

**CIPFA**

The Chartered Institute of  
Public Finance & Accountancy

# Taking a Whole System Approach to PFM Reforms

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## Background: CIPFA

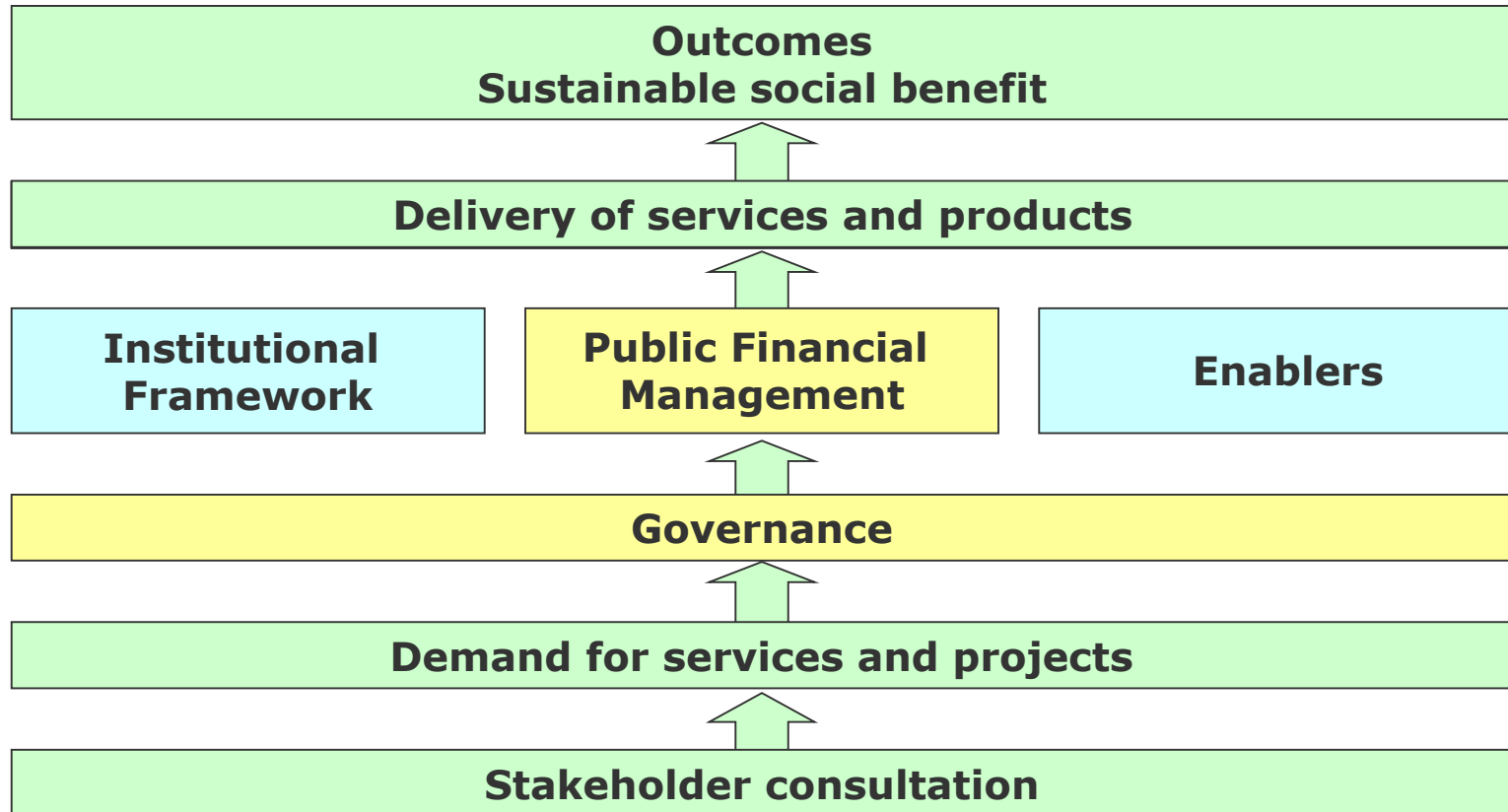
- Only Professional Accountancy Organisation specialising in public services
- Promoting strong Public Financial Management (PFM) globally
- Supporting improved PFM through partnering with:
  - International organisations e.g. DFID, IFAC
  - Professional Accountancy Organisations e.g. ICAN, MIA, CIMA etc
  - Other bodies promoting strong PFM e.g. ZHAW
- The professional body for people in public finance

## What is the CIPFA 'Whole System Approach'?

- Framework supporting development of effective PFM at country, region/sector and entity levels
- Holistic model complementing existing assessment tools
- Emphasises need for improvement across the system – no one initiative on its own is sufficient
- Recognises there are checks and balances in every system – key is to act together to make PFM effective

The whole is more than the sum of the parts

# PFM as part of Good Governance

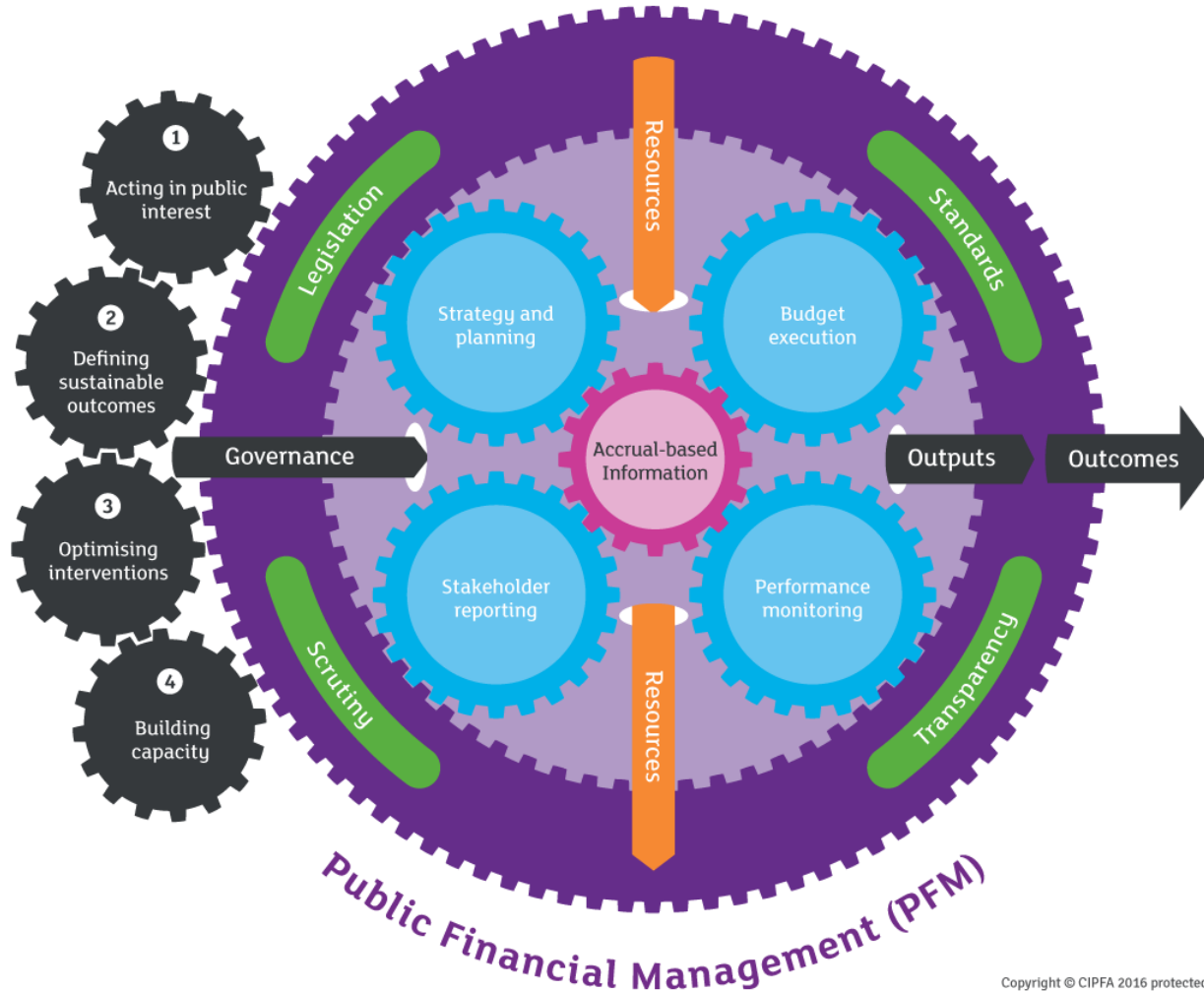


## WSA update: Key developments being reflected

- CIPFA/IFAC Good Governance in the Public Sector
- IMF Fiscal Transparency Code revision
- PEFA Framework upgrade
- CIPFA FM Model update (v4)
- <IR> Framework
- WSA 2 report to be launched at CIPFA Conference – July 2017
- Planned changes already incorporated in 'Delivering Excellent Public Finance' on-line portal:

<http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/delivering-excellent-public-financial-management>

## Delivering Excellent Public Finance

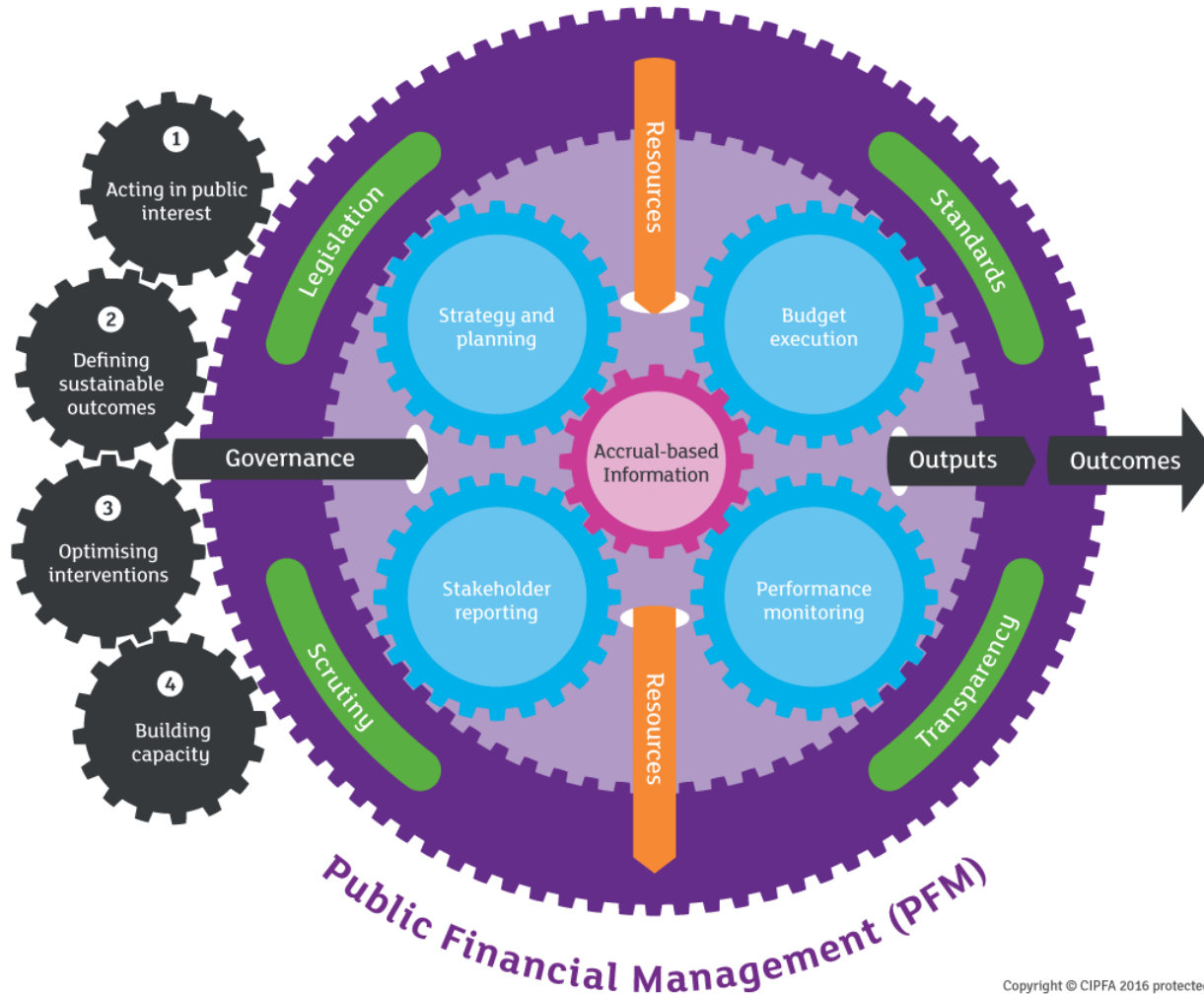


## Delivering Excellent Public Finance

- Web-based rather than paper product
- Free-to-air portal linking to free and for purchase products
- Strengthened Governance links – CIPFA / IFAC Good Governance in the Public Sector
- PFM elements mapped to:
  - IMF Fiscal Transparency Code
  - Upgraded PEFA Framework
  - Updated CIPFA FM Model (v4)
- Link to <IR> concepts – opening and closing resources
- Focus on outcomes

Accrual-based information as core

## Delivering Excellent Public Finance





# Delivering Excellent Public Finance PFM External and Internal Elements

- **External Elements:**

- Legislation
- Standards
- Transparency
- Scrutiny

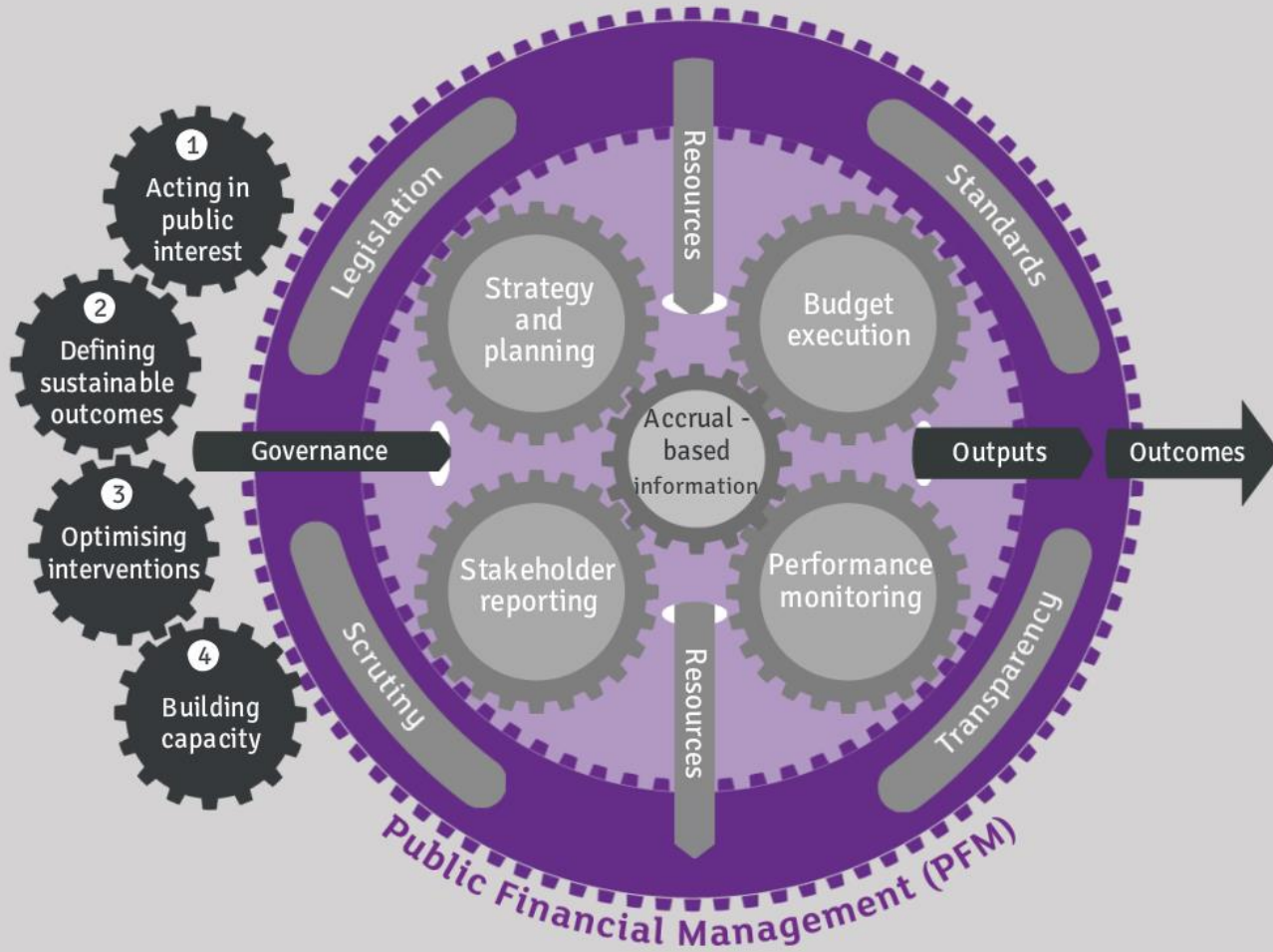
- **Internal Elements:**

- Strategy and planning
- Budget execution
- Performance monitoring
- Stakeholder reporting

- **DEPF portal provides:**

- Introductory text for each Element
- Drill-down to descriptions of the components of each Element
- Links to relevant CIPFA and external guidance

## Delivering Excellent Public Finance



## Introduction to Public Financial Management



“**Public Financial Management** is the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals.”

CIPFA has developed this tool to integrate its Whole System Approach to Public Financial Management and its FM Model with other international frameworks - the PEFA Performance Measurement Framework, the IMF’s Fiscal Transparency Code, and SIGMA’s Principles of Public Administration.

Click on the **External links** button to access the documents.

Click the below buttons to learn more.

 **CIPFA links**

 **External links**

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## Transparency



**Transparency** is closely linked with Scrutiny; you need to look at both sections to understand fully how public sector organisations are accountable to their stakeholders.

Governments consider what delivery mechanisms and units should be used in order to optimise achievement of their intended outcomes. They should also consider how they will control resource (input) usage, and report progress against delivery targets (outputs and outcomes) and ensure that delivery units align appropriately with reporting units to provide transparent information that supports external accountability and scrutiny.

 Reporting units

 Budget coverage

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## Reporting units



**There is little** explicit coverage of reporting units in existing frameworks. For example, the IMF Fiscal Transparency Code assumes reporting at a whole of government level; the PEFA Performance Measurement Framework is written on the assumption that the PEFA analysis is carried out at a central government or subnational government level.

CIPFA's FM Model applies to individual entities, but does not define the reporting unit. In practice, in many jurisdictions, financial and other relevant information about delivery is presented by individual public sector entities and, in some cases, is consolidated into whole of government reports.

External link

 **SIGMA**

 CIPFA link

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# PFM Reforms: Taking a WSA approach (1): Updated CIPFA FM Model

- Consistent with PEFA 2016 Framework and DEPF
- Entity-level rather than Government focus
- 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 Reforms: Taking a WSA approach (2): Improvements in individual PFM Elements

- Public Sector Financial Accountability Survey:
  - Global data on accrual adoption – accounting and budgets
  - Reform plans – next 5 years
  - Publish first results July 2017 – regular updates thereafter
  - Partnership with IFAC / Accountability. Now.
  - ZHAW as knowledge partner
- Supporting capacity development:
  - Partnering with Governments and local PAOs
  - Working with Accountability. Now.

# Questions and discussion



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