THE RELATIONSHIP BETWEEN PUBLIC FINANCIAL MANAGEMENT AND IMPROVED PUBLIC GOVERNANCE – THE CASE OF ZAMBIA
Presented by:

OFFICE OF THE AUDITOR GENERAL
ZAMBIA
Objectives of the Presentation

• To explain the relationship between sound public financial management and improved public governance;

• To highlight the public financial management reforms implemented by the Government of the Republic of Zambia and;
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• To explain the role of the Office of the Auditor General of Zambia in promoting sound public financial management
Public Financial Management and Governance - Relationship

- Sound Public Financial Management (PFM) is achievable when public funds are utilised in a manner that leads to attainment of economic development, poverty reduction and improved service delivery.

- Similarly, Sound Public Governance is when good decisions are made and implemented with an objective of attaining socio-economic development for the benefit of the citizens.
Inevitably, good governance connotes the fact that there is good financial management.

Good financial management is therefore, a prerequisite for good governance.

By implication, there is a symbiotic (two-way) relationship between the two.
At national level, there is need for proper planning in order that good governance is achieved through good financial management.
Zambia’s vision is to be a middle income country by 2030. The Vision 2030 is founded on seven key basic principles which are:
Vision 2030

- Sustainable development
- Upholding democratic principles
- Upholding good traditional values
- Respect for human rights
- Peaceful coexistence
- Fostering family values
- A positive attitude to work

Office of The Auditor General
The Government of the Republic of Zambia has devised a mechanism of realising this goal through five (5) year development plans.

Currently, we have a Sixth National Development Plan that goes up to 2016.
Within these plans, the issues of good financial management and governance are spelt out at sectoral levels.

However, there is a full chapter on governance which is spearheaded by the Governance Sector Advisory Group (GSAG).
• Accordingly, in order to achieve good governance using financial resources, the Government has embarked on Public Financial Management Reform Strategies (PFMRS) whose ultimate goal is to ensure efficient, effective and accountable utilisation of public financial resources.
The PFMRS addresses the critical social economic issues that need urgent intervention if sound public governance is to be attained.
Public Financial Management Reforms Implemented by the Government of the Republic of Zambia (continued)

These critical areas are categorised into ten (10) components as follows:

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<th>1. Integrated planning and budgeting</th>
<th>6. IFMIS and Cash Management</th>
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<td>2. Debt Management</td>
<td>7. Public Procurement Reforms</td>
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<td>5. Fiscal Decentralization</td>
<td>10. Restructuring of Ministry of Finance</td>
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The goal for all these reforms is to ensure that Zambia attains the middle income status, come 2030.
The Role of the Office of the Auditor General of Zambia in Promoting Sound Public Financial Management

The Office of the Auditor General, plays a key role in promoting sound public financial management and subsequently, good governance through:

• The provision of quality audit services to public institutions or other agencies that receive government funding.

• Promotion of accountability, transparency and integrity in the use of public resources.
In doing so, we carry out various types of audits such as regularity/financial, performance, IT, forensic and environmental audits.

The purpose is to ensure that there is compliance to regulations (good governance) and to ensure that there is value for money in all Government activities and programmes.
It is in this regard, that the OAG’s contribution is both on good public financial management and governance.
Accordingly, the OAG is a member of the Governance Sector Advisory Group (GSAG) in the national development agenda. The GSAG’s operational objectives cover the following areas:
Access to justice for all

Accountability and Transparency

Monitoring and Evaluation for Government programmes

Democratisation and Human Rights processes

Socio-economic policies

Africa Peer Review Mechanism and other crosscutting issues
The OAG’s contribution to good governance is within the cluster of accountability and transparency.
Conclusion

- Clearly there is a link between financial management and good governance and that both are prerequisites to development.

- Therefore, it is important that entities and/or individuals entrusted with the public financial resources utilise them in an accountable and transparent manner for the benefit of the citizens.