



Transparency International Sierra Leone

Public Financial Management Training Manual



Funded by the Non-State Actor Component

Ministry of Finance and Economic Development

October 2014

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Background

The budget is the government's most important policy document and presents how the government plans to raise revenue and spend public money to support its development priorities, thus transforming policy goals into actions. Given the inherently technical nature of budget process, and their core political function of raising and distributing public resources, they have often been characterized by a lack of transparency and scarce participation by the general citizenry.

In spite of laws to ensure transparency and accountability, local councils have been in slow pace to promote an open, inclusive and transparent budgeting process. In almost all of the local councils, one must first get the approval of the Chief Administrator in order to obtain a copy of the budget or Development Plan after officially writing. From Transparency International Sierra Leone's engagement with Local Councils, there are still shortcomings in disclosing adequate information to the public. According to the constituents, local governments provide very limited information on financial reports and transactions, with the majority releasing only general information on projects, activities, and accomplishments. Such limited information available to the public also limits the opportunities for public scrutiny, feedback and interest to demand for transparency and accountability in the entire budgetary process. This has the tendency to misplace development priorities, divert development resources into private bank accounts, decrease service delivery and retard the quest of citizens to be actively involved in their governance affairs.

Although the budget advocacy and monitoring skills of some civil society organizations have improved, there is the need for more understanding of the mystified fiscal policy formulation including revenue generation, budget allocation and their management to other stakeholders at the local level.

The introduction of the Medium Term Expenditure Framework process and the Local Government Act 2004 now provides a platform for citizen's engagement in the budget process. However, the drive and awareness on the side of the civil society, local councilors and ward committee members to adequately make use of these opportunities is limited especially to effectively analyze and evaluate budget policies and the execution of the public financial management.

While mechanism exist at the national level of the government's budget process for civil society participation with the enactment of the Government Budgeting and Accountability Act 2005, the preparation, implementation and the evaluation of the national budget especially in the rural

areas constitute a huge challenge for citizen's participation in term of understanding, analyzing and influencing the budget process.

With regards to the local councils, the establishment of the Fiscal Decentralization Strategy seeks to broaden local participation in decision-making and simplify the fiscal transfer to local councils to increase their effectiveness in the delivery of poverty alleviation programmes. There are growing concerns as to the effectiveness of the council's ability to allocate resources effectively to their Local Development Plans. Of more concern is the capacity to perform the roles and responsibilities that goes with the appointment of the District Budget Oversight Committees [DBOCs] and how effectively these committees can influence the various stages of the budget process.

In addition, no accounting or reporting mechanism are in place to make available how and where the appropriated sums in a year have been spent before new proposals are made for approval for the following years. The Auditor General's report which is supposed to perform such functions is normally produced after every two years. Also, relevant information about budgeting and control of public resources is shrouded in technical language and this still needs to be demystified even though the Citizen's Budget has been introduced. In this regard, TISL's proposed intervention will increase the participation of other Stakeholders in the budget and promote the accountability and transparency around the budget.

In support of the PFM Non-State Actors Component, Transparency International Sierra Leone (TISL) in two districts and in 15 chiefdoms intends to monitor the budgeting process of local councils to ensure that the budgets are implemented in tandem with the needs of the people through building the capacities of the latter, share budget information with them and spur their interests to demand transparency and accountability from public service providers. This will ultimately stimulate the supply of accountability on the other hand. Therefore, this project seeks not only to enhance budget literacy, but also to promote citizens participation, inputs, monitoring and promote their influence in the entire process, including giving them skills and knowledge to seek information and demand transparency and accountability from public officials.

Training Objectives:

- To build the capacity of 80 youths in two districts to monitor and engage public officials on financial management issues.
- To build the capacity of media practitioners to investigate and report on Public Management Issues
- To build the capacity of School Management Committees to ensure the judicious use of school fee subsidies.
- To enhance collaboration and cooperation between public officials and local citizens to ensure proper and judicious use of public funds.
- To improve service delivery in the two local councils.
- To reduce the number of corrupt cases in the use of public funds.
- To raise awareness and generate public interest in public financial management issues.
- To ensure the institution of sound policies by local councils that will ensure proper public financial management.

Expected Outcomes:

It is expected that this training exercise will deliver the following outcomes:

- The youth will have the requisite knowledge and skills to probe into Public Financial Management issues that are carried out by councils and school authorities.
- The Media will be on a sound footing to report incidences of Public Finance misappropriations.
- The School Management Committees will own up responsibility for the judicious use of the school fee subsidies, but its mismanagement as well.
- It will engender the involvement of the masses at local level in budget preparation, allocation, and expenditure.
- It will generate citizens' interest in Public Financial Management issues, thereby stirring them to demand transparency and accountability from Public Officials.
- It will reduce corruption; thus fostering economic development and enhancing the value for money.
- It will promote trust and healthy cooperation and collaborations between the citizens and councils.

Training Approach

- Flipchart Presentation
- Plenary Discussions
- Group Work

SESSION ONE: ***INTRODUCTORY***

What is Public Finance Management?

Entails the Management of Resources that Are Meant for Public Interest.

IMPORTANCE OF PUBLIC FINANCIAL MANAGEMENT

- ✓ It helps administrators to make to make effective and efficient and efficient use of Resources in order to achieve goals and objectives that have been set and also fulfill their commitment to the beneficiary
- ✓ It helps government to be more accountable and transparent to donors and citizens
- ✓ It promotes Respect, Credibility, Trust and Confidence from funding agencies, partners, and beneficiaries
- ✓ It ensures that development efforts are meaningful, sustainable, and shows value for money.

1a. FOCUS OF THE TRAINING

Promoting effective financial management for accelerated and sustainable growth and development:

- ✓ Budgeting in Local Council Finance Management
- ✓ Tracking of Expenditures in Local Council Finance Management
- ✓ Tools for Tracking Local Council Funds Management
- ✓ Role of Councilors in Public Finance Management
- ✓ Role of Council Administration In Public Finance Management

1b. WHY THE TRAINING

It has been observed that there are critical challenges faced in terms of Public Finance Management. This has culminated into the Development of a Public Financial Management Reform Policy (2004-17).

1b2. WHY THE FOCUS ON COUNCILS AND SCHOOL MANAGENT COMMITTEES

Strategic importance to Schools Development efforts.

To ensure effective and sustainable growth and developments at all levels for peace, stability and progress.

1c. JUSTIFICATION

High level of poverty in the society, unemployment, limited infrastructural development, basic services—electricity, water supply good roads etc.

1d. EFFECTS OF INADEQUATE OR POOR PUBLIC FINANCE MANAGEMENT

1. Increased poverty gap between the rich and the poor.
2. Donor dependency
3. Failure to meet development priorities
4. Slow pace development
5. Poor delivery of services—poor infrastructural works
6. Inadequate and obscure procedures and practices
7. Ineffective policies
8. Poor law enforcement
9. Prevalent noncompliant attitudes
10. Citizens trust, confidence, supports and participation undermined
11. State of dependency leads to recklessness, lawlessness, hooliganism etc.

1e. BENEFITS OF EFFECTIVE PUBLIC FINANCE MANAGEMENT

GENERAL:

- ✓ Structured and accelerated growth and development process

SPECIFIC:

- ✓ Refer to effects

F. CHALLENGES TO EFFECTIVE PUBLIC FINANCE MANAGEMENT

- ✓ Negative attitudes and behaviours
- ✓ Greed, selfishness, prevalent corrupt tendencies, lack of integrity especially in Public Service
- ✓ Bureaucracy (excessive)
- ✓ High aspirations for quick wealth
- ✓ Poor Resource mobilization strategies
- ✓ Poor Resource utilization procedures and practices
- ✓ Lack of timely allocation/disbursement of funds
- ✓ Inadequate allocation of funds

SESSION TWO:

KEY ASPECTS IN PUBLIC FINANCIAL MANAGEMENT

1. PLANNING
2. RECORD KEEPING
3. REPORTING
4. MONITORING
5. EVALUATION
6. IMPACT ASSESSMENT

1. PLANINNG:

- ✓ What is the importance of planning?
- ✓ Why do we plan?
- ✓ Planning in Local Council Financial Management
- ✓ Benefits of Planning
- ✓ Negative effects of not planning

2. RECORD KEEPING:

- ✓ Importance of Record Keeping
- ✓ Benefits of Record Keeping
- ✓ Negative effects of not Keeping Records

3. REPORTING:

- ✓ What is the importance of Reporting?
- ✓ Why do we need to Report?
- ✓ Benefits of Reporting
- ✓ Negative effects of not Reporting

4. MONITORING

- ✓ Importance of Monitoring
- ✓ Why do we Monitor?
- ✓ Benefits of Monitoring
- ✓ Negative effects of not Monitoring

5. EVALUATION:

- ✓ What is Evaluation?
- ✓ Importance of Evaluation
- ✓ Why do we Evaluate?
- ✓ Benefits of Evaluation
- ✓ Negative effects

6. IMPACT ASSESSMENT

- ✓ What is impact assessment?
- ✓ Importance of impact assessment
- ✓ Why do we assess impact?
- ✓ What are the benefits?
- ✓ What are the Negative effects?

SESSION 3

INTEGRITY IN PUBLIC FINANCIAL MANAGEMENT

✓ **What is integrity?**

Honesty, Upright, Forthright

✓ **What is its importance in Public Finance Management?**

Public Finance Management deals with the handling of funds which are not meant for personal use. As such, there is the need for one to be very honest, sincere and credible to be able to use those funds purposely for their intended use.

✓ **General discussion on integrity in the society:** Do you think integrity is in practice in Public Financial Management and Public Service Delivery?

✓ **What are the Negative Effects of Lack of Integrity?**

- Lack of Respect for authority
- Poor adherence to laws, rules and regulations
- Citizens/society needs are not met
- Trust, confidence and hope is undermined
- Embezzlement and mismanagement of funds
- Widespread poverty and underdevelopment

WHAT ARE THE BENEFITS?

- ✓ Effective application and adherence to laws, rules and regulations.
- ✓ Citizens/societal trust, confidence and hope are enhanced
- ✓ Judicious use of resources
- ✓ Sincerity in the performance of tasks
- ✓ Services are well delivered

SOURCES OF DOMESTIC REVENUES

- ❖ Income tax
- ❖ Goods and Services tax
- ❖ Customs and Excise Duties
- ❖ Mining Royalties
- ❖ Licences
- ❖ Road User Charges
- ❖ Revenues from Government Departments
- ❖ Royalties from Fisheries
- ❖ Dividends

WHAT IS OVERSIGHT IN PUBLIC FINANCIAL MANAGEMENT?

It involves follow-up, scrutiny and tracking of the effective applications of financial policies and practices and the effective and sustainable utilization of funds to ensure goals and objectives are achieved. It also ensures that the resources entrusted for implementation of projects and activities met the required quality and output, through the provision of optimum guidance and direction.

FUNCTIONS OF OVERSIGHT BODIES

- ✓ To ensure that policies, procedures and regulations are adhered to.
- ✓ To ensure that tasks and roles are performed by those entrusted with the responsibilities accordingly.
- ✓ To ensure that funds/resources are utilized for their intended purpose, and there is Transparency and Accountability.
- ✓ To ensure that objectives and goals are achieved within set time frame.
- ✓ To provide guidance where things want to go wrong.
- ✓ To create direction for project implementation.

VALUES FOR OVERSIGHT

In order for an oversight committee or personnel to deliver what is required, the committee or individual must possess the following attributes:

- ✓ Must have Integrity
- ✓ Must be Honest
- ✓ Must be Innovative
- ✓ Must display Professionalism
- ✓ Should be Trustworthy

BENEFITS OF OVERSIGHT

- ✓ Goals and objectives are achieved
- ✓ Compliance and adherence to regulations and policies, thereby ensuring professionalism and credible output
- ✓ Ensure accountability and transparency
- ✓ Confidence and trust are enhanced

NEGATIVE EFFECTS

- ✓ Unachieved goals and objectives
- ✓ Mismanagement/Embezzlement of funds
- ✓ Lose credibility and trust (confidence crisis)
- ✓ Underdevelopment

GROUP WORK

PROMOTING AND ENSURING EFFECTIVE PUBLIC FINANCIAL MANAGEMENT FOR ACCELERATED GROWTH AND DEVELOPMENT

WHAT ARE THE ISSUES?

WHAT ARE THE CHALLENGES?

WHAT CAN BE DONE TO ADDRESS THE CHALLENGES?