



Think Ahead



GOOD PRACTICES IN ACHIEVING SUSTAINABLE PUBLIC FINANCES DURING TIMES OF CRISIS

Policy expertise and insights from an ACCA roundtable discussion

On 7 December 2020, ACCA and IFAC convened a roundtable composed of high-level experts to discuss *Good Practices in Achieving Sustainable Public Finances During Times of Crisis*. This roundtable was a follow-up event from our 10th Anniversary **Virtual Public Sector Conference** as a way to continue the conversation and build a public sector community from our expert partners and stakeholders working on these issues around the world.

From this discussion, the roundtable participants formulated a number of policy recommendations aimed at ensuring that government responses to the COVID-19 crisis are both sustainable and inclusive.

The participants agreed on an important principle when responding to this crisis:

THIS IS A HUMAN CRISIS – NOT SOLELY AN ECONOMIC ONE AND THE PUBLIC FINANCE PROFESSION MUST DEMONSTRATE LEADERSHIP IN HELPING COUNTRIES BUILD BACK BETTER.

To do so, governments and public finance professionals alike should focus on three main areas through the recovery process.

1. Take a holistic approach to sustainability

The financial and economic implications of the COVID-19 crisis are significant. But above all else, it is a **global humanitarian crisis** that has exacerbated inequalities, further emphasised climate risks and caused massive loss of lives. This human crisis requires a human response, and recovery packages must address **vulnerabilities and inequalities** to ensure that everyone is lifted out of the destruction that the pandemic has caused. This requires an **inclusive response** that is receptive to the needs of all communities and populations. To help achieve this, public finance professionals need to account for more than just the financials and instead apply a **multi-capital approach** when evaluating the impact of government policies that seek to support a sustainable recovery and address other sustainable development challenges. Recovery from this crisis also requires a collaborative effort from the public and private sector – working together to ensure no one is left behind. In addition, this is a global crisis and so the response must take a **global perspective** – countries will recover in different ways and at different speeds, as we are a global community, we are not out of the woods, until everyone is.



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2. Promote ethics and accountability

The participants agreed that a fundamental role of the public finance profession throughout this crisis is to promote transparency and accountability, both in the initial response and the recovery from COVID-19. Policies must be based on the evidence – **using reliable and transparent data** and providing public finance professionals with this data to ensure they can carry out their roles effectively such as undertaking robust **internal and external auditing** of all government spending. Preventing and minimising fraud and corruption must be high on the agendas of governments as the opportunities, incentives and pressures to commit these crimes can be enhanced in times of crisis. **Improving whistle-blower mechanisms, running checks on individuals and companies before releasing emergency funds (where practical and possible to do so), improving data sharing between government departments and enhancing monitoring systems** will help ensure public money is being spent efficiently, honestly and for the right reasons. As one participant said:

THE ETHICAL UNDERPINNINGS OF THE ACCOUNTANCY PROFESSION WILL BE KEY IN THESE REFORMS AND SHOULD PLAY A LEADING ROLE.

3. Modernise the Public Sector

To ensure that the public sector can effectively react and respond to the crisis, it must have the right infrastructure, technical capabilities and information to do so. This requires modernising the public sector in a number of important ways. Firstly **ensuring e-government systems and overall digitisation are prioritised** so that public service delivery is efficient, responsive and quick to respond to crises. It requires governments **to close the infrastructure gap** to provide the right foundations for a sustainable recovery.

The crisis has also renewed the need for public sector entities to **implement accrual accounting**. This transition will support improved measurement and management of public sector assets and liabilities, while also allowing for **internationally comparable accounting information**. Unlike previous crises, governments have focussed their response on fiscal policies, such as loan guarantees, which create contingent liabilities. To properly manage these new liabilities, governments need robust accounting data and should produce a **comprehensive public sector balance sheet**.

A Lessons Learned Approach

As governments move from saving lives to saving livelihoods, the public finance profession can help ensure policy responses account for the human aspect of this crisis. They must help not only build back economies but **build back more inclusive and more sustainable economies**. Reacting to a situation unfamiliar to most governments was a difficult task and it required making quick and time-sensitive policy decisions. While the responses had to be fast, some policies led to inefficiencies, **increased risks of corruption** and fraud and may have exacerbated inequalities. The call to action from our participants was for the profession therefore to be weary of both of these co-existing realities and to start taking note of what lessons can be learned and **what we can collectively do better in the future**. To work with the private sector, other public sector organisations, and other professions to observe, learn and respond to this crisis and ensure that we are ready to act stronger and together in the future.

AS A FORWARD-THINKING PROFESSION, PUBLIC FINANCE PROFESSIONALS MUST REFLECT ON THIS CRISIS TO ENSURE THAT THE PUBLIC SECTOR AND SOCIETIES AT LARGE, CAN THRIVE IN THE LONG-TERM.

Roundtable participants:

Anthony Harbinson FCCA, Director Safer Communities, Department of Justice, Northern Ireland

Brian McEnery, Partner and Head of Healthcare BDO and Former Global President of ACCA, Ireland

Charles Ringera FCCA, CEO of the Higher Education Loans Board, Kenya

Claire Jenkins FCCA, Forensic Accountant, Companies House, UK

Gary Kent FCCA, Commissioner of Corporate Services and CFO for The City of Mississauga, Ontario, Canada

Laura Leka, Senior Technical Manager, IFAC

Mark Millar, ACCA President

Mohammad Muslim Chowdhury, Comptroller and Auditor General, Bangladesh

Patrick Kabuya, Senior Governance Specialist, World Bank

Thomas Müller-Marqués Berger, Global Head of IPSASs for E&Y

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For any comments or questions about this brief please contact Alex Metcalfe, ACCA's Head of Public Sector or Rachel Bleetman ACCA's Public Sector Policy and Research Manager



Alex.metcalfe@accaglobal.com | Rachel.bleetman@accaglobal.com