

# 24<sup>TH</sup> ESAAG ANNUAL INTERNATIONAL CONFERENCE

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Ensuring transparency and accountability in  
Public Finance Management

## Cash-to-Accrual: A few considerations

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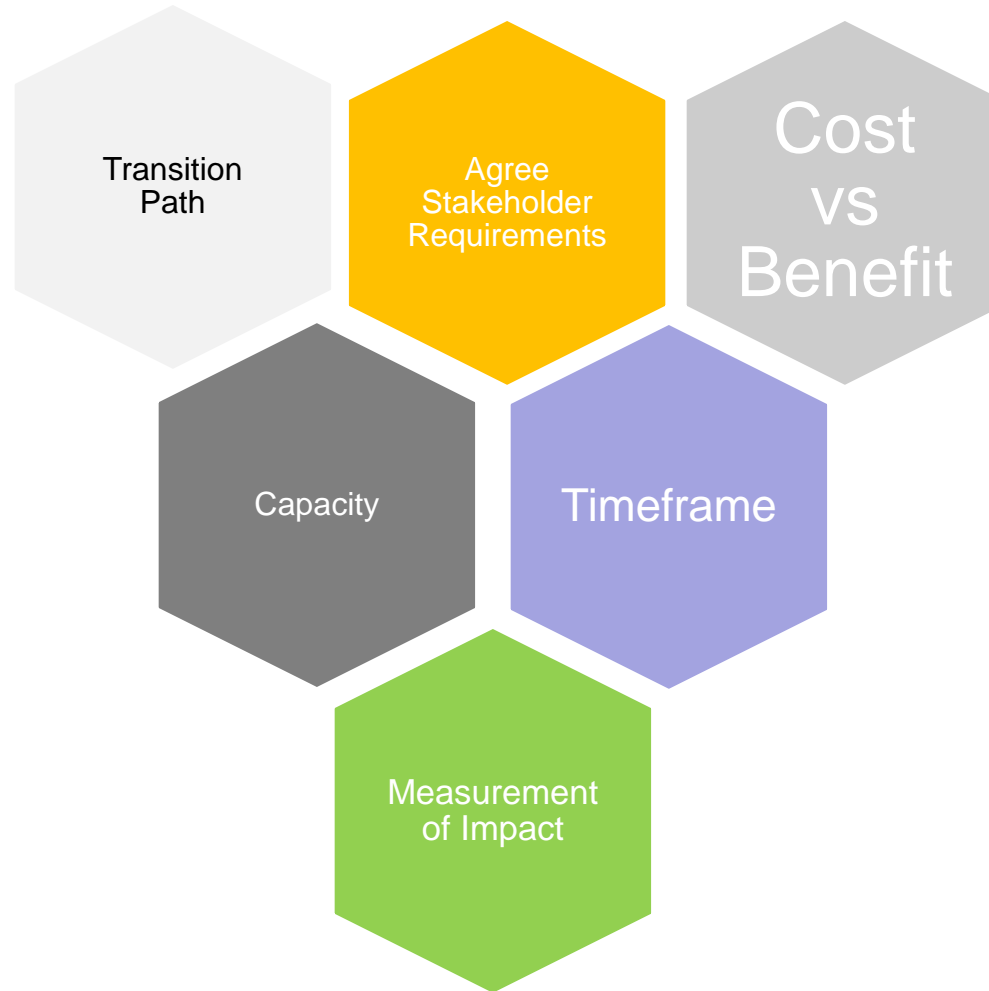


**national treasury**  
Department:  
National Treasurer  
REPUBLIC OF SOUTH AFRICA

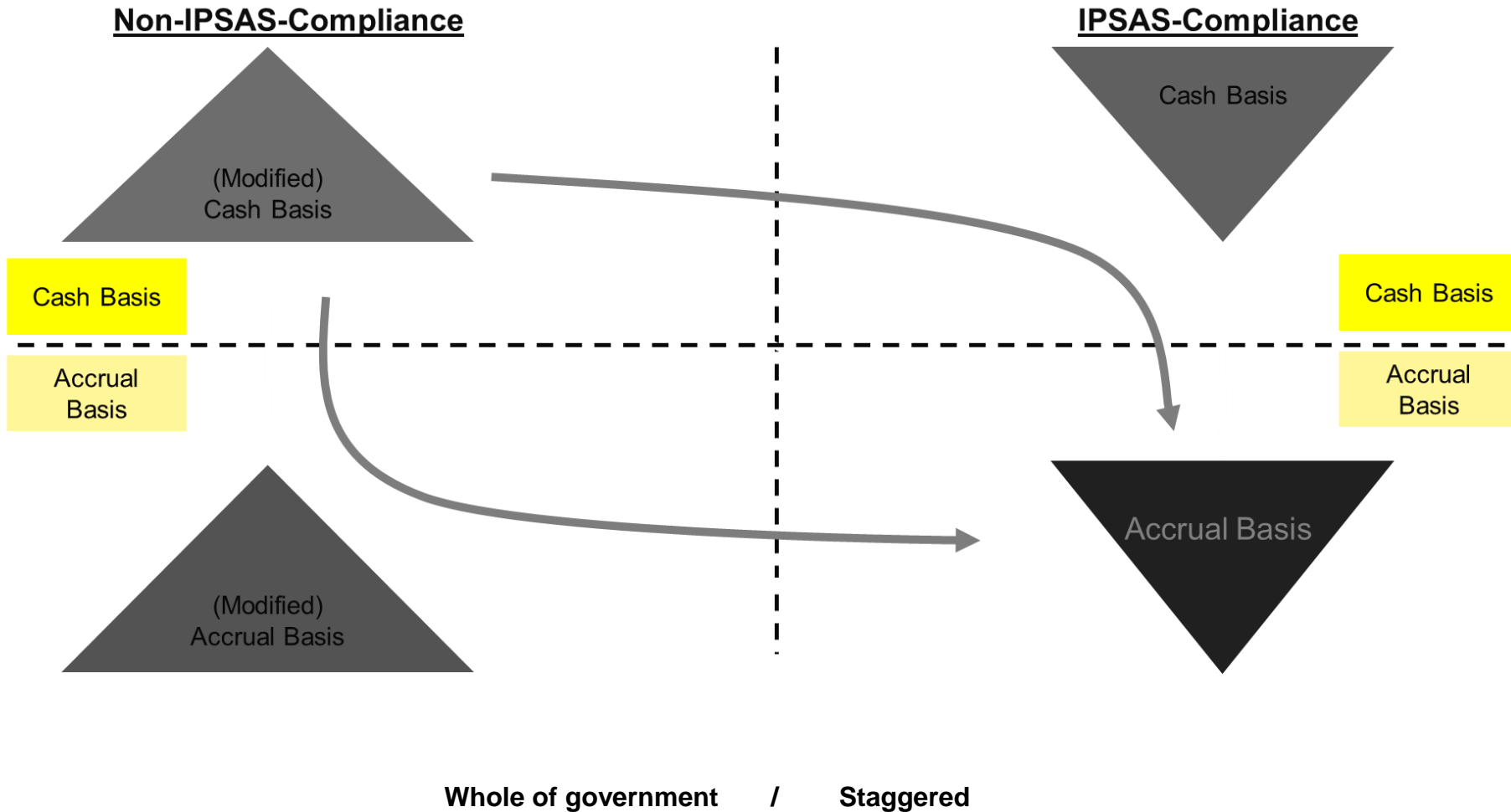


# Cash-to-Accrual Success Factors

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# Transition Path



# Timeframe

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- **Don't over-promise and under-deliver**
- **What is a reasonable time-frame for the reform?**
- **Match to individual country circumstances**

## Is there sufficient capacity?

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- **Systems**
- **Skills**
- **Resources**

# Cost vs. Benefit Analysis

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- **Consider whether:**

- The government can actually afford the reform right now?
- The government can afford NOT to reform?
- Impact on service delivery and other key programmes
- If not now, then by when?

# Stakeholder Requirements Analysis

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- **Budget Office – is accrual budgeting part of the plan?**
  - Accrual budgeting could enhance resource decisions significantly
  - But few countries have already achieved this
- **Legislature / Political Oversight bodies**
  - Are they capacitated to make use of the accruals information?

# Stakeholder Management Model

- ▶ A six step approach to understanding and managing stakeholders...



- ▶ It ensures we proactively manage stakeholders to a consistent approach using a common language
- ▶ Understanding, managing and influencing people is an essential part of any successful change...
- ▶ ...it shouldn't be left to chance or individual experience

- ▶ It is a goals and objectives led approach
- ▶ It is a process that explicitly makes you think through your stakeholders' positions, which helps you understand them better and create a tailored management plan
- ▶ This will help you maintain and improve relationships

- ▶ Use it wisely and carefully and make sure it is sponsored at the highest level – the project sponsor
- ▶ Use it appropriately across the project lifecycle or when there is a big change to stakeholders, objectives or risks



## Measures of success

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- **How will you know the conversion succeeded?**
  - Reporting deadlines met?
  - Audit Outcome is positive?
  - Reform budget not exceeded
- **These are not goals of the reform, they are administrative issues.**
  - True strategic objectives of the reform might be more difficult to measure but....

## Strategic measures of success

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**....They must be measured!...(or the reform might lack political and public support in the long-term, as people question whether it was worth it).**

- **Consider formulating measures for:**
  - Impact on Foreign Direct Investment Flows
  - Impact on other sources of finance
  - Impact on financial controls and governance
  - Impact on political decision making and enhanced resource allocations / fiscal planning

## Conclusion

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- **It is not a question of whether or not to reform, but when and how...**
- **It may be difficult to formulate substantive, strategic measures of success,...but this must be attempted in advance of embarking on the reform**
- **Clear measures of success specific to the government / entity will drive the reform forward and ensure real buy-in from all key stakeholders**