



RISK MANAGEMENT IN FACE OF NEW PUBLIC ACCOUNTING CHALLENGES

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PRESENTATION PLAN

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INTRODUCTION (1 / 1)

Risk management is a key issue in public management. The development of the audit contained in the Organic Law on the Finance Laws led first of all to the establishment of an internal accounting and financial control in the framework of the certification of the accounts of the State, rendered itself. even mandatory. It was then extended to all the processes and public policies, linked to the dynamics of performance induced by this same text. Indeed, the managerial responsibility of the program manager implies that the public manager ensures the quality of the risk management systems of the operations for which he is responsible in order to obtain the results corresponding to the objectives assigned to him.

Risk management consists of identifying and dealing with events of any kind likely to affect the ability of the services to carry out their missions in accordance with the procedures and controls provided for this purpose.



I

ACCOUNTING QUALITY



ACCOUNTING QUALITY(1 / 6)

The Organic Law on Finance Law places accounting quality at the heart of the accounting reform of the State.

Accounting quality is a structuring objective of Treasury departments' missions.

Accounting quality is an obligation that must irrigate the entire management of public administrations. It is entrusted to public accountants.

Accounting quality is necessary to ensure good financial information to public authorities, and to make accounting an information, management and control medium.



ACCOUNTING QUALITY(2 / 6)

To achieve this objective of accounting quality, the general accounting of the State must respect a certain number of principles.

Among these principles, the principle of faithful image is essential because it includes all the accounting principles. This is the key general principle of accounting quality.

Also, the accounts of the State must they be regular, sincere and give a faithful image of their inheritance and their financial situation. (Article 72 of the WAEMU directive on finance laws).



ACCOUNTING QUALITY(3 / 6)

To facilitate the applicability of accounting principles, it is important to break them down into accounting quality criteria, which make accounting principles more explicit.

The criteria are: regularity, truthfulness, accuracy, completeness, accountability and attachment.

The quality of the operations is thus apprehended through the respect of the criteria of accounting quality.



ACCOUNTING QUALITY(4 / 6)

To achieve this, it is appropriate that the accounting mapping of the state be carried out. This mapping involves the establishment at the level of the Treasury departments of the mapping of processes.

This one is built according to a mesh consisting of five (05) levels. It is :



ACCOUNTING QUALITY(5 / 6)

Activity cycles

- Business cycles identify the missions assigned to Treasury departments.

process

- The processes constitute the operational implementation of the missions of the Treasury services. They constitute a set of related works belonging to the same activity.

procédures

- They constitute the sequences, according to the predefined rules, of a process. They are triggered by a generative event and lead to one or more purposes.

Tasks

- The tasks are part of a procedure. Each task consists of a set of indivisible operations, frequently performed by a single operational.

The operations

- Operations are the components of a task. These are elementary actions that can not be separated in time



ACCOUNTING QUALITY(6 / 6)

This requirement of accounting quality then requires a more global approach: the risk management approach.



II

RISK MANAGEMENT



RISK MANAGEMENT (1 / 4)

Risk management is defined as the establishment of a system ensuring that, in each work entity, there is a precise description of the organisation, the work processes and the types of control allowing, if the prescriptions are respected, to ensure the coverage of the risks and to give a reasonable assurance of the control of the functioning of the services and the activities.

It relies on the three levers of internal control:

- ✓ the definition and organization of tasks, actors and controls;
- ✓ documentation of procedures;
- ✓ traceability of operations.



RISK MANAGEMENT (2 / 4)

Thus, the accounting mapping of the State enables to identify all the operations of the Treasury services.

Strategic risk mapping includes risks identified by the central administration that could jeopardise the achievement of a strategic objective, degrade the operation of services or alter services rendered to partners.

The mapping of major operational risks informs operational managers of the risks likely to affect the proper functioning of services and the fulfillment of missions under satisfactory conditions.



RISK MANAGEMENT (3 / 4)

The accounting risks to which the Treasury is confronted are :

- ❖ risks from organisational failures: gaps in segregation of duties, lack of a functional organisation chart, insufficient controls, failure of information systems;
- ❖ the risks associated with the lack or inadequacy of the documentation of procedures;
- ❖ deficiencies in traceability.



RISK MANAGEMENT (4 / 4)

For the actors in charge of the general accounting of the State, the analysis of the accounting risks implies a step back from the daily actions. It requires a critical reflection on the existing organization, focusing on the essentials and continuously improving processes.

This process of identifying and prioritising risks results in the development of an action plan to control the identified risks. It also makes it possible to take into account the reserves of the financial jurisdiction which are related to the quality of accounting.



III

THE APPROACH TO THE ESTABLISHMENT OF A RISK CONTROL DEVICE



Risk identification

The internal control system is not intended to carry out a comprehensive control of all operations each year. It is therefore necessary to identify risky processes that pose risks in the establishment of a risk map.

Having the information from the risk mapping, it is now necessary to identify the major risks that may arise in the exercise of the missions of the Treasury, which are specific to each activity process in order to evaluate them.

This method consists of classifying processes or procedures into sensitivity levels (for example: low, medium, high, very high).



THE APPROACH TO THE ESTABLISHMENT OF A RISK CONTROL DEVICE (2 / 7)

Risk identification

The sensitivity is appreciated taking into account the following elements:

- the nature of the potential risks;
- the severity of the impacts in the event of the occurrence of the risks;
- the probability of occurrence of the risks.

Accounting quality indicators help to identify the risks that would not be achieved by achieving the objective of accounting reliability. They must be analyzed to avoid interpretation bias and to determine the processes or procedures on which controls must be strengthened.

The system consists of defining the risk treatment methods.

Thus, risk mapping is established.



THE APPROACH TO THE ESTABLISHMENT OF A RISK CONTROL DEVICE (3 / 7)

Risk identification

Risks can only be identified in relation to the objectives that the structure has set itself.

The classification of the objectives can comprise three categories which can be broken down into nine sub-objectives.

OBJECTIVES	SUB-GOALS
Security and regularity of operations	Security of property and people
	Control of the information system
	Respect for the rules of ethics
The quality of operational and support activities	The quality of the organization
	Quality of service
	The quality of work
The quality of accounting and financial operations	Budget quality
	Accounting quality
	Bank quality



THE APPROACH TO THE ESTABLISHMENT OF A RISK CONTROL DEVICE (4 / 7)

Risk management device

With the requirements of the new public management, the Public Treasury will now have to have within it a mechanism to ensure internal control that contributes to the control of accounting risks.

Thus, the internal control system to be put in place must be structured around three (03) levers corresponding to the three (03) types of accounting risks identified. It is :

- the organisation of the actors of the accounting function of the State;
- documentation of the organisation of accounting procedures;
- traceability of actors and operations



THE APPROACH TO THE ESTABLISHMENT OF A RISK CONTROL DEVICE (5 / 7)

Risk control device

A risk management committee must be created for the structure.

This committee oversees the development of organisational standards, procedures and controls for the exercise of each mission when they are implemented. It ensures that the actions necessary to overcome any significant weakness or weakness are carried out as soon as possible. It approves risk mapping and related controls.

This committee stimulates, coordinates and homogenizes the risk management system of the entire structure and ensures its implementation..



Internal control and risk management

Internal accounting control covers all the mechanisms organised, formalised and permanently implemented by all the players, in order to control the functioning of the financial activities of the State to also give reasonable assurance about the quality of the accounts, that is, their fidelity to the economic, heritage and financial reality.



Evaluation of risk management by internal audit

The internal audit ensures the correct application of the manual of accounting procedures and its updating through its daily control.

Accounting and financial internal audit, which is the responsibility of a department separate from the operational players, makes it possible to periodically evaluate the effectiveness and efficiency of the internal control system.



IV

THE DEVICE OF INTERNAL ACCOUNTING CONTROL IN THE REPUBLIC OF BENIN



THE DEVICE OF INTERNAL ACCOUNTING CONTROL IN THE REPUBLIC OF BENIN (1 / 5)

As regards internal accounting control in the Republic of Benin, the inventory of the shares is as follows:

- **Mapping of Expenditure Execution Procedures**

Code	Types of procedures
PNORM	Normal procedure for the execution of public expenditure
PAVAC	Procedures for advance payment and down payment
PSPEC	Specific procedures or standard procedures developed
PDERO	Derogation procedures for the execution of public expenditure



THE DEVICE OF INTERNAL ACCOUNTING CONTROL IN THE REPUBLIC OF BENIN (2 / 5)

- Mapping expense categories

Code	Economic category of expenditure
FONCT	Operation
INVES	Investistment

- **Mapping the natures of spending**

In terms of operating expenses there are 165 natures either (F165) and capital expenditure 80 nature or (V80).



THE DEVICE OF INTERNAL ACCOUNTING CONTROL IN THE REPUBLIC OF BENIN(3 / 5)

Elements of accounting process mapping

✓ The provisionally retained accounting process mapping template

consists of ten (10) objects broken down as follows:

- | | |
|------------------------|-----------------------------|
| ■ cycles; | ■ generator fact; |
| ■ process; | ■ accounting operations ; |
| ■ procedures; | ■ journal book types ; |
| ■ Supporting document; | ■ The stakeholders ; |
| ■ Task; | ■ the status of the actors. |

This methodological framework applies to any type of accounting item. It makes it possible to identify at the beginning, the relevant cycles and processes of each type of accounting position in order to articulate the accounting procedures.

Three objects of this mapping of accounting processes remain invariable, namely the cycles, the processes and the status of the actors



THE DEVICE OF INTERNAL ACCOUNTING CONTROL IN THE REPUBLIC OF BENIN (4 / 5)

Elements of accounting process mapping

✓ The mapping of accounting processes breaks down into eleven 11 cycles that are :

■ Financial debt management;	■ Centralization and transfers;
■ Fixed asset management;	■ Off-balance sheet commitments and provisions for risks and charges;
■ Cash management;	■ Closing of the exercise;
Load Management	■ Financial statement;
■ Management of tax products;	■ Opening of the exercise.
■ Management of other products;	



THE DEVICE OF INTERNAL ACCOUNTING CONTROL IN THE REPUBLIC OF BENIN(5 / 5)

Organisation of internal control

This device is organised in three (03) stages that are:

- the self-control that must be done by the data entry agent;
- the mutual control that must be done by the validation agent;
- the supervisory control that must be done by the head of post.

It should be noted that the audits and audits of the various bodies responsible for internal control complete the three steps described above.



CONCLUSION (1 / 1)

Risk management is a fundamental element in achieving the objective of accounting quality. Risk management is a global approach whose scope extends to all Treasury missions. Internal control, based on accounting quality, is a component of the Treasury's risk management system



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