



Global Financial Management Leaders Survey: Public Financial Management Reform in a Period of Global Adjustment

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Grant Thornton International

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Agenda

- About ICGFM surveys
 - Survey methodology
 - History
 - Confidentiality
 - Purpose
- Introducing PFM Reform in a Period of Global Adjustment survey report
- Findings
- Conclusions
- Acknowledgements

About the ICGFM annual surveys

- Sponsored by ICGFM, conducted by Grant Thornton
- Survey methodology
- Anonymity
- **Purpose:** Support the ICGFM mission and provide insight to PFM professionals for improving government financial management

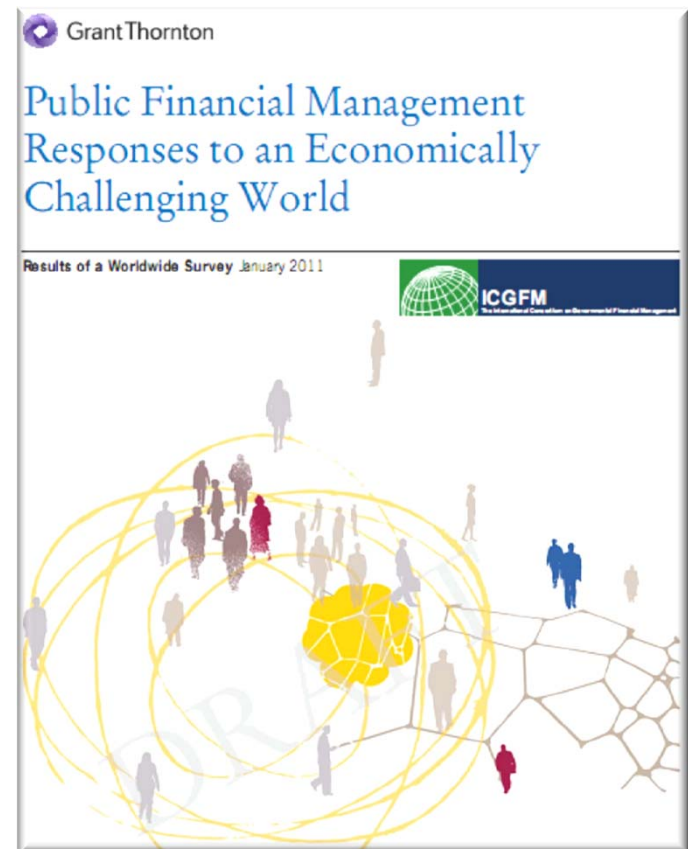
About ICGFM & Grant Thornton annual surveys

- **2005** *Resisting Corruption in the Public Sector*
- **2010** *Progress in Public Financial Management Reform*
- **2011** *Public Financial Management Responses to an Economically Challenging World*
- **2013** *Public Financial Management Reform in a Period of Global Adjustment*



2011 survey made a great splash

- *PFM Responses to an Economically Challenging World*
 - *AGA Journal of Government Financial Management* November 2011
 - *Financial Times* November 17, 2011
 - *Federal Times* 2011/2012

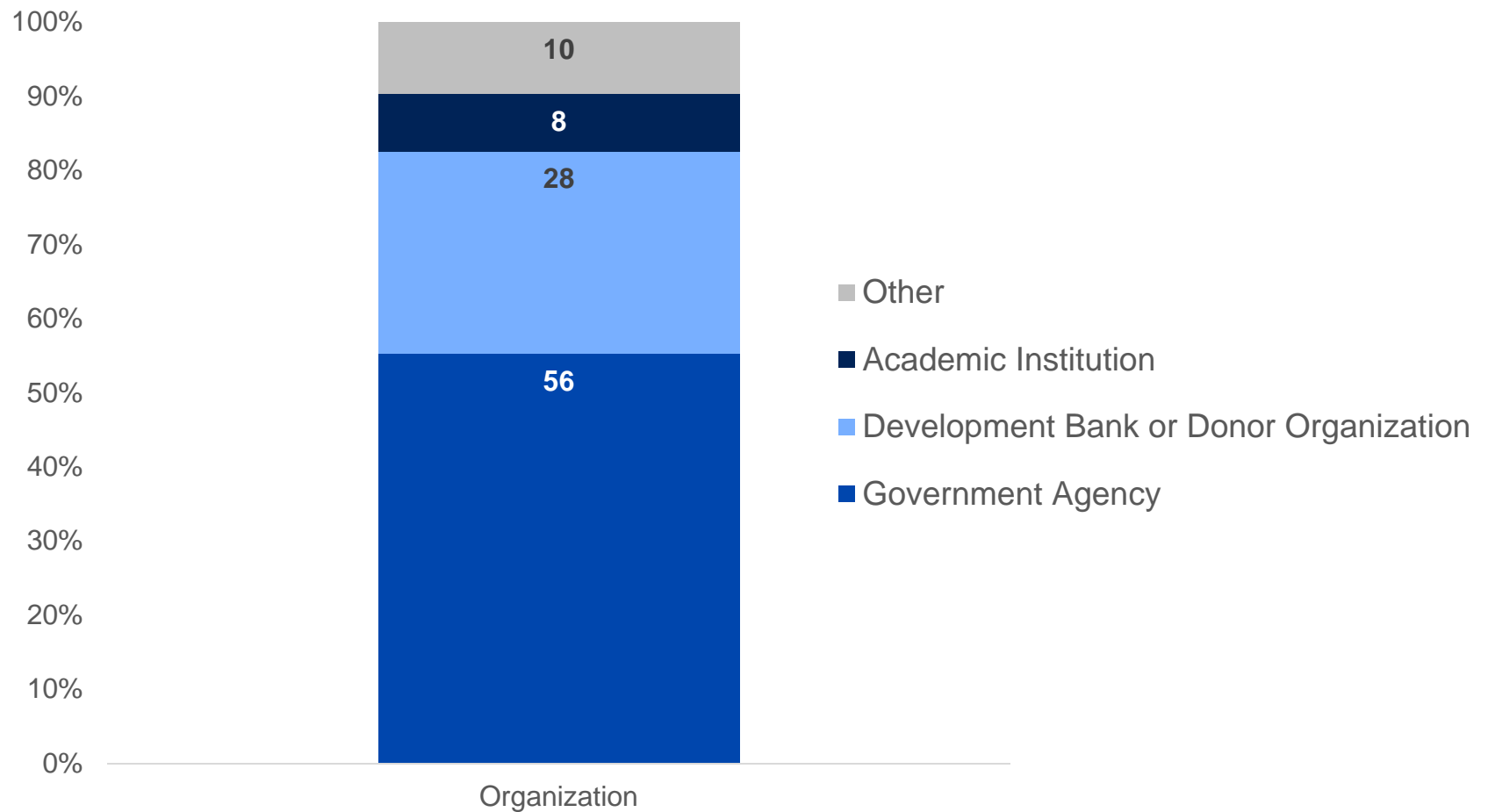


2013 Global Financial Management Leaders Survey

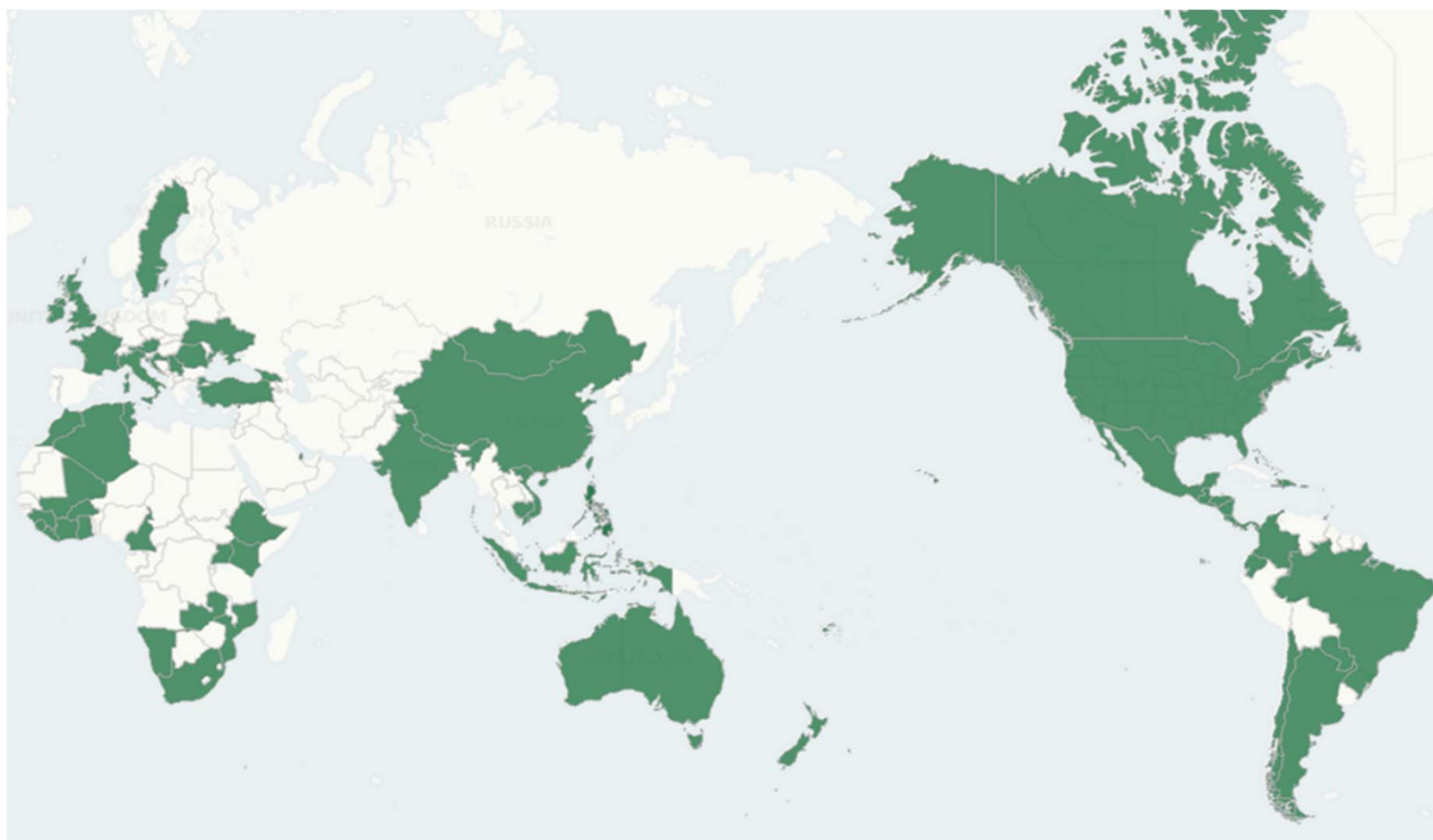
key categories

- Continuing impact of the crisis
- Implementing risk management strategies
- Strengthening audit practices
- Utilizing procurement systems
- Measuring the effectiveness and efficiency of service delivery
- Increasing transparency

Organizational affiliation of respondents



Global online survey respondent coverage



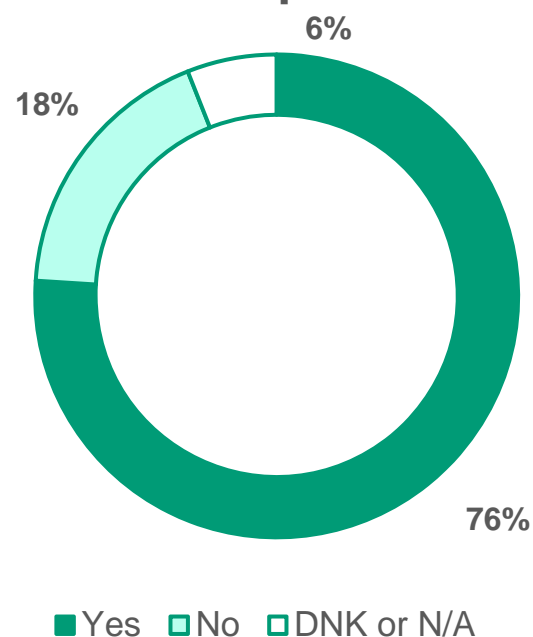
Continuing impact of the global financial crisis

SECTION 1

Continuing impact of the global financial crisis

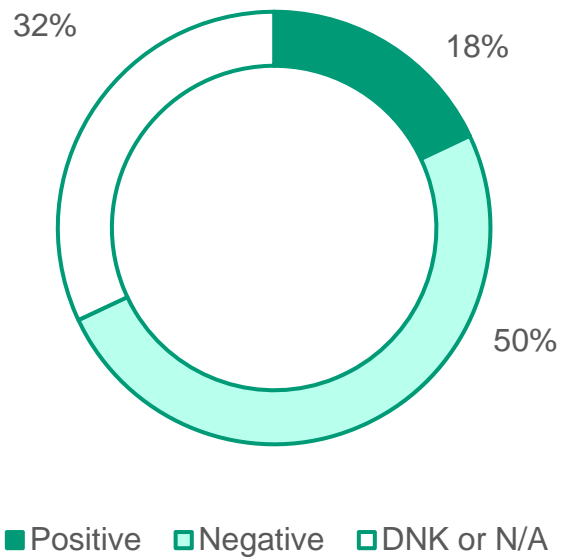
- **84 percent** of respondents indicated the crisis had an impact on the PFM reform agenda
- **76 percent** indicated this impact continues five years later

Continued Impact of GFC



Continuing impact of the global financial crisis (cont.)

Effect of GFC



Positive

The crisis triggered [us] to act in a more efficient and effective way to diminish administrative expenses; concentrate more on strategic plans; and develop a framework to make sure efficiencies are achieved. Otherwise, we could just rely on increasing revenue and the high growth rate.

Negative

The global financial crisis has affected our budget credibility immensely and, this has been as a result of the country's forecasted revenue inflows not materializing as expected.

Not Applicable

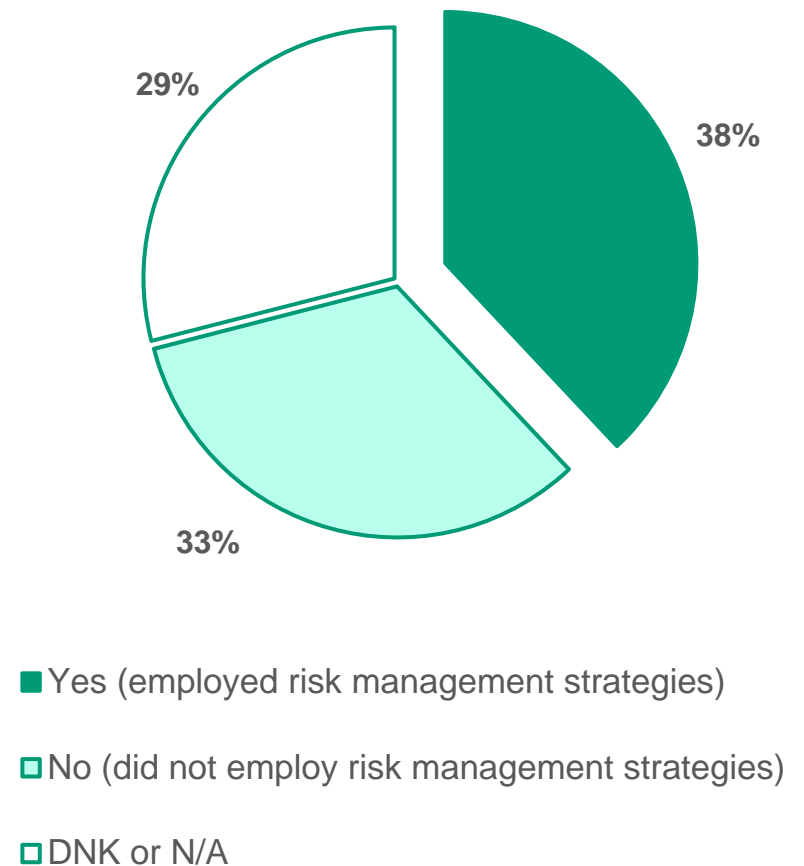
The crisis had minimal impact and did not require policy changes but did provide support for the Government to improve service delivery effectiveness and efficiency.

Implementing risk management strategies

SECTION 2

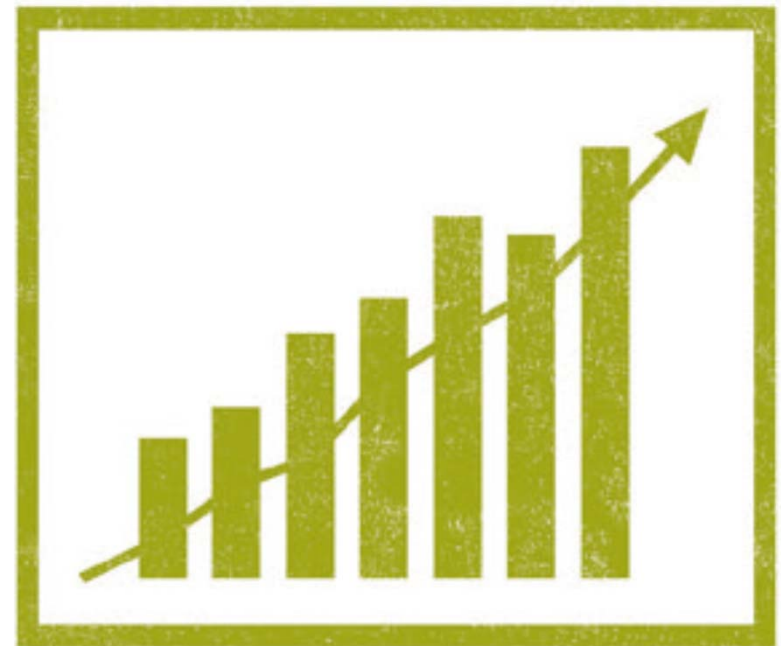
Implementing risk management strategies

- Increasing recognition of need to explicitly introduce risk management strategies into PFM practices
- Respondents report that risk management policies are being developed but implementation is still limited



Future costs of current policies

- **Less than one-third** of participants established improved methods for understanding future costs of current policies
- Methods included:
 - Use of impact assessments or scenario analyses
 - Budget preparation and cost forecasts in conjunction with strategic planning efforts

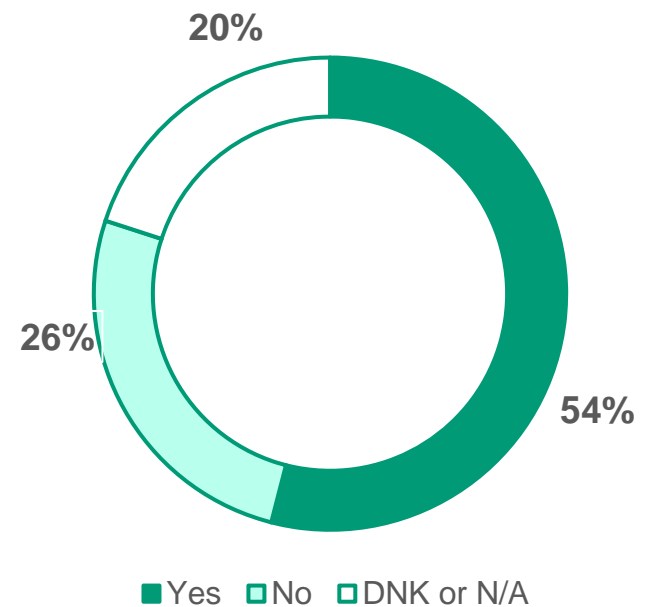


Strengthening audit practices

SECTION 3

Strengthening audit practices

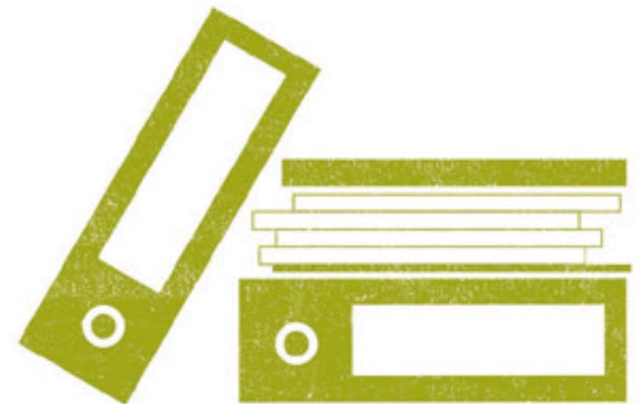
- Use of internal audit function was cited as integral to:
 - Ensuring transparency
 - Stressing independence



- Examples included structural changes to the organization (e.g., different reporting lines) and policy changes to strengthen internal audit practices

Strengthening audit practices (cont.)

- External audit has a longer presence in PFM and there are widely adopted international standards
- Respondents reported fewer improvements than with internal audit practices with **less than 50 percent** indicating they had strengthened external practices
- Areas of improvement included:
 - Training
 - Capacity building

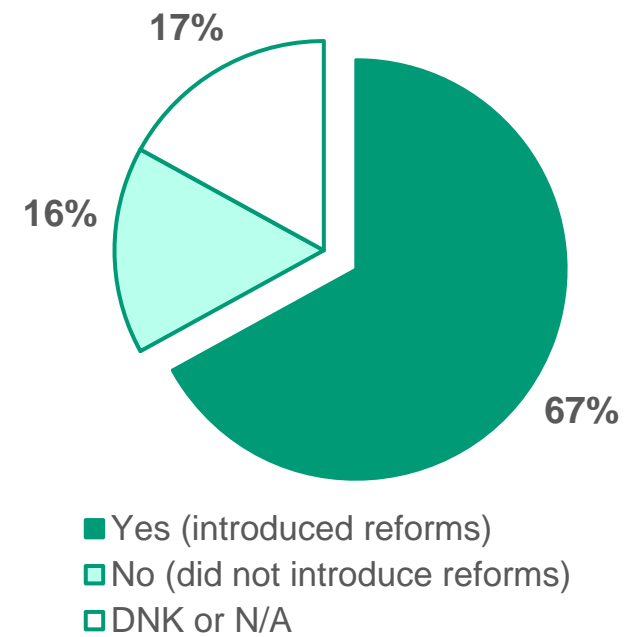


Utilizing procurement systems

SECTION 4

Utilizing procurement systems

- **Over 65 percent** of respondents indicated they have introduced procurement reforms
- **Measures:**
 - Decentralizing procurement systems
 - Introducing new procurement legislation
 - Introducing electronic procurement systems



Measuring the effectiveness and efficiency of service delivery

SECTION 5

Measuring the effectiveness and efficiency of service delivery

- **Over one-half** of respondents indicated they have incorporated better methods to measure effectiveness and efficiency
- **Examples:**
 - Incorporate performance management into the budget process
 - Administer surveys to track expenditures
 - Increased focus on indirect or unintended outcomes in addition to desired outcomes



Increasing transparency

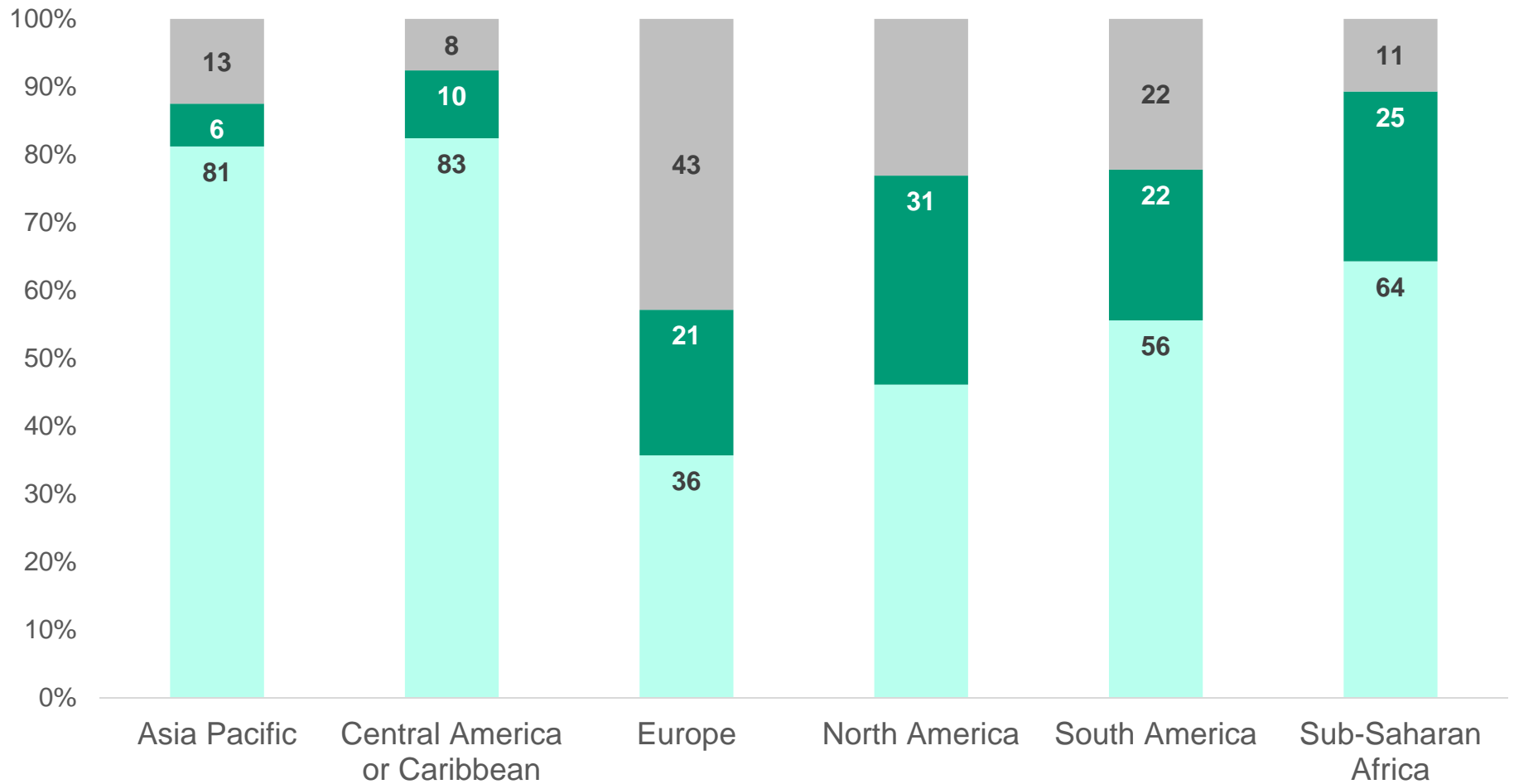
SECTION 6

Increasing transparency

- **Two-thirds** of respondents indicated their country had increased measures to improve transparency
- Examples included:
 - Policy changes
 - Web-based systems
 - Public awareness efforts and campaigns



Increased transparency measures by region



Increasing transparency through social media

- Over one-third of respondents have incorporated social media as an element of their PFM system commonly through Facebook and Twitter

“Social media is used to spread the contents of the annual budget and its usefulness as a policy instrument meant to transform the lives of the citizens. Social media is also used in creating awareness about PFM reforms and its impact on service delivery within the public sector.”

Conclusions

- Permanent post-crisis adjustments
- Great challenges but positive outcomes
 - understanding risk
 - need for transparency
 - improving service delivery
- Variety of crisis impacts region to region

Acknowledgments

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Thank you

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