Public Sector Financial Reporting
Reflections on the NZ Experience

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Outline

• Learnings from the bridge
  • Leadership and Commitment
• Learnings from the engine room
  • FMIS Development
• Keeping the passengers happy
  • An unexpected early positive
• A critical support Crew
  • Relationships with the Audit Office
• Final Destination
  • Better decision-making
Learnings from the bridge

Strategy as “Perspective”
Obtaining commitment to the Grand purpose
Belief Systems

Core Values

Strategy as “Position”
Staking out the territory
Boundary Systems

Risks to be avoided

Strategic Uncertainties

Critical Performance Variables

Strategy as “Patterns in Action”
Positioning for tomorrow
Interactive Control Systems

Strategy as “Plan”
Getting the job done
Diagnostic Control Systems
Learnings from the Engine Room

Exchequer (Cashbook)

- Creditors
- Employee Entitlements
- Debt
- General Ledger
- Tax Debtors
- Fixed Assets
Keeping the passengers happy

<table>
<thead>
<tr>
<th>Cash Accounting</th>
<th>Accrual accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor expenditure through bank accounts</td>
<td>Monitor expenditure through ledger accounts</td>
</tr>
<tr>
<td>Separate funds (bank accounts) for areas of expenditure</td>
<td>Separate account codes for areas of expenditure</td>
</tr>
<tr>
<td>Cash management objectives include the provision of information</td>
<td>Cash management objectives focus on efficiency and effectiveness</td>
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</tbody>
</table>
A Key Stakeholder

- The Auditor
  (assess and assist)

- A Challenging task (overwhelming) for Audit Offices

- A partner in the vision for improved accountability
Final Destination

- Accrual Budgeting
  - A decision to incur costs
  - A decision to settle obligations
- Sustainability
- Transparency
- Accountability
- Credibility