Sustainable development needs a strong PFM profession

How CIPFA is strengthening PFM and creating a PFM profession

Alan Edwards
Chair CIPFA Development
Government Accounting is important...

“From Renaissance Italy, the Spanish Empire, and Louis XIV’s France to the Dutch Republic, the British Empire, and the early United States, effective accounting and political accountability have made the difference between a society’s rise and fall.

Over and over again, good accounting practices have produced the levels of trust necessary to found stable governments and vital capitalist societies, and poor accounting and its attendant lack of accountability have led to financial chaos, economic crimes, civil unrest, and worse”

But has not been recognised with disastrous consequences...

Rising government debt raises concerns

- OECD average gross government debt increased by 36 percentage points from 2007 to 2013 to reach 110% of GDP.


FINANCIAL TIMES

September 5, 2015 8:20 pm

Sovereign borrowers fall behind on record sums of debt

Estate More

Sovereign borrowers are falling behind on record sums of debt, according to new research that paints a dark picture of global sovereign debt.

For the first time, economists at the Bank of Canada have compiled a comprehensive database of missed government debt payments that include sovereign bonds, bank loans and credits provided by official sector lenders such as the IMF and World Bank.

The study paints a bleak picture of global sovereign solvency, suggesting that arrears, defaults and debt restructuring are an even more frequent feature of public finance than already thought.
Responding to this challenge requires both capability and capacity...

The most senior finance professional in New Zealand is the Treasury’s CFO. He is responsible for the preparation of New Zealand’s Whole of Government Accounts, which generally are produced promptly and receive press attention.

UK now has over 10,000 finance professionals in government, compared with just 1,000 in 1982. All major departments now have a qualified Finance Director - with direct responsibility for improving the strength and depth of financial management expertise.
And more engaged professional bodies...

- **Additional support is needed to facilitate PAO orientation and contribution to public financial management issues.**
  As many PAOs do not maintain a mandate or authority over the public sector, their services and activities are naturally more geared toward the private sector. However, some PAOs (e.g., Sri Lanka and Bangladesh) have developed public sector committees to strengthen the dialogue between their PAO and government stakeholders. Further exploration of these examples and potential use country examples as models for other PAOs working to enhance engagement in this area may be especially helpful.
New ideas and suggestions for strengthening PFM...

CIPFA thinks...

At CIPFA we specialise in all aspects of public services finance and our expertise in the sector is unrivalled. To make this wealth of knowledge more accessible we have created CIPFA Thinks, a definitive collection of articles, comments and publications giving all the information you need to know about public finance.

- CIPFA an introduction
- An Institute to Institute offer
- PFM Centre of Excellence
- PFM training
- Membership and designation
- A PFM profession?
CIPFA in summary...

- 125 year heritage
- 14,000 members and 3,000 students in 100+ countries
- 230 staff and 1,300 active volunteers
- Develops professional, technical and ethical accounting standards
- Influences public policy
- Produces well received thought leadership material and comment
Strengthening PFM around the world ...

Professional training

Capacity Development

International Standards

PFM guidance
CIPFA has an active role in relation to IPSAS...

Ian Carruthers Named Chair of the International Public Sector Accounting Standards Board

Ian Carruthers has been appointed chair of the International Public Sector Accounting Standards Board* (IPSASB**) for a three-year term commencing January 1, 2016.

As chair Mr. Carruthers will lead the board in its efforts to establish high-quality accounting standards for use by public sector entities, promote the adoption of and international convergence to the IPSAS™ pronouncements, and issue guidance on topics in public sector financial reporting.

"I am honored to have been chosen to lead the IPSASB through the next exciting and crucial phase of its work," Mr. Carruthers said. "The recently completed Conceptual Framework will enable us to address some of the most fundamental reporting issues facing the public sector today. We will also build on the heightened credibility from our enhanced governance arrangements and the existing IPSAS adoption groundswell to play a critical role in strengthening global public financial management—which, in turn, will improve public sector decision-making and make governments more accountable to their constituents."

Scoping Study Report

Following a meeting in October 2013 to discuss the provisional findings with the Minister for Finance and the Accountant General, the CIPFA team delivered the final scoping study report in November.

This report emphasized the need for a dedicated project team, with the appropriate financial and non-financial skills. A communications strategy will also be vital to ensuring officials across all ministries and departments are aware of what is required and that successes and challenges are reported back to the project team.

As is the case with many other countries, few officials have any accountancy qualifications, and the finance function in some ministries and departments is already stretched. Capacity building is required, and recruitment and training will need to be coordinated across government.

The report also identified some politically sensitive issues that the implementation of accrual accounting will highlight. Ensuring there is political buy-in across the board early in the project is therefore important.

Inevitably, there is much work to be done. For many assets and liabilities, the information available is often incomplete and the information that is available may not be reliable. For example, fixed asset registers will need to be compiled and provisions identified.
UN bodies are using CIPFA training for their finance staff ...

the CIPFA finance training and certification programme

UNDP is going through significant change at the moment. Those changes include the adoption of IPSAS, international best practice for our accounting and financial reporting systems. To help us to meet these challenges successfully we need staff who are trained in Public Financial Management (PFM). We’ve decided to do that by inviting CIPFA—the Chartered Institute of Public Finance and Accountancy—the world’s leading global body for PFM—to provide their suite of international PFM qualifications to UNDP staff.

UN pass rates 64%  
* June 2015

UND P CIPFA students – some locations

Cameroon Afghanistan
DRC Bhutan
Kenya Burma
Uganda India
Somalia Malaysia
South Sudan Pakistan
Sierra Leone Uzbekistan
Zambia Philippines
Zimbabwe Sri Lanka

CIPFA training is delivered by our partner Kaplan using liveonline
CIPFA is delivering a large PFM reform programme in Bangladesh...

- CIPFA is leading SPEMP-B – Component 3 training SAI staff
- Over 300 SAI staff undertaking professional training
- “Component 3 is rated as Highly Satisfactory”
- 65 OCAG officials received certificate level accreditation against a target of 35
- MOU in place to develop capacity to deliver professional courses beyond the project life
- One candidate received an almost perfect 98% in Financial Accounting

World Bank Review Jan 2014
CIPFA shares PFM thinking...

\textbackslash keystones

CIPFA Keystones are produced to advocate sound public financial management across the sector. Keystones utilise expert input from consultants and stakeholders to create definitive standards and best practice guidelines that lead the way in public finance.

Our range of Keystones documents can be found below. Click on the thumbnail to open and find out about your desired sector.
Our vision is global PFM professionalism...

PFM qualifications

PFM capacity building

PFM products and services

PFM training

PFM community

PFM thought leadership

PFM Centres of Excellence
Based on competence models for PFM staff...
We have a PFM professionalisation roadmap...

Our work on professionalisation of public financial management (PFM) represents the most focussed set of resources for professionalising public financial management in a country.

We have made available a wide range of resources that CIPFA and others have developed which can reduce the learning curve and shorten the timescale in achieving professionalisation.

The webpages in this section contain useful guidance for all parties involved in professionalisation. If you can’t find the guidance you need here then please contact us at ppfm@cipfa.org.uk.

Improving PFM through professionalisation

Reforming and improving PFM is a high priority policy for many governments around the world. Making the necessary improvements requires a number of elements including:

- Creating new legislation
- Developing more effective standards and working practices
Part of the roadmap is a coalition of PAOs...

A package offer to help PAOs build Public Sector Centres of Excellence, including:

- Co-branded CPD and professional training programmes
- Development of professional training for Accountants and Auditors Generals’ staff
- An online portal to PFM thought leadership
- Help with running an effective special interest group for public sector members
- CIPFA membership options for PAO members working in or with the public sector including ‘fast track’ to full membership for senior members
Centre of excellence members will receive ...

- Access to PFM thought leadership materials
- Online learning opportunities
- Help to create local public sector branches

- Weekly Public Finance International newsletter
- Specific white papers such as a guide to moving from cash to accruals
CIPFA can provide co-branded technical training...

- The CIPFA IPSAS Certificate explains each standard in detail.
- It can be studied online, face to face or via distance learning.
- Assessment is via a two hour online examination.
- A cash IPSAS only variant is available.

be ready for IPSAS

The Certificate in International Public Sector Accounting Standards (IPSAS)

IPSAS Certification
The CIPFA Certificate in International Public Sector Accounting Standards is the first IPSAS qualification from a leading global public finance body. Holding the qualification will let you demonstrate clearly and authoritatively your competence to apply the standards accurately and appropriately.

Becoming certified in IPSAS will:
- Enable you to match the demands of IPSAS by acquiring a greater level of knowledge than other shorter courses could offer.
- Provide formal recognition of your skills and knowledge.
- Demonstrate to employers, colleagues and others your expertise in this technically demanding area.
- Support your professional development and career ambitions.
- Ensure your learning is of a high quality and from a leading institute and the experts in global public financial management.

www.cipfa.org/CertIPSAS
and can help PAOs to fight corruption...

Building on CIPFA’s reputation for developing market-leading qualifications for the public services, we now offer two counter fraud qualifications:

- **CIPFA Accredited Counter Fraud Specialist** (CACFS) – an in-depth professional qualification taught over 18 days and aimed at practitioners who undertake counter fraud and anti-corruption investigations and associated activities.

- **CIPFA Accredited Counter Fraud Technician** (CACFT) - a comprehensive introduction taught over five days and aimed at those in a position to spot fraud at an early stage in their organisation’s operations or who are new to counter fraud or anti-corruption work.
Some PAOs want co-branded professional training...

CIPFA/ICAN programme:

- The Accountant General of the Federation
- The Auditor General for the Federation
- The Federal Treasury Academy
- The World Bank

Jonathan commends ICAN’s contribution to national development

President Goodluck Jonathan has commended the Institute of Chartered Accountant of Nigeria (ICAN) for strategically contributing to the nation’s capacity building quest.

The President made the commendation at the 42nd Annual Conference of the Institute of Chartered Accountants of Nigeria (ICAN).

“Indeed, we appreciate your support in building capacity for our Federal Treasury Academy (FTA), through a twining arrangement with the Chartered Institute of Public Finance and Accountancy (CIPFA) of the United Kingdom.”
Others are developing a PFM stream for their existing qualification...

CA Sri Lanka Public Sector Wing kicks off 2014 with capacity building programmes in accountancy in the East

CIPFA membership is available for senior PFM staff...

- Qualified accountants with over 5 years senior level experience in the public sector can enjoy full membership

- Full members can use designation CPFA – Chartered Public Finance Accountant
A PFM diploma for others offers a route to membership...

- For non public sector PAO members or those new to the public sector
- An International PFM Advanced Diploma will be available
- At its heart is Public Sector Financial Reporting based on IPSAS
- Plus Governance, Public Policy and Ethics to embed the anti-corruption message
- A public sector audit variant based on ISSAIIs could be developed
A new idea from IFAC and donors - a foundation level programme..
There is an emerging consensus about the importance of PFM ...
This raises an interesting opportunity to create a global PFM profession...

...with a global PFM designation?
This may be akin to CGMA membership model ...

...or a coalition of PAOs using common PFM competence model?
We know PFM professionals are at the heart of change...

- better quality decision making
- more effective targeting of resources
- more efficient use of resources
- stronger accountability
- improved transparency
- greater comparability
Change for a purpose...

...so worth striving for

“I believe that for real economic development to occur, people must have opportunities for education”

President Bill Clinton
Good luck and keep in touch...

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