



INSTITUTE OF CHARTERED ACCOUNTANTS OF THE CARIBBEAN
PUBLIC SECTOR FINANCIAL MANAGEMENT COMMITTEE
TERMS OF REFERENCE

Introduction

There is a growing global movement towards improving financial reporting within the public sector. The International Federation of Accountants through its Accountability Now Initiative and its standard-setting board, the International Public Sector Accounting Standards Board (IPSASB), has been at the forefront of the growing momentum towards promoting the adoption and implementation of International Public Sector Accounting Standards (IPSAS) globally. In the Caribbean, the last financial crisis brought to light the fragility of the economies of the countries in the region and the institutional weaknesses of governments highly indebted and the challenges of managing and forecasting public expenditures and revenues.

The journey towards high-quality public financial reporting begins with governments adopting and implementing internationally recognized financial reporting standards (IPSAS) that comprehensively capture their financial performance and position. The benefits of adopting and implementing IPSAS by government in the region and globally include:

- more effective and efficient management of public resources, as a result of better informed public policy making based on enhanced financial reporting, will give rise to a widening range of quality public services, sustainable economic growth, increased employment;
- more fiscal transparency, better assessment of public sector effectiveness & efficiency, and increased public trust; and ultimately
- a better opportunity to tackle poverty and inequality.

It is recognized that the successful implementation of public financial reporting reforms requires intensive communication, consultation, and collaboration among stakeholders: between the various governmental entities/agencies, the accountancy profession and other stakeholders. Professional accountancy organizations (PAOs) can play a critical role in supporting the improvement of the quality of financial reporting and to contribute to national efforts to enhance accountability by supporting the implementation of accounting and auditing standards.

The Institute of Chartered Accountants of the Caribbean (ICAC) supports and encourages the promotion of international acceptable standards and best practices with a view to enhancing/strengthening the accountancy profession in the region. In this regard, the ICAC has

been advocating and supporting the efforts of its member bodies (professional accountancy organisations) in encouraging governments in the Caribbean to take the required steps towards improving public sector financial management.

In April 2016, the ICAC in collaboration with the International Federation of Accountants® (IFAC), and the World Bank hosted a roundtable event, ***Strengthening Public Financial Reporting and Accountability,***” to discuss how collaboration between governments and the accountancy profession could be enhanced to improve public financial accounting and reporting to better support the region’s economic growth. This groundbreaking meeting was organized to encourage closer inter-governmental collaboration and strengthen relationships between public sector leaders and the accounting profession. The roundtable marked the launch of a series of ICAC-led regional initiatives aimed at encouraging implementation of IPSAS and collaborating with the governments of the region to support public financial management (PFM) reform.

The PFM launch event was followed by the establishment of a Public Sector Financial Management Committee by the ICAC Board at a Special Meeting of Directors held on June 23, 2016 in Belize. The mandate of the PSFM Committee is to fulfill the ICAC’s strategic objective to promote IPSAS and its benefits in enhancing effective public sector financial management and accountability in the region.

Terms of Reference & Objectives

The proposed Objectives/Terms of Reference of the Public Sector Financial Management Committee include to:

1. Engage governments, the accountancy profession, and other key stakeholder groups across the region with a view to:
 - (i) Promoting improved government accounting and public financial reporting reform;
 - (ii) Discussing strategies for collaboration towards improving public financial accounting and reporting in each jurisdiction;
 - (iii) Identifying practical implementation issues at the local level and future strategies to ensure the success of public financial reporting reform in jurisdiction.
2. Support the efforts of member bodies in the region in promoting the importance, value, and benefits of high-quality public sector financial management (PSFM).
3. Identify and share relevant knowledge and tools and provide guidance to assist in the development of high quality PSFM regionally.
4. Support IFAC and IPSASB in promoting the adoption and implementation of IPSAS by governments with the Caribbean region.

5. Provide input and encourage member bodies in the Caribbean region to provide input on exposure drafts or any other consultations from IFAC and ISASB.
6. To liaise with and collaborate with the Governments across the region on joint initiatives to support the education/sensitization of accountants in the public sector towards improving public financial accounting and reporting.

Committee Composition & Reporting Requirements

The Public Sector Financial Management Committee is a committee of the ICAC Board. The Committee will comprise a Chairman and Deputy Chair (appointed by the ICAC Board annually). In an effort to ensure broad-based representation, the Committee shall comprise:

- one nominated representative from each ICAC member body (regional accountancy institute).
- one nominated representative of the Caribbean Association of Supreme Audit Institutions (CAROSAI)
- One member of IFAC's Accountability Now (as an observer)

A quorum shall constitute three members in addition to the Committee Chair.

Attendance by committee members at all meetings is required to ensure that the input/position of their regional institute is represented. Where a committee member is absent for two (2) consecutive committee meetings during an administrative year, the regional Institute and its representative will be notified in writing and will be asked to either confirm to the Committee whether its representative will continue to serve or to appoint another person to serve.