

INSTRUMENTS FOR MORE SELECTIVE EXPENDITURE PROCEDURES AND MORE PRECISE ACCOUNTING ENTRIES: THE EXPERIENCE OF BURKINA FASO

PRESENTATION OUTLINE

- Instruments for selective public expenditure procedures
 - ✓ Public entities budget execution before 2014
 - ✓ Selectivity instruments
- Instruments for more precise accounting entries



LEGAL BASE FOR PUBLIC EXPENDITURE

■ Law

- ✓ Law no. 006-2003/AN from January 24, 2003 regarding finance.

■ Decrees

- ✓ Decree no. 2005-255/PRES/PM/MFB from May 12, 2005 regarding the public accounting general regulations;
- ✓ Decree no. 2005-256/PRES/PM/MFB from May 12, 2005 regarding the legal regime of public accountants;
- ✓ Decree no. 2005-257/PRES/PM/MFB from May 12, 2005 regarding the regime of the State's and other public entities' authorising officers and appropriation administrators;
- ✓ Decree no. 2005-258/PRES/PM/MFB from May 12, 2005 regarding control methods for State's and other public entities' financial operations;
- ✓ Decree no. 2008-173/PRES/PM/MEF from April 16, 2008 regarding the general regulation for public procurement and public services outsourcing;

LEGAL BASE FOR PUBLIC EXPENDITURE

■ Orders

- ✓ Order no. 2010-186/MEF/SG/DGTCP from May 20, 2010 regarding the nomenclature of public expenditure supporting documents;
- ✓ Order no. 2010-207MEF/SG/DGTCP/PG from June 4, 2010 regarding the establishing of a supervising committee for the procedure deadlines of public expenditure, public procurement and outsourcing of public services (CODEP/MP) ;
- ✓ Order no. 2010-454/MEF/ from May 31, 2010 regarding the methodology for the deadlines of public expenditure, public procurement and outsourcing of public services;

■ Circulars

- ✓ Circular no. 2002-282/MEF/SG/DGTCP/PG from November 22, 2002 regarding the methodology for the implementation of public expenditure

INSTRUMENTS FOR SELECTIVE PUBLIC EXPENDITURE PROCEDURES

PUBLIC ENTITIES BUDGET EXECUTION BEFORE 2014

PHASES/STAKEHOLDERS AND TYPES OF LIABILITY ACCORDING TO THE FINANCIAL REGULATION

PUBLIC PROCUREMENT PROCEDURES

STAKEHOLDERS:

- DELEGATED APPROPRIATION ADMINISTRATOR (DAF)/DMP/PRM;
- CAM ; CR;
- DG-CMEF;
- ARMP

TYPES OF LIABILITY

Legal liability (disciplinary, civil and criminal)

IMPLEMENTATION OF EXPENDITURE

PHASES

COMMITMENT

VALIDATION

PAYMENT
ORDER

PAYMENT

STAKEHOLDER

- DELEGATED APPROPRIATION ADMINISTRATOR (DAF)/DRH ;
- FINANCIAL CONTROLLER (DG-CMEF)

- DELEGATED AUTHORISING OFFICER (DGB)

- ACCOUNTANT (DGTCP)

TYPES OF LIABILITY

- DAF:
- ✓ Legal liability
- ✓ **Mismanagement**
- Financial Controller (DG-CMEF): **None**

- ✓ Legal liability
- ✓ **Mismanagement**

- ✓ Legal liability
- ✓ **Personal and compensation liability**

CONTROL MECHANISMS

- **Procedures for safeguarding public resources**
- ✓ consultation and decision-making authorities
 - Supervising Committee for the procedure deadlines of public expenditure, public procurement and outsourcing of public services (CODEP-MP) ;
 - Contract Award Committee (CAM) ;
 - Treasury Committee;
 - ...
- ✓ methodology for payment periods
- ✓ audit units
- ✓ arbitration body

CONTROL MECHANISMS

- Software applications for automated processing of expenditure files
 - ✓ computerisation of expenditure flows (CID)
 - ✓ integrated State accounting software (CIE)
 - ✓ integrated external financial flow (CIFE)
 - ✓ integrated public procurement system (SIMP)

WEAKNESSES OF CONTROL MECHANISMS

- **Weaknesses related to procedures**

- ✓ cumbersome expenditure processing: complicated processing chain involving numerous stakeholders;
- ✓ Overlapping control: several stakeholders can decide to control the same elements at different stages of the control procedures. Thus, one stakeholder's intervention regarding an operation can reverse the decision previously made by one or more stakeholders.

- **Weaknesses related to stakeholders' liability**

- ✓ disproportionate liability: inequitable sharing of liabilities between stakeholders. This situation leads to some of the observed control overlapping.

CONSEQUENCES FOR PAYMENT PERIODS

Long payment periods

For example:

- 82 days in 2009;
- 72 days in 2010;
- 70 days in 2011.

The agreed standard is of 62 days.



INSTRUMENTS FOR SELECTIVE PUBLIC EXPENDITURE PROCEDURES

SELECTIVITY INSTRUMENTS

TOUGH ACTIONS WHICH ALLOW FOR SIGNIFICANT ADVANCE TOWARDS EFFICIENCY GOALS IN EXPENDITURE IMPLEMENTATION

- Setting up audit units
- Reforms of procedures and stakeholders' liability
- Dematerialisation of documents regarding expenditure

AUDIT UNITS FOR A SIGNIFICANT SHORTENING OF PAYMENT PERIODS

- ✓ bringing public expenditure stakeholders together and strengthening cooperation among them (favouring a concerted approach towards rejected expenditure);
- ✓ shortening lags for transmitting files among stakeholders;
- ✓ shortening of payment periods.

AUDIT UNITS FOR A SIGNIFICANT SHORTENING OF PAYMENT PERIOD

Principle: Audit units are to be established within every ministry and institution.

Functional audit units: nine (09).

2013: (10) other ministries

AUDIT UNITS FOR A SIGNIFICANT SHORTENING OF PAYMENT PERIODS

Principle: Audit units are to be established within every ministry and institution.

Functional audit units: **nine** (09).

The functional audit units have already achieved results in terms of shortening payment periods

	2011	2012	2013
Ministries with functional audit units	60	31	28
All ministries and institutions	70	52	52

INNOVATIONS BROUGHT ABOUT BY THE REFORM OF PUBLIC SPENDING PROCEDURES AND STAKEHOLDERS' LIABILITY WHICH AIM AT RATIONALISING EXPENDITURE FLOWS

- **Related to the division of tasks among stakeholders**
 - ✓ the Financial Controller no longer intervenes in the normal procedure's validation stage;
 - ✓ the delegated authorising officer is responsible for the validation of files subject to the normal procedure;
 - ✓ enhanced responsibilities for Human Resources Directors in their role as appropriation managers and extension of their competences to all staff related expenditure;
 - ✓ the financial controller has now limited powers related to the authorisation by State's agents of administrative acts.

ETAPE DE L'ENGAGEMENT

Administrateur de crédit

- Propose l'engagement

Contrôleur financier

- L'appréciation des conséquences que les mesures proposées peuvent avoir sur les finances publiques ;
- La conformité des actes avec les autorisations parlementaires
- L'existence des PJ à produire à l'engagement et leur régularité
- L'exacte imputation de la dépense et La disponibilité des crédits
- La sincérité des propositions de dépenses (moralité de la dépense)

Après exécution physique



ETAPE DE LIQUIDATION-Ordonnancement

Ordonnateur Délégué

Administrateur de crédit

- Propose la liquidation

- L'existence des PJ à la liquidation
- La validité de la créance :
 - *vérification de la Sincérité du service fait
 - *régularité des PJ produites à la liquidation
 - *exacte calcul de la liquidation

ETAPE DU PAIEMENT

Comptable

- Vérifie l'existence des PJ à l'étape paiement
- Vérifie l'existence éventuelle opposition à paiement
- Vérifie Le caractère libératoire du règlement
- S'assure de la qualité de l'ordonnateur, du sous ordonnateur ou de leur délégué, et de l'assignation de la dépense

INNOVATIONS BROUGHT ABOUT BY THE REFORM OF PUBLIC SPENDING PROCEDURES AND STAKEHOLDERS' LIABILITY WHICH AIM AT RATIONALISING EXPENDITURE FLOWS

- **Related to the distribution of audit units**

removal of redundancies and of all audit units that do not bring any added value. The audit units preserved are entrusted to a single expenditure chain stakeholder.



INNOVATIONS BROUGHT ABOUT BY THE REFORM OF PUBLIC SPENDING PROCEDURES AND STAKEHOLDERS' LIABILITY WHICH AIM AT RATIONALISING EXPENDITURE FLOWS

- **Related to stakeholders' liability**

Extension of the compensation liability to stakeholders within the administrative phase (appropriation administrator, financial controller and delegated authorising officer) and a distinction for each type of control undertaken, individual or joint liability.

INNOVATIONS BROUGHT ABOUT BY THE REFORM OF PUBLIC SPENDING PROCEDURES AND STAKEHOLDERS' LIABILITY WHICH AIM AT RATIONALISING EXPENDITURE FLOWS

STAKEHOLDERS	PHASES	TYPES OF RESPONSIBILITY
ADMINISTRATIVE PHASE STAKEHOLDERS	AWARDING OF PUBLIC PROCUREMENT CONTRACTS	<ul style="list-style-type: none"> • Disciplinary, civil and criminal
	COMMITMENT VALIDATION PAYMENT ORDER	<ul style="list-style-type: none"> • Compensation liability; • Mismanagement; • Disciplinary, civil and criminal
ACCOUNTANT	PAYMENT	<ul style="list-style-type: none"> • Personal and compensation liability; • Disciplinary, civil and criminal.

THE DEMATERIALISATION OF DOCUMENTS REGARDING EXPENDITURE

■ Choices made

- ✓ in the short term, documents produced by existing applications will no longer be edited and those not produced with the help of applications will be scanned in order to be entered into and processed by the information system.
- ✓ in the mid- to long term, all administrative internal documents (those produced by the expenditure stakeholders and by the stakeholders not integrated in the expenditure chain) will have to be scanned in order to be entered, afterwards, into information systems.

For this purpose, all expenditure documents which need to be dematerialised were identified depending on the phases in which they are created (drafting, awarding of contracts, commitment, validation, payment order, payment and control).



INSTRUMENTS FOR MORE PRECISE ACCOUNTING ENTRIES

POLICY TOOLS

GUIDELINES REGARDING THE OPERATING TERMS FOR ACCOUNTS

Accounting is defined as being a technical measure used for the registering, recording and retaining of information regarding an entity's activity. Accounting is intended as an information and forecasting instrument.

The Directorate General for Treasury and Public Accounting in Burkina Faso decided to use two instruments, i.e.:

- ✓ a collection of fact sheets regarding the accounts included in the State's accounting plan (PCE);
- ✓ and a guide regarding the operating terms for these accounts.

GUIDELINES REGARDING THE OPERATING TERMS FOR ACCOUNTS

- ✓the collection of fact sheets regarding the accounts included in the State's accounting plan (PCE)

Is meant to harmonize the comprehension of the various PCE accounts' content. On the basis of a specific account's fact sheet each person responsible for that account is in a position to know the types of operations that can be booked in that account.

- ✓the guidelines regarding the operating terms for these accounts.

is meant to become a very detailed accounting procedures handbook which allows practitioners to fully understand all aspects of the functioning of PCE accounts.

INSTRUMENTS FOR MORE PRECISE ACCOUNTING ENTRIES

IT INSTRUMENTS

SOFTWARE

Another instrument that can contribute to achieving more accuracy at accounting entries level is the software. This instrument's usefulness no longer needs to be proven. Accounting software and their different parameters offer accountants enormous opportunities. The various incorporated plausibility checks allow for a reduction of certain errors' occurrence rate. In order to optimise the instrument's efficiency, software must be designed for dealing with specific and well detailed processes.

CIE, in Burkina Faso, ticks all the boxes.

CONCLUSION

In conclusion, like any private company, public administration should focus on quality when it decides on procedures to be implemented and its accounting should reflect, without distortion, its assets and its financial situation.

THANK YOU FOR YOUR ATTENTION