Public Financial Management Competencies: Lessons from the Field

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Introduction and background
What is Competency?

“a cluster of related knowledge, skills and attitudes that affects a major part of one’s job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development”

Referenced in Parry, S.R. The Quest for Competencies, Training, July 1996 pp 48-56
Uses and Benefits of Competency Frameworks

Performance appraisal. Base appraisal on objective criteria.
Uses and Benefits of Competency Frameworks

Development: Specify needs in competency terms, not inputs.
Job design: Create rewarding and satisfying jobs.
Uses and Benefits of Competency Frameworks

Training: more systematic, linked to performance, target use of budgets
Components of Competency

Knowledge: factual information accepted to be true.

Skills: the learned ability to carry out predefined processes.

Attitudes: a relatively enduring disposition to view people, places, things or events in a particular way.

Behaviour: a specific action taken to achieve a (usually) predetermined outcome.
### A Competency Statement

**Function:** PFM Common Competencies  
**Competency Title:** Applying Internal Control

**Definition:** Internal control is a fundamental concept in PFM that underpins the effective design, development and operation of many PFM systems. Although internal control addresses issues related to financial management and operations its scope is not solely financial. In addition effective internal control practices in an agency are necessary to safeguard government assets, check the accuracy and reliability of accounting data, adhere to management policies, comply with laws and regulations and ensure efficient, ethical and economical operations.

**Rationale:** The principles of internal control are relevant to many aspects of PFM work. Key role players in internal control include staff, whose daily actions give effect to the internal control system; managers, who have the primary responsibility for designing, developing, implementing and maintaining the systems required to give effect to internal control; and auditors, who appraise the adequacy of internal controls, conduct management audit and evaluate the results of operations, focusing on the effectiveness of the controls of operating and support systems. Internal control therefore touches all staff, and all staff needs some level of competency in relation to internal control.

<table>
<thead>
<tr>
<th>Competency Level</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
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<tbody>
<tr>
<td><strong>Competency Descriptor</strong></td>
<td><strong>Basic</strong></td>
<td><strong>Intermediate</strong></td>
<td><strong>Advanced</strong></td>
<td><strong>Expert</strong></td>
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| Definition of Descriptor Dimensions | • Is able to apply the competency characteristics in simple and routine situations  
• Requires close and extensive guidance / supervision | • Is able to apply the competency characteristics in somewhat complex situations  
• Requires frequent guidance / supervision | • Is able to apply the competency characteristics in complex situations  
• Requires occasional guidance / supervision | • Is able to apply the competency characteristics in considerably complex situations  
• Requires little or no guidance / supervision | • Is able to apply the competency characteristics in exceptionally difficult situations  
• Serves as a key resource and advises others |

**Key Behaviors**
- Adheres to the principles of internal control in own role, duties and responsibilities such as routinely reporting on operations, identifying gaps or other deficiencies in internal control practices, continually improve understanding of internal control good practice, reviewing internal controls to identify deficiencies and developing internal control practices in the wider governance policies and strategies.

**Key Attitudes**
- Open Minded – appreciates the opinions of others in relation to identifying potential improvements to practices; and values reflective practice for the benefits it can bring to improving operations; and
- Organizational Support - understands the need to balance strategic considerations with the operational aspects of internal control.

**Key Skills**
- Analytical Thinking – able to learn from reflective practice and identify weaknesses in practices impartially and objectively;
- Problem Solving – Identify barriers to adoption of internal control principles and practices and determine ways of reducing or eliminating those barriers;
- Planning & Organizing – prioritizes, plans, organizes or schedules work activities and designs and develops effective internal control practices to achieve explicit objectives; and
- Time Management - manages time and workload to balance the achievement of tasks whilst contributing to the achievement of team aims and objectives.

**Key Knowledge**
- The generally accepted principles and concepts of internal control;
- The wider implications for internal control of decisions and events related to technical roles and to the technical roles of others; and
- The principles of good governance and how governance is related to internal control.
The Competency Model

- Current and future requirements

- Key (critical) competencies only: no attempt to be comprehensive

- Six Frameworks: One Common (all PFM staff) and Five Functional

- Four Common competencies

- Five – Eight competencies according to Function
Validating the Model

Face Validity
• “Makes sense”

Construct Validity
• Distinguishes levels of performance

Content Validity
• Coverage of the domain
Content Validity

Learning and Growing

Legislation

Standards

Assurance

Strategy & Planning

Operations

Monitoring & Internal Control

Scrutiny
Integrating with Existing Frameworks

Integrating the PFM Competency Framework with existing corporate Frameworks

Key:
1. Organisational
2. Technical
3. Leadership
4. PFM
5. Strategic & critical thinking
6. Leading in a continuously changing environment
7. Developing & empowering others to establish collective accountability for results
8. Linkaging & networking for collective partnerships
9. Planning & organising for greater impact
10. Driving performance for integrity & service

- All civil servants
- PFM staff
- Senior civil servants
Competency and Performance

Research evidence
Issues: I

Defining PFM

Capturing representative views

Handling volume

Balancing country needs with expert opinion

Anticipating future needs
Issues: 2

- Integrating with other frameworks and initiatives
- Clearly differentiating between knowledge, skills, attitudes and behaviours
- Supply side capacity
- Efficiency of current spending

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<th>GOP</th>
<th>UK</th>
<th>Canada</th>
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<tr>
<td>Cost</td>
<td>$228</td>
<td>$178</td>
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<td>Efficiency</td>
<td>3.2</td>
<td>2.5</td>
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Progressive or Cumulative?
Progressive or Cumulative?

Conclusion: The Competency Frameworks are not cumulative or progressive by design…

…although some statements may be cumulative or progressive in their effect.
Implementing the Model

Key Conditions
A Vision for Professionalisation of PFM in the Philippines and the key conditions necessary to achieve it.

- Appropriate HRPPs
- Specialist Frameworks
- LTPs integrated with PMCF
- TLD catalogue
- Interfaces to other systems
- System designed, developed and implemented

Key conditions to achieve vision

- CF system in place, integrated with HR system, staff trained in use
- Flourishing market
  - Healthy supply side
  - Intelligent purchasers
  - Adequate funding
  - Staff confidence
  - Open communication channels
- Development driving performance
- Culture of learning and development
- Workplace environment
- Core PFM professionals
  - Qualified
  - Integrated into the profession

How will we measure this?

High performing PFM staff operating in an environment that is sustainable and responsive to change

Open communications

Programme and project management systems

Funding

Leadership, Management, Commitment
Lessons Learned

- Design only a starting point
- Constant need for education
- Few right or wrong answers
- Context is critical
- Key stakeholders must be committed
- Long term commitment important
- There comes a time to let go!
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