

# Public Sector Financial Management— Expectations Redefined

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Ghana: IPSAS: Adoption and Implementation

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# An Integrated Approach

- Public sector governance
  - Public financial management (PFM)
    - Performance management
      - **High-quality decision-useful information**
- “Built in” not “bolt on”





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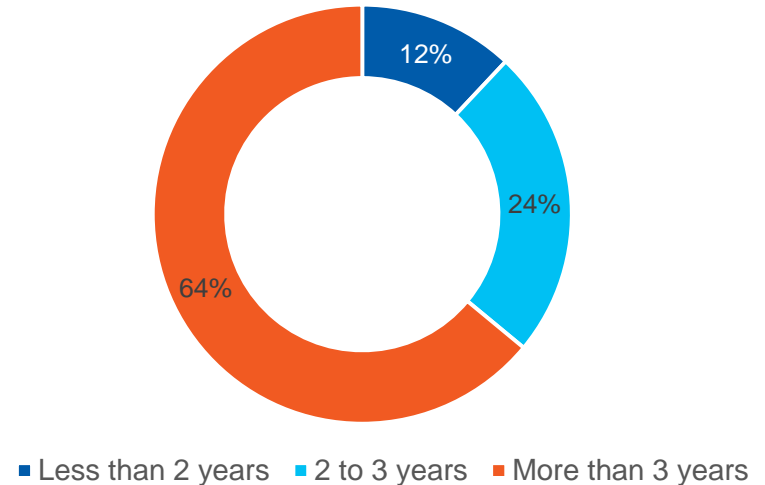
*“Cash accounting is simply not fit  
For the 21<sup>st</sup> century.”*

*Brian Quinn, Director Loan Department,  
World Bank*

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More than three years is required on average to transition to accrual-base IPSAS (or similar)

Figure 12: Length of the conversion process



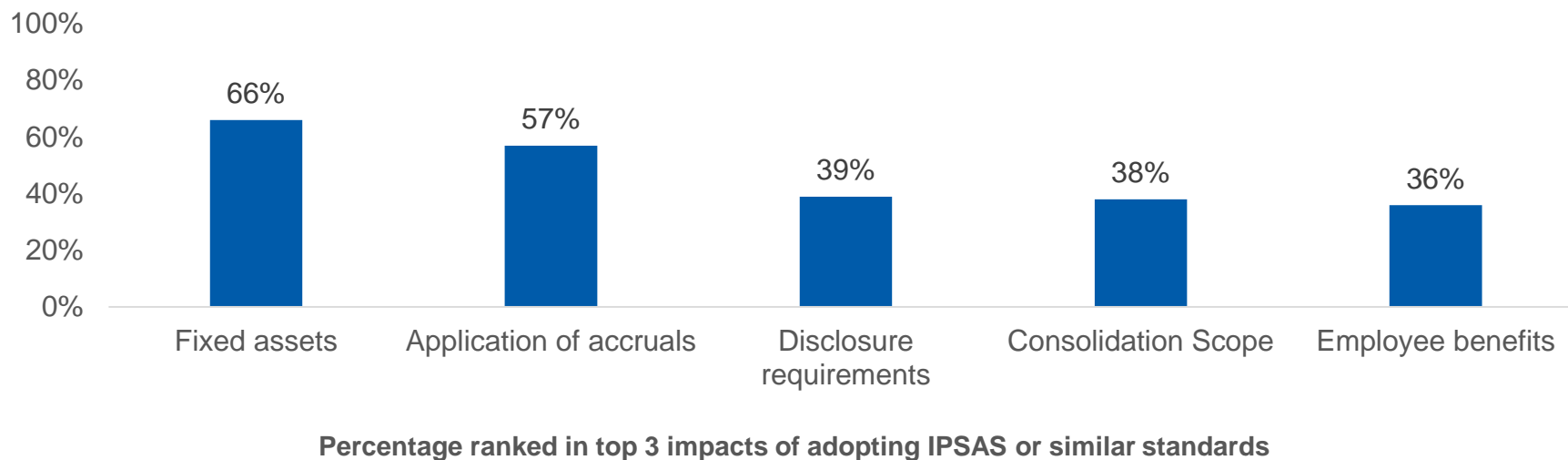
Source: *Towards a New Era of Government Accounting and Reporting: PWC Global Survey on Accounting and Reporting by Central Governments (2013)*

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***The change to accrual-based IPSAS is much more than an accounting exercise; it is a transformation of the government finance function that impacts the whole organisation.***

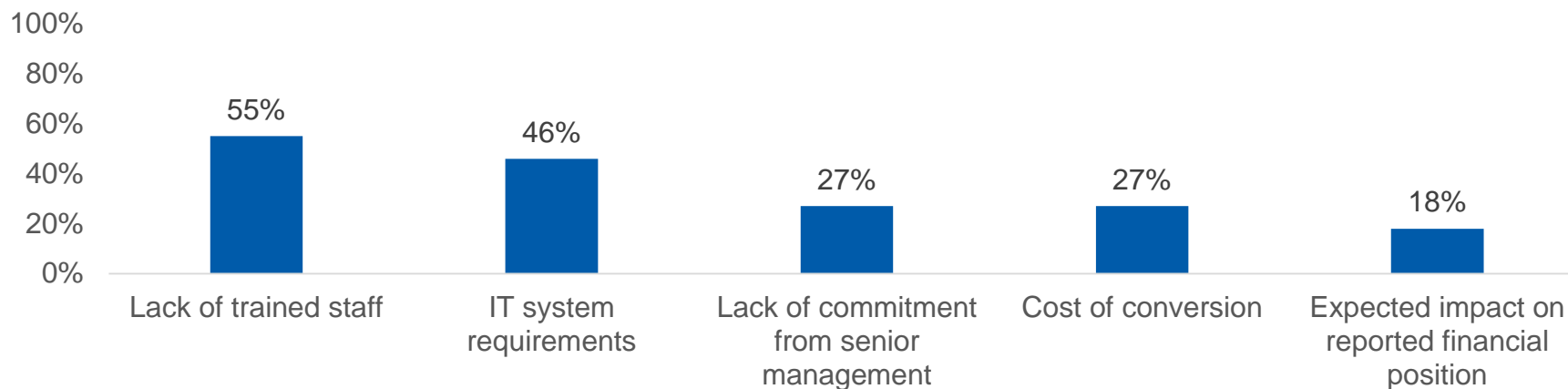
Source: Towards a New Era of Government Accounting and Reporting: PWC Global Survey on Accounting and Reporting by Central Governments (2013)

## Figure 11: Accounting impacts of accrual-based financial statements



Source: *Towards a New Era of Government Accounting and Reporting: PWC Global Survey on Accounting and Reporting by Central Governments* (2013)

## Figure 14: Challenges of accrual accounting conversion



Percentage ranked in top 3 challenges of adopting IPSAS or similar standards

Source: *Towards a New Era of Government Accounting and Reporting: PWC Global Survey on Accounting and Reporting by Central Governments* (2013)



***A well-designed project and effective change management strategy that considers people and systems requirements are crucial for successful implementation.***

Source: *Towards a New Era of Government Accounting and Reporting: PWC Global Survey on Accounting and Reporting by Central Governments (2013)*

# Project Management—Lessons Learned—Do's

- **Plan** and **manage** carefully—watch out for multiple interrelations and complexities
- Invest time in **gap analysis** and development of **realistic roadmap**
- Identify entities which will determine **majority of values** of balance sheet items
- Involve **technical expertise**

# Project Management—Lessons Learned—Don'ts

- Don't be **over ambitious** in terms of timing – lost trust vs. increase in confidence based on over ambitious plans
  - United Nations: “... it should be recognized that ... establishing a challenging deadline helped draw the attention of senior management and governing bodies to this transition and created a momentum to secure project resources and commitment to invest efforts in change management ...”
- Don't undertake change without **adequate training**
- Don't do without **early assessment of IT system** conversion readiness

# Change Management



# Change Management—United Nations

**“IPSAS adoption is a complex and comprehensive change management process.”**

# Change Management—United Nations

“Awareness of the change process should be developed through **communication and training**. ... communicate the upcoming changes and their impact on the organization to all stakeholders, encourage staff to start thinking about the implications for their own areas of work, and build ‘buy in’ for the change to IPSAS. ... The magnitude of the IPSAS implementation projects implies **expanding awareness to governing bodies and senior management**. Getting the right message across to the right people, in the right place, at the right time is key to effective communication, which in itself has three rules: **communicate often, communicate openly and communicate to all ...**”

# Change Management—United Nations

“In order to create a sense of **collective ownership** of the project ... invest time and effort in ensuring that all stakeholders **understand the vision** behind the transition to IPSAS. This can be done in various forms: training, retreats, presentations to staff, information products and testimonies of people closely involved in successful cases elsewhere.”

“Ensure that **financial resources** are made available for training, where feasible, of in-house experts in accounting, business and change management or for the recruitment of external experts.”

# Change Management—UNICEF

“Change management activities, **particularly communication**, are critical to the successful adoption of IPSAS. A comprehensive **communication plan** has been developed, which segments stakeholders into groups, both **internal and external** to UNICEF, and identifies the objectives, content, delivery format, and timing of the messages and their intended results.”



# Change Management—World Food Program

WFP IPSAS Action Plan includes: “Coordination program for organization-wide **communications and training strategy** for IPSAS implementation”

# Change Management—Malaysia

“One of the biggest challenges was in relation to human resources, specifically two aspect: change management and training programs to build capacity. The “**Change Ambassadors**” program was established in order to assist with the transition management. But an even bigger challenge was the need for training about 65,000 to 70,000 accounting personnel ... with negligible knowledge of accrual accounting ...”

# Accountability. Now.

The screenshot shows the IFAC website with the 'Accountability. Now.' campaign prominently displayed. The header includes the IFAC logo, the tagline 'Strengthening Organizations, Advancing Economies', and navigation links for 'ABOUT IFAC', 'IFAC GLOBAL KNOWLEDGE GATEWAY', and 'INDEPENDENT STANDARD-SETTING BOARDS'. A sidebar on the left lists various resources like 'Publications & Resources', 'News & Events', and 'About IFAC'. The main content area features the campaign title 'Accountability. Now.' followed by three paragraphs of text explaining the campaign's purpose and goals. A right-hand sidebar titled 'What people are saying ...' includes a quote from Faye Choudhury, Chief Executive Officer of IFAC, and a section for 'Getting involved' with a link to the campaign's Twitter page. The footer of the page shows the IFAC logo and the tagline 'Global Knowledge Gateway'.

IFAC International Federation of Accountants® Strengthening Organizations, Advancing Economies

ABOUT IFAC IFAC GLOBAL KNOWLEDGE GATEWAY INDEPENDENT STANDARD-SETTING BOARDS

Home > About IFAC > Accountability.

Publications & Resources  
News & Events  
About IFAC  
Organization Overview  
Structure & Governance  
Forum of Firms and Transnational Auditors  
Intellectual Property, Translations & Permissions  
Membership & Compliance Program  
Nominating Committee  
Working at IFAC  
Contact

## Accountability. Now.

Every day, governments spend money on a range of services and infrastructure for their citizens. Given the large sums involved, good financial management is essential.

But what happens when a government doesn't produce reliable, comparable information on which to base its spending decisions from one year to the next?

What if the financial information was incomplete and, for example, didn't account for promises made today that need to be paid for in the future, such as pension programs for its citizens and employees, or repaying debt over time?

When a government bases its spending decisions on inadequate financial information, the results can be disastrous. Poor services. Erosion of trust in government to do the right thing. Economic instability.

**Accountability. Now.** represents a coalition of organizations that believe there's a better way forward for governments of all sizes.

It starts with equipping governments with the foundation for good financial management: transparent, accountable financial information that:

### What people are saying ...

"**Accountability. Now.** is a campaign to change the way governments think about financial reporting. A change for the better. A change that promotes transparency and openness as the instrument for accountability to citizens. A change to help strengthen economies." **Faye Choudhury, Chief Executive Officer, IFAC**

### Getting involved

Interested in learning more or would you like to assist our campaign calling for governments around the world to embrace **Accountability. Now.**? Return for regular updates, contact us, and follow us on Twitter (look for #AccountabilityNow).

#AccountabilityNow  
twitter

> Government Gearing Towards Accrual Accounting  
<http://t.co/gA0MJEIR>  
#AccountabilityNow (1 day ago)

> ICTIAA & Institute of Chartered

Campaign

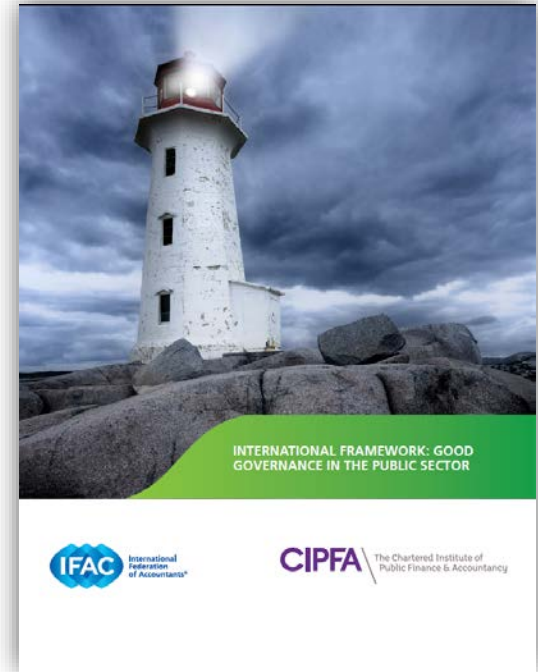
Coalition

Workshops

Capacity Building

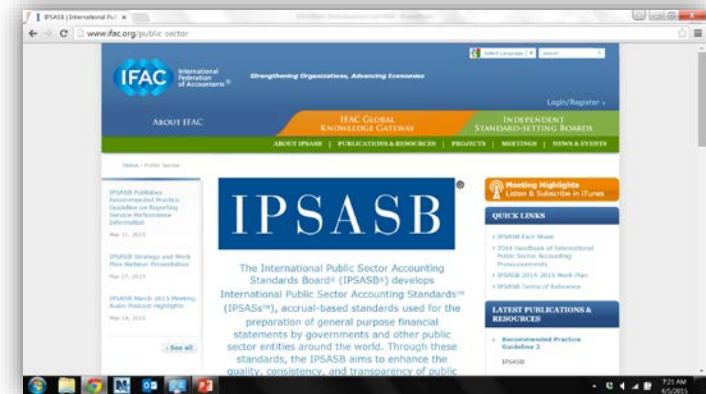
# Good Governance in the Public Sector

*“The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.”*



# IPSASB—Implementation Support

- "A Closer Look at:" series
- Resources
  - IPSAS 33, First-time Adoption of Accrual Basis IPSAS
  - The Importance of Accrual-based Financial Reporting in the Public Sector
  - Study 14—Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities (Third Edition)
- Introduction to IPSAS Train-the-trainer
- IPSAS and Accrual Accounting News



# Pan African Federation of Accountants





[www.ifac.org](http://www.ifac.org)

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