

Role of Professional Accountants in Public Sector



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Recap Session

- A study conducted by ICAN showed that negligible CA were in GoN sector and very few CA were in public sector (Mostly on NRB and Banks)
- Similar pattern was observed in other countries (Pakistan, Bangladesh, Srilanka)
- CA limited involvement included limited positions, unfavorable recruitment process, lack of career development opportunities and limited financial incentive
- Possible areas on civil service included OAG, CIAA, MOF, IRD, FCGO, PDMO, PFMTC, NRB, PEs, Provincial agencies and local governments

Three alternate routes

Route 1

- Using Prevailing Civil Service Regulation without amending,
- Create Gazzetted Class Specialist position and its qualification by publishing Nepal Gazette in various group and sub group as per requirement

Route 2

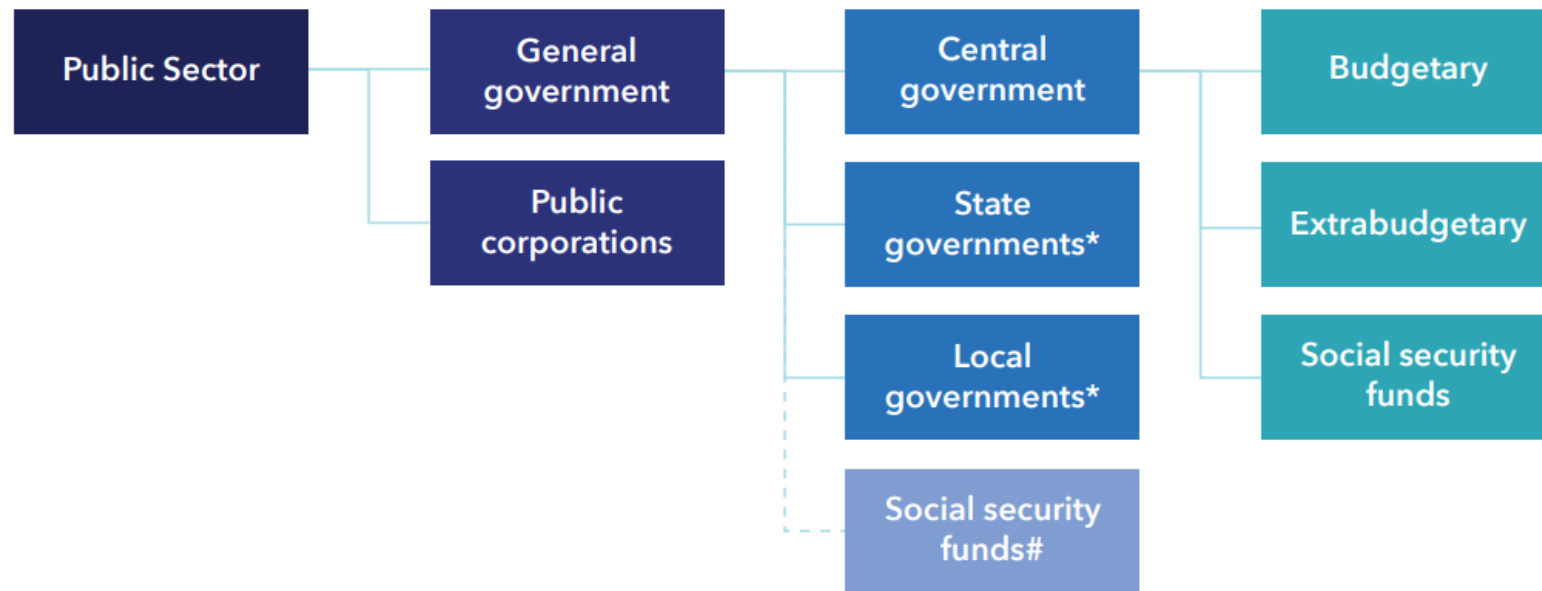
- Create subgroup in general administration, revenue and account group of Administrative Service and group in Audit Service
- Determine CA qualification, Entry point 3rd class and create cluster up to 2nd class level after that the subgroup will not exist in 1st class,
- Can be promoted up to special class
- Possible by amending Civil Service Regulation, 2050, Nepal- Administrative Service Formation of Group and Division of Class and Appointment-Rules, 2050

Route 3

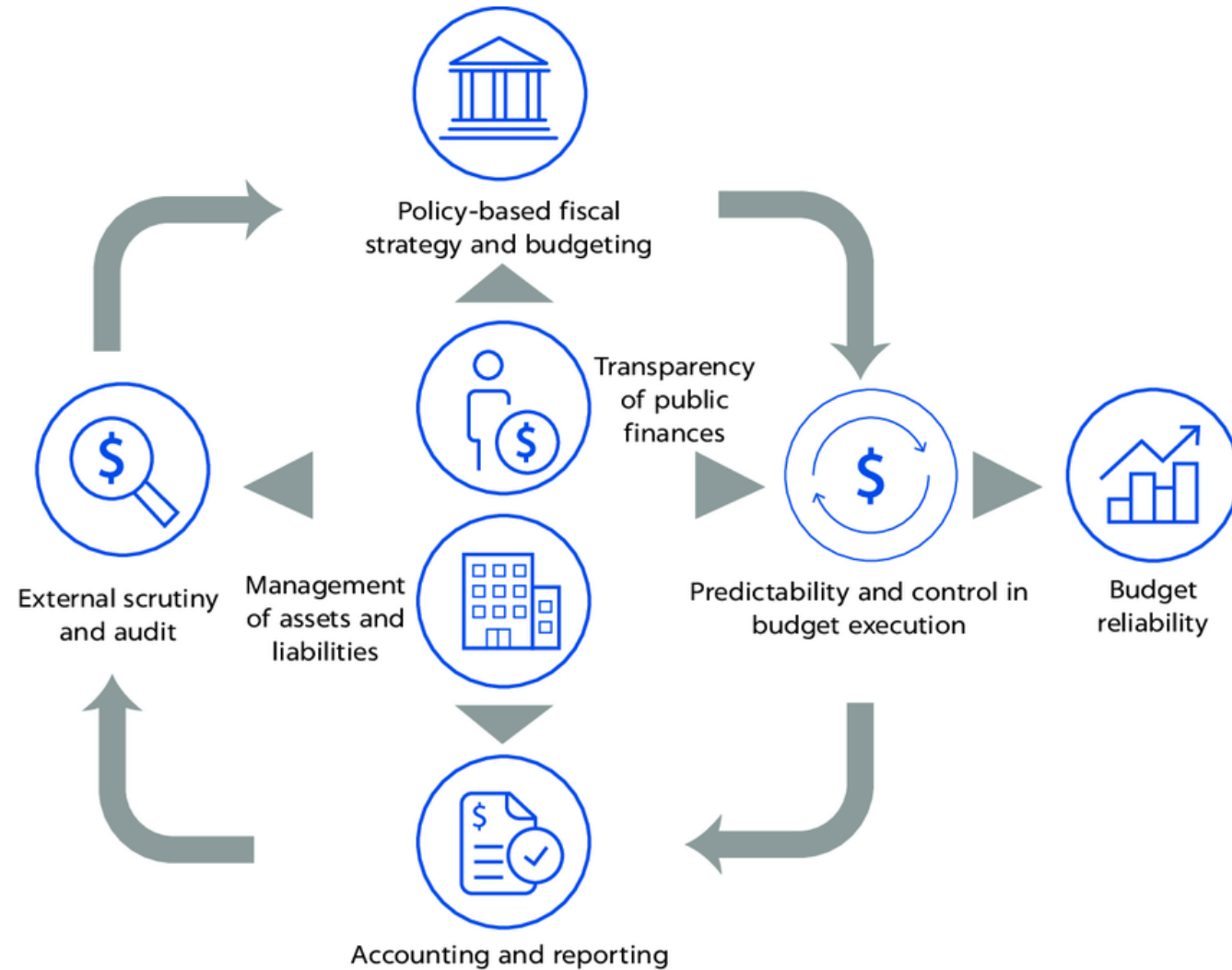
- Allocate some amount of budget to the entities that required CA
- Follow procurement rule, procure CA and assigned responsibility in contract basis
- Forming Committees of experienced CAs in respective entities

Understanding Public sector

Public sector doesn't necessarily means “*civil service*”, it explores beyond the government jobs. Professional accountants can explore “***Public service***”

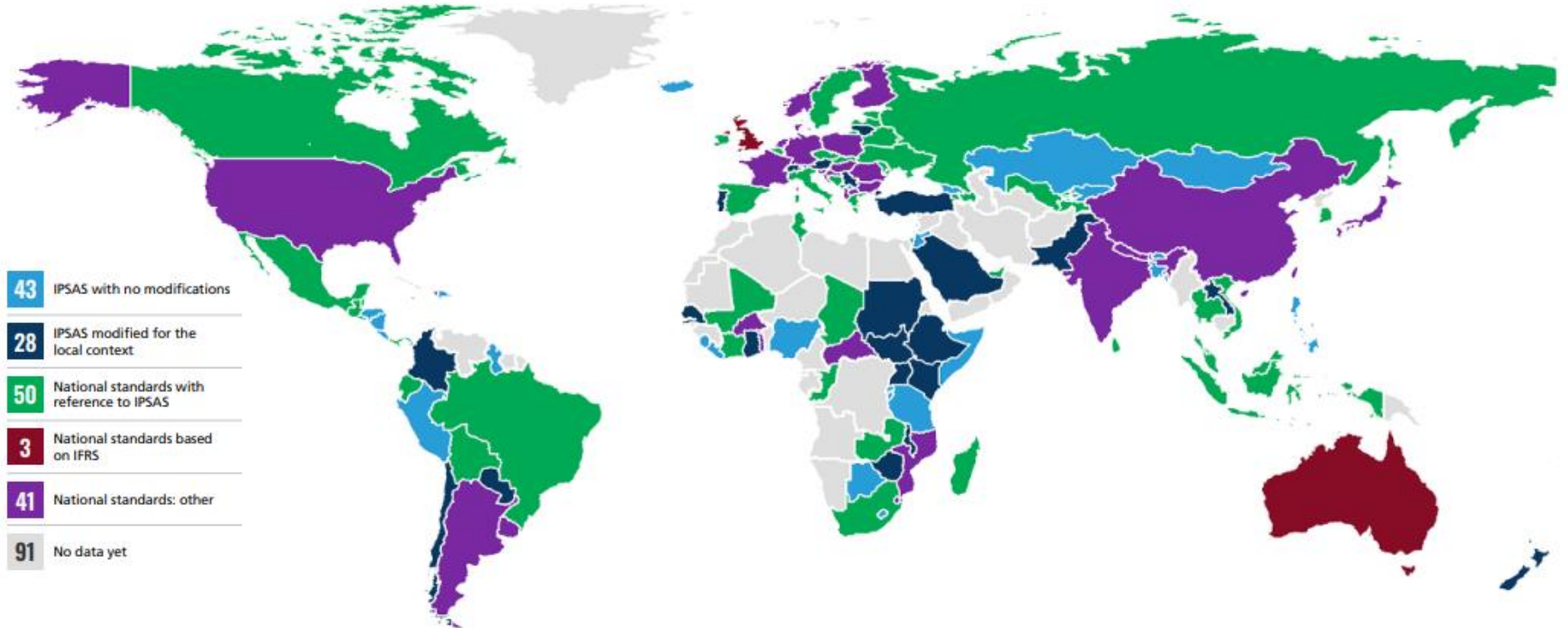


What PFM covers



Government systems are evolving

2025 FORECAST: FINANCIAL REPORTING FRAMEWORKS - ALL BASES



Majority of governments will report on accrual

Source: Status index report by IFAC

Need of involvement of Professional accountants

- Use of Professionalism and expertise
- Dimension of demand and supply
- Supplement the emerging trend
- Support on Fiscal Federalism
- Contribute to nation development

TNA report show that only 18.8% of staff are associated with PFM and there's a huge space in civil service
– PEFA TNA report

Sector wide level

Public sector level

Agency level



Role at Public sector level

Overall PFM	Reform → PEFA assessment, SNGs PEFA assessment
Planning and budgeting	MTEF preparation & Implementation Project bank concepts, Fiscal policies contribution
Revenue	TADAT Tools, assessment and community WCO guidelines, Various non tax revenue areas
Expenditure and financial management	FM performance, Fiduciary risk assessment of FG, SNGs
Procurement	MAPS assessment
Debt	DeMPA assessment
Accounting and reporting	Accounting and reporting in NPSAS standard (Standard formulated by ASB)
OAG	ISSAI standards, Peer reviews

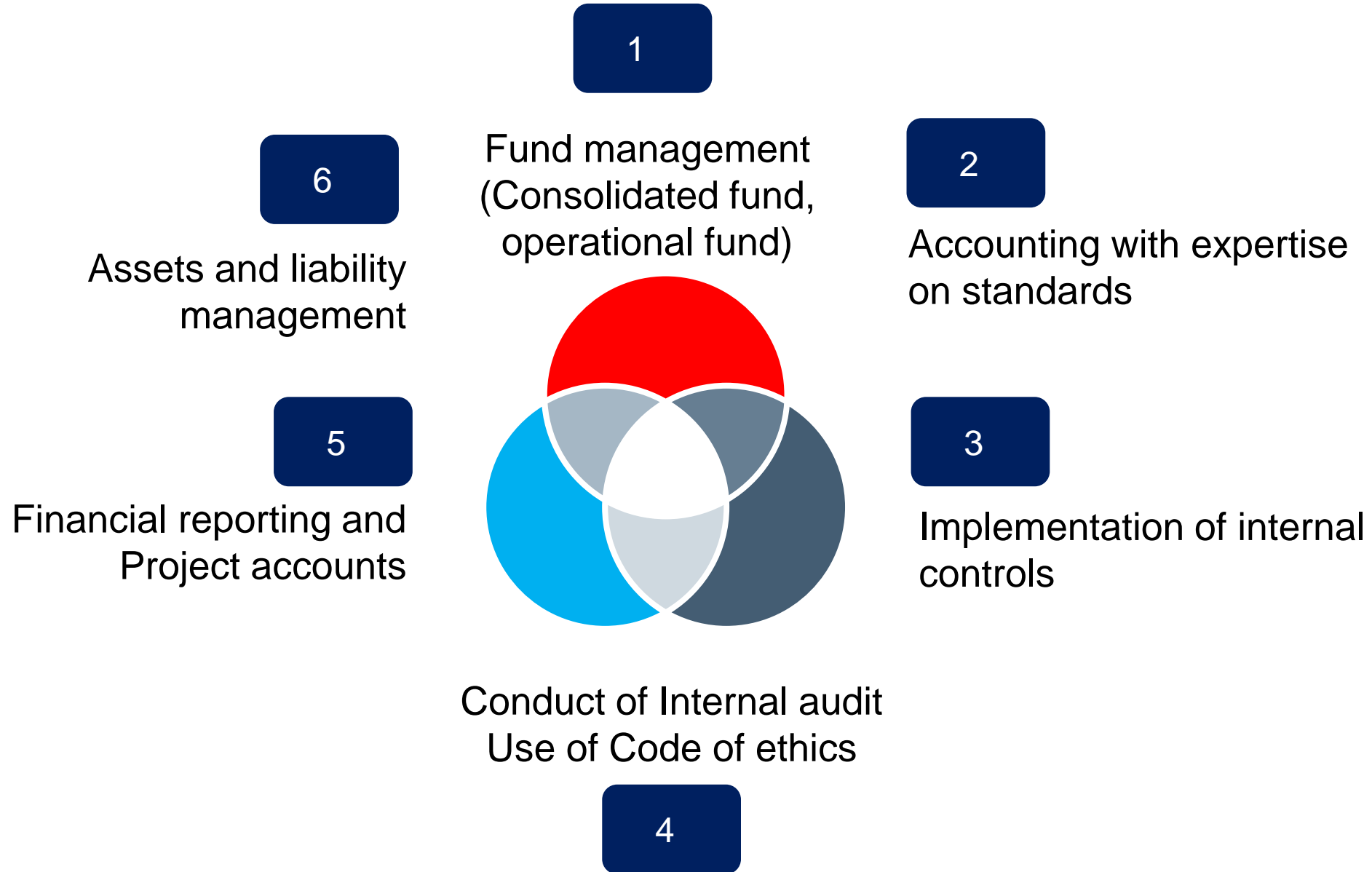
Sectorial strategies and plans

- Within PFM are huge sectors, Sector in public sector are defined by the COFOG classification (UN systems)
- Health, education, transportation are huge sectors
- Each sector has its own unique nature and financial management aspects
- Contribute on sectorial strategy → implementation plan →
- financial management → Specific chart of accounts, Chart of activities, AWP, national accounts

Sector specific Expertise role

Sectorial Areas	Sectorial Contribution
Planning [Health, Education, Transport]	Sectorial project evaluation, economic viability and feasibility analysis [PB guidelines]
Public private partnership [PPP]	Bridging private sector with public [Local government are doing this, Dharan Bhedertar skywalk]
Revenue	Policy formulation e.g Tax policies, Custom polices
Expenditure	Activity based accounting, fund accounting, Accrual accounting
Treasury management	Consolidated fund management, Divisible fund management, Overall treasury position analysis
Cash flow forecasting	IMF developed a CF tool
Asset management	Public investment management (PIMA) – IMF
Debt management	MTDS preparation, [Debt crisis of Srilanka and public outcry], LIC DSF, DSA tool, DDT tools Hedging and international financial instruments

At entity level



Immediate areas of Contribution

Areas	Contribution
Planning and budgeting	Forecasting, feasibility analysis and data analysis
Revenue	Revenue improvement action plan, Tax audits
Budget execution	Financial management improvement plan
Accounting and reporting	Use of standards, Support on accrual transition (GoN + SOE)
Internal controls	COSO framework
Internal Audit	Internal audit standards, Code of ethics
Procurement	Financial evaluation, e-GP, FIDIC guidelines
External audit	RBA, Performance audit, concurrent audit, Audit irregularities settlement action plan
IT system	Business process analyst, Business reengineering for IFMIS



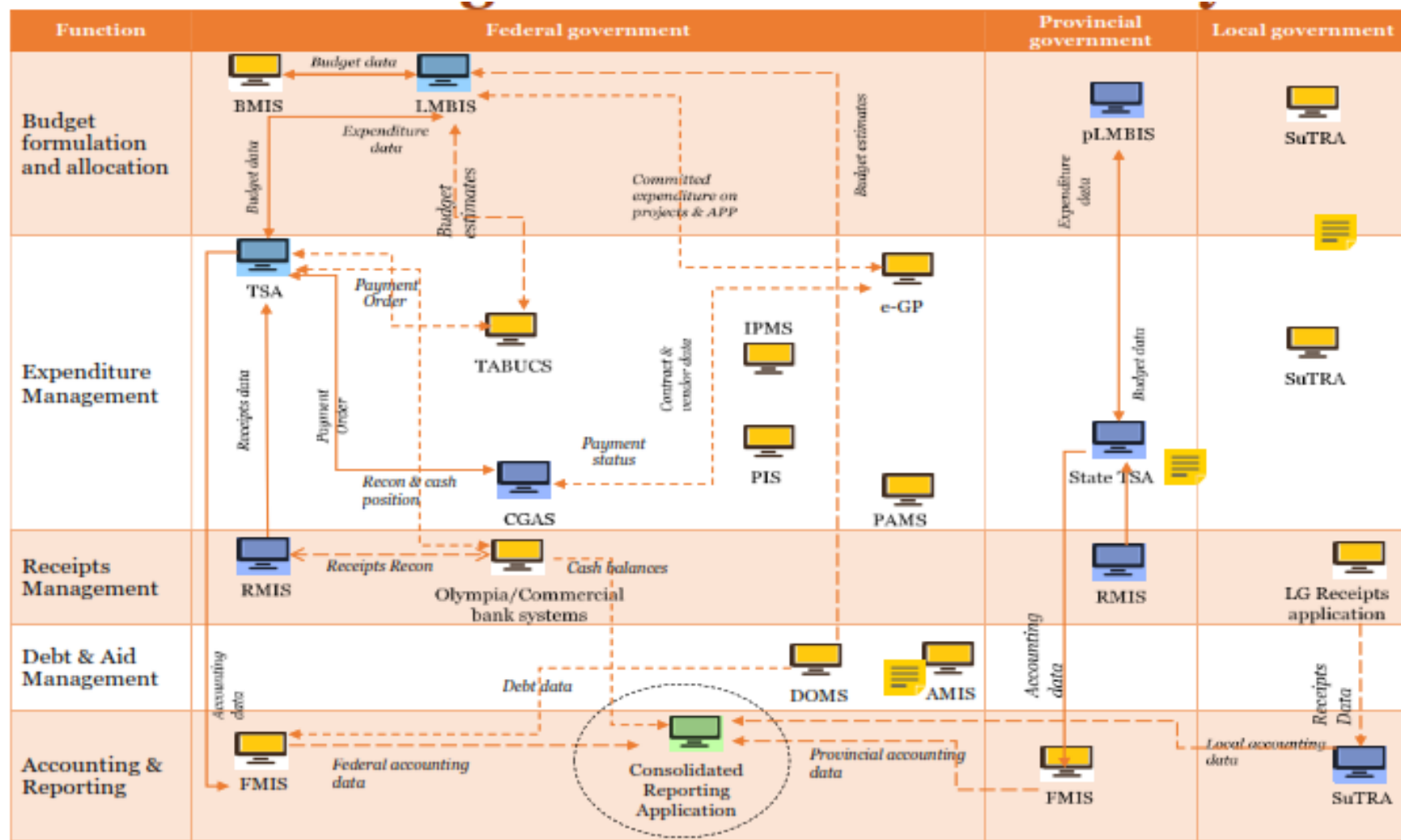
All three tiers of government

Niche Areas

- Public Asset Management, PIMA framework [PAMS software]
- Debt management
- Investment management (At SOEs)
- Capital markets development (Beyond NEPSE and stock, how about T-Bill, D Bonds and the retail instruments such as CSB and FESB)
- Nepal government credit rating (May sound interesting)
- Pension liability management ,
- Social security fund management
- Contingent liability, Hedging and associated financial services

Contribution on IT systems

- PFM is widely driven by IT systems
- Government follows → GEA architecture
- E-Governance policy
- IFMIS- end state

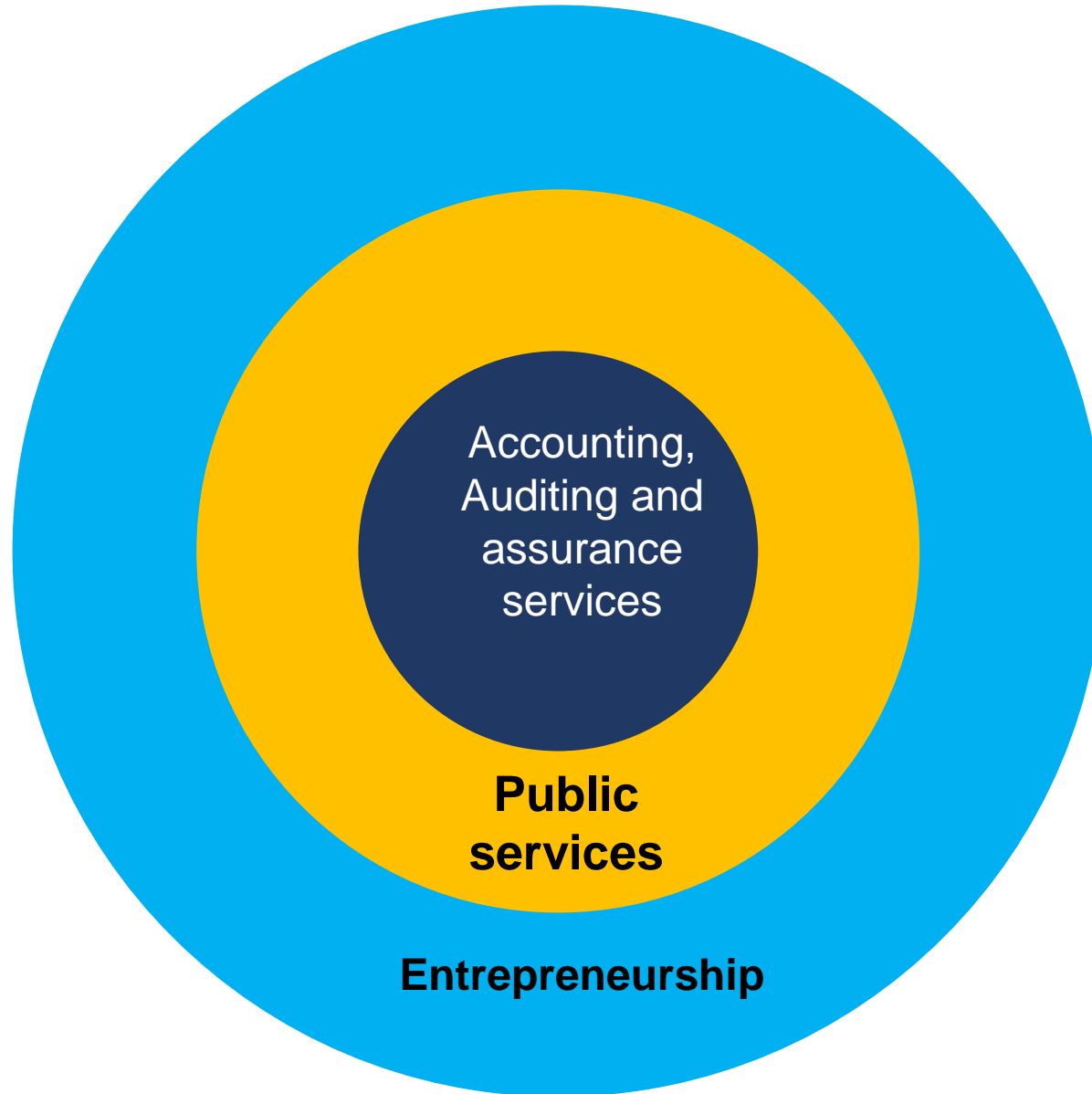


At oversight level

- Citizen engagement in budgets and PFM process
- Open government initiative (With political interventions)
- Open procurement [OCDS framework]
- Public accounts committee, Finance committee (as technical expert)
- Support parliamentarians on financial management process
- Citizen participatory audit process (CPA)



Comfort zones

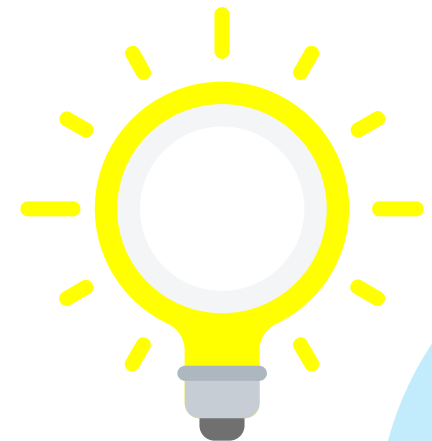


What has ICAN done ?

- Accomplished study
- Initiated its implementation [Dedicated committee]
- Already developed a course structure of PFM
- Is in process of developing the course material for roll out of the course
- Launching the PFM certification course soon

Online resources

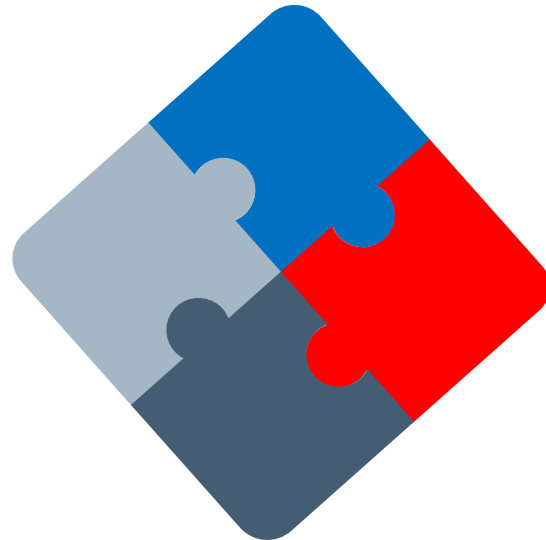
- Edx.org,
- World Bank edcast
- ADB online campus
- IMF online learning



What needs to be done by CAs

1. Understand the PFM system

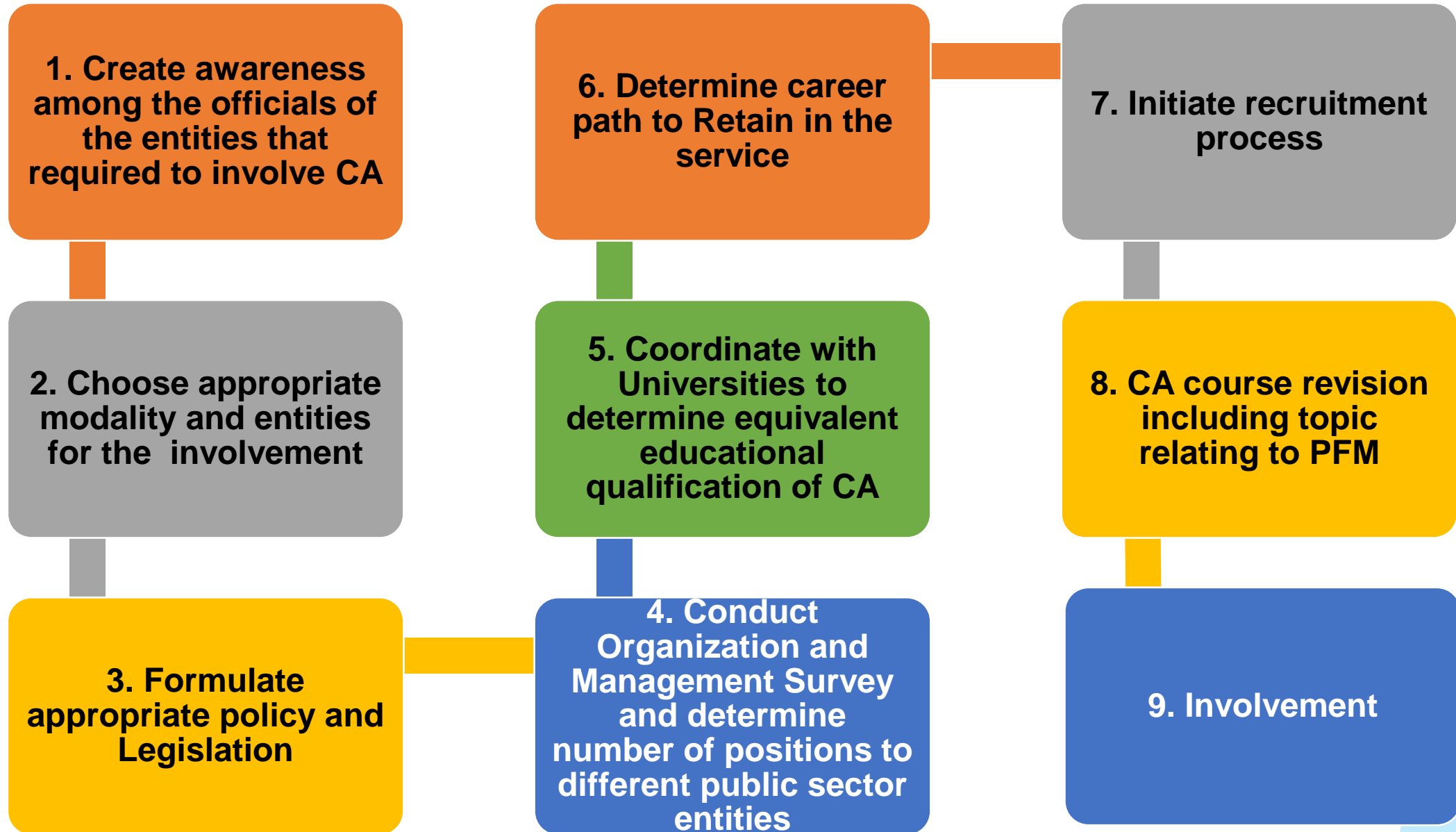
4. Contribute to overall national PFM system



2. Get some specialization in one of the PFM process

3. Build Networking and contribution on any stages of PFM

Road Map of CA in Public service



Thank you
Open for discussion

