	400	Total	600		
Grant as Nodal Agency	200	Total (A+B)	1580		
Total	1250	(i) 440= 400+ Receivable(40),		Employment of Capital	
C. Borrowings	250	(ii) 530= 500+		Fixed Assets:	

D. Other		Receivable(30),		Municipal Fund	30
Interest on Grant Fund	30	(iii) Income recognised to the extent expenditure made. Pay and allowance= 300, Social Welfare = 200.		Capital Grant Fund	320
Total Receipts (A to D)	2440			Loan Fund	200
Payments		Expenditure		Total	550
Operation					
Salary and Wages	350	Salary and Wages	350	Net Current Assets	
Administrative, Operation & Maintenance expenses	800	Administrative, Operation & Maintenance expenses (i)	885	Current Assets	
Interest and Finance Charges	20	Interest and Finance Charges	20	Debtors	70
Revenue Grant-Specific purpose	200	Revenue Grant-Specific purpose(ii)	200	Cash and Bank Balances	270
Total	1370	Total	1455		
Capital Payments		(i)885= 800+ Payable (85).		Total	340
Fixed Assets	550	(ii)Exp. against pay and allowance grant is booked under salary and wages. Amount expended out of social welfare grant is 200		Current Liabilities	
Repayment of Loan	100			Creditors	85
Other: Payment as Nodal Agency	150			Net	255
Total	800			Total	805
Total Payments	2170				
Increase/ Decease in Cash	270	Surplus	125		
Cash at the beginning of the year	0				
Cash at the end of the year	270				

Combined Statement of Control:

Particulars	Own Fund	Specific Purpose				
		Pay & Allow	Social Welfare	Cap.	As Nodal Agency	Total
		Revenue Grant		Capital Grant		
Receipt						
Tax	400					
Non-Tax	500					
Other: Interest earned	10			30		30
Total	910			30		30
Received from Upper-tiers						
Specific purpose		300	250	400	200	1150
Total	910	300	250	430	200	1180
Less: Operating Payments						
Salary & Wages	0	350				350
Adm, Op & Mt.	800					
Interest & Fin Ch	20					
Total Op Payments	820	350				350
Balance (Control Checking 1st Point)	90	-50	250	430	200	830
General Purpose Grant		100				100
Balance (Control Checking 2nd Point)	90	50	250	430	200	930
Transfer of Balance	50	-50				-50
Balance	140	0	250	430	200	880
Other Payments:						
Fixed Assets	30			320		320
Social Welfare Grant			200			200
As Nodal Agency					150	150
Loan Repayment	100					
Total Payment	130		200	320	150	670
Balance (Control Checking 3rd Point)	10		50	110	50	210

Notes:

1. Balance of specific purpose grant tallies with the balance in Statement of Financial Position.
2. Balance of available Loan Fund is 50 (250-200).
3. Balance of all funds is 270 (10+210+50) which tallies with amount in Statement of Financial Position.

The balance of specific purpose grant appearing in the “Statement of Financial Position” should reconcile with the amount in the “Combined Statement of Control”. The fact of financial control and its existence can be given in the notes on accounts.

We can interpret the above information that the urban local body has used the amount of general purpose grant for making payment of salary and wages along with specific purpose grant (pay and allowances) which is received as subsidy for this purpose. The negative balance under control 1 indicates this situation. The negative balance also ensures that the amount of pay and allowance grant has been expended in full.

Control checking 1st point denotes whether control 2 exists or not. From this point it is evident that control 2 has been exercised.

Control checking 2nd point indicates whether control 1 has been exercised or not after considering the use of general purpose grant. Transfer balance indicates that surplus of control 2, as out of general purpose grant, should be transferred to own fund. After use of general purpose grant there is a surplus, therefore control 1 has been exercised by the urban local body.

Control checking 3rd point is for checking whether control 3 has been exercised or not.

This statement ensures financial control in terms of the amounts, but there are some other points like the condition and restriction on funds and the extent to which such conditions and restrictions have been met. These should be disclosed in the Notes to the Accounts.

Our recommended disclosure in the Notes to the Accounts is as follows:

This urban local body has adopted prudent financial control practices which have as their main focus financial sustainability. These practices are designed to match the finances with the relevant function and to strictly apply financial discipline especially of over the utilisation of grant received from upper-tiers of government. The management hereby declares that the statement of fund control is true and correct and there is no diversion.

There are three types of control which are normally used by this urban local body:

*Control 1: Prudent financial control practices includes the policy of expending the amount of specific purpose grant for the intended purposes along with general purpose grant if it is required. Full cost of employees is not given through pay and allowance grant and therefore the urban local body uses general purpose grant for payment of salary and wages. This financial control exists in a situation where the total amount of general purpose grant and pay and allowance grant is equal to or more than the amount of salary and wages. Control checking 2nd point of **combined statement of control** indicates that this control exists. All other specific purpose grants have been given for payment of specified expenditure and the expenses, so far made are in accordance with the terms of sanction. The unexpended balances are given in Balance (control checking point 3) and control 1 exists.*

Control 2: It is a control practice of this urban local body to make payment of administrative, operation and maintenance cost out of its own source receipt to match the function with finance. This financial control exists where own source receipt is sufficient enough to meet such cost and to generate surplus for financial sustainability. Control checking point 1 establishes the existence of this control.

Control 3: Prudent financial practice also includes strict vigilance over use of capital grant and borrowings. Such funds are used for the purpose for which these have been received. It is the normal practice of this urban local body to use capital receipt for capital expenditure. So far as the capital grants are concerned this control exists as evident from control checking point 3.

Case Study and Result

The impact of financial control practices can be measured with respect to overall financial performance of an urban local body. Performance measurement is the process of determining how effectively and efficiently taxpayer resources are being used for the delivery of services and the administration of programs. Prudent budgeting, collection and analysis of data, and comparisons to benchmarks are all necessary elements in performance measurement. An important element in evaluating performance of a governmental entity is the measurement of overall financial condition. Financial condition is the ability of a government to meet its financial and service obligations, currently and in the future (Simonsen & Armitage, 2006, p. 85).

The actual data we received are reproduced below in respect of two urban local bodies:

Table 1: Sample Data

Name	Year	(1) Property Tax Revenue	(2) Other Tax Revenue	(3) Total Tax Revenue (1+2)	(4) Non-Tax Revenue
Asansol MC	2001-02	229	43	272	60
Bardhaman	2002-03	259	38	297	192

(5) Total Revenue from Own Sources (3+4)	(6) Revenue from other Govt. Funds	(7) Total Recurrent Income (5+6)	(8) Salary & Wages	(9) Other Recurrent Expenditure	(10) Total Recurrent Expenditure (8+9)	(11) Gap (7-10)
332	602	934	479	457	936	(2)
489	805	1294	1046	193	1239	55

Other tax revenues may include advertisement tax, water tax etc. non-tax receipts consist mainly of fees and user charges. Revenue from other government funds consists of transfers from the state government and is comprised of general purpose grant and specific purpose grants.

As no separate figures for general and specific purpose grants are available we assumed that the urban local bodies used the general purpose grant along with specific purpose grant to meet the cost of employees (although this may not always be the case). Therefore, the methodology adopted for examining control was as follows:

1. Existence of Control 1: An urban local body has this control if it has been able meet the cost of employees out of the amount of grant. If the amount of grant is more than the amount of salary and wages, the urban local body has such control. Example: Asansol MC has this control ($602 > 479$). However, Bardhaman does not have this control ($805 < 1046$).
2. Whether Control 2 has been exercised: An urban local body has this control if the amount of own source receipts is sufficient to meet other costs (operation and maintenance). If the amount of own source revenue is equal to or greater than the amount of other costs it is considered that the urban local body has this control. Example: This control is not in Asansol MC ($332 < 457$). However, Bardhaman does have this control ($489 > 193$)
3. We categorized the urban local bodies on the basis of having these control in each of the five years for which we had data. If any urban local body failed to satisfy both of the controls it was categorized as “No Control”. If any urban local body for a particular year has both controls 1 and 2 then it was categorised as “Both Control”.
4. We then considered whether each urban local body had a recurrent surplus in each of the years (rather than its total surplus or deficit).
5. The percentage of recurrent surplus or deficit was computed as follows:

Percentage Recurrent Surplus / Deficit = $[(\text{Recurrent Surplus/ Deficit}) / \text{Total Recurrent Receipts}] * 100$.

We received financial data for a number of urban local bodies for the financial years from 2001-02 to 2005-06 as shown by the following table:

Table 2: Year and Number of urban local bodies

Year	Number of urban local bodies with data
2001-02	115
2002-03	117
2003-04	122
2004-05	107
2005-06	124
Total	585

We received data for a total 124 urban local bodies over five years. In total we received data for 585 urban local body-years.

We then considered the percentage of average recurrent surplus for the urban local bodies having control 1, those with control 2 and having both controls.

The recurrent surplus of urban local bodies having both controls is also included in the columns for control 1 and control 2.

Table 3: Percentage of Recurrent Surplus

Year	Total		Control 1		Control 2		Both Controls		Neither Control	
	No	Average Recurrent Surplus %	No	Average Recurrent Surplus %	No	Average Recurrent Surplus %	No	Average Recurrent Surplus %	No	Average Recurrent Deficit %
2001-02	115	7	73	14	70	8	33	21	5	-20
2002-03	117	9	59	15	76	11	26	28	8	-25
2003-04	122	12	69	18	76	14	27	33	4	-13
2004-05	107	17	78	21	66	20	40	26	3	-17
2005-06	124	13	88	17	54	21	27	29	9	-15
Total	585	12	367	17	342	15	153	27	29	-18

The results for financial year 2001-02 indicate that the average recurrent surplus of all urban local bodies was 7%. Of these 115 urban local bodies, there are 73 and 70 urban local bodies which have the Control 1 and Control 2; and these urban local bodies have average recurrent surpluses of 14% and 8% respectively. In the same year, there were 33 urban local bodies which had both controls and their recurrent surplus was 21%. The recurrent deficit in case of the urban local bodies which failed to exercise either of the controls was 20%.

It is observed from the overall analysis that the financial performance (recurrent surplus) of urban local body having both controls was higher than to the average for urban local bodies having a single control. The urban local bodies having single control has led to generating recurrent surplus in most of the years. There were a few exceptions, but these were not significant. Overall the average surplus for urban local bodies exercising at least one control was 16%; for those exercising both controls was 27%; whilst those without either control had an average deficit of 18%.

Conclusions

Generally we conclude that financial performance (as defined as a recurrent surplus in each financial year) improves if urban local bodies exercise the defined control measures. Prudent financial control practices are helpful to small and medium-sized urban local bodies and especially to urban local bodies of developing countries. This includes the following aspects:

1. Grant guidelines are more likely to be complied with.
2. Diversion of grant is a common phenomena and one of the reasons for diversion is the absence of financial control mechanisms. The control practices, as describe in this paper, will considerably reduce the possibility of diversion of grants.
3. Prudent financial control practices help urban local bodies to deliver services within available resources. Therefore the number of urban local bodies in observing fiscal discipline will be improved.
4. Urban local bodies will be in a better position to know when to put extra effort into revenue generation.
5. Control is becoming compulsory due to the increased consciousness of people about the use of public money and increasing demands on the scarce resources of the government. (Ahsan, 1996).
6. Prudent financial control is also part of internal control procedures and so good governance.
7. Urban Local Bodies, as providers of urban services, face the challenge of increasing demands (due to rapid urban growth). Control practices will help to fulfil this objective.

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The Implementation of Anti-Money Laundering, Terrorist Finance and Corruption Laws in Ghana

Robert Quaye (an accounting practitioner) and Hugh Coombs, University of Glamorgan - hcoombs@glam.ac.uk

ABSTRACT

This paper investigates Ghana's organised economic crime legislation strategy and the extent to which it has met international requirements in respect of anti-money laundering measures. Following the general context for such measures, the paper outlines Ghana's existing legal framework and then presents the views of sample practitioners operating within this framework. The research objective being to acquire a bottom-up and more comprehensive picture of Ghana's experience of such legislation and associated regulation than might otherwise be available. The paper discovered there was general agreement amongst practitioners that, while Ghana had passed relevant legislation relatively quickly, there was concern over how the legislation worked in practice and the cultural acceptance of corrupt behaviour. Terrorism finance was not seen as a major issue. A need was identified for better education and additional resources to be devoted to the fight against money laundering and corruption. Practitioners are seen as an untapped knowledge source underutilized by government.

Introduction and Background

While globalisation has brought with it significant benefits in terms of world trade it has also brought an increase in international fraud and related criminal opportunities (Jones, 2011, Kroll, 2011). While the costs of such activities are difficult, if not impossible, to measure accurately, Lilley (2006) attempted to demonstrate the extent of money laundering by calculating the benefits of the illegal narcotics trade in the US in 2000. He estimated that on an annual basis the cocaine trade generated \$36bn while marijuana yielded \$11bn, heroin \$10bn with \$7.8bn coming from other illegal substances. His further estimate of the benefits of the drugs trade in Columbia amounted to some \$6bn on an annually basis. Cyber crime is also an increasing cause for concern. The '419' crime initiated in Nigeria by the so called 'yahoo boys' has led to the defrauding of businesses and individuals of billions of dollars with such crimes potentially constituting an additional tax on foreign direct investment (Ampratwum, 2008). They are also seen as a potential threat to a nation's economy and even to that nation's peace and security (Ehimen and Bola, 2009, 293). In 2008 Masciandaro and Barone (2008) claimed the IMF estimated the loss to money laundering as between \$500m to \$1.2 trillion or 2.5% of the world's GDP.

With the instant nature and global destinations of 'e' transactions, it is difficult for individual nations to successfully tackle such activities alone and it can, therefore, be argued that coordinated action between nations is essential. In this context the Financial Action Task Force (FATF) was established in 1989 by the G-7 group of nations (now effectively the G-20) and at April 2011 was made up of 34 countries and territories plus 2 regional organisations with 8

associates and 21 observers. Blazejewski (2008) observed that the claimed advantages for FATF in dealing with such issues as money laundering and corruption includes flexibility, responsiveness, fluency in the technical details of regulations and its cooperative nature. FATF, however, has not been without its critics. Slaughter comments that there is a lack of accountability, limited transparency, an absence of broad participation and a North-South democratic divide (see Blazejewski, 2008). FATF also works with a number of other international and regional bodies involved in combating money laundering and terrorist financing although Johnson (2008) noted declining compliance within these networks. In 1990 FATF initially developed a set of 40 recommendations (revised in 1996 and 2003) to provide a comprehensive strategy against money laundering (Scott 1995 and Kern 2001). The effect of the 9/11 attack in the US and the increased relationship between terrorist financing and money laundering (Qorchi *et al* 2003) led to the development of an additional 9 special recommendations (FATF 2008). These encouraged the international community to adopt a uniform approach to combating fraud and terrorist financing. This scenario also led to the combined convention issued by the UN which incorporated the recommendations by FATF, UN conventions, World Bank declarations and IMF policies (FATF 2008, Blazejewski 2008). To help with the implementation of what became the combined code, FATF style regional groupings were created in the various areas of the world (Cassella 2003, FATF 2008). The principal aim of these groups is to combine to help combat money laundering and the financing of terrorism by ensuring that the countries within each region are adopting and implementing the various recommendations consistently (Vlassis, 2007). Specifically for West Africa in 2000 the Economic Community of West African States (ECOWAS) established in the Intergovernmental Action Group against Money Laundering in West Africa (GIABA) for the prevention and control of money laundering and terrorist financing in the region.

Since the early 1990s Ghana has benefitted from a stable and democratic system of government. A 2009 study authored by the Polity IV project (Marshall *et al*, 2011) shows Ghana's constant improvement in its political development with advances in controls and constraints on the executive and electoral competitiveness ratings used by this survey compared to earlier years. Evidence for this improvement in governance is supported by Kaufmann *et al* (2009) as well as the Transparency International's 2008 Corruptions Perceptions Index rating Ghana 69th out of 180 countries and seventh best in Africa out of 47 countries.

The main legislation and related regulations on the statute book in relation to the subject of this paper are the Narcotics Drugs (Control, Enforcement and Sanctions) Act 1990, Serious Fraud Act 1993, Foreign Exchange Act 2006, Whistle Blowers Act 2006, Anti-Money Laundering Act 2008, the Anti-Terrorism Act 2008, the Anti-Money Laundering Regulations 2008, the Mutual and Legal Assistance Act 2010 and, finally, the Organised Crime Act 2010. In comparison with other West African nations (Gambia 2003, Nigeria 2004, Senegal 2004 and Sierra Leone 2005), however, its initial anti-money laundering (AML) legislation was passed later (Okogbule, 2007). South Africa passed such AML legislation in 1998. In 2007 Europol named Ghana as a West African hub for the narcotics trade from South America. Ghana is not a member of FATF but as with all African countries is expected to adopt and implement its policies (Gathii, 2010). In terms of regulation details of the respective obligations of stakeholders (e.g. auctioneers, banks, religious bodies etc) still need to be spelled out and while a number of institutions (the police,

National Security Council and National Drugs control Board), with surveillance powers, need to better co-ordinate their efforts to maximize efficiency and effectiveness (GIABA 2009).

Based on this context this paper incorporates the views of practitioners operating within AML legislation to acquire a more bottom-up and comprehensive picture of Ghana's experience in contending with money laundering and terrorist financing than is otherwise available.

Aims and Objectives

The paper's objectives were to discover:-

- Practitioner views on the anti-money laundering, terrorist finance and corruption laws enacted and implemented in Ghana;
- Whether there were adequate budget and other resources available to implement these policies;
- Whether there were effective mechanisms in place to support the whistle blowing objectives of the legislation; and,
- What can be learned from such views and experience to benefit policy makers in Ghana and potentially elsewhere given the worldwide nature of such crime.

Research Approach

A questionnaire was sent to 100 individuals within the desired sample set of accountants, lawyers, bankers, tax practitioners and certified fraud examiners. This sample set was seen as consisting of those being in the front line of the fight against fraud and corruption and money laundering. After an initial pilot of the questionnaire amongst a small group of practitioners a request for comments on the content of the questionnaire and for support was submitted to the Serious Fraud Office in Ghana and the Commission on Human Rights and Administrative Justice to improve validity and to help in the questionnaire's return. This was an attempt (successful as both responded) to gain a government perspective in relation to the questions the researchers wished to ask such that potential respondents would recognise the validity of the questions. The Institute of Chartered Accountants Ghana, the Ghana Bar Association and the Ghanaian Association of Certified Fraud Examiners (ACFE) were also approached and they agreed to support the distribution of the questionnaire having reviewed it similarly for validity and content. Subsequent to this process, all these bodies provided details of their members for the circulation of the questionnaire.

A survey company was used to distribute the questionnaires to the potential respondents using a relevant internet link. In total 48 responses were received of which 43 were usable (5 being only partially completed). After the analysis of the questionnaire five semi-structured interviews were held in an attempt not only to help triangulate the responses but also to capture nuances beyond the data analysis. Ethical issues were addressed through anonymity and the treatment of answers confidentially. A transcript of each interview was also sent to the respondent for checking to avoid any misunderstanding of the answers given. Interviews were restricted to five individuals on the grounds of cost and time availability and lasted on average for an hour. The methods discussed above and response rate were judged appropriate given the exploratory nature of the research.

Findings

Of the 43 respondents to the questionnaire, 82% were under 50 and 86% male (perhaps matching with Ghana being a relative young country both in terms of its creation and cultural development), 74% were accountants, 12% bankers, 8% tax practitioners and, finally, 6% lawyers or from other professions. The response for lawyers is consistent with Gallant (2009) who stated that while lawyers in the US and other more developed countries are vocal in challenging the obligations placed on them in terms of commenting on money laundering and related financial crimes and have 'pushed back' issues. In contrast lawyers in developing countries remain conspicuously absent in any such potential discussions (Gahtii, 2010). In terms of the views of respondents on whether there are adequate laws on money laundering and terrorist finance and corruption in Ghana over 72% agreed there are - broken down as 55.8% agreeing and 16.2% strongly agreeing. Sixty-five percent felt Ghana, in legislative terms, had embraced the spirit of this legislation and guidance. For the laws enacted 74% of respondents indicated that they felt that the legal framework created was relevant and appropriate to Ghana's circumstances. These findings are consistent with the GIABA Report on money laundering in West Africa 2008 (2010). Considering the application of these laws within the country the majority felt that there were major gaps in applying the legislation. In this context 74% commented that while Ghana had the legal framework which could help and prove the offense of money laundering (even if that offense/process becomes more sophisticated with changing technology). It was believed that a major investment in education and training was needed if the legislation was to have a greater effect. It was felt the government needed to provide additional resources in these areas. If the professionals in the field feel this way then there are wider implications for the non professional community who may need even more support and resources at presumably a potentially considerable cost. This clearly also has implications for the ability of Ghana to ensure it identifies and confiscates any ill-gotten gains under its Anti-Money Laundering Act of 2008 which could be used to fund such activities.

In August 2010 the Ghanaian Parliament passed the Organized Crime Act which seeks to establish a comprehensive legal framework to monitor, investigate and facilitate the prosecution of organized crime. In terms of the survey, however, the respondents felt that there were inadequate powers to deal with corruption. This may of course have been related to the relatively recent passing of the legislation. In this context, however, the Chief Justice for Ghana, Mrs Georgina Theodora Wood is reported as saying that the prosecution of perpetrators of organised crime did not guarantee a reduction in those offences and stressed the need to confiscate assets acquired illegally:

"We need to understand that fines, no matter how hefty or incarceration alone, without the seizure of all assets tainted with the criminality, renders crime prevention ineffective."
(Ghana News Agency, 28 March 2011)

In addition as a developing nation, the respondents felt that the investigatory authorities faced the potential for political interference and/or judicial inaction with 63% seeing this as a danger to implementing any legislation on criminal activities such as money laundering and corruption. This has implications in terms of the willingness of individuals to report such crime although it is consistent with the findings of Acquaaah-Gaisie (2005). The respondents recognised, however, that the sanctions against such actions were in place (70%) in contrast to their view of the

perceived integrity of the process. This is an interesting finding in that as the respondents were members of various professions it might be expected that they would place a high level of confidence in the Judiciary and Legislature. This indicates that a large amount of work may need to be done to embed confidence in the justice system. As stated above given the relatively recent enactment of the legislation, time will tell how effective it will be although in the short term the signs are challenging.

In terms of whistle blowing the 2006 Act gave protection to whistle blowers unless the allegation was malicious and without foundation. Only 56% of respondents felt they had maximum protection under the law. This is consistent with the apparent understanding of journalists where it was reported by the Acting Commissioner on Human Rights and Administrative Justice that the media did not seem to really understand Ghana's Whistle Blower's Act was evident from their reporting of a case involving the Minister of Sports and the whistle blower as his chief Accountant (The Chronicle, 3 July 2009). This is particularly important as the Association of Certified Fraud Examiners Report (2010) identified rewards for whistle blowing as one method African nations could use as a means of encouraging the exposure of fraud and corruption. To turn to financial services and banks a very high proportion of the respondents (98%) had been subject to due diligence enquiries by their banks - which action seems to offer some reassurance given the business activities of the respondents. The Central Bank of Ghana was seen as being active in ensuring that all institutions under its supervision complied with relevant legislation and regulations. This is particularly through the application by the banks of the 'Know your Customer' scheme and the requirement that banks keep customer records for up to five years for any transaction. Sixty-eight percent of the respondents however, despite an intention in the legislation that there be increased due diligence for politically exposed individuals, were unaware of this issue.

It was announced in 2006 that a Financial Intelligence Centre (FIC) would be set up (Ghana News Agency, 20th March, 2006) but it was only eventually established under the Anti-Money Laundering Act 2008 indicating some procrastination. There was concern amongst the respondents at the low profile of the FIC as its activities (both actual and potential) were not widely recognised or known by the professional bodies relevant to its field of operations. Of particular concern for respondents (79%) was the view that the FIC lacked the principal skills needed to fulfil its understood purpose. Of course, in this context, it has to be recognised that the FIC has also only relatively recently been established and as such will take time to build a reputation and expertise. The findings, however, indicate that it is important that the FIC develops a strategy to build its reputation and expertise and sets a positive agenda for itself with relevant key performance indicators to its mission which are regularly monitored and amended as necessary.

Given that money laundering and international terrorism by their nature ignore national boundaries it is necessary for countries to cooperate across their borders. In this context the Ghanaian Parliament passed the Mutual Legal and Assistance Act in 2009. This Act is meant to establish a comprehensive legal framework for the implementation of agreements on mutual legal assistance to facilitate the prosecution of transnational crimes and aims to help administer criminal justice across jurisdictions and related matters. The survey showed that 63% of

respondents believed that this change in the law was needed (although 35% were undecided and 2% offered no opinion) and would help Ghana meet its international obligations.

A part of the questionnaire offered respondents the opportunity to add their own comments. The following are representative of the views expressed in the returned questionnaires:-

“The issue comes in many forms. As for terrorism funding it is not a common practice in Ghana. But bribery and corruption is a major disease which has infested all manner of people in the Ghanaian community. It is even found in Churches in this country.”

“While there is palpable commitment to the fight against money laundering and terrorist financing, lip service is paid to bribery and corruption. This menace is woven into the very fabric of society, and requires not just committed individuals at the helm of affairs determined to change the status quo, but a network of groups and individuals determinations”

“Ghana is quick in ratifying good international laws and conventions, be it against money laundering, terrorist financing or bribery and corruption. However the monitoring and effective implementation of these laws and conventions are hindered by the very corrupt people being 'checked' thereby corrupting the 'gatekeepers' themselves.”

In essence these comments confirm the findings of the questionnaire and the various external reports reviewed in the literature in that legislation is adopted and updated relatively quickly in the context of changing international requirements. What is needed, however, is seen as the political and judicial will to enforce the legislation. Here respondents believed that there needs to be an emphasis on a change of culture concerning the acceptance of corruption and, to go with this change, the development of a view in the population that corruption and its associated practices are seen as unacceptable in modern Ghanaian society. As such the quotations above place less emphasis on money laundering and terrorism but more on a general need to deal with a culture of corruption even within a Country which is well regarded in African terms. In addition to the cultural impact it can be argued that education is essential and one respondent commented specifically that ‘more education and awareness is needed on the subject matter’.

Analysis of the Unstructured Interviews

Unstructured interviews were held with five of the respondents since questionnaires are by their nature prone to various defects. Although not a large sample it was intended that they add to the representative nature of the questionnaire by ensuring from the initial responses that these individuals were directly involved through their work in the anti fraud and anti money laundering fields. Two of the respondents were members of the Association of Certified Fraud Examiners, two were Chartered Accountants and one a Tax Practitioner.

The general issue that almost all of the respondents raised was the lack of information from the government departments which were responsible for the dissemination of information on policies and procedures within the frameworks established by the relevant laws passed. They indicated that there has been little publicity about relevant acts and that even as professionals they were not fully aware of the requirements of the legislation and associated regulations.

One of the respondents (an accountant) was adamant that the government tended to focus on the issue of narcotic crimes and, as such, she and her professional colleagues had heard little about the financial crime elements of the legislation. She further indicated that she had gained most of her knowledge about the impact of customer due diligence through her bank under the 'know your customer scheme' when the bank required her to update her information. This was rather than through any government initiative to educate the accounting profession in respect of what was needed to open an account. In terms of her views on the government agencies ability to take such initiatives forwarded she indicated that as far as she was concerned the basic skills and knowledge to develop such regulation and practice were present in these agencies. This was because the mainly audit background of staff had given them, for example, accounting and investigatory skills. In her opinion, however, there were serious staff shortages because most agencies were under resourced. This would have budget implications if staffing were to be increased and suitably experienced (and potentially more expensive) staff recruited. In the authors' opinion, however, it has to be questioned as to what extent audit and accounting skills are transferable to the area studied due to the complexity of the issues involved around money laundering. This area tends to demand high level analytical and critical skills coupled with advanced IT skills due to the technical sophistication of these crimes. This view of course depends on to what extent the audits carried out were 'tick and turn' assignments or in depth sophisticated system and document testing using higher level critical and analytical audit/accounting skills in an IT context.

The interviewees called for collaboration between the government agencies and practitioners to develop relevant training to enhance the skills of the professionals who are supposed to be implementing the legislation. This could potentially have the advantage of combining skills and allowing for the exchange of ideas with the breaking down of any potential barriers. A tax consultant was very critical of the whole regime of the anti-money laundering process as he believed the tax profession had not been consulted. If it had he felt that the process and associated systems would have benefitted from such technical input. This respondent saw professionals as virtually being turned into unpaid agents for the government, and yet provision was not being made to inform them or consult them on their role. He was also of the opinion that more training and awareness were needed and that the government agencies must act to share/increase their knowledge and not 'muddle' through.

The issue of client confidentiality was raised because it was felt the regulations force a breach of trust with clients with significant consequences for such relationships in the long term. All agreed that the seriousness and negative impact of money laundering has resulted in these requirements but also that finance and legal professionals have the skills to identify any unusual activities involving their clients.

The two members of the Association of Certified Fraud Examiners were the most closely involved with investigating fraud. They were frustrated that there had been a significant rise in cyber crime involving young Ghanaians, who collude in some cases with bank officials to effectuate illegal transfers. They were, however, pleased with the work of Bank of Ghana (Ghana's Central Bank), as the supervisory authority for both banks and non banking financial organisations, in terms of the way it carried out its regulatory role. They also emphasised the importance of getting to grips with and ensuring that the legislation and associated regulations

are effective and up to date given technological advances. They believed that by ensuring all who work within such legislation and regulation are kept fully informed/consulted those in actual practice can influence any proposed legislation or regulations to make it work as effectively/efficiently as possible. In this context the two Association of Certified Fraud Examiners members indicated that they have registered a chapter of the Association of Certified Fraud Examiners in Ghana and were hoping to help raise the level of skills in fraud investigation among the Ghanaian professional population. In this sense they saw such a chapter driving change through with commitment from government to work with the chapter enhancing this.

All five respondents were concerned that most of the business newspapers in Ghana do not comment or educate the public on these issues, and therefore the general public have no, or limited, knowledge about the effect of financial crimes.

In the opinion of the respondents actions needed to advance the cause against money laundering, terrorist finance and corruption were:

- An on-going programme of continuous professional development (CPD) to update the knowledge of established practitioners;
- Appropriate guidance to be issued and informed by the views of practitioners such that government and the professions worked together;
- A media campaign to make the public more aware of the issues involved; and,
- Better training both by the professions in terms of initially professional syllabuses to acquaint new potential members and then through CPD post qualification given the rapid changes in the technology affecting such areas.

The following quotation summarises numerous views expressed above:-

'It is good that Ghana has adopted the various conventions that deal with the above crimes. We need, however, to blend the regulations with our culture to suit our environment and to educate our citizens for them to move away from these crimes and to encourage people and institutions to report such activities to the highest authorities.'

The unstructured interviews revealed the view that if the practitioners felt that if they were engaged effectively in discussion the government would gain from their knowledge and experience. It was the overall view of those interviewed that such a resource was largely untapped by the Government and represented an opportunity missed to both find and drive any potential solutions forward.

Conclusions and Recommendations

This paper set out to explore the position on the implementation of anti-money laundering, terrorist finance and corruption laws in Ghana. It discovered support for the view that Ghana has adopted the relevant international recommendations and has done this relatively quickly. This legislation was seen as a framework but a major cultural change to fight corruption is needed to make such actions unacceptable. Terrorism finance was not seen as a problem. The survey also showed a willingness by practitioners to work with government to fight fraud and corruption. The youth of respondents and the enthusiasm for change should be exploited by the Ghanaian Government to its advantage. Indeed it is recommended that the Government should build closer

relationships between itself and the relevant professional bodies to achieve success in fighting organised crime in the areas identified by the research.

Whistle blowing practices in particular were seen as needing some strengthening while there was a general need to raise awareness of the legislation and the profile of the Financial Intelligence Centre. Given the emphasis placed on education the research discovered it is recommended an education programme and media campaign directed at both the practitioners in the field and Ghanaians in general should be considered. All these areas would, however, demand additional resources at additional costs. Cultural change, however, in terms of making corruption unacceptable in wider Ghanaian society is seen as a major long term challenge.

This research is based on the opinions of individual practitioners. It would be useful to extend the research to include the official positions of the various key institutions active in this area.

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Modernisation du Contrôle Interne de la Dépense Publique dans les Pays Africains Francophones

Mohamed MOINDZE, Consultant en gestion des finances publiques
moindzemoh@yahoo.fr

Le contrôle des finances publiques est défini par l'INTOSAI comme « un élément *indispensable d'un système régulateur qui a pour but de signaler en temps utile les écarts par rapport à la norme ou les atteintes aux principes de la conformité aux lois, de l'efficience, de l'efficacité et de l'économie de la gestion financière de manière à ce que l'on puisse, dans chaque cas, prendre des mesures correctives, préciser la responsabilité des parties en cause, obtenir réparation ou prendre des mesures pour empêcher, ou du moins rendre plus difficile, la perpétration d'actes de cette nature* »¹. Cette surveillance peut être interne, lorsqu'elle est mise en œuvre par des acteurs internes de l'administration, ou externe, lorsqu'elle relève d'un organisme opérationnellement séparé et indépendant de l'administration (dont les pouvoirs de contrôle couvrent l'administration dans son ensemble et qui vérifie si la gestion financière est conforme à la légalité et appropriée). Elle peut être également *a priori* (ou *ex ante*) lorsqu'elle est effectuée avant la réalisation des activités administratives ou financières, ou *a posteriori* (ou *ex post*) lorsqu'elle a lieu après le fait.

Le contrôle *a priori* a pour objectif de prévenir les actes préjudiciables avant qu'ils ne surviennent. Cependant, il a l'inconvénient de créer un volume de travail excessif, de retarder la réalisation des activités et créer une certaine confusion quant aux responsabilités des différents acteurs. Le contrôle *a posteriori* a pour objectif d'identifier les responsabilités des parties en cause. Il peut permettre de réparer les préjudices subis. Il est susceptible en outre d'empêcher la répétition des infractions commises.

Dans de nombreux pays en développement, les organes et les mécanismes de contrôle budgétaire existent, mais ne sont pas suffisamment efficaces pour permettre un contrôle adéquat des dépenses publiques. Ils constituent l'un des points faibles de la chaîne de la dépense. Ainsi leur renforcement contribuera-t-il à une utilisation plus efficace des ressources publiques.

Ce document porte particulièrement sur la modernisation du contrôle interne budgétaire, dans les pays francophones d'Afrique. Il est organisé ainsi:

- la première section définit la notion de contrôle interne;
- les deuxième et troisième se penchent respectivement sur les éléments fondamentaux du contrôle interne traditionnel et les insuffisances qui leur sont liées;
- la quatrième aborde les principales motivations qui incitent à sa modernisation;
- se basant sur l'expérience de la France et de deux autres pays francophones d'Afrique (Maroc et Madagascar), la cinquième fournit quelques conseils pour la modernisation du

¹ Cf. Déclaration de Lima sur les lignes directrices du contrôle des finances publiques, section 1.

contrôle interne pour « *renforcer les contrôles sur l'essentiel et à abandonner ceux qui sont inutiles et redondants* » et améliorer la fluidité du circuit de la dépense tout en tenant compte des besoins spécifiques de chaque pays;

- la dernière section conclut le document en montrant qu'il est irréaliste de vouloir mettre en place un système de contrôle interne qui éliminerait tout risque de perte. Une telle volonté serait très coûteuse de telle sorte que le bénéfice qui en découlerait ne le justifierait. Il convient d'évaluer au préalable les bénéfices attendus d'un tel système par rapport à son coût.

1. Qu'est ce que le contrôle interne² ?

Comme présenté dans les sections suivantes, il n'existe pas de conception unique du contrôle interne qui s'impose à tous les organismes et à tous les pays. Toutefois, le principe général «*est de s'assurer qu'une organisation exerce ses activités dans le cadre juridique de sa compétence et qu'elle atteint les objectifs de sa mission.*» (OCDE, 2005, p. 1). L'encadré 1 présente ce qu'est le contrôle interne budgétaire et son importance. Pour jouer efficacement son rôle, le contrôle interne budgétaire doit comprendre l'ensemble des procédures de maîtrise de la gestion budgétaire notamment : (i) le suivi de la performance ; (ii) les procédures et documents écrits organisant les activités, principes généraux de gestion comme le principe du double contrôle; (iii) les systèmes de suivi et de gestion des finances publiques (y compris les systèmes comptables), (iv) les autres systèmes de suivi et gestion, notamment la gestion du personnel et de la solde, la gestion des marchés publics, le suivi des actifs physiques et stocks (comptabilité matière), etc... ; et les contrôles de l'exécution budgétaire stricto sensu, notamment les *contrôles ex ante et ex post* (Allen & Tommasi, 2001, p. 265-266).

Cohen (2005, p. 24) résume les principales caractéristiques des types de contrôle interne utilisés dans la gestion financière traditionnelle et dans la gestion moderne comme suit: dans la première, le contrôle repose sur l'affectation des dépenses, les méthodes comptables et les rapports financiers, c'est-à-dire sur la régularité et sur son contrôle strict tandis que dans la deuxième, il est centré sur trois objectifs que sont la conformité, l'efficacité et la sécurité.

Encadré 1. Le contrôle interne budgétaire et son importance

Qu'est-ce que le contrôle interne budgétaire ?

Le contrôle interne budgétaire est l'ensemble des dispositifs formalisés et permanents décidés par chaque ministère et mis en œuvre par les responsables de tous les niveaux pour maîtriser le fonctionnement de leurs activités en vue de fournir une assurance raisonnable sur la qualité des informations de *comptabilité budgétaire* et sur la *soutenabilité budgétaire*.

La comptabilité budgétaire retrace les autorisations votées par le Parlement et leur exécution. En particulier, elle permet le suivi des plafonds de crédits, qui comprennent les autorisations d'engagement et les crédits de paiement, et d'emplois ouverts ainsi que leur consommation en gestion.

La soutenabilité budgétaire traduit la capacité d'un ministère à mettre en œuvre les politiques qu'il

² Dans ce document, le contrôle interne est celui effectué par l'administration publique. Il est distinct du contrôle externe effectué par des structures indépendantes de l'administration (Parlement et Cour des Comptes, pour les pays ayant une législation d'inspiration française).

conduit dans le respect des autorisations budgétaires, tant dans leur dimension annuelle (budget de l'année) que dans leur cadre pluriannuel (cadre des dépenses à moyen terme). Elle repose sur la qualité de la programmation initiale (mise en adéquation de l'activité prévisionnelle des services avec les moyens alloués ou prévus) ainsi que sur la qualité de son suivi et de son actualisation en lien avec la gestion.

Importance du contrôle interne budgétaire

En organisant le pilotage de la gestion, avec une effectivité renforcée grâce à la fiabilisation des informations budgétaires, le contrôle interne budgétaire permet tout d'abord aux responsables ministériels d'avoir une meilleure vision d'ensemble des enjeux et des risques ayant un impact budgétaire et d'optimiser les choix de gestion en fonction des priorités ministérielles, pour in fine améliorer la performance des politiques publiques.

En travaillant à fluidifier et sécuriser les processus de gestion, le contrôle interne budgétaire permet de réduire les délais de réalisation des activités, donc les coûts, de clarifier et sécuriser les opérations assignées aux agents, de définir des organisations et des calendriers de travail connus et respectés, d'alléger les tâches par la mutualisation des bonnes pratiques et le partage d'un socle commun de méthodes prédéfinies.

Adapte de « <http://www.performance-publique.gouv.fr/la-performance-de-laction-publique/lessentiel/le-contrôle-interne-budgetaire.html> »

2. Le contrôle interne traditionnel

Le dispositif traditionnel des finances publiques en vigueur dans la plupart des pays francophones d'Afrique est caractérisé par quelques principes fondamentaux qui s'inspirent du droit budgétaire français, au rang desquels on distingue la séparation des fonctions de l'ordonnateur de celles du comptable ainsi que la répartition du processus de la dépense en deux phases distinctes et consécutives, notamment la phase administrative, dont la responsabilité incombe à l'ordonnateur, et la phase comptable, dont la responsabilité incombe au comptable. La phase administrative comporte trois étapes: l'engagement, la liquidation, et l'ordre de paiement (ordonnancement ou mandatement). La phase comptable comprend les contrôles relatifs à la régularité de l'ordre de paiement et la comptabilisation de l'opération. Le système de comptabilité publique de la majorité des pays africains francophones comprend les volets suivants:

- Les engagements, les liquidations et les ordonnancements sont enregistrés dans les comptabilités administratives tenues contradictoirement par les services gestionnaires et les services du contrôle financier. Ces comptabilités permettent de suivre les mouvements et la répartition des crédits. Elles permettent également aux ordonnateurs de produire en fin d'année des comptes administratifs qui permettent, de comparer ligne par ligne les prévisions initiales du budget et les ordonnancements.
- Les paiements sont effectués par les comptables publics et sont enregistrés dans la comptabilité générale de l'Etat.
- Toute opération budgétaire (dépense ou recettes), au niveau du trésor, se traduit par un double mouvement, à un compte budgétaire (comptabilité budgétaire) et à un compte de bilan (comptabilité générale) qui enregistrera le résultat du paiement de la charge et de l'encaissement de la ressource. Ces comptabilités sont conçues de telle sorte que soient facilement rapprochées les opérations budgétaires et les réalisations effectives.

- La comptabilité générale doit enregistrer tous les opérations et évènements financiers. Elle repose sur une comptabilité en partie double dès le stade de la prise en charge de l'ordonnancement. Elle couvre des comptes de correspondants et déposants et des opérations extra budgétaires. Le plan comptable comporte des comptes de charges, recettes, actifs et passifs. Les dépenses budgétaires sont reconnues sur la base des ordonnancements visés par le Trésor, qu'ils soient ou non payés. Les opérations comptables sont présentées en fin d'exercice dans un compte de gestion. Le compte de gestion présente la balance du Trésor qui montre par compte du plan comptable de l'Etat le total des opérations de débit et crédit et le montant du solde débiteur et créditeur. En ce qui concerne les opérations budgétaires, les comptes de gestion doivent concorder avec les comptes administratifs. Ces comptes de gestion sont soumis au contrôle juridictionnel de la Cour ou Chambre des comptes. L'ensemble des opérations des comptes de gestion et des comptes administratifs sont reprises dans un document intitulé Compte Général de l'Administration des Finances et qui constitue la base du projet de Loi de Règlement.

Avec ce système comptable d'inspiration française, le ministère des finances exerce un rôle important dans le contrôle interne des finances publiques à toutes les étapes de la dépense: le contrôle financier contrôle la régularité de l'engagement avant la création de droits et d'obligations et, dans la plupart des pays, intervient également au niveau de la validation de l'ordonnancement par un visa³; les services du trésor, à leur tour, vérifient si l'objet de la dépense est régulier et si le paiement est libératoire. Le contrôleur financier tient contradictoirement avec les services gestionnaires des crédits⁴ et/ou l'ordonnateur une comptabilité des engagements.

En principe, ces caractéristiques ont l'avantage de faire intervenir un retour d'informations à travers un double ensemble de contrôles étant donné que l'information provenant d'une source permet de contrôler celle qui provient d'une autre (*Bouley et autres, 2003, p.63*). Ces contrôles qui sont exercés par l'administration elle-même varient selon qu'il s'agit de la phase administrative ou de la phase comptable. Ils s'inspirent des règles prescrites par le Décret de 1962 relatif à la réglementation générale de la comptabilité publique en France. Ils peuvent être *a priori* ou *a posteriori*. L'essentiel du contrôle *a priori* repose sur les contrôles financiers et comptables centralisés⁵ en général au niveau du ministère des finances. Les points contrôlés par le contrôle financier et le comptable sont rappelés par l'encadré 2. Ces contrôles portent essentiellement sur la régularité de la dépense et aucun ne s'exerce, en principe, ni sur l'opportunité ni sur la performance de la dépense.

Encadré 2. Les points de contrôle traditionnel du Contrôle Financier et du Comptable

Le Contrôle Financier porte sur les points suivants:

³ Ce contrôle du contrôleur financier au niveau de l'ordonnancement n'existe pas dans le système français, en France, et il fait double emploi avec le visa effectué sur le même point par le comptable au stade du paiement.

⁴ Dans les systèmes où l'ordonnancement est centralisé au ministère des finances, ce n'est pas l'ordonnateur qui initie le processus de la dépense, mais le service bénéficiaire de la dépense, administrateur des crédits ou gestionnaires des crédits.

⁵ Ces contrôles, au niveau de l'engagement et de l'ordonnancement, sont respectivement effectués par le contrôleur financier, un agent, qui appartient au ministère des Finances et qui exerce ses fonctions au sein des ministères d'exécution et par le comptable public qui est un agent de la direction générale de la comptabilité publique.

- Exactitude de l'imputation budgétaire
- Disponibilité des crédits
- Exactitude mathématique des opérations
- Conformité de la dépense aux prescriptions de la loi de finances concernée (concordance du numéro de compte, différents codes)
- Conformité des inscriptions sur la demande d'engagement financier, à celles de la facture pro forma et du bon de commande
- Conformité de la demande d'engagement au programme d'emploi et au budget d'exécution
- Exécution des formalités préalables exigées par la réglementation des marchés publics
- Respect des règles de procédures de passation des marchés, notamment du point de vue de la conformité et de la régularité
- En matière de disponibilité des crédits, le contrôleur financier vérifie le respect des plafonds de régulation périodiques⁶. Par exception, lorsque les tensions sur la trésorerie le nécessitent, le contrôleur financier peut bloquer provisoirement des engagements.
- Dans certains pays, une deuxième approbation du contrôleur financier (dit souvent visa de validation) est également requise à l'étape de l'ordonnancement, bien qu'elle soit alors limitée à la validité de l'opération par rapport à l'engagement antérieur et à la matérialité du service fait.

Le contrôle du Comptable porte sur :

- La régularité de l'assignation de la dépense (l'accréditation de l'ordonnateur et l'assignation de la dépense) ;
- L'existence de crédits disponibles;
- L'imputation de la dépense ;
- La validité de la créance (la justification du service fait ; l'exactitude des calculs de liquidation ; la production des justifications,...) ;
- La régularité en la forme des pièces justificatives ;
- L'application des lois et règlements financiers et l'observation des dispositions particulières à certaines dépenses;
- L'absence d'opposition au paiement.

Les contrôles a posteriori sont exercés par des corps administratifs rattachés au ministère concerné (inspection ministérielle), internes au ministère des finances (inspection générale des finances, brigade du trésor) et/ou avec une compétence interministérielle et des pouvoirs de contrôle étendus comme l'inspection générale d'Etat dans la plupart des pays. Leur finalité consiste à détecter les irrégularités et à les faire sanctionner d'une part, et à diagnostiquer les éventuels dysfonctionnements et en proposer des réformes d'autre part (*Tommasi, 2010, p.122*). Certains pays disposent d'une Inspection Générale des Services et Emplois Publics rattachée au Ministre en charge de la Fonction publique dont la mission consiste à la vérification d'une bonne application des textes régissant les carrières et la promotion dans la fonction publique.

⁶ Dans la plupart des cas, ces plafonds sont autorisés trimestriellement par arrêté du ministre chargé du budget portant ouvertures des crédits.

3. Les limites du contrôle interne traditionnel

3.1 Les insuffisances du cadre juridique

Le contrôle interne des finances publiques est régi, d'une manière générale, par les principes définis dans la loi organique sur les lois des finances. Or ces derniers ne sont pas suffisamment clairs pour distinguer les compétences et les responsabilités de chaque organe de contrôle administratif (*cf. section 3.2*). On peut citer, à titre d'illustration, la directive n°06/97/CM/UEMOA du 16 décembre 1997 portant Règlement Général de la Comptabilité Publique. Celle-ci n'a pas précisé la nature des contrôles exercés par le contrôle financier, mais elle a seulement énoncé des principes généraux en son article 97 de la manière suivante: « *les contrôles administratif, juridictionnel et parlementaire s'exercent dans les conditions fixées par le règlement relatif aux lois de finances* ». Ce qui amène le contrôle financier à intervenir pratiquement dans le même champ que celui du comptable public, laissant croire que le visa du contrôle financier est identique au « Vu bon à payer » du comptable public « *sans apporter d'amélioration évidente sur la qualité globale de contrôle et une réduction des dysfonctionnements dans l'exécution des dépenses publiques* »⁷.

Le cadre juridique des finances publiques des pays francophones d'Afrique est caractérisé par une centralisation excessive (*le ministre des finances est l'ordonnateur unique du budget de l'Etat*) et une prolifération de textes portant sur des domaines variés en matière budgétaire, financière et comptable (Constitution, loi organique, lois, ordonnances, décrets, arrêtés,...). Il convient de souligner également que ce même ministre coordonne la plupart des activités de contrôle au détriment de la participation des ministères dépensiers⁸. Il est montré que cette centralisation excessive est à l'origine de la multiplicité des circuits d'exécution et des acteurs, ainsi que l'ampleur prise par les procédures dérogatoires qui finissent par fragiliser le système de finances publiques dans son ensemble (*Bouvier et autres, 2004, p.53*) et par conséquent ne favorise pas un contrôle efficace de la dépense. De telles pratiques déresponsabilisent les ministères techniques, et par conséquent ne sont pas favorables à une gestion efficace des services publics. Pour échapper à la rigidité des procédures budgétaires et pouvoir réaliser leurs objectifs de politique publique, les ministères sectoriels recourent à des procédures dérogatoires (*cf. encadré 3*), à des débudgétisations, à une gestion de l'aide extérieure hors du budget et à la création des fonds extrabudgétaires. Comme indiqué par *Potter et Diamond (1999, p.26)*, des fonds extrabudgétaires sont créés pour des raisons souvent inappropriées et de manière non cohérente avec les principes de bonne gestion budgétaire dans le seul objectif de soustraire les transactions correspondantes aux divers niveaux de contrôle (dont celui du ministère des finances) et de passer outre au réexamen des priorités. Il peut s'agir, par exemple, des dépenses des dépenses des superstructures qui peuvent être considérées comme extrêmement sensibles. De telles dépenses ne passant pas par le budget sont difficilement intégrées dans la situation des opérations globales des administrations publiques. Pour illustrer ces difficultés ainsi que leurs conséquences, *Bouvier et autres (2004, p. 47)* ont indiqué que « *... les ministères techniques, peu sollicités, ont tenté d'échapper à la centralisation excessive du ministère des finances en recourant à des solutions de rechange pour créer des services autonomes, recruter du personnel*

⁷ Cf. annexe 2 du guide didactique de la directive n°07/2009/CM UEMOA du 26 juin 2009 portant règlement général sur la comptabilité publique au sein de l'UEMOA;

⁸ L'essentiel des structures de contrôle administratif est concentré au ministère des finances : contrôle financier, inspection générale des finances, services de la comptabilité publique, brigade du trésor,....

en utilisant le financement des bailleurs de fonds et des communautés, et instaurer leurs propres mécanismes de contrôle avec des fonds extérieurs. Comme on l'a dit, si les bailleurs de fonds y trouvent à court terme la garantie d'une attribution des fonds conforme à l'objectif initialement fixé, la sécurisation n'est pas totale. Mais le défaut majeur du mécanisme est qu'il ne permet ni aux Etats bénéficiaires, ni aux bailleurs d'avoir une vue d'ensemble sur la gestion financière publique, ce qui est préjudiciable à plus long terme compte tenu de l'évolution des aides vers une globalisation.»

Encadré 3. Quelques procédures et pratiques dérogatoires en matière budgétaire

- L'existence des régies d'avances qui permettent à un régisseur nommé par l'ordonnateur (*mais contrôlé par le comptable*) de payer des sommes d'un montant limité par des avances de trésorerie qui lui sont accordées par le comptable, sans passer par les procédures normales d'exécution de la dépense;
- Le paiement des dépenses sans ordonnancement préalable – paiements par anticipation réalisés, en l'absence d'ordonnancement, sur la base d'un simple bon d'engagement;
- Les fonds spéciaux mis à la disposition des services habilités qui les gèrent eux-mêmes, ce sont particulièrement des fonds destinés aux dépenses des pouvoirs constitutionnels (Présidence, Parlement, Cour Constitutionnelle, ...);
- D'autres pratiques opaques, comme les ordres de paiement de la part du ministre en charge du budget (appelés également réquisitions) autorisés dans certains pays (Bénin, Centrafrique, Comores, Côte d'Ivoire, Guinée) et non accompagnés de pièces justificatives ; ou les procédures concomitantes (*d'engagement, de liquidation et d'ordonnancement*) autorisées dans certains pays pour des dépenses jugées urgentes.

Il convient de préciser que le plus souvent des régularisations a posteriori interviennent, mais elles ne couvrent pas la totalité des décaissements.

3.2 Les problèmes relatifs à l'organisation et aux capacités des organes de contrôle

Comme indiqué *supra*, le contrôle administratif *a posteriori* des finances publiques peut aussi se partager entre plusieurs institutions ou ministères en dehors du ministère des finances qui agissent d'une manière disparate sans aucune harmonisation. Les attributions de ces structures sont moins claires ou trop larges, ce qui induit des chevauchements coûteux en termes de moyens ou une déperdition en termes d'efficacité. Certains pays peuvent créer des ministères à part entière chargés du contrôle des finances publiques⁹. Cela constitue souvent une source de conflits de compétences entre ces structures ou ministères avec le ministère des finances dont la mission consiste, d'une manière générale, à la coordination de la gestion des finances publiques du pays, y compris le contrôle. Ce qui réduit l'efficacité des mécanismes de contrôle et de pilotage de l'exécution.

Dans d'autres pays, le contrôle interne est excessivement centralisé surtout lorsque certains organes sont rattachés directement à la Présidence de la République. De telles pratiques ne sont pas favorables au développement d'un contrôle efficace du fait que les rapports sont destinés au chef de l'Etat qui seul décidera de leur utilité. Les agents de contrôle se plaignent souvent de

⁹ Doe et Pattanayak (2008) ont cité à titre d'exemple la Guinée et la République du Congo.

l'absence notoire de suivi des recommandations et du manque d'indépendance du fait que la tutelle politique est souvent très forte. C'est en général sur ordre de l'autorité politique que les institutions de contrôle interne, en cas de détection de fraude, saisissent le Ministère public pour préparer les dossiers d'accusation et les transmettre au juge.

Au-delà de ces difficultés d'ordre juridique et organisationnel, ces structures confrontent également des problèmes liés aux motivations et aux capacités très réduites: insuffisance des effectifs en poste, valorisation tout aussi insuffisante des fonctions en termes de rémunération et du déroulement des carrières. Il est indiqué que « *les fonctionnaires affectés dans les postes d'inspection ou d'organes de contrôle ne sont pas constitués en corps spécifiques. Ces éléments s'accompagnent de carences importantes sur le plan des méthodes de travail.* » (Bouvier et autres, 2004, p. 54).

L'existence des systèmes automatisés de gestion budgétaire contribuerait, en principe, à la sécurisation de la chaîne de la dépense et de la comptabilité publique tout en diminuant la paperasserie et les erreurs administratives, mais également en limitant les risques de duplications de contrôle et d'incohérences entre données. Cependant, dans plusieurs pays, l'informatisation (actuelle) reste insuffisante et ne capte pas la totalité des dépenses effectuées; ce qui contribue à ajouter des contrôles additionnels à ceux déjà existants. Il convient d'évoquer les problèmes matériels liés aux infrastructures dont les ordinateurs en nombre insuffisant et aux coupures d'électricité incessantes qui peuvent corrompre les données ou retarder leurs saisies. Il arrive que certaines soient enregistrées après que la dépense est payée. De telles situations ne sont pas en faveur d'un contrôle efficace par le système intégré de gestion budgétaire.

3.3 Les faiblesses liées au processus du contrôle interne

Le contrôle interne traditionnel est principalement basé sur le contrôle des opérations financières (procédures d'engagement et de paiement, procédures comptables et états financiers), et ne s'intéresse ni à la performance des opérations ni à leur processus. Le rôle de ce contrôle étant de vérifier exclusivement l'exécution des lois et des règlements (contrôle de régularité), l'écart est sanctionné soit par un refus, soit par une annulation, soit par une sanction proprement dite en cas d'irrégularité (Cohen, 2005, p. 21). En principe, ce système a pour objet de réduire les erreurs et les irrégularités par le biais de contrôles réciproques et contradictoires (Bouley & ali, 2003, p.68). Cependant, la réalité est toute autre: ce système induit des complications administratives en multipliant inutilement les niveaux de contrôle sans pour autant réduire les irrégularités ou les abus. Le contrôle budgétaire *a priori* s'avère peu efficace pour prévenir ces risques budgétaires. En effet, les sources de la dépense publique sont multiples. De ce fait, de nombreuses dépenses ne sont ni soumises au contrôle du contrôle financier au niveau de l'engagement ou de l'ordonnancement de la dépense ni à celle du comptable pour la prise en charge de la dépense (Bouvier et autres, 2004, p. 53). Ce système de contrôle est effectué sur la base des pièces: d'une manière générale, il reste formel et vérifie la même chose, à tous ces niveaux, sans se préoccuper ni du service fait, ni de l'opportunité de la dépense. Les rejets des dépenses sont très rares. Sinon, leurs causes sont rapidement corrigées et les dépenses remises dans le circuit immédiatement.

Il convient également de noter que même s'il est bien élaboré, le système comptable des pays francophones comporte d'importantes faiblesses liées aux modalités d'enregistrement des

opérations. La dette est souvent traitée à part. Les dépenses et ressources sur aides projet ne sont pas suivies à partir du système comptable. Les comptes sont quelquefois opaques, des dépenses exécutées en dehors du processus budgétaire normal étant enregistrées dans des comptes d'attente. Il peut exister des écarts importants non expliqués entre les comptes de l'ordonnateur et la comptabilité du Trésor. Qui plus est, la définition de l'engagement est, quelques fois difficile à cerner:

- le cadre juridique autorise l'utilisation des crédits d'engagements qui pose souvent des problèmes quant au montant à intégrer dans l'élaboration du TOFE;
- de nombreuses procédures spéciales de paiement (les caisses, et régies, d'avance, les paiements sans engagement comptable ni ordonnancements, appelés selon les pays, "paiements par anticipation", "ordres de paiement", réquisitions) visent à contourner les contrôles de l'engagement et/ou de l'ordonnement du circuit classique de la dépense.

Il est également montré que des engagements peuvent être pris en dehors des procédures normales, sans être comptabilisés comme il se doit (*Bouley et autres, 2003, p. 73*). Des biens peuvent être livrés ou des services rendus sans qu'un engagement formel leur correspondant soit enregistré dans la comptabilité administrative (soit parce qu'il n'y ait pas suffisamment de crédit, soit parce que l'initiateur de la dépense ne voudrait pas se conformer aux procédures budgétaires autorisées). En outre, des engagements peuvent être pris mais les ordonnancements ne seront jamais donnés (soit parce que les pièces justificatives pertinentes ne sont pas transmises au ministère des Finances, soit parce que le ministère lui-même préfère qu'il n'y ait pas d'ordonnement). De telles situations ne sont pas sans poser des problèmes au suivi de la dépense publique. Pire, elles contribuent à la complication de la situation macroéconomique des pays par la création ou l'accumulation des arriérés (*cf. encadré 4*). Ainsi ce système ne répond-il pas au principe préconisé par le Manuel de Transparence des finances publiques du FMI, selon lequel « *il doit y avoir un système comptable intégré et exhaustif qui permet d'évaluer de manière fiable les arriérés de paiements* ».

Encadré 4. Qu'appelle-t-on arriéré de paiements ?

Comme indiqué dans le manuel SFP du FMI (*paragraphe 3.49*), "il y a arriéré de paiement lorsqu'une obligation n'est pas acquittée à la date d'exigibilité du paiement". Le paiement des dépenses en biens et services et d'investissement liquidées n'est pas nécessairement immédiatement exigible, les contrats prévoyant souvent des délais de paiement de trente ou soixante jours après la livraison. Mais, il peut être difficile de distinguer la part du total des dépenses à liquider correspondant à des arriérés proprement dits de celle qui ne résulte que de délais normaux de paiement. Ainsi, le manuel SFP du FMI recommande d'évaluer les dépenses sur la base des droits constatés (c'est-à-dire, à la liquidation) plutôt que sur la base de la date d'exigibilité du paiement.

Le recensement exhaustif de l'ensemble des factures impayées, quelle que soit la date d'exigibilité des paiements, est crucial. Des arriérés peuvent être générés en dehors du cycle normal d'exécution budgétaire ou en amont de la procédure d'ordonnement, compte tenu des lenteurs fréquentes de cette procédure. Les factures impayées comprennent:

- Les virements différés enregistrés dans les comptes du Trésor, qui sont égaux à la différence entre ordonnancements admis par le Trésor et les paiements.
- Les factures ordonnancées non encore enregistrées par le Trésor, qui correspondent à la différence entre les ordonnancements admis par le Trésor et les ordonnancements émis par l'ordonnateur. Il est

possible que certaines de ces factures aient été rejetées par le Trésor, parce qu'irrégulières, un examen cas par cas peut être nécessaire.

- Les factures non encore ordonnancées, qui sont "gardées sous le coude" par les gestionnaires faute de crédits, ou parce qu'elles sont irrégulières, ou à cause des lenteurs de traitement. Ces factures peuvent comprendre:
 - ✓ des dépenses régulièrement engagées et visées par le contrôle financier. L'écart entre les engagements et les ordonnancements ne correspond pas nécessairement à des arriérés, mais il peut donner un montant approché, quoique surestimé, de ce type d'arriéré;
 - ✓ des dépenses dont l'engagement comptable n'a pas été effectué, souvent faute de crédits. Ces dépenses peuvent être à la fois irrégulières sur un plan budgétaire, mais régulières sur le plan juridique, car exécutées au titre d'un marché dûment approuvé, de contrats d'abonnement, de contrats de location, etc. C'est souvent ce type de dépense qui fait l'objet de générations d'arriérés, lorsque ces dépenses quasi obligatoires sont sous estimées dans le budget.

Il est vrai que le règlement de la plupart des pays accorde un pouvoir de régulation au ministre des finances. Cependant, l'efficacité de ce pouvoir est très limitée, « *car seule une proportion des dépenses obligatoires est susceptible d'être reportée, des exceptions importantes sont admises et les ordres ne sont pas toujours bien respectés*¹⁰ ».

4. Pourquoi moderniser le contrôle interne ?

Comme indiqué ci-dessus, le contrôle interne moderne vise à remplir trois objectifs fondamentaux: la conformité aux règles prescrites, la sécurité et la performance. Le passage à ce nouveau mode de contrôle doit permettre d'alléger le contrôle a priori sur les engagements au profit du contrôle à posteriori en aval du paiement et de renforcer la responsabilité des acteurs budgétaires par le développement du contrôle dans les services gestionnaires.

Outre la volonté de trouver des solutions aux difficultés évoquées ci-dessus, de nombreux facteurs contribuent à cette modernisation. Il s'agit, notamment de:

- la modernisation de la gestion publique qui est actuellement de plus en plus axée sur les résultats que sur les moyens et qui exige de plus en plus des comptes de la part des décideurs politiques;
- l'accent mis de plus en plus sur la performance de l'administration que sur la régularité en responsabilisant davantage les ordonnateurs quant au respect des procédures;
- et le système informatique intégré qui permet qui permet d'assurer le contrôle de certaines transactions.

5. Comment moderniser le contrôle interne?

5.1 Stratégie

Comme toutes les réformes de la gestion publique, la modernisation du contrôle budgétaire interne nécessite du temps dans les pays développés et *a fortiori* dans les pays en développement. Elle ne doit pas être considérée comme un objectif séparé de la réforme de la Gestion des Finances Publiques (GFP). Pour assurer sa réussite, elle doit être intégrée dans la stratégie

¹⁰ Extrait d'un article de Ian Lienert « une comparaison entre deux systèmes de gestion des dépenses publiques en Afrique » paru dans la revue de l'OCDE sur la gestion budgétaire Volume 3 N°3 de l'année 2003.

globale de réforme du système de la gestion des finances publiques (SGFP). Au préalable, les autorités nationales, avec l'appui des partenaires au développement, établiront un diagnostic du SGFP. C'est le cadre PEFA (PEFA : Public Expenditure and Financial Accountability)¹¹ qui s'apprête le mieux à ce genre de travail. D'autres études peuvent compléter l'évaluation PEFA: l'évaluation de la redevabilité financière dans les pays (CFAA – Banque mondiale); les rapports analytiques sur la passation des marchés dans un pays (CPAR – Banque mondiale) et la vérification de la transparence fiscale (ROSC - *Report on the Observance of Standards and Codes* – FMI)¹².

La stratégie qui sera élaborée à la suite de ce diagnostic consiste à corriger les faiblesses et les insuffisances identifiées. Elle comporte, en général, les domaines prioritaires suivants entre autres: l'amélioration des capacités de programmation budgétaire; la modernisation des nomenclatures budgétaires et de la comptabilité publique, le suivi des dépenses publiques et de l'exécution budgétaire; le renforcement des capacités de contrôle interne, le renforcement de la transparence et de la redevabilité des pouvoirs publics, l'amélioration de la documentation et des rapports budgétaires et le renforcement des capacités des parlements et des institutions supérieures de contrôle. Elle doit hiérarchiser les activités identifiées en séparant celles relevant du court terme de celles du moyen terme. D'autres activités peuvent être programmées pour le long terme. Les objectifs de la stratégie doivent être clairs et cohérents.

Concernant le contrôle interne, les principaux objectifs à court terme pourraient consister à stopper l'accumulation d'arriérés de paiement due à un contrôle financier inefficace et à se conformer aux dispositifs de contrôle existants (prévus par la loi budgétaire et le dispositif de régulation budgétaire en cours). Pour le moyen terme, l'agenda de la réforme comprend:

- ❖ une révision de la structure institutionnelle du contrôle financier et des autres organes de contrôle interne pour les mettre en conforme avec les standards internationaux;
- ❖ l'allègement du contrôle *a priori* tout en renforçant le contrôle *a posteriori* ;
- ❖ la mise en conformité des procédures de travail des institutions de contrôle avec les normes des organisations internationales notamment pour ce qui concerne la programmation des contrôles, la préparation des rapports d'audit, leur circulation et le suivi de la mise en œuvre des recommandations;
- ❖ l'équipement des administrations chargées du contrôle ;
- ❖ l'informatisation de la chaîne de la dépense, y compris les transactions du contrôle financier et l'introduction du contrôle de gestion et de l'audit interne dans chaque département.

¹¹ Le PEFA est un partenariat entre la Banque Mondiale, la Commission Européenne, le Département pour le Développement International anglais (DFID), le Secrétariat d'Etat suisse à l'économie (SECO), le ministère des affaires étrangères français, le ministère royal norvégien pour les affaires étrangères, et le Fonds Monétaire International (FMI). Il soutient des approches harmonisées et intégrées pour l'évaluation et la réforme dans le domaine des finances publiques, des marchés publics et de la responsabilité financière. Néanmoins, certains bailleurs de fonds continuent à utiliser d'autres outils classiques d'évaluation pour approfondir leurs études dans des domaines bien précis.

¹² Il s'agit d'un élément des Rapports sur le respect des normes et des codes, qui s'inspire du Code des bonnes pratiques sur la transparence fiscale adopté par le FMI en 1998 (*et révisé en 2007*).

Il est recommandé que tous les pays adoptent des systèmes de contrôle interne qui seront conformes aux directives de l'INTOSAI (cf. encadré 5). La modernisation du contrôle interne requiert du temps et un changement de culture administrative. Elle nécessite une évaluation des risques (internes et externes) auxquels l'organisme est confronté. Il est recommandé par (Tommasi, 2010, p. 125) que « ... dans les pays africains francophones, les évolutions du contrôle financier a priori traditionnel vers un contrôle interne défini selon les standards modernes doivent être entamées avec extrêmement de prudence, en raison d'importants risques de perte de discipline financière et de perte de contrôle de la gestion budgétaire et comptable, si ces évolutions intervenaient avant le fonctionnement correcte du système traditionnel de contrôle. Toutefois, compte tenu du peu d'efficacité, des lourdeurs et de la duplication de certains contrôles, cette prudence ne doit pas conduire à se cantonner à un simple renforcement des procédures existantes. »

Encadré 5. INTOSAI — Directives pour l'élaboration des normes de contrôle interne

L'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI) a publié un ensemble de normes générales et détaillées qui définissent les conditions minimum à remplir pour qu'un système de contrôle interne soit acceptable.

Normes générales

- Des objectifs de contrôle spécifiques doivent être identifiés pour chaque activité de l'organisme et doivent être appropriés, exhaustifs, raisonnables et intégrés aux objectifs généraux de l'organisme.
- Les organes directeurs et les agents doivent maintenir à tout moment une attitude d'adhésion aux contrôles internes et faire preuve d'intégrité et de compétences suffisantes pour s'y conformer.
- Le système doit garantir dans une mesure raisonnable la réalisation des objectifs du contrôle interne.
- Les organes de direction doivent vérifier constamment leurs opérations et prendre sans délai les mesures correctrices nécessaires.

Normes détaillées

- Une documentation complète sur toutes les transactions et sur le système de contrôle proprement dit doit être fournie.
- Les transactions et les événements doivent être promptement enregistrés et bien répertoriés.
- L'exécution des transactions et des actions doit être dûment autorisée.
- Les principales responsabilités aux différents stades d'une transaction doivent être confiées à plusieurs personnes.
- Une surveillance compétente doit être assurée pour veiller à la réalisation des objectifs du contrôle.
- L'accès aux ressources et aux dossiers doit être limité aux personnes autorisées qui ont la responsabilité de leur garde ou de leur utilisation.

Source. FMI. Manuel sur la transparence des finances publiques, p. 109

Les sous-sections suivantes présentent successivement la mutation des contrôles traditionnels a priori, l'évolution des contrôles a posteriori, la mise en place du contrôle de gestion et l'audit interne. Ces différents points sont les principales composantes du contrôle interne moderne pour responsabiliser davantage les services ordonnateurs. Tommasi (2010, p. 130) recommande la construction d'un système véritable de contrôle interne au sein des ministères sectoriels pour réduire la mauvaise utilisation des fonds publics par un allègement du contrôle a priori, un renforcement du contrôle a posteriori exercé par les inspections ministérielles, « la tenue

effective d'une comptabilité par les ministères, le renforcement des outils de gestion tels que la comptabilité matière, et de gestion des stocks, le suivi des marchés publics, et les bases de données sur le personnel ». L'importance d'une bonne gestion de données sur le personnel dépasse le caractère purement budgétaire; elle est au cœur de la performance. Dans plusieurs pays, en particulier francophones, les dépenses de personnel sont budgétisées et suivies en dehors des autres dépenses ministérielles. Ces dépenses ainsi que toute la base de données sur le personnel sont gérées par un département du ministère des Finances (*quelques fois avec la participation du ministère de la fonction publique*¹³) avec très peu d'implications des ministères techniques. De telles dispositions ont pour objectif une bonne maîtrise de ce poste hautement budgétivore dans la plupart de ces pays, même si ce résultat n'est pas toujours garanti. L'expérience montre qu'une participation plus active des services gestionnaires des ministères techniques, tels que les inspections pédagogiques, les services du personnel des centres hospitaliers ou les centres agricoles régionaux dans la gestion des salaires et des postes pourrait contribuer à rendre le système plus transparent, à réduire les absences non justifiées et à éliminer les fonctionnaires « fantômes ».

5.2 La restructuration des contrôles a priori

Comme montré dans la section 4 supra, la modernisation du contrôle a priori vise à responsabiliser davantage les gestionnaires publics. Ce nouveau mode de contrôle ne se veut plus exhaustif. Il est de plus en plus sélectif et est essentiellement tourné vers les dépenses à risque¹⁴. C'est ainsi que la France, le Maroc et Madagascar ont introduit des innovations intéressantes en la matière (*cf. encadré 6*). Même si celles-ci ont la même finalité, celle d'assouplir le *contrôle a priori* en donnant plus de place au *contrôle a posteriori*, il convient de préciser qu'elles ne sont pas identiques et n'ont pas suivi le même itinéraire. Chacune de ces réformes puise son essence dans l'organisation et la culture administratives de chaque pays ainsi que dans ses capacités techniques. La France a allégé les contrôles a priori du contrôle financier par un décret du 27 janvier 2005¹⁵ et a réuni sous un représentant unique du ministère des finances auprès des ministères dépensiers (le contrôleur budgétaire et comptable ministériel) les fonctions assurées (jusqu'alors) par le contrôleur financier et le comptable par un décret du 18 novembre 2005. Ce

¹³ Dans plusieurs pays, c'est le ministre de la fonction publique qui effectue les mouvements sur les carrières d'un personnel qu'il ne connaît pas. Il est même possible que ce même ministère effectue les recrutements qui ne correspondent pas nécessairement aux besoins exprimés par les ministères sectoriels. Une autre difficulté dans la gestion des dépenses en personnel est que dans certains cas les décisions de recrutements ou de création de nouveaux postes sont décidées en conseil des ministres sans tenir compte des inscriptions budgétaires.

¹⁴ Le risque se définit comme tout événement, toute action, toute situation, tout comportement pouvant nuire ou affecter l'atteinte ou la réalisation des objectifs de l'organisme. Dans le secteur public des pays francophones en développement, l'assouplissement du contrôle a priori doit être précédée ou accompagnée (au moins) de la mise en place d'un système de contrôle et de réduction des procédures de paiement hors « procédure budgétaire normale » ; d'une adoption d'un code de marchés publics fondé sur les principes de concurrence, de transparence et de responsabilité et de son application effective ; et d'un renforcement des capacités de gestion budgétaire des ministères sectoriels ainsi que de la transparence budgétaire à tous les niveaux administratifs.

¹⁵ L'article 15 de ce Décret n°2005-54 du 27 janvier 2005 relatif au contrôle financier au sein des administrations de l'Etat prévoit la prise d'un arrêté qui « *détermine les projets d'actes d'engagement ou d'affectations de crédits, d'ordonnances de paiement et de délégations de crédits ou d'actes en tenant lieu mentionnés aux articles 8 et 9, qui sont soumis au visa ou à l'avis préalable de l'autorité chargée du contrôle financier* ». Le contrôle financier traditionnel consistait à apposer son visa sur l'ensemble des dépenses. Dorénavant, un arrêté est pris pour chaque ministère, après consultation du contrôle financier, pour lister les actes faisant l'objet de ce visa, les autres n'en ayant pas besoin. Cette réforme a conduit à une baisse de près de 60% du nombre de visas, ce qui s'est traduit par une simplification administrative et une accélération de l'exécution de la dépense publique dans les ministères.

nouveau dispositif n'est plus centré sur la vérification de la régularité des actes, mais il consiste normalement à éviter les risques budgétaires en agissant soit au stade de la prévision, soit en cours d'exécution. Il intervient en fonction des risques liés à la nature de la dépense et aux pratiques des services ordonnateurs. Il est précisé que depuis 2002, les contrôles comptables exhaustifs sont remplacés par des contrôles hiérarchisés et partenariaux dénommés *contrôles hiérarchisés de la dépense* (CHD). Ces derniers invitent les comptables à concentrer leurs efforts sur les dépenses financièrement significatives et ou particulièrement complexes.

Encadré 6. Quelques innovations en matière du contrôle à priori de la dépense

France. Pour la mise en œuvre de la Loi Organique sur les Lois des Finances (LOLF), il est institué une nouvelle organisation comptable a été mise en place, articulée sur trois niveaux :

- Au sein de la **direction générale des Finances publiques**, le Service de la fonction comptable de l'État est chargé du pilotage, de l'animation et de la coordination au niveau national de l'ensemble des acteurs de la fonction comptable de l'État ; il est également responsable de l'élaboration et de la qualité du compte général de l'État.
- Au sein des **ministères**, la recherche d'une forte proximité avec l'ensemble des acteurs est concrétisée par l'instauration d'un service de contrôle budgétaire et comptable ministériel (SCBCM) dans chaque ministère, qui comprend un département de contrôle budgétaire (DCB) et un département comptable ministériel (DCM).
- Au **niveau déconcentré**, le trésorier-payeur général (TPG) anime la fonction comptable au sein de son département. Il tient la comptabilité de l'État au niveau du département et en garantit la qualité.

Dans chaque ministère, un contrôleur budgétaire et comptable ministériel (CBCM) est placé, par le décret n° 2005-1429 du 18 novembre 2005 qui l'institue, sous l'autorité du ministre chargé du Budget, pour assurer une vision globale de ses processus de dépense et de sa situation patrimoniale, en vue d'en améliorer la sécurité et la fiabilité :

- il assure le contrôle financier au sein d'un ministère;
- il est le comptable public ;
- il est le coordinateur des autorités déconcentrées chargées du contrôle financier ;
- il transmet aux autorités budgétaires et à l'ordonnateur principal un rapport annuel sur l'exécution budgétaire et une analyse de la situation financière du ministère.

Depuis le 1er janvier 2006, quinze contrôleurs budgétaires et comptables ministériels (CBCM), placés sous l'autorité du ministre du Budget, sont installés auprès des ordonnateurs principaux de l'Etat. Interlocuteurs uniques du ministère du Budget auprès des différents ministères, ils ont pour mission d'assurer une vision globale des processus de la dépense et de la situation patrimoniale de chaque ministère en vue d'en améliorer la sécurité et la fiabilité, dans l'esprit de la LOLF et de la réforme du contrôle financier.

Dotés à la fois de la qualité de comptable public et de celle d'autorité chargée du contrôle financier, ils dirigent les services de CBCM composés de deux départements distincts, l'un de contrôle budgétaire, l'autre de contrôle comptable, dont ils mobilisent les synergies pour analyser la situation financière des ministères, détecter et maîtriser les risques financiers, évaluer la sincérité des prévisions de dépenses. Le rapprochement de ces deux services sous l'autorité du CBCM doit par ailleurs permettre de gommer les contrôles redondants.

Adapté de (Bouvier et autres, 2008)

Madagascar. Depuis 2008, le gouvernement malgache a entrepris une démarche de réforme du contrôle à priori de la dépense budgétaire en deux étapes. En 2008, il a entamé la première étape qui consiste en la mise en place du contrôle hiérarchisé des engagements des dépenses (CHED). Il s'agit d'un contrôle sélectif, fondé sur l'analyse des risques et des enjeux financiers de la dépense publique et s'appuie sur trois (3) critères: le montant de la dépense ; la nature de la dépense et la capacité de gestion des Ordonnateurs. A cet effet, en application du CHED, ne sont pas soumis au visa préalable du contrôle financier:

- tout engagement égal ou inférieur à MGA¹⁶ 700 000, et ce quelles que soient la nature de la dépense et la procédure y afférente (mandatement classique ou caisse d'avance...);
- toutes les dépenses, quel que soit leur montant, relatives aux loyers dus en application des baux et actes de location ayant déjà reçu le visa du contrôle financiers, aux redevances d'eau et d'électricité (JIRAMA), aux redevances téléphoniques (fixes et mobiles), aux frais de carburant et lubrifiant, aux contributions internationales et aux frais de transport faisant l'objet de facture pro forma délivrée par les compagnies aériennes (AIR MAD, AIR France, CORSAIR, ...) ¹⁷, et aux soldes du personnel permanent pris en charge sur les crédits de la catégorie II du Budget Général et dont les actes s'y rapportant ont reçu les visas du Contrôle Financier ; et
- tous les actes autres que ceux visés ici qui sont dispensés du visa du contrôle financier en tenant compte de la capacité de gestion de l'ordonnateur¹⁸.

Il convient de préciser que les engagements de dépenses éligibles au CHED visées ci –dessus doivent faire l'objet d'un contrôle de l'ordonnateur sur les points suivants: disponibilité de crédits ; exacte imputation budgétaire ; respect de la procédure d'achats publics; respect de la moralité des prix; respect de la régulation; et interdiction de procéder au fractionnement¹⁹ de la dépense.

Cette première étape a été instituée à titre expérimental au niveau de 4 sites pilotes du 1^{er} juillet au 31 décembre 2008 dont une évaluation positive a permis de généraliser l'expérience à tous les ministères et institutions de l'Etat.

La deuxième étape consiste à un rapprochement des services du trésor public aux services gestionnaires de la dépense publique. Le Trésor Public de Madagascar prévoit dans son Programme de Travail Annuel (PTA) de l'année 2011 la mise en place des services du Trésor au sein des divers Ministères et Institutions. Cette initiative est dictée par plusieurs raisons dont (i) l'objectif de rapprocher les caisses publiques des usagers; (ii) la nécessité de « désengorger » la Paierie Générale d'Antananarivo (PGA) compte tenu du fait que près de 80% du volume des dépenses du Budget Général de l'Etat sont assignés à son niveau; (iii) la volonté de pérenniser les mesures de facilitation du traitement des dossiers de dépenses. En effet, tous les intervenants dans la chaîne de la dépense (Contrôle Financier, Ordonnateur, comptable) seront localisés sur un même site. Il va sans dire que ce projet de redéploiement apportera de nombreux avantages aux départements ministériels bénéficiaires dont, par exemple:

¹⁶ Le MGA est l'unité de la monnaie malgache. Un euro varie autour de MGA 2 700 ; ce qui fait que MGA 700 000 tourne autour 250 euros.

¹⁷ Cependant, les engagements des dépenses relatives aux factures proforma délivrées par les agences de voyages restent soumis au contrôle a priori du CF.

¹⁸ Pour ce faire, si la direction générale du contrôle financier constate, après évaluation, une amélioration de la capacité de gestion des ordonnateurs, le Directeur Général du Contrôle Financier propose au Ministre chargé du Budget la nature ou le montant de la dépense à dispenser de visa préalable.

¹⁹ On entend par fractionnement de la dépense, l'établissement de deux ou plusieurs Demandes d'Engagement Financier/ Titres d'Engagement Financier (DEF/TEF) pour un même Gestionnaire d'activités (GAC) et pour un même type de dépense.

- les fréquents déplacements au Trésor Public pour la remise, le suivi et la délivrance des dossiers seront considérablement limités dans l'espace, entraînant un gain de temps conséquent, un minimum de risque de déperdition des documents et une économie de coûts ;
- les paiements de dépenses des Ministères (soldes, fournitures et autres prestations) ainsi que les recouvrements des recettes pourront être, désormais, effectués sur place ;
- les longues files d'attente observées à la Paierie Générale d'Antananarivo lors des grandes échéances de paiement des soldes des fonctionnaires seront réduites, voire supprimées.
- les délais de visa et de paiement des dossiers de mandatement seront améliorés étant donné que les Trésoreries Ministérielles ne traiteront que les seules opérations des ministères de leur lieu d'implantation.

Néanmoins, la réorganisation comptable à mettre en œuvre requiert un certain nombre de préalables et de mesures d'accompagnement. Ainsi, il importe avant tout que les ministères et institutions adhèrent à la démarche initiée par le Trésor Public et partagent les mêmes objectifs que ce dernier tendant à l'amélioration de la qualité des prestations rendues aux usagers. Dans cette perspective, la contribution attendue des différents départements ministériels est de plusieurs ordres : (i) la mise à disposition de locaux répondant aux besoins du Trésor Public en termes de sécurité et de fonctionnalité et (ii) l'octroi de matériels et de mobiliers de bureau nécessaires au fonctionnement des Trésoreries Ministérielles. Il demeure entendu que les agents affectés à ces nouveaux postes comptables, les matériels techniques spécialisés (coffre-fort, cachets perforateurs ...) de même que les crédits de fonctionnement et d'investissement desdits postes comptables relèvent de la Direction Générale du Trésor.

Adapté de « Ramanitrarivo Léa » et du site (www.tresor-public.mg)

Maroc. Le CMD est un système de contrôle allégé en fonction de la capacité de gestion des services ordonnateurs, des enjeux et des risques liés à la nature de la dépense. L'allègement se traduira au niveau de chaque pallier par l'abandon du contrôle de régularité pour les actes de dépenses dont la liste, les natures et les seuils, sont fixés par décret. Les dépenses non soumises au contrôle de régularité font l'objet d'une fiche navette comportant tous les éléments permettant au comptable d'exercer le contrôle budgétaire qui a été maintenu. Il sera mis en place de façon progressive pendant une période de 4ans; les services ordonnateurs devront disposer du contrôle interne au plus tard le 1^{er} janvier 2012. Un mécanisme de reclassement des services ordonnateurs, en fonction de l'évolution de leur capacité de gestion, peut être demandé au ministre des finances par la TGR ou par les ministres dont relèvent lesdits services. La mise en place du contrôle modulé de la dépense (CMD) repose sur quatre principaux postulats de base: (i) l'augmentation de la capacité de gestion des services ordonnateurs ; (ii) la « qualification » des services ordonnateurs; (iii) la modulation du contrôle de la dépense et (iv) le suivi de la qualité d'exécution de la dépense pour faire pérenniser le système. Pour pérenniser le système, il est institué, **par un décret adopté en février 2006**, un rapprochement des entités en charge du contrôle financier, le Contrôle Général de l'Engagement des Dépenses (CGED), et la Trésorerie générale du Royaume (TGR) tout en maintenant les deux contrôles préalables sur la dépense (mais en facilitant l'harmonisation entre les deux contrôles). Des trésoreries ministérielles ont ainsi été mises en place dans les ministères les plus importants. Elles comprennent des services distincts pour le contrôle de l'engagement et celui des ordonnancements. Certaines de ces trésoreries sont dirigées par l'ancien contrôleur des dépenses engagées. D'autres par un comptable public traditionnel.

Adapté de (Maroc, 2007)

Dans la démarche de mise en œuvre des innovations introduites par la nouvelle gestion budgétaire axée sur le budget-programme, Madagascar a institué le « *Contrôle Hiérarchisé des Engagements de la Dépense* » (CHED) qui est « *modulé selon l'importance des risques et des*

*engagements financiers inhérents à l'exécution de la dépense publique*²⁰ » dans une première étape. Cette réforme a démarré en juillet 2008 et a un triple objectif : « **alléger le contrôle a priori et la chaîne de la dépense, améliorer l'efficacité le contrôle du service fait, et renforcer la responsabilité et la capacité de gestion de l'ordonnateur**²¹ ». Une deuxième étape consiste à la mise en place des trésoreries ministérielles et cela est prévu pour démarrer en 2011.

Le Maroc s'est également engagé dans la même direction par un rapprochement entre les services du Contrôle de l'Engagement des Dépenses (CGED) et la Trésorerie Générale du Roi (TGR) en instituant les Trésoreries Ministérielles (TM) et un contrôle allégé (dit « Contrôle Modulé de la Dépense – CMD-) basé sur la capacité de gestion des services ordonnateurs ainsi que sur les enjeux et les risques liés à la nature de la dépense. Les objectifs spécifiques de cette modernisation consistent à : (i) rompre avec la logique du système de contrôle jugée trop formaliste ; (ii) privilégier une nouvelle approche du contrôle basée sur la bonne gouvernance de la gestion publique et l'efficacité de l'action administrative et au moindre coût ; (iii) faire converger les métiers exercés jusqu'alors par deux organes de contrôle (contrôleurs et comptables) et (iv) instituer un « interlocuteur unique » pour les services ordonnateurs et ce, en vue de fluidifier le processus d'exécution de la dépense aux fins de réduction des coûts et des délais, et de réaliser des économies de gestion (locaux, moyens humains et logistiques). Les résultats attendus sont : (i) *améliorer l'efficacité d'exécution de la dépense*, tout en veillant au respect de la sécurité et à la transparence des opérations financières; (ii) *engager les services ordonnateurs* dans un processus novateur de renforcement de leur capacité de gestion budgétaire et financière à travers la mise en place d'un contrôle interne, (iii) *responsabiliser davantage* les services ordonnateurs, en leur conférant une plus grande autonomie dans la gestion de leurs budgets ; et enfin *alléger les contrôles a priori* et les implanter là où ils sont plus légitimes et plus efficaces, c'est à dire au cœur de la gestion des services ordonnateurs. Deux sites, le ministère de l'agriculture, du développement rural et des pêches maritimes d'une part, et le ministère des affaires étrangères et de la coopération d'autre part, ont été choisis pour héberger les premières TM.

La directive n°07/2009/CM/UEMOA du 26 juin 2009 portant règlement général sur la comptabilité publique au sein de l'UEMOA précise, outre le domaine d'action du contrôle *a priori* du contrôle financier (*les opérations budgétaires réalisées par les ordonnateurs*) et la nature des actes soumis au visa préalable du contrôle financier (*tous les actes des ordonnateurs portant engagement de dépenses, notamment les marchés publics ou contrats, arrêtés, mesures ou décisions émanant d'un ordonnateur*) en son alinéa 4 que : « *Toute ordonnance de paiement, tout mandat de paiement ou toute délégation de crédits ne peut être présenté à la signature de l'ordonnateur qu'après avoir été soumis au visa du Contrôleur financier ou de son délégué. Les ordonnances ou mandats de paiement et les délégations de crédits non revêtus du visa du Contrôleur financier ou de son délégué sont nuls et de nul effet* ». Cependant, l'article 91 de cette directive atténue ces dispositions en édictant « l'adaptation des modalités d'exercice du contrôleur financier, qui doivent respecter la réglementation nationale, aux objectifs de qualité et d'efficacité de son contrôle interne *a priori*, comme du contrôle *a posteriori* qu'il exerce sur la

²⁰ Cf. Madagascar, Décret n°2008-1247.

²¹ Cf. Ramanitrarivo Léa Soavelopara, « Réforme du contrôle financier : le contrôle hiérarchisé des engagements de la dépense », Mémoire de fin d'étude au Centre de Gestion Publique de l'Ecole Nationale d'Administration de Madagascar, promotion 2008-2010.

gestion de l'ordonnateur» (UEMOA, 2009, p. 93). Cela permet ainsi de limiter le contrôle du contrôleur financier aux opérations de montant important ou à risque (*comme il est le cas en France, au Maroc ou à Madagascar*) pour « éviter tout contrôle excessif et superfétatoire faisant obstacle à l'accomplissement des missions de l'Etat » lorsque le contrôleur financier donne son accord après évaluation positive du dispositif de contrôle interne mis en place par l'ordonnateur. Une autre nouveauté de cette réforme du contrôle financier consiste en l'instauration de la responsabilité du contrôle financier. Désormais, le contrôleur financier, comme l'ordonnateur²² et le comptable (cf. encadré 7), est personnellement responsable de son activité de contrôle²³: « *Le Contrôleur financier est personnellement responsable des contrôles portant sur la disponibilité des crédits, sur la vérification des prix par rapport à la mercuriale en vigueur et, au titre de la validité de la créance, sur l'exactitude des calculs de liquidation de la dépense.*

Si les mesures proposées lui paraissent entachées d'irrégularités au regard des dispositions qui précèdent, le contrôleur financier refuse son visa. En cas de désaccord persistant, il en réfère au ministre chargé des finances. Il ne peut être passé outre au refus de visa que sur autorisation écrite du ministre chargé des finances. Dans ce cas, la responsabilité du ministre chargé des finances se substitue à celle du contrôleur financier.

De même, lorsque le contrôleur financier délivre une autorisation écrite permettant de passer outre le refus de visa de son délégué auprès d'un ministère, d'une institution ou d'une autre administration publique centrale ou déconcentrée, la responsabilité du contrôleur financier se substitue à celle de son délégué. »

Encadré 7. La responsabilité du comptable

La responsabilité des comptables publics se trouve engagée dans les situations suivantes:

- un déficit de caisse ou un manquant en deniers ou en valeurs a été constaté;
- une recette n'a pas été recouvrée ; une dépense a été irrégulièrement payée,
- en manquement aux obligations de contrôles énumérés à l'encadré 4 *supra*; par la faute du comptable public, l'organisme public a dû procéder à l'indemnisation d'un autre organisme public ou d'un tiers.

Le comptable public dont la responsabilité est engagée a l'obligation de verser, de ses deniers personnels, une somme égale soit au montant du déficit ou manquant constaté, de la perte de recette subie, de la dépense payée à tort ou de l'indemnité mise de son fait à la charge de l'Etat ou de tout autre organisme public.

Les gestions irrégulières entraînent, pour leurs auteurs déclarés comptables de fait par la

²² Article 14: « *Les ordonnateurs sont personnellement responsables des contrôles qui leur incombent dans l'exercice de leurs fonctions. Ils encourent une responsabilité qui peut être disciplinaire, pénale ou civile, sans préjudice des sanctions qui peuvent leur être infligées par la Cour des comptes à raison des fautes de gestion. Dans les conditions définies par la Directive portant lois de finances, les membres du gouvernement et les présidents des institutions constitutionnelles encourent, à raison de l'exercice de leurs attributions, les responsabilités que prévoient les constitutions des Etats membres.* »

²³ Même si les responsabilités de l'ordonnateur et du contrôleur financier sont désormais affirmées, il convient de noter qu'à la différence, la responsabilité du comptable public reste pesante: (i) son patrimoine est directement engagé en cas de débit; (ii) il doit prêter serment avant son entrée en fonction; et (iii) il est tenu d'apporter des garanties pour couvrir, en tant que de besoin, les risques inhérents à la manipulation et à la détention de deniers publics.

Cour des comptes, les mêmes obligations et responsabilités que les gestions patentes pour les comptables publics selon les modalités procédurales décrites par la loi nationale portant organisation et fonctionnement de ladite Cour.

L'exercice du contrôle financier *a priori* s'exerce à deux étapes du circuit de la dépense : à l'engagement²⁴ et à l'ordonnancement²⁵. Cette disposition conduirait à une complémentarité des fonctions de contrôleur financier et du comptable si l'on voulait «fluidifier» le circuit de la dépense. Laquelle complémentarité, doublée de la déconcentration de la fonction d'ordonnateur introduite par la directive de l'UEMOA²⁶ n°06/2009 relative aux lois de finances, appelle logiquement à « *une nouvelle organisation des services du contrôle financier et de la comptabilité publique sur le territoire de chaque Etat membre* » selon laquelle à chaque ordonnateur doivent correspondre un contrôleur financier et un comptable public (UEMOA, 2009, p.114). Ainsi, les entités en charge du contrôle financier et de la comptabilité publique seront regroupées dans les services chargés de contrôle budgétaire et comptable par l'instauration d'un service de contrôle budgétaire et comptable ministériel unique (SCBCM) dans chaque département ministériel, qui comprend un département de contrôle budgétaire (DCB) et un département comptable ministériel (DCM) au niveau de la capitale comme il est le cas au Maroc ou en France. Pour éviter autant que possible que les propositions d'engagement et les ordres d'engagement ne soient dirigés vers la capitale des Etats ou les villes chefs-lieux de région, un service similaire adapté à chaque contexte local serait institué auprès de chaque comptable (le Trésorier Payeur Général) pour s'occuper du contrôle des dépenses réalisées par les ordonnateurs ou leurs délégués.

Concernant les pays de la Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC), le contrôle à priori prévu par les directives relatives aux finances publiques s'adresse à toutes les dépenses et ce, en vertu des articles 102 et 103 de la Directive n°02/08-UEAC-190-CM-17 portant règlement général sur la comptabilité publique. Même s'il est souhaitable d'introduire le contrôle a priori modulé selon le risque ou le montant, il convient de préciser que cette directive est beaucoup moins explicite, prévoyant seulement que les contrôles pourront être effectués par sondage ou de manière exhaustive (article 107 et Mathis, chapitre 7, p. 13).

5.3 La modernisation des contrôles a posteriori

Comme indiqué dans la section 4, ces contrôles sont encore formels comme dans le cas des contrôles a priori et ne donnent pas suffisamment les résultats escomptés. Les tendances actuelles font qu'ils s'orientent dans le cadre de nouvelles missions que sont l'évaluation des politiques, le suivi de la performance et l'audit interne. La notion d'audit interne est présentée dans la section

²⁴ Article 88, alinéa 2 : « *Tous les actes des ordonnateurs portant engagement de dépenses, notamment les marchés publics ou contrats, arrêtés, mesures ou décisions émanant d'un ordonnateur, sont soumis au visa préalable du Contrôleur financier.* »

²⁵ Article 88, alinéas 4 et 5 « *Toute ordonnance de paiement, tout mandat de paiement ou toute délégation de crédits ne peut être présenté à la signature de l'ordonnateur qu'après avoir été soumis au visa du Contrôleur financier ou de son délégué. Les ordonnances ou mandats de paiement et les délégations de crédits non revêtus du visa du Contrôleur financier ou de son délégué sont nuls et de nul effet.*

Le Contrôleur financier ou son délégué s'assure notamment que les ordonnances et les mandats se rapportent à un engagement de dépenses déjà visé par lui. Si les titres de paiement lui paraissent entachés d'irrégularités, il doit en refuser le visa. »

²⁶ UEMOA : Union Economique et Monétaire Ouest Africaine

5.4 suivante. L'encadré 8 ci-dessous présente ce que sont les notions de suivi de la performance, de contrôle de gestion et d'évaluation. Il est important alors de clarifier les attributions des différents organes chargés de ces activités pour de raison d'efficacité et d'économie. En effet, l'article 93 de la directive n°07/2009/CM/UEMOA du 26 juin 2009 portant règlement général sur la comptabilité publique au sein de l'UEMOA précise: « *L'Exécutif peut créer des organes de contrôle a posteriori. Ces structures de contrôle interne à l'administration exercent leurs activités sur toutes les opérations liées à l'exécution du budget de l'Etat ainsi que sur celles de tout organisme de droit public ou privé bénéficiant de ressources publiques. Elles interviennent sur pièces et/ou sur place, sur les actes des ordonnateurs et sur ceux des comptables. Ils peuvent à tout moment effectuer des contrôles pendant l'exécution desdites opérations.* » Cet article octroie au pouvoir exécutif la possibilité d'instituer des organes de contrôles sur la mise en œuvre des opérations budgétaires. En pratique, les Etats ayant adopté le système francophone de gestion des finances publiques ont institué sur ce fondement (i) des Inspections Générales d'Etat qui ont compétence en matière financière et sont rattachées à la Présidence de la République ou au Chef du Gouvernement, (ii) des Inspections Générales des Finances directement rattachées au ministre des finances, et (iii) des corps d'inspection interne aux administrations financières (Impôts, Douanes, Trésor) (UEMOA, 2009 b, p. 95) b. Mais également, de nombreux pays ont créé des inspections ministérielles. Il convient de souligner que la directive n°07/2009 de l'UEMOA, en son article 87, octroie au contrôle financier un pouvoir de contrôle a posteriori, et en ces termes : « *les contrôleurs financiers évaluent a posteriori les résultats et les performances des programmes, au regard des objectifs fixés, des moyens utilisés et de l'organisation des services des ordonnateurs.* »

Pour les pays de la CEMAC, l'article 107 de la Directive n°02/08-UEAC-190-CM-17 portant règlement général sur la comptabilité publique autorise un contrôle modulé pour les autres types de contrôle interne (*qui sont les contrôles internes a posteriori*) en ces termes: « *L'ensemble des contrôles évoqués au présent chapitre pourront, selon leur conception ou les circonstances, porter sur les décisions prises ou à prendre, être de régularité ou d'opportunité, permanents ou occasionnels, inopinés ou annoncés, individuels ou collégiaux, être effectués par sondage ou de manière exhaustive, relever d'une procédure unilatérale ou contradictoire.* » Ces contrôles sont assurés par une institution supérieure de contrôle²⁷ (article 105 de la Directive n°02/08-UEAC-190-CM-17), une inspection ministérielle ou d'autres corps de contrôle (article 108 de la Directive n°02/08-UEAC-190-CM-17).

Encadré 8. L'évaluation des politiques publiques et le suivi de la performance par des organes internes de l'administration

L'évaluation d'une politique publique a pour objet de déterminer si les moyens juridiques, administratifs ou financiers mis en œuvre permettent de produire les effets attendus de la politique et d'atteindre les objectifs qui lui sont fixés (s'intéresse aux retombées).

²⁷ « *Par Institution Supérieure de Contrôle des Finances Publiques, on entend toute institution publique d'un Etat ou organisation supranationale, qui - quelle que soit sa dénomination, sa composition ou son organisation - exerce, en vertu de la Loi ou autre acte formel de l'Etat ou de l'organisation supranationale, le contrôle supérieur des finances publiques de cet Etat ou de cette organisation supranationale, et ce de façon indépendante ainsi qu'avec ou sans compétence juridictionnelle* » (article 2 des statuts de l'INTOSAI -Organisation Internationale des Institutions Supérieures de Contrôle des Finances Publiques)

Il importe notamment de bien différencier l'évaluation du *suivi de la performance, du contrôle de régularité et du contrôle de gestion*.

Le *suivi de la performance* consiste à suivre la qualité de la gestion de l'organisation concernée, à analyser les réalisations (*à l'aide d'indicateurs de performance*) et à orienter les décisions des gestionnaires dans le but d'atteindre les objectifs préalablement fixés. Il est mis en œuvre par les services d'études et de statistiques des administrations opérationnelles qui souvent l'identifient à l'évaluation. A cet effet, deux rapports clés sont souvent préparés :

- *un projet annuel de performance* qui énonce par programme les objectifs et les résultats attendus. Ce rapport fait souvent partie des documents budgétaires soumis au parlement avec le projet de budget.
- *un rapport annuel de performance*, qui montre le niveau de réalisation des résultats. Ce rapport est aussi transmis au Parlement avec le projet de loi de règlement.

Le *contrôle de régularité* consiste à mesurer les écarts de l'action publique par rapport aux normes formelles qui l'encadrent dans un Etat de droit (textes juridiques, règles budgétaires, instructions d'exécution internes). Dans certains cas, il relève des corps d'inspection et de la Cour des comptes qui assimilent souvent ce contrôle à l'évaluation (ce qui ne l'est pas en réalité).

Le *contrôle de gestion* est l'ensemble des dispositifs (*outils et processus*) « visant à mieux connaître et à mieux maîtriser les activités, les coûts, les résultats et leurs liens mutuels permettant d'apprécier l'efficacité et l'efficience. Contrairement à ce que l'on laisse penser ce mot, il ne s'agit pas d'un contrôle mais plutôt d'un élément du pilotage d'une institution ou d'un programme » (*cf. UEMOA, 2009, p. 139*). Dans le cadre de la gestion budgétaire basée sur les résultats, le contrôle de gestion permet d'alimenter en données objectives le dialogue de gestion nourri entre les différents niveaux de responsabilité au sein de l'administration, en éclairant les enjeux de la performance. Il se concrétise par des échanges de directives, de tableaux de bord et de comptes rendus entre les différents niveaux de responsabilités, à partir des unités de terrain ou spécialisées, jusqu'à celles de commandement.

5.4 L'audit interne

L'audit interne est une activité indépendante et objective qui vise à compléter le système de contrôle interne pour s'assurer de la bonne prise en compte de la maîtrise des risques au sein d'une structure et pour apporter à celle-ci une contribution à une meilleure efficacité. Il est défini par l'IIA (*Institut des auditeurs internes*) et l'IFACI (*Institut Français de l'Audit et du Contrôle Internes*) en ces termes: «*L'audit interne est une activité indépendante et objective qui donne à une organisation une assurance sur le degré de maîtrise de ses opérations, lui apporte des conseils pour les améliorer et contribue à créer de la valeur ajoutée. Il aide cette organisation à atteindre ses objectifs en évaluant, par une approche systématique et méthodique, ses processus de management des risques, de contrôle et de gouvernement d'entreprise, et en faisant des propositions pour renforcer leur efficacité.*» De même, l'INTOSAI définit l'audit interne en ces termes: «*Moyens fonctionnels par lesquels les gestionnaires d'une unité acquièrent au sein même de cette unité la certitude que les circuits comptables et financiers dont ils sont responsables fonctionnent d'une manière qui réduit au maximum les risques de fraudes, d'erreurs, de non-rentabilité ou de gaspillage* » (INTOSAI GOV 9100). L'audit interne peut se réaliser à travers plusieurs modèles, dont les suivants : ressources internes (*l'activité de l'audit est assurée par un personnel de l'organisation et elle est dirigée par un dirigeant choisi en interne par l'organisation*) ; semi-externalisation (*l'activité est assurée en partie par un ou des prestataires de services*) ; externalisation avec gestion interne (*l'activité est assurée par des prestataires de services liés par contrat avec l'organisation, mais elle est dirigée par un agent de l'organisation*); et

externalisation complète (*des prestataires de service liés par contrat avec l'organisation assurent l'activité et s'occupent de sa gestion*). L'encadré 9 résume les principales caractéristiques et les différents types d'audit interne.

Encadré 9. Les types d'audit interne et leurs caractéristiques

Le champ d'investigation de l'auditeur interne couvre tout le contrôle interne, ce qui lui permet de mener une mission d'audit financier (dont le déroulement est très similaire à celui d'une mission d'audit externe financier, ou légal) que des missions d'audit opérationnel et ce, pour le compte de la direction de l'organisation auditée. De même que pour l'auditeur externe, l'auditeur interne se réfère aux normes édictées par sa profession qui couvrent à la fois des normes de pratique (autorité, responsabilité, champ d'investigation, assurance qualité, nature du travail, management de risques, contrôle interne, gouvernance), de qualité de la mission et de communication des résultats (*Thiéry-Dubuisson, 2009, p. 25-26*). Il existe trois types d'audit:

- les audits financiers consistant (i) à examiner les états financiers et les systèmes comptables sur lesquels ces états sont fondés²⁸, et (ii) à rendre compte de ces examens ;
- des audits de conformité aux règles ou de régularité consistant à vérifier le respect des règles légales et administratives, la probité et l'adéquation des systèmes administratifs, financiers et de contrôle de la gestion. Ces audits peuvent inclure ou non l'examen de la qualité de la gestion financière du secteur public et de la conduite des fonctionnaires;
- des audits de performance destinés à évaluer la performance en matière de gestion et la performance opérationnelle des programmes publics et de certains ministères et agences gouvernementales, c'est-à-dire l'économie, l'efficacité et l'efficacités avec lesquelles le programme ou l'organisation utilise les diverses ressources (financières, humaines) pour atteindre les objectifs fixés.

Les caractéristiques de l'audit interne sont très proches de celles de l'audit externe, à la différence près que l'audit interne permet de se conformer aux directives des chefs de services concernés. Il y a alors nécessité d'asseoir une coordination et une coopération entre les institutions supérieures de contrôle (ISC) et les auditeurs internes pour, entre autres, réduire les probabilités de doublons en matière d'audit et les charges de l'entité auditée, améliorer et maximiser la couverture de l'audit sur la base de diverses évaluations de risques et de l'identification des risques importants et soutenir mutuellement les recommandations qui sont susceptibles d'apporter des améliorations de l'efficacité des structures audités (INTOSAI GOV 9100). Cependant, cette coordination n'est pas sans risques qu'il faut éviter. Les risques les plus importants peuvent être *« des compromis en matière de confidentialité, d'indépendance et d'objectivité; d'indépendance et d'objectivité; des conflits d'intérêts possibles; une dilution des responsabilités; une utilisation de normes professionnelles différentes en matière d'indépendance ou d'audit; une mauvaise interprétation des conclusions en cas d'utilisation du travail de l'autre; une possibilité que les conclusions potentielles de l'autre auditeur soient communiquées prématurément à la partie externe, c'est-à-dire avant que l'audit ait mis en lumière suffisamment de preuves pour étayer ces conclusions et une absence de prise en compte des contraintes ou restrictions auxquelles est soumis l'autre auditeur dans le cadre de la détermination de l'étendue de la coordination et coopération »*.

²⁸ Pour le secteur public, un jeu complet d'états financiers établi suivant la méthode de la comptabilité d'exercice comprend : l'état de la situation financière, le compte de résultat, un état de variation de l'actif net/des capitaux propres, un état des flux de trésorerie, une comparaison entre les prévisions et les réalisations budgétaires et des notes comprenant un résumé des principales méthodes comptables et d'autres informations explicatives.

Une des conditions préalables à la coordination et à la coopération entre les ISC et les auditeurs internes au sein du secteur public consiste en la véracité de l'indépendance et de l'objectivité de l'audit interne approuvée à l'aide d'une évaluation par des services de l'audit externe. LINTOSAI définit l'indépendance de l'audit interne par l'affranchissement de toute condition menaçant sa capacité à s'acquitter de ses responsabilités de manière impartiale. Elle définit également l'objectivité comme un comportement impartial permettant aux différents auditeurs de réaliser leurs missions de telle sorte qu'ils puissent raisonnablement croire en leurs travaux et que la qualité de ceux-ci ne soit compromise d'aucune façon que ce soit. L'indépendance de l'audit interne s'apprécie à travers les éléments suivants: la définition claire et formelle des responsabilités et des autorités au niveau de l'audit interne par une législation ou une réglementation; la séparation fonctionnelle et personnelle de l'audit interne et des responsabilités de l'entité auditée; la liberté de programmation des activités²⁹; l'influence des autorités politiques dans la réalisation des audits et dans la formulation des opinions et conclusions ainsi que les mécanismes de recrutement et des promotions des auditeurs et la gestion du barème salarial³⁰. Pour assurer une crédibilité des travaux effectués, les auditeurs doivent se garder de contrôler les actions dont eux-mêmes ou des personnes qui leur sont proches ont été responsables pour éviter toute suspicion de conflit d'intérêts. La notion de personne proche doit être déterminée au préalable sans ambiguïté dans le cadre d'un code déontologie.

6. Conclusion

La modernisation du contrôle interne s'inscrit certes dans une logique de maîtrise des dépenses publiques et d'amélioration de la gestion budgétaire. Cependant, les efforts entrepris ne donneraient les résultats escomptés que si les institutions budgétaires étaient assez fortes pour instaurer une discipline et que s'il existait un engagement politique fort à soumettre tous les acteurs et actes budgétaires au contrôle requis. Cet engagement est essentiel pour tous les niveaux et particulièrement celui des superstructures qui doivent montrer l'exemple en se conformant elles-mêmes à la réglementation.

Dans les pays francophones, les déviations budgétaires sont essentiellement constatées au niveau des dépenses destinées aux superstructures. Il est alors fortement possible que si ces institutions centrales se conformaient strictement aux règlements financiers, toutes les autres structures administratives suivraient. Le plus grand défi pour l'efficacité du contrôle interne reste, en grande partie, lié aux pratiques informelles profondément enracinées dont leur objectif est de résister aux efforts susceptibles d'assurer la discipline budgétaire et la primauté du droit.

Certains pays se paient le « luxe » de multiplier les organes de contrôle interne parce qu'ils ont les ressources humaines, financières et matérielles pour les faire fonctionner tandis que d'autres ont peu de structures. Il est à savoir qu'il est inutile, voir dangereux, de vouloir de transposer les pratiques de contrôle d'un pays à l'autre. La réforme du contrôle interne doit être adaptée au

²⁹ Cette liberté de choisir les thèmes de l'audit est essentielle. Cependant, elle ne doit pas faire l'objet d'un usage excessif en refusant certaines demandes de l'organisation qui seraient opportunes pour renforcer son efficacité ou répondre à des situations urgentes. Par exemple, il serait illogique de la part d'une structure d'audit interne de refuser une demande d'une autorité qui voudrait enquêter un service public à la suite des soupçons de mauvaise gestion ou de détournements de biens publics.

³⁰ Ces caractéristiques sont essentielles lorsque l'audit est géré selon le modèle des ressources internes. Voir page précédente.

contexte institutionnel, juridique, politique, administratif et culturel de chaque pays. Cependant, il existe des fonctions requises et des principes établis que tous les systèmes de contrôle doivent concrétiser. En dépit de la diversité des institutions de contrôle, il convient de mettre en place des procédures qui favoriseront une cohérence et une homogénéité des différentes interprétations et analyses issues des différents contrôles. Les normes internationales de l'audit interne (*INTOSAI, IIA*) conduisent les pays à s'orienter vers un audit indépendant des systèmes ; ce qui exige la nécessité de mettre en place des structures dédiées qui disposent d'un mandat clair et suffisant, de l'accès à l'information, des pouvoirs et des capacités d'établir des rapports ainsi que l'utilisation des normes professionnelles d'audit (y compris les techniques d'évaluation des risques) et des normes de comptabilité du secteur public internationalement reconnues. Ainsi, la formation et le recrutement d'un personnel compétent devient de plus en plus une priorité. Il est essentiel d'avoir en vue l'idée que l'efficacité de la modernisation du contrôle provient d'un processus évolutif qui doit s'accompagner de nombreux efforts internes des organes qui en sont chargés mais également d'une volonté politique d'aller de l'avant et de s'y soumettre. Comme indiqué par Tommasi (2010, p.130), le contrôle peut être un outil efficace de lutte contre la corruption et le gaspillage des ressources publiques lorsqu'il est indépendant du pouvoir politique. Il n'a guère de sens que si les irrégularités identifiées sont sanctionnées. Il est alors nécessaire et même prioritaire d'accompagner la modernisation du contrôle interne d'un système de sanction, mais qui sera adapté à la nature de la faute pour éviter également l'arbitraire.

Il est irréaliste de vouloir concevoir et mettre en œuvre un système de contrôle interne qui éliminerait tout risque de perte. Une telle volonté serait onéreuse de telle sorte que le bénéfice qui en découlerait ne le justifierait. Il convient d'évaluer au préalable les bénéfices attendus d'un tel système par rapport à son coût.

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Recent Public Financial Management Publications and Other Resources

In this section we review some recent publications which may be of interest to readers of the Journal. We would be pleased to receive reviews and suggestions of other resources which we should refer to in future issues.

1. A Guide to Transparency in Public Finances: Looking Beyond the Budget - International Budget Partnership
2. Progress in Improving Financial Management in Government – NAO (Britain)
3. Independent Evaluation of the PEFA Program – Andrew Lawson and Alta Folscher
4. A Day in the Life of a Ugandan Tax Payer
5. Tax and Development - Tax Justice Network-Africa
6. Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent - Léonce Ndikumana and James K. Boyce
7. Inequality and Social Justice Roundtable Consultation
8. Chart of Accounts: A Critical Element of the Public Financial Management Framework - Julie Cooper and Sailendra Pattanayak
9. Exiting from the Crisis Towards a Model of More Equitable and Sustainable Growth - Edited by David Coats
10. La Dette ou la Vie – Sous la Direction de Damien Millet et Eric Toussaint

1. A Guide to Transparency in Public Finances: Looking Beyond the Budget - International Budget Partnership

<http://internationalbudget.org/2011/10/ibp%92s-open-budget-initiative-shines-light-on-off-budget-activities-in-5-new-transparency-guides/> or <http://tinyurl.com/5vz89l3>

In a series of five brief guides to a number of issues or activities that are often kept “off-budget” – the *Open Budget Initiative* examines areas of public finance that are less well understood and especially vulnerable to efforts to shield them from public scrutiny.

- Extra-budgetary Funds
- Tax Expenditures
- Quasi-fiscal Activities
- Contingent Liabilities
- Future Liabilities

For each of these areas, the briefs provide answers to the following questions:

- a) What are they, and why are they of interest?
- b) What information about them should the government include in budget documents and other reports?
- c) How can civil society groups use such information to achieve their research and advocacy goals?
- d) Where can further information, country examples, and “model reports” be found?

2. National Audit Office (2011) Progress in Improving Financial Management in Government, NAO, London

www.nao.org.uk/Financial-management-in-government-2011 or <http://tinyurl.com/ijgfm2011a>

This report from the British National Audit Office is a follow-up of reports issued in 2003 and 2008 which covered the introduction of accrual accounting (termed resource accounting in the UK). It was issued around a decade after accrual based financial statements were first produced for the UK central government.

In the report issued in 2003 on the Government’s financial management reforms, the UK National Audit Office’s conclusion on the move to accrual accounting (first announced ten years earlier) was that:

In most cases it is too soon to identify any discernible benefits from better resource management in terms of contributing to improved public services from for example, enhanced efficiency (Page 31).

The National Audit Office published a follow-up report five years later, in February 2008. On the actual benefits of moving to accrual accounting this report concluded that:

Departments have made significant progress in using accruals-based accounting and budgeting systems since our previous study. This has allowed departments to better understand how they are using their financial resources, for example by offering more detailed information to manage their assets and liabilities. Departments have used this information to help identify under-utilised assets and to dispose of those no longer required. (paragraph 9, page 7)

So the only specific benefit of the move to accrual accounting appeared to be that ministries (called departments in the UK) were able to identify and sell assets (mainly buildings) which were no longer needed!

The 2011 report recognises that accrual based accounting is now well developed, but that senior public sector managers do not appear to be using the information. So in the summary it is stated that “active management of cash flows and the balance sheet remains generally inadequate across government” (page 5).

The summary also makes the following points:

It remains unusual for departments to have good information on the unit costs of outputs, measures of productivity or the value of outcomes, especially where outcomes cross departmental boundaries. (page 8)

Departments are generally weak at monitoring their overall financial position, including their balance sheets. (page 8)

The monitoring of balance sheet information is particularly weak. (page 10).

The detailed report goes on to explain that:

Our financial audit work confirms that the general standard of financial reporting has improved. There is also evidence that departments are gathering information on the working capital aspects of their balance sheets in a more regular and automated way, though they are not generally reporting this information to management or using it to manage the organisation. (page 13)

Both non-executive directors and finance directors told us that, in their view, their Boards did not handle or effectively challenge the financial information presented to them as well as they might. One reason is the complexity of the Government accounting framework. (page 17)

In practice, however, the activity of producing annual resource accounts remains largely divorced from financial management within departments. Departments rarely prepare

interim resource accounts, and essentially manage their finances based on cash, adjusted for working capital movements. Full resource-based information is created at the year end for Parliamentary reporting purposes. Resource information is therefore generally not integrated into, and does not drive, management of departments' business. (page 18)

Thus the authoritative objective view of the National Audit Office is that after a decade of accrual accounting the approach is well developed, but the additional information made available is *not* being used by senior managers and the accrual based accounts (resource accounts) are only produced at the year end as a legal obligation.

3. Independent Evaluation of the PEFA Program – Andrew Lawson and Alta Folscher

<http://siteresources.worldbank.org/PEFA/Resources/PEFAEvaluationRevisedFinalReportJuly2011.pdf> or <http://tinyurl.com/ijgfm2011b>

The PEFA Programme was launched in December 2001 and is now in its third phase, covering the period up to December 2011. The overall evaluation of the performance of the PEFA programme is a resoundingly positive one. Across the world 90 percent of low income, 75 percent of middle income and 8 percent of high income countries had been assessed, were in the process of assessment or were going to be assessed by October 2010.

The PEFA assessment framework is now used by all major development agencies working with PFM systems, either as a tool to support the design and monitoring of PFM reforms or as a key element of fiduciary risk assessment processes. It has been adopted by many governments to inform the design of PFM reforms, to help monitor the progress of PFM reforms over time and to assess the quality of PFM at sub-national levels. The PEFA assessment framework has thus been established as a viable and useful brand.

However, the framework remains vulnerable until a more systematic method to guarantee quality can be established. A second point of concern is that until recently the PEFA Programme has had less impact on its global objectives than had been expected. There was good progress in creating a common pool of information on PFM systems but not in respect of enhanced country ownership of reforms, and improved alignment and coordination of donor support to PFM reform.

A third, but in the medium term less fundamental, risk relates to the need to update the overall PEFA framework and methodology. It is important to ensure over time that all of the PEFA indicators remain relevant, useful and measureable.

4. A Day in the Life of a Ugandan Tax Payer

http://www.taxjusticeafrica.net/attachments/article/44/tax_pay_small.pdf
or <http://tinyurl.com/ijgfm2011c>

The received wisdom is that the tax base of many developing countries needs to be expanding by taxing the informal sector. However, this cartoon produced in Uganda shows the wider variety of taxes that all Ugandans pay. The example given is of a salaried official, but apart from this salary, the cartoon clearly shows how much tax is already paid by members of the informal economy:

5. Tax and Development

www.taxjusticeafrica.net/index.php?option=com_content&view=category&layout=blog&id=14&Itemid=19&lang=En or <http://tinyurl.com/ijgfm2011d>

Revenues generated by a fair and efficient tax system have the potential to be a reliable source of financing which governments can use to reduce poverty and develop our countries in a sustainable manner. It has not been until very recently that this important link between taxation and development has been made by policy makers, development partners, and CSOs. Tax Justice Network-Africa continues to draw attention to this relationship and support its members to integrate it in their areas of work. Details of these key publications are found at the website above.

6. Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent- Léonce Ndikumana and James K. Boyce (Zed 2011)

<http://zedbooks.co.uk/paperback/africas-odious-debts> or <http://tinyurl.com/ijgfm2011e>

Some people wonder why Sub-Saharan Africa has hardly developed despite significant donor programmes over the last few years. This book provides one of the answers.

Boyce and Ndikumana reveal the shocking fact that, contrary to the popular perception of Africa being a drain on the financial resources of the West, the continent is actually a net creditor to the rest of the world. The extent of capital flight from sub-Saharan Africa is remarkable: more than \$700 billion in the past four decades.

In contrast, whereas the debts are owed by the African people through their governments, the associated assets are strictly private, held by wealthy and politically well-connected individuals. Connecting these dots, the authors argue forcefully for selective repudiation of Africa's 'odious debts': external debts incurred by kleptocratic regimes without the consent of their people, from which the people derived no economic benefit. Going further, they demonstrate the devastating effect on the health and development of African nations due to this 'disappearing' wealth.

A paper which includes the authors' main estimates of capital flight from Africa is available from:

http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_151-200/WP166.pdf
or <http://tinyurl.com/ijgfm2011f>

The other key reason for the general lack of economic growth in Sub-Saharan Africa may be the brain drain. An estimated 300,000 African professionals live and work outside the continent. Since 1990, Africa has lost some 20,000 professionals each year. About 30,000 Sub-Saharan Africans holding PhDs now live outside Africa. To fill the gap caused by this brain drain, Africa employs up to 150,000 expatriate professionals at a cost of \$4 billion annually (<http://sites.google.com/site/davidhshinn/Home/african-migration-and-the-brain-drain>).

7. Inequality and Social Justice Roundtable Consultation

www.ids.ac.uk/idspublication/inequality-and-social-justice-roundtable-consultation

or <http://tinyurl.com/ijgfm2011g>

Amid growing concern within the development sector that inequality urgently needed to be placed at the heart of development agendas, IDS and the UN Millennium Achievement Fund joined forces once again to hold a high-level roundtable Consultation in London on the theme of rising inequalities. This is the report of that meeting.

One of the key recommendations coming out of the meeting was the need to:

Advocate for balancing strong economic growth with an even stronger drive for equity. A new development narrative must show that a more equal distribution of income is supportive of, not antagonistic to, economic growth. Focusing on the poorest, hardest to reach communities is both the ‘most effective way of making lasting progress and the right thing to do on grounds of cost-effectiveness. Providing services to the poorest constitutes the investments with the highest ‘returns’ in terms of averted morbidity and mortality.

In the medium term, the organisers intend to produce:

- a pamphlet aimed at policymaking audiences that puts forward the inequality agenda, and
- a web-based platform for hosting materials and discussing the inequality agenda.

Finally, they intend to build an informal network or coalition to prioritise reducing inequalities and enhancing social justice, and to take forward the recommendations set out in this report. To join this network contact Dolf at: d.telintelo@ids.ac.uk

8. Chart of Accounts: A Critical Element of the Public Financial Management Framework - Julie Cooper and Sailendra Pattanayak

http://blog-pfm.imf.org/files/tnm_2011-03_web-1.pdf or <http://tinyurl.com/ijgfm2011h>

The publication attempts to demystify the chart of accounts for government systems. We define the concept of chart of accounts and shed light on its role in the public financial management

framework, including budget preparation, execution and reporting, and the key principles and factors that need to be taken into consideration in designing a chart of accounts for government. The publication also discusses the specific issues associated with budgetary and financial accounting in governments and their impact on the chart of accounts. The publication stresses that the chart of accounts, although it appears to be just concerned with classifying and recording financial transactions, is critical for effective budget management. The publication concludes by drawing some considerations on developing and implementing a chart of accounts and its relationship with a government financial management information system.

9. Exiting from the crisis: towards a model of more equitable and sustainable growth - Edited by David Coats

Despite another European agreement and holders of Greek debt receiving a haircut of 50%, prospects for the European and world economy look non too rosy, the British economy, for example, is expected to re-enter recession before the end of the year. So this book by European trade unions is a timely collection of alternatives to the dominant ideology of the last few decades of deregulation, privatisation and balanced budgets. Below we provide a few extracts, but the full volume is freely available from:

<http://www.etui.org/Publications2/Books/Exiting-from-the-crisis-towards-a-model-of-more-equitable-and-sustainable-growth> or <http://tinyurl.com/ijgfm>

The lessons of recent experience need to be learned and a new model of growth developed based on a more balanced relationship between government and the economy. Governments must ensure that banks return to their core task of allocating capital efficiently, and that corporations recognise their responsibilities to their customers, employees and the wider community. Governments must ensure that the growth process emerging from the crisis is both socially just and environmental sustainable.

To provide a forum for debate, TUAC, the European Trade Union Institute, the Global Union Research Network and the ITUC created a Task Force to define the parameters of a new growth model. This report is the initial result of the Task Force's work. The report consists of contributions by more than 30 authors from both industrialised and developing countries. The report has been edited by David Coats, Research Fellow at the Smith Institute, supported by John Evans, Andrew Watt and Frank Hoffer.

As the report's conclusion states, faith in unconstrained markets should have been undermined by the collapse of the banking sector and the ensuing global crash, but it now appears that policymakers are retreating to the comforting nostrums of economic orthodoxy. This would be a strategic error. Returning to policies that failed in the run-up to the crisis cannot be expected to return the global economy to growth following a very deep recession. (pages 17/18)

[This volume] draws together the best thinking from across the world, with contributions from trade unions themselves and commentators sympathetic to the labour agenda. Far from being a restatement of entrenched trade union positions, this volume also seeks to generate fresh insights that are relevant to contemporary debates. The issues covered are wide-ranging – from

monetary and fiscal policy, to income inequality, industrial policy, the role of public services, the regulation of financial markets, the importance of labour standards, the role of global institutions, and the transition to a sustainable growth model. The scope is ambitious, but the recommendations are designed to be practical. They start with the world as it is, not the world as we would wish it to be, and they are rooted in evidence, not the wishful thinking of which trade unions are so often wrongly accused. (pages 20/21)

More than anything else, the objective of this volume is to offer a clear description of an alternative. The goals of the trade union movement remain the same: to give working people a voice in determining their futures; to guarantee sustainable, decent jobs for all those who wish to work; to ensure that developing nations can experience rising incomes and rising labour standards; to establish a growth model consistent with environmental responsibility; and to secure greater income equality as the best route to social cohesion. Nonetheless, simply to call for a return to the policies of the post-war boom period would be a catastrophic mistake. The world has changed and the trade union movement has changed with it. The arguments presented here are designed to show that both unions and other progressive voices linked to the labour movement have new, relevant and credible policies for the difficult period ahead. It is for others to judge whether we have succeeded. (page 24)

[W]hile it would be absurd to suggest that a return to a stable growth path can take place with high budget deficits or rising debt-to-GDP ratios, there is a strong belief – shared by the contributors to this volume – that governments, running in fear from the bond markets (and the credit rating agencies) are cutting spending too far, too fast, putting the fragile recovery at risk. It is one thing to call for ‘growth-friendly deficit reduction’ and quite another for governments to cut public investment in science, research and higher education when the dominant knowledge economy narrative tells us that such things are indispensable in successful dynamic economies. Put crudely, growth-friendly deficit reduction can rapidly metamorphose into a conventional austerity programme. (page 262)

10. La Dette ou la Vie – sous la direction de Damien Millet et Eric Toussaint (Debt or Life - edited by Damien Millet and Eric Toussaint)

www.cadtm.org/La-Dette-ou-la-Vie or <http://tinyurl.com/ijgfm2011dette>

En 2007-2008 éclate la crise la plus importante depuis celle de 1929. Les banques sont sauvées à coup de centaines de milliards de dollars et d’euros par les petits soldats du G20 aux ordres de la finance mondiale et les États financent ce sauvetage en appliquant au Nord l’équivalent des plans d’ajustement structurel de sinistre mémoire au Sud. Cet ouvrage analyse méticuleusement l’enchaînement des processus ayant submergé le Nord à cette occasion, des États-Unis à la Grèce, de l’Islande aux pays d’Europe de l’Est, du Japon à la zone euro, tout en examinant les conséquences pour le Sud.

Il y avait le premier monde, celui du bloc occidental sous la guerre froide ; le deuxième monde, celui du bloc soviétique ; le tiers-monde regroupant les peuples du Sud soumis aux diktats des deux autres mondes. Le deuxième monde s’est effondré au début des années 1990 avec la chute

du Mur de Berlin. Aujourd'hui, avec la crise qui a éclaté aux États-Unis en 2007-2008, c'est le premier monde qui bascule. La face de la planète entière s'en trouve durablement changée. Il reste deux catégories principales : la poignée de ceux qui profitent de ce capitalisme inique, et la grande majorité qui le subit. Cet ouvrage veut expliquer ce changement fondamental et apporter des alternatives radicales pour s'attaquer à cette logique dont nous ne voulons pas.

Réaliser un audit de la dette publique afin d'annuler la partie illégitime – Stopper les plans d'austérité, ils sont injustes et approfondissent la crise - Instaurer une véritable justice fiscale européenne et une juste redistribution de la richesse. Interdire les transactions avec les paradis judiciaires et fiscaux. Lutter contre la fraude fiscale massive des grandes entreprises et des plus riches – Remettre au pas les marchés financiers, notamment par la création d'un registre des propriétaires de titres, par l'interdiction des ventes à découvert et de la spéculation dans une série de domaines. Créer une agence publique européenne de notation – Transférer sous contrôle citoyen les banques au secteur public – Socialiser les nombreuses entreprises et services privatisés depuis 1980 – Réduire radicalement le temps de travail pour créer des emplois tout en augmentant les salaires et les retraites – Refonder démocratiquement une autre Union européenne basée sur la solidarité.

In 2007-2008, the largest economic crisis since 1929 hit. Following the orders of global finance, the tin soldiers of the G20 saved their banks with multi-billion dollar rescue plans. Governments financed these rescues by applying to the North the very same structural adjustment strategies that had led to such disastrous consequences in the South. This book provides a meticulous study of how one thing led to another in the North –from the United States to Greece, Iceland, Eastern Europe, on to Japan and back to the Euro zone – and what repercussions this had in the South.

During the Cold War, the first world was the Western bloc; the second world was the Soviet bloc; the third world was made up of the peoples of the South, and was subjected to the dictates of the two other worlds. The second world collapsed in the early 1990's after the fall of the Berlin wall. Now, with the 2007-2008 crisis, the first world is reeling, and the face of the world has changed for good as a result of it. There remains two main categories: a handful of people who benefit from this unjust form of capitalism and the overwhelming majority who are victims of it.

This book seeks to explain this major change and offers radical alternatives to the current paradigm.

Price: €20, 384 pages, ISBN CADTM : 978-2-930443-16-4 It can be ordered from CADTM (www.cadtm.org) or through ADEN - www.aden.be/index.php?aden=la-dette-ou-la-vie

International Journal of Governmental Financial Management

Reader Survey

In attempt to further improve the quality of our journal, we are requesting our readers to complete this short survey. We would be very pleased if you could complete the following few questions and send your responses to:

Andy Wynne – andywynne@lineone.net Copied to - icgfm@icgfm.org

1. What is your general assessment of the quality of the papers published in the Journal:

1	2	3	4	5
Excellent				Poor

2. How useful do you find the reviews section of the Journal:

1	2	3	4	5
Excellent				Poor

3. How interesting do you find the editorial:

1	2	3	4	5
Excellent				Poor

4. What is your general assessment of the length of the papers in the Journal:

1	2	3	4	5
Too short				Too long

5. What is your back ground:

Academic	yes / no
Public financial manager	yes / no
Consultant	yes / no
Donor staff (eg World Bank, DfID)	yes / no
Other (if yes, please specify)	yes / no

6. What part of the world do you come from:

Developing country	yes / no
OECD member country	yes / no
Africa	yes / no
South Asia	yes / no
Pacific	yes / no
Caribbean	yes / no
Latin America	yes / no
North America	yes / no
Commonwealth Country	yes / no

7. Can you suggest any ways in which the Journal could be further improved?

Invitation to Potential Authors

The *International Journal on Governmental Financial Management* (IJGFM) aims to provide a forum for practitioners, academics and the general public to discuss the many disciplines involved with governmental financial management. These include accounting, auditing, budgeting, debt management, information technology, tax management and treasury management.

We would like to be able to publish articles and comment which will:

- encourage collaboration among professionals and others concerned about public financial management
- contribute to the advancement of government financial management principles and standards, especially through describing existing good practice
- identify problems or weaknesses through the critique of currently dominant views on public sector financial management reforms; and
- assist public sector financial managers to identify their own solutions to common challenges.

We would particularly welcome contributions from individuals or teams working in the developing countries. We invite potential authors to review past issues of the journal at: <http://www.icgfm.org/digest.htm>

The Journal does not currently provide double blind reviews (where both the author and the review's identities are not disclosed) as the standard approach. The aim is to provide confidential comment on submitted contributions and to provide editorial suggestions (detailed as necessary) to help the author to produce a paper which is suitable for publication. A double blind review facility may be provided if requested by individual authors.

The Journal primarily publishes papers in English. However, for a trial period at least, we will now also accept articles for publication in French or Spanish. Such articles will not be translated, but will be published in their original language. We welcome comments on this initiative from our readers.

Submission of Manuscripts

We do not charge a fee for submission or publication of articles.

Manuscripts should be sent as email attachments to the editor, Andy Wynne – andywynne@lineone.net and be copied to icgfm@icgfm.org

Ideas for articles are welcome and may be discussed with the editor before submission of the full text. The editor is happy to respond to informal enquiries about the suitability of papers for possible publication.

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Format and Style

The manuscripts should include:

- no more than 20 single spaced pages (or 10,000 words);
- an abstract not exceeding 150 words - it should summarize the purpose, methodology, and major conclusions of the article;
- the title, the authors name(s), position/post and institutional affiliation (ministry, university, etc), email address and any acknowledgements
- authors should write in a non-sexist and non-discriminatory style, using, for example, "her/him"; or "s/he"
- limited use of abbreviations to improve ease of reading
- appropriate references (see below) to the literature on the subject to support facts, assertions and opinions; all quotations should be fully referenced
- footnotes, identified in the text by a numeral that is superscripted, should not include literature citations, and should be listed at the end of the paper, before the bibliography.

Referencing the text

References in the text to books, articles etc should include the authors' names, the year of publication, and the specific page numbers if direct quotations are provided (e.g. Mickey & Donald, 1968, p.24). For more than two authors, the citation should be abbreviated as follows: (Kramdon and others, 1988, p.1). Multiple citations of the same author(s) in the same year should be distinguished in the text (and in the bibliography) by a, b, c, etc following the year of publication. Latin terms, for example, *et al*, *ibid* or *op cit* should be avoided.

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A bibliography should be included at the end of the text containing details of all books, articles papers, etc which have been referred to in the text. The bibliography should only include references cited in the text. These should be arranged in alphabetical order according to the surname of the first author. The following details should be included: author and initials, full title and subtitle, place of publication, publisher, date, and page references (for direct quotations). References to journal articles must include the volume and number of the journal.

Where possible, details should be provided of the web address for material which is available on the Internet. In this case the date the material was read should be provided.

The layout should adhere to the following convention:

1. articles:

Schick, A (1998) 'Why Most Developing Countries Should Not Try New Zealand Reforms', *The World Bank Research Observer*, Vol.13, No.1, February. pp.123-31

2. books:

Guthrie, J. Humphrey, C. Jones, L R. & Olson, O., (2005), *International Public Financial Management Reform*, Greenwich, Information Age Publishing

3. citations from edited books:

Flynn, N (2002) 'Explaining New Public Management: The Importance of Context', in K McLaughlin, S Osborne and E Ferlie (eds.) *New Public Management: current trends and future prospects*, London, Routledge

4. translated books

Adorno, T. W. *Negative Dialectic* (Frankfurt: Suhrkamp, 1966). *Negative Dialectics*, E. B. Ashton (trans) (1973) New York, Seabury Press

5. reference to a report.

World Commission on Environment and Development (1987) *Our Common Future* ('The Brundtland Report') Oxford, Oxford University Press

6. references to material on the Internet

Dorotinsky, Bill (2008) *Public Financial Management Reform: Trends and Lessons*, ICGFM DC Forum, June
<http://icgfm.blogspot.com> (6 September 2008)

Charts, Diagrams, Figures and Tables

These should all be called figures, numbered consecutively in arabic numerals, with a brief title in capitals, labeled, axes etc. The text should indicate where the figure is to appear.

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Consultant in Public Financial Management (US Based)

Mohamed Moindze,
Consultant in Public Financial Management, National School of Administration, Madagascar

Patrizio Monfardini,
University of Siena, Italy

Norvald Monsen
Norwegian School of Economics and Business Administration, Norway

Ayodeji Ogunyemi
National Audit Office, UK (from Nigeria)

Eddy Omolehinwa
University of Lagos, Nigeria

Joseph Onumah
University of Ghana

Hassan Ouda
German University in Cairo, Egypt

Michael Parry
Independent Public Financial Management Consultant, UK

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Carlos Santiso
Inter American Development Bank. US

Stewart Smyth
Queen's University Belfast, UK

Sylvia Temu
University of Dar es Salaam, Tanzania

Daniel Tommasi
Independent Public Financial Management Consultant, France

Mathew Tsamenyi
University of Birmingham, UK (from Ghana)

Nidhi Walia
Thapar University, India

Andy Wynne - Editor
iDILMAT, Ghana (from UK)

Owen Zhang
China National Audit Office

We would also like to hear from other individuals who would be willing to assist with the editorial work of the Journal. The work would consist of reviewing potential contributions, suggesting whether they should be accepted for publication and making editorial recommendations to improve the quality of submissions.

Please contact the editor, Andy Wynne - andywynne@lineone.net - if you would like to discuss the role of the editorial board and any input you could provide.

International Journal of Governmental Financial Management - www.icgfm.org/digest.htm

Invitation aux Auteurs Potentiels

Le *Journal International sur La Gestion des Finances Publiques* [*International Journal on Governmental Financial Management* (IJGFM)] organise un forum pour les praticiens, les universitaires et le public général pour discuter des différentes disciplines impliquées dans la gestion des finances publiques. Ces disciplines comprennent la comptabilité, l'audit, la budgétisation, la gestion des dettes, la technologie de l'information, la fiscalité et la gestion de la trésorerie.

Nous aimerions être en mesure de publier des articles et des commentaires qui vont :

- encourager la collaboration entre les professionnels et autres concernés par la gestion des finances publiques
- contribuer à la promotion des principes et normes de la gestion des finances publiques, en particulier par le biais de la description des bonnes pratiques existantes
- identifier les problèmes ou les faiblesses à travers la critique des points de vue actuellement dominants dans le domaine des réformes de la gestion des finances publiques; et
- assister les gestionnaires financiers du secteur public à identifier leurs propres solutions aux défis courants.

Nous réservons un accueil particulier aux contributions venant de personnes ou groupes de personnes travaillant dans les pays en développement. Nous invitons les auteurs potentiels à consulter les anciens numéros du journal à l'adresse : <http://www.icgfm.org/digest.htm>

Le Journal ne fait pas de commentaires avec identités voilées (où à la fois l'identité de l'auteur et celle de la revue ne sont pas révélées) comme l'approche standard. L'objectif est d'offrir des commentaires confidentiels sur les contributions soumises et de faire des suggestions éditoriales (aussi détaillées que possible) afin d'aider l'auteur à produire un article pouvant être publié. La revue avec identité voilée peut être offerte à tout auteur individuel sur demande.

Le Journal publie essentiellement en anglais. Toutefois, pour la période d'essai tout au moins, nous allons accepter pour publication des articles en français et en espagnole. Ces articles ne seront pas traduits. Ils seront publiés dans leur langue d'origine. Tous commentaires de la part de nos lecteurs sont les bienvenus.

Soumission de manuscrits

Nous ne faisons pas payer la soumission ou la publication d'articles.

Les manuscrits devront être adressés en fichiers attachés au directeur de publication : Andy Wynne andywynne@lineone.net avec copie à : icgfm@icgfm.org

Les idées d'articles sont les bienvenues et peuvent être discutées avec le directeur de publication avant la soumission du texte de l'article. Le directeur de publication est heureux de répondre aux

demandes de renseignements informels sur la pertinence des articles en vue de leur publication éventuelle.

Les auteurs doivent garantir que le travail ne porte atteinte à aucun droit d'auteur et ne contient pas de matériel de nature diffamatoire ou scandaleuse. Par la soumission d'un article au Journal, l'auteur exempte le directeur de publication et les éditeurs contre toute violation d'une telle garantie ou des restrictions de droit d'auteur.

Les matériels publiés dans le Journal peuvent être reproduits sans le consentement du directeur de publication ou du Consortium et de la reproduction ; la traduction et la distribution sont encouragées.

Format et Style

Les manuscrits doivent inclure :

- pas plus de 20 pages à interligne simple (ou 10.000 mots)
- un résumé n'excédant pas 150 mots – il doit récapituler l'objectif, la méthodologie et les principales conclusions de l'article
- le titre, le(s) nom(s) de(s) auteur(s), la position/le poste et l'institution d'affiliation (ministère, université, etc.), l'adresse email et les remerciements éventuels
- l'auteur ne doit pas utiliser des termes ou styles sexistes ou discriminatoires, comme par exemple "elle/lui" ou "il/elle"
- un usage limité des abréviations pour faciliter la lecture
- des références appropriées (voir ci-dessous) à la littérature sur le sujet pour soutenir les faits, les affirmations et les opinions ; toutes citations doivent être référencées correctement
- les notes de bas de page, identifiées dans le texte par un numéro en exposant, ne doivent pas comprendre des citations, et doivent être listées à la fin de l'article juste avant la bibliographie

Référencement du texte

Les références aux livres, articles, etc., à l'intérieur du texte doivent inclure les noms des auteurs, l'année de publication, et le numéro de page s'il s'agit de citation directe (par exemple : Mickey & Donald, 1968, p.24). Pour les articles dont le nombre d'auteurs est supérieur à deux, la citation doit être abrégée de manière suivante : (Kramdon et autres, 1988, p.1). Plusieurs citations du/des même(s) auteur(s) dans la même année doivent être distinguées dans le texte (et dans la bibliographie) par a, b, c, etc., après l'année de publication. Les termes latins tels que : *et al*, *ibid*, ou *op cit* doivent être évités.

Bibliographie

Une bibliographie doit être incluse à la fin du texte, et contenant les détails de tous les livres, articles, etc., dont il a été fait référence dans le texte. La bibliographie doit contenir uniquement

les références citées dans le texte. Ces références doivent être ordonnées alphabétiquement suivant le nom de famille du premier auteur. Les détails suivants doivent être inclus : l'auteur et ses initiales, le titre complet et les sous-titres, le lieu de publication, l'éditeur, la date, et les références des pages (pour les citations directes). Les références aux articles de journal doivent inclure le volume et le numéro du journal.

Dans la mesure du possible, les détails des adresses internet des matériels disponibles sur l'internet doivent être fournis. Dans ce cas, la date à laquelle le matériel a été lu doit être mentionnée.

La présentation doit répondre à la convention suivante :

1. articles :

Corkery, J., (1995) 'Réforme du service public: Obstacles et aides' *Bulletin DPMN*, Vol. 3, No.1, août, pp.9-11

2. livres :

Conso, P., & Hemici, F., (1999), *Gestion Financière de l'entreprise*, Paris, Dunod

3. citations provenant de livres publiés :

Verley, P. (1995) 'Histoire économique et théorie économique', dans R Boyer et Y Saillard (eds) *Théorie de la régulation. L'état des savoirs*, Paris, Éditions La Découverte

4. livres traduits

Carnegie, D. *The Leader in You* (New York: Dale Carnegie & Associates, 1993). *Comment trouver le leader en vous*, D. Weyne (trad) (1994) Paris, Hachette

5. référence à un rapport :

Banque Mondiale (2007) *Rapport sur le développement dans le monde 2007 – Aperçus régionaux : Afrique subsaharienne* ('Rapport sur Développement et Générations Futures'), Washington DC, The World Bank

6. références aux matériels sur l'Internet

Yahyaoui, Thami (2007) *L'économie politique de la réforme des pensions au Maroc*, Conférence de la Banque Mondiale, Décembre
<http://info.worldbank.org/etools/docs/library/241514/YAHYAOUICHYPRE911decembre2007.pdf> (12 mars 2009)

Graphiques, Diagrammes, Figures, Tableaux

Ils doivent être tous appelés figures, numérotés de manière consécutive en chiffre arabique, avec un bref titre en majuscule, libellés, axes, etc. Le texte doit indiquer le lieu d'emplacement de la figure.

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The Polytechnic, Ibadan, Nigéria

Pawan Adhikari
University of Essex, Royaume-Uni (du Népal)

Hugh Coombs
University of Glamorgan Business School, Wales, Royaume-Uni

Jérôme Dendura
Consultant en Gestion des Finances Publiques (de la France)

Jerry Gutu
Consultant en Gestion des Finances Publiques, ancien Comptable Général du Zimbabwe, basé aux Etats-Unis

Jesse Hughes (retraite)
Old Dominion University, Virginia, Etats-Unis

Harika Masud
Consultant en Gestion des Finances Publiques, basé aux Etats-Unis

Mohamed Moindze,
Consultant en gestion des finances publiques, Ecole Nationale d'Administration de Madagascar

Patrizio Monfardini,
Université de Siena, Italie

Norvald Monsen
Norwegian School of Economics and Business Administration, Norvège

Ayodeji Ogunyemi
Bureau d'Audit National, Royaume-Uni (du Nigéria)

Eddy Omolehinwa
University of Lagos, Nigéria

Joseph Onumah
University of Ghana

Hassan Ouda

German University in Cairo, Egypte

Michael Parry
Consultant en Gestion des Finances Publiques, Royaume-Uni

Zakiah Saleh
University of Malaya, Kuala Lumpur, Malaisie

Carlos Santiso
Banque Interaméricaine de Développement, Etats-Unis

Stewart Smyth
Queen's University Belfast, Royaume-Uni

Sylvia Temu
University of Dar es Salaam, Tanzanie

Daniel Tommasi
Consultant en Gestion des Finances Publiques, France

Mathew Tsamenyi
University of Birmingham, Royaume-Uni

Nidhi Walia
Thapar University, Inde

Andy Wynne - le rédacteur en chef
iDILMAT, Ghana (du Royaume-Uni)

Owen Zhang
Bureau National d'Audit de la Chine

Toutes autres personnes disposées à nous assister dans les travaux d'édition du Journal peuvent nous contacter. Les travaux consistent en la révision des contributions potentielles en suggérant si elles peuvent être acceptées pour publication et en faisant des recommandations éditoriales qui permettront d'améliorer la qualité des soumissions.

Veillez prendre contacte avec Andy Wynne - andywynne@lineone.net – si vous souhaitez discuter du rôle du comité de rédaction et de quelque proposition d'amélioration.

Invitación a posibles Autores

La revista *International Journal on Governmental Financial Management* (IJGFM) es un foro para académicos, profesionales y el público en general para el debate de las muchas disciplinas involucradas en la gestión financiera gubernamental. Éstas incluyen la contabilidad, la auditoría, el proceso presupuestario, la gestión de la deuda, la tecnología de la información, la gestión impositiva y la del tesoro.

Nos gustaría publicar artículos y comentarios que:

- alienten la colaboración entre profesionales y otros que están preocupados por la gestión financiera.
- contribuyan al avance de los principios y normas de la gestión financiera gubernamental, especialmente al describir las buenas prácticas existentes.
- identifiquen problemas o debilidades a través de una crítica de las opiniones actualmente dominantes sobre las reformas de la gestión financiera en el sector público; y
- ayuden a los gerentes financieros del sector público a identificar sus propias soluciones a los retos comunes.

Sería de interés especial recibir contribuciones de individuos o equipos que trabajan en los países en desarrollo. Invitamos a los potenciales autores a consultar los números anteriores de la revista en: <http://www.icgfm.org/digest.htm>

Los trabajos son aceptados y publicados en inglés, francés o español.

Actualmente la revista no dispone de un sistema de revisión de doble ciego (en que la identidad tanto del autor como del revisor no se revele) como norma usual. El objetivo es brindar un comentario confidencial de las contribuciones enviadas y ofrecer sugerencias editoriales (detalla si fuera necesario) para ayudar al autor a producir un trabajo digno de publicación. Sería posible proveer una revisión de doble ciego si un autor individual la solicitara.

Entrega de manuscritos

No cobramos tasas por la entrega o publicación de artículos.

Los manuscritos deberán ser enviados como anexo a un mensaje electrónico dirigido al redactor, Andy Wynne: andywynne@lineone.net con copia a icgfm@icgfm.org.

Serán bienvenidas ideas para artículos y éstas podrán ser comentadas con el redactor antes de entregar el texto completo. El redactor está dispuesto a responder a indagaciones informales sobre la conveniencia de trabajos para posible publicación.

Los autores deben asegurar que el trabajo no viola cualquier derecho de autor existente y que no contiene material de una naturaleza difamatoria o escandalosa. Al entregar un trabajo a la revista, el autor exonera a la editora y a los redactores contra cualquier violación de tal garantía o restricciones de derecho

El material publicado en la revista podrá ser reproducido sin el consentimiento del redactor o del Consorcio y se alienta la reproducción, traducción y distribución del mismo.

Formato y estilo

Los manuscritos deben incluir:

- no más de 20 páginas en espacio sencillo (o de 10.000 palabras);
- un sinopsis de no más de 150 palabras – que debe resumir el propósito, la metodología y las principales conclusiones del artículo;
- el título, el(los) nombre(s) del (de los) autor(es), el cargo que ejerce(n) y la afiliación institucional que tiene(n) (universidad, ministerio, etc.), su dirección electrónica y cualquier mención necesaria.
- los autores deberán escribir de una manera no sexista o discriminatoria, utilizando, por ejemplo, (*para*) *él/ella*, *él* o *ella*, etc.
- un uso limitado de abreviaturas para facilitar la lectura
- referencias apropiadas (vea abajo) a la literatura sobre el tópico para respaldar los hechos, las aseveraciones y las opiniones; todas las citas deben venir acompañadas de una referencia completa.
- las notas de rodapié, identificadas en el texto con un número superescrito no deben incluir citas a la literatura, y deben estar ubicadas al final del trabajo, antes de la bibliografía.

Referencias en el texto

Las referencias en el texto a libros, artículos, etc. deben incluir el nombre del autor, el año de publicación y las páginas específicas de las citas directas (p. ej., Mickey & Donald, 1968, p. 1). Para más de dos autores, la citación debe ser abreviada así: (Kramdon y otros, 1988, p. 1). Citaciones múltiples al mismo autor en el mismo año deben ser diferenciadas dentro del texto (y en la bibliografía al final) por las letras a, b, c, etc. después del año de publicación. Términos en latín, por ejemplo, *et al*, *ibid* o *op. cit* deben evitarse.

Bibliografía

Debe incluirse una bibliografía al final del texto con los detalles de todos los libros, artículos y otros trabajos que hayan sido referenciados en el texto. Estos deben ser puestos en orden

alfabético de acuerdo al apellido (patronímico) del primer autor. Deben incluirse los siguientes detalles: nombre (apellido, nombre de pila e/o iniciales), título y subtítulo completos, lugar de publicación, editora, fecha y referencias a páginas (para citas específicas) Las referencias a artículos de revistas deben incluir el volumen y el número de la revista.

Donde sea posible, los detalles de la dirección electrónica deben incluirse para materiales disponibles en el Internet. En este caso, la fecha de consulta del material debe ser indicada.

La presentación de las referencias debe seguir la siguiente convención:

1. artículos:

Schick, A (1998) 'Why Most Developing Countries Should Not Try New Zealand Reforms', *The World Bank Research Observer*, Vol.13, No.1, febrero. pp.123-31.

Barrientos, Eduardo Gana (1994) 'Procesos de integración subregional y coordinación de políticas macroeconómicas', *Información del Comercio Español*. 732:8-9. pp. 131-142.

Bekinschtein, José A., Maizal, Nélica. (1994) 'La integración regional en Asia-Pacífico: Vías de participación.' *Integ. Latinam*. 19:1-2. pp. 31-42.

2. libros:

Guthrie, J. Humphrey, C. Jones, L R. & Olson, O., (2005), *International Public Financial Management Reform*, Information Age Publishing, Greenwich.

Stolovich, Luis. (1993) *El poder económico en el MERCOSUR*. Centro Uruguay Independiente, Montevideo.

3. citas de libros compilados:

Flynn, N (2002) 'Explaining New Public Management: The Importance of Context', en K McLaughlin, S Osborne y E Ferlie (eds.) *New Public Management: Current Trends and Future Prospects*, Londres, Routledge.

Haug, G. (2005) 'Pluralidad e intereses compartidos de las Universidades Europeas', en F. Toledo, E. Alcón, y F. Michavila. (eds) *Introducción a la contabilidad Financiera: un Enfoque Internacional*. Barcelona: Ariel. pp. 35-49.

4. libros traducidos:

Adorno, T. W. *Negative Dialectic* (Frankfurt: Suhrkamp, 1966). *Negative Dialectics*, E. B. Ashton (trad.) (1973) Nueva York: Seabury Press.

5. referencia a un informe:

WCED (World Commission on Environment and Development) (1987) *Our Common Future* ('The Brundtland Report'); Oxford: Oxford University Press.

6. referencias a material del Internet:

Dorotinsky, Bill (2008) *Public Financial Management Reform: Trends and Lessons*, ICGFM DC Forum, Junio

<http://icgfm.blogspot.com> (6 Septiembre 2008)

Cuadros, diagramas, figuras e tablas

Todos estos deben denominarse “figuras” y ser numerados consecutivamente en números arábigos con un breve título en letra mayúscula, con etiquetas, etc. El texto debe indicar donde aparece la figura.

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Ibadan Polytechnic, Nigeria

Pawan Adhikari
Universidad de Essex, RU (de Nepal)

Hugh Coombs
Universidad de Glamorgan, Facultad de Administración, País de Gales, RU

Jérôme Dendura
Consultor sobre la Gestión Financiera Pública (de Francia)

Jerry Gutu
Consultor sobre la Gestión Financiera Pública, anteriormente Contador General de Zimbabwe, basado en los E.U.

Jesse Hughes,
Consultor sobre la Gestión Financiera Pública, basado en E.U.

Harika Masud
Consultor sobre la Gestión Financiera Pública, basado en E.U.

Mohamed Moindze,
Consultor sobre la Gestión Financiera Pública, Ecole Nationale d'Administration de Madagascar

Patrizio Monfardini,
Universidad de Siena, Italia

Eddy Omolehinwa
Universidad de Lagos, Nigeria

Norvald Monsen
Facultad de Economía y Administración de Empresas, Noruega

Ayodeji Ogunyemi
Oficinal Nacional de Auditoría, Reino Unido (de Nigeria)

Joseph Onumah
Universidad de Ghana

Hassan Ouda
German University, Cairo, Egipto

Michael Parry
Consultor sobre la Gestión Financiera Pública (de RU)

Zakiah Saleh
Universidad de Malaya, Kuala Lumpur, Malasia

Carlos Santiso
Banco Interamericano de Desarrollo, E.U.

Stewart Smyth
Queen's University Belfast, RU

Daniel Tommasi
Consultor sobre la Gestión Financiera Pública, Francia

Mathew Tsamenyi
Universidad de Birmingham, RU (de Ghana)

Nidhi Walia
Thapar University, India

Andy Wynne - el editor
iDILMAT, Ghana (de RU)

Owen Zhang
Oficina Nacional de Auditoría de China

Nos complacería también recibir correspondencia de otros que estén dispuestos a ayudar con el trabajo editorial de la Revista. El trabajo consistiría en revisar potenciales contribuciones, indicando si deben ser aceptadas para publicación y haciendo recomendaciones editoriales para mejorar la calidad de los materiales enviados.

Tenga la bondad de contactar al redactor, Andy Wynne - andywynne@lineone.net – si le gustaría comentar sobre el papel de la junta editorial y cualesquier sugerencias que usted pudiera ofrecer.