

Government Accelerates the Pace of its Financial Reforms

The Treasury has dumped the paper, gone online and is going accrual. The Audit is shifting more of its manpower away from traditional financial audits to performance audits and the agency responsible for government procurement is calling for better procurement planning within the public service. These disclosures were revealed recently at a workshop “Addressing Financial concerns in Barbados’ Public Sector” hosted by the Office of Public sector Reform.

Financial Controllers, Finance and Accounting Officers were able to address burning issues in relation to specific concerns raised within recent times by highly publicized audit reports. The sessions were interactive; participants were able to obtain direct responses from the Auditor General, the Accountant General, his Deputy, and the Chief Supply Officer.

Participants were brought up-to-date in regard to many of the financial reform currently being undertaken within the Ministry of Finance under the ambit of governments’ reform of the Tax Administration and Public Expenditure Programme which seeks to upgrade its revenue collection and improve its expenditure management.

Ms. Margaret Sivers, Accountant General said that one of the main changes brought about by the reforms was the introduction of a Wide Area Network (WAN) which required the redesigning of job functions and procedures and the re-writing of legislation and policies. With the introduction of the WAN, greater use of technology has become possible, improving communication throughout the public service. The implication for the Treasury is that all monthly revenue and expenditure reports are now posted on the web. Every transactions is done on- line, thus manual documents such as the Vote books, purchase orders, payable orders and so on have become obsolete. With

improved technology transactions now take place in real time, allowing for enhanced decision making, as a result aiding timely reporting.

The Accountant General indicated that the impact of the introduction of electronic media in ministries and departments has been phenomenal, in that there is now a direct link between Budget Warrants and the management of funds, thus reducing the likelihood of a department overspending. This facility has led to improved forecasting and planning.

Ms. Sivers further revealed that the next step in the department's reform process is the transition from cash based accounting to accrual accounting this is in keeping with the international public sector arena. Barbados will be one the first regional governmental organisations to make the transition. The Accountant General stressed, however "that the implementation of accruals cannot be seen as a technical accounting exercise." She maintained "that it must be viewed as a 'cultural change' linked with other management reforms. Therefore programmes have been developed, and in some cases implemented to deal with change management and managing in the new environment."

The head of department, informed participants that the change to accrual accounting will be a major undertaking which will have far-reaching implications across government. Accruals will provide significantly improved data essential for economic planning and decision making, therefore radically enhancing governments' capacity to develop strong budget proposals, since the accrual system recognizes liabilities and assets. She stressed that benefits of the system will translate into greater transparency of financial management and further assist the Auditor General and Parliament in doing their business.

The Auditor General, Hallam Phillips told participants that the focus of the Audit Office has changed over the one hundred and fifty years of its existence, stating that the early pre-audit era ended prior to independence. The introduction of the post –audit was fully established in 1957; however with

independence came a Barbados constitution which spelled out the duties of the Auditor-General in the Financial Administration and Audit Act (FAAA). Phillips stated that under the current round of reforms the FAAA was amended in 1998 to allow the Audit Office to carry out examinations into the economical, efficient and effective use of resources of any Ministry, Department or Statutory body.

The Auditor General further stated that while it is his office's responsibility to perform financial and compliance type audits, audits remain the same and the audits must be carried out in accordance with the law. He maintained that a concern relative to ministries and departments receiving value for money spent is becoming more important every day. He indicated that Performance type audits are more of a discretionary nature and a decision to embark on an audit of this kind may be for one of several reasons. It may be as a result of a request by the Minister of Finance, the offices own initiative or the office may response to concerns expressed by the public. Performance audits examine matters of effectiveness and efficiency, compliance with statutory obligations, waste and financial prudence.

Mr. Trotman, Deputy Auditor General indicated that the Audit department recognized it had to conduct audits that allows it to report matters of importance to Parliament, and also to report them in such a way as to promote improvements in government administration, management and accountability. Trotman indicated while the Audit had submitted much publicised reports on UDC and the BTA, similar reports were submitted on the Drug Service, Licensing Authority, Customs (warehousing), and Property Management (Housing). The Deputy Auditor General stated that he anticipated that in future the Office would be better geared toward focusing more attention on these types of audits.

The Chief Supply Officer, Mr. Ronald Bascombe gave participants insight on correct procurement procedure. He stated Barbados has a good public procurement system that has following policy objectives:

1. The promotion of open competition for the supply of goods or services.
2. Economy and efficiency - cost effective supply of the goods, works and services in terms of time, volume and value relative to the nature of the procurement being undertaken.
3. Fairness –fair and equitable treatment to suppliers and potential suppliers
4. Transparency – information about the ‘rules of the game’ should be known before hand.
5. Accountability – the existence of a legal framework and review mechanism, as well as prevention of corruption and conflict of interest.

He indicated that there were several parties interested in government procurement. Bascombe stressed as taxpayers everyone in society would want to ensure that government’s tax income is spent effectively and efficiently, and that the goods and services provided are suitable for the purpose for which they are purchased. In addition, persons who supply goods and services to government see government as a major market for their services, and in some cases government expenditure substantially influence national economic activity. Finally, planners and policy makers have an interest in procurement since procurement outcomes impact on project and programme outcomes.

Throughout the workshop participants were able to compare, analyse and question various interpretations of policy and practice. This intensive two day course gave practitioners the chance to interact with specialists in their fields, getting real, practical advice on how to overcome some of the difficulties that may arise in the financial management of their organisations.

The Director of the Office of Public Sector Reform, Mr. Michael Archer indicated that the office will continue to take a proactive approach to

addressing weakness in the public sector reform effort by facilitating workshops and programs such as this.