



The Chartered Institute of
Public Finance & Accountancy

CIPFA's PFM Development Work

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CIPFA's PFM Development Work

- About CIPFA
- PFM standards
 - Thought leadership
 - Changing the culture
- Education and training
 - Professional qualifications
 - Capacity development
- Practical support

About CIPFA

- The professional body for people in public finance
- Only professional accountancy body to specialise in public services
- Influences and shapes public finance landscape, promoting and supporting improved Public Financial Management globally

CIPFA support for public sector



Making strong PFM the norm (1): Outcomes of poor PFM are huge ...



- Implications for equity, accountability, trust and confidence in government
- Impacts service delivery outcomes, living standards, quality of life
- Affects investor confidence, economic performance, development and opportunity

'It directly affects the quality of decision-making and gnaws away at public trust in governments.'

**Steve Freer,
CIPFA Chief Executive**

Making strong PFM the norm (2): Fixing the Foundations ...



'Making a step-change in government accounting and auditing is completely within leaders' control. The on-going crisis screams out for urgent concerted global action.'

Steve Freer,
CIPFA Chief Executive

- In the public interest...
- A global step change in public financial management
- Growing professional capacity to sustain PFM for the long term
- Collaboration throughout the profession and with all the other players and stakeholders

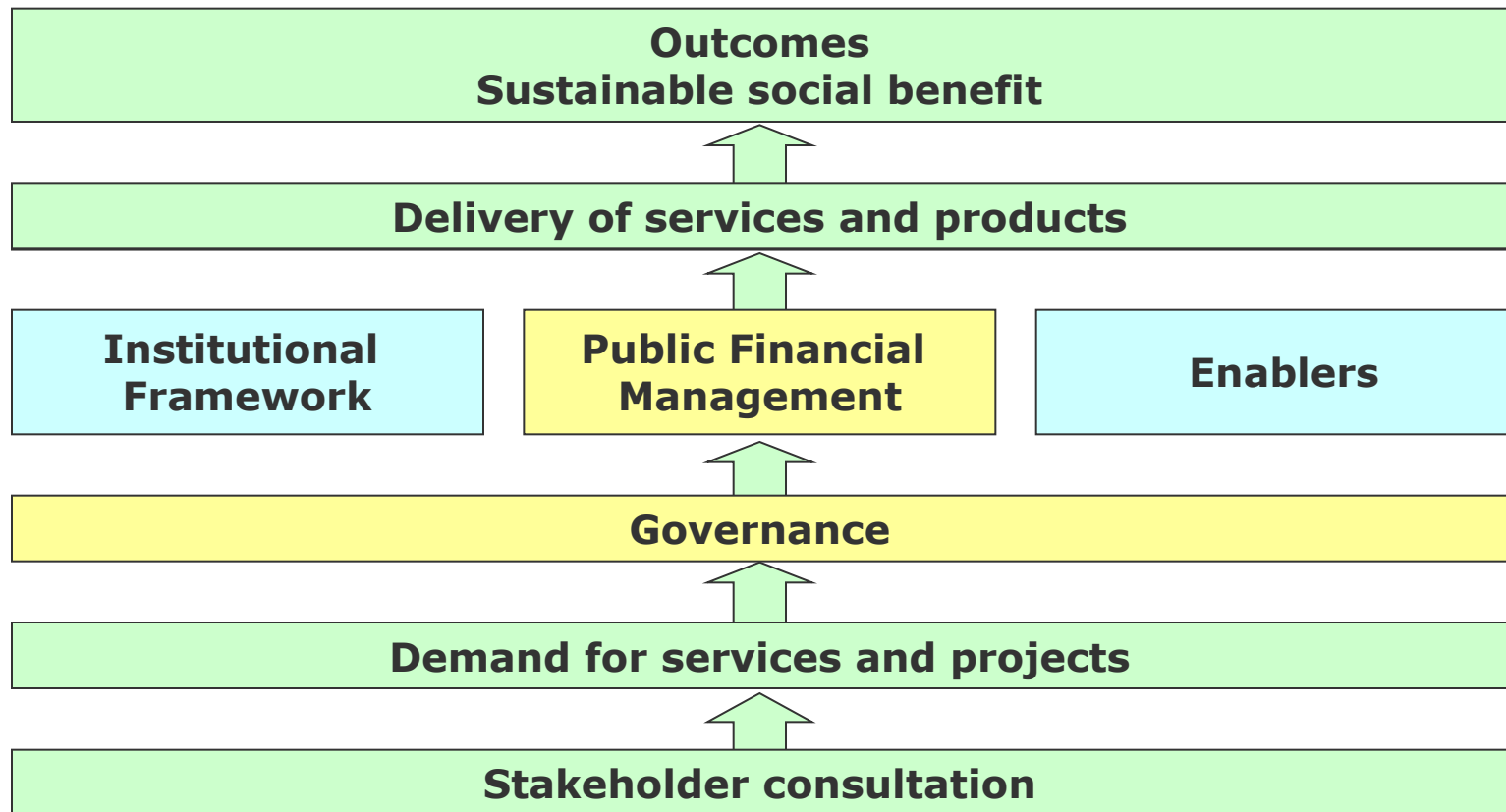
PFM Thought leadership (1)

Our partners include:

- International accountancy and finance bodies
- Audit bodies
- Professional and stakeholder groups
- Accountancy firms
- IT and software providers

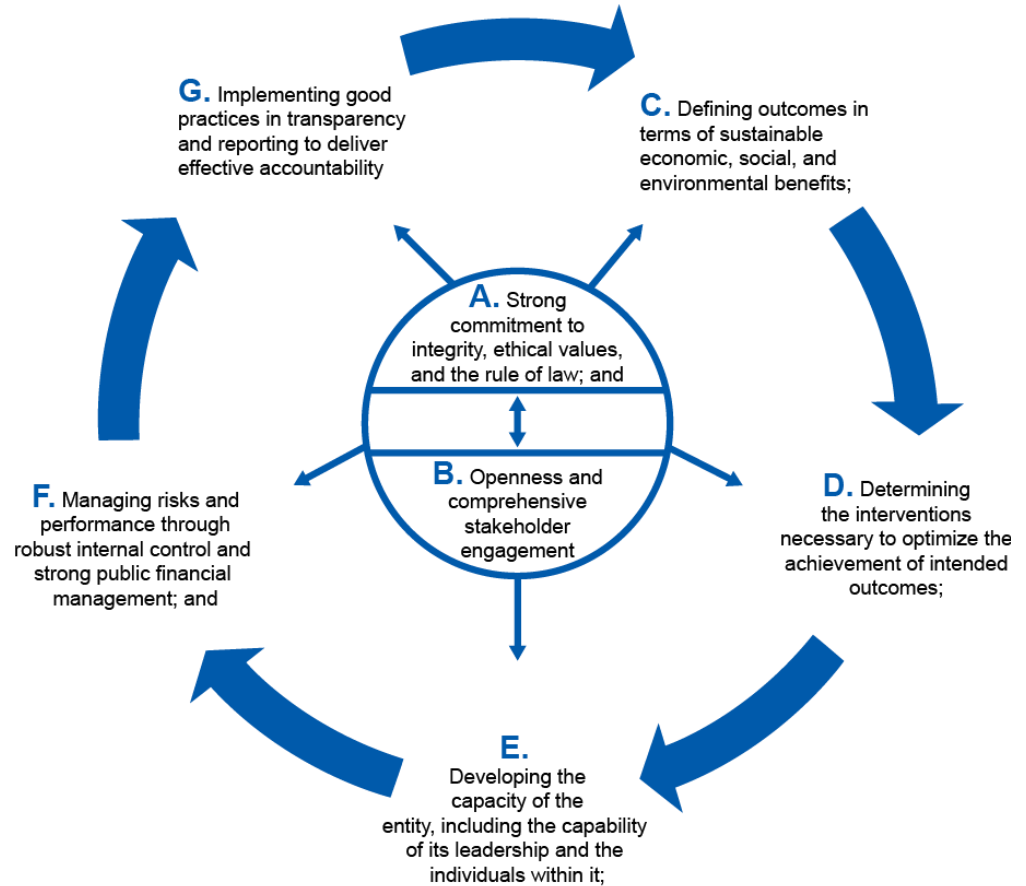


PFM Thought leadership (2): Whole System Approach



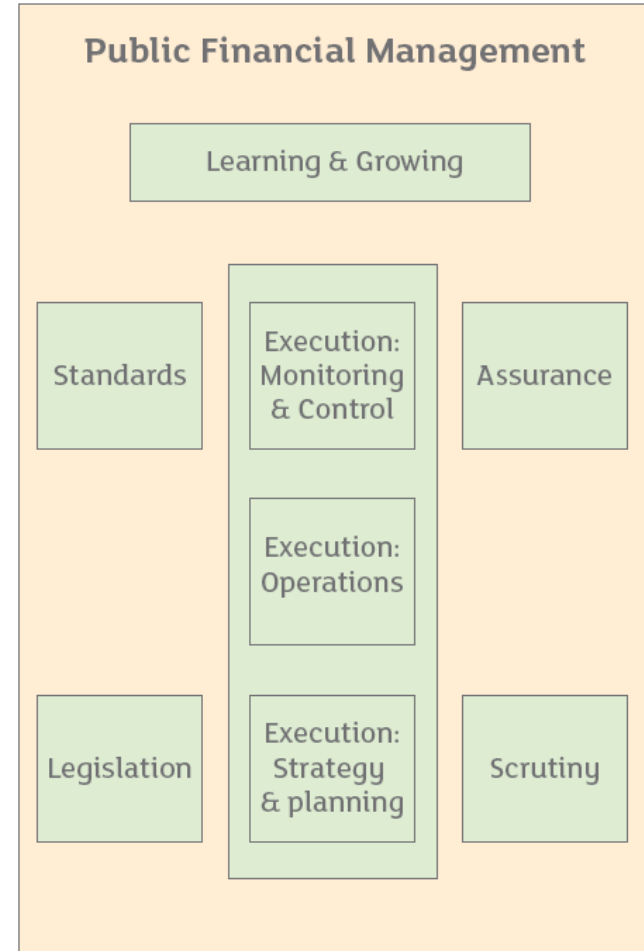
Acting in the Public Interest at all Times

**Good Governance
in the Public
Services:
International
Framework**



PFM Thought leadership (4): WSA - Key PFM elements

- Legislation
- Standards & Codes
- Strategy & planning
- Operations
- Monitoring & Control
- Assurance
- Scrutiny
- Learning & Growing



PFM - Benefits of accrual

- Improves both for accountability and decision-making
- Allows users to assess:
 - accountability for all resources and deployment / financing
 - financial position, financial performance, and cash flows
 - ongoing ability to finance activities
- Evaluate performance in terms of service costs - facilitates benchmarking
- Better asset management

Cash to accrual transition: CIPFA stepping stones - Approach

- Acts as the 'How To' guide to implement accrual accounting
- Sets out milestones for the process - reference back to IPSASB Study 14 for greater detail
- Each milestone builds on the results of the previous milestone
- Available via: www.cipfa.org/services/international-services/professionalisation/resources
- Currently only considers liabilities

Cash to accrual transition: CIPFA stepping stones guide (2)

Suggested milestones - pre 'go live'

- Milestone 1: Assess the entity's transactions
- Milestone 2: Which functions to transition and when
- Milestone 3: Opening Statement of Financial Performance
- Milestone 4: Assess system requirements
- Milestone 5: Training and guidance

Suggested milestones – post 'go live'

- Milestone 6: Go live – 'Hybrid' period
- Milestone 7: Accrual period – some IPSAS implementation
- Milestone 8: Further IPSAS implementation

PFM – Changing the culture (1): Building the skills – UK experience

- Limited accounting expertise initially
- Training decentralised
- Some centrally-written guides
- Gradual management and external financial reporting improvements:
 - Quality and timeliness.
- Mainstream role for Finance
- Increased number of qualified accountants
- Qualified Finance Directors on Department Boards (by 2007)

PFM – Changing the culture (2): CIPFA Role of CFO Statement

The CFO in a public service organisations:

1. is a *key member of the Leadership Team*, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
2. must be *actively involved in*, and able to bring influence to bear on, *all material business decisions* to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's overall financial strategy; and
3. must *lead the promotion and delivery by the whole organisation of good financial management* so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

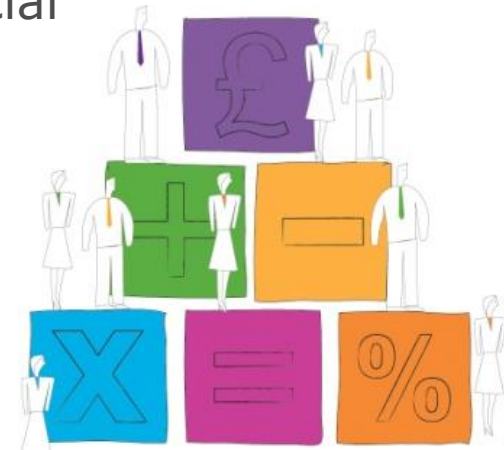
4. must lead and direct a finance function that is resourced to be fit for purpose; and
5. must be professionally qualified and suitably experienced.

PFM – Changing the culture (3): CIPFA Role of CFO Statement



PFM – Changing the culture (4): The CIPFA FM Model

- Strong FM as corporate responsibility
- Is financial management where we want it to be?
- Identifies priority areas for improvement
- Allows tracking over time
- Can be used to benchmark between organisations
- Can test organisational leaders skills in financial management



PFM – Changing the culture (5): FM Model good practice statements

	Securing Stewardship	Supporting Performance	Enabling Transformation
Leadership	L1, L2	L3 - L5	L6, L7
People	P1, P2	P3, P4	P5, P6
Processes	PR 1 - PR10	PR11 - PR14	PR15, PR16
Stakeholders	S1 - S3	S4 - S6	S7, S8





Questions?



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