

# PFM – The Increasing Role of CPAs

*Central Rift Branch Summit*

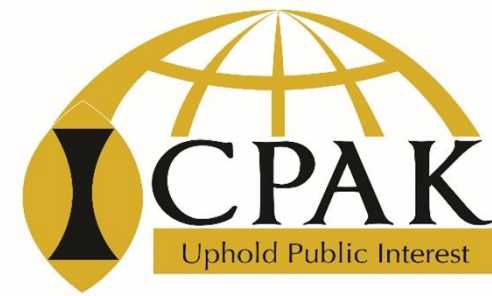
*By Fred Riaga –*

*Chief Manager - Public Policy & Research Division - ICPAK*

Wednesday, 18<sup>th</sup> July 2018

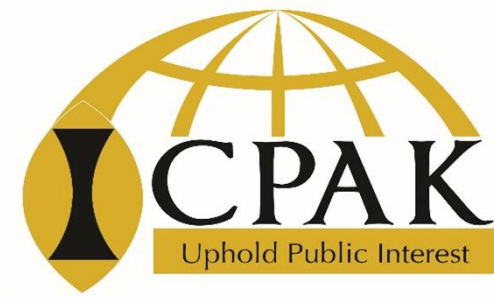
# Are you here?

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“Ethical leadership is much closer to home than we may readily admit. It isn’t somewhere ‘out there’ at all – it is us, right here and right now. It is in our deeply-held values. It is in our day-to-day choices. It is in our quest for good.”..... Linda Fischer Thornton.

# Introduction – Leadership?

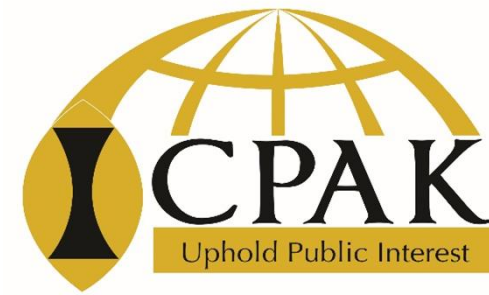


## *Leadership in PFM*

- Are you a leader or manager on PFM matters?

# Introduction – PFM Leadership?

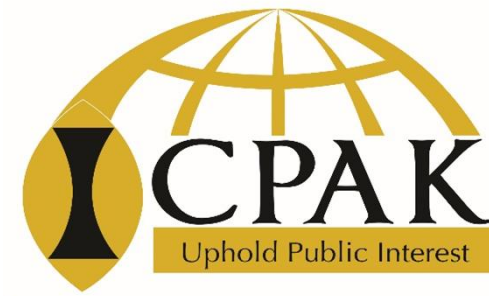
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- Leadership on PFM matters is Leadership that involves both acting and operating within a system of moral principles and values;
  
- Leadership on PFM matters must be guided by acceptable rules of conduct.
  - What moral theory applies or informs the leader?
  - What values are involved in the situation?
  - Do the people, circumstances, and culture provide impetus to making a choice?



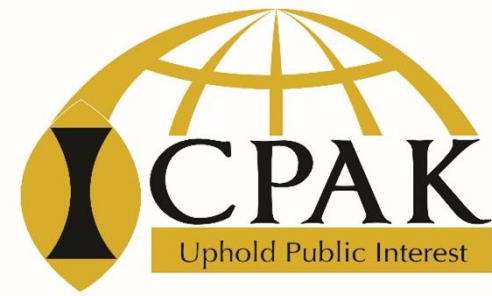
# The Place for Ethics in PFM Mgt?



CPAs must be ethical and model ethical behavior to the organization and the community:

- Ethical leadership builds trust.
- Ethical leadership brings credibility and respect, both for you and for the organization.
- Ethical leadership can lead to collaboration.
- Ethical leadership creates a good climate within the organization.
- In the face of opposition, ethical leadership allows you to occupy the moral high ground.
- Ethical leadership affords self-respect.

# PFM Ethical Leadership Dilemmas for CPAs



Truth vs. Loyalty

Justice vs. Mercy

Self vs. Community

Short Term vs. Long Term

Polite vs. Authentic

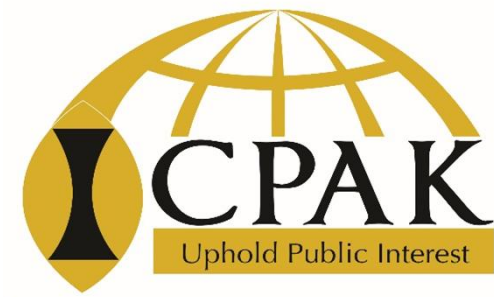
Fair vs. Equal

Fantasy vs. Reality

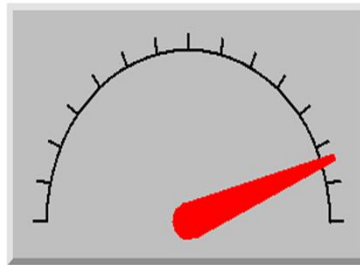
Competition vs. Collaboration

# PFM Ethical Leadership Dilemmas for CPAs

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**Deciding between what you/I love and the truth.**



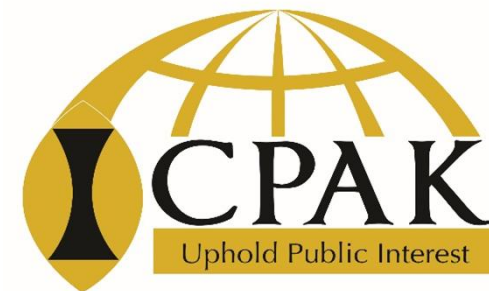
**Truth**

**Loyalty**

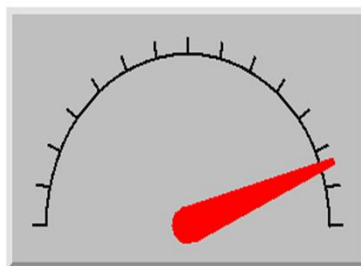


# PFM Ethical Leadership Dilemmas for CPAs

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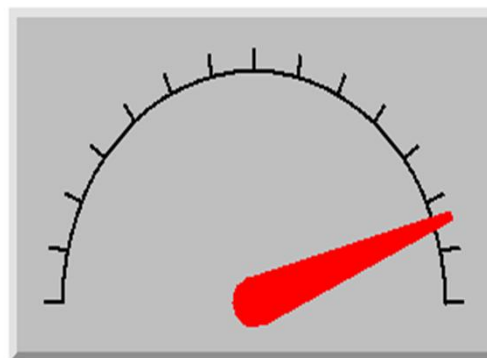
**Deciding between giving others what they  
“deserve” and “giving them another chance.”**



**Justice**

**Mercy**

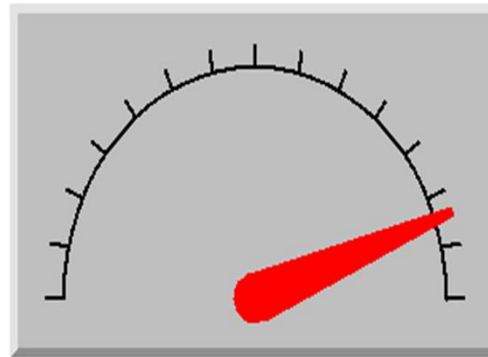
**Deciding between what is good for the smaller 'group' and the larger 'group.'**



**Self**

**Community**

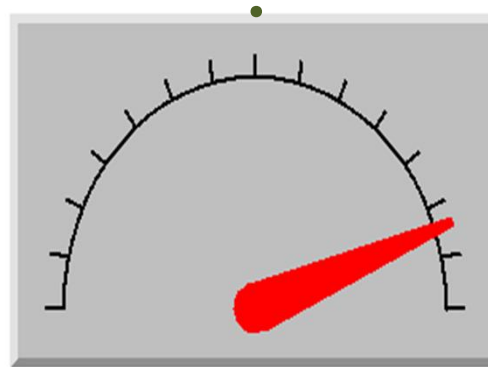
**Deciding between what is just for current generation  
against what is good for current and future  
generations.**



**Short-Term**

**Long-Term**

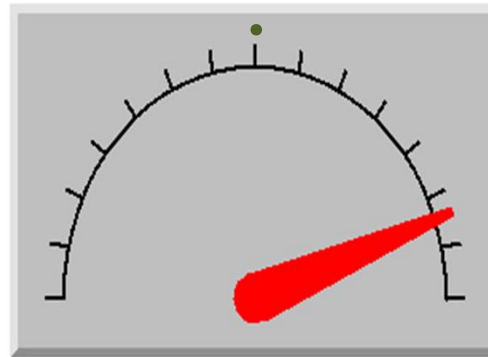
**Deciding between saying or doing what I think is true or what is politically correct.**



**Polite**

**Authentic**

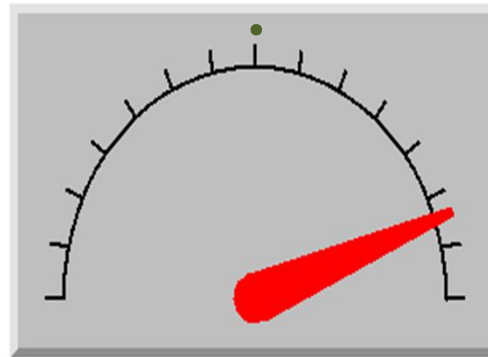
**Deciding between who or what I think should receive an “exception” and when everyone should receive an equal amount.**



**Equity**

**Equality**

**Deciding between  
Vision/Brainstorming/Possibility  
and being practical and grounded in reality.**

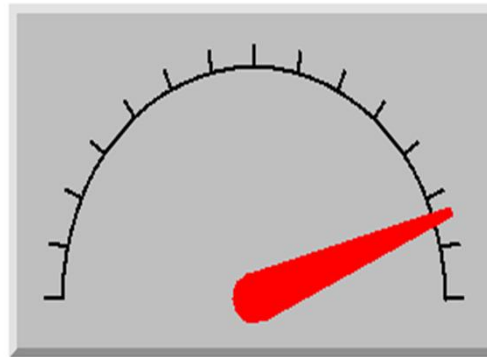


**Fantasy**

**Realism**

**Deciding between “going my own way” and  
“going the group way.”**

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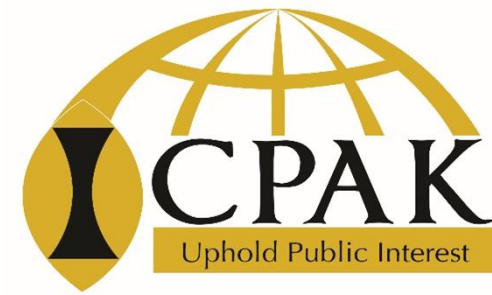


**Competition**

**Collaboration**

# Practical PFM Ethical CPA

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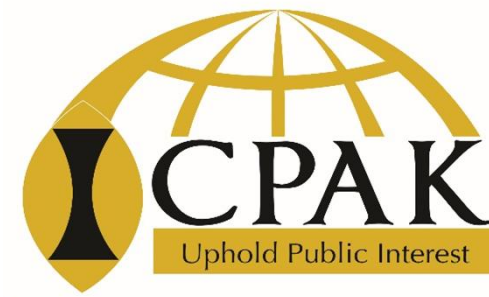
## Adopt the Ends-based Principle of Utilitarianism

- An ethical PFM CPA does whatever produces the best consequences for the greatest number.
- An ethical PFM CPA thus puts energy into communitywide issues rather than into single cases.



# Practical Ethical Leadership 1...

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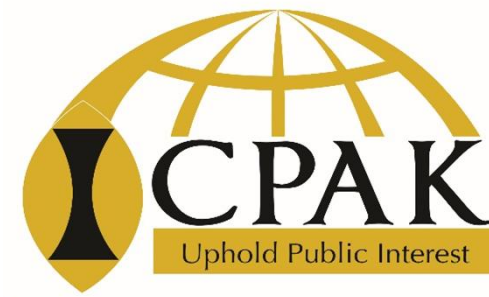


Lee Kuan Yew – “The Impossible Can Happen!”

Lee Kuan Yew was the first and longest-serving Prime Minister of Singapore. It was his leadership that transformed Singapore from a third world country into a thriving metropolitan city in just three decades. In a press conference, referring to the airline pilot strike of Singapore Air, he said, “I have spent a lifetime building this (referring to the city of Singapore), and as long as I am in charge, no one is going to knock it down.” He was the leader Singapore needed, and it took him a mere 65 minutes to end the strike.

# Practical Ethical Leadership 2

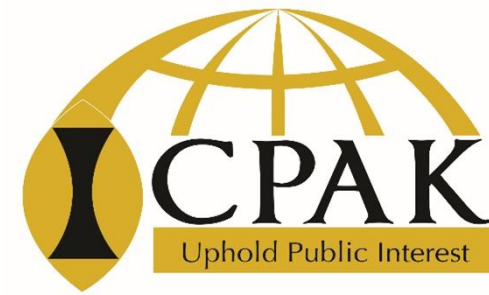
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## The Rule-based Leadership the Immanuel Kant:

- A PFM ethical leader does whatever establishes a pattern everyone ought to follow, regardless of consequences.
- A PFM ethical leader thus supports a fight for justice regardless of the cost, hoping others will do the same.

# Practical Ethical Leadership 2....



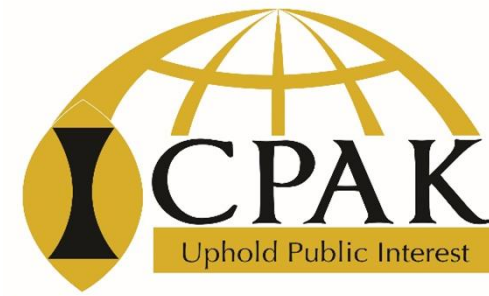
Rwanda - In under 20 years of genocide, Rwanda has realised great transformation under the rule-based leadership of Paul Kagame.

This often the case for world leading economies – observance of the rule of law a fundamental ingredient to economic empowerment .....

What is the role of CPAs in driving the observance of the Rule of Law to the extent applicable on PFM matters?

# Practical Ethical Leadership 3

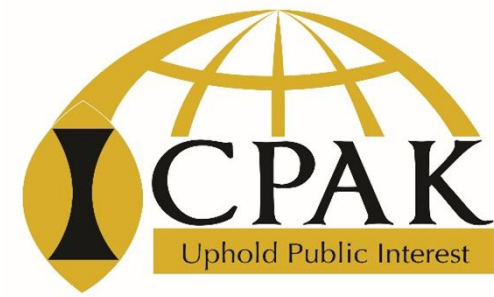
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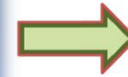
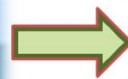
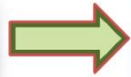
The care-based principle of the Golden Rule do —

- probably argues for helping the colleague;
- An ethical leader does to others whatever he/she would have them do to him/her.

In summary.....



## Why We Do What We Do?



**Values**

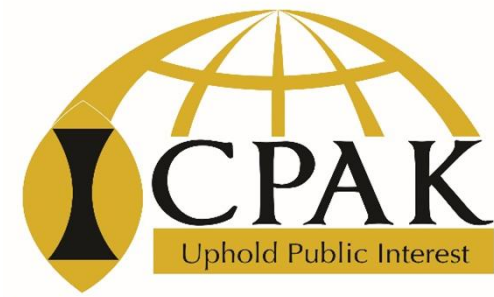
**Thoughts**

**Decisions**

**Behaviors**

# In summary.....

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## All said and done.....

CPAs take charge of driving ethics in PFM. The role entails mustering the moral courage to think hard and take action when values are put to the test.

**“Never forget that everything Hitler did in Germany was legal.”  
–Martin Luther King**

**CPA Fredrick Riaga  
Institute of Certified Public Accountants of Kenya  
[fredrick.riaga@icpak.com](mailto:fredrick.riaga@icpak.com)**

**Thank You!!**