

## Feature article

### Report Leadership in Government

*Peter Morley addresses some of the key challenges in Government reporting and the need for more clarity and transparency. This article looks at Report Leadership applied to Government.*

#### Why Report Leadership?

Central Government now meets impressive deadlines for the submission of financial information to Parliament ahead of the summer recess, in a timescale which was near to inconceivable a few years back.

What is delivered are audited statements which are plain to view and dry to read. They relate back to previous plans, budgets and estimates in a manner which is not particularly clear to even the most informed readers.

The documents largely inform Parliament and its Members that actual performance has (or has not) been kept within laid down parameters and that proper process and governance has been followed.

This is fine, but where is the mission? What do the Departments really want to say and tell from a financial perspective?

#### Context

Many areas are addressing the need to inform in a more transparent and comparable basis over a wider intended audience. There are clear examples of this in:

##### ◆ The introduction of IFRS

IFRS has a mission “to develop, in the public interest, a single set of high quality, understandable and international financial reporting standards (IFRSs) for general purpose financial statements.”

##### ◆ The Companies Act 2006

The Companies Act 2006, now fully implemented, makes some fundamental changes to Company Law. The recognition of stakeholders, not just shareholders as those having a legitimate interest in the affairs of a company is an example of a widening audience

##### ◆ Clear Line of Sight project

The differences between plans, budgets, estimates and actuals are being addressed by the ‘Clear Line of Sight’ project, to aid clarity, to “make it easier for Parliament to understand how the Government has used the Resources voted to it ...”

##### ◆ Professional research

The Chartered Institute of Management Accountants (CIMA), in conjunction with partners, has invested in significant research in recent years around ‘Report Leadership’, focused reporting from private sector companies. The key theme is ‘Accessible, Effective and Practical’ reporting.

There is a trend here to reach out. In 2007 Gordon Brown stated that ‘International Financial Reporting Standards’ (IFRS) would be implemented in the UK Public Sector from 2008/09 (later revised to 2009/10). The Companies Act clearly recognises the legitimate interests of stakeholders and their right to reliable information upon which they can base decisions. Implicit in the very ethos of Government is a responsibility to stakeholders. Every Government department has stakeholders – they may differ considerably between the different groups, but what does the Department wish to say to them?

A recent report of the Public Accounts Committee ‘Managing financial Resources to deliver better public services’ points to many areas of where financial management needs to be strengthened and comments:

*“Few departmental boards are presented with accurate, timely and integrated financial and operational performance information to enable them to take sufficiently informed decisions on the use of resources and to review how well they are utilised.”*

## Report Leadership – debate and challenges

We maintain that there is significant potential for 'read-across' of the themes in the 'Report Leadership' work on financial reporting with the public sector and Central Government in particular. Clearly there are parts which are not applicable as it is written for a different audience, but there are some clear challenges contained within it which can start to form a healthy discussion.

At this stage this is not about what should and should not be done, it is about debate and challenge to what is to be done and what we should aspire to be doing. What are the key financial messages to be conveyed? How can these messages be universally of interest whilst retaining objectivity? How could they sit alongside the wider messages on social policy?

**The points range from the very practical, simple and presentational through to the 'key performance indicators' (KPIs) and links to delivery strategy.**

Peter Morley, Director of InsightMSC and Stuart Wayment, Public Sector Specialist at CIMA, will be jointly presenting on this topic at the annual GFP Conference on 13<sup>th</sup> November 2008 at the Hilton Metropole Hotel, Brighton.

We will invite comment and input. How should we be putting the financial message across?

We have a chance to derive value from the work already done for the private sector. What we need is to understand how this should work in the public sector, both in general taking the ethos forward, but perhaps more interestingly how this could be interpreted for individual organisations giving the very wide diversity of purpose across the whole sector.

The CIMA material is available from the following website:

<http://www.reportleadership.com>

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Author: Peter Morley, Director, InsightMSC

Peter can be contacted on 020 7952 4690; or at [petermorley@insightmsc.co.uk](mailto:petermorley@insightmsc.co.uk)

InsightMSC is an independent provider of finance and systems consultancy  
[www.insightmsc.co.uk](http://www.insightmsc.co.uk)