

Reshuffles in the Accounting Cadre - A new perspective

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Government accountants' world is changing inevitably as a result of the increasing complexity and changing demands on their performance through the implementation of the Public Sector Reforms (PSR), particularly the Financial Management Reform (FMR) and the adoption of the new Financial Management Information Systems (FMIS).

The accountants are to be actively involved in these changes and play a major role in training their support staff in realizing the full potential of this initiative. The benefits through accurate and timely reporting will enable managers to make responsive decisions and through system control measures, resulting in less wastage of resources. The long-term vision is to create an accounting cadre, which is responsive to the changes being implemented under the FMR framework.

Effective from 05 February 2007, the Public Service Commission (PSC) withdrew the delegated powers in respect of the common cadre and accounting cadre positions under Legal Notice No. 92/2002. The withdrawal of this delegated powers means that the power to manage the accounting cadre i.e. from Principal Accounts Officer, Senior Accounts Officer, Accounts Officer and Assistant Accounts Officer positions and grades is reverted to the Ministry of Finance ambit. The Ministry will therefore oversee the vetting and approving of transfers, renewal or extension of assignments, promotions and/or termination of assignments.



Reshuffle Program

Managing accountants effectively in this evolving environment is a challenge for the Ministry of Finance, particularly the head of the Treasury Division. The Treasury Division is mindful that new techniques are needed to support and replace the traditional ones. The functions and characteristics of accountants differ in many ways from those of other employees, and these differences must be accommodated to manage accountants effectively.

The reshuffle program allows all accountants within the service to be treated on an equitable basis without any bias where performance and outputs are closely monitored to be in line with the whole objective of the FMR i.e. performance

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Strengthening Accountability through the Public Accounts Committee

The Public Accounts Committee (PAC) is a body, considered 'separate and distinct' from other government departments, though part of Parliament. Under the normal parliamentary process, the House of Representatives appoints a twelve-member committee from within its membership. The Committee's status is clearly defined through its functions as it seeks to strengthen accountability.

Responsibilities of the committee include thoroughly scrutinizing accounts of the Government of Fiji together with any reports of the Auditor General (AG) or any other reports tabled before Parliament, which the Committee sees fit for scrutiny. This examination of accounts and reports is for each financial year, whereby the Committee submits a report of its own for action. However, with the suspension of Parliament, the PAC is no longer operational and as such has created a vacuum in the accountability process.

To ensure that a mechanism is in place to deal with the examination of the Auditor General's report and provide an independent assessment of Government finance, regulations have been made to the Audit Act, allowing for the establishment of an Interim Public Accounts Committee. Under the Audit Regulations 2007, a six-member committee will be appointed by the President to carry out the functions

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Examining Government's Fiscal Performance in the First Quarter 2007

The first quarter of 2007 has ended with a positive fiscal outlook. This by no means is an indication that the Fiji economy will experience positive growth but it does demonstrate the government's resolve to maintain economic and financial stability as mentioned in the Interim Minister for Finance budget address.

Revenue performance in the first quarter stood at \$273.3million (excluding VAT) or 3.5% below the forecast of \$283million. The actual collections for the various components of revenue were mostly below their forecasted figures as noted in the table below.

Overall Expenditure amounted to \$258.2million or 66% below the forecast of \$428.5million. This was mainly due to the substantial reduction in capital expenditure to \$10million from a forecast of \$104million. Consequently this has translated into a net surplus of \$15.1million.

A contributing factor to the net surplus was the stringent spending controls implemented since January 2007. These related mostly to purchasing and budgetary restrictions. Moreover, the revised budget was announced by the Interim Minister for Finance on March 2nd 2007, well into the first quarter of the year. It was widely expected that ministries and departments would face a reduced budget. Therefore operating costs were kept at a minimum during the first quarter in anticipation of future budget cuts.

It is too early to realise the benefits if any, of policies introduced under the revised budget particularly for new policy areas as these will require thorough research and consultation prior to policy formulation. While current financial restrictions help to curb unnecessary expenditure, we cannot solely rely on this to maintain financial stability. Putting the economy on the right path to growth will be a test of the government's innovative and strategic management skills, which will become apparent through the government's fiscal performance as the year progresses and through improvements in the private sector.

Revenue Components	Forecast (\$m)	Actual (\$m)	Variance (\$m)
Direct Taxes	94.30	92.94	(1.36)
Indirect Taxes (excl. VAT)	154.87	148.68	(6.19)
Fees & Fines	15.64	12.43	(3.21)
Grants-in-Aid	3.34	0.12	(3.23)
Dividends from Investments	4.00	7.32	3.32
Reimbursement & Recoveries	7.54	2.70	(4.84)
Other Revenue & Surpluses	3.27	9.09	5.82
Investing Revenue	0.01	0.00	(0.01)
Customs	77.03	66.11	(10.92)
Hotel Turnover Tax	4.20	2.57	(1.63)
VAT	74.99	80.99	6.00

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and accountability. As compared to the past, in some cases only those Accountants that were close to their Permanent Secretaries were recognized and this affected the morale of the diligent and more deserving officers.

The Treasury Division maintains a database, which contains all the information of officers in the cadre. A criterion has also been developed which will be used as the basis for moving officers across agencies. This will generally be along merit and performance. No transfers however, will

be actioned without prior consultation with Heads of Departments.

Job rotation has already commenced at the Principal Accounts Officer level and this will be applied uniformly across all levels within the cadre. The idea is to encourage an officer to stay within a Ministry for at least 2 to 3 years before they are transferred to another. All officers are expected to view this in an objective and healthy manner so that they do not compromise their position by engaging in any malpractices. The Ministry also acts on reports received on corruptive

practices as well as on allegations of mismanagement and non performances.

What can Government Accountants expect?

Government Accountants must accept that changes are taking place under the reforms. Accountants are expected to be computer literate and understand how the accounting processes have changed due to the new requirements of the Financial Management Act 2004 as compared to the old Finance Act 1981.

FMR Capacity Building Continues in 2007



Since the financial management reform (FMR) process began in 2003, the Ministry of Finance has continuously provided training on accounting and financial management. This was done to ensure the successful implementation of the FMR policy initiatives. This year is no exception. The FMR Team is once again sponsoring civil servants to attend training courses at the University of the South Pacific (USP). The first two courses offered this year is scheduled in June during the USP semester break.

Cost Recovery and Pricing is the first course that will be conducted this year. The course has been designed primarily for management and Accounting Heads to enable them to identify and ascertain the correct cost of providing services to the public. Government is often tasked with providing services that are not considered as viable investments (example, public hospital medical services) by the private sector. This is mainly due to the high costs of production which can only be met by levying steep charges as payment for services. In such instances, the government must therefore take on the responsibility of providing the service to ensure its availability to the public at large, often for a minimal fee or for no charge.

This approach however, can become uneconomical as government must look at other means of recovering the costs of production. The course therefore focuses on pricing models that can be used to recover costs of production and the factors that affect pricing such as willingness to pay, political issues, etc.

The second course also scheduled for June is again targeted for accountants and management. Referred to as Data

Analysis and Interpretation of Government Financial Reports, the course has two primary objectives. Firstly the course educates participants on the various analytical tools that can be used to analyse data. The second objective focuses on how the analysis derived from these tools can be used to interpret the information in the government financial reports. The ability to analyse financial information is a valuable skill as it can be used not only for forecasting purposes but also to evaluate the performance of agencies thereby enabling more effective decisions to be made.

Two other courses are also being considered i.e. Basic Accounting and Management Control. The Basic Accounting course is recommended for accounting officers to attend whereas the Management Control course is recommended for management level. The Basic Accounting program is a refresher course intended to ensure the government accounting cadre understand the basic concepts and principles of accounting and how they are applied in their daily work duties. The Management Control course focuses on the objectives of internal controls and the role management plays in contributing to the effectiveness of these controls. These sessions will be scheduled during the second half of the year and government agencies will be informed of this in due course.

The 2007 FMR capacity building program has been specially designed to accommodate the training needs of the civil service. To derive the benefits of training, we must all play our part. Management must ensure their staff who are identified to attend these courses do so as their course fees are met by the Ministry of Finance. At the same time, participants must be willing

to learn and apply the knowledge gained at their workplace. Adopting a positive attitude towards training will surely benefit agencies as well as individuals personally and professionally.

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of the Committee. This Committee differs from the parliamentary PAC in the sense that its members will be invited from the private sector and general community whereas the parliamentary PAC selects its members from the House of Representatives.

The Committee will be empowered to provide an independent assessment on:

1. whether the appropriated state monies were used for the purposes authorised;
2. whether accounts have been properly maintained for monies and properties; and
3. whether internal control procedures were in place to safeguard public funds and property.

The Committee will have the 'powers' to investigate each report and ensure that proper procedures have been followed as required under the financial legislation. Any reports published from 2005 onwards will be scrutinized under the Financial Management Act 2004, Finance Instructions 2005, Financial Management (Supplies & Services) Regulations 2005 and Agency Finance Manuals. Any reports published prior to 2005, will be scrutinized under the Finance Act 1981, Finance Instructions 1982 and Supplies & Services Regulations 1982.

Currently there are forty eight (48) reports from the AG's office that have been pending since year 2000. The Interim PAC will be faced with the 'challenge' to promptly act upon the pending Audit reports. The Office of the Prime Minister is in the process of selecting potential members of the Committee.

The Committee's objectives have been mapped out. The Committee will enforce the much-needed improvement to bring about positive changes to departments by strengthening existing Accountability mechanisms through the examination of the Auditor General's reports. This Interim Committee will be in existence until such time, the next elected Prime Minister is appointed.

Finance Series – Budgets

“Tracing the Change in Budgeting from Program to Performance Budgeting”

Under the 1981 Finance Act, the government budget was prepared on a “program” basis. Each budget expenditure group was thus grouped into broad programs and then into activities. A program is defined as a group of closely related services which contribute to a common objective or a set of allied objectives.

For example, Secondary Education is a major program of the Ministry of Education. The activities under each

performance measures, which could have been used to monitor the efficiency and effectiveness of implementing programs. After all, cost is only one indicator of performance. Moreover, no attempt was made to align programs to national goals and objectives.

Under the financial management reforms, the Ministry of Finance sought to strengthen these linkages through the introduction of performance budgeting. The

of resources (budget expenditure groups) required to achieve this.

Even though performance budgeting enhances the budgeting process, it can be challenging to develop measurable goals for certain services where the nature of the service makes it difficult to identify suitable quantitative measures. For example, it would be inappropriate for the military forces to use the number of wars fought as a measure of their performance.

Program budgeting created a link between the budget and the services performed by the agencies. It enabled agencies to measure the costs of providing major programs and activities.

program represent key components of the program. A program such as Secondary Education has four activities namely, general administration services, government secondary schools, non-government secondary schools and non-government junior schools.

Program budgeting created a link between the budget and the services performed by the agencies. It enabled agencies to measure the costs of providing major programs and activities. However program budgeting ignored the presence of other

Financial Management Act 2004 enabled the change in budgeting to performance. Performance budgeting requires that resources be allocated based on the outputs (or goods or services) produced by agencies and that are linked to the national goals or expected outcomes of government.

Agencies need to identify what their outputs are; identify performance measures that indicate these outputs have been delivered; link them to expected outcomes or national goals; and determine the level

However these issues can be dealt with through consultation between various key stakeholders.

Performance budgeting is a step in the right direction as government attention is more focused on performance and less on inputs as evidenced under program budgeting. Furthermore, accountability mechanisms are strengthened, as agencies are held accountable for their performance. In the long term, resource allocation will be more effective as agencies become skilled at performance measurement.

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Other changes will involve job sharing, multi-skilling and job rotation opportunities. This will enhance the performance of the accounting cadre by getting all officers exposed to all areas of Accounts work, at the same time preparing them for higher responsibilities. The increase in the level of alleged corruption and abuse of recourses has been numerous quoted as the result of ill performance of government accountants.

Expected Benefits

A. The benefits are too early to realize.

However expected benefits for individual employees may include:

1. increased job satisfaction;
2. broader work experience;

3. greater job variety;
4. the opportunity to learn new skills;
5. acting positions; and
6. new perspectives on individual responsibilities.

B. Benefits to the agencies may include:

1. productive interchange of ideas;
2. greater flexibility and responsiveness; and
3. improved employee morale.

Capacity Building Programs

Formal Training will be encouraged for young officers with no qualification. They have been advised of the changes made to the Minimum Qualification Requirement (MQR) for accounting positions and its

importance as far as their career in the service is concerned.

In addition, training on major changes in accounting processes as brought about by the new FMIS system and business processes will continue to be addressed through the provision of in-house training and using external institutions such as the University of the South Pacific.

With the retirement policy at the age of fifty-five (55), we anticipate that about 30 – 40% of our experienced and senior accounting officers will retire and we need to boost training at the Clerical Officer and Assistant Accounts Officer level in order to address this issue of capacity.



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