

Guide to Central Government Finance and Financial Management (Fully Revised Second Edition 2006)

CIPFA FOREWORD

There is no doubt that central government finance has been through a period of unprecedented change over the last decade or so. We have seen significant investment in public services – from 37% to 42% of GDP – with a focus on the Government's priority areas of health and education.

From a financial management point of view, the emphasis has been on managing resources – with the move from cash to resource accounting and the imminent introduction of Whole of Government Accounts.

Some of this was in train at the time that the first edition of this guide was published. However, the pace seems to have accelerated and there is now a stronger emphasis on performance and efficiency, and value for money, alongside the traditional concerns of stewardship.

Most encouragingly, long-overdue steps are being taken to put in place a much stronger finance function, with the introduction of professional Finance Directors. The role of the Board in managing finances has been clarified and strengthened, and financial management is now a recognised competence for senior staff.

With a new Comprehensive Spending Review in prospect at the time of publication, the indications are that public finances will become tighter and the emphasis is more likely to be placed on ensuring that best use is made of the additional resources.

This guide is designed to provide a clear and concise explanation of the main features of central government finance and financial management as it is today. It is aimed at anyone wishing to gain an appreciation and understanding of central government finance, and its structure and management.

The guide does not seek to provide definitive guidance but aims to give an overview of central government finance and financial management, enabling the reader to understand its main features and guiding principles. It gives the background to government accounting and the developments that have taken us to where we are today, and also outlines some of the changes still to come.

Where devolution has brought individual regional variations to systems and procedures, this guide seeks to signpost those differences.

Each chapter aims to be self-contained and so there may be some duplication of the main facts. A bibliography of documents containing more detailed guidance is given in the Appendix.

CIPFA would like to thank the following bodies, whose material has informed the publication: HM Treasury, NAO, and KPMG, along with Panel member Paul Connew.

Curtis Juman
Chairman CIPFA Central Government Panel

KPMG Foreword

Increasing demands are now being made on central government continually to develop and improve its operations and the services it provides to business, other public bodies and the general public. These demands cannot be met without an effective finance function and a broad understanding of financial matters amongst senior civil servants and ministers.

KPMG is pleased to support CIPFA's aims of developing awareness of finance and improving financial management. We trust that this publication will make an important contribution to achieving these aims.

Chris Nicholson
Head of Public Sector KPMG LLP