

A shock-proof state: Government resilience in a turbulent world.

About ACCA

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Since we were founded in 1904, we've been breaking down barriers to the accountancy profession. Today we proudly support a diverse community of over **266,100** members and **546,500** future members in **179** countries.

We're redefining accountancy. Our cutting-edge qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgement to lead and drive sustainable value in organisations and economies worldwide.

Guided by our purpose and values, we're leading the accountancy profession for a changed world. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that focuses on people, planet and prosperity to create value for all.

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Foreword.

Public sector organisations around the world are operating in an increasingly complex and uncertain environment.

Economic volatility, geopolitical instability, demographic pressures, and the accelerating impacts of climate change are placing unprecedented demands on governments and the institutions responsible for delivering public services. At the same time, elevated levels of public debt, higher borrowing costs, and continued inflationary pressures are constraining the resources available to respond.

Against this backdrop, **strengthening the financial resilience of the public sector has never been more important.**

This report presents the findings of ACCA's global research into the state of public sector financial resilience, drawing on the views of almost **1,300** finance professionals worldwide. The results provide a sobering assessment. Fewer than half of respondents believe that public sector organisations in their jurisdictions are currently financially resilient, while confidence in the sector's ability to withstand future shocks remains limited. Significant regional differences exist, yet the common message is clear: boosting resilience must become a strategic priority.

Our research also highlights the evolving nature of the risks facing public finances. Inflation, rising borrowing costs, geopolitical uncertainty, increasing demand for public services and climate-related challenges are all placing pressure on governments' long-term financial sustainability. At the same time, rapid advances in artificial intelligence (AI) and emerging technologies are reshaping the profession – creating new opportunities to improve financial management while exposing skills gaps and risks that must be addressed.

Importantly, this report is not simply a diagnosis of the challenges ahead. It demonstrates the critical role that professional accountants and finance leaders can play in building financially resilient public sector organisations.

The eight calls to action set out in this report provide a practical framework for policymakers and finance leaders seeking to enhance their organisations' financial resilience. From advancing accruals basis reporting and long-term financial planning to investing in technology, sustainability and professional skills – they highlight the actions needed to build stronger public finances in an increasingly uncertain world.

Ultimately, resilient public finances depend on sound policy choices. But they also depend on capable, forward-looking finance professionals who can bring evidence, challenge and strategic insight to those decisions.

The challenges facing the public sector are significant, but so too is the opportunity. By embracing innovation, strengthening professional skills, and championing long-term stewardship – public sector finance professionals can help secure more sustainable finances and better outcomes for the communities they serve.



Helen Brand OBE
Chief Executive, ACCA

Author.



Michael Surman
Head of Public Sector, Policy and Insights

Mike is the Head of Public Sector within ACCA's Policy and Insights team, where he leads research and policy engagement on the issues shaping finance, accounting and assurance in governments worldwide. His work focuses on public financial management, sustainability, accountability, and the evolving role of finance professionals across the public sector.

Connect with Mike by email: *michael.surman@accaglobal.com* or on *Linkedin*.



Executive summary.

Public sector finances are under strain. As ACCA noted in our *2026 Global economic outlook* report:

'Government bond yields have risen sharply in most advanced economies in recent years – amid rising inflation and higher central bank interest rates, loose fiscal policy, and government debt levels as a share of GDP that are very elevated by historical standards.' [1]

In recent months, these pressures have intensified. Since the summer of 2026, there has been increased turbulence in government bond markets – with yields on 10-year US Treasuries rising above 5% for the first time since 2007. The conflict in the Middle East has fuelled a surge in energy prices, prompting further interventions by governments to lessen the impact on consumers and businesses. Against this backdrop, it will be increasingly challenging for governments to strengthen their financial resilience over the longer term.

1 ACCA, *2026 Global economic outlook: Steady, but fragile global growth*, (January 2026), p19.

The state of public sector financial resilience

The fragility of public sector finances is underscored by ACCA's survey of almost **1,300** finance professionals from across the world. Fewer than half of all respondents (**44%**) assess the finances of public sector organisations in their location as resilient – while almost a third (**28%**) consider them weak.

Respondents' assessment of the resilience of public finances:



However, these global figures mask striking regional variation in finance professionals' perspectives on public finances. Whereas **74%** of respondents in the Middle East assess public sector organisations in the region as being financially resilient – only **36%** of UK finance professionals in the survey feel the same.

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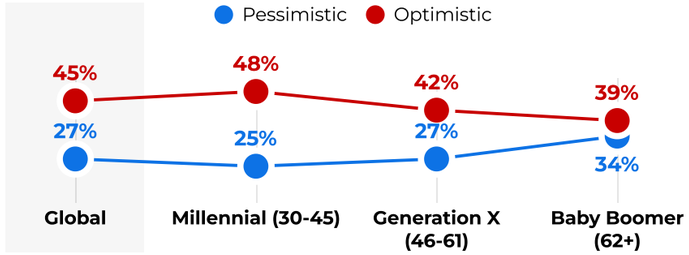
The five-year outlook for public finances

At a global level, finance professionals are similarly divided in their perspectives about the financial resilience of the public sector in five years' time. Again, fewer than half of respondents (**45%**) describe themselves as optimistic about the future financial resilience of public sector organisations – while almost a third (**27%**) describe themselves as pessimistic.

Respondents' perception of future public sector financial resilience:



Younger respondents are more likely to be hopeful – with **48%** of Millennials describing themselves as being optimistic, compared with just **39%** of Baby Boomers. While this may be encouraging – implying that younger generations can seize the opportunity to drive lasting resilience – it could also reflect a naivety about the scale of the challenge ahead.

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The threats to resilient public finances – inflation and other risks

Given the challenging risk landscape facing the public sector, the global perspective on governments' financial resilience is perhaps unsurprising. The primary risk identified by respondents as a threat to the financial resilience of the public sector is inflation.

Globally, **40%** of respondents report that inflation and increased operating costs pose the greatest threat to the financial resilience of organisations in the public sector. This message is consistent across the world – with all regions represented in our survey (except for the Middle East) reporting inflation as among the top three risks.

While inflation can benefit public finances by increasing tax receipts, respondents appear sceptical that this benefit will trickle down to individual organisations. This may be driven by record-high levels of government borrowing – with interest costs taking up an increasing share of national budgets. Indeed, **29%** of respondents see public debt and the cost of borrowing as a primary risk to public sector resilience.

The top three risks to resilient public finances identified by all respondents:

40% Inflation and increased operating costs

29% Public debt and the cost of borrowing

26% Increased demand on public services



Beyond inflation, there are some significant differences in how finance professionals in different regions assess the most significant threats to the financial resilience of public sector organisations.

In the Middle East, **71%** of respondents identify geopolitical risks as the greatest threat – reflecting the ongoing military tensions in the Persian Gulf. Elsewhere, **53%** of respondents in Africa and **51%** in South Asia report that bribery, corruption and internal fraud risks pose the greatest threat. These are consistent with the low scores that jurisdictions in these regions receive in Transparency International's Corruption Perceptions Index.

In the UK, by contrast, **54%** identified increased demand on public services as the greatest threat to financial resilience.

Given the range of risks that threaten public sector finances, it's no surprise that finance professionals regard the public sector as vulnerable to an external shock. Globally, just **23%** of respondents agree that public sector organisations are well prepared for financial uncertainty. Furthermore, only **40%** agree that public sector organisations have the capacity to respond to an external shock.

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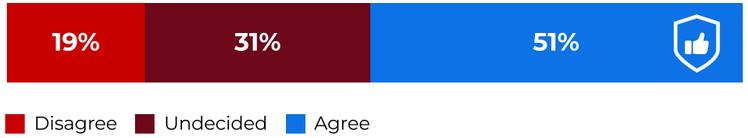
Fragile public sector finances – an opportunity for finance professionals?

This vulnerability creates an opportunity for professional accountants working in the public sector to lead in building financially resilient organisations that are fit to face future challenges.

Our survey findings indicate that there is a lot of work to be done. Globally, over half of respondents (**51%**) agree that public sector financial organisations produce reliable financial information.

Respondents' perspectives on whether public sector organisations produce reliable financial information:



Regions that have adopted accruals basis accounting in the public sector – such as the UK and North America – report much higher confidence in the reliability of the financial information produced than regions where adoption is less widespread. Reliable financial information is a necessary – but not sufficient – condition for financial resilience. As a roundtable participant in the Asia Pacific region commented:

'Often, our governments do not put significant unfunded liabilities on their balance sheets... as accountants, it is critical for us to encourage that level of record-keeping, analysis, and understanding of what governments own – and what they owe. Then, if there is a significant event in the future, you know if you have the buffer in place to meet the challenge.'

Roundtable participant in the Asia Pacific region

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The opportunities and barriers of AI adoption in the public sector

As well as focussing on these foundations, the public sector cannot afford to be left behind as the wider accountancy profession is transformed.

The adoption of AI and emerging technologies presents an opportunity for finance professionals in the public sector to strengthen the financial resilience of their organisations. These technologies can embed process automation and generate deeper insight from government data.

Globally, **62%** of respondents believe the adoption of AI could deliver automated efficiencies that add value to public financial management. However, **26%** indicate that public sector organisations have not yet adopted AI – while **52%** report the sector's AI adoption is limited to ad-hoc pilots or otherwise limited deployment.

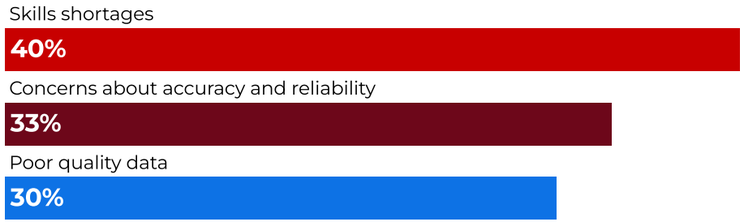
Finance professionals identified several barriers preventing the public sector from keeping pace with the commercial sector's progress in AI adoption. Funding constraints are a challenge – as a roundtable participant in the UK commented:

'Automation is not something that you put on the table when you are discussing backlogs.'

Roundtable participant in the UK

However, **40%** of respondents identified skills shortages as the primary obstacle to deeper AI adoption in the public sector.

The top three barriers to AI adoption in the public sector (all respondents):



These concerns make it even more challenging for finance professionals to address other obstacles to AI adoption. A stronger skills base could equip accountants in the public sector to better understand the strengths and limitations of the technology – particularly as a third (**33%**) are worried about the accuracy and reliability of AI models.

Similarly, strong AI skills could enable finance professionals to address the longstanding challenges of poor quality data (**30%**) and legacy systems (**28%**) – identified as other barriers to AI adoption in the public sector.

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The climate challenge to public sector finances

Climate change is a significant threat to public sector financial resilience and is likely to become increasingly important throughout the 21st century.

August 2026 was the joint warmest month ever recorded globally, with absolute monthly mean global surface air temperatures reaching 16.96°C.[2] Climate change is increasing the frequency of extreme weather events – such as heatwaves, droughts and floods – raising the likelihood that government intervention will be required to support citizens impacted by such events.

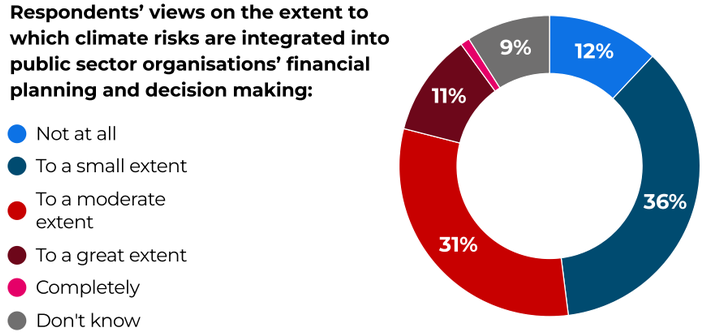
'The threat that climate change poses to the long-term financial resilience of public sector organisations goes well beyond the need to respond to one-off emergency situations.'

Climate change may reduce the useful economic life of the government estate in some jurisdictions where buildings are not designed to withstand increased temperatures. In other locations, government policies to share the risk associated with climate impacts could result in significant liabilities being recognised on the public sector balance sheet.

2 McGrath, M., 'August joint-hottest month on record as climate change and El Nino drive heat', BBC News, 10 September 2026.

However, only **12%** of respondents believe that climate change-related risks are more than moderately implemented into public sector organisations' financial planning and decision-making. Furthermore, transparency around governments' actions to reduce their own impact on the climate remain limited. Globally, **28%** report that public sector organisations have not yet adopted sustainability reporting.

Respondents' views on the extent to which climate risks are integrated into public sector organisations' financial planning and decision making:



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Securing the talent and developing the skills to deliver strong public finances

To seize the opportunity presented by an ever-changing world, the public sector needs to ensure that its people have the skills required to meet the challenge ahead.

The public sector has key advantages on which it can develop. As professionals increasingly pursue roles that focus on a social impact in the future – the public sector should position itself to attract those who want to contribute to improving government financial resilience.[3]

The public sector already has a large and talented workforce. As a roundtable participant in Scotland highlighted:

'The public sector needs to be more confident... there's a lot of talent in the public sector.'

Roundtable participant in Scotland

However, leaders need to go beyond developing, maintaining and enhancing the core technical skills of the public finance workforce – ensuring that professionals can maintain pace with developments in emerging technologies.

To guarantee that public finance professionals can use their analysis and insights to influence policymakers to take decisions that support long-term financial resilience – finance leaders also need to develop the communication and influencing skills to lead the transformation to more resilient public finances.

So, while the most important driver of public sector financial sustainability is the policy agenda set by government leaders – finance professionals working in public sector organisations have a significant role to play.

The relative fragility of the sector's financial resilience at present is a huge opportunity for professional accountants working in public financial management. Through application of their technical skills and by embracing new technologies – they can develop the robust financial reporting, challenge and assurance needed to support decision-making that will improve the long-term stewardship of public resources.

By enhancing their softer communication and leadership skills, public finance leaders can bring these insights to inform policymaking by highlighting how long-term consequences of policy choices contribute to more resilient and sustainable government finances. This can place financial management at the heart of policy development, organisational planning, and the delivery of long-term public value.

Explore in more detail →

3 ACCA, *Global talent trends 2026*, (May 2026), p17.

ACCA's calls to action to enhance public sector financial resilience:

CALL TO ACTION 1:

Adopt accruals basis reporting

High-quality financial information that aligns with international reporting standards is critical to providing an accurate picture of public sector organisations' long-term financial resilience – although it's not sufficient alone.

ACCA calls on policymakers globally to recommit to the adoption of accruals basis financial reporting across the public sector.

CALL TO ACTION 2:

Create incentives for long-term planning

Individuals and organisations respond to incentives. Public sector organisations typically prioritise short-term strategies over medium and long-term financial planning.

ACCA calls on policymakers to ensure that their financial reporting and accountability cycles provide appropriate incentives for public sector leaders to prioritise long-term financial resilience over short-term concerns.

CALL TO ACTION 3:

Embrace AI and emerging technologies

Advanced technologies can potentially transform public financial management – but the speed of development for frontier technologies risks significantly outpacing the sector's ability to adapt.

ACCA calls on finance leaders in the public sector to embrace new technologies to generate enhanced value and insight in support of strong public finances.

CALL TO ACTION 4:

Improve public sector data quality

Perceived barriers to effective AI adoption in the public sector emphasise the importance of public finance managers' strengths in data governance and analysis.

ACCA calls on public finance leaders to lead AI adoption by establishing frameworks to enhance the quality of data across the public sector.

CALL TO ACTION 5:

Integrate climate risks into decision-making

The impacts of climate change are only likely to increase the threat to the future resilience of public sector finances – but climate risks are not yet integrated into organisations' planning and decision-making.

ACCA calls on public finance leaders to ensure that climate change risks are considered more effectively as part of financial planning and decision-making.

CALL TO ACTION 6:

Strengthen sustainability reporting

Sustainability reporting in the public sector is fragmented – but the IPSASB's publication of the first public-sector-specific standard provides an opportunity to enhance disclosure of climate risks.

ACCA calls on policymakers to recommit to sustainability reporting in the public sector context – to support greater transparency and accountability on climate-related issues.

CALL TO ACTION 7:

Invest in professionalisation

Delivering resilient public finances requires a workforce with the skills necessary to provide data and analysis to inform effective policymaking.

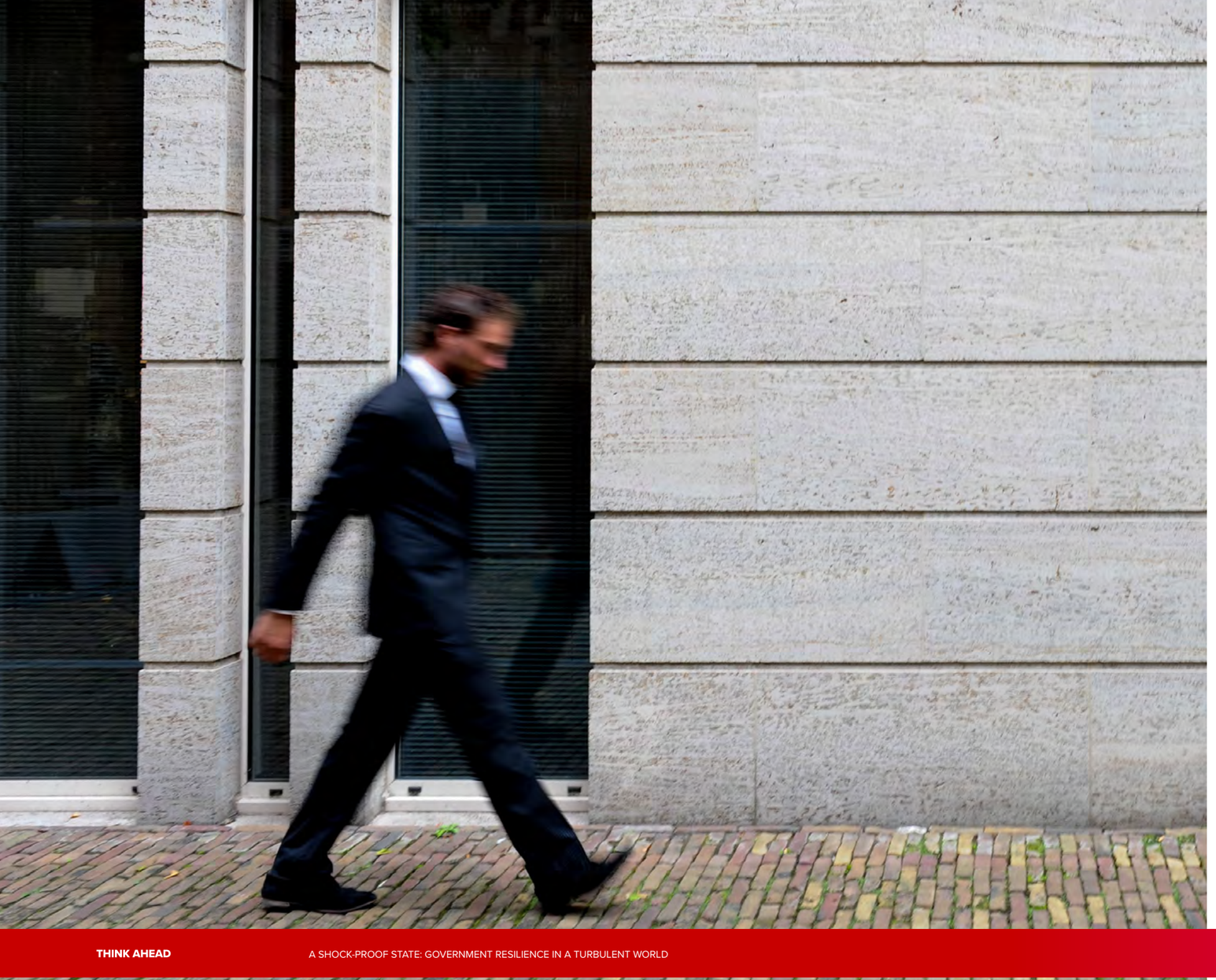
ACCA calls on policymakers to recommit to the professionalisation of public finance to ensure public finance teams have the technical skills necessary to support long-term financial resilience.

CALL TO ACTION 8:

Develop communication and soft skills

Technical skills are increasingly expected as a minimal requirement in the public sector – while professionals will also need effective soft skills in leadership, communication and change management.

ACCA calls on public finance leaders to commit to developing these skills and lead the public sector to deliver long-term financial resilience.



1. The state of public sector financial resilience

1.1 Financial resilience of the public sector in 2026 – challenges and opportunities

Governments' ability to successfully pursue their policy objectives depends on effective public financial management. From policing and defence to healthcare and education – delivering the quality public services that citizens expect requires government to raise resources and allocate them effectively.

As we approach the mid-21st century, rapid changes in the external environment will only increase the demands on governments worldwide. As the journalist Chris Giles wrote:

'Adapting to climate change and mitigating its effects costs money now. And ageing societies generate pressures on governments for pensions, health services, and the costs of social care. The AI revolution might increase economic growth rates, but will also bring public finance pressures to support those who have lost their jobs.' [4]

Chris Giles, Economics Commentator, Financial Times

4 Giles, C., 'Whatever happened to prudence?', *Financial Times*, 3 August 2026.

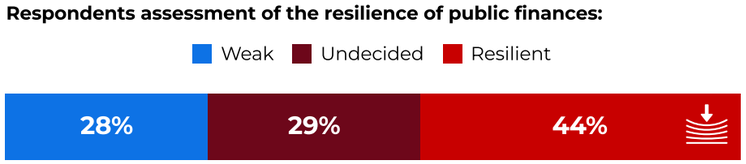
To face these challenges – and those that cannot yet be predicted – governments will need more than effective day-to-day financial management. Long-term financial resilience will be necessary if governments are to maintain their capacity to respond to emerging pressures and act in their citizens' interests.

While political decisions have a significant influence on the resilience of public finances – public officials, and especially financial professionals working in the public sector, also have an important role to play.

As the guardians of financial data within government entities, they are responsible for preparing high-quality financial reports to support the public accountability cycle. This places them in a strong position to turn financial data into actionable insights that support effective decision-making and resource allocation.

Our global survey of almost **1,300** finance professionals underscores the fragility of public finances – with respondents divided in their assessment of the public sector's financial resilience. Worldwide, fewer than half (**44%**) assess the finances of public sector organisations in their location as resilient – with almost a third (**28%**) reporting them as weak.

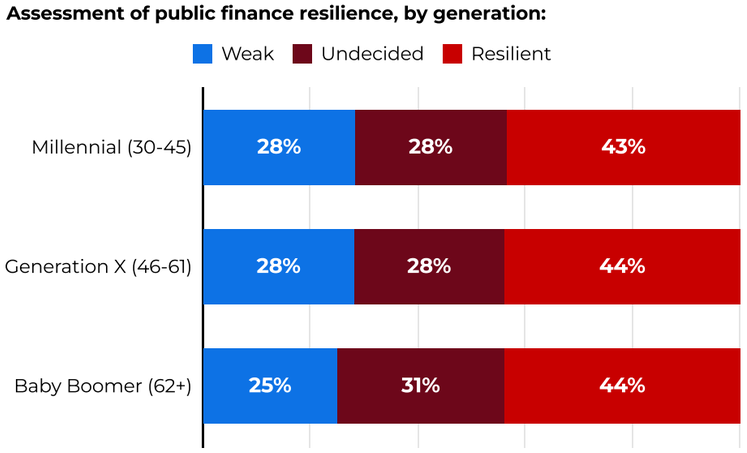
Chart 1.1 **Professional accountants are divided in their assessment of the resilience of public finances**



This global perspective is remarkably consistent across generations – with **28%** of Millennials, **28%** of Gen X, and **25%** of Baby Boomer respondents reporting the financial resilience of public sector organisations in their location as weak.

Conversely, **43%** of Millennials, **44%** of Gen X, and **44%** of Baby Boomer respondents assess the financial resilience of public sector organisations in their location as resilient.

Chart 1.2 **Generations are united in their assessment of the resilience of public finances**



However, this broadly consistent global picture masks sharp regional differences in how finance professionals perceive public sector financial resilience in their part of the world.

Despite the ongoing geopolitical turmoil in the Persian Gulf, the Middle East stands out for respondents' optimistic assessment of government financial resilience in that region. Almost three-quarters (**74%**) of Middle East respondents assess the financial resilience of public sector organisations in the region as resilient – with the same proportion optimistic that it will remain resilient over the next five years.

Southeast Asia was the next most confident region – with **59%** of respondents assessing their governments' finances as resilient, and **54%** expressing optimism about the future.

The picture is less positive in the UK – with **37%** of respondents describing public sector organisations in the country as weak, while **45%** are pessimistic about their resilience in the future.

In Africa and South Asia, respondents are marginally less pessimistic – with **30%** in both regions describing the financial resilience of public sector organisations as weak. Yet, they are markedly more confident about the future – with **54%** in Africa and **45%** in South Asia reporting they are optimistic.

Chart 1.3 **There is significant regional variation in respondents' assessment of the resilience of public sector organisations**

Assessment of public finance resilience, by region:

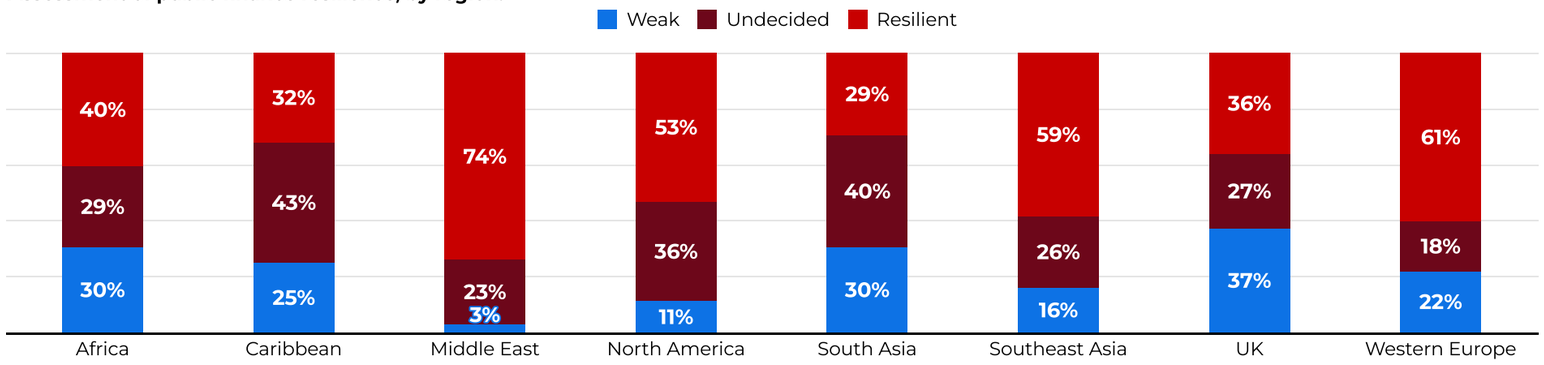
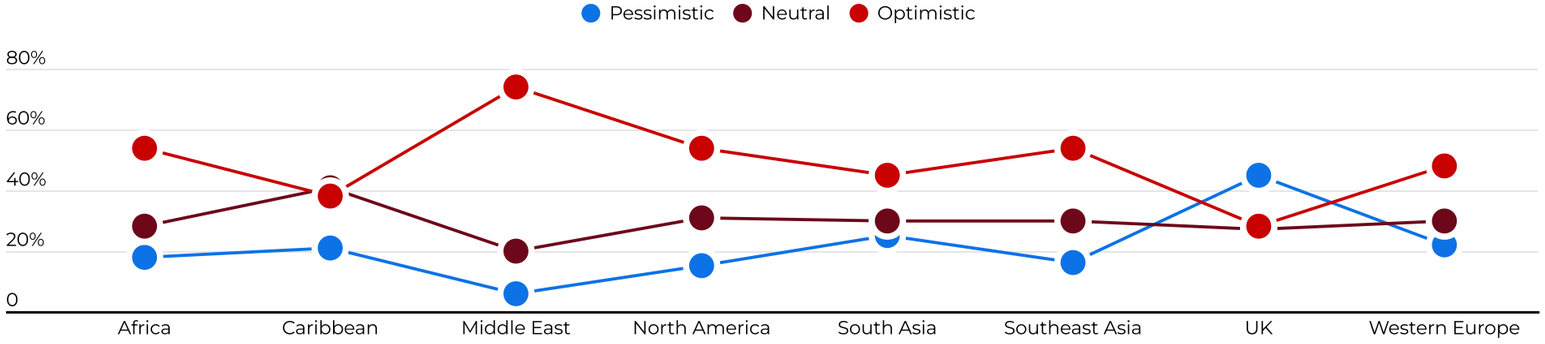


Chart 1.4 **There are also notable regional variations in respondents' optimism about public finances in the future**

Respondents' perception of future public sector financial resilience, by region:



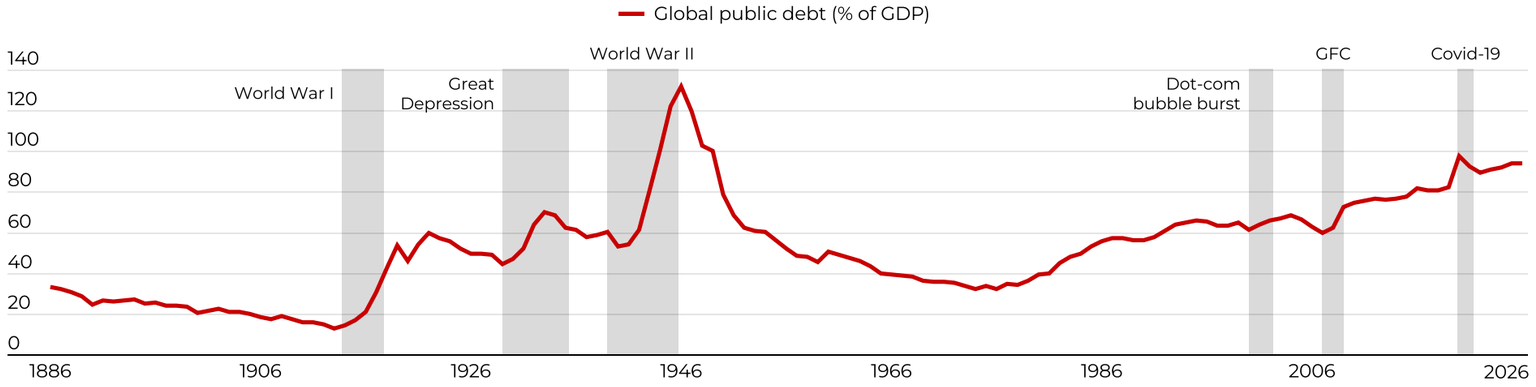
1.2 Developments in financial resilience since the Covid-19 pandemic – an uneven recovery

In the second half of the 2020s, government finances worldwide remain in the shadow of events that began at start of the decade. The Covid-19 outbreak ushered in a severe global economic slowdown and increased public borrowing.

According to the International Monetary Fund (IMF), general government gross debt rose from 82.1% of global GDP in 2019 to 95.3% in 2026. These levels are forecast to rise further – reaching 101.2% of GDP by 2030.[5]

The consequences of increased government borrowing were compounded by central banks adopting significantly tighter monetary policy to address the inflationary shock following the pandemic and Russia's invasion of Ukraine. More recently, the surge in energy prices amid the conflict in the Middle East has prompted central banks to tighten monetary policy further – contributing to a sharp rise in government bond yields across various maturities. This is increasing the cost of new borrowing and of servicing existing public sector debt as it falls due for refinancing in the coming years – placing additional pressure on governments' annual budgets.

Chart 1.5 **Fiscal policy**



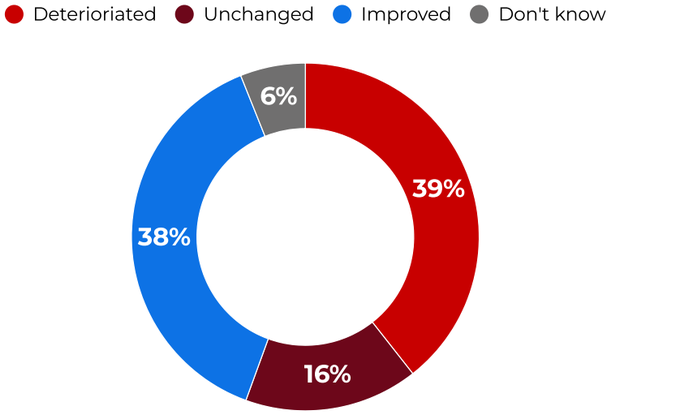
Note: In panel 1, global public debt is calculated as purchasing-power-parity-GDP-weighted average of economy-level debt rations.
Source: IMF World Economic Outlook, October 2026; Consensus Economics; Eurostat; Organisations for Economic Co-operations and Development; and IMF staff calculations.

Just as finance professionals are divided in their assessment of the financial resilience of the public sector in 2026 – they are similarly split over how well the sector's resilience has emerged from the Covid-19 pandemic.

Globally, **38%** of respondents reported that public sector organisations' financial resilience has improved compared to the position immediately before the pandemic, while a similar proportion (**39%**) report it has deteriorated over the same time.

Chart 1.6 **Professional accountants are sharply divided in their assessment of how public finances have evolved since the pandemic**

Respondents' assessment of how public finances have changed since the Covid-19 pandemic:



5 International Monetary Fund, *World Economic Outlook: General government gross debt as a percentage of GDP*, April 2026.

Again, this global standpoint masks significant regional variations across similar geographical lines to those that emerged in respondents' assessments of current financial resilience.

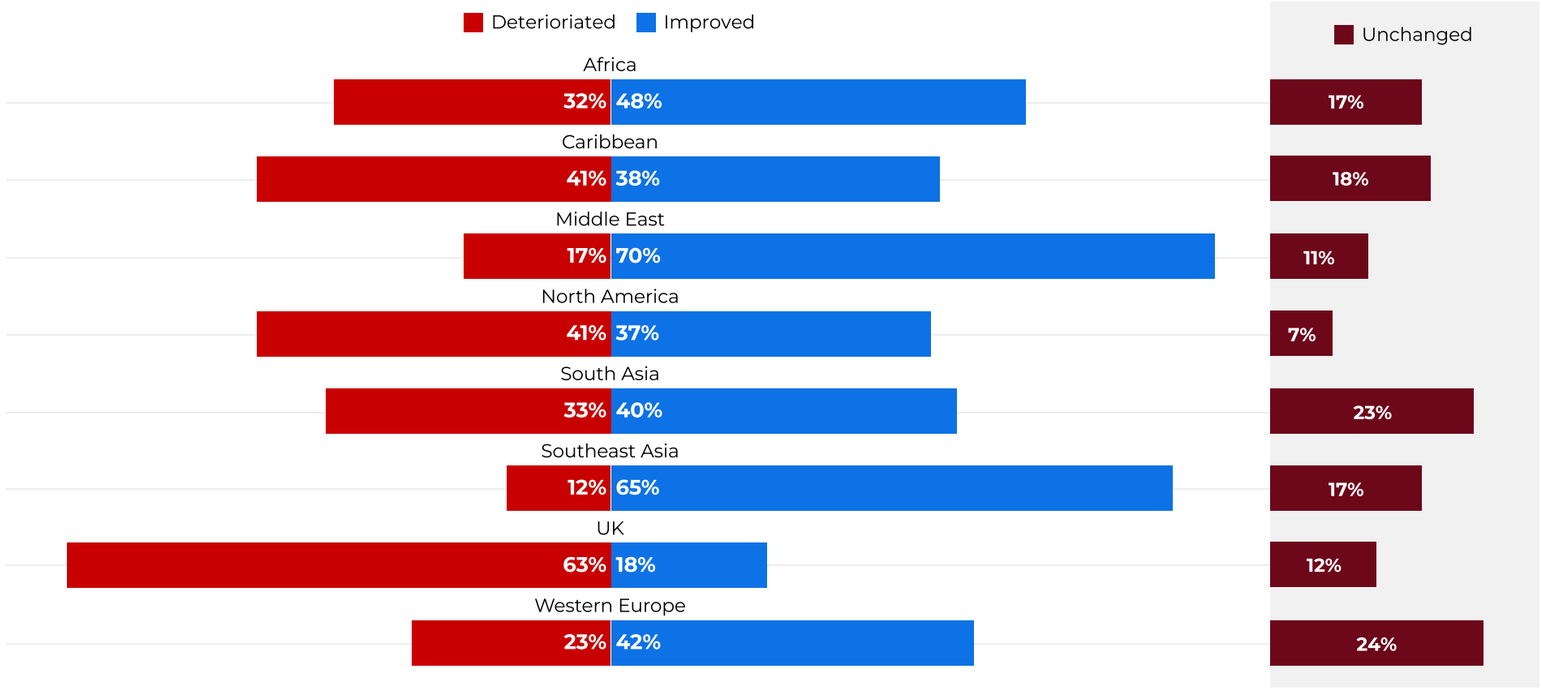
UK respondents are the most negative – with **63%** reporting public sector organisations' financial position has deteriorated since the 2020 pandemic.

Respondents in the Middle East and Southeast Asia struck a very different chord – with **70%** and **65%**, respectively, reporting that the financial resilience of public sector organisations had improved since the pandemic. In those regions, only **17%** in the Middle East, and **12%** in Southeast Asia, report that financial resilience had deteriorated.

These contrasting assessments highlight the unbalanced nature of recovery in public sector financial resilience. While respondents in some regions perceive improvements since the pandemic – those in others continue to report significant financial pressures.

Chart 1.7 **There is significant regional variation in how respondents' assessment of the evolution of government organisations' resilience since the Covid-19 pandemic**

Respondents' assessment of how public finances have changed since the Covid-19 pandemic, by region:



'Don't knows' remain the balancing figure for each response.

1.3 Generational perspectives on financial resilience – harnessing the optimism of younger generations

Although professional accountants across generations have remarkably consistent views about the current state of public sector financial resilience – their views diverge when considering how it has changed since 2019, before the Covid-19 pandemic.

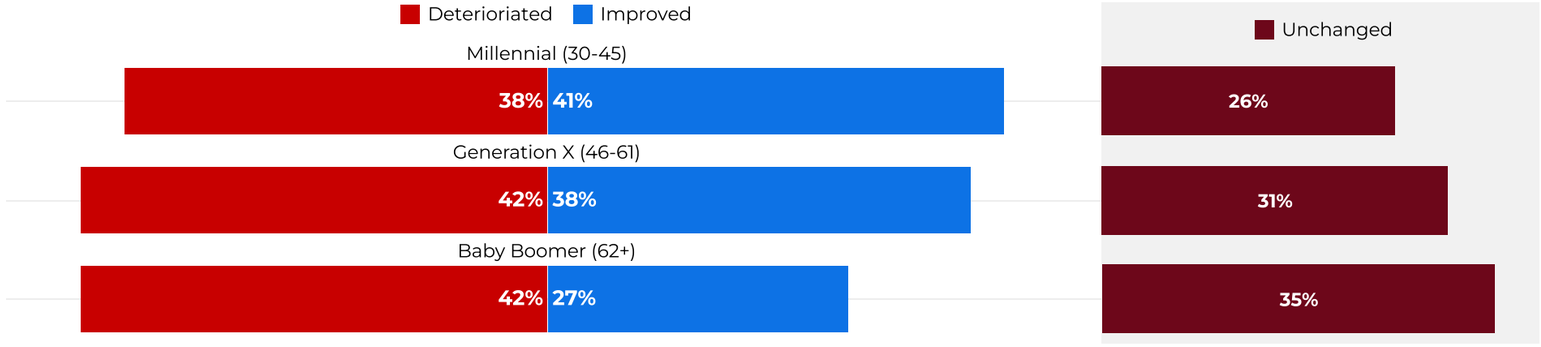
Millennials are more likely to believe that the financial resilience of the public sector has got better since 2020 – with **41%** reporting an improvement, while **38%** suggest it has deteriorated. Baby Boomers, on the other hand, are more likely to believe that financial resilience of the public sector has deteriorated – with **42%** believing it has worsened, and **27%** reporting that it has improved.

These different perspectives are also reflected in expectations for the future. Although **43%** of Millennials and **44%** of Baby Boomers consider the current state of public finances in their location as resilient – younger respondents are more likely to be optimistic about the future.

When asked about their expectations for public sector financial resilience in five years' time – **48%** of Millennials describe themselves as optimistic. Strikingly, only **39%** of Baby Boomers share the same optimism.

Chart 1.8 Younger generations are more likely to believe public finances improved since the Covid-19 pandemic

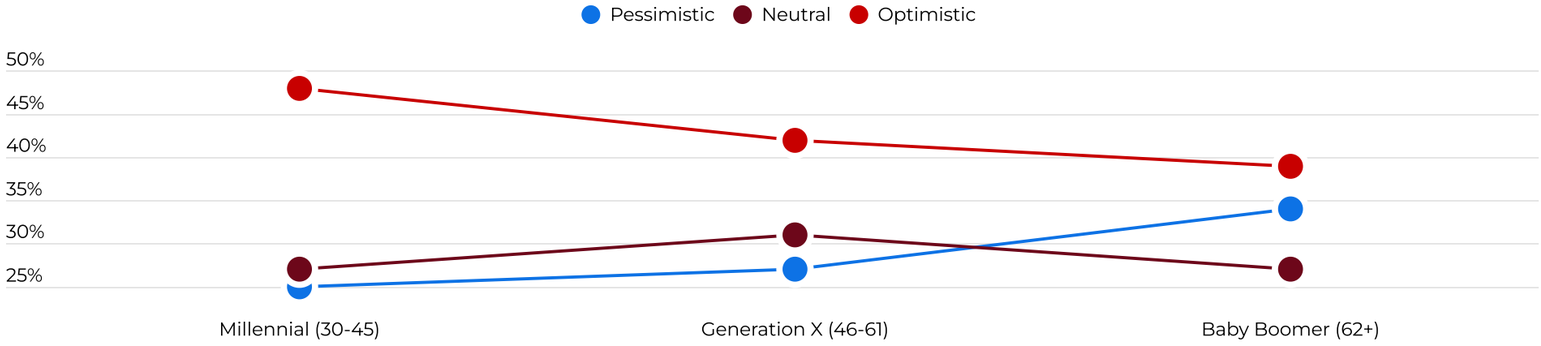
Respondents' assessment of how public finances have changed since the Covid-19 pandemic, by generation:



'Don't knows' remain the balancing figure for each response.

Chart 1.9 Younger generations are more likely to be optimistic about public finances in the future

Respondents' perception of future public sector financial resilience, by generation:





2. Threats to public sector financial resilience in 2026

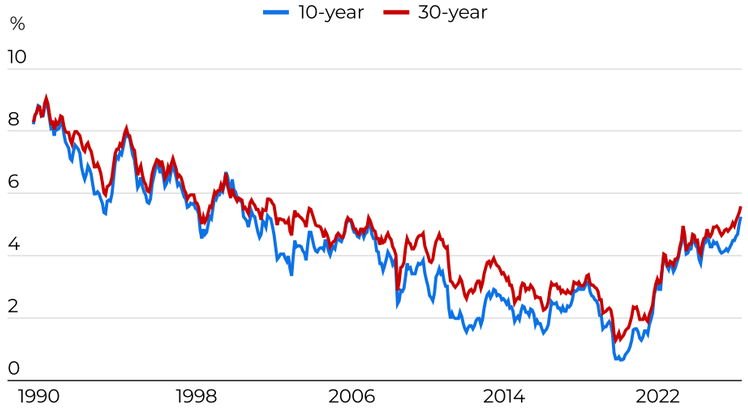
2.1 The global perspective on threats to financial resilience – the challenge of the inflationary moment

During the 21st century, governments have faced multiple major shocks that have increasingly challenged their financial sustainability. In high-income economies, the century began with the collapse of the 'dot-com bubble' and the terrorist attacks on the US. Less than a decade later, the Global Financial Crisis resulted in huge government budget deficits – as tax revenues fell sharply and the authorities enacted large fiscal stimulus packages in an attempt to stabilise their economies.

In 2020, the Covid-19 pandemic brought large parts of the global economy to a standstill. The resulting need for extensive support for workers and businesses led to sharp increases in fiscal deficits and government debt. Subsequently, the strong recovery from the pandemic and Russia's invasion of Ukraine fuelled a surge in global inflation. This prompted aggressive monetary tightening by central banks – significantly increasing governments' borrowing costs. The war in Eastern Europe, heightened geopolitical risks, and concerns about the durability of traditional alliances have also driven substantial increases in defence spending.

More recently, the surge in energy prices amid the conflict in the Middle East has prompted many central banks to tighten monetary policy even further – contributing to a sharp rise in government bond yields across various maturities. This is further increasing the cost for governments of servicing their large debt burdens. Meanwhile, this decade's major shocks, including the deterioration in global trade relations, are increasing pressure on governments' to spend in an attempt to increase self-sufficiency – or at the very least reduce vulnerabilities – in areas critical for the economy and national security.

Chart 2.1 **US treasury yields**



Source: Board of Governors of the Federal Reserve System, Federal Reserve Bank of St. Louis, FRED

Professional accountants' perspectives on the threats to the public sector's financial resilience reflect the lasting impact of these developments in the external environment. Globally, **40%** of respondents identify inflation and increased operating costs as one of the top three greatest threats to financial resilience of public sector organisations.

This is consistent with the results of ACCA and IMA's *Global economic conditions survey report: Q3, 2026*, in which almost **70%** of accountants worldwide reported an increase in operating costs, while economic pressures returned as accountants' top risk priority.[6]

Concerns around inflation are also prominent in ACCA's *Global talent trends 2026* survey – with its impact on real wages cited as the biggest work-related concern for the last four consecutive years.[7] Beyond its primary impact on public sector budgets, inflation can also affect the financial resilience of the public sector by making it harder for employers in the sector to retain appropriately qualified staff.

While inflation can have some positive impacts on the public finances by boosting tax receipts and raising nominal GDP, respondents clearly see it primarily as a threat. This is likely to reflect the pressure that higher inflation places on government spending and borrowing costs as well as potentially weighing heavy on economic performance. Meanwhile, **29%** of respondents identified public debt and the cost of borrowing as one of the greatest threats to public sector financial resilience globally.

Chart 2.2 **For finance professionals, inflation and increased operating costs stand out as the key risk to resilient public finances**



The top three risks to resilient public finances identified by all respondents:

40% Inflation and increased operating costs

29% Public debt and the cost of borrowing

26% Increased demand on public services

6 ACCA, *Global economic conditions survey report: Q3, 2026*, (October 2026), p2.

7 ACCA, *Global talent trends 2026*, (May 2026), p58.

2.2 Threats to financial resilience from a regional perspective vary by location and circumstances

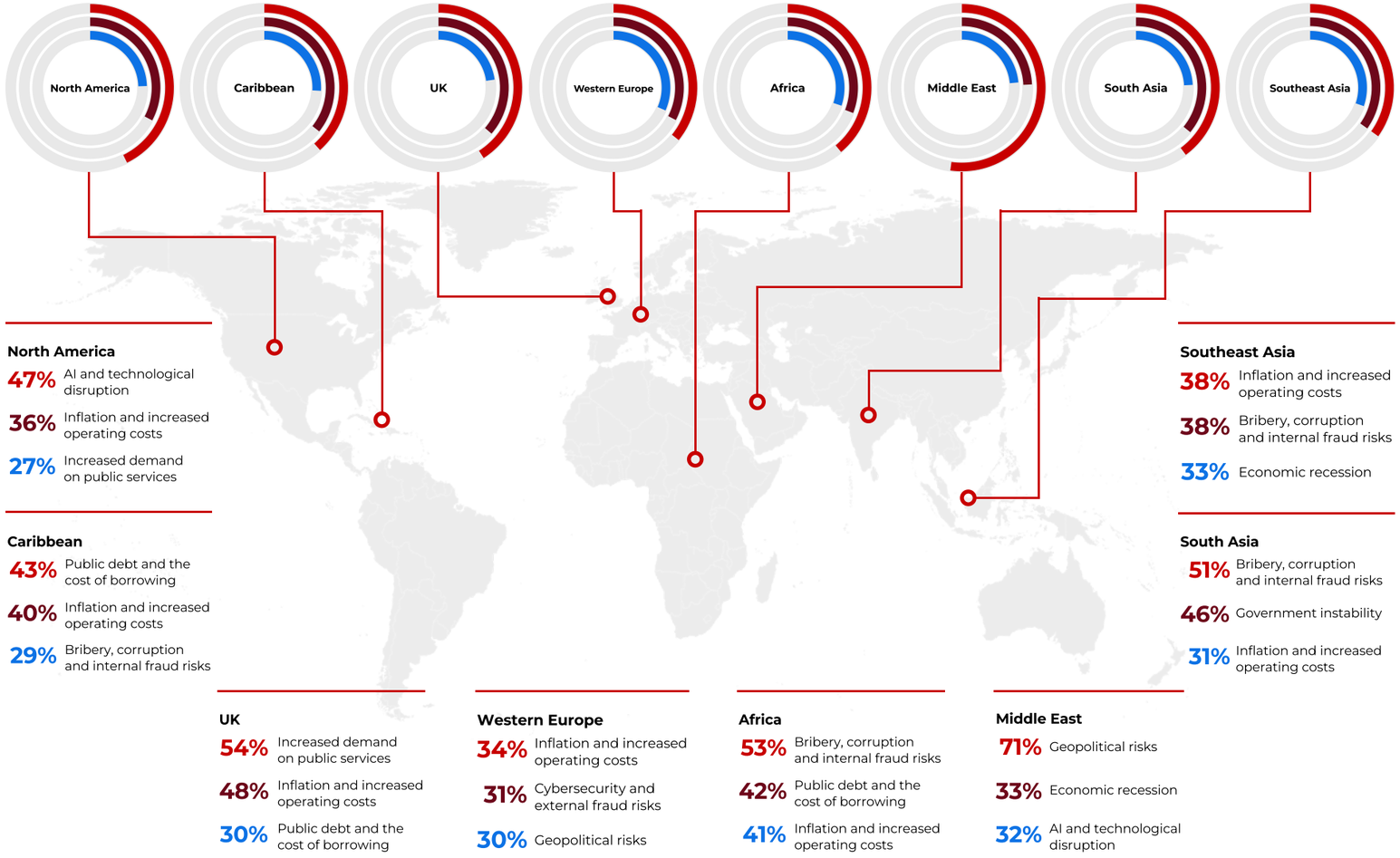
While inflation was identified among the top three threats to the financial resilience of the public sector in all but one region, the global picture again obscures regional variation in the risks identified by respondents. This variation reflects the different circumstances and contexts shaping the public sector globally.

Respondents in the Middle East identify geopolitical risks (**71%**) as the greatest threat to the financial resilience of public sector organisations in their region. The Middle East was a clear outlier – both as the only region to identify geopolitical risks as the primary threat to public finances, and in the overwhelming consensus around this risk. Given the ongoing military tensions in the Persian Gulf, this is not surprising. Middle East respondents also identified the risk of economic recession (**33%**) and AI and technological disruption (**32%**) as the next top risks to financial resilience.

By contrast, respondents in Africa (**53%**) and South Asia (**51%**) identify bribery, corruption and internal fraud risks as the greatest threat. Considering the broader context in both regions – where jurisdictions typically score towards the lower end of Transparency International's Corruption Perceptions Index – it is perhaps unsurprising that finance professionals there identified corruption as a key risk to public sector financial resilience.[8]

8 Transparency International, *Corruption Perceptions Index 2025*, (February 2026), p14.

Chart 2.3 **The top three risks to resilient public finances, identified by respondents in each region**



North America also stands out as the only region where a majority of respondents (**47%**) identify the role of AI and technological disruption as one of the most significant threats to public sector resilience. This may reflect North America's role at the vanguard of AI development and the centre of the broader technology industry. Optimism about the potential future benefits of AI is accompanied by concerns about its implications for future work – including the resilience of the tax base and the financing of public services.

This tension is captured in the broader responses of finance professionals in North America – with almost half (**47%**) identifying AI as a threat to the public sector's financial resilience. Meanwhile, **65%** identify automation and the efficiencies it could deliver as offering the greatest potential value to public financial management in the region.

Finance professionals in the UK are less concerned about the threat posed by AI. However, most UK respondents (**54%**) report that increased demands on public services pose the greatest threat to the financial resilience of public sector organisations.

Again, this reflects the broader context in the UK, where spending on the National Health Service has risen dramatically both as a proportion of the UK economy and as a share of government spending over time.[9] As the health service has become a larger part of the UK's overall public sector activity, there are consequences for government spending plans in other areas of the UK public sector.

Respondents in the UK are also the second most likely (**28%**) – after those in South Asia (**46%**) – to report government instability as a threat to public sector financial resilience. This may reflect recent political challenges, with the country having had five different prime ministers and four changes of government since the outbreak of the Covid-19 pandemic in 2020.

Frequent changes in political leadership outside of the election cycle are associated with policy instability – increasing the challenges for public sector organisations in developing their medium and long-term financial plans. A secondary impact of this political instability has been a premium in the cost of the UK's borrowing, which rose materially after the disastrous 'Truss budget' in 2022. This is also reflected in our survey – with **30%** of UK-based respondents identifying public debt and the cost of borrowing as a threat to resilient public finances.

The risk landscape facing public sector organisations is incredibly challenging around the world. Consequently, finance professionals are concerned about the public sector's vulnerability to external shocks. Globally, only **23%** of respondents agree that public sector organisations are well prepared for financial uncertainty. This falls to as low as **7%** in the Caribbean, and **12%** in South Asia.

Furthermore, only **40%** globally agree that public sector organisations have the capacity to respond to an external shock – falling as low as **28%** among those respondents in the Caribbean and South Asia.

Chart 2.4 **Professional accountants are not convinced that the public sector is well prepared for financial uncertainty**

Respondents who agree/disagree that the public sector is well prepared for financial uncertainty:

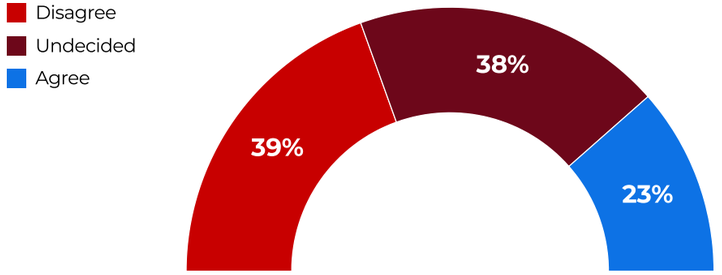
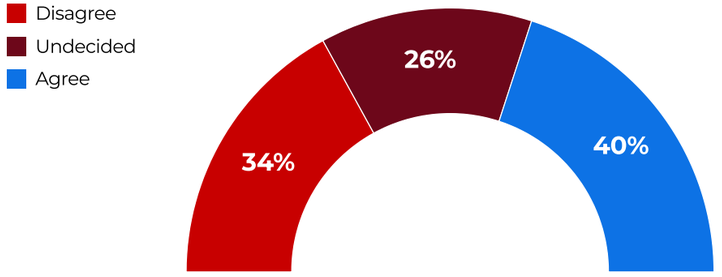


Chart 2.5 **There are doubts about the public sector's capacity to respond to another external shock**

Respondents who agree/disagree that public sector organisations have the capacity to respond to an external shock:



9 Institute for Fiscal Studies, *The past and future of UK health spending*, (May 2024), p3-4.



3. Renewing the focus on public financial management

3.1 High-quality financial reporting as a critical enabler of financial resilience in the public sector

As the Comptroller and Auditor General (C&AG) of the UK argued in a speech to MPs and civil servants in February 2026:

'Too many public services remain difficult to use and expensive to deliver. Increasing geopolitical tensions, an ageing population, and many other demand pressures against a background of historically high levels of taxation and borrowing make the task more important than ever.' [10]

C&AG of the UK

This is a challenging landscape. Nevertheless, it provides finance professionals with an opportunity to lead the way in enhancing the financial resilience of the public sector – building the foundations for strong and effective governments to face the challenges that lie ahead.

10 Comptroller and Auditor General, The National Audit Office (NAO), '*Step Change Needed in Government Financial Management*', (February 2026).

To address the challenges, the C&AG called for:

‘A renewed focus on the fundamentals of good financial management.’

While his comments were focused on the UK context, our survey data suggests that a renewed focus on the core principles of good financial management is necessary around the world. Indeed, progress on core public financial management reforms – such as governments transitioning their financial reporting from cash basis accounting to accruals basis accounting – appears to be slowing down.

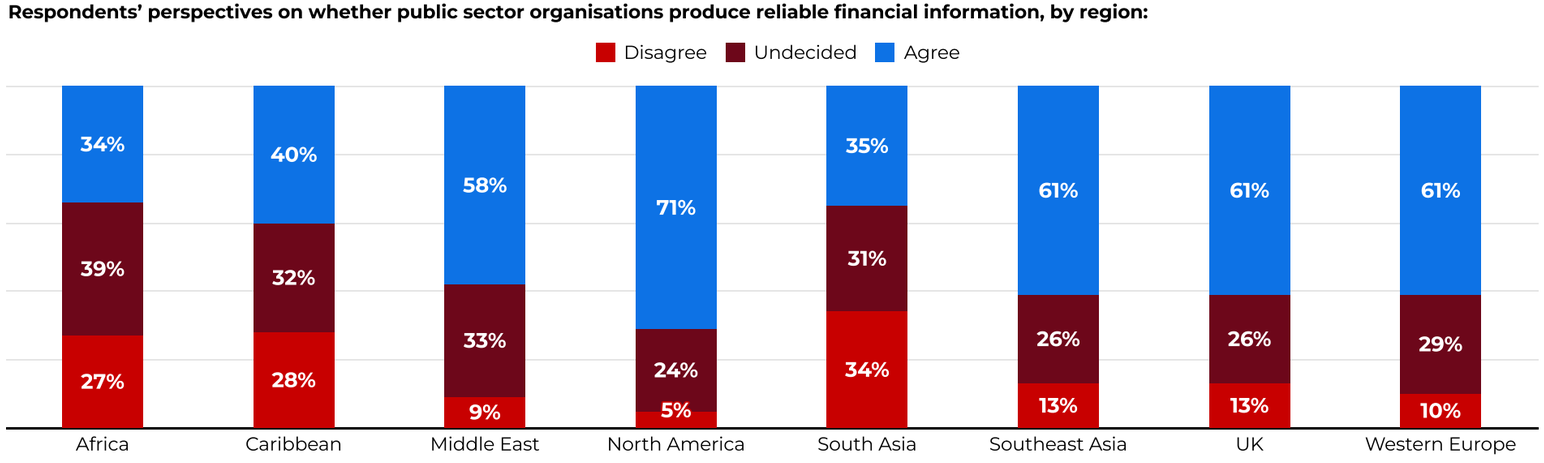
Whereas in 2020, the International Federation of Accountants (IFAC)’s Public Sector Accountability Index projected that 120 jurisdictions would report on an accruals basis by 2030 – by 2024, the index’s equivalent projection had fallen by 20% to 95 jurisdictions.[11]

In ACCA’s survey, just over half of respondents (**51%**) agree that public sector financial organisations produce reliable financial information, while just under a third (**31%**) neither agree nor disagree.

Regions that have adopted accruals basis accounting in the public sector report much higher confidence in the reliability of the financial information produced compared to regions where the adoption is less widespread.

In the UK, **61%** of respondents – and **71%** in North America – agree that public sector organisations produce reliable financial information. Positive responses fall significantly in regions such as South Asia and Africa where adoption of accruals basis accounting by the public sector is not as widespread. In these regions, only **35%** and **34%** of respondents, respectively, agree that public sector organisations produce reliable financial information.

Chart 3.1 **Respondents’ confidence in the reliability of public sector financial reporting varies globally**



11 International Federation of Accountants and Chartered Institute of Public Finance and Accountancy, *International Public Sector Financial Accountability Index: 2025 status report*, (September 2025), p4; International Federation of Accountants and Chartered Institute of Public Finance and Accountancy, *International Public Sector Financial Accountability Index: 2020 status report*, (June 2021), p6.

Accruals basis reporting alone is not sufficient to ensure the financial resilience of government bodies. The UK is rightly recognised as a leader in the adoption of accruals accounting – having adopted International Financial Reporting Standards (IFRS) in 2009. Yet finance professionals in the UK are the most pessimistic about the financial resilience of the public sector – with **37%** of respondents assessing public sector organisations as weak rather than resilient.

Nevertheless, by providing information on assets and liabilities, accruals basis reporting can support effective long-term planning more successfully than cash basis reporting, and short-term incentives created by fiscal illusions.[12]

As a roundtable participant in the Asia Pacific region commented:

'Often our governments do not put significant unfunded liabilities on their balance sheets... as accountants it is critical for us to encourage that level of record-keeping, analysis and understanding of what governments own and what they owe. Then, if there is a significant event in the future, you know if you have the buffer in place to meet the challenge'.

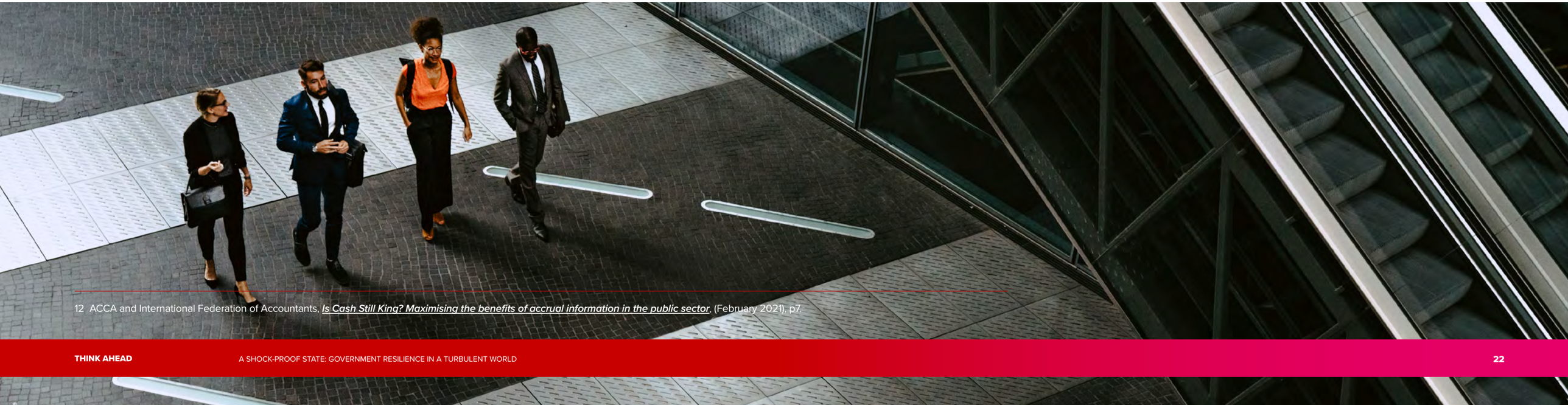
Roundtable participant in the Asia Pacific region

CALL TO ACTION 1:

Adopt accruals basis financial reporting

High-quality financial information – prepared on an accruals basis in line with recognised international standards, while not sufficient on its own – is critical in providing a complete and accurate picture of public sector organisations' long-term financial resilience.

ACCA calls on policymakers globally to recommit to the adoption of accruals basis financial reporting across the public sector.



12 ACCA and International Federation of Accountants, *Is Cash Still King? Maximising the benefits of accrual information in the public sector*, (February 2021), p7.

3.2 Financial reporting and accountability cycles that incentivise long-term financial decision-making

Beyond reporting, an acute challenge in the public sector is ensuring that public financial management systems incentivise financial decision-making for long-term financial resilience over short-term tactical concerns.

One roundtable participant remarked:

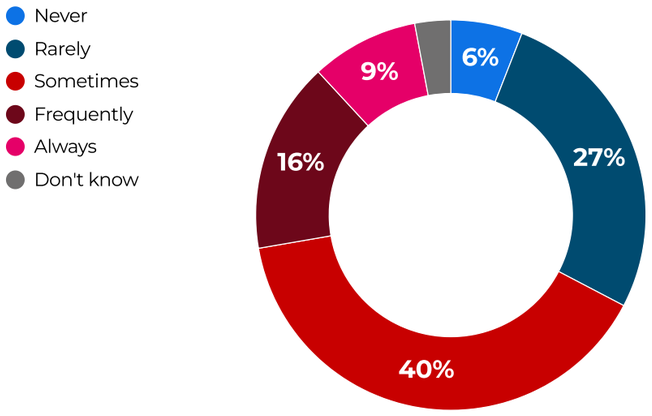
'The key barrier is the incentive system. Current policies often reward specific actions that are related to short-term goals. If the structures were incentivised towards financial resilience, then that would be that would drive change, which is not currently the case.'

Roundtable participant

This is consistent with our survey findings – in which just a quarter of global respondents (**25%**) report that public sector organisations frequently or always prioritise long-term financial resilience over short-term pressures. Conversely, a third (**33%**) report that public sector organisations never or rarely prioritise long-term financial resilience.

Chart 3.2 **A key challenge in the public sector remains balancing short-term priorities with long-term strategy**

Respondents' views on how well public sector organisations balance long-term and short-term priorities:



Some regions stand out for respondents' optimism that public sector organisations prioritise long-term resilience. In the Middle East, the majority (**53%**) agree that this is frequently or always the case. In most other regions – including Africa, the Caribbean and South Asia – **41%** of respondents (**39%** in the UK) believe that this is only sometimes the case.

The political environment of the public sector will always risk prioritising the short-term over the long-term. As a roundtable participant in Malaysia noted:

'This is one of the hardest problems to crack, because the political cycle is too short to show results or to run a transformation, which generally span across five to 10 years.'

Roundtable participant in Malaysia

However, this tendency can also be exacerbated by the underlying funding and accountability frameworks within which government entities must operate. An example of a structure that incentivises a short-term focus over long-term financial resilience is the use of single-year budgets by local authorities in Scotland.

A roundtable participant noted:

'Local authorities are often heavily criticised for slippage within their capital programmes, but delivering major capital projects is inherently complex and depends on many factors... a multi-year settlement would provide greater flexibility to manage capital programmes more strategically – allowing councils to maintain a portfolio of projects and re-prioritise investment when circumstances change.'

Roundtable participant

Similar pressures also manifest at the national level in the UK. For example, in an explanatory report on the Department of Health and Social Care's financial statement in 2015-16, the then C&AG noted that the annual budgetary control framework created:

'significant additional pressure on [the Department's] financial management... creating a focus on the short-term (meeting the annual budget control) – rather than the long-term (putting the NHS in England on a more financially sustainable footing)'.[13]

CALL TO ACTION 2:

Create incentives for long-term financial planning

Individuals and organisations respond to incentives. In much of the world, public sector organisations operate in an environment that prioritises short-term strategies at the expense of effective medium and long-term financial planning.

ACCA calls on policymakers to ensure that their financial reporting and accountability cycles provide appropriate incentives for public sector leaders to prioritise long-term financial resilience over short-term concerns.



13 Department of Health and Social Care, *Annual report and accounts 2015-16 (for the year ended 31 March 2016)*, (July 2016), p114.



4. The role and risks of AI deployment

4.1 Embracing AI adoption to generate enhanced insights and value in the global public sector

While the public sector faces ever-increasing threats to its financial resilience, new technologies are emerging that some policymakers believe could help mitigate these risks and secure a more resilient future for organisations within the sector.

As one former Prime Minister of the UK has stated:

'The public sector is on its knees – with large backlogs and lengthy waits for services; a demoralised, unproductive workforce; and a lack of long-term thinking as policymakers go from crisis to crisis. Adopting AI in the public sector is a question of strategic prioritisation that supersedes everything else… AI could make countless tasks performed by public-sector workers every day better, faster and cheaper.' [14]

A former Prime Minister of the UK

14 Tony Blair Institute for Global Change, *Governing in the Age of AI: A New Model to Transform the State*, (May 2024), p7.

In response, some governments have adopted ambitious plans for deep and rapid adoption of AI across the public sector. For example, in the United Arab Emirates, officials have launched an initiative that plans to deliver half of its government's operations, services and tasks using AI models by the end of 2028.[15]

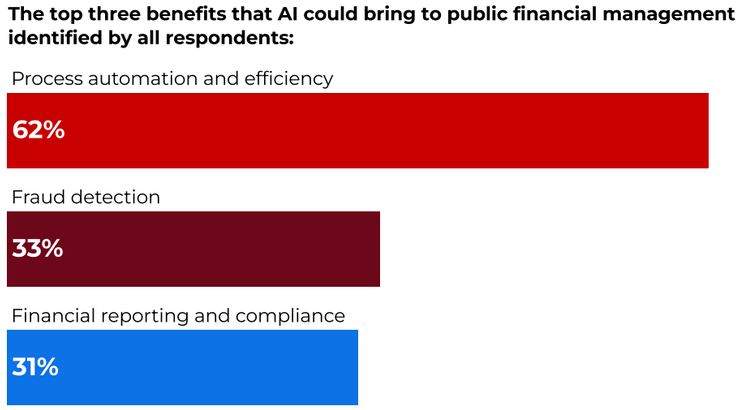
Globally, finance professionals agree that AI technology could deliver significant benefits to public financial management – with **62%** of respondents identifying process automation and efficiency as a key benefit of AI adoption across public sector organisations.

AI's potential to deliver efficiencies was cited as the primary benefit of AI adoption by the majority of respondents in every region – from **51%** in South Asia to **69%** in the UK.

The potential benefits that AI could bring to the financial resilience of the public sector, however, go beyond project automation and efficiency. As ACCA's previous research has indicated:

'While efficiency gains are an obvious advantage of automation in accountancy, the benefits of automation go beyond tactical efficiencies... accountants can focus more closely on analysing data and providing strategic insights.' [16]

Chart 4.1 **Globally, finance professionals believe that AI technologies have the greatest benefit to enhance process automation and efficiencies in the public sector**



One roundtable participant in Pakistan added:

'I normally see decision-makers linking AI with automating a process... but AI's capabilities and scope is far bigger than that... what we really need is higher level thinking about how to rethink processes, how to rethink expenditures, and how to rethink institutional structures.'

Roundtable participant in Pakistan

Respondents identified a range of other benefits that AI adoption could bring to enhance public financial management, including:

- fraud detection (**33%**)
- financial reporting and compliance (**31%**)
- budgeting and planning (**30%**)
- financial modelling (**27%**).

15 Aldane, J., 'UAE publishes design guide for agentic AI-powered public services as part of drive to automate half of government', Global Government Forum, 26 August 2026.

16 ACCA, *Digital horizons: technology, innovation and the future of accounting*, (September 2023), p42.

However, while professional accountants see clear benefits to public finances from embracing AI – its adoption in the public sector is slower than in the wider economy.

Globally, over a quarter of respondents (**26%**) reported that public sector organisations had not yet adopted AI. Where these organisations have adopted AI, it's still in its early stages – with **21%** reporting ad-hoc pilots of AI, and **31%** indicating targeted or limited deployment of the technologies.

As one roundtable participant from the UK put it:

'Some of the government departments that I work with use AI for their minutes, they use it for recordings, they use it for basic stuff. I would say, at the moment, they're not using it for contingency planning and looking into the future. Those are the areas that we're going to have to get into.'

Roundtable participant from the UK

Chart 4.2 **AI adoption is still in its early stages in the global public sector**

Respondents' perspectives on the current state of AI adoption in public sector organisations:

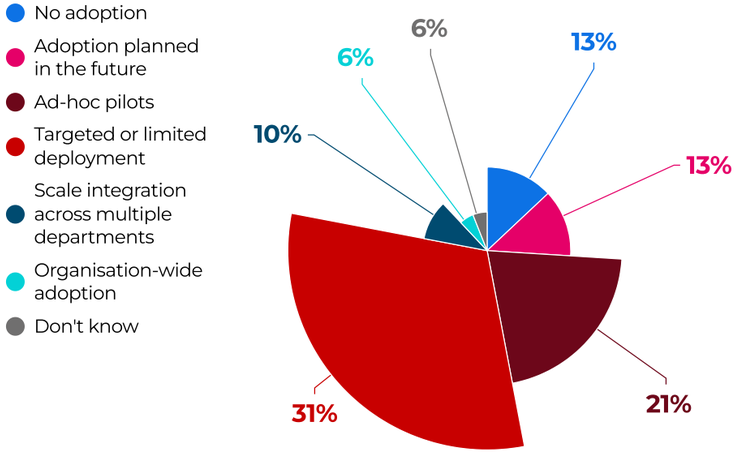
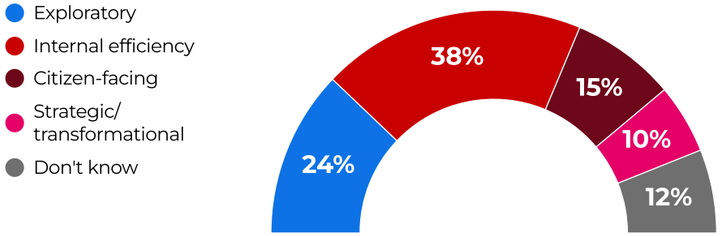


Chart 4.3 **Where the public sector has adopted AI, it's still in the early phrases of maturity**

Respondents' views on the level of maturity of AI adoption in public sector organisations:



CALL TO ACTION 3:

Embrace AI and emerging technologies

AI and other emerging technologies have the potential to transform public financial management. However, the pace of development in frontier technologies risks significantly outpacing the public sector's ability to adapt.

ACCA calls on finance leaders in the public sector to embrace new technologies to generate enhanced value and insight in support of strong public finances.

4.2 Perceived barriers to successful AI adoption as opportunities for public finance managers to lead the way

If policymakers and finance professionals agree that AI has the potential to transform public financial management and strengthen the financial resilience of public sector organisations – what is preventing wider adoption of AI in the global public sector?

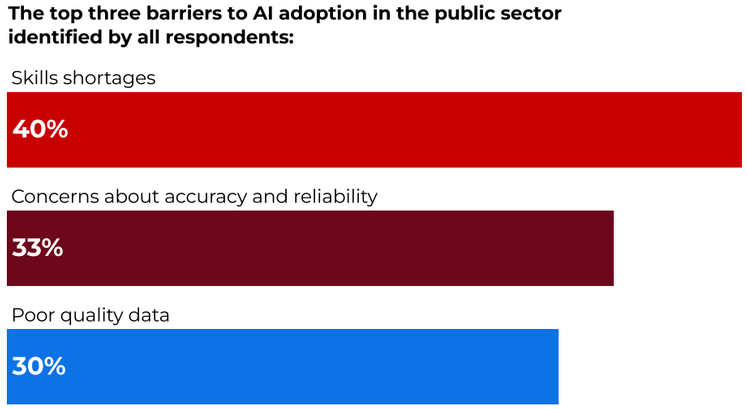
While funding constraints are a factor – with **26%** of all respondents identifying funding as a crucial barrier to support AI adoption – the most significant barrier reported by finance professionals was a shortage of skills.

Overall, **40%** of respondents identified skills shortages as one of the biggest barriers to AI adoption in the public sector. A lack of skills was identified among the top three barriers in every region except for North America, where only **20%** share the same concern.

Addressing the public sector's skills shortage could also address the other primary barriers to AI adoption reported by finance professionals in our survey. For example, **33%** of all respondents identified concerns about the accuracy and reliability of AI models' outputs.

Enhancing public sector employees' AI skills – including their understanding of the technology's strengths and limitations – could help mobilise their expertise in supporting AI adoption to drive enhanced value and insight within the sector.

Chart 4.4 **An absence of skills is the key barrier to AI adoption in the public sector**



However, the other significant barriers to AI adoption in the public sector arise from the consequences of previous deployment of digital technologies – and may be more challenging to overcome. For example, **30%** of all respondents report that poor quality data is a significant barrier to AI adoption in the public sector, while **28%** cite legacy systems as another notable constraint.

The ethical challenge and AI

In ACCA's *Navigating Ethics for Trust* report, **61%** of respondents to our survey – almost double the **32%** in 2024 – identified the use of AI as the most significant challenge that they face. Indeed, AI use is now the most significant and rapidly growing ethical challenge that professional accountants report.

The use of AI is no longer a question simply of process automation and efficiency. There are practical concerns around accountability, bias and confidentiality – as well as the boundary between automated support and the application of professional judgement. The challenge is therefore around whether governance, capability and human oversight can keep pace with the use of AI as it develops.

To support finance professionals in navigating the ethical challenges that arise when using AI, ACCA has prepared a *Practical prompt checklist for ethical challenges involving AI use*. This complements earlier guidance from ACCA's *AI Monitor: Shining a light on AI's ethical threats for finance professionals*.

In their report on the use of AI in government, the National Audit Office states:

'Updating legacy systems and improving data quality and access is fundamental to exploiting AI opportunities, but will take time to implement.' [17]

Although these changes will take time to address – there can be no delay. One roundtable participant in Africa reflected:

'The unfortunate thing is that, while government moves slowly, AI and all these technologies move very fast. By the time we come up with a framework – it could be obsolete because things will have changed.'

Roundtable participant in Africa

This sentiment was echoed by a UK participant:

'The problem with the health service and government is we tend not to be at the leading edge; we tend to be about 15 steps behind. A lot of the time, by the time we actually embrace new technologies – they are out of date and something new has come in.'

Roundtable participant in the UK

These challenges provide an opportunity for public finance professionals to lead in the adoption of AI – ensuring it supports long-term financial resilience and good public financial management.

As highlighted in ACCA's report *Enabling finance insight: Bridging skills and data gaps for AI-enabled finance*, finance professionals can lead the way by establishing robust data governance frameworks, and clear data lineage – ensuring data accuracy and consistency across organisations and, potentially, across the public sector.[18]

Such efforts would go a long way to ensuring that the public sector's adoption of AI is on a firm footing and can delivery on policymakers' ambitions.

CALL TO ACTION 4:

Improve public sector data quality

The perceived barriers to effective AI adoption in the public sector emphasise the importance of public finance managers' strengths in data governance and analysis.

ACCA calls on public finance leaders to lead AI adoption by establishing frameworks to enhance the quality of data across the public sector.



17 Comptroller and Auditor General, The National Audit Office (NAO), *Use of Artificial Intelligence in Government*, (March 2024), p10.

18 ACCA, *Enabling finance insight: bridging skills and data gaps for AI-enabled finance*, (July 2026), p53.



5. Sustainability and climate change

5.1 Integrating the climate crisis risks to financial resilience into effective public financial management

Climate change is another rapidly developing threat to the financial resilience of public sector organisations. The impact could well be dramatic.

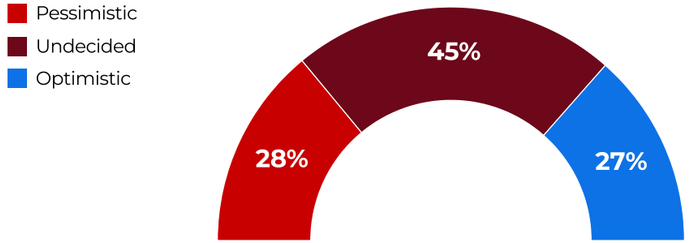
Rising temperatures may result in significant impairments to public infrastructure – requiring governments to fund repairs or replacements far sooner than anticipated. Public sector organisations may also face increasing financial risks from infrastructure that's exposed to flooding due to climate change.

The wider economic effects of climate change are also likely to impact on governments' ability to raise revenues – as consumers change behaviour in response to new technology developments designed to mitigate the impacts of global warming. An emerging example of this is the rise in electric vehicles, which undermines the sustainability of government revenues raised through fuel duties.

Globally, finance professionals are uncertain about the ability of the public sector to respond effectively to climate crisis – with **45%** of respondents reporting they are neither optimistic nor pessimistic about the threat that climate-related risks pose to the long-term financial resilience of the public sector. This uncertainty is consistent across all regions – ranging from **38%** of Southeast Asia respondents to **56%** in the Caribbean.

Chart 5.1 **Professional accountants are divided on the impact that the climate crisis will have on the financial resilience of public sector organisations**

Respondents' perception of climate crisis threats to financial resilience of public sector organisations:



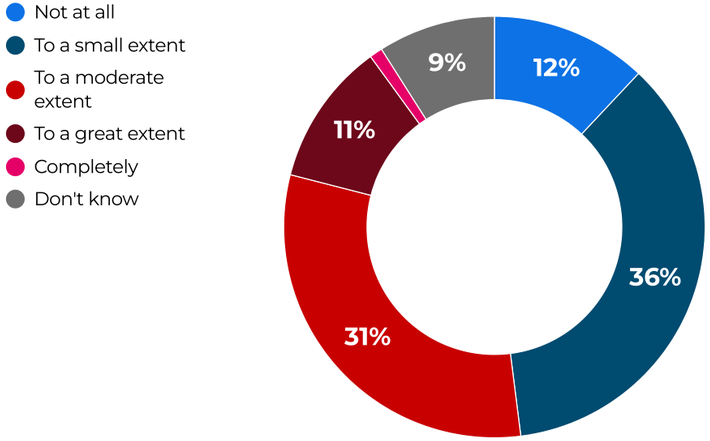
The United Nations Development Programme, in a report published alongside the Climate Finance Network, commented that:

'Although most countries have climate strategies and policies, their influence on climate public finance remains modest.' [19]

While their report focuses on Bangladesh, Fiji, Indonesia, and the Philippines, its findings align with the perspective of finance professionals in our survey – who indicate that the integration of climate risk assessments into public sector organisations' financial planning and decision-making remains immature.

Chart 5.2 **The public sector's assessment of the risks that climate change will have on public finances is still maturing**

Respondents' views on the extent to which climate risks are integrated into public sector organisations' financial planning and decision making:



Only **12%** of global respondents report that public sector organisations have integrated climate-related risks – either completely or to a great extent – into their financial planning and decision-making. Regionally, this varied from **4%** in the Caribbean to **23%** in the Middle East.

Conversely, **48%** of professional accountants reported that public sector organisations had either not integrated climate-related risks into their financial planning and decision making at all, or had done so to a small extent. This varied from **30%** in the Middle East to **61%** in South Asia.

CALL TO ACTION 5:

Integrate climate risks into financial decision-making

The impacts of climate change are already significantly affecting public finances and are likely to increase the threat to the sector's financial resilience in future years. However, climate risks are not yet fully integrated into public sector organisations' financial planning and decision-making.

ACCA calls on public finance leaders to ensure that climate change risks are considered more effectively as part of financial planning and decision-making.

19 United Nations Development Programme and Climate Finance Network, *Study on the Effectiveness of Climate Public Financial Management*, (October 2025), p16.

5.2 Adopting international sustainability reporting standards to ensure transparency and accountability on climate-related risks

After several years of private sector standard setters leading the way with sustainability reporting frameworks, January 2026 saw a landmark moment in public sector sustainability reporting – with the IPSASB publishing its IPSAS Sustainability Reporting Standards 1, Climate-related disclosures (IPSAS SRS1).

Two and a half years after the International Sustainability Standards Board (ISSB) published its sustainability reporting standards for private sector entities, there is now a sustainability reporting standard that is adapted to the unique aspects of the public sector context. IPSAS SRS1 is effective for accounting periods beginning on or after 1 January 2028, although early adoption is permitted.

The implementation of sustainability reporting will not add value to public financial management or enhance long-term financial resilience if reporting is treated simply as a compliance exercise or as its own end.

In the UK, HM Treasury introduced disclosure requirements for central government aligned with the framework issued by the Task Force on Climate-related Financial Disclosures (TCFD). This made the UK one of the first countries to introduce an internationally recognised framework for climate-related reporting in central government narrative reporting.

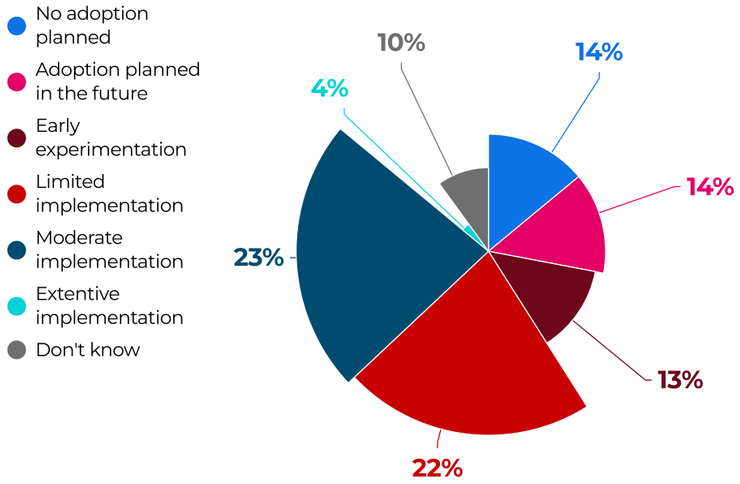
A review of the implementation of the TCFD framework in the UK found that it increased senior leaders' engagement with, and understanding of, climate-related risks – resulting in stronger financial management related to these risks.[20]

Furthermore, the TCFD framework enabled public sector organisations to better understand the range and severity of climate-related risks that they face.

Globally, sustainability reporting is still in its infancy in the public sector – with **28%** of respondents reporting that public sector organisations have not yet adopted it in their location, and **14%** saying no adoption was planned. Conversely, **27%** indicate that public sector organisations had implemented sustainability reporting either moderately or extensively, while only **4%** indicated extensive implementation.

Chart 5.3 **The implementation of sustainability reporting in the public sector continues to progress, but remains in an early phase**

Respondents' views on the level of adoption of sustainability reporting by public sector organisations:



20 Comptroller and Auditor General, The National Audit Office (NAO), *Implementation of climate-related reporting in central government annual reports*, (November 2025), p6.

As with the adoption of AI technology in the public sector, implementing sustainability reporting will be a significant task. As ACCA previously noted:

'Integrating sustainability reporting processes will be a new challenge. It will require finance professionals to build on their existing skills and work with experts in other fields. It will also need existing systems and processes to be adapted to capture new types of relevant information.' [21]

However, the emerging evidence suggests that adopting sustainability reporting will focus policymakers' attention on the threats that climate-related risks pose to resilient public finances and inform better long-term decision-making.

CALL TO ACTION 6:

Strengthen sustainability reporting

Sustainability reporting in the public sector is fragmented, but the International Public Sector Accounting and Standards Board (IPSASB)'s publication of the first public sector-specific sustainability reporting standards provides an opportunity to enhance disclosure of climate risks in government organisations.

ACCA calls on policymakers to recommit to sustainability reporting in the public sector context – to support greater transparency and accountability on climate-related issues within the sector.



21 ACCA, the International Federation of Accountants and the INTOSAI Development Initiative, *Preparing for Sustainability Reporting and Assurance: an introduction for the public sector globally*, (November 2023), p16.



6. Talent and skills in support of public sector financial resilience

6.1 Nurturing the skills to support long term financial resilience of public sector organisations

Rapid changes in public financial management require public sector organisations to focus relentlessly on ensuring that their workforce has the skills needed to inform good decision-making and support long-term financial sustainability.

This skills focus will need to vary between regions. In those jurisdictions where the public sector is starting its transition towards accruals basis reporting – public finance leaders will need to focus on the core skills required to implement internationally agreed financial reporting standards, such as the IPSASB standards or adapted-IFRS.

As highlighted in previous ACCA research, these efforts will need to extend beyond the preparers of financial statements to include supreme audit institutions and members of parliamentary committees – ensuring informed scrutiny of more complex financial reports.[22]

22 ACCA and IFAC, *Is Cash Still King? Maximising the benefits of accrual information in the public sector*, (February 2021), p46.

However, even those jurisdictions that have implemented accruals basis financial reporting need to maintain a programme of continuous improvement and development – through the establishment of peer networks or a cross-government finance function.[23] This will help to ensure that the core output of government financial reporting is aligned with the needs of decision-makers, and drives long-term resilience.

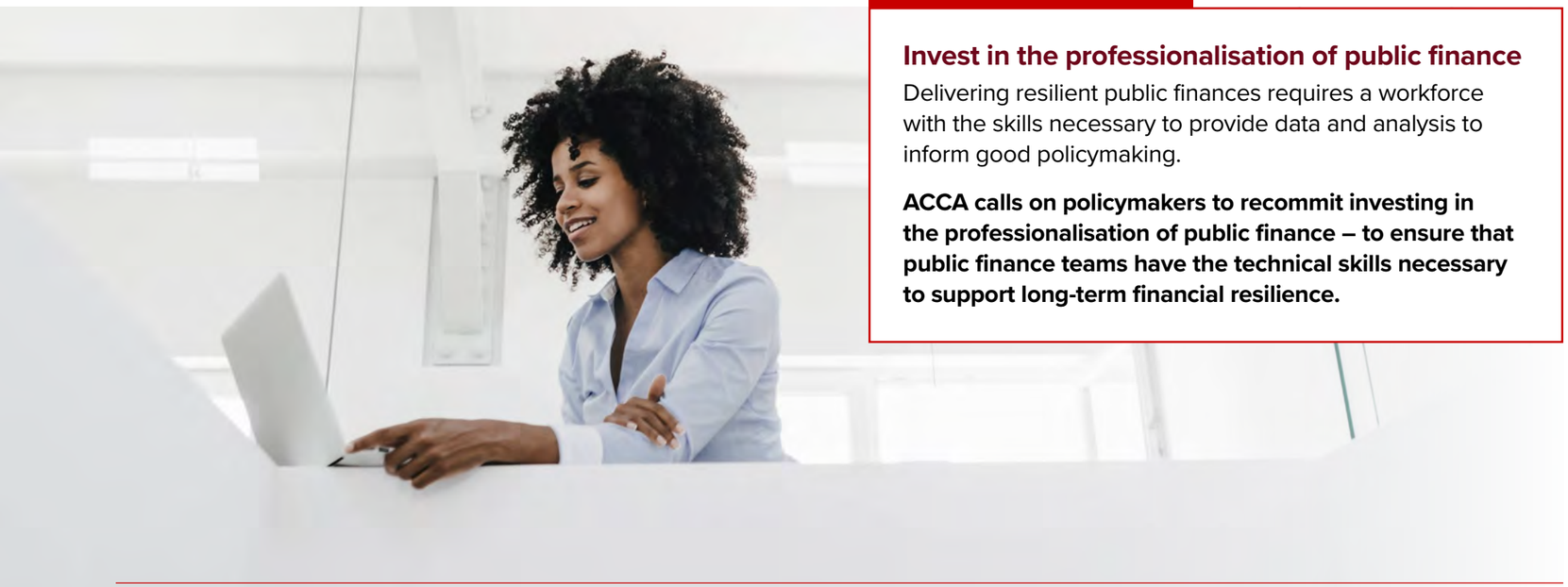
Furthermore, new technologies and developments in sustainability reporting are creating new roles in finance functions, which require new skills. If the public sector finance function is to effectively mobilise AI technologies to drive insights about the government balance sheet – or to integrate a sophisticated analysis of climate-related risks into financial decision-making – sustained investment must be made to ensure the public sector finance workforce is able to meet the challenge ahead.

CALL TO ACTION 7:

Invest in the professionalisation of public finance

Delivering resilient public finances requires a workforce with the skills necessary to provide data and analysis to inform good policymaking.

ACCA calls on policymakers to recommit investing in the professionalisation of public finance – to ensure that public finance teams have the technical skills necessary to support long-term financial resilience.



23 ACCA and IFAC, *A global guide for professionalisation in public sector finance*, (November 2022), p12.

6.2 Focusing on the soft skills necessary to tell the story and gain influence with policymakers

As one ACCA member based in the UK commented:

'Finance directors don't actually spend money. We look after and help other people spend money. If those people don't understand the fiscal risks that go along with their budgets – then we all fail.'

ACCA member based in the UK

While technical skills – including those relating to AI adoption and sustainability – will be critical to ensuring that public sector organisations are financially resilient, they will not be sufficient on their own.

As one roundtable participant in Malaysia noted:

'We prepare the data; we understand the data. The reality is the value that an accountant or a finance professional can create is in the connecting between policy, spending, execution, and outcome. Nobody sits in that place better than someone in finance who has the bird's eye view.'

Roundtable participant in Malaysia

An organisation can have the best financial modelling function in the world, but without the ability to translate the model into a clear message – the opportunity to lead and influence decision-makers will be lost.

Finance leaders in the public sector will, therefore, need to become compelling storytellers.[24] Engaging narratives that are understandable to non-specialists can translate insights from financial reporting and analysis into decisions that enhance financial resilience. This was a key theme that emerged from our roundtable discussions, which informed this research.

Another reflection from a virtual roundtable with participants in Malaysia was:

'For me, it's having the correct storytelling. I think that is of the utmost importance. If you have the numbers and you have the technical skills, but you cannot tell people what you want to make them understand – it's very difficult to actually make a difference in that decision-making process.'

Roundtable participant in Malaysia

As well as effective communication, finance leaders in the public sector will also need to champion change and challenge different approaches. The challenges and obstacles that could prevent the public sector from securing a more financially resilient future are significant – from funding constraints to competition for talent – and could be seen as insurmountable.

As one roundtable participant in Pakistan commented:

'I think the biggest barrier is the willingness to change. It's less about data, less about whether you have a policy in place or not. It's more about the challenge of rethinking the existing processes or investing in that change.'

Roundtable participant in Pakistan

However, these threats are also opportunities. Strong leadership and culture are vital if the public sector is to secure a financially resilient future. Finance leaders will need to bring people and organisations with them on this journey – with a credible and compelling tone from the top about the future that professional accountants working in the public sector can secure.[25]

CALL TO ACTION 8:

Develop leadership, communication and change-management skills

Increasingly, the technical skills that enable effective public financial management will be a given. Finance professionals in the public sector will need effective 'soft skills' in leadership, communication and change management to deliver strong and resilient public finances.

ACCA calls on public finance leaders to commit to developing these skills and lead the public sector to deliver long-term financial resilience.

24 ACCA has also emphasised the importance of storytelling skills for early-career finance professionals. See ACCA, *From number crunchers to storytellers: why early-career finance professionals must master storytelling skills* (June 2026).

25 ACCA, *Leading with a purpose: finance professionals steering the public sector through difficult times*, (November 2025), p16.



Conclusion: Professional accountants building strong public finances

Although there are regional exceptions, almost a third of global respondents (**28%**) report that public sector organisations are financially weak. Government finances are not as resilient as policymakers and citizens might hope. Yet – with inflation rising, public debt increasing amid bond-market turmoil, and the growing threats posed by climate change – the ship of state is entering stormy waters. Resilient public finances have never been so important.

‘For finance professionals working in government, this turbulent landscape is an opportunity to lead.’

The traditional role of the professional accountant – producing reliable financial reports based on internationally agreed standards that provide policymakers with a comprehensive view of an organisation’s income, expenditure, assets and liabilities – is a necessary precondition to support strong and resilient public finances in the long-term.

In countries that have adopted accruals basis accounting, the value of this approach can never be taken for granted. In jurisdictions where cash-based government financial reporting persists, it is critical that public financial management reforms are seen through to completion – which ensures policymakers have a truly comprehensive perspective on their governments’ financial position.

‘At the same time, the role of the professional accountant is rapidly transforming – and the public sector cannot be left behind.’

While process automation is not new, AI provides opportunities for generating process efficiencies, deep future-focused insights, and analysis of large government data sets – all of which could support the long-term resilience of public sector organisations’ finances.

Although finance professionals report multiple barriers to public sector adoption of these technologies – as well as a sense that the public sector lags the private sector’s rapid embrace of AI – accountants are arguably best placed to lead AI adoption in government by establishing appropriate controls, governance and systems. This will ensure that the public sector’s implementation of AI generates insights and value that supports – rather than undermines – public sector financial resilience.

Another area in which the role of finance professionals is evolving in a way that can support the long-term resilience of government organisations is in relation to climate change and sustainability.

Our survey responses indicate that the public sector’s assessment and integration of climate-related risks – and their impact on financial resilience – is still at an early stage of maturity. Only **12%** of global respondents indicate that climate change risks are well integrated into public sector organisations’ financial planning and decision making. It is, therefore, unsurprising that sustainability reporting in the public sector is still in the early stage of adoption – with only **27%** reporting moderate or extensive implementation of sustainability reporting.

The IPSASB’s issue of the first public sector-specific sustainability reporting standard, effective from 1 January 2028, provides an opportunity for the sector to increase its understanding and response to climate-related risks. Early adopters of sustainability reporting in the sector suggest this strengthened their approach to the identification and management of climate-related risks.

‘Seizing this opportunity to enhance public sector financial resilience will require public finance leaders to focus relentlessly on the talent and skills of the sector’s workforce.’

In jurisdictions that have fallen behind on their plans to transition from cash-based to accruals-based financial reporting in the public sector – this skills focus may initially centre on the professionalisation of the finance function and the technical knowledge of relevant international standards.

Even jurisdictions with well established accruals-based public financial management frameworks can generate greater lasting value for the public sector – informing sound decision-making, which strengthens public finances. Public sector finance leaders also need to focus on skills beyond the core technical proficiency of the finance function. To lead the delivery of more financially resilient public sector organisations – public finance leaders will need to support a change in culture that embraces change and innovation.

This report has established that the financial resilience of the public sector is facing significant challenges. Even those jurisdictions where finance professionals report strong and resilient finances cannot afford to be complacent.

‘This is an opportunity for finance professionals and finance leaders working in the public sector. Now is the time for them to step forward, apply their expertise with confidence, and build a financially resilient public sector that all generations will be able to depend on.’

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ACCA
The Adelphi
1/11 John Adam Street
London WC2N 6AU
United Kingdom

020 7059 5000

accaglobal.com

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