

the rise of the professional accountant in the public sector

Central government has come a long way since Sir Andrew Likierman instigated moves to professionalise its accountancy and financial management functions, discovers Paul Gosling.

■ **The renaming of the Government Accounting Service as the Government Finance Profession two and a half years ago was a symbolically important moment. However, the trigger for the far-reaching and continuing change in culture and practice in government financial management was the appointment of Andrew Likierman as Head of the Government's Accounting Profession in 1993.**

It was Likierman who initiated and oversaw the replacement of cash accounting with accruals accounting – or Resource Accounting and Budgeting, as it is called in the civil service – which was introduced in 2001. Likierman also laid the foundations for the professionalisation of the accountancy and financial management functions in government, first by turning principal finance officers (PFOs) into finance directors, and then by insisting that all departments' finance directors should be qualified accountants.

In 2004, just 26% of finance directors in departments were qualified accountants. By the end of 2006, over 90% were qualified. But ensuring 100% compliance – which Likierman had been promised by permanent secretaries would happen by the end of 2006 – continues to elude the Treasury and the Heads of the Government Finance Profession (GFP). Likierman's successors were Mary Keegan, who became Head of Profession in 2004, and the recently appointed Jon Thompson, who is

Finance Director at the Department for Children, Schools and Families (DCSF).

Despite the considerable progress that has been made, the

House of Commons Public Accounts Committee indicated in September its dissatisfaction with the fact that there remain some departments that do not have qualified finance directors.

The major spending department that does not have a qualified FD is the Ministry of Defence, though it is currently recruiting for the post and has promised the Treasury it will appoint a qualified accountant. The MoD lagged behind other departments because it had just made an FD appointment when the commitment to having only qualified FDs was entered into and then had to wait for its FD to retire.

The Crown Prosecution Service's FD, John Graham, is not a qualified accountant, but is currently on a fast-track qualification course, which should lead to his qualification next year. The other department at present without a qualified FD is, bizarrely, HM Revenue & Customs. But this follows the retirement of the last FD and the commencement of a recruitment process for HMRC's first ever chief executive. It is only now that the Chief Executive has been appointed – Lesley Strathie, previously Chief Executive of Jobcentre Plus – that a new FD can be selected. This means that all Whitehall FDs should be qualified accountants during the next year.

major transformation

A Treasury spokesman says: "There has been a major transformation in qualified finance

directors within a very short period of time, demonstrating a remarkable turnaround in professionalism. Currently, over 90% of departments have a qualified finance director. Finance directors are also making good progress in building financial management capability in their teams by passing their expertise down through management and organisational structures. Financial management has been rolled-out service-wide and learning and development provision is in place to support those who are seeking to develop these skills."

It is certainly true that major progress is being made with these wider objectives of the GFP initiative and it is intended that the financial capability of the top 30,000 civil servants will be improved through GFP. Financial management is now established as a core skill for all Grade 7 and senior civil servants, while the Financial Skills for All and Professional Skills for Government programmes are proving successful in improving civil servants' financial literacy.

positive impact

Frances Carter is an FCCA who is a finance team leader in DCSF. She says that the GFP initiative has led to a big increase in support and information resources for finance staff, which has had a positive impact on financial management in Whitehall. "It has given credibility to the finance profession in government, which is good," she says. "As a finance professional working within government, I feel I am better supported.

"The GFP Conference, for example, provides support for people across departments. But departments I have worked in have had their own support training courses. That gives us information on new accounting



'Financial management is now established as a core skill for all Grade 7 and senior civil servants, while the Financial Skills for All and Professional Skills for Government programmes are proving successful in improving civil servants' financial literacy'

standards and how relevant they are to us, about new changes in law on fraud, and so on. So I feel better supported in my role as a middle manager – which was not necessarily the case when I started my training [in the 1990s]. Even for people who are not finance professionals, GFP has meant it is better for them. It gives them support for their work, as well."

Helen Ripley, ACCA's Business Development Manager for the public sector, agrees and believes that the new focus on hard financial disciplines means that FCCAs can be considered well qualified for civil service financial management careers. "FCCAs are well placed because they have the all important financial reporting skills," she says. "The role of financial reporting is much more important now and is covered well by ACCA's qualification."

Ms Ripley adds that the GFP is proving effective not only in raising the quality of those recruited to senior financial management positions, but also in maintaining high standards. "They have their own CPD scheme and recommendations of best practice to all organisations," she explains. "They set that standard of best practice of CPD to ensure that everyone has that support for continuing professional development."

Sir David Normington – the Permanent Secretary at the Home Office, who is giving the keynote address at the forthcoming GFP qualifieds' conference – told a recent conference that the professionalisation of the financial management function in his department had been crucial in turning round its reporting performance, whose failure had been illustrated by the NAO's qualification of its accounts.

"Producing the financial improvement strategy to strengthen the basic processes and the quality of our financial management was the long-term job," he reflected. "We strengthened the professional base; we got better people in; we raised the quality of the people. We now have a much higher quality team and we're growing that team. We're building our own capability, including at senior levels."

"Robust governance arrangements were put in place. We set up an assurance board, which included the NAO, the Treasury, people from our own Audit Committee. To achieve excellent financial management throughout the Home Office we've had a very centralised process for two years. But we have a lot of

budget holders, so it was also essential to build capability across our whole organisation and raise the quality of our budget management, profiling, project and programme management, procurement and commercial practices." As a result, the Home Office has become not just a more strongly financially managed department, but also, generally, a much better managed department.

Sir Andrew Likierman – himself an FCCA – is now Professor of Management Practice in Accounting at the London Business School. He told *Public Eye* that the moves to professionalise financial management in government departments had clearly been right. "I am very proud of the way things have developed," he says. "The people there before me and those brought in after me have done a great job in advancing the status and credibility of accountants in the civil service."

gratifying

"What is gratifying is that comments about how important this has been don't just come from accountants, but also from the people who are not accountants, for example the NAO, which would be complaining if it felt things were going amiss. It is great when you get some type of confirmation from people who don't normally give praise. I'm also aware there is a lot to do. I am right behind all the moves to consolidate the professionalisation of the finance discipline in government," says Likierman. ■

David Scott is former Local Government Editor of *The Scotsman*