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Mr. Vincent TOPHOFF
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**Re: Good governance in the Public Sector – Consultation Draft for an
International Framework**

Dear Mr.Vincent Tophoff,

Please find herewith the reply of the French Public Sector Accounting Standards Council (“Conseil de normalisation des comptes publics”- CNOCP) to the above mentioned Consultation Paper.

The Council notes that the principles of the IFAC and CIPFA joint proposal are very similar to the ones present in the study n°13, Governance in the Public Sector: A governing Body perspective, which was released in 2001 by IFAC and was based on a previous publication of CIPFA, Corporate Governance – A framework for Public Service Bodies. In this respect, the Council wonders why IFAC and CIPFA decided to release a new Consultation Paper. Indeed, it is not self evident that the 2013 Consultation Paper gives more insight than the last one and it is not clear what the unresolved issues of the last paper were.

While the initial emphasis on the urgency that governments use private-sector corporate concepts and practices seems to have been alleviated since earlier related studies (CIPFA research paper released in 1995 arguing that the Cadbury report's private-sector principles could be applied to UK public-service bodies), the Council still has some reservations about the content of the 2013 IFAC and CIPFA joint Consultation Paper.

The Council is of the view that the objective of the Consultation Paper is too broad as it embraces a large spectrum of issues including among other things ethics, human resources management, legal issues, internal control and the organisation of the public sector which is broadly defined as being national governments, regional governments and related government entities.

Such an objective together with the absence of a clear explanation of the issue that the Consultation Paper would like to tackle, may diminish the relevance of IFAC and CIPFA intended outcome. Therefore, the Consultation Paper may sometimes appear as a set of boilerplate statements.

Regarding the composition of the working group that provided inputs to the development of the Consultation Paper, the Council is also concerned about the lack of diverse implication of representatives of national or regional public authorities and of other public sector representatives.

Finally the Council wonders whether IFAC and CIPFA are not stepping in a field that is outside their competence and legitimacy since the issue addressed deal with constitutional matters and political systems that are beyond accounting and auditing frameworks.

Yours sincerely,

Michel Prada

APPENDIX

Question 1 - Do you support the proposed definition of governance, including how it is applied to define good governance in the public sector? If not, how do you think it could be improved?

According to the Consultation Paper proposal, governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The notion of “Arrangements” includes political, economic, social and environmental, legal and other arrangements.

The Council thinks that that the term “Arrangement” is not adequate for all component of a public sector and it is especially the case in the context of the relation between a central government and its stakeholders.

The Council has also serious doubts about the possibility to handle the governance notion within a large scope that comprises such diverse matters as constitutional, political, economic, social, environmental or legal matters.

Question 2 - Are the definitions used for other terms in Appendix C suitable for this International Framework? If not, how do you think they could be improved? Should additional terms be included?

The definitions used in Appendix C can not be qualified as suitable until the purpose and the need of an international framework as envisaged by IFAC and CIPFA are discussed and agreed upon within a group of representatives of national or regional public authorities and of other representatives of the public sector.

Question 3 - Do the principles cover all the fundamental areas of good governance for the public sector? If not, how do you think they could be improved?

The principles certainly covers fundamental areas of good governance but as already explained, the Consultation Paper submitted is not sufficiently focused or adapted to the diversity of the public sector.

At first, good governance practices exist in many jurisdictions and the fact that these practices may be conceived or performed in different manners should not diminish their relevance. The Council thinks that this fact must be acknowledged more clearly.

Besides, the existence of elected bodies or a separation of powers between the legislature and “executive” function of the government is also a specific feature that deserves to be taken into account appropriately.

Therefore, improvement may stem from reducing the scope of the study, addressing the diversity of the public sector and probably focusing on some areas of IFAC and CIPFA expertise.

Question 4 - Is the commentary for each principle and sub-principle adequate to promote best practice? If not, how could it be improved?

The Council thinks that the intended best practice could be enhanced by gathering the input of a larger group of representatives of the public sector.

Question 5 - Do the examples provided help explain how to apply the principles in practice? If not how could they be improved? Can you suggest further examples that could be included?

Examples are certainly necessary to illustrate and test the principles put forward. However, examples given in the Consultation Paper are not sufficient to compensate for the above-mentioned deficiencies of the Consultation Paper.

Question 6 - Do the evaluation questions for each principle help assess its application in practice? If not, how could they be improved?

As stated in the answer to question 3, good governance practices exist in many jurisdictions and these practices may be conceived or performed in different manners. Therefore, the assessment of their existence or quality may also be made differently.

The Council is not sure that following a checklist, rather than adapting to different information in different contexts, would produce more relevant conclusions, especially as the scope of the questions is so broad (see, answer to question 1).

Question 7 - Do you have any other suggestions or recommendations for further improvement of this International Framework?

See our response to question 3.

Question 8 - Are there any important resources missing from Appendix D?

National or regional authorities, and broadly speaking sector public “entities” or “actors” have laws, rules, procedures, code of ethics that may cover the subject of “good governance”. The resources mentioned in Appendix D are therefore by definition extremely limited.