

# **PUBLIC SECTOR FINANCIAL MANAGEMENT AND GOVERNANCE**

**By**

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**BEING A TEXT OF PAPER DELIVERED AT 2025 MANDATORY  
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## **Overview of the Presentation**

This presentation provides a comprehensive overview of public sector financial management, highlighting its significance in ensuring effective governance and public value creation. The presentation will delve into the key concepts, principles, and practices of public sector financial management, with a focus on governance and public value management.

## **Key Objectives**

The presentation aims to:

1. Define public sector financial management and its importance in the public sector.
2. Discuss the role of governance in public sector financial management.
3. Examine the concept of public value management and its application in the public sector.
4. Highlight the benefits of effective public sector financial management, including improved governance, transparency, and accountability.
5. Provide practical examples and case studies of public sector financial management in action.

## **Presentation Outline**

The presentation will cover the following topics:

1. Introduction to public sector financial management.
2. Governance in public sector financial management.
3. Public value management in the public sector.
4. Key metrics and indicators of public sector financial management.

5. Practical scenarios and case studies.
6. Challenges and reforms in public sector financial management.
7. Conclusion and recommendations.

By the end of this presentation, participants will have a deeper understanding of public sector financial management, its importance, and the role of governance and public value management in promoting effective governance and public value creation.

## **1.0 Introduction**

Effective financial management is crucial for the success of any organization, and the public sector is no exception. Public sector financial management refers to the process of managing public funds and resources to achieve the government's objectives and deliver public services. This paper provides an overview of public sector financial management, with a focus on public value management (PVM) for professional accountants.

### **1.1 Definition of Public Sector Financial Management**

Public sector financial management (PSFM) refers to the process of planning, organizing, directing and controlling the financial resources of government agencies, departments and institutions to achieve their objectives and deliver public services effectively and efficiently. PSFM involves the management of public funds, assets and liabilities to ensure that government programmes and services are delivered in a financially sustainable manner.

### **1.2 Scope of Public Sector Financial Management**

The scope of PSFM is broad and encompasses various aspects of financial management, including:

1. Budgeting: The process of preparing and approving budgets to allocate resources to different programmes and activities.
2. Financial Reporting: The preparation and presentation of financial statements, such as balance sheets, income statements, and cash flow statements, to stakeholders.
3. Internal Control: The establishment of internal control systems to ensure the accuracy, completeness, and validity of financial data and to prevent fraud and errors.
4. Risk Management: The identification, assessment, and mitigation of financial risks, such as market risk, credit risk, and operational risk.
5. Audit: The examination and verification of financial statements and records to ensure their accuracy and compliance with laws and regulations.

### **1.3 Objectives of Public Sector Financial Management**

The primary objectives of PSFM are:

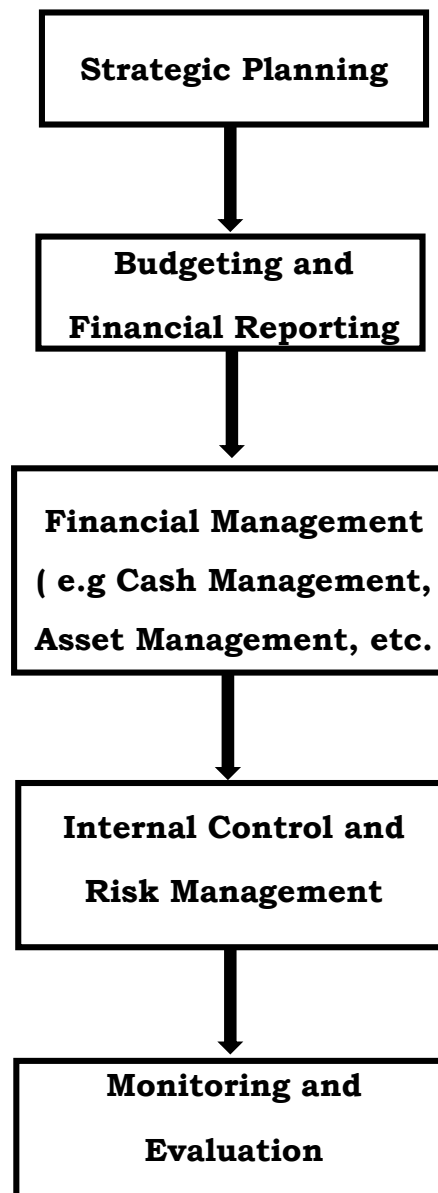
1. **Efficient Use of Resources:** To ensure that public funds and resources are used efficiently and effectively to achieve government objectives.
2. **Accountability:** To ensure that government agencies and officials are accountable for their financial decisions and actions.
3. **Transparency:** To ensure that financial information is transparent, accurate, and accessible to stakeholders.
4. **Value for Money:** To ensure that public funds and resources are used to deliver value for money and achieve desired outcomes.

### **1.4 Key Principles of Public Sector Financial Management**

The following principles underpin effective PSFM:

1. **Accountability:** Government agencies and officials must be accountable for their financial decisions and actions.
2. **Transparency:** Financial information must be transparent, accurate, and accessible to stakeholders.
3. **Efficiency:** Public funds and resources must be used efficiently and effectively to achieve government objectives.
4. **Value for Money:** Public funds and resources must be used to deliver value for money and achieve desired outcomes.
5. **Risk Management:** Financial risks must be identified, assessed, and mitigated to ensure the integrity of financial management systems.

**Diagram 1: Public Financial Management Framework**



### **1.5 Benefits of Effective Public Sector Financial Management**

Effective PSFM can bring numerous benefits, including:

1. Improved Accountability: Enhanced accountability and transparency in financial management.
2. Efficient Use of Resources: More efficient use of public funds and resources.
3. Better Decision-Making: Improved decision-making based on accurate and reliable financial information.
4. Increased Public Trust: Enhanced public trust and confidence in government financial management.

5. Improved Service Delivery: More effective and efficient delivery of public services.

## **1.6 Challenges Facing Public Sector Financial Management**

Despite the importance of PSFM, there are several challenges facing its effective implementation, including:

1. Limited Resources: Insufficient financial resources to support the implementation of PSFM.
2. Lack of Capacity: Limited capacity and expertise in financial management among government officials.
3. Inadequate Infrastructure: Poor infrastructure, including inadequate technology and systems, to support PSFM.
4. Corruption: Corruption and fraudulent activities that undermine the integrity of financial management systems.
5. Complexity: Complexity of financial management systems and processes that can make it difficult to implement PSFM effectively.

## **1.7 Best Practices in Public Sector Financial Management**

To overcome the challenges facing PSFM, it is essential to adopt best practices, including:

1. Adopting International Standards: Adopting international standards, such as IPSAS, to ensure transparency and accountability in financial reporting.
2. Implementing Risk Management: Implementing risk management strategies to identify, assess, and mitigate financial risks.
3. Developing Capacity: Developing the capacity and expertise of government officials in financial management.
4. Investing in Infrastructure: Investing in adequate infrastructure, including technology and systems, to support PSFM.
5. Promoting Transparency and Accountability: Promoting transparency and accountability in financial management through regular audits and reporting.

## **2.0 IMPORTANCE OF PUBLIC SECTOR FINANCIAL MANAGEMENT**

Effective public sector financial management (PSFM) is crucial for achieving the goals and objectives of government agencies, departments, and institutions. PSFM plays a vital role in ensuring that public resources are used efficiently, effectively, and economically to deliver public services and promote economic growth and development.

### **2.1 Why is Public Sector Financial Management Important?**

PSFM is important for several reasons:

- i. **Ensures Accountability and Transparency:** PSFM ensures that government agencies and officials are accountable for their financial decisions and actions. This is achieved through the implementation of transparent financial management systems, processes, and procedures that provide stakeholders with accurate and reliable financial information.
- ii. **Promotes Efficient and Effective Use of Public Resources:** PSFM promotes the efficient and effective use of public resources by ensuring that financial resources are allocated to priority areas, programmes, and activities. This is achieved through the implementation of budgeting, financial reporting, and internal control systems that ensure the accuracy, completeness, and validity of financial data.
- iii. **Supports Economic Growth and Development:** PSFM supports economic growth and development by ensuring that public resources are used to invest in strategic sectors, such as infrastructure, education, and healthcare. This is achieved through the implementation of financial management systems that support the allocation of resources to priority areas.
- iv. **Enhances Public Trust and Confidence:** PSFM enhances public trust and confidence in government financial management by ensuring that financial resources are used transparently, accountably, and efficiently. This is achieved through the implementation of financial management systems that provide stakeholders with accurate and reliable financial information.

### **2.2 Benefits of Effective Public Sector Financial Management**

Effective PSFM can bring numerous benefits, including:

- i. **Improved accountability and transparency:** Enhanced accountability and transparency in financial management.
- ii. **Efficient use of resources:** More efficient use of public funds and resources.
- iii. **Better decision-making:** Improved decision-making based on accurate and reliable financial information.

- iv. Increased public trust and confidence: Enhanced public trust and confidence in government financial management.
- v. Improved service delivery: More effective and efficient delivery of public services.

### **2.3 Challenges Facing Public Sector Financial Management**

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- ii. Implementing risk management: Implementing risk management strategies to identify, assess, and mitigate financial risks.
- iii. Developing capacity: Developing the capacity and expertise of government officials in financial management.
- iv. Investing in infrastructure: Investing in adequate infrastructure, including technology and systems, to support PSFM.
- v. Promoting transparency and accountability: Promoting transparency and accountability in financial management through regular audits and reporting.

### **3.0 GOVERNANCE IN PUBLIC SECTOR FINANCIAL MANAGEMENT**

Effective governance is essential for ensuring that public sector financial management (PSFM) is transparent, accountable, and responsive to the needs of citizens. Governance provides the framework for making decisions, managing resources, and ensuring that public institutions are accountable for their actions.

#### **3.1 What is Governance?**

Governance refers to the system of rules, practices, and processes by which an organization is directed and controlled. In the context of PSFM, governance encompasses the structures, processes, and relationships that enable public institutions to manage public resources effectively and efficiently.

#### **3.2 Scope of Governance**

The scope of governance in PSFM includes:

- i. Leadership: Providing direction, vision, and guidance to ensure that public institutions achieve their objectives.
- ii. Accountability: Ensuring that public officials are accountable for their actions and decisions, and that there are mechanisms in place to hold them accountable.
- iii. Transparency: Ensuring that financial information is transparent, accurate, and accessible to stakeholders.
- iv. Stakeholder Engagement: Engaging with stakeholders, including citizens, civil society organizations, and the private sector, to ensure that their needs and concerns are taken into account.

#### **3.3 Key Principles of Good Governance**

Good governance in PSFM is based on several key principles, including:

- i. Accountability: Public officials must be accountable for their actions and decisions.
- ii. Transparency: Financial information must be transparent, accurate, and accessible to stakeholders.
- iii. Participation: Stakeholders must be able to participate in decision-making processes.
- iv. Equity: Public resources must be allocated in an equitable and fair manner.
- v. Efficiency: Public resources must be used efficiently and effectively.



### **3.4 Governance Structures and Mechanisms**

Governance structures and mechanisms are essential for ensuring that public institutions are accountable and transparent. These structures and mechanisms include:

- i. Audit Committees: Independent committees that oversee financial reporting and auditing processes.
- ii. Financial Management Boards: Boards that oversee financial management and provide strategic direction.
- iii. Internal Audit Units: Units that provide independent assurance on the effectiveness of internal controls.
- iv. External Audit: Independent audits that provide assurance on the accuracy and reliability of financial statements.

### **3.5 Challenges to Good Governance**

Despite the importance of good governance in PSFM, there are several challenges that public institutions face, including:

- i. Corruption: Corruption and fraudulent activities that undermine the integrity of financial management systems.
- ii. Limited Capacity: Limited capacity and expertise in financial management among public officials.
- iii. Inadequate Infrastructure: Poor infrastructure, including inadequate technology and systems, to support PSFM.
- iv. Lack of Transparency: Lack of transparency and accountability in financial management.
- v. Inadequate Stakeholder Engagement: Inadequate engagement with stakeholders, including citizens and civil society organizations.

### **3.6 Best Practices in Governance**

To overcome the challenges facing good governance in PSFM, it is essential to adopt best practices, including:

- i. Establishing Clear Governance Structures: Establishing clear governance structures and mechanisms to ensure accountability and transparency.
- ii. Providing Training and Capacity Building: Providing training and capacity building programmes for public officials to enhance their skills and expertise in financial management.

- iii. Implementing Risk Management: Implementing risk management strategies to identify, assess, and mitigate financial risks.
- iv. Promoting Transparency and Accountability: Promoting transparency and accountability in financial management through regular audits and reporting.
- v. Engaging with Stakeholders: Engaging with stakeholders, including citizens and civil society organizations, to ensure that their needs and concerns are taken into account.

## **4.0 METRICS OF PUBLIC FINANCIAL MANAGEMENT**

Effective public financial management (PFM) relies on the use of key metrics to measure performance, identify areas for improvement, and inform decision-making. These metrics provide insights into the financial health and sustainability of public institutions.

### **4.1 Key Metrics of Public Financial Management**

The following are key metrics used to evaluate public financial management:

- i. **Budget Execution Rates:** Measures the extent to which budgeted expenditures are actually incurred. A high budget execution rate indicates effective budget management.
- ii. **Expenditure Variance Analysis:** Analyzes differences between actual and budgeted expenditures to identify areas of inefficiency or misallocation of resources.
- iii. **Revenue Collection Rates:** Measures the percentage of budgeted revenue actually collected. A high revenue collection rate indicates effective revenue management.
- iv. **Debt-to-GDP Ratio:** Measures the ratio of public debt to gross domestic product (GDP). A high debt-to-GDP ratio can indicate fiscal unsustainability.
- v. **Financial Statement Analysis:** Analyzes financial statements, such as balance sheets and income statements, to assess the financial health and sustainability of public institutions.

### **4.2 Additional Metrics**

Other important metrics used in public financial management include:

- i. **Cash Management Metrics:** Measures cash inflows and outflows to ensure liquidity and effective cash management.
- ii. **Asset Management Metrics:** Measures the management of public assets, such as property and equipment.
- iii. **Liability Management Metrics:** Measures the management of public liabilities, such as debt and pensions.
- iv. **Risk Management Metrics:** Measures the identification, assessment, and mitigation of financial risks.
- v. **Service Delivery Metrics:** Measures the effectiveness and efficiency of public service delivery.

### **4.3 Benefits of Using Metrics in Public Financial Management**

Using metrics in public financial management provides several benefits, including:

- I. Improved Decision-Making: Metrics provide insights into financial performance, enabling informed decision-making.
- ii. Enhanced Transparency and Accountability: Metrics promote transparency and accountability by providing stakeholders with accurate and reliable financial information.
- iii. Better Resource Allocation: Metrics help identify areas of inefficiency or misallocation of resources, enabling better resource allocation.
- iv. Improved Financial Management: Metrics enable public institutions to identify areas for improvement in financial management.
- v. Increased Public Trust: Metrics promote transparency and accountability, increasing public trust in public financial management.

### **4.4 Challenges in Implementing Metrics in Public Financial Management**

Despite the benefits of using metrics in public financial management, there are several challenges that public institutions face, including:

- i. Limited Capacity: Limited capacity and expertise in financial management among public officials.
- ii. Inadequate Infrastructure: Poor infrastructure, including inadequate technology and systems, to support the collection and analysis of financial data.
- iii. Lack of Standardization: Lack of standardization in financial reporting and metrics, making it difficult to compare performance across different public institutions.
- iv. Insufficient Data: Insufficient data and information to support the use of metrics in public financial management.
- v. Resistance to Change: Resistance to change among public officials, making it difficult to implement new metrics and financial management systems.

### **4.5 Best Practices in Implementing Metrics in Public Financial Management**

To overcome the challenges facing the implementation of metrics in public financial management, it is essential to adopt best practices, including:

- i. Establishing Clear Goals and Objectives: Establishing clear goals and objectives for the use of metrics in public financial management.

- ii. Developing Standardized Metrics: Developing standardized metrics and financial reporting frameworks to ensure comparability across different public institutions.
- iii. Investing in Capacity Building: Investing in capacity building and training programmes for public officials to enhance their skills and expertise in financial management.
- iv. Implementing Robust Data Management Systems: Implementing robust data management systems to support the collection, analysis, and reporting of financial data.
- v. Promoting Transparency and Accountability: Promoting transparency and accountability by providing stakeholders with accurate and reliable financial information.

#### **4.6 Implementing Metrics in Public Financial Management: A Step-by-Step Guide**

Implementing metrics in public financial management requires a structured approach. Here is a step-by-step guide:

- i. Establish Clear Goals and Objectives: Establish clear goals and objectives for the use of metrics in public financial management.
- ii. Identify Key Metrics: Identify key metrics that align with the goals and objectives of public financial management.
- iii. Develop Standardized Metrics: Develop standardized metrics and financial reporting frameworks to ensure comparability across different public institutions.
- iv. Invest in Capacity Building: Invest in capacity building and training programmes for public officials to enhance their skills and expertise in financial management.

Here's an expanded version of the relationship between public financial management and public value management:

## **5.0 RELATIONSHIP BETWEEN PUBLIC FINANCIAL MANAGEMENT AND PUBLIC VALUE MANAGEMENT**

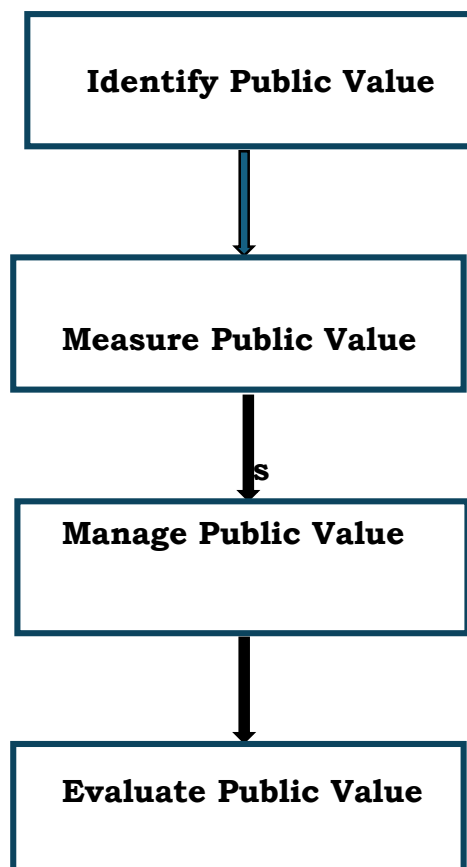
Effective public financial management (PFM) is critical for creating public value, which is the core objective of public value management (PVM). PVM is a management approach that focuses on creating value for citizens and stakeholders through the effective management of public resources.

### **5.1 Linking Public Financial Management to Public Value Management**

Public Value Management (PVM) is a management approach that focuses on creating value for citizens and stakeholders through the effective management of public resources. The scope of PVM includes:

- i. Identifying Public Value: Identifying the needs and expectations of citizens and stakeholders to determine what constitutes public value.
- ii. Measuring Public Value: Measuring public value through the use of metrics and indicators that assess the impact and effectiveness of public programmes and services.
- iii. Managing Public Value: Managing public value by allocating resources effectively, efficiently, and equitably to maximize public value.

#### **Public Value Management Framework**



## **5.2 Key Principles of Public Value Management**

The key principles of public value management include:

- i. Citizen-Centricity: Focusing on the needs and expectations of citizens and stakeholders.
- ii. Transparency and Accountability: Ensuring transparency and accountability in the management of public resources.
- iii. Effectiveness and Efficiency: Ensuring that public programmes and services are effective and efficient in achieving their objectives.
- iv. Equity and Fairness: Ensuring that public resources are allocated equitably and fairly to maximize public value.
- v. Sustainability: Ensuring that public programmes and services are sustainable in the long term.

## **5.3 Benefits of Linking Public Financial Management to Public Value Management**

Linking public financial management to public value management provides several benefits, including:

- i. Improved Resource Allocation: Allocating resources effectively, efficiently, and equitably to maximize public value.
- ii. Enhanced Transparency and Accountability: Ensuring transparency and accountability in the management of public resources.
- iii. Increased Public Trust: Increasing public trust in government by demonstrating a commitment to creating public value.
- iv. Better Decision-Making: Making informed decisions about public programmes and services based on their impact and effectiveness.
- v. Improved Service Delivery: Delivering public services that are effective, efficient, and responsive to the needs of citizens and stakeholders.

## **5.4 Challenges in Linking Public Financial Management to Public Value Management**

Despite the benefits of linking public financial management to public value management, there are several challenges that public institutions face, including:

- i. Limited Capacity: Limited capacity and expertise in public value management among public officials.

- ii. Inadequate Data: Inadequate data and information to support public value management.
- iii. Resistance to Change: Resistance to change among public officials, making it difficult to adopt new approaches to public value management.
- iv. Competeting Priorities: Competeting priorities and demands on public resources, making it difficult to allocate resources effectively.
- v. Lack of Political Will: Lack of political will to adopt public value management approaches. Expand further

## **5.5 Best Practices in Linking Public Financial Management to Public Value Management**

To overcome the challenges facing the linking of public financial management to public value management, it is essential to adopt best practices, including:

- i. Establishing Clear Goals and Objectives: Establishing clear goals and objectives for public value management to ensure that everyone is working towards the same objectives.
- ii. Developing Standardized Metrics: Developing standardised metrics and indicators to measure public value to ensure consistency and comparability.
- iii. Investing in Capacity Building: Investing in capacity building and training programmes for public officials to enhance their skills and expertise in public value management.
- . Implementing Robust Data Management Systems: Implementing robust data management systems to support the collection, analysis, and reporting of data on public value.
- iv. Promoting Transparency and Accountability: Promoting transparency and accountability in the management of public resources to ensure that public value is created and sustained.

## **5.6 Implementing Public Value Management in Practice**

Implementing public value management in practice requires a structured approach. Here are some steps to follow:

- i. Conduct a Public Value Assessment: Conduct an assessment to identify the needs and expectations of citizens and stakeholders.
- ii. Develop a Public Value Strategy: Develop a strategy that outlines how public value will be created and sustained.
- iii. Establish Key Performance Indicators (KPIs): Establish KPIs to measure public value.



- iv. Allocate Resources Effectively: Allocate resources effectively, efficiently, and equitably to maximize public value.
- v. Monitor and Evaluate Performance: Monitor and evaluate performance regularly to ensure that public value is being created and sustained.

### **5.7 Tools and Techniques for Public Value Management**

There are several tools and techniques that can be used to support public value management, including:

- i. Cost-Benefit Analysis: A tool used to evaluate the costs and benefits of public programmes and services.
- ii. Return on Investment (ROI) Analysis: A tool used to evaluate the return on investment of public programmes and services.
- iii. Public Value Scorecards: A tool used to measure and track public value.
- iv. Stakeholder Engagement: A technique used to engage stakeholders in the public value management process.
- v. Collaborative Governance: A technique used to collaborate with other government agencies, non-profit organizations, and private sector entities to create public value.

## **6.0 PRACTICAL SCENARIOS OF PUBLIC FINANCIAL MANAGEMENT**

Effective public financial management (PFM) is critical for ensuring that public resources are allocated efficiently, effectively, and equitably. Here are some practical scenarios of public financial management:

### **6.1 Real-World Examples of Public Financial Management**

#### **Case Study 1: Implementing Accrual Accounting in a Local Government**

The City of Melbourne, Australia, implemented accrual accounting to improve the transparency and accountability of its financial reporting. The city's financial statements now provide a more comprehensive picture of its financial position and performance.

#### **Case Study 2: IPSAS Adoption in a National Government**

The Government of South Africa adopted International Public Sector Accounting Standards (IPSAS) to improve the consistency and comparability of its financial reporting. The adoption of IPSAS has enhanced the transparency and accountability of the government's financial management.

#### **Case Study 3: PVM Implementation in a Public Sector Organisation**

The National Health Service (NHS) in the United Kingdom implemented Public Value Management (PVM) to improve the efficiency and effectiveness of its healthcare services. The NHS used PVM to identify areas for improvement and to allocate resources more effectively.

### **6.2 Benefits of Implementing Accrual Accounting in a Local Government**

Implementing accrual accounting in a local government provides several benefits, including:

- i. **Improved Transparency and Accountability:** Accrual accounting provides a more comprehensive picture of a local government's financial position and performance.
- ii. **Better Decision-Making:** Accrual accounting enables local governments to make more informed decisions about resource allocation and budgeting.
- iii. **Enhanced Financial Management:** Accrual accounting promotes more effective financial management by recognizing revenues and expenses when they are earned or incurred.
- iv. **Improved Budgeting:** Accrual accounting enables local governments to prepare more accurate budgets by recognizing revenues and expenses when they are earned or incurred.

v. Increased Public Trust: Accrual accounting promotes transparency and accountability, which can increase public trust in local government.

### **6.3 Challenges of IPSAS Adoption in a National Government**

Adopting IPSAS in a national government can be challenging, including:

- i. Limited Capacity and Expertise: National governments may lack the capacity and expertise to implement IPSAS.
- ii. Inadequate Infrastructure: National governments may lack the necessary infrastructure, including accounting systems and processes, to support IPSAS adoption.
- iii. Resistance to Change: National governments may encounter resistance to change from public officials and other stakeholders.
- iv. High Implementation Costs: Implementing IPSAS can be costly, requiring significant investments in training, systems, and processes.
- v. Complexity of IPSAS Standards: IPSAS standards can be complex and difficult to interpret, requiring significant expertise and guidance.

### **6.4 Best Practices for PVM Implementation in a Public Sector Organisation**

Implementing PVM in a public sector organisation requires careful planning and execution. Here are some best practices to follow:

- i. Establish Clear Goals and Objectives: Establish clear goals and objectives for PVM implementation.
- ii. Develop a PVM Framework: Develop a PVM framework that outlines the key principles, processes, and practices of PVM.
- iii. Engage Stakeholders: Engage stakeholders, including citizens, public officials, and other stakeholders, in the PVM implementation process.
- iv. Invest in Capacity Building: Invest in capacity building and training programs for public officials to enhance their skills and expertise in PVM.
- v. Monitor and Evaluate Performance: Monitor and evaluate performance regularly to ensure that PVM is achieving its intended objectives.

## **7.0 CHALLENGES AND REFORMS IN PUBLIC SECTOR FINANCIAL MANAGEMENT**

Effective public sector financial management is critical for ensuring that public resources are allocated efficiently, effectively, and equitably. However, public sector financial management faces several challenges that can undermine its effectiveness.

### **7.1 Challenges Facing Public Sector Financial Management**

- i. Corruption: Corruption can undermine the effectiveness of public sector financial management by diverting public resources for personal gain.
- ii. Inefficiency: Inefficient financial management practices can result in waste and misallocation of public resources.
- iii. Lack of Transparency: Lack of transparency in financial management practices can make it difficult to hold public officials accountable for their actions.
- iv. Limited Capacity: Limited capacity and expertise in financial management can undermine the effectiveness of public sector financial management.
- v. Complexity: Complex financial management systems and processes can make it difficult to manage public resources effectively.

### **7.2 Reforms in Public Sector Financial Management**

To address these challenges, several reforms have been implemented in public sector financial management, including:

- i. Accrual Accounting: Accrual accounting has been adopted by many governments to provide a more comprehensive picture of their financial position and performance.
- ii. IPSAS Adoption: The adoption of International Public Sector Accounting Standards (IPSAS) has improved the consistency and comparability of financial reporting across governments.
- iii. Fiscal Decentralization: Fiscal decentralization has been implemented in many countries to give sub-national governments more autonomy and flexibility in managing their finances.
- iv. Public Financial Management (PFM) Reforms: PFM reforms have been implemented in many countries to improve the efficiency, effectiveness, and transparency of public sector financial management.

### **7.3 Benefits of Reforms in Public Sector Financial Management**

The reforms in public sector financial management have provided several benefits, including:

- i. Improved Transparency and Accountability: The adoption of accrual accounting and IPSAS has improved the transparency and accountability of financial reporting.
- ii. Enhanced Efficiency and Effectiveness: Fiscal decentralization and PFM reforms have improved the efficiency and effectiveness of public sector financial management.
- iii. Increased Public Trust: The reforms have increased public trust in government by demonstrating a commitment to transparency, accountability, and good governance.

### **7.4 Challenges of Implementing Reforms in Public Sector Financial Management**

Despite the benefits of reforms in public sector financial management, there are several challenges to implementing these reforms, including:

- i. Limited Capacity and Expertise: Limited capacity and expertise in financial management can make it difficult to implement reforms.
- ii. Resistance to Change: Resistance to change from public officials and other stakeholders can make it difficult to implement reforms.
- iii. High Implementation Costs: Implementing reforms can be costly, requiring significant investments in training, systems, and processes.
- iv. Complexity of Reforms: The complexity of reforms can make it difficult to implement them effectively.

## **8.0 CONCLUSION**

In conclusion, effective public sector financial management is critical for achieving public value and promoting sustainable development. Professional accountants have a critical role to play in promoting transparency, accountability and effective public sector financial management. By implementing the strategies outlined in this report, professional accountants can help promote effective public sector financial management and PVM,

## **9.0 Recommendations for Professional Accountants**

To promote PVM in public sector financial management, professional accountants can:

1. Use PVM frameworks and metrics: Adopt PVM frameworks and metrics to measure and report on the delivery of public value.
2. Develop public value-focused financial reports: Prepare financial reports that focus on the delivery of public value, rather than just financial performance.
3. Provide assurance on public value: Provide assurance on the delivery of public value, using techniques such as audit and evaluation.
4. Develop public value-focused internal controls: Establish internal controls that focus on optimizing the delivery of public value.
5. Collaborate with stakeholders to promote transparency and accountability
6. Develop training programmes to build capacity and skills in PVM
7. Provide technical assistance to support the implementation of PVM
8. Advocate for policy changes that promote effective public sector financial management and PVM

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