

# the account

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## CONFERENCE LATEST



*Ken Livingstone*

Like him or loathe him, Ken Livingstone has been a prominent public figure in the United Kingdom for over 25 years. Ken joins a world class line-up of speakers at the CIPFA Northern Ireland conference which is being held on 1 & 2 October 2008 in the Slieve Donard Hotel, Newcastle, Co Down.

During his keynote presentation, Ken will share his experiences of leading a large and high profile public body and in his own words *“to examine the role of leadership in identifying future trends and enabling the community to adapt to forthcoming change whilst being undermined by, and having overcome, civil servants”*.

Ken has twice held the chief executive office in London local government: firstly as leader of the Greater London Council from 1981 until the council was abolished in 1986 by the government of Margaret Thatcher, and secondly as the first Mayor of London, a post he held from its creation in 2000 until 2008.

With the level of delegate bookings, the 2008 conference is shaping up to be the biggest to date. Although conference sessions are filling up quickly, some places are still available. See pages 12 and 13 for full details of the conference programme and to book a place please go to [www.cipfa.org.uk/ni](http://www.cipfa.org.uk/ni)

# CIPFA NI IN ACTION

## A hard act to follow

The Northern Ireland Audit Office (NIAO) accountancy trainees celebrated exam success with an outstanding 100% pass rate for all students, at all levels! Most notable were the five trainees who successfully completed the Final Test of Professional Competence and who are now eligible for election to the Institute. These are Diane Forsythe, Karen McKristen, Conor McGeown, Barry Mitchell and Jennifer Stuart.

The June exam success has set a high standard for new students who embarked upon their professional accountancy studies at the programme induction day on 1 September 2008.



*New intake of CIPFA students together with (front) Una McGuinness, course leader and Kevin Murphy, tutor*

For further details of CIPFA's professional qualification, please contact Nicola Greer on 028 90 266770 or via e-mail at [nicola.greer@cipfa.org](mailto:nicola.greer@cipfa.org)

## Become an accounting technician

CIPFA is the only provider in Northern Ireland of the Association of Accounting Technician's (AAT) professional qualification aimed at operational finance staff, whether working in the public, private or voluntary sectors.

A new intake of students for the Foundation Level of the AAT qualification will take place in January 2009.

The AAT accounting qualification is recognised internationally and gains exemptions from CIPFA's professional accountancy qualification for those who wish to continue with their professional development and become qualified accountants.

Students attending day release classes for AAT achieved outstanding results in the June 2008 examinations. Particularly high pass rates were achieved at Foundation and Technician Level with a 100% of students passing at Foundation Level and a 77% pass rate at Technician Level.

For further details on the AAT qualification, please contact Nicola Greer on 028 90 266770 or via e-mail at [nicola.greer@cipfa.org](mailto:nicola.greer@cipfa.org)

## Advanced Diploma in Public Audit

The second cohort of auditors from the public services has recently completed CIPFA's Advanced Diploma in Public Audit (ADPA) and a third cohort is scheduled to commence in October 2008.

The CIPFA ADPA enables practising auditors to follow a pathway of study to complete the more onerous tasks required at management level. The course consists of the following modules together with a case study:

- Strategy
- Auditing in an IT Environment
- Governance, Accountability and Assurance
- Advanced Audit Practices

The CIPFA Diploma in Public Audit has a cohort of 14 ready to start at the end of September, leaving a limited number of places available on the course.

For further information on the DPA and the ADPA, please contact Anna Egner on 028 9026 6777 or via e-mail at [anna.egner@cipfa.org](mailto:anna.egner@cipfa.org)

## IFRS training

In April 2008, HM Treasury announced the Trigger Points, key dates and activities that public bodies should follow in moving to International Financial Reporting Standards (IFRS).

Based on the success of its introductory IFRS training programmes that were delivered to 700 people in five locations throughout the United Kingdom, CIPFA and PricewaterhouseCoopers have developed and delivered:

- an updated introductory one-day course on the transition to IFRS
- a two-day course on implementing IFRS and
- the following specialist half-day training courses that are being held on 1 and 2 December 2008:
  - Leases In-depth
  - PFI In-depth
  - Financial Instruments In-depth
  - A Detailed Approach to Managing the Conversion to IFRS

These IFRS courses can be run on an in-house basis which, depending on numbers, can be a cost effective alternative to public courses.

For further information on IFRS training, please contact Una McGuinness at CIPFA on 028 9026 6773 or via e-mail at [una.mcguinness@cipfa.org](mailto:una.mcguinness@cipfa.org)

## Public training courses - what's new?

In keeping with its reputation for innovative training solutions, CIPFA Northern Ireland is offering a number of new training courses in its autumn 2008 public training course programme.

**A-Z of Specification Writing** will be held on 7 October and will cover the 'how to' of better specification writing, enabling participants to produce robust and commercially sound specifications.

**Tender and Tender Evaluation** will be held on 25

November and will consider the process of tender evaluation from submission through to tender award.

**The Executive PA Development Programme** is provided in association with Amethyst and is designed to help PAs and administrators further develop skills such as: time and stress management; prioritisation; communication and assertiveness; public speaking; and event management.

For further information on these and other public training courses, please contact Anna Egner on 028 9026 6777 or via e-mail at [anna.egner@cipfa.org](mailto:anna.egner@cipfa.org)

## New financial skills training .... more than just counting!

As the continuing drive for greater efficiency in the public sector increases constraints on budgets, it is now more important than ever that managers demonstrate competency in financial management and related skills.

Public sector managers can now bridge this skills gap by undertaking the new skills-based programme developed by CIPFA Northern Ireland. The new programme builds upon the strength of the Financial Skills and Audit Skills programmes which were completed by nearly 300 public sector officials during 2000 to 2006.

The flexible modular structure provides participants with practical, work-based training choosing modules that meet specific needs.

Delegates who satisfactorily complete nine modules and the associated assessment will be awarded the Diploma in Management Practice by the Institute of Administrative Management (IAM) which is equivalent to National Qualifications Framework Level 4.

The programme is aimed at budget holders or staff working in finance, audit or inspection roles who have some financial or audit responsibility but little, if any, formal training.

For further information on the new skills programme, please contact Emily Kennedy on 028 9026 6777 or via e-mail at [emily.kennedy@cipfa.org](mailto:emily.kennedy@cipfa.org)

## Professional qualification for directors and senior executives

**Question** - what does the Deputy Director of the Serious Organised Crime Agency, the Cultural and Economic Development Director in Down District Council and the Chief Executive of the Arts Council have in common? **Answer** - they are all Chartered Directors, a professional status awarded by the Institute of Directors (IoD).

One of the criteria to achieve Chartered Director status is completion of the public sector Senior Executive Programme that CIPFA runs in Northern Ireland in partnership with the IoD. There are places still available on the next course which starts in December this year. Previous course participants have found the course highly rewarding, enjoyable and providing access to a network of like-minded executives across the public services and beyond.

With the IoD Diploma, participants work towards the coveted Chartered Director status, regarded by institutions as the 'gold standard'. The IoD Diploma helps build the ultimate CV and adds value to the organisation during a period of change.

For further information on the CIPFA/IoD Senior Executive Programme, please contact Steve Mungavin on 028 9026 6778 or via e-mail at [steve.mungavin@cipfa.org](mailto:steve.mungavin@cipfa.org)

## CIPFA/CIH seminar addresses housing efficiency

In setting out her Agenda for Housing earlier this year, the Minister for Social Development, Margaret Ritchie, emphasised the need to 'get more for less ... more houses for the same public investment'. She set out a programme of measures aimed at achieving this agenda, including a reduction in the amount of grant payable to Housing Associations and a new procurement strategy for Housing Associations to drive down costs.

CIPFA Northern Ireland has teamed up with the Chartered Institute of Housing (CIH) to provide a leading edge seminar that addresses this efficiency drive across the housing sector. The seminar takes

place in the Hilton Hotel, Templepatrick on 9 October 2008 and will of benefit to all staff with an interest in public sector housing, including policy makers, chief executives, finance officers, other senior managers and financial institutions. Keynote speakers are from a range of organisations across the United Kingdom include the following:

- Richard Capie, Director of Policy, CIH
- Sue Essex, former Housing Minister and Head of Welsh Housing Review Group
- David Mullins, Professor of Housing Policy, Centre for Urban and Regional Studies, University of Birmingham

## Quality and performance improvement seminar

Whether services are delivered through central government, agencies, local government or the voluntary sector, financial pressures mean that choices are getting tougher and organisations need to focus on performance and quality and address services that are not up to scratch.

CIPFA Northern Ireland brings together a range of national and international speakers that will provide first hand experiences of delivering high quality services and better performance across public sector organisations.

The seminar is being held on 28 October 2008 at the Culloden Hotel, Belfast and is aimed at managers at all levels who have responsibility for quality or performance improvement within a public body. Confirmed keynote speakers include:

- Bill Leighty, Ex Chief of Staff to Governors Kaine and Warner of Virginia and Director of the Government Performance Initiative at Virginia Commonwealth University, USA
- Bernard Marr, one of the world's leading experts on strategic performance management

For further information on these seminars, please contact Emily Kennedy on 028 9026 6774 or via e-mail at [emily.kennedy@cipfa.org](mailto:emily.kennedy@cipfa.org)

# INTERVIEW WITH CONOR MURPHY MLA

*Conor Murphy MLA is the Minister for Regional Development in the Northern Ireland Assembly. In this interview, David Nicholl, Head of CIPFA Northern Ireland, discusses some of the key priorities and challenges ahead.*

***How did you find the transition from being an 'ordinary' MLA to acquiring responsibility for a major spending Government Department?***

I had been a member of the Assembly since 1998 and served on various Committees (including the Regional Development Committee) so that enabled me to build up a degree of knowledge and experience. But, it was a steep learning curve from being an MLA to being the Minister in charge of regional development.

The one big benefit was that there was a good lead in time - I was appointed in May and had a shadow period over the summer before I took on Ministerial responsibilities. That gave me time to meet senior officials, get to understand the big policy issues and decisions facing the Department and it gave myself and my Party time to formulate our own views on, and approach to, key issues.

But DRD is a large and diverse Department so it has been challenging!

***How would you describe your relationship with senior officials? Do they run you or do you run them?***

For a long period at the start, I did not have a Permanent Secretary as he left DRD shortly after my arrival as Minister. To some extent, not having that key Civil Servant in post at the outset gave me the chance to get a real feel for the Department and to engage directly with whatever senior staff I wanted or needed to deal with.

I have a good relationship with the current Permanent Secretary. People who have watched



*Conor Murphy MLA*

'Yes Minister' will naturally ask whether a certain decision or policy is you or is it the Department driving it. The difference with DRD is that it is a long term strategic Department not one which takes instant policy decisions. Many policy decisions sometimes take 15 or 20 years to come to fruition. As (all being well) the current Ministerial portfolios will be in place until 2011, it is a chance for me to imprint some policy ideas on the Department and influence the way ahead for this Region over the next 15 to 20 years.

***In your opinion, how well is the Northern Ireland Executive functioning as a Unit?***

It must be remembered that we operate an enforced coalition of four different parties. All coalitions have tensions even voluntary coalitions where each party seeks to gain advantage for the persons who elected them. In the case of enforced coalitions, you could multiply these tensions several times over.

The Executive was able to agree on the first big decisions that it faced on the Budget and the Programme for Government. The next big decisions will be on the Devolution of Policing and Justice and there have been difficult discussions over the last couple of months on these issues. However, I

believe that there is a level of maturity there that will allow these issues to be sorted out.

It is only natural to expect tensions and disagreements where there are different parties with different agendas – even in single party government there can be tensions and disagreements so it is just part of political life. We have the added difficulty of having the legacy of the Troubles and we also do not have a history of working together with the DUP – this is a new working relationship – but we have lasted a year and many people didn't expect that. Ultimately, I believe that the common desire to make the Institutions succeed is strong enough to see us through the tough days.

***Do you believe that the horse trading between the bigger parties on various issues (such as the number of Councils, National Stadium, Transfer of Justice etc) is an intrinsic part of political life here or is it part of the transition to mature political life where issues are decided on their merits?***

Horse trading is part and parcel of every political system regardless of how mature or immature. I do not regard it as necessarily a sign of immaturity. It is a balancing act – trying to get the best for the voters who supported you and who want to see their interests represented but at the same time, ensuring that decisions represent benefit and value for money for the wider population. For example, decisions on the Budget and Programme for Government were taken on what the politicians thought was best for the future of all the people.

***To what extent are Ministers in the Northern Ireland Executive expected to take decisions as individual Ministers or is there an expectation that they have to consult with, and gain the agreement of their Party, before taking key decisions?***

I am a delegate for my Party. The party appointed me as Minister and can unappoint me at any time. I have a Party colleague who works with me in the Department and we hold this Ministry on behalf of Sinn Fein. Obviously, I have individual decisions to make on a day-to-day basis and do not have to ring Party Headquarters to get approval for routine

decisions. But, politics is a collective and I consult extensively with our Assembly Team to establish an agreed approach before making any major decisions.

***Have there been instances where your own individual Ministerial line on a major policy matter has been overruled by your Party?***

I have never been overruled on a decision by my Party simply because I always try and identify the key issues and decisions that are coming up and have discussions with Party Colleagues well in advance. If you do that, then you find that you are acting in accord with everyone else.

***A local administration has now been in charge for more than a year. In that period, how have the Department for Regional Development's expenditure priorities changed, and what drove these changes?***

One of the big changes has been the introduction of environmental considerations into the debate on transport. We are in a situation whereby the North has a minimal rail network and 99% of transport is roads-based even public transport which is overwhelmingly roads-based (i.e. buses).

Getting the balance between improving the roads network on which our economy is dependent and yet reducing our CO2 emissions and the negative impact of the car/bus on the environment is something that I have tried to bring to bear on policy deliberations. Sustainable development is the big theme for the future and investment in public transport is one key strand in that strategy.

***What are the top priorities for the Department for Regional Development over the next 10-15 years?***

Investment in our infrastructure is a high priority. As everyone knows, the Executive has inherited an infrastructure – water, sewerage, road and rail – that has suffered from chronic under-investment for years. So, water and sewerage is getting a £1m per day investment to try and bring our infrastructure up to standard and avoid the heavy fines that await us if we do not meet the required standards set by the EU.

We are making huge investment in roads not just because of the importance of roads to our economy but for reasons of connectivity. I also recognise that there is a particularly poor roads situation in the West.

I have also lifted the investment ban on railways and opened up lesser-used lines as they are called. Investment in railways is designed to encourage a shift from the use of the private car to public transport.

The second big priority in the future is to address the issue of the over dependence on private cars and the negative consequences for the environment of high car usage. Our CO2 emissions are far too high and transport is one of the big culprits.

But it goes back to the point that while we have decent public transport in some respects (e.g. buses), GB and the South have a much more extensive rail network than we have and have been investing a lot more in it in the recent past.

***Do you believe that public transport currently provides a viable and affordable alternative to the car?***

It certainly has improved over recent years. Passenger numbers have gone up and that is, I believe, a result of improved services. But there is a lot more that needs to be done.

There is no single approach to attracting people out of their cars and onto public transport – we are creating more bus corridors, enabling more comfortable, quicker journeys, introducing a Rapid Transit System for Belfast, investing in the Belfast to Derry and Belfast to Dublin railway lines, improved rolling stock on the railways etc.

We need a carrot and stick approach – so as well as a range of investments in public transport, we are providing disincentives for car users - for example, restrictions on the number of car parking spaces in urban areas. The Rapid Transit system will have a big impact on the roads in and around Belfast and priority will be given to public transport over private car users.

***Are plans to introduce the Belfast Rapid Transit System still on target?***

Yes. We have conducted the requisite studies, looked at pilot routes and are now moving into the more detailed design phase for the three proposed routes. While there are still some issues in East Belfast around proposals to use the old Comber Rail line which has been developed as a Green Area for walkers and cyclists (and I am keen to retain that), I am confident that outstanding issues can be resolved and the project will remain on track. The commitment given by the Executive (in the PfG) is that work on the ground will be underway by 2011 and this is still the case.

***Has the Department ever considered the costs (to the Executive) and benefits (to the environment and people of Northern Ireland) of extending the free public transport scheme to the whole population and not just restricting it to pensioners?***

No, we have never considered that. I have argued and been successful in getting the age limit for free transport reduced from 65 to 60 and I am looking to have it extended to include marginalised and isolated groups such as the disabled. We want to encourage people to use public transport but our priority is helping these priority groups.

Who knows where the climate change debate will eventually lead us but we have finite resources and we have to target our interventions where they are most needed and this is the marginalised and isolated in the first instance. If Translink is going to provide more comfortable, reliable and frequent train and bus services, it will need additional income over and above the public subsidy to do this and fare income is critical in this respect.

***Why is it not possible to get a train to Belfast International or Belfast City Airport?***

There is definitely a need for more integration and a lot of our strategic investment over the next ten years is aimed at bringing about more connectivity. Even the work on the Westlink is about connecting the Ports to the roads out to the rest of the Region.

The problem is that the railway network was built before the airports and perhaps when the airports were built that was the time to consider linking them up. People have argued for these rail links but others have argued for improved road links to both Airports and the emphasis at the moment is on improving the road connections – improvements to the roads around Sydenham in respect of the City Airport and the works on the M2 will improve access to the International.

But the investment has to stack up as well - most people who get off planes have a car there to take them into the City or get a bus to the City Centre.

***This all seems to be very roads-focused?***

It is very roads-focused. The problem remains that the airports were built after the railways were in place and no-one thought about it at the time. It is very expensive to build rail track to sort the problem out now. We are continually being asked about it and we do give the idea of a rail link consideration from time to time. There is however no point building a rail link at great cost if nobody uses it and it is not clear that such a rail link would be used.

***Northern Ireland has a sad track record of piece meal changes when it comes to reforming public transport. Have you any plans to adopt a more integrated/co-ordinated approach?***

Yes, it is imperative that we get all the transport providers together under one umbrella and start joining up – and crucially Roads Service must be part of this. Common ticketing would be a big step forward – and we are looking at bringing in a ticketing system whereby people could go from taxis to buses to trains etc and not keep needing to buy new tickets. Seamless travel would add to the attraction of using public transport. More joining up would also help to avoid unnecessary duplication (e.g. on routes) between the different forms of transportation.

We have been talking to transport providers and within the Department to our own Agencies and we have recently presented papers with our ideas on these issues to the Regional Development Committee.

***In recent years, there has been much confusion and consternation among the Port Authorities in Northern Ireland as to their status as Public Corporations (which they obviously should not be!) and their lack of freedoms (compared to Dublin Port for example) to borrow and operate as commercial entities. What is the Department doing to sort out a mess that has, at least in part, been caused by its own inertia in the past?***

We have certainly not been sitting on our hands since I took over as Minister! The problem stemmed from Treasury Rules that classified the Trust Ports as Public Corporations and required them to get approval from the Department before they could borrow etc as their borrowing counted as part of the PSBR. We have begun the process of drafting legislation which we are confident will address these problems.

Port Authorities are vital to the economic wellbeing of Northern Ireland and it is important that they can operate without unnecessary constraints. However, we must also appreciate that they have received a considerable amount of public investment in the past and the public interest also has to be safeguarded.

The new legislation will give greater freedoms which the Ports will be happy with but will retain a role for public representatives - although the numbers and how they are appointed may change - and retain the power of direction on the part of the DRD Minister.

The major complication is that we have get the agreement of DFP, then Treasury and the Office for National Statistics (who made the original designation of Port Authorities as Public Corporations) before we can proceed with the draft legislation. It is a slow and tortuous process but necessary.

***There have been calls in recent years for a tunnel to be built from Northern Ireland to Scotland. Has the Department ever given serious consideration to this?***

No, to the best of my knowledge the Department never has and there are currently much higher priorities for limited resources. Links with Scotland are important and we are investing heavily in links to

and from the ferry terminals – improving the road from Belfast to Larne bringing it up to dual carriageway standard, improving the rail services to Larne and liaising with the Scottish Executive about improving the road infrastructure on the Scottish side (Stranraer).

***Could you explain how Northern Ireland Water got its calculations so wrong? Was the Chief Executive sacked or allowed to resign? Do you think that a payout of £266K was appropriate in these circumstances?***

NI Water inherited a really poor information system (although it brought this system with it from its former incarnation, Water Service). When they tested it, they found that they had allocated wrongly between the Domestic and Non Domestic side and there had to be a re-apportionment.

While that was a mistake in itself, the sensitivities around how investment in water and sewerage services should be paid for meant that this mistake had a very damaging impact on public confidence in NI Water and its leadership. This led to the departure of the Chief Executive.

The Chief Executive resigned and the payout was a contractual entitlement. As a general rule, I am not comfortable with that size of payout and I believe that the Executive should look at the wider issue of the remuneration that is appropriate for people undertaking executive responsibilities in public bodies.

***In light of commitments in the election manifestoes of the main Northern Ireland political parties, and not forgetting the impact on the electorate of the current credit crunch, is the Executive and/or DRD considering mitigating the effect of the forthcoming imposition of Water Rates on beleaguered consumers?***

Yes, we are. The Executive is very aware of the increases in fuel costs, food bills etc and the impact of the credit crunch on individuals and families over the last year. While the Executive has agreed in principle to seek household contributions towards the cost of providing water and sewerage services, it has still to agree the detail of how that will be

introduced. There is little doubt that the current economic difficulties facing people will be at the forefront of the Executive's considerations in the Autumn when setting the water rates.

***As Minister, do you now accept that, as a matter of principle, taxpayers in Northern Ireland should pay the full cost of providing water and sewerage services as in other parts of the UK?***

People have always been paying for these services so the principle has never been in doubt but we do not want people to pay twice. However, we have to invest heavily in the infrastructure for water and sewerage, Treasury refused to pay the bill and we asked the question – is this investment necessary and the answer was yes! We couldn't take the money from existing public funds as that would damage services that we are currently providing and so the Executive agreed to seek a household contribution which was fair and just and did not present a burden to the poor and disadvantaged.

***Have you any remaining political ambitions for the future such as becoming Party Leader or First/Deputy First Minister?***

I have no personal or political ambitions whatsoever. I was asked to do this job by the Party and I will do it for as long as the Party wants. If they want me to do something else, I will do that.

***What are the working hours of a Minister like? Do you have time for any outside interests?***

The working hours of a Minister are not as bad as people might think and are no worse than when I was an MLA with no Ministerial responsibilities. Maybe a bit more homework to do! I still carve out time for my constituency work and given that the previous Direct Rule Minister only spent half a day a week here, there is scope to devote enough time to the job without it dominating my life.

I set aside time for family and social activities. I still live in the village that I was brought up in and have many family and friends there. I love sport and still coach a young GAA team. I thought about giving it up once but it is important to keep me sane and is a counterbalance to what I do here.

# TECHNICAL UPDATE

*In this regular feature, Brigitte Worth of the Department of Finance and Personnel highlights latest developments in the technical accounting world.*

If, like most, you cheered at the announcement that IFRS implementation for the public sector had been delayed until 2009/10, you are probably interested to know how long you can now put off thinking about IFRS and concentrate on other things.

The short answer is – you can't. The longer answer goes something like this...

- We didn't have enough time to do it in the first place

The goal of implementing in 2008/09 was always recognised as being a challenging one. Although IFRS implementation had been under consideration for some time, most of us had other priorities we were dealing with and after the announcement in the 2007 budget we were left in a state of shock at how much needed to be done in a short period of time. There is an important lesson to learn from this, in not putting it on the backburner again and ending up in the same position in six months time as we were six months ago.

- The UK GAAP financial instruments standards are being implemented in 2008/09

The 2008/09 version of the FReM (see [www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)) has already been updated to include text introducing FRSs 25, 26 and 29 which mirror their international counterparts IASs 32, 39 and IFRS 7. Estimates of the budgetary impacts of this are required in September 2008. Whilst these are likely to be minimal for most entities, no one wants to be in the position of having to explain an unexpected additional requirement months after the deadline for seeking cover has passed.

Useful guidance on how to get started on assessing the impact of the standards and an outline of those areas most likely to impact the public sector is also available on the FReM website, under "Other

Practical Examples and Guidance". A worked example of accounting for subsidised loans is also available on the IFRS Implementation section of [www.aasdni.gov.uk](http://www.aasdni.gov.uk)

- Budgetary impacts of IFRS will need to be assessed well before the end of 2009/10

Preliminary assessments of the budgetary impacts of IFRS are due to be submitted in March 2009, with more detailed figures due in August 2009. Again, for a lot of entities this will be a case of proving that the impacts are negligible. The real crunch time will be ensuring that the figures presented by Departments on an IFRS basis to the Assembly for approval in early 2010 are sufficiently accurate, so that overspends do not need to be explained later.

- 'Shadow' accounts need to be prepared for 2008/09

In order to ensure that all the issues are fully understood and have been subject to audit in advance of the key 2010 date, all public bodies are required to restate their 2008/09 UK GAAP accounts on an IFRS basis by 30 September 2009. These will then be audited by 31 December 2009. Although there are no plans to publish these accounts in their shadow form, they will provide the comparative information for the 2009/10 accounts.

For this reason, it is probable that the information required to be restated in these shadow accounts will be limited to that which will be needed for the preparation of the 2009/10 accounts. For example, balance sheet comparatives will be required in order to restate the 2008/09 income statement, so they will be required in shadow accounts. However, a 2007/08 income statement will not be required for the 2009/10 accounts, so comparatives are not likely to be required in shadow accounts for the income statement itself.

So, to sum up, there are a number of reasons why we can't breathe a sigh of relief and forget about IFRS for a year – its coming faster than you think!

# AUTUMN TRAINING

A-Z of Specification Writing  
7 October 2008  
£295 plus VAT per delegate

Basic Bookkeeping  
14 & 15 October 2008  
£350 plus VAT per delegate

Grant-Funding in the Public Sector  
15 & 16 October 2008  
£450 plus VAT per delegate

Perfect Proofreading  
21 October 2008  
£295 plus VAT per delegate

Finance for Non-Financial Managers  
22 & 23 October 2008  
£450 plus VAT per delegate

Grants Series - Reviewing Accounts  
4 November 2008  
£150 plus VAT per delegate

Accruals Accounting  
4 & 5 November 2008  
£450 plus VAT per delegate

Smart E-mail Management Workshop  
4 November 2008  
£125 plus VAT per delegate

Conducting Verification Visits  
12 November 2008  
£295 plus VAT per delegate

Business Continuity and Contingency Planning  
11 & 12 November 2008  
£450 plus VAT per delegate

Best Practice in Performance Management  
13 & 14 November 2008  
£450 plus VAT per delegate

Meetings and Events Made Easy  
18 November 2008  
£295 plus VAT per delegate

Tender and Tender Evaluation  
25 November 2008  
£295 plus VAT per delegate

Developing a Business Case and Economic  
Appraisal, 25 & 26 November 2008  
£450 plus VAT per delegate

Grants Series - Understanding the Voluntary and  
Community Sector, 26 November 2008  
£150 plus VAT per delegate

Fraud Awareness for Grant-Funders  
3 December 2008  
£295 plus VAT per delegate

On Board  
3 December 2008  
£245 plus VAT per delegate

Introduction to Internal Audit  
8 & 9 December 2008  
£450 plus VAT per delegate

How to ... Cost an Activity or Project  
9 December 2008  
£125 plus VAT per delegate

Grants Series - Capital Projects  
10 December 2008  
£150 plus VAT per delegate

For further information on the above training courses, or to book a place, please contact Anna Egner on 028 9026 6777 or via e-mail at [anna.egner@cipfa.org](mailto:anna.egner@cipfa.org)

For on-line booking, please visit [www.cipfa.org.uk/ni/public\\_training.cfm](http://www.cipfa.org.uk/ni/public_training.cfm)

# CIPFA NORTHERN IRELAND A

## SPONSORED BY SELICK PARTNERSHIP

### Conference speakers

**Lord Coe KBE**, Chairman of the London Organising Committee for the Olympic Games and one of the greatest British athletes of all time, will open the conference addressing the theme of 'Stepping up to the mark: taking responsibility'.

**Richard Pengelly**, from DFP, Central Finance Group, will explain the background to, and work of, PEDU which seeks to help departments ensure delivery of the Executive's priorities, while seeking a parallel increase in efficiencies.

**Tanya Armour**, Head of Finance and Planning in DCMS, will focus on the recent introduction of a new risk based approach within DCMS to sponsoring its Arm's Length Bodies and will address its aspirations for a new relationship with sponsored bodies.

**Lynn Hine**, Partner in PwC and the firm's leading technical expert in the application of IFRS in public sector organisations, will present the latest update on the transition to IFRS, highlighting the key issues.

**Marie Mallon**, Director of Human Resources in the Belfast Health and Social Care Trust, will outline the experience of setting up a new organisation under the Review of Public Administration.

**Holger Robrecht**, Director of Sustainability Management in the ICLEI European Secretariat, will focus on sustainability oriented governance and will present several best practice European case studies including the city of Freiburg.

**Marcus Robinson**, Partner at PwC, will discuss the conclusions of the Poynter Review that was commissioned by the Chancellor, and led by Marcus, following the loss of two CDs containing the personal details of all recipients of Child Benefit in the UK.

**Dr Duncan Morrow**, Chief Executive of the Community Relations Council, will address the challenges and opportunities posed by the shared future agenda.

**Heather Hancock**, Managing Partner and leader of Deloitte's Public Sector Strategy consulting services, will address what the public sector can learn about their obligations in playing a leading role in society and the benefits gained from showing corporate responsibility.

**Jeff Jaffee**, Principal in the New York office of Finance Scholars Group (FSG) USA, will look at how public bodies can work with the private and voluntary sectors to provide incentives for serving all members of society.

**Ken Livingstone**, former Mayor of London, author and broadcaster, will share his experiences of leading a large and high profile public body and examine the role of leadership in identifying future trends and enabling the community to adapt to forthcoming change whilst, in his own words, "*being under-minded by and having overcome civil servants*".

**Sir Brian Kerr**, the Lord Chief Justice for Northern Ireland will provide the keynote address on day two of the conference.

**John Thornton**, an independent advisor working with Oracle, will highlight the changing role of the public sector finance professional in the context of a shifting landscape that includes changing expectations, shared finance services and increasing pressures.

**Gavin Boyd**, Chief Executive (Designate) of the new Education and Skills Authority, will provide an insight into how the education service is managing the biggest change to education administration in 25 years while continuing to provide services to schools and young people.

**John Cassis**, former professional athlete and pre-game motivator for the Chicago Bears football team, will share several key points for developing mental toughness with a positive attitude, helping to re-energise lives, careers and relationships. Regain perspective by tapping into the humour that will help bridge the gap between the perfections we strive for and the imperfections we are stuck with!

# ANNUAL CONFERENCE 2008

## IP FINANCE RECRUITMENT SPECIALISTS

### Conference programme

		3.15 pm	Tea/Coffee
		3.35 pm	<b>B1 – A Shared Future</b> Dr Duncan Morrow, Community Relations Council
9.30 am	<b>Conference Welcome</b> Caroline Mawhood, CIPFA President Michael Carson, Chair, CIPFA Northern Ireland Branch		<b>B2 - Corporate Responsibility - Sharing Lessons between Private and Public Sectors</b> Heather Hancock, Deloitte
9.45 am	<b>Address by a Senior Government Representative</b>		<b>B3 - Using all the Levers - Intelligent Engagement with the Private and Voluntary Sectors</b> Jeff Jaffee, New York office of Finance Scholars Group
10.00 am	<b>Stepping up to the Mark: Taking Responsibility</b> Lord Sebastian Coe KBE		
11.00 am	<i>Tea/Coffee</i>		
11.30 am	<b>Delivery of the Executive's Priorities</b> Richard Pengelly, Department of Finance and Personnel	4.15 pm	<b>Stepping up to the Mark: Taking Responsibility</b> Ken Livingstone
12.00 pm	<b>A1 – A 21st Century Approach to Sponsoring Arm's Length Bodies</b> Tanya Armour, Department of Culture, Media and Sport	5.00 pm	<b>Close of Day One</b>
			<i>Day Two - Thursday 2 October 2008</i>
		9.15 am	<b>Registration</b>
	<b>A2 – IFRS in the Public Sector - Latest Issues</b> Lynn Hine, PricewaterhouseCoopers	9.45 am	<b>Address by Sir Brian Kerr, the Lord Chief Justice of Northern Ireland</b>
	<b>A3 – Building an Ambidextrous Organisation</b> Marie Mallon, Belfast Health and Social Care Trust	10.30 am	<b>C1 – Working Together to Make it Better</b> Gavin Boyd, Education and Skills Authority
12.45 pm	<i>Lunch</i>		<b>C2 – The Future of the Finance Function</b> John Thornton, Independent Advisor
2.00 pm	<b>Good Practices in Local Sustainability - Lessons from European Cities</b> Holger Robrecht, ICELI	11.15 am	Tea/Coffee
2.45 pm	<b>Information Security in an Age of Information</b> Marcus Robinson, PricewaterhouseCoopers	11.45 am	<b>Humour, Motivation and Mental Toughness</b> John Cassis, Motivational Speaker
		1.00 pm	<b>Conference Close and Lunch</b>

# THE FUTURE OF THE FINANCE FUNCTION

*John Thornton has been undertaking research for Oracle on the challenges that Financial Directors across the public sector are facing. John will be presenting a workshop on this subject at the forthcoming CIPFA Northern Ireland Conference.*

The world of financial management and the role of the finance professional are changing fast. Globalisation, shared services, new organisational structures and the increasing use of technology are all having a massive impact on finance professionals, the ways that they do their jobs and often even the need for those jobs. It would be easy to think that accountants and finance professionals working in the public services are immune from these changes – the reality is that they are not.

In the private sector, the widespread adoption of a shared services approach has had a fundamental impact on the size, structure and operation of the finance function. Take for example Oracle, which is widely considered to be a world leader in terms of its financial processes and use of shared services. Ten years ago, its finance team in the UK consisted of about 70 to 80 people. Now with a much larger turnover, the finance team, excluding payroll, is just six accountants who work as “business partners” supporting the directors and managers that drive each of the key business functions.

They provide the planning, forecasting and business analysis that is necessary to drive and support the growth of this huge global business. Also, instead of having people in every country working on VAT, Oracle now has just four people managing VAT and VAT reporting for the whole of Europe.

Increasingly transactional services in large companies are moving to ‘silent running’ systems, which are based on the principle of self-service by the customers and employees. So for example, if you book a flight with easyJet you as the customer input all of the transaction and financial information, then the systems action the processes and produce the required management information in real time.



*John Thornton*

This is leading to the emergence of two main professional streams within finance functions: ‘Business advisers’ or business partners who are embedded in the business and focus on ‘advising, supporting and challenging’, and ‘financial controllers’ that focus on ensuring the integrity of the financial systems and compliance with procedures.

Does this mean that in the longer term public services finance departments will inevitably move to the widespread adoption of shared services? Or, are there factors that will lead to other outcomes? These issues are explored in a recent study sponsored by Oracle. Based on workshops, desk based research and interviews with leading thinkers, influencers and practitioners from public and private sectors, the study considers the future of the finance function and its impact in terms of skills required, job opportunities and management. **It develops three main scenarios for the future:**

**Scenario one - the Shared Services Model**, in this scenario the pressures for cost reductions and increased efficiency will lead to the widespread adoption of shared services for front and back office functions, as well as for the delivery of a range of

front-line services. These shared service operations might be based on geographic structures or functional structures, e.g. all of those organisations that share a similar technology platform. They may be entirely public sector operated or more likely, a mixture of public and private sectors. They may consist only of similar types of organisations, e.g. local authorities or NHS trusts, or might extend to including, say, LAA and MAA partners. Cost savings and efficiencies will result from standardisation of processes and procedures, coupled with greater use of technology to provide much more responsive and efficient services at a reduced overall cost.

The director of finance of the individual organisation will remain the strategic adviser on finance and resources. She/he will be supported by a very small team of qualified accountants and business advisers, who will have an intimate knowledge of the services and strategic priorities. They will focus their efforts primarily on forward planning, option appraisal, risk analysis and performance management. Their attention will be concentrated on helping the organisation to achieve its strategic aims through business analysis and decision support.

They will also advise on and help to evaluate competing priorities using costs and financial consequences as key units of comparison. These new directors of finance and their second line 'mini directors of finance,' will be highly qualified with accounting and probably post graduate business degrees. They will be politically astute in terms of both the external political environment and internal politics.

The Shared Services Centre will be responsible for delivering the transaction processing and accounting information. It will be a centre of excellence in terms of accounting standards and procedures, process improvement and transaction processing. It will manage and have expertise in areas that might include payroll, pensions, credit-control and revenue collection. It will provide the control and compliance functions for the local authorities. But, the local finance directors will continue to sign-off the accounts and financial statements on behalf of their own organisations.

Smaller bodies may choose to share directors of finance and mini directors of finance to reduce costs and retain access to the required level of expertise.

**Scenario two - a more diffuse finance function,** envisages continuing pressure to reduce costs, which will result in more paring down of services. Whilst there is talk about "business transformation" and new ways of working, there will be little real investment in technology and the focus will be on reducing costs. The underfunding of major service areas, like adult care and refuse disposal, will dominate agendas. This will increase the pressure to reduce the costs of support services, including finance, in order to 'protect' front-line services.

There will be an extension of some of the trends already observed in local government with continuing moves towards 'generic' directors and generic managers who can manage any service or groups of services. The finance function will be seen increasingly as the maintenance and management of financial information, which will become more automated. The director of finance role will effectively become the financial controller, reporting to a corporate services director, who in most cases will not be a qualified accountant. Qualified accountants will be seen as expensive and overly specialised resources compared to generic managers.

**Scenario three - a strengthening of the finance function** assumes that cost pressures continue to bite and that there is an increased focus on efficiency and cost reduction. In some organisations, the finance function is seen to actively embrace this agenda and to play a pivotal role in reducing costs, whilst maintaining services. This is achieved through innovation and new ways of working, making better use of the available technology and providing clear advice on options, costs and financial consequences. In these authorities, the finance teams and particularly the director of finance, play a leadership role with the finance function becoming a model of efficient and modern practices.

In other organisations, the finance function is slow to react to the increasing financial pressures. It is poorly resourced and finds it difficult to sustain basic reporting, with little capacity to get involved in strategic decision-making. This inevitably leads to poor decision-making, large financial deficits and, in some cases, corporate failure.

The organisations that are struggling with these issues look towards the examples in those

authorities that have a strong and creative finance function and try to emulate their approaches. In those organisations where the finance function has failed or under-performed, new finance teams are recruited with stronger directors of finance, who report directly to the chief executive.

They have a remit to rebuild and strengthen the finance function to ensure that the organisation will in future receive the strategic and operational financial advice that it needs to properly fulfil its duties.

Research in other sectors shows that high performing organisations usually have high performing finance

functions. The finance functions of today face the twin challenges of adapting to rapidly changing requirements and shaping their own future development. Surprisingly, it seems that very few finance teams have a clear strategy for their own development that is documented, agreed and widely communicated. This is an essential part of aligning the finance function with key corporate goals, demonstrating the value that it adds to the organisation and getting buy-in and support from staff and colleagues. The report concludes by suggesting a relatively simple framework for developing and communicating the aspirations, values and objectives of a modern finance function.

# TIPS TO PASS THE CIPFA CASE STUDY

*In this article, Graham Ball, Financial Management Case Study (FMCS) Examiner and Examinations Manager, offers some tips for those candidates who are studying to sit the case study exam in November 2008 or June 2009. It only offers tips - there is no definitive way to pass the FMCS exam!*

The first thing to do for any candidate is to understand the enemy. The case study is akin to war! What is it that you are going to be asked to do? How do you find out – well try this:

- Read CIPFA's Statement on Professional Expertise - as a newly qualified CPFA, you'll be expected to be able to do the things set out there. No one is expecting you to be as good as an experienced CPFA, but the potential must be there
- Read the techniques sections of the open learning materials
- Practise past papers and then study the marking schemes/tutorial guides - this study is quite boring but is essential - it will tell you what the examiners were expecting. Remember, the Tutorial Guide is not a model answer, it contains every point the examiners could think of making

FMCS Examiners expect a successful candidate to be able to:

- Assimilate the case data
- Carry out calculations sufficient to understand the issues
- Convey that information to recipients in a logical and understandable manner
- Explain technical points clearly
- Provide recommendations for action drawn from the analysis

The marking scheme reflects these expectations. It is really quite straight forward:

C – Calculations – between 35% and 45%

A – Analysis – between 35% and 45%

R – Recommendations 10%

P – Presentation 10%

What is important here is that marks are for analysis – not for description of what is in the case. To get

those marks candidates need to be able to PJI. Make your **POINT**, provide the evidence for that point using the information you have either calculated or assessed – that is **JUSTIFY** the point and state the **IMPLICATIONS**.

The implications will seldom, if ever, be detailed in the case - that's up to you to assess. Weaker candidates frequently score badly on the analysis marks because all they do is regurgitate what is in the case material. Examiners need to be told more.

Don't be afraid to make recommendations for action based on your analysis. Examiners don't mind if your recommendations don't agree with theirs – all they need is recommendations which flow logically from your analysis.

Many candidates who pass this examination have practised between six and ten or more cases under examination conditions. I know that that is difficult - every case you sit I and others have already sat so we know it's not easy.

The trick is to practise your data handling techniques and time management from the start. You'll have to experiment with data handling to find a method which suits you - some use coloured highlighters, others rip the case into separate sheets, some re-index the thing. Some read it all the way through first, others never read all of it together. It's up to you to try out various techniques until you find the best for you.

When I sit the case for the first time, I start with the pre-seen. Spend time analysing the information in it. Look for the strategic themes that it generates - not for the Diploma or Certificate level techniques you'll need - you should already know them! Consider the implications of the data you are given, for example, in the Plentyside case study the disparity between East and West was clear for all to see - with a little analysis.

My technique for handling the case itself is as follows:

- I start with the questions - you're given them in the morning!
- I assemble all the information needed to

answer them by using the question, the memo and the index

- Then I go through a question reading the material, annotating each page with the main points. Some basic broad brush calculations and I've got the picture so to speak
- Doing this for each question enables me to get the broad idea of the case
- Spending the last 30 minutes of the morning session understanding the strategic issues and potential problems enables me to face the rapid response question with confidence

I repeat - you must practise your own methodology - the above suits me.

Finally, a word or two on time management. No one is ever brilliant at it, it takes effort to get it right. One thing I do for my students is to get them to go through what they have written with a red pen and cross out every word which has not scored. In other words totally irrelevant! If you write for 40 minutes on question one and only get 50% then half of what you have written didn't score - so cut it out!

Spend time to plan your answer before you start writing – though you'll experience a desperate need to write – it will pay dividends in the end. Forget the niceties and waffly introductions - get straight to the point. Keep your sentences short - not more than 20 words even in a report. No more than three sentences per paragraph - i.e. 60 words.

Point = 20 words  
Justification = 20 words  
Implication = 20 words

Marks probably = 1, add a recommendation for action in the recommendations section and you've got another ½ mark. 15-20 such paragraphs in each question and you'll be home and dry.

And really finally, remember that I am the enemy, not your colleague candidates. Team up, help each other (not on the exam day of course!!) swap ideas and information.

Happy studying and good luck!

# BRANCH NEWS

## Branch annual general meeting

The CIPFA Northern Ireland Branch AGM was held on 9 May in the unique surroundings of the Linen Hall Library, Belfast and local members were honoured by the attendance of Vice President Caroline Mawhood. During her address, Caroline paid tribute to the Northern Ireland Branch for the excellent support for members and others working in public finance and setting the pace for CIPFA's regions.

A healthy number of members turned out to discuss the Branch annual report and also to elect the Branch Committee for 2008/09 which saw Michael Carson of the Northern Ireland Audit Office elected Chairman and Michele Woods of the Department for Social Development elected Vice-Chair. Along with Patricia Blair of the Audit Office, her colleague Catherine O'Hagan completed the apparent takeover by the auditors as she was elected Honorary Treasurer! Her predecessor, Jonathan Adams reported that Branch finances were in good shape.



The formal elections were overseen by Caroline Mahwood and Trevor Salmon of Belfast City Council and the following officers were elected to the CIPFA Northern Ireland Branch Committee for 2008/09:

Chairperson	Michael Carson (as above)
Vice-chairperson	Michele Woods
Past Chairperson	Mark McBride
Hon. Secretary	Patricia Blair
Hon. Treasurer	Catherine O'Hagan
Committee Members:	
Jonathan Adams	Joanne Devlin
Peter Harvey	Danny McConnell
Una McGuinness	Steve Mungavin
Adrian Murphy	Trevor Salmon
Michael Tattersall	Kathryn Thompson

Tribute was paid to outgoing Chairman Mark McBride for his successful work over the last two years. Honorary Secretary Patricia Blair provided a glowing report for the work of the Branch during 2007, highlighting the establishment of the Northern Ireland Students' Society as well as the huge improvement in the Branch website led by web maestro Michael Tattersall.



(L-R) Helen Leiton and Alanna Prause, Brightwater; Caroline Mawhood, CIPFA Vice President; Michael Carson, Chair, CIPFA Northern Ireland Branch

The AGM preceded a lunchtime briefing by Sean Laverty, Head of Financial Planning and Control within the Northern Ireland Office, and Tomas Wilkinson, Audit Manager in the Northern Ireland Audit Office who both spoke about the implications of faster closing of accounts.

Sean outlined the practicalities since the NIO moved to faster closing in the 2005/06 financial year whilst Tomas highlighted the need to work smarter, to look at processes differently and the importance of financial reporting and auditing during the year and especially at the nine-month reporting stage.

The event was also an opportunity for the Branch to recognise its newest members as Vice President Caroline Mawhood presented CIPFA membership certificates to Maureen Brown and Malcolm Beattie.

## Inaugural students' society event!

The first event organised by the new students' society in Northern Ireland was held on 21 May 2008 in CIPFA's offices. The event focused on exam techniques and the keynote speaker at the event was Graham Ball, a Case Study Examiner since 2005 and currently the Case Study Examinations Manager. Graham provided an insight into how students can gain a thorough understanding of their enemy – the examiner – by analysing past papers and marking schemes to identify core subjects and the answers that the examiners are looking for!

Graham also provided valuable advice to the students on how to approach the exam, create aide memoirs and practice time management skills. As Graham explained, "the examination is not the time or place to encounter a new and exciting subject - all examinations should be boring – nothing new!"

The event also provided an opportunity for Adrian Pulham, CIPFA's Director of Education and Training, to provide information on the resources that are available to students through the on-line Student Learning Centre.

For further information on the activities of the students' society in Northern Ireland, please visit [www.cipfa.org.uk/regions/ni/students/cfm](http://www.cipfa.org.uk/regions/ni/students/cfm)

## Branch lunchtime events

The lunchtime series of events continued to prove popular with over 40 public sector delegates attending the fourth event on the Effective Support for the Accounting Officer at PAC Hearings on 6 June 2008.

The keynote speaker at this event was Dean Sullivan, Director of Planning and Performance in the DHSSPS. Dean has been involved in the clearance process for several NIAO VFM reports and has given evidence to PAC on two occasions.

During his presentation, Dean provided guidance on the NIAO/PAC process including: agreeing the NIAO report; preparing for PAC; the PAC hearing and report; and the Memorandum of Reply.



*Dean Sullivan, Director of Planning and Performance, DHSSPS addresses the lunchtime event on 6 June 2008*

The most recent lunchtime event entitled Transforming the Finance Function by Merger was held on 12 September 2008 in the ecclesiastical surroundings of the Spires Centre, Belfast.

In this session, Jim O'Hagan, Finance Director in DFP, and Diarmuid McLean, CEO of Account NI, outlined the establishment of the Northern Ireland Civil Service's shared service centre and explained how to manage the residual finance department, highlighting the benefits and pitfalls of new ways of working to transform the finance function of a large organisation.

The next event in the 2008 series is entitled Effective Government Relationships and will be held on 17 October 2008 in the Edge, Belfast. At this event, Mary O'Dwyer, Director of Finance in Ilex Urban Regeneration Company Limited, will provide a case study on how to develop successful partnerships and form effective government relationships by focusing on its experiences of governance, accountability and establishing clear roles and strong relationships with central government, local government and the private sector.

Ilex was set up in 2003 by the Office of the First Minister and Deputy First Minister and the Department for Social Development to plan, develop and sustain the economic, physical and social regeneration of the Derry City Council area.

If you are interested in attending, please contact Nicola Greer on 028 9026 6770 or via e-mail at [nicola.greer@cipfa.org](mailto:nicola.greer@cipfa.org)

# EARLY CLOSING DAY

*In this article from his series on Project Management, Clive Billenness considers when and how to decide to put a project out of its misery.*

10 years ago, the Gartner Group, a consultancy with a global reputation, published a report entitled 'Want Better Productivity? Kill Projects Early and Often'. In it, they considered the issue which besets many organisations – how to escape from projects which have either turned into time and money-pits or are showing no sign of delivering the business benefits which formed part of their original justification.

The title of this report has always resonated with me because, 20 years ago, I was called in to restore order to a small computer project which, when I reviewed it, had swallowed up more than £250,000 – 50 times its original budget of only £5,000 – without delivering anything at all. This project was despatched quickly and without further cost and a new one initiated with better defined scope and objectives, as well as a strict budgetary regime. It succeeded.

Hopefully, no one reading this article will ever find themselves involved with something as awful as that, but there may be times when, as a member of a Project Board, you will be compelled to ask the question "Is it worth going any further?"

First of all, let us consider the ways that a project might reach this point:

- The first is that the business environment may have changed to the extent that the outputs of the project are no longer likely to be able to produce the expected benefits which justified it in the first place.
- Secondly, a change in legislation, policy objectives or organisational structure might have affected the external environment in which a project's deliverables must operate.



*Clive Billenness*

- Finally, a core deliverable may have proven impossible to create within the time, financial, or human resource constraints set for it – in other words a Project Exception – and there appears no foreseeable means of recovering the situation.

In any of these circumstances, there is often a temptation to soldier on, throwing more time and money at the problem, or redesigning the project's outputs to the point that the original objectives are unrecognisable.

In the public sector, there can be particular pressure to do this because of dread of the media spotlight which will be shone on a perceived 'failure' and the potentially career-limiting consequences of being associated with such a failure. How much better to keep a project limping on until one can extract oneself from involvement or association with it.

Robust project management intervention by the Project Board, however, should enable them to spot, at the earliest opportunity, when something is going badly wrong or a major change in the business environment has occurred, and then make an informed and justifiable decision on whether or not to proceed further.

Under the OGC's Prince2™ methodology, a Project Board normally only becomes directly involved with the management of a project at the boundaries between stages of a project or when an exception occurs (i.e. when a project is forecast to exceed time or resources tolerances). Between these times, they will be kept informed of progress by regular Highlight Reports from the Project Manager.

In a project of particular sensitivity, they may wish to hold mid-stage reviews and the Project Manager may wish to obtain their advice or direction on an issue which he/she feels lies beyond his/her authority to resolve in person.

At any time, however, the Project Board will become actively involved if an exception occurs. It is the Project Manager's duty to report the exception to the Project Board via an Exception Report and then, responding to their direction, produce an Exception Plan to re-order the project to the end of that stage of the project. Many Project Managers will offer proposals for an Exception Plan within their Exception Report in order to accelerate the process, but it remains the Project Board's responsibility to decide whether to accept the proposals, determine another course of action or close the project down immediately.

Because this is an extreme decision, it is important to consider what factors (or combination of factors) might lead to it being taken. The first is that the risk of the project failing to meet its core business objectives is now so great that it lies beyond the point at which the organisation can tolerate it. The second is that any prospects of achieving the financial or organisational benefits which were originally contained in the Business Case to justify the investment are now so diminished as to lie outside the realm of reasonable probability. Finally, the environment or business opportunity for which the project was intended has now changed so

fundamentally that the project can no longer find a 'fit'.

In the interests of balance, I must emphasise that early closure of a project is not a solution of the first resort. It may be that a Project Board will first prefer to invest a limited amount of additional resource to determine whether a problem or an issue is truly insoluble. They may wish to suspend all project activity for a finite period to see whether an external issue which is threatening their project can be resolved. They may also wish to seek to influence corporate strategy if they believe that the business benefits for the project's outcomes are substantial.

In all cases, however, some effort should be immediately directed towards identifying the actions required to achieve, and the consequences of, an early closure. This is likely to affect the Project Communications Strategy and, potentially, both the corporate 'business as usual' risk register as well as the registers of other projects with a dependency on the one under scrutiny. It may well also affect the business planning cycle of the whole organisation. A decision for early closure might require escalation to a higher level within the organisation.

If a decision to close the project is ultimately taken, there is a great temptation for all those involved to flee the scene, file the papers and put the 'disaster' behind them. It is important that the organisation strives to learn from the factors which led to the closure to ensure that they are taken into account in the risk management of other and future projects. It is equally important to ensure that all positive outcomes from the project are recorded – and perhaps celebrated – to ensure that the organisation derives at least some benefit from the project. There may well be valuable lessons to learn which could help prevent other projects suffering a similar fate.

In summary, therefore, remember that early closure of a project is not so much a mark of failure as a demonstration of robust project management. It ensures that the risk of ultimate failure is mitigated by an appropriate and well-informed intervention to maximise the gain from existing investment. It also minimises the losses from continuing to invest time and resources beyond the point at which a positive return can be reasonably expected.

# CIPFA MEMBER PROFILE

*Colin Langford is Chief Internal Auditor of the Northern and Western Areas in the Health and Social Care service with responsibility for developing and implementing the strategic and periodic internal audit plans for both areas. In this feature, Colin highlights the growing importance and professionalism of the internal audit function and outlines some of the changes in the Health Service locally.*

## **What got you into public finance in the first place?**

Whilst at school I would have laughed if you'd told me that I would have ended up following the career that I have. I thought that accountancy equalled number crunching but many years later discovered that there was more to it!

My initial desire was to be a Social Worker, but quickly after commencing my degree I took a reality check and discovered that it wasn't what I was looking for. Changing my degree course to Political Science gave me an interesting three years of study, but didn't exactly point to a specific career. After gaining some experience in the civil service, I applied for the Graduate Trainee Scheme run by the then Exchequer and Audit Department, now the Northern Ireland Audit Office. I realised this was a chance to obtain a professional accountancy qualification and the opportunity to work in a specialised field was too good to miss.

That was my introduction to CIPFA and straightaway I was impressed with the qualification and its potential in terms of career prospects. I quickly realised that accountancy is more to do with the application of principles based logic than adding two and two!

I'm of the vintage that studied for my CIPFA exams in Liverpool and I still have great memories of the place. The small cohort of students from Northern Ireland bonded really well and although it's been 20 years since we studied we still have a laugh as we recall many hilarious antics that we got up to!



*Colin Langford*

My accountancy career has spanned various posts in the health service, central and local government where each position has helped develop my technical and management skills.

Mid way through my career, I discovered a passion for designing and delivering training courses. Initially this was in-house but then I was fortunate to be offered a job with CIPFA. Although based in Belfast, my job gave me the opportunity to work in London and the Isle of Man for short periods as well as overseas work in Slovakia and Romania for NICARE, the international development arm of the health service. One of the highlights of this period was the delivery of a highly technical training course on the intricacies of health service costing models to 32 Slovak Health Service Accountants in Bratislava!

## **Outline your current responsibilities**

I manage two teams who deliver the internal audit plans. At the end of each year, I am required to formally report all my findings. I report our findings to a range of Audit Committees and Governance Committees and my assurances directly feed in to the organisations' Statement on Internal Control, which is required as part of the annual accountability reporting process.

I also have a Value for Money remit and will undertake specific studies across the organisations which are aimed at enhancing economy, efficiency and effectiveness. This is an important role as the pressures of meeting the targets in the Comprehensive Spending Review are forcing operational managers as well as managers at the strategic level to critically appraise the means by which their services are delivered. An independent review on behalf of these managers can be beneficial in identifying savings.

Recently I have been involved in a number of consultancy type projects, which have been very rewarding. As long as my independence is not compromised, it may be possible for me to get involved in consultancy work. This makes for a great variety of work and the chance to really add value in large, diverse organisations, so the job satisfaction can be very high on occasions.

#### ***How has the role of Internal Audit changed?***

As well as value for money and consultancy roles outlined above, generally our work has moved far beyond the traditional assurances in relation to the adequacy and effectiveness of financial controls, to include assurances on the organisations' risk management, control and governance regimes. This is in accordance with the general direction of the internal audit profession and reflects the growing interest in all things governance. It could be said that Internal Audit, along with the Management Board, senior management and External Audit, form the four "pillars" of governance in all organisations.

#### ***How have you equipped yourself for this changing role?***

A couple of years ago I obtained the Advanced Professional Certificate in Investigative Practice which means that I am a trained Investigator – this is important as the post of Chief Internal Auditor is specifically named in the organisations' Whistleblowing policies as a key point of contact that whistleblowers may wish to use to raise their concerns, so I am frequently involved in ad hoc investigations.

To complement my qualifications I studied the

Institute of Internal Auditors (IIA) professional qualification and am now a member of the IIA as well as CIPFA. I understand that CIPFA now offers a Diploma and Advanced Diploma in Public Audit which maps to the IIA qualification.

#### ***Has the Health service improved over the last 20 years?***

It is a complex market but overall, I think it has. Medical advances and technology have hugely improved as have the various systems and procedures. However, this has to be offset by higher public expectations and greater demands, especially given the changing demographics and also greater public accountability.

#### ***What is the most satisfying part of the job?***

Ultimately, all my reports go to the Chief Executives and non executive directors, but the sheer variety of my job means that I can be involved with management (executives and non-executives); staff from any and every discipline that makes up the vast and complex apparatus of the health and social care system as well as other organisations who interface with us, so I get a great view of the main issues across each organisation that I service and an opportunity to contribute to their success.

#### ***What is frustrating about the job?***

Whilst the variety and importance of the job is satisfying, the lack of resources can be a real frustration, as can the competing demands. With such a wide variety of aspects to my job, from the strategic to the operational, there's never any shortage in gathering evidence for my CPD portfolio!

#### ***What do you do in your spare time?***

I'm trying to fight middle age by working out at the gym. I'll admit it is not cool for my image but my chief passion is 'alternative' country music. I achieved a long held ambition a couple of years ago when I got to sing in Music City Row in Nashville, Tennessee!

Singing karaoke in a dingy little honky tonk is not the best place to be discovered .... I'll just have to stick with the day job!



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