Building Professional Capacity for Public Value Management

12 Questions That A Government Should Ask About The Professionalisation Of Public Sector Accounting And Auditing

AN AFRICAN PROFESSIONALISATION INITIATIVE WHITE PAPER

AFRICAN PROFESSIONALISATION INITIATIVE

THE QUESTIONS

01 What has **triggered the need for professionalisation** and how does that inform the value that professionalisation must bring?

02 Who will **lead the change?**

03 Which stakeholders should be **engaged at the planning phase?**

04 What role will a **local professional accountancy organisation** and/or regulator play?

05 Where will the **capacity** come from?

06 What will the **scope** be?

07 What is the **extent** of the need?

08 How will it be **funded?**

09 Is **legislative change** needed?

10 How will professionalisation align with the existing **PFM reform agenda?**

11 How will **financial literacy be developed** in public servants working in non-finance roles?

12 What changes are needed to **support attraction and retention of talented accounting professionals?**

INTRODUCTION

COUNTRIES IN AFRICA TEND TO FACE CHALLENGES IN EFFECTIVE ALLOCATION AND MANAGEMENT OF SCARCE RESOURCES, RESULTING IN FAILURE TO DELIVER SERVICES TO THE LEVELS EXPECTED BY CITIZENS. THIS USUALLY RESULTS IN CITIZEN DISSATISFACTION, WHICH IS EXPRESSED IN VARIOUS FORMS – INCLUDING SERVICE DELIVERY DEMONSTRATIONS.

Among the many contributing factors to this is the shortage of professional accountants and auditors that can provide governments with timely and relevant information for effective and efficient decision-making. This situation is further affected by the majority of existing public sector accountants and auditors not being subject to regulation by a professional organisation responsible for ensuring continuous up-skilling – generally referred to as continuous professional development (CPD).

Accountants and auditors serving in the public sector need to develop competencies in public financial management (PFM), performance management, public sector accounting and reporting, public sector auditing, and raising revenue. Accounting and auditing professionals who are equipped with these competencies can add value across the PFM cycle, from planning and budgeting, day-to-day financial and performance management, through to reporting, internal audit, and external audit. They can operate in all spheres of government, including at central, regional and local levels, in public entities and government business entities, in schools, hospitals, and also large infrastructure projects.

These professionals can:

- Balance regulation and policy with developmental objectives
- Make and support sound decision-making
- Contribute to economic growth without burdening future generations with public debt
- Act as guardians against corruption, illicit financial flows and the exploitation of resources, which does not benefit citizens
- Enhance government accountability
- Help ensure that foreign investment benefits their country.

The African Professionalisation Initiative (API) was established to support the growth in capacity of accounting and auditing professionals, who have the competencies needed to be effective in an evolving public sector role. The API is a partnership between the accounting profession, accountants general, and supreme audit institutions from across Africa.

While the API is seeking to create value at continental level, it is premised on the need for local ownership of public value management (PVM) professionalisation efforts. This paper was developed to guide governments who are seeking to grow their professional capacity for public value management. It outlines and describes key discussion points that should be considered by governments when developing a strategy or roadmap to implement a local professionalisation initiative.

The paper represents the outcome of extensive deliberations by the API's Interim Oversight Board (which includes accountants general, leadership from professional accountancy organisations and the heads of supreme audit institutions) and the secretariats of AFROSAI-E, CREFIAF, ESAAG, and PAFA.

The concept of Public Value Management (PVM)

The concept of PVM is central to the API's view on enhancing financial management in the public sector. PVM is larger than public financial management.

In their book Chief Value Officer, Professor Mervyn King and Jill Atkins quoting the Association of Chartered Certified Accountants (ACCA), stated that 'Over the past few decades, sustainability issues have slowly become mainstream, and there is a shift from the creation of share value to the generation of shared value. Ultimately, creating shared value acknowledges both the work that corporations need to do to reduce negative impacts on society, as well as, and more fundamentally, how they can be part of progress on the global challenges such as climate change and enforcement of human rights.'

Public Value Management is seeing the resources of the continent beyond the financial value being presented by potential buyers. A lion in a game reserve has more tourism value than the money being offered by a trophy hunter. In the Public Value Management (PVM) system, the minerals underground are not commodities to be traded. They are the continent's capital to provide long-term, sustainable benefits to its citizens.

An Africa that uses the PVM approach will use its resources as its contribution in entering into agreements with providers of financial capital. Future dealings with financial capital will be based on a partnership with African countries, using the value of their resources as 'share contribution' – thereby ensuring the country retains an equity interest in its own resources.

It is with the above context that the API promotes the concept of improved value management, and not just improved financial management.

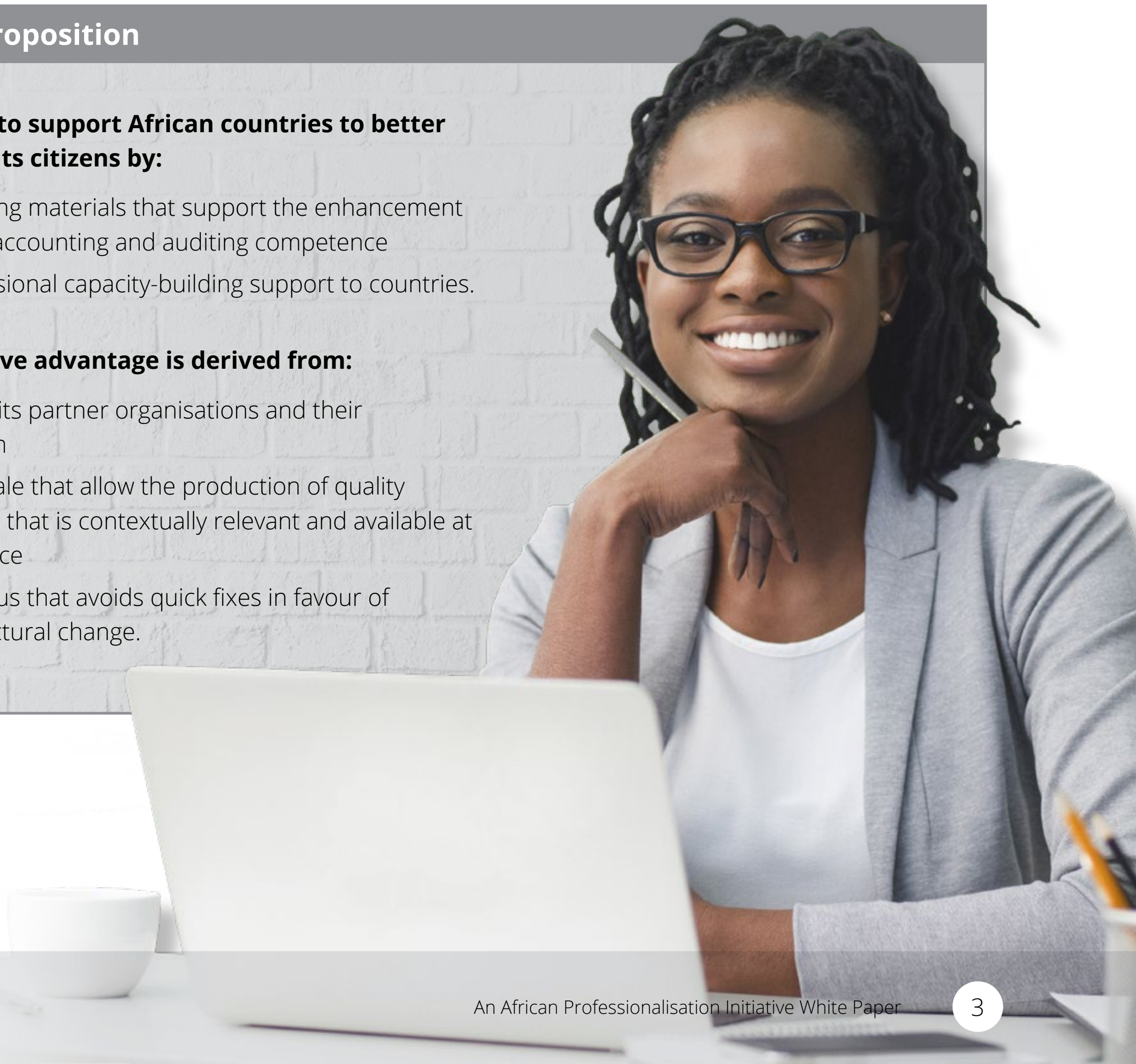
The API's Value Proposition

The API is working to support African countries to better deliver services to its citizens by:

- Producing learning materials that support the enhancement of public sector accounting and auditing competence
- Providing professional capacity-building support to countries.

The API's competitive advantage is derived from:

- The influence of its partner organisations and their continental reach
- Economies of scale that allow the production of quality learning material that is contextually relevant and available at a competitive price
- Its long-term focus that avoids quick fixes in favour of sustainable structural change.



The API's approach to capacity building

The API was established on the premise that professional capacity building is a long-term endeavour which requires sustained effort to succeed. It recognises the importance of local ownership of capacity building, while recognising that regional support can add value and reduce costs.

The API espouses a multi-stakeholder approach to the development and implementation of a professionalisation strategy. This means that all key stakeholders contribute and support its implementation.

The approach looks at building capacity throughout the public financial management cycle, and across the public sector in its broadest definition. This broad-scope approach creates economies of scale that make it possible to invest in learning programmes tailored to the country's context. The API is developing generic learning resources in a manner that will enable countries to incorporate local content, in line with an approved process.

The API takes a multi-pronged approach to capacity building, by looking to various sources for capacity, which also provides focus to its development of generic learning resources.

Three main target audiences are emphasised:

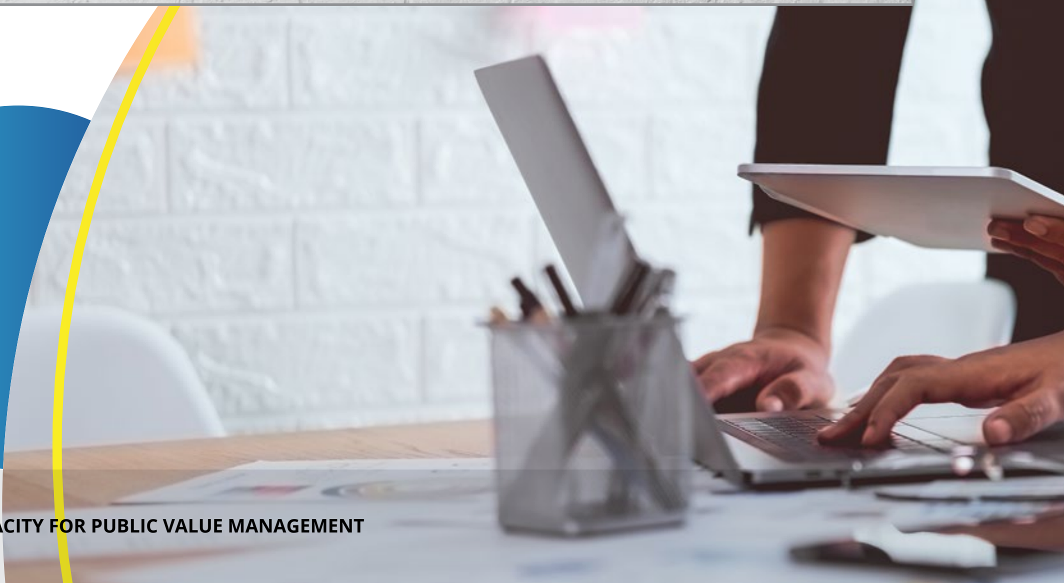
Incumbents: senior officials serving in PFM roles, but who don't have a professional accountancy background. They have significant experience and expertise, but may be lacking in technical accountancy competencies and the practise of accountancy within a framework of professional ethics.

Accounting and auditing professionals who have an interest in accepting a role within the public sector, but who lack exposure to this environment.

Students: aspiring professionals who have an interest in pursuing a career in public sector accountancy.

In addressing the needs of the above target audiences, the API will also aim to capacitate non-finance officials that are often in decision-making roles – overseeing public-finance processes.

The API encourages the implementation of tailored learning programmes for each of these audiences, in support of professional capacity building. They each have unique learning needs to develop themselves into a fully-fledged professional accountant, fit-for-purpose for a role in the public sector.



THE 12 QUESTIONS

THE QUESTIONS THAT FOLLOW ARE INTENDED TO BE USED BY GOVERNMENTS TO INFORM THE DEVELOPMENT OF A STRATEGY AND/OR ROADMAP FOR THE PROFESSIONALISATION OF ACCOUNTING AND AUDITING IN THEIR PARTICULAR PUBLIC SECTORS.

They are not intended as strict criteria, but rather as conversation starters which help to ensure a robust approach to professional capacity building. They also provide insight into the underpinnings of the API's capacity-building approach.

Interspersed among the questions are short case studies, which provide practical examples of how the principles are being applied in real-world scenarios.

We encourage you to share this document with stakeholders in your country, and to use it as a catalyst to bring these stakeholders together to partner in building your public sector accounting and auditing capacity.

1 What has triggered the need for professionalisation and how does that inform the value that professionalisation must bring?

THERE WILL USUALLY BE A REASON WHY THE POLITICAL LEADERSHIP REQUEST OR CHOOSE TO SUPPORT A PROFESSIONALISATION INITIATIVE.

It may be a response to outcomes from diagnostic assessments such as PEFA[1] or ROSC.[2] Poor audit outcomes may place the spotlight on a lack of capacity in a country, or increased corruption may have resulted in the public demanding intervention.

The anticipated value-add or expected outcome of the initiative should be aligned to the original problem it was designed to address. Examples could include better financial governance, transparency, accountable administration or enhanced service delivery.

Defining this problem and the expected outcomes will allow the initiative to be designed in a manner that is responsive to the identified challenges in the environment. It will also ensure that success is measured in terms that are consistent with the expectation of stakeholders.

1. Public Expenditure and Financial Accountability tool, administered by the PEFA Secretariat. See: https://pefa.org
2. Reports on the Observance of Standards and Codes, administered by the World Bank and the International Monetary Fund. See: https://www.worldbank.org/en/programs/rosc

2 Who will lead the change?

INTERNAL STAKEHOLDERS WILL DECIDE THE LEAD INSTITUTION(S). IDEALLY, THIS WILL BE AN INSTITUTION THAT HAS THE RESPECT OF OTHER STAKEHOLDERS IN THE COUNTRY – AMONG THEM, GOVERNMENT, REGULATORS, THE ACCOUNTANT GENERAL'S OFFICE, SUPREME AUDIT INSTITUTIONS AND PROFESSIONAL ACCOUNTANCY ORGANISATIONS.

The role could be played by the office of the Accountant General or Ministry of Finance more broadly, by a local regulator, professional accountancy organisation (PAO) or by the supreme audit institution (SAI). This decision will be influenced by the institutional structures of the country. It is conceivable that a multi-stakeholder steering committee may be created to spearhead the initiative.

The successful implementation of the initiative will depend on strong support from an influential sponsor such as the head of state, a deputy head of state, or the minister of finance. The support from the sponsor should be unambiguous and unconditional. To this end, there must be a clear value proposition (see Question 1).

3 Which stakeholders should be engaged at the planning phase?

A BROAD STAKEHOLDER ENGAGEMENT PROCESS IS ESSENTIAL FOR THE SUCCESS OF A PROFESSIONAL CAPACITY BUILDING INITIATIVE.

It can be expected that this process will be multi-layered and complex. A stakeholder mapping exercise can help identify who should be engaged and what their expectations and/or contributions will be. Stakeholders can be categorised using a mapping tool such as Mendelow's Matrix,[3] which analyses stakeholders according to their power and interest. There will be key actors who will need to partner in order to implement the initiative. They will be involved throughout the process and will be the most invested stakeholders. Some stakeholders may play an active role, but will only be consulted at certain stages. Other stakeholders will be less active and may only need to be kept informed. Table 1 provides a list of possible stakeholders and an example of how they could be categorised.

There are usually stakeholders who will resist the change. If they have "veto power" – where their resistance could disrupt or prevent the initiative – their support can be secured by understanding their concerns and responding sensitively.

3. https://blog.oxfordcollegeofmarketing.com/2018/04/23/what-is-mendelows-matrix-and-how-is-it-useful/

TABLE 1 Possible stakeholders to be included in the stakeholder engagement process

KEY ACTORS/PARTNERS: ENGAGE REGULARLY	
Professional Accountancy Organisation (PAO)	The PAO will provide a home for accountants and auditors working in the public sector and will deliver or oversee the delivery of professional education programmes. (see Question 4)
Regulator (accountancy profession)	In some countries, there is a separate regulator who regulates the accountancy profession. If the regulator oversees accounting and auditing professionals working in the public sector, they will be a key actor. Where accounting and auditing professionals are not regulated, the initiative may include legislative changes to introduce such regulation. (see Questions 4 and 9)
Accountant General (sometimes referred to as Director of Finance, Finance Permanent Secretary, Treasurer Paymaster General)	The accountant general is typically the custodian of the annual reporting process, and, in some cases, the budget process. They will be the main (frontline) beneficiary (users) of professional accountancy capacity. A professional accountancy workforce across the public sector will contribute to more effective budgeting, budget execution and reporting across the public sector.
Internal auditors	Internal auditors can provide insights into day-to-day challenges and where professional capacity is most needed. They can also benefit from increased professional capacity themselves.
Supreme Audit Institution	The SAI can be an advocate for the need for professional accountancy capacity, and a beneficiary as an employer of accounting and auditing professionals.

ACTIVE STAKEHOLDERS: CONSULT REGULARLY	
Political leadership (Minister of Finance, Public Accounts Committee)	These are the elected officials who will have the greatest interest in the success of the initiative. Their support can help expedite legislative and policy changes.
Qualifications' authorities and examining authorities	These authorities need to be involved for the new or revised qualifications to have credibility and recognition. Consulting the relevant authority early will increase the chances of new or amended qualifications being approved. In some countries, examining authorities play a key role in the administration of professional qualifying exams.
Academia, accounting education providers, and examining authorities	The capacity of educators will be critical during implementation. Support will be needed from both accountancy educators and public administration/management educators.
Revenue authorities	Tax administrators play a critical role in raising revenue for government. They need capacity themselves, but can also benefit from accounting and auditing professionals who appreciate the need to maximise domestic resource mobilisation to support development.
Economists	While accountants can add great value to PFM, they can never replace the role of economists who support macroeconomic and macro-fiscal decision-making. It is important to ensure that the professional accountancy capacity that is built, can complement and support the work of economists in the Ministry of Finance.
Civil service commissions	The employer of government will assist with updating relevant job profiles, compensation of accountants, and retention strategies. (see Question 12)

ACTIVE STAKEHOLDERS: CONSULT REGULARLY	
Civil servant unions	To the extent that civil servants who will be affected by the professionalisation activities belong to representative bodies such as unions, these organisations will need to fully appreciate and support the benefits and implications for their members.
Accounting and auditing professionals working in the public sector	While there may be a shortage of accounting and auditing professionals for the public sector – there may be a number of them already working in the sector. They can play a significant advocacy and champion role in supporting a capacity-building initiative. They can also act as mentors to incumbents pursuing professional designations.
Accounting firms	Firms can provide short-term support to government to assist with professionalising the work environment of public sector institutions. (see Question 5)

PASSIVE STAKEHOLDERS: INFORM REGULARLY	
Political leadership (Executive, Head of State)	Elected officials may play a less active role, but can be advocates among their constituencies and civil servants they oversee. They stand to benefit from the initiative through better PFM, leading to improved service delivery.
Permanent secretaries	The administrative heads of ministries, departments and agencies, are important beneficiaries of professional accountancy capacity. They often have ultimate responsibility for the financial management of their institutions, but need strong professional accountancy capacity to support them in their role.
Central banks and other regulatory authorities	Although central banks and other regulatory authorities may play a passive role, they should not be excluded from stakeholder engagements – to the extent that their mandate relates directly or indirectly to public finance.
Civil servants	Government employees in PFM roles will be directly impacted by the change.
Civil society	Civil Society Organisations can play an advocacy role if they are informed.
PAO membership	Members of the PAO should be informed throughout the process, as the change may impact on the perceived value of their designation.

BOX 1 **Leaders and stakeholders working together to enhance professional accountancy capacity in Zimbabwe**

Zimbabwe has embarked on a professional capacity-building initiative that is consistent with the principles of the API. The initiative is led by the Public Accountants and Auditors Board (PAAB), which regulates all accountants – including those working in the public sector. The PAAB has taken responsibility for managing all stakeholders of the project, both internal (e.g. government, PAOs) and external (donors, development partners, consultants). A Project Stakeholder Advisory Group (PSAG) was established to bring together all key public sector stakeholders, including: The Accountant General, Auditor General, Public Service Commission, and Ministry of Higher Education. The PSAG meets regularly to receive updates on the initiative's progress and to provide strategic inputs. This ensures continued buy-in from these key stakeholders.

Larger working group meetings are held periodically, which bring together the full range of stakeholders to the project, including incumbent PFM workers. These events communicate the benefits of the initiative, progress made to date, and provide an opportunity for questions. They are a key part of the change management process. The PAAB has also worked hard to secure the support of the President and the Minister of Finance in terms of ensuring that there is political will to keep the initiative moving.

4 What role will a local professional accountancy organisation and/or regulator play?

THE PAO IS ONE OF THE KEY ACTORS. THEY WILL HAVE THE OPPORTUNITY TO INCORPORATE THE LEARNERS COMING THROUGH API-ALIGNED LEARNING PROGRAMMES INTO THEIR MEMBERSHIP AND SUBJECT THEM TO IN-COUNTRY REGULATORY REGIMES.

They can structure their learning programmes to respond to public sector learning needs and ensure that public sector content is integrated into their qualifications' framework.

The PAO should take responsibility for the development of public sector accountancy competencies in individuals, who work in or aspire to work in PFM roles. These competencies must be based on the actual needs of the public sector, and the API Competency Framework can assist in this regard. The PAO will need to perform a gap analysis by comparing the expectations of their role in the initiative and their current service offering. For example, their present qualifications may not sufficiently address public sector competencies.

Adaptation of the PAO's qualification framework may be required to ensure that accounting and auditing professionals are prepared for public sector roles. Box 2 provides different approaches to achieve this.

It is advisable that the PAO aims to ensure that public sector accounting and auditing professionals carry a designation with equivalent prestige to their private sector counterparts. Nonetheless, there can be exit points that provide lower tier designations, such as that of an "accounting technician". Each tier should, however, carry consistent amounts of prestige – irrespective of the sector that the professional will work in.

The PAO continues to play an important role after the awarding of qualifications and designations. This includes holding the professional accountable for their adherence to a code of ethics, for the quality of their work, and for their commitment to life-long learning. Where such professionals are filling PFM roles, public funds are more likely to be managed economically, efficiently and effectively.

BOX 2 Incorporating public sector competencies into qualification frameworks

If a PAO has existing qualifications, it can incorporate public sector competencies through one or more of the following approaches:

Streaming: A stand-alone public sector qualification can be created. This would mean that aspiring professionals choose a private or public sector qualification at the stage of their initial application. The benefit is that the public sector qualification can be tailored to focus only on content relevant to a PFM role. The disadvantage is that it prevents mobility between sectors, and the public sector stream may be perceived by students to be less desirable than the private sector one.

Specialisation: A post-qualification specialisation in the public sector can be created. After obtaining the core professional qualification of the PAO, the accountant could enrol in a specialisation programme where they are exposed to content relevant to a PFM role. The advantage is that professionals can choose to specialise at any time in their career, and public sector content is treated as "specialised" – rather than a lower-tier option.

Bolt-on: Public sector subjects can be added to the existing qualification(s). This will ensure that all aspiring professionals are exposed to the public sector. The drawback is that if public sector content is delivered separately from other content, generic accountancy principles may not be understood in the context of the public sector.

Integrated: Public sector competencies can be integrated into the existing qualification(s). Instead of bolt-on subjects, public sector content and case studies will be an integral part of the formation of accountancy competencies in the learner. The disadvantage of this approach is that it may result in too great a workload for learners.

BOX 3 Adapting qualification frameworks – the Zambian approach

The Zambian Institute of Chartered Accountants (ZICA) is a leader in integrating public sector content into an accountancy qualification framework.

The "CA Zambia" professional qualification has three tiers: Knowledge level, Application level and Advisory level. At the Knowledge and Application level, public sector content is integrated into the course work. At the Advisory level, the aspiring professional elects one of three specialisation routes: Public practice, Business or Public Sector. The Public sector route includes the following courses: Public Sector Auditing and Assurance and Public Sector Financial Management.

ZICA has also introduced the Diploma in Public Sector Financial Management. The course provides specialised training in public sector financial management at a national level, in order to create a trained professional cadre of public sector accountants to enhance financial management and accountability in the public sector. The Diploma is offered to anyone with an undergraduate degree or ZICA's Accounting Technician qualification. The Diploma includes the following courses: Public Sector Accounting; Legal aspects of Public Sector Finance and Administration; Governance and Management in Public Sector; Public Sector Financial Management; Public Sector Audits; and Financial Reporting Framework for Public Sector Entities.

5 Where will the capacity come from?

GOVERNMENTS ARE ENCOURAGED TO EMBARK ON A MULTI-PRONGED CAPACITY BUILDING INITIATIVE.

The API has identified three main sources of capacity and is developing learning resources to support the development of public sector accountancy competencies in each:

Students who are aspiring to become accounting and auditing professionals should be exposed to public sector competencies and case studies throughout their initial professional development. They represent the long-term pipeline of talent that government can tap into.

Incumbents are those individuals currently employed in the public service in PFM roles, but who do not have a formal accountancy background. A local initiative can provide an accelerated learning programme to develop their knowledge and skills and to provide a pathway to a professional designation.

Accounting and auditing professionals who have an interest in accepting a role within the public sector, but who lack exposure to this environment. A programme can be offered to such individuals to provide them with specialised public sector competencies. This will allow them to participate in the professionalisation of a country's PFM.

Private accountancy firms may contribute to this process by seconding senior staff into strategic PFM positions. Such individuals – provided they receive in-depth training on the public sector context – can drive improvements in internal controls and other PFM processes. They can also mentor incumbents who are pursuing professional qualifications. Such secondments could form part of a public/private exchange programme where PFM officials are placed in private sector firms, in which they can receive support in developing their accountancy competencies from qualified accounting and auditing professionals.

An additional source of capacity may be from unemployed graduates. Tapping into this pool will not only enhance PFM, but will also contribute to job creation. A government may also consider reaching out to professionals in their diaspora, who have an interest in returning home and contributing to the development of their country.

It may also be appropriate to enter into twinning arrangements with other countries, whereby short-term capacity needs are partially provided by a country with experienced public sector accounting and auditing professionals. Foreign or international PAOs may also help provide immediate capacity.

With a multi-pronged capacity building approach, governments can address their short-term, medium-term and long-term needs in a sustainable manner and can establish a secure talent pipeline.

BOX 4 From inside and outside, building professional capacity at the Auditor General South Africa

The Auditor General South Africa (AGSA) is widely recognised as an exemplar of a professional, capacitated supreme audit institution. Its professionalisation journey started in the early 1990s, but only reached full fruition more than 20 years later.

The journey included a plan for incumbents within the office. The Southern African Institute of Government Auditors (SAIGA) was formed and introduced their Registered Government Auditor qualification, which was then recognised by the AGSA. An extensive process of 'grandfathering' was followed to recognise staff members with RGA qualifications as professionally qualified in terms of its in-house qualification frameworks. The process included structured 'recognition of prior learning' examinations, where an opportunity was created for staff with vast public experience over a number of years to formalise this experience in the form of a formal qualification.

To ensure a pipeline of talented professionals for the future, the AGSA introduced a trainee scheme with accreditation from the South African Institute of Chartered Accountants (SAICA). Aspiring chartered accountants could obtain the practical experience component of their qualification with the AGSA. The scheme started with just 30 trainees, but has grown to more than 1000. It was supported by an extensive financial investment through bursaries, study support programmes, and a generous study leave policy. The scheme has become a much needed pipeline to feed into the AGSA, the public sector, and the profession at large.

Based on information from the AGSA publication "100 years of legacy and legends": https://www.agsa.co.za/AboutUs/CorporateInformation/TheLegacyBook.aspx

6 What will the scope be?

THE SCOPE OF THE INITIATIVE MUST BE CLEARLY DEFINED EARLY IN THE INITIATIVE. THERE SHOULD BE A CLEAR LINK BETWEEN THE SCOPE AND THE VALUE PROPOSITION (SEE QUESTION 1).

This can be considered under two dimensions:

- Which entities within the public sector will benefit from enhanced professional capacity (e.g. central government, regional government, local government, state owned enterprises, institutions, extrabudgetary entities)?

- Which disciplines within the PFM cycle will be targeted? Some of the disciplines where accounting and auditing professionals can add value include: planning and budgeting, day-to-day financial management and budget execution (including disciplines such as supply chain management, cash management, asset management, and revenue management), accounting and reporting, internal audit, external audit, and, where the accountancy professional is an elected official, legislative oversight.

It is important to understand that accounting and auditing professionals will not replace the role of economists, statisticians or other professions. Rather, they can complement the expertise that such persons bring. While economists and statisticians tend to work at the macro-level, accounting and auditing professionals are essential for effective PFM at the micro-level.

The API encourages governments to define their scope as broadly as possible. Professionalisation efforts with a narrow scope tend to only have a short-term impact, at best. Broad scope increases the economies of scale inherent in the initiative. It can also contribute to the development of more career opportunities/paths for professionals. Nonetheless, professionalisation may be sequenced, e.g. first central government and then regional and local government.

BOX 5 **"Opening the top" in the Cour de Comptes of Senegal**

Historically, supreme audit institutions in countries with a French colonial history have tended to follow the jurisdictional or "court of accounts" model. This has meant that the SAI was led by judges/magistrates and much of the work of the SAI had a legal flavour, with the ultimate goal of judgement of public accounts.

The Cour de Comptes of Senegal has recently made an effort to include a more diverse range of skills throughout the institution, but especially amongst their judicial bench. Jurisdictional activities are performed by magistrates irrespective of their educational backgrounds. Magistrates are appointed through a highly competitive process open to all civil servants. Preference is given not only to those from a legal background, but also to those with expertise in economics and accountancy.

This movement is closely aligned to the PFM reform agenda of the country and region, which is driving harmonisation between public and private sector accounting practices. There is a recognition that for the magistrates to perform their jurisdictional duties appropriately, they also require accountancy competencies amongst their number.

7 What is the extent of the need?

AFTER IDENTIFYING THE SCOPE OF THE INITIATIVE, AN ASSESSMENT IS REQUIRED TO DETERMINE THE EXTENT OF THE NEED.

This will include determining the number of positions that governments expect to be filled by accounting and auditing professionals, and the number presently working in these positions. It requires a full understanding of the existing skills gap between what is required and what is available. It likely that certain parts of government may have greater shortages than others. For example, the Ministry of Finance may well be capacitated, while other central ministries are lacking. Or central government may be well capacitated, while local government may have few or no professionals qualified in accountancy. The need may also vary according to the geographical location of entities.

Simply because an accountancy professional is holding a position with government does not mean that they can fulfil their responsibilities. Depending on their level of experience, there may be additional competencies that need to be developed in these individuals, which were not provided through their initial professional development.

8 How will it be funded?

TO SEE A SYSTEMATIC CHANGE IN THE NUMBERS OF ACCOUNTING AND AUDITING PROFESSIONALS IN THE PUBLIC SECTOR AND IN THE TALENT PIPELINE, A CAPACITY BUILDING INITIATIVE MUST BE DESIGNED IN A SUSTAINABLE FASHION. FUNDING ARRANGEMENTS NEED TO CONSIDER MULTIPLE SOURCES.

Dedicated government funding should form the bulk of the initial funding. This can be supplemented by donor funding in the short-term. Initial funding should be "invested" rather than "spent". This means using the funds to catalyse professionalisation while also creating a market that can then self-sustain continued capacity-building efforts.

The demand side of this market comes from government's professional capacity needs. This can be stimulated through legislative or policy changes and through awareness raising of the value that the accountancy profession can bring to the public sector. The supply side is the number of professionals being developed through early interventions, and, ultimately, through organic growth in the talent pipeline. Supply can be stimulated through bursary schemes and scholarships.

In the medium- to long-term, membership fees and exam fees will support the continued delivery of learning and assessment activities. Using the API's generic learning resources to support local qualifications will result in a significant saving compared to developing new learning resources or purchasing licences for other international qualifications.

Funding does not need to be the only external source of support. In-kind contributions from partner organisations, for example local accountancy firms or foreign PAOs, can also stimulate the growth of the market through the provision of technical advice or coaching and mentoring programmes.

BOX 6 Bursary scheme in Afghanistan

CPA Afghanistan was able to establish a scholarship programme, funded by the World Bank and supported by ACCA, for 1100 students to complete an ACCA professional accountancy qualification. Under the programme, 100% of fees and exam costs are waived if learners pass their exams.[4] The profession in Afghanistan is one of the fastest growing accountancy professions in the world – largely thanks to this programme.

An unexpected benefit of the programme has been a growth in approved learning providers to support the learners.[5] This will help to increase the chances of future learners passing their exams. ACCA and the University of Malaysia have also contributed technical expertise, which has complemented internal and donor funded activities.[6]

4. https://www.accaglobal.com/in/en/member/member/accounting-business/2017/07/insights/afghanistan-17.html
5. http://documents.worldbank.org/curated/en/383591530820197476/pdf/ICR00002349-06282018.pdf
6. https://www.accaglobal.com/gb/en/member/member/accounting-business/2018/11/insights/ifrs-standards.html

9 Is legislative change needed?

THE ARGUMENT FOR BUILDING CAPACITY OF ACCOUNTING AND AUDITING PROFESSIONALS IN THE PUBLIC SECTOR BECOMES STRONGER WHEN LEGISLATION MANDATES THAT KEY PFM POSITIONS ACROSS THE PUBLIC SECTOR ARE FILLED BY SUCH PROFESSIONALS, WHO ARE SUBJECT TO REGULATION.

Where such legislation is not in place, the initiative may include such legislative revisions to support implementation. Typically, these will specify who can work in key PFM positions and how they will be regulated. This may extend to the establishment of an independent regulator for public sector accountants or broadening the mandate of an existing regulator to cover public sector accountants.

Further additions to relevant regulations and policy can:

- Support the recognition of accountants as professionals (like a medical doctor or an engineer);
- Require non-professional incumbents to pursue a professional qualification (with a deadline); and
- Provide opportunities for bursaries or loans for incumbents or aspiring public sector accountants.

BOX 7 Mandatory qualification for key PFM positions in Uganda

The Ugandan Accountants Act creates the PAO and regulator (ICPAU) and outlines its functions and governance arrangements. It also mandates certain positions in the public and private sector that can only be filled by a member of the institute.

Section 34(2): "All heads of accounts, finance and internal audit in public and private sector entities, with public interest, shall be members of the institute in accordance with the regulations made under this Act."

10 How will professionalisation align with the existing PFM reform agenda?

IT IS LIKELY THAT A PROFESSIONAL CAPACITY BUILDING INITIATIVE WILL FORM PART OF BROADER PFM REFORMS IN A COUNTRY. IN MOST CASES, CAPACITY IS AN ESSENTIAL FACTOR IN THE SUCCESS OF A REFORM.

Relevant reforms may include budgetary reform, IFMIS implementation, and adoption of accrual accounting (e.g. IPSAS). The latter has perhaps the highest dependency on professional accountancy capacity.

The temptation may be to incorporate professional capacity building as part of a reform such as the adoption of accrual accounting. The API considers it best practice to implement professional capacity building as a stand-alone initiative, with strong alignment to other reforms. This allows for longer-term thinking around sustainable talent development, beyond the current reform agenda. The competency set of a public sector accountancy professional will reach across all PFM topics and reforms.

Professionalisation should be underpinned by the reform agenda. This will allow for careful sequencing of capacity building interventions to support other reforms. For example, an IPSAS implementation may include a pilot phase. The capacity building initiative could use the same audience for delivery of a pilot qualification, shortly before they are due to commence with IPSAS activities. Such learning interventions could be described as "just-in-time" in order to prepare the audience for the reform.

11 How will financial literacy be developed in public servants working in non-finance roles?

WHILE THE API IS FOCUSED ON DEVELOPING CAPACITY OF ACCOUNTING AND AUDITING PROFESSIONALS, IT RECOGNISES THAT THERE ARE MANY INDIVIDUALS IN THE PFM VALUE CHAIN WHO DO NOT REQUIRE ACCOUNTANCY QUALIFICATIONS, BUT WHO DO NEED A LEVEL OF FINANCIAL LITERACY.

This includes public servants who are responsible for managing a budget allocation in support of service delivery in their portfolio.

It also extends to elected officials who play an oversight role, such as members of a Public Accounts Committee (or equivalent parliamentary committee). Such officials require financial literacy to interrogate financial statements and audit reports, and to interpret the documents to support them in their accountability and decision-making activities.

It may be necessary to implement competency requirements for non-financial role-players and oversight authorities. Regular learning interventions will be required to develop and maintain these competencies across government. Not only will this empower these individuals in their responsibilities, but it will also ensure that the value added by accounting and auditing professionals is full realised.

12 What changes are needed to support attraction and retention of talented accounting professionals?

WHILE LEGISLATIVE CHANGE MAY SUPPORT THE MANDATING OF QUALIFICATIONS FOR PARTICULAR POSITIONS, CREATIVE STRATEGIES ARE NEEDED TO ATTRACT AND RETAIN TALENTED ACCOUNTING AND AUDITING PROFESSIONALS IN THESE POSITIONS.

Competitive compensation packages can provide incentives for professional accountants to pursue a career in the public sector.

Work may also be required to deal with perceptions around the working environment of the public sector. While there are aspects of the sector that are intrinsic, such as political pressure and complex compliance requirements, there are others that can be improved. The values and benefits of a career in the public service need to be marketed strategically. For example, a public sector role may bring more stability, better leave benefits, and a greater sense of purpose in one's job. Such positive aspects of working for government can be leveraged in order to attract talent.

Governments may be wary of supporting incumbents to obtain professional designations for fear that they will take jobs in the private sector. Such movements should however be viewed in a positive light. The programme is effective if some professionals leave. Cross-sector mobility will keep a young professional engaged and will enhance their abilities as they progress in their careers.

Career management, talent management and performance management can further encourage professionals to give their best in their roles and to look for opportunities within the public sector. Where incumbents or students have benefited from bursaries or scholarships, work-back periods can be required to ensure they are retained in the short-term.

Some professionals may leave government to work as a service provider to government. This does not need to be considered a loss if they uphold high standards of professional ethics and if their professional competencies continue to be used for the benefit of service delivery.

More examples of creative strategies to attract and retain accounting and auditing professionals are described in Box 6. Any professional capacity-building initiative must consider relevant strategies that can be implemented to limit the loss of talented individuals.

BOX 8 **Attracting and retaining finance personnel in the public sector**

The Confederation of Asian and Pacific Accountants (CAPA) has produced a paper on "Attracting and retaining finance personnel in the public sector." Creative strategies proposed by the paper include: Opportunities to work on a variety of intellectually challenging matters concerning major projects or reform programmes.

Support for ongoing education and personal development, with a view to broadening skills.
Career progression opportunities and the ability to take on leadership roles.
A seat at the "executive table".

Working conditions conducive to professional job satisfaction, including the provision of high-quality information and communications technology support systems. A sense of power, prestige, independence or social standing.[7]

7. http://www.capa.com.my/wp-content/uploads/2017/02/CAPA_PFM_AttractRetainFinancePersonnel_FINAL_DPS.pdf

CONCLUDING REMARKS

THERE ARE NO SHORTCUTS TO BUILDING LONG-TERM PROFESSIONAL ACCOUNTING AND AUDITING CAPACITY FOR THE PUBLIC SECTOR. BUT THROUGH SUSTAINED EFFORT AND COUNTRY OWNERSHIP, THE API'S VISION OF A "PUBLIC SECTOR CAPACITATED WITH COMPETENT, ETHICAL AND INFLUENTIAL PROFESSIONALS WHO SUPPORT ACCOUNTABILITY, TRANSPARENCY AND GOOD FINANCIAL GOVERNANCE", CAN BE ACHIEVED.

The API is working hard to provide value at the continental level to support countries embarking on professionalisation initiatives – as described in this paper.

Through its online learning platform, **API Learning**, countries will be able to access high-quality learning programmes to support their capacity-building efforts. These learning programmes can be localised through the addition of country-specific content, which will integrated into the programme experienced by the learner.

The API will provide advisory support to countries who are pursuing a professional capacity-building initiative that is broadly aligned to the principles described in this document. This support will help to ensure that government receives value for money from their investment in the professionalisation of public finances.

For more information on the API or to get in conduct with the API secretariat, please visit our website at: https://professionalisation.africa.

AFRICAN
PROFESSIONALISATION
INITIATIVE

https://professionalisation.africa

Connect with us on LinkedIn