



ACCOUNTABILITY. NOW.

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Quality Public Financial Reporting; Quality Public Services—Setting the Scene

Alta Prinsloo, Executive Director

PFM Roundtable—Strengthening Public Financial Reporting and Accountability
Nassau, Bahamas
April 12, 2016

The bar continues to rise

Bar for sound Public Financial Management (PFM) continues to rise



Raised expectations of citizens



Sustainable Development Goals



Pressure on national budgets



Global Financial Crisis / Sovereign Debt Crisis

“Built in” not “bolt on”

- Good public sector governance
- Sound public financial management (PFM)
- High-quality decision-useful information

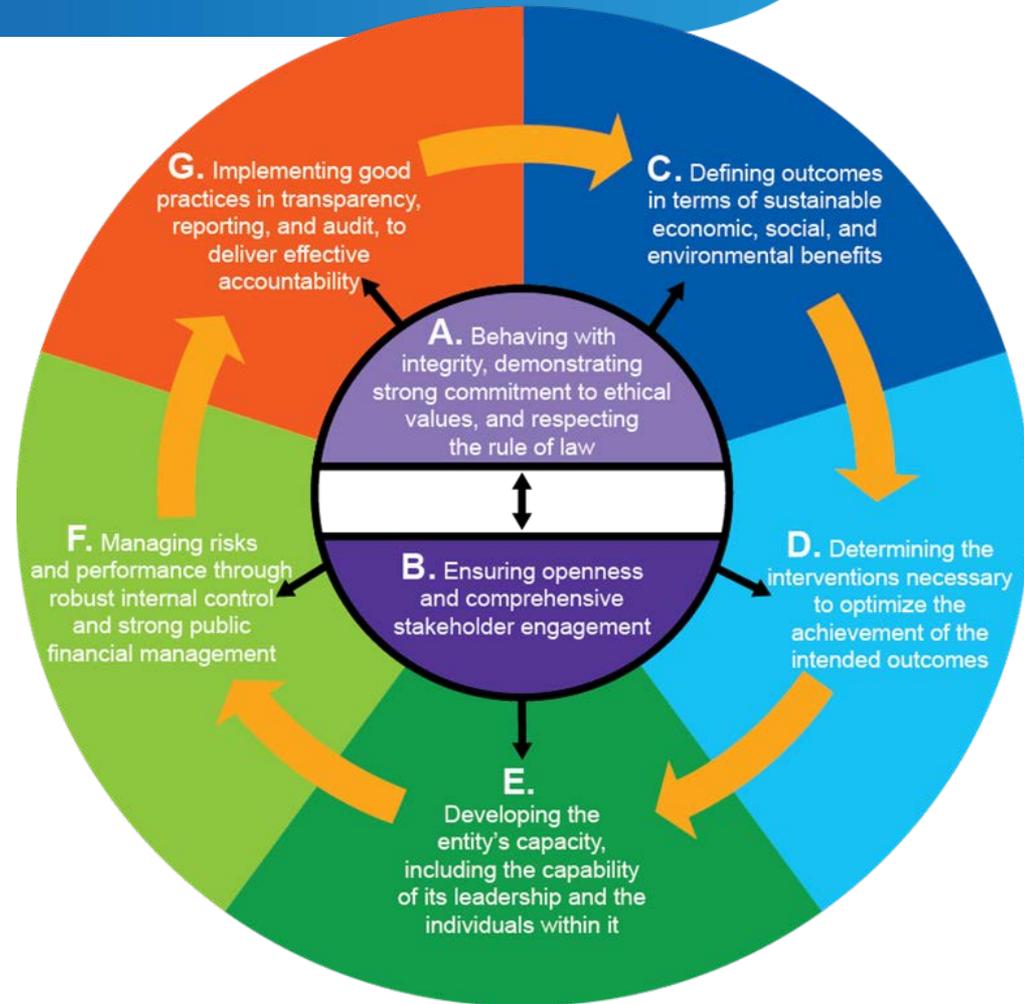


Good Governance in the Public Sector: An International Framework

- To ensure public sector entities
 - Achieve their intended outcomes
 - Act in the public interest



- A. Integrity, ethics, law abiding
- B. Stakeholder engagement
- C. Define outcomes
- D. Determine interventions
- E. Develop capacity
- F. Manage risks and performance
- G. Transparency, reporting, audit, accountability



Enhanced public financial reporting

- Provides leaders with information contributing to ...
 - Enhanced decision making
 - Enhanced use of public resources
 - Enhanced quality and quantity of public services
- In short, it helps to drive performance
- And builds trust in government
- Importantly, it supports Foreign Direct Investment

Enhanced public financial reporting

- It is more than accountancy ... it is integral to ...
 - a country's financial health
 - making critically important services available to people
- It can change the lives of poor people

The global landscape

PWC publication *Towards a new era in government accounting and reporting*, July 2015
150 countries; focused on central governments

- Accounting practices
 - High level of diversity in accounting practices, but trend towards accrual accounting
 - IPSAS as global framework for accrual accounting
- Budgeting practices
 - Budgets largely cash basis, but trend towards accrual budgeting
 - Consistent accrual accounting and budgeting systems = more coherent decision making

The global landscape

PWC publication *Towards a new era in government accounting and reporting*, July 2015

- IT environment
 - ERP systems commonly used to manage accounting, budgeting, and reporting processes
 - Greater integration of IT systems a key priority and major challenge for most governments

The global landscape

PWC publication *Towards a new era in government accounting and reporting*, July 2015

- Finance function
 - Focus mainly compliance and control, but desire to improve efficiency
 - Cost accounting, performance management, fixed asset management, and long-term planning and forecasting require improvement
 - Key priorities for next 5 years = accrual accounting; integration of IT systems; capacity building; and improved management information systems

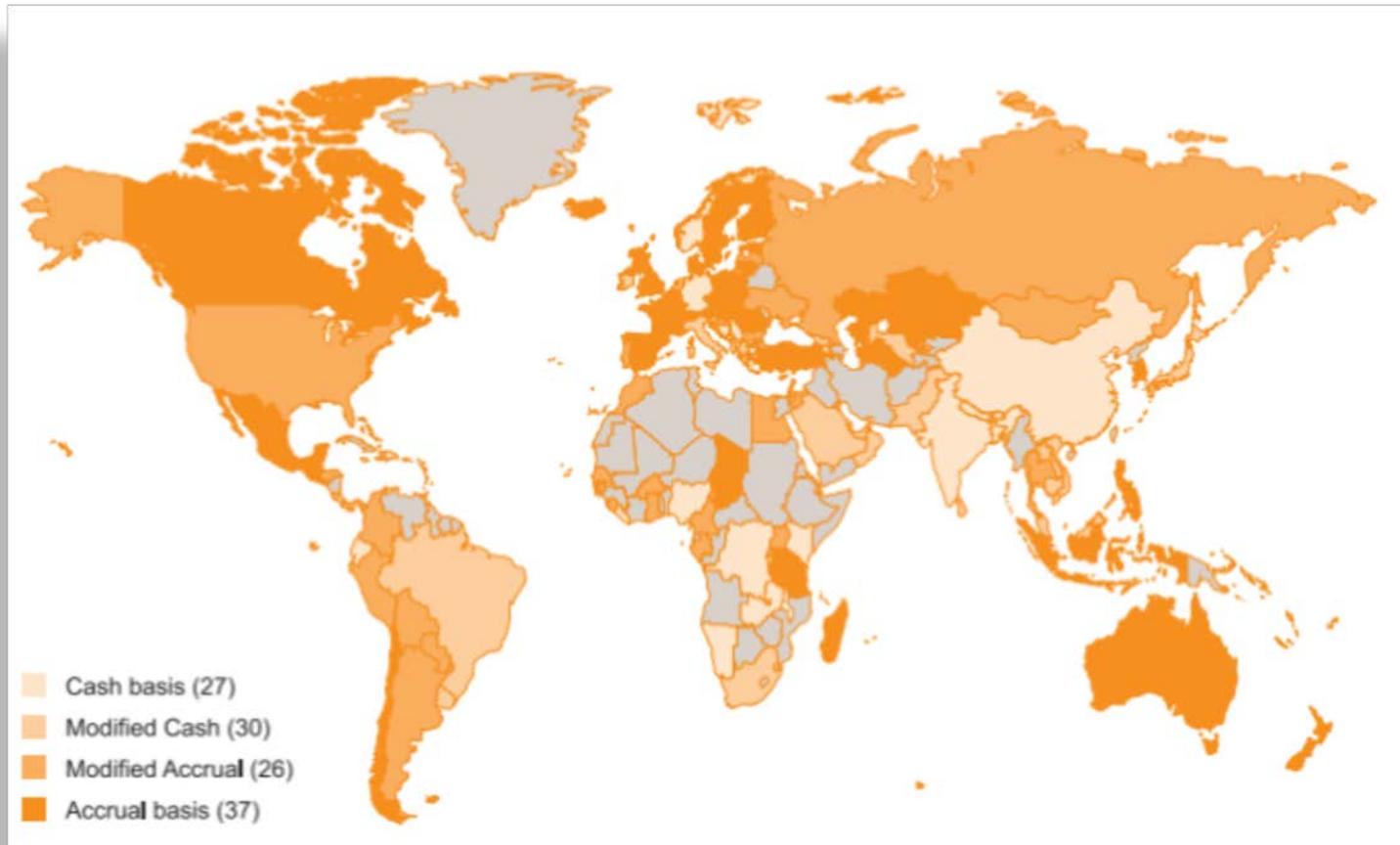
From cash to accrual accounting

PWC publication *Towards a new era in government accounting and reporting*, July 2015

<i>Cash accounting</i>	<i>Modified cash accounting</i>	<i>Modified accrual accounting</i>	<i>Accrual accounting</i>
Cash payments and receipts are recorded as they occur.	Cash receipts and disbursements committed in the budget year are recorded and reported until a specified period after year-end.	Accrual accounting is used but certain classes of assets (e.g. fixed assets) or liabilities are not recognised.	Transactions and economic events are recorded and reported when they occur, regardless of when cash transactions occur.

The global landscape—central government accounting

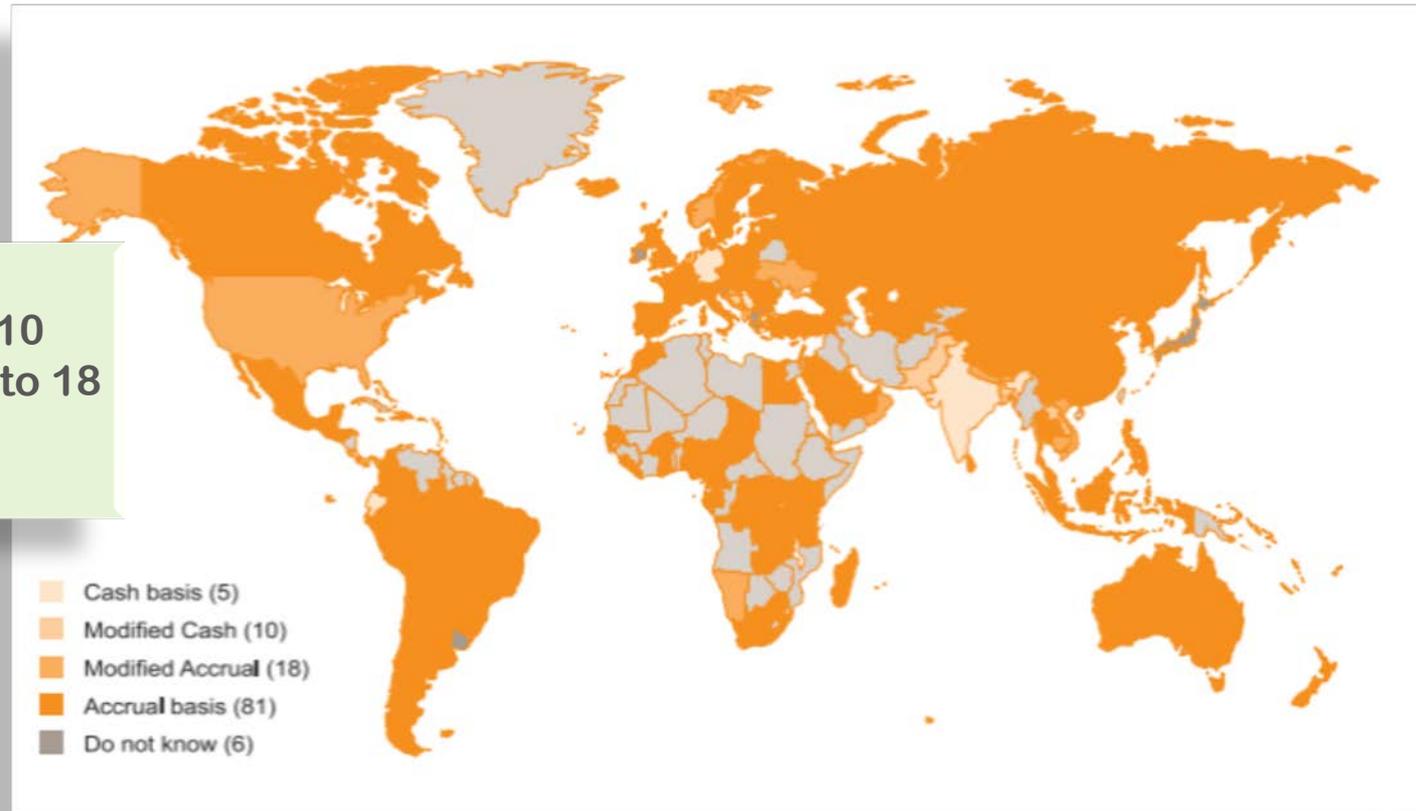
PWC publication *Towards a new era in government accounting and reporting*, July 2015



The global landscape—central government accounting in 5 years

PWC publication *Towards a new era in government accounting and reporting*, July 2015

Cash 27 to 5
Modified cash 30 to 10
Modified accrual 26 to 18
Accrual 37 to 81
Unknown 0 to 6



“Action at the international, regional, and national level is required to accelerate the shift from cash to full accrual-based recording of transactions and to capture other economic flows in fiscal reports.”

IMF Paper: Fiscal Transparency

The accountancy profession playing its part

Actions at the global, regional and national level

- **Global**
 - IFAC and its Accountability. **Now.** campaign
 - International Public Sector Accounting Standards Board (IPSASB)
 - International Organization of Supreme Audit Institutions (INTOSAI)
- **Regional**
 - Regional Organizations and Accountancy Groupings in the private and public sectors
- **National**
 - Professional Accountancy Organizations
 - Accountants General & Supreme Audit Institutions
 - Individual professional accountants in the public sector

Accountability. Now.

- A global campaign for enhanced public financial reporting
- Supported by a broad coalition
- To:
 - Raise awareness
 - Facilitate partnerships
 - Support capacity building
- Can be replicated at the regional and national level



Accountability. Now.



GOOD PUBLIC FINANCIAL MANAGEMENT



ACCO

ACCOUNTABILITY. NOW. A campaign for:

**HIGH-QUALITY
PUBLIC SECTOR
FINANCIAL REPORTING**

**MORE INFORMED
GOVERNMENT
DECISION MAKING**

**EFFECTIVE, EFFICIENT
PUBLIC SECTOR
SPENDING**

**BETTER QUALITY
PUBLIC SERVICES**

**ENHANCED
TRANSPARENCY
AND ACCOUNTABILITY**

**INCREASED
TRUST IN
GOVERNMENT**



Visit accountability-now.org for more information.

#AccountabilityNow

At the regional level e.g., Caribbean Leadership Event

- Institute of Chartered Accountants of the Caribbean (ICAC)
 - Partnered with IFAC & World Bank, supported by government of the Bahamas:
 - ***Strengthening Public Financial Reporting and Accountability***, April 12-14, Nassau, Bahamas
 - Accountants General, Auditors General, Professional Accountancy Organizations
 - Sharing experiences about opportunities and challenges, benefits and costs of public financial accounting and reporting reforms

At the national level—Advocacy

- Make public statements
- Start a campaign
- Establish a coalition
- Promote a legal framework for sound PFM
- Support adoption and implementation of IPSAS



At the national level—Trusted advisor

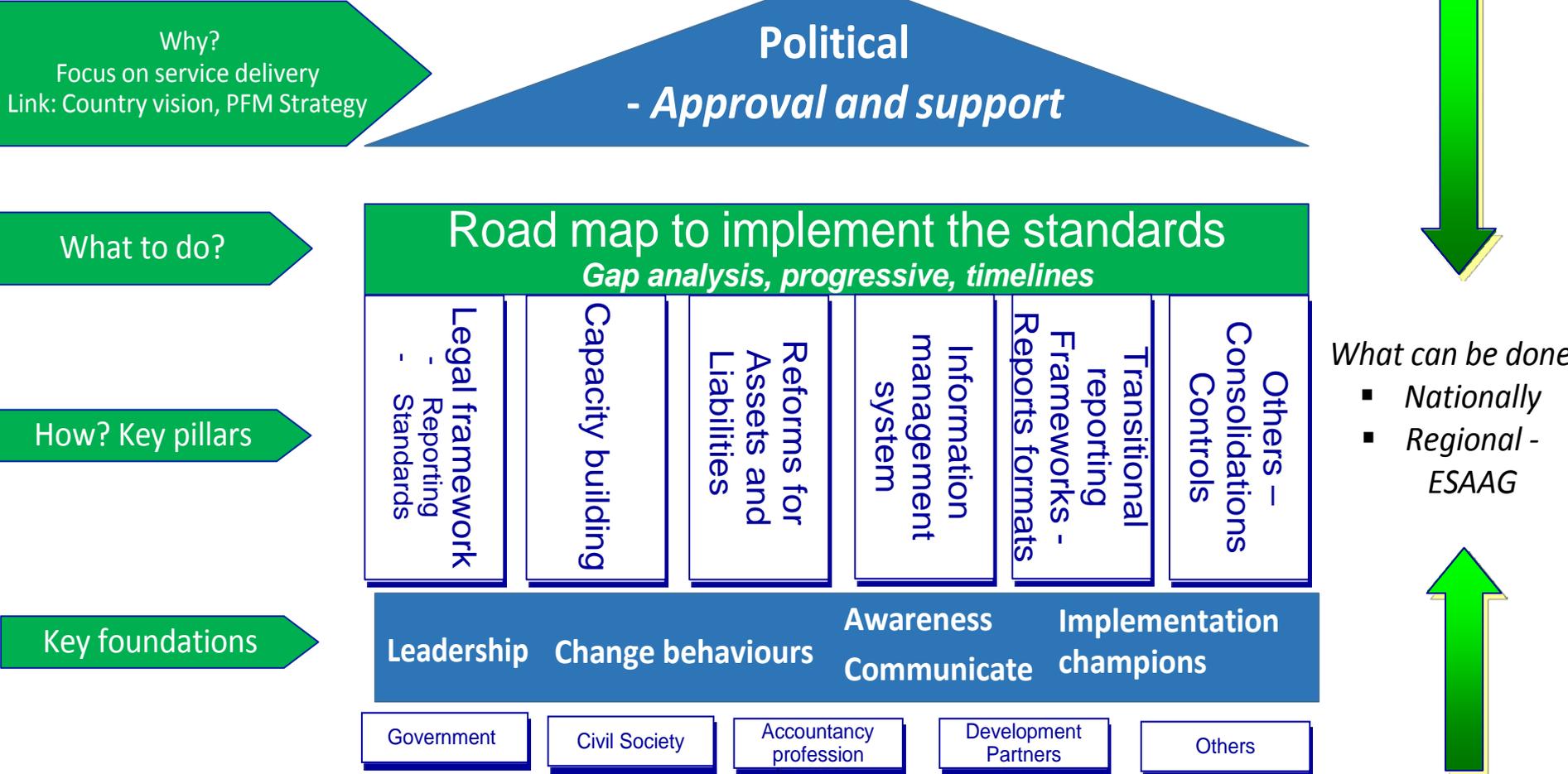


- Advise on the development of a legal framework for sound PFM
- Advise on the development of a roadmap for implementing PFM reforms
- Advise on the implementation of IPSAS

IPSAS implementation – it's time for action

[If not now, then when. If not us, who?]

ESAAG Conference 2016



IPSAS implementation – it's time for action

[If not now, then when. If not us, who?]

ESAAG Conference 2016

	Description	Country	ESAAG
1	Develop “ IPSAS promotion advert ”		×
2	Design and implement different “avenues” to promote IPSAS to Cabinet, Members of Parliament, Civil Society Organizations, Public - use the advert in 1	×	
3	Design a “ layman ” Policy paper that Ministry of Finance can use to create awareness and seek Cabinet approval to implement IPSAS		×
4	Develop a GAP analysis tool and Road map template that countries can use		×
5	Develop a Road map to implement IPSAS after conducting a GAP ANALYSIS (subsequently implement and monitor)	×	

IPSAS implementation – it's time for action

[If not now, then when. If not us, who?]

ESAAG Conference 2016

	Description	Country	ESAAG
6	Develop and disseminate practical based policy papers on different IPSAS implementation pillars – <i>Legal framework, Assets reform, Liabilities reforms, Capacity building reforms, transitional reporting frameworks</i>		×
7	Create and offer knowledge and experience sharing opportunities – <i>IPSAS Community of Practice, ESAAG website, informal exchanges</i>	×	×
8	Establish/enhance partnership with accountancy profession	×	×
9	Train-the-trainers for IPSAS: ESAAG IPSAS experts		×
10	Influence IPSAS Standard setting: Board members, comments letters, participate in CAG etc.	×	×

Get involved

- Visit the [Accountability. Now.](http://www.accountability-now.org) webpage
- Download the [Accountability. Now.](#) brochure
- Sign up for the **Accountability. Now.** Partner Briefing
- Contact **Accountability. Now.** staff with your ideas and suggestions!

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Partner Briefing

February 2016

Keeping you informed about the **Accountability. Now.** campaign.

Do you know anyone who would like to receive this Partner Briefing? Please [contact us](#) to be added to our distributor.

The **Accountability. Now.** campaign is an initiative of the International Federation of Accountants® (IFAC[®]) to promote high-quality financial reporting by governments to improve transparency and accountability. The coalition is executed through partners who support the campaign's ambitions. They include professional accountancy firms, international bodies, and civil society organizations.

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2016 Planning Priorities

Among our 2016 priorities are:

- Attracting new **Accountability. Now.** partners and adopting a declaration to which partners can subscribe;
- With our Organisation for Economic Co-operation and Development (OECD) partner, conducting an **Accountability. Now.** survey among OECD countries to describe and analyze accounting systems, highlight issues pertinent to reform, and showcase good practice;
- In conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA) and International Public Sector Accounting Standards Board® (IPSASB®), developing the first phase of an **Accountability. Now.** Index to examine the level and progress of global public sector accruals-based accounting implementation; and
- Raising awareness, developing partnerships, and building capacity through organizing regional **Accountability. Now.** events, and by participating in relevant partner events.

Focus on Abu Dhabi



At the opening of the **Accountability. Now.** event in Abu Dhabi in November last year, our host, Abu Dhabi Accountability Authority

#AccountabilityNow



I'm In!



Are you?



*Strengthening Organizations,
Advancing Economies*

ACCOUNTABILITY. NOW.

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