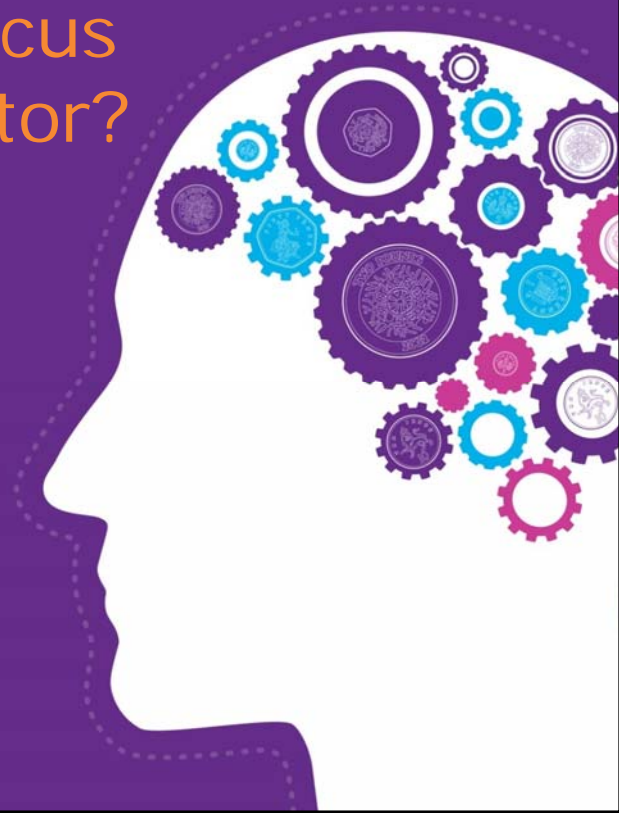


Should the profession focus more on the public sector?

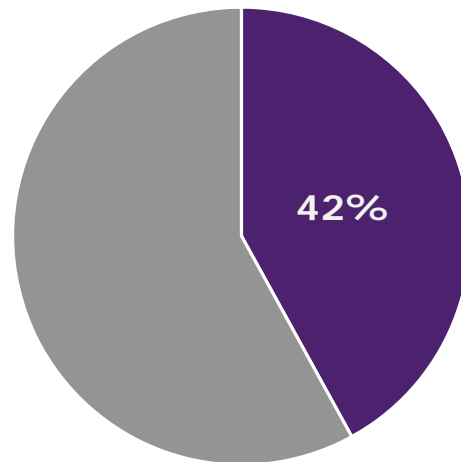
Ian Carruthers
Chair, CIPFA Standards

CAPA 60th Anniversary
Kuala Lumpur
10th November 2017



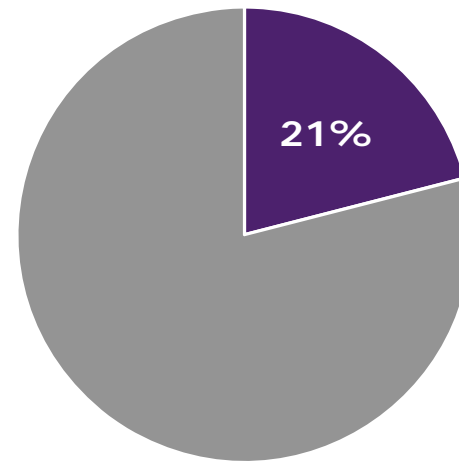
The Public Sector is important globally

GDP %



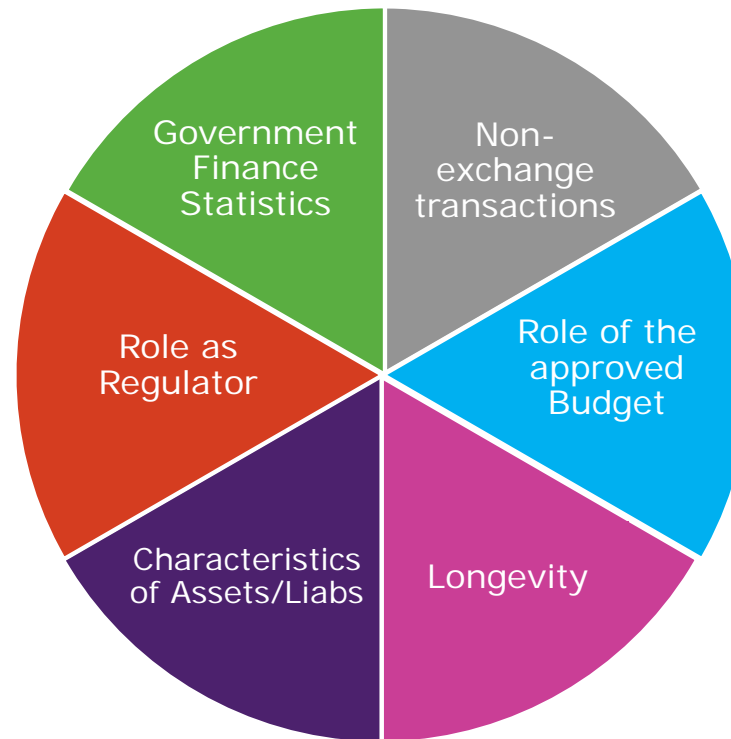
■ Public Sector ■ Rest of economy

Employment



■ Public sector ■ Rest of economy

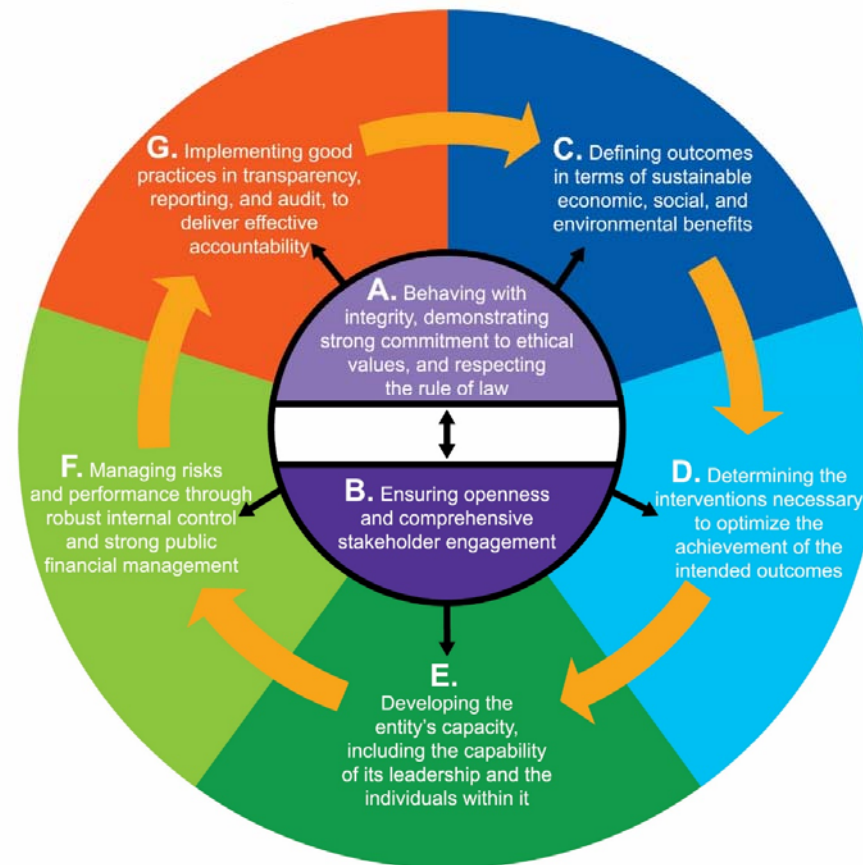
Key Public Sector characteristics IPSASB Conceptual Framework



Public Sector
governance has a
different focus...

IFAC / CIPFA International
Framework:
Good Governance in the
Public Sector

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



The quality of PFM around the world continues to be poor

Governments guilty of deficient accounting practices

From Mr Ian Ball.

Sir, One aspect of your commentary – as well as the policy debate – on the [sovereign debt crisis](#) is frankly astonishing. There is virtually no acknowledgement that this crisis is a result of deficient accounting, auditing and financial management practices by governments. The consequences would be amusing were they not so serious. We read of the need for banks to hold more capital; in fact the problem is that governments do not have enough capital. But it is worse than that – most governments do not even know what their capital is, because their archaic budgetary and accounting practices do not record and report assets and liabilities other than cash. Hard though it may be to believe, they do not actually know what their balance sheets look like.

September 29, 2011 :

Ian Ball, Chief Executive Officer, International Federation of Accountants, New York, NY, US

- Sovereign debt crisis exposed long standing weaknesses in public finances
- Inconvenient truths
- The root cause... weak public financial management
- Poor accounting, advice and decision making
- Lack of professional capacity

Even in mature economies PFM can be improved...



3 March 2011 Last updated at 05:52

Government spending checks are weak, says watchdog

Government efforts to reduce the budget deficit are being undermined by poor financial management, Whitehall's spending watchdog has said.

The National Audit Office found departments were "generally weak" at monitoring their position.

This left them without a "sound basis for making fully informed choices about what activities to stop", it added.



Financial management is not embedded in Whitehall's culture, the National Audit Office says

theguardian

Fears grow over US pension crisis as Rhode Island's debts are laid bare

Rhode Island's debts have been woefully underestimated, with alarming consequences for cities across the US, says report

Dominic Rushe
guardian.co.uk, Thursday 10 November 2011 23:11 GMT



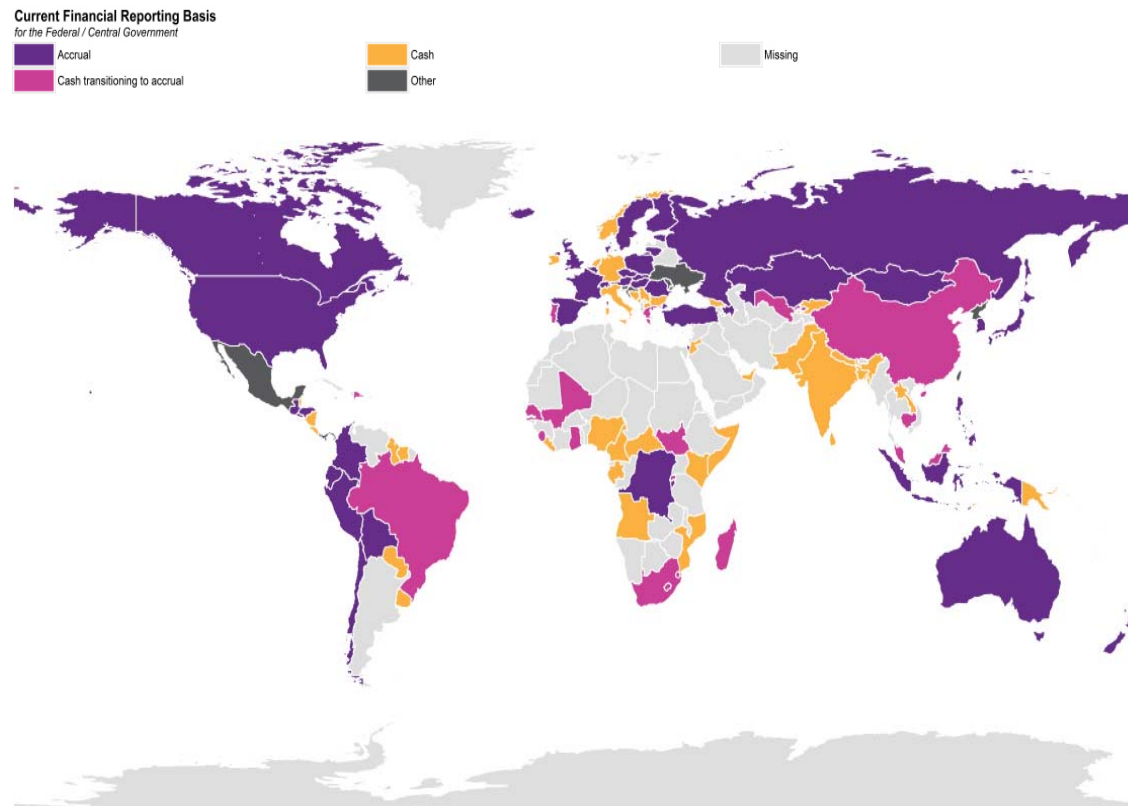
Central Falls in Rhode Island has already filed for bankruptcy. Photograph: Brian Snyder/Reuters

The debt crisis engulfing local US governments could be even worse than first feared after a new report said Rhode Island's massive pension debt may have been severely underestimated.

The report comes amid a spate of municipal bankruptcies across the US. This week, Jefferson County in Alabama filed for bankruptcy protection, the largest municipal collapse in US history. Pennsylvania's capital, Harrisburg, filed for bankruptcy in October.

German finance ministry officials own up to accounting mistake that overstated national debt by €55.5 billion.

38% of Governments currently on accrual

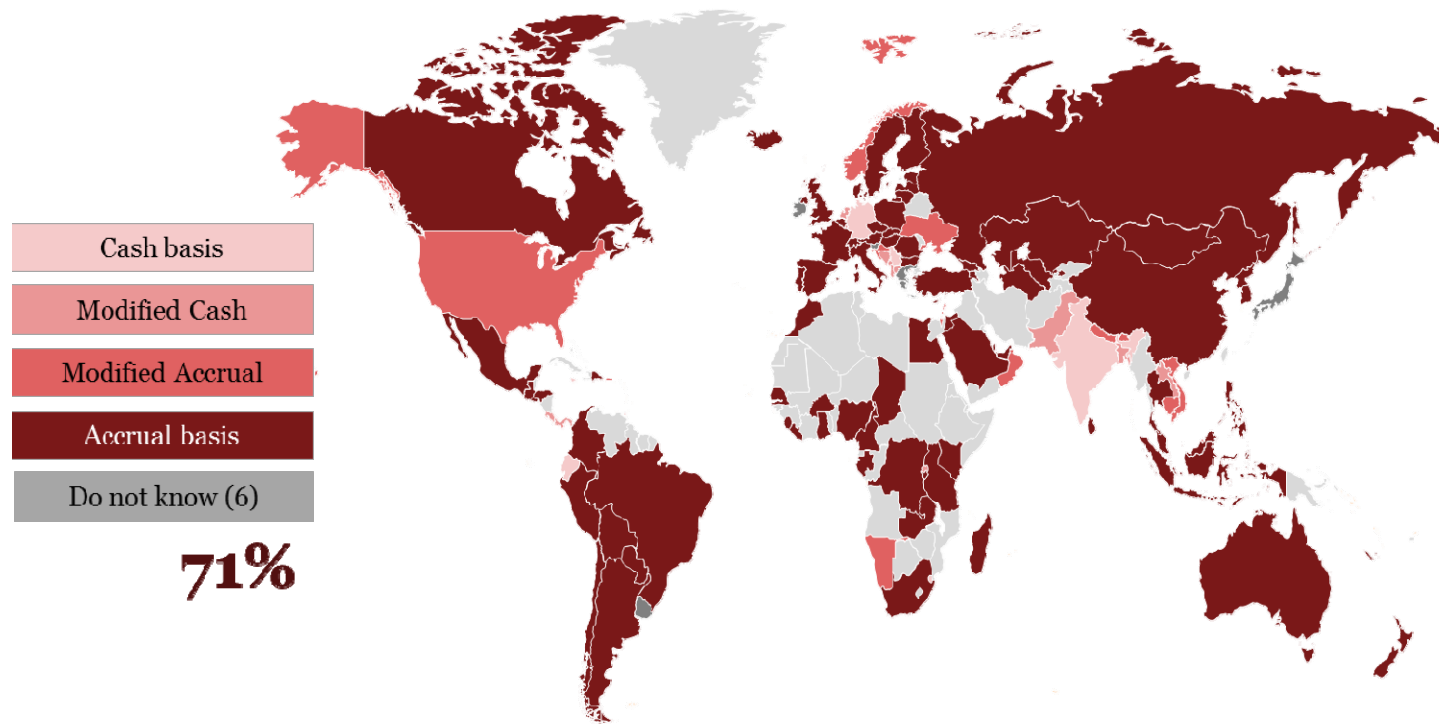


Multi-faceted Stakeholder Approach required



Accrual adoption momentum is increasing...

Central governments on accrual by 2020



Source: PWC Global Survey on Accounting and Reporting by Central Governments (2nd edition)

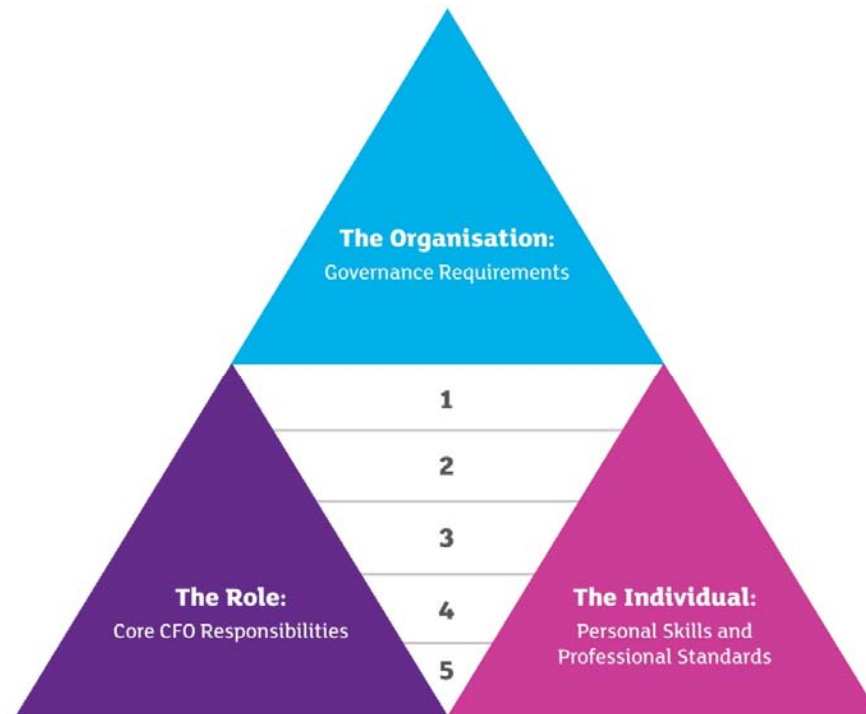
Cash accounting: Professional skills and status



Emerging Stronger: Broader skills required



Building PFM leadership capacity: CIPFA Role of CFO Statement (1)



Creating the PFM leadership vision: CIPFA Role of CFO Statement (2)

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**.

Improving Public Sector Financial Management: The 8 Key Elements of PFM Success



Delivering Excellent Public Finance: Enhanced skill requirements...critical PAO role

