

COAST BRANCH ANNUAL SUMMIT 2018

PUBLIC FINANCIAL MANAGEMENT – TE INCREASING ROLE OF CPAs

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LEARNING OBJECTIVES



Overview of PFM Legal Framework

Review Budget
Monitoring &
Reporting in
Kenya









Discuss the Missed
Steps in Budget
Monitoring &
Reporting in Kenya

Recommend
Way Forwards
in Budget
Monitoring &
Reporting



It took political will, the determination of an "evangelical accountant" and persistent diplomacy to move Whitehall's finance professionals from the bean-counting hinterlands to a central position where they could begin to ensure that the machinery of government was not only well-oiled, but cost-effective. (UK Civil Service 2012d)

Constitutional Provisions



Article 201 of the Constitution

Openness

Accountability

Prudent and responsible use of public funds

Public participation

Responsible financial management and clear fiscal reporting

PFM Steps

CPAK

Uphold Public Interest

- -Review of prior year spending
- -Setting policies and objectives for new year
- -Planning future spending
- -Drafting budget document
- -Approval of Budget

Budget Formulation



Budget Execution & Monitoring



- -Implementation of budget
- -Managing resources
- -Changing budget or managing PFM crises
- -Collecting revenues, making payments
- -Monitoring Budget Execution

External
Audit
and
Oversight

External audit; legislative review; civil society

Accounting and Reporting

In-year reporting; year-end reporting; accounting and recording

PFM Systems – Areas of Focus for CPAs



Budget Realism:

Is the budget realistic, and implemented as intended in a predictable manner?

Comprehensive, Policybased, budget:

Does the budget capture all relevant fiscal transactions, and is the process, giving regard to government policy?

Comprehensive fiscal risk oversight:

Is oversight of fiscal risk arising from public enterprises and sub-national governments adequate?

Accountability and Transparency:

Are effective external financial accountability and transparency arrangements in place?

Control:

Is effective control and stewardship exercised in the use of public funds?

Information:

Is adequate fiscal, revenue and expenditure information produced and disseminated to meet decision-making and management purposes?

Uphold . Public . Interest

Six core

objectives of **PFM**

system

BUDGET OVERSIGHT – Accountants' Support



- ☐ Oversight is a constitutional mandate of the legislature-Parliament & the National Assembly, Commissions & Independent Offices and other statutory bodies
- ☐ Through oversight, public entities are accountable to the people
- ☐ Oversight ensures prudent utilization of public resources

- 1. To detect & prevent abuse, arbitrary behavior or illegal and unconstitutional conduct;
- 2. To hold the government to account in the taxpayers' money is used.
- 3. Through oversight, government policies are delivered.
- 4. Helps improve the transparency of government operations and enhance public trust in the government.
- 5. Adhere to principles of Public Finance--(Article 201) calls for openness, accountability and public participation in financial matters hence the need for strong oversight institutions.

CPA Collaborators on the PFM Agenda



Parliament

- National Assembly
- Senate

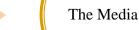














County Assemblies



Public **Sector** Accounting **Standards Board** (PFMA 192)

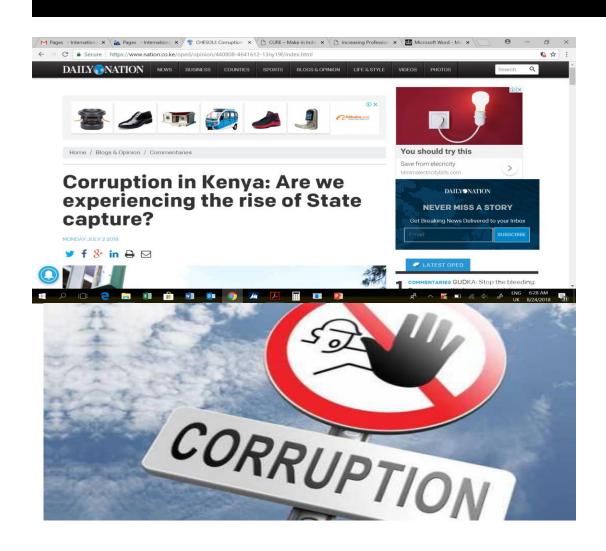


Professional Organizations IČPAK, LSK ICPSK etc.

The **Public/** citizenry

Situational Analysis





Where are the accountants in all these?

What role can accountants play to avert the integrity and ethical crisis Kenya is facing?





PFM Ethical 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

Key PFM Reform Areas



A reform path must be created identifying four areas of focus:

- people—ensuring that the right people with the right skills are in the right place;
- finance operating model appropriately position at strategic levels with an aim to establish an efficient, and influential finance function;
- data analytics—ensuring relevant, high-quality, and timely financial data; and
- planning and performance—tools for better financial decision-making.

An Effective Professional in PFM



Move from bean-counting to....

Leadership – drive value

Be a strong communicator

Drive decision making

Be an effective manager of people and act as a role model

Strategic – add value

Plan for the long term

Shape the future of the department and the wider Civil Service

Provide contextual clarity

A Good Finance Director

Technical – protect value

Be a qualified accountant

Be central to decision making

Protect and support the accounting officer

Functional

Demonstrate a commercial approach to finance

Lead transformational change

Apply influence and leverage

Leadership Gap





Can accountants step in to fill the leadership gap?

Yes We Can.....through





- Regularity of Actions every action structured to be compliant with laws and regulations
- Propriety of behaviour adopting high standards of public conduct, including robust governance especially around the tenet of transparency



Dealing with the Iceberg

Q & A

