Building better budgets
Helping governments strengthen public financial management systems around the world
Government finance professionals have endured much in recent years. The global financial crisis sent shockwaves through their profession, forcing them center stage as governments sought to first stimulate their economies and then, in many cases, implement sweeping deficit reduction proposals under fierce public, political and media scrutiny. Today, the global economy may have turned a corner, but this spotlight has not faded.

Partly, this is due to the economic reality. As sluggish economic growth continues to grip many countries, lower-than-expected tax revenues have left governments looking elsewhere for financial resources. Demographic changes, too, have played a key role. As populations grow and people live longer lives, policymakers face ever-growing demands for services. This means that the capacities of welfare, health care and infrastructure must grow and change to cope with the public’s evolving and increasing needs, placing further pressure on government balance sheets.

As a result, public financial management (PFM) has emerged as a key and permanent priority of any government. The application of clear and consistent policies, controls and procedures is now recognized as crucial to ensuring wiser spending and the efficient deployment of resources. This is hardly straightforward. Ours is now a world of deeply interconnected global economies, one shaped by different patterns of labor markets, capital flows and consumer markets, all of which are globalizing faster and deeper than ever before.

In these times of profound change, where governments are rethinking how they do business, finance professionals need to be highly flexible. They need to be able to adapt much quicker to new directions from government, but also to new demands from citizens and new issues that may not have been previously foreseen.

Greater public accountability for their actions is also inevitable in the context of more sources of information than ever before. The same networks and technologies that are transforming society at large will need to be used to transform governments, changing the way they work and engage with citizens. Similarly, finance professionals need to bring a global mindset: strengthen the public’s ability to assure public accountability, to measure performance accordingly, and to support public reforms. This approach will enable government finance professionals – and public sector leaders as a whole – to look beyond electoral cycles, national borders and outmoded organizational boundaries.

Seeking to maximize the financial efficiency and effectiveness of their services and operations is an ambition of governments the world over, and we are delighted to present this document outlining EY’s global PFM capability and services.

**Welcome**

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Finance on the frontlines

EY has a globally connected network of experienced, multidisciplinary professionals who are working with governments and public sector organizations around the world to address complex problems and achieve leading practice in PFM, helping to implement sustainable change in mature and emerging countries. Our 500 PFM specialists worldwide support government efforts to apply clear, consistent and transparent policies, controls and procedures. Our services include:

- Financial process improvement
- Public sector accounting reform
- Financial IT transformation
- Improvement of revenue collection
- Cost reduction programs

Building better budgets
One team, one world

Americas
30 countries
53,835 people
47 PFM specialists

EMEIA
93 countries
84,224 people
252 PFM specialists
At EY, we are constantly working to make sure that we get the right balance between strengthening our global organization and empowering local decision making. We are 190,000 people based in 728 offices in 150 countries, organized into 28 Regions and four Areas. Over the past decade we have transformed the structure of our organization to keep in step with the changing needs of our clients and our people. This transformation has seen us evolve from a loose collection of national practices into a global organization, unified in our approach.

Asia-Pacific
21 countries
29,893 people
151 PFM specialists
Building better PFM institutions and processes

Effective budget institutions are key pillars of any country’s PFM system. These institutions contribute to the strategic goals of the government by making public finances transparent, overseeing the regular payment of salaries of civil servants and improving service delivery. However, strengthening budget institutions — in both developed and developing countries — is neither easy nor quick. Achieving more effective, transparent and accountable institutions depends on finding solutions that resonate with countries’ specific needs.

EY supports governments around the world to improve service delivery, become more transparent and accountable to citizens, and reduce corruption. We work with ministries, agencies and departments help manage public institutions and finances, as well as implement public sector reforms that promote public accountability and greater engagement with society. Over the past few decades, EY has helped build better budget institutions and improve the PFM capacity of many countries, resulting in:

- Improved budget management, enhanced resource allocation and accountability, as well as greater efficiency in service delivery
- Sustained improvements in fiscal discipline supported by clear institutional rules and accountability for performance
- A legal and regulatory framework that supports the strategic objectives of the modernized budget
- An integrated and comprehensive budget that maximizes returns to government spending through better targeting of strategic priorities and effective spending
- Program-oriented budget management that underpins performance and service delivery
- Sustained and measurable improvements achieved through capacity-building reforms
Why choose EY

We have extensive experience in designing and delivering large-scale reform and capacity building programs for the public and private sector. Our core business is building the capacity of central ministries and line agencies so that they “own” the transformation of their PFM processes and systems, helping improve their business processes and deploying technical advice, support and training that results in continuous and measurable improvement over time. Our approach is based on:

- Focusing on strategic and functional outcomes that are measurable and deliverable
- Applying PFM processes and systems to achieve continuous improvement in outcomes and measurable impacts
- Prioritizing capacity building as the central engine of continuous improvement and quality enhancement in central and line agencies
- A collaborative partnership between the Ministry of Finance and other stakeholders to achieve the agreed vision of PFM transformation

Our services

Public sector budgeting

Budgeting is perhaps the most popular and elaborate component of PFM, capturing, in this broad sense, most of the financial decision making in public sector entities. We recognize budget planning and formulation and budget execution as the two core tasks of PFM.

1. Budget planning and formulation

Our services include:

- Support for medium-term fiscal and medium-term expenditure frameworks
- Design of performance budget statements for spending agencies, incorporation of strategic, manpower and operational plans within the portfolio/performance budget statements
- Alignment of capital and recurrent budgeting in a unified program-based budget framework
- Program- and performance-based budgeting
- Strengthening of macro-fiscal policy planning
- Capacity development for macro-fiscal forecasting
- Development of capacities and skills for fiscal policy and analysis

2. Budget execution

Our services include:

- Financial planning and procurement
- Financial accounting and reporting
- Project planning and preparation
- Budget integration of operational and development budget functions within the government

Public finance diagnostics and reviews

Our specialists are equipped with the knowledge and analytical skills to carry out complex diagnostic reviews of public sector finances at national, sub-national and individual agency levels. These reviews also include assessments being carried out using frameworks of specific multilateral and bilateral organization. These include:

- Public expenditure reviews
- Public expenditure tracking surveys
- Financial process re-engineering
- Public expenditure and financial accountability assessments
- Fiduciary risk assessments
- Value for money reviews
- PFM reform strategy reviews
- Monitoring and evaluation of PFM reforms

Debt management

We provide services that can help governments improve their debt management practices. Our experts provide debt management solutions that encompass clearly defined strategies for debt management with effective risk mitigation techniques and ensuring a sustainable debt position. Our services include:

- Debt strategy and policy formulation
- Portfolio review and debt sustainability analysis
- Diagnostic review of debt management operations
- Debt recording and reporting
- Portfolio review and debt sustainability analysis
- Debt restructuring and debt relief
Selected credentials

United States: Business operations support to US General Services Administration (GSA)

We are helping GSA to develop and implement government-wide business improvements and solutions to improve the operations, efficiency and effectiveness of financial management, financial assistance, and financial reporting processes. Types of support will include development and review of US Government spending processes, policies, standards, guidance, redesign of business processes, and development of governance procedures.

United Kingdom: Online system for central accounting and reporting to HM Treasury (HMT)

EY is supporting a finance and business transformation project to drive data quality, data governance and process improvement and support policymakers in driving transparency of data and information. We have also delivered a management information strategy for central government, which mapped out the current and future information requirements of HMT and the potential future role and strategic direction of management information.

Greece: Program-based budgeting for Ministry of Finance

We are supporting the Ministry of Finance to reform the Greek Government’s budgeting system. The new system will be performance-based, with emphasis given to the programs and actions implementing its policies, and it underpins wider reform and redistribution of government spending.

South Africa: National Treasury financial management assessment

EY is helping the National Treasury assess the PFM strength of four provinces in line with the Government’s public expenditure and financial accountability framework. The project aims to help ensure transparency, accountability and sound financial controls in the management of public finances.

India: Fiscal Reforms – Finance Department, Government of Maharashtra, India

EY is assisting the Finance Department, Government of Maharashtra, to strengthen the links between policy, planning and budgeting to deliver more effective and efficient use of public resources. We have updated the medium term fiscal framework to ensure compliance to fiscal targets and are also helping the finance department to regularly monitor its fiscal performance and improve expenditure management.
Accounting for better government

In the wake of the global financial crisis, citizens, parliaments, the media and other interest groups are increasingly demanding timely, reliable and detailed information from public bodies. Private investors and rating agencies, for example, increasingly require a broader range of data such as pension liabilities and depreciation. To satisfy this demand for increased transparency and accountability, governments and other public sector organizations need to provide better and more comprehensive information about their financial position and performance.

EY can help public sector entities to convert from their current accounting framework to accrual-based accounting and financial reporting standards, such as the International Public Sector Accounting Standards (IPSAS), the International Financial Reporting Standards (IFRS) or national (accrual-based) Generally Accepted Accounting Principles (GAAP).

We have developed a robust conversion framework that will help governments implement best practice in public sector accounting. We have formed an alliance with CIPFA, the Chartered Institute of Public Finance and Accountancy, to help public sector organizations prepare for IPSAS conversion. Our global strength and experience of working on IPSAS projects in countries in every region of the world is ideally complemented by CIPFA’s experience in professional capacity development and certified financial management training. Recently the cooperation between CIPFA and EY was complemented by IASeminars to offer joint IPSAS training courses.

EY professionals also provide clients with a full range of GAAP conversion services, from assisting in the development of comprehensive diagnostic reviews and conversion implementation plans (road maps) to delivering comprehensive conversion projects.
Why choose EY

EY’s highly integrated global IPSAS network of more than 200 professionals is augmented by our strong connection to the IPSAS Board. Thomas Müller-Marqués Berger, our Global Head of International Public Sector Accounting, has been a member since 2009, making EY the only Big Four organization to be currently represented.

Our multidisciplinary teams have served a wide range of public sector entities in their GAAP conversions, including Ministries of Finance, Accountant Generals and Auditor Generals around the world. We have also produced a number of publications and guidelines on applying IPSAS, including IPSAS Explained: A summary of IPSASs (Second Edition) and a global study on the state of public sector accounting, Toward transparency.

Our services

EY has structured its services around the major stages of the conversion process:

1. In the sensitivity phase, EY offers support in:
   - Facilitating high-level conferences and roundtables for politicians and senior executives
   - Awareness-raising initiatives, such as seminars and publications
   - In-house training for staff and other stakeholders

2. In the gap-analysis and feasibility phase, EY offers support in:
   - The identification of the differences from existing accounting rules
   - Suitability assessment of the IT environment
   - The assessment of capacities and capabilities (knowledge)
   - The development of measures to close identified gaps
   - Roadmap development

3. In the legal foundation phase, EY offers support in:
   - Help ensuring the conversion meets legal requirements
   - Supporting the development of accounting standards
   - Developing accounting manuals
   - Designing the chart of accounts

4. In the capacity-building phase, EY’s services are complemented by its cooperation partners, CIPFA and IASeminars. We offer support in:
   - The development of the overall training strategy and concepts
   - High-level senior executive briefings
   - Content design for user training and train-the-trainer sessions
   - Training for public auditors
   - Additional training formats, such as e-learning

5. In the IT and processes phase, EY offers support in:
   - IT assessment:
     - Selecting a new ERP system
     - Providing support in the new system design and implementation
     - Supporting the management of the interfaces to subsystems
   - The improvement of the process landscape:
     - The assessment and redesign of accounting processes
     - Redesigning operational processes
6. In the first-time adoption phase, EY offers support in:
   • Identifying and valuing the assets and liabilities (EY can either carry this out or provide coaching services for the client)
   • Advice with respect to accounting options at first-time adoption
   • The development of trial balance
   • Project management and support in quality checks

7. In the audit readiness phase, EY can offer clients:
   • An assessment on the audit readiness of an entity (accompaniment to the conversion)

8. In the consolidation phase, EY offers support in:
   • Training in consolidation principles and techniques and related knowledge transfer
   • The implementation of consolidation processes and the new IT system
   • The design of reporting packages
   • Development of consolidation guidelines/manuals
   • The consolidation process
   • Project management for your consolidation process

Our selected credentials

Lithuania: Creation of public sector accounting and financial reporting standards

The project involved creating a full set of Lithuanian public sector accounting methodology compliant with IPSAS and ESA 95, including accounting policies and accounting manuals for six different types of public sector entities. The project also included training for public sector accountants on how to apply public sector accounting standards, with more than 2,000 hours of lecture courses held.

South Africa: Technical assistance to National Treasury

EY has been engaged by the National Treasury to perform a number of technical activities. These include the formulation of an IPSAS-like template for entities to use to prepare their annual financial statements and preparation of technical documents to enable departments to transition from cash to accrual accounting.

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Eurostat: Statistical services for an overview and comparison of public accounting and auditing practices in the 27 EU Member States

The aim of the project was to perform a survey and to write a final report gathering relevant information on public accounting and auditing practices in the 27 EU Members States, for all levels of government, and including a comparative analysis of EU-wide practices. The study also provided a careful analysis of current and future reforms and particularly the existence and progress made in accounting and auditing systems.

India: Accounting Reforms – Ministry of Railways

EY is helping the Ministry of Railways to restructure Indian Railways’ accounting system to enhance the quality of its financial statements and meet commercial accounting requirements, as well as the accounting standards laid down by the Government Accounting Standards Advisory Board. EY’s services will strengthen Indian Railways’ capability to evaluate the costs and profitability of individual traffic moves between different pairs of points and, in addition to develop financial statements for various lines, facilitate breakdowns by main “lines of business” and by main services within these lines of business, and to provide activity based revenue and cost data. This will help identify and mitigate systemic, maintenance and operating inefficiencies, facilitate generation of detailed revenue and cost, profitability of different routes/sections and margins.
Financial IT transformation

Policymakers need to ensure that financial information is delivered in a transparent and timely manner. Strengthened IT systems are often critical. In addition to delivering better value for money, IT transformation can lead to better quality and efficiency, as well as guaranteeing data security and enhanced transparency. However, any IT transformation project requires dedicated resources, a good understanding of leading practices, the ability to transform business requirements to specific functional requirements, and change and project management capabilities.

EY has implemented number of financial IT projects for governments around the world, utilizing our deep PFM and IT knowledge, including quality assurance and change management, into one integrated solution:

- **Integrated Financial Management Information System (IFMIS)** — IFMIS integrates key operational and transactional information, including financial and management accounting, as well as other information used for many business activities such as planning, inventory management, payments and HR management. The centralized system enables users to track processes and resources in real time, facilitates error-free transactions, and strengthens information flow between functions, managers and stakeholders.

- **Planning, budgeting and monitoring** — functionality for planning, budgeting and monitoring integrates strategic plans and budgets across different government levels, providing the ability to collect operational data on budget execution and make timely decisions, introducing results-based management.

- **Centralized payments and budget control** — tools for centralized payments and budget control enable users to manage public financial resources in the most efficient way, as well as improving transparency and expenses control.

- **Financial consolidation** — consolidation systems are designed to collect large amounts of data from many public sector institutions and execute consolidation procedures, providing high-quality consolidated financial reports. These can then drive policymakers’ decisions regarding better use of assets and the necessary resources for long-term and short-term liabilities.
**Key drivers for change**

- Increasing transparency and financial reporting requirements (e.g., ESA, XBRL, IPSAS)
- Increasing cost efficiency expectations due to ongoing cost reductions
- Increasing requirements to timeliness, adequacy and quality of data

**Public sector finance management**

**Integrated IT solutions**

- Centralized ERP
- Planning and monitoring
- Centralized payments and budget control
- Financial consolidation
- Data analytics
- E-invoicing, e-services for taxpayers

**Results**

- Transparency
- Data quality and timeliness
- Efficiency
- Better management monitoring and control
- Business process improvement
- Facilitation of accounting reforms
- Enhanced decision making mechanism

**Why choose EY**

The creation and implementation of any IT system is a unique process due to their specific functions and the way they are tailored to each organization’s individual requirements. EY has developed a methodology to support the implementation process:

**Our services**

- **Detailed analysis, preparation of functional model and roadmap** – EY provides current situation analysis, identification of clear areas for improvements, examination of the organization’s specific needs and identification of the relevant legal requirements are critical steps for project success. All proposed activities and targets are brought together in a roadmap to facilitate the successful delivery of the project.

- **Preparation of requirements** – EY offers support in the preparation of functional and technical requirements to ensure full compliance with the organization’s identified needs, legal requirements project proposals.

- **Assistance in vendor selection** – EY can assist in assessing of proposals from vendors, analyzing whether they meet the functional requirements and recommending which solution would best suit the organization’s needs.

- **Assistance in implementation** – EY offers support in analysis and design of the new financial system, the migration of data and the preparation of testing scenarios and data. We also participate in testing sessions, providing recommendations on how to eliminate mistakes and other necessary activities until the system rollout phase.

- **Assistance in rollout** – EY offers consultations and methodological support during the period, starting from introduction of a new IT solution during all rollout phases to keep the ongoing change in progress.
These services provide the following benefits:

- **Increased transparency** – due to real-time monitoring of transactions, standard automated rules and procedures
- **Strengthened quality of financial data and timeliness** – due to standard automated rules, checks and more effective processes, especially reporting
- **Increased efficiency** – due to automated procedures, fewer required resources, better access to data and the reduced likelihood of mistakes
- **Improved management, monitoring and control** – due to automated controls, strengthened operational information and transparency over spending
- **Business process improvement** – due to greater efficiency and removal of duplication and cross-referencing
- **Enhanced support for decisions** – due to data consolidation and accelerated processes

**Our selected credentials**

**Lithuania: Ministry of Finance technical assistance**

We are helping the Ministry of Finance design and implement a new system for public sector accounting and reports consolidation. The project aims to increase state and national consolidation effectiveness and financial reporting accuracy and objectivity, as well as strengthen the efficiency and processes of preparing consolidated financial reports. It will also help the economic decision-making process based on asset management and strengthen government efficiency.

**Abu Dhabi: Department of Finance reporting assistance**

EY was engaged to design and implement a consolidated financial statement for statutory, regulatory and management reporting. This new application supports consolidation and process management, together with the development of financial statements and cost center reports. Among the benefits will be improved data collection across all departments and government entities, as well as improved revenue information.

**India: National Informatics Center gap analysis**

We are helping deliver a modernized IFMIS for Indian states. As part of this project, EY teams are analyzing existing applications and identifying areas for improvement by studying leading practices for Treasury automation. These will be used to identify a benchmark model for e-Treasury application that can be replicated across each state to meet the major requirements.
Taxing questions – and answers

The way taxes are raised matters, but it’s not straightforward. Globalization, for example, has made internationally mobile capital more difficult to tax. This requires, among other things, the introduction of changes to domestic and international laws and regulations and the creation of regional and international policies. This is not an easy task as the current centralization of capital in a few selected countries increases the bargaining power of large firms and investors over governments. At the same time, governments are under pressure from their citizens and tax activists to ensure their tax systems are transparent and fair, and to better articulate to voters the direct link between tax collection and government spending.

To address these challenges, policies must be designed to support early-stage and more established entrepreneurial ventures and it is also important to create certainty and predictability. It is difficult for businesses to invest if there is doubt about whether the rules will change. This will then improve the investment climate by creating a level field for all market players and increase domestic revenue flow. Both of these factors provide a stable and predictable fiscal environment to promote economic growth and prosperous societies.

A successful tax system requires a holistic approach as it needs to combine:

1. Sound tax policies that take into account the reality of today and potentially tomorrow’s business world
2. Modern tax administration, including its IT platform that is linked to other branches of the government
3. A skilled labor force that will be able to administer the system

All three of these components need to be in place to deliver a fair and balanced tax system.

Investment in revenue and customs sectors serves as a catalyst to the development of sustainable tax and overall public finance management systems, and there is good evidence from both developed and developing countries to show that such spending is money well spent.
Why choose EY?

We are the world’s most globally coordinated tax practice, with a network of 29,000 professionals in more than 140 countries dedicated to setting the standard for exceptional client service. We have delivered more than 100 public finance projects in more than 30 countries and strongly believe that, to support this holistic approach, governments need to engage well-networked teams to advise them on all three key elements that form the tax environment.

Our services

Tax policy

We have worked with businesses and governments to develop a number of tax policies that resolve impediments to business needs using teams that work with governments to explain issues, clarify objectives, and achieve a successful outcome for everyone.

Our people have developed and implemented policy initiatives, both as external advisers to policymakers and companies and as advisers inside government. Our dedicated teams of tax policy professionals and business modelers help address specific country and business environment and improve the chance of a successful outcome.

Tax administration

Improving tax administration allows countries to increase tax revenues without increasing tax rates and often at the expense of less compliant taxpayers. This is especially important in the current environment, when revenue authorities are often asked to deliver more while using fewer resources and hence need to come up with ways to optimize their own way of working with taxpayers.

Employing a number of former senior revenue officials who have firsthand experience in designing world-class revenue administrations, together with our multidisciplinary approach to these projects, allows us to design end-to-end solutions for our government clients that may include:

- Benchmarking of current state of tax administration against best practices of selected countries to identify areas for improvement
- Development of standardized and optimized organizational structure
- Development of KPIs aligned with the strategy of the revenue authority
- Automation of processes and optimization of processes
- Introduction of new functions, and systems that cover monitoring, internal risk and quality management

“Every dollar invested in designing good tax policy pays back 20 fold – OECD”
• Development of taxpayer-facing systems aimed at improvement of quality of services rendered, reduction of corruption and increase in compliance
• Audit process centralization
• Development of audit strategy, including sector-specific sub-strategies
• Introduction of audit tools, manuals and forms for audit of various sectors
• Development of risk-based audit approach
• Integration of taxpayers risk management system into control procedures
• Improvement of taxpayer registry system
• Creation of a single register of debtors to optimize collection effort

Capacity building
Despite a popular belief that capacity building is required in developing countries only, we see a need for this type of services across the globe. We have developed a number of programs where we would team up with other reputable players – academics, development institutions and businesses – to deliver holistic programs offering a platform for sustained engagement and creating unique space for real-world discussions to improve the pro-investment quality of tax policy, administration and the capacity of tax administrations.

Our selected credentials

European Commission: Tax policy reform
We have been engaged to advise on a variety of tax policy issues, including personal income tax, corporate income tax, VAT and excise duties. Our work involves policy analysis for all taxes and customs; solution modeling for tax reforms and new taxes; impact assessment and economic modeling, including measuring compliance costs; and regular meetings and brainstorming sessions with the Commission and interested stakeholders from business and academia.

Kazakhstan: Full scope tax administration reform
We are working with the Tax Committee of the Republic of Kazakhstan on diagnostics, development of recommendations and implementation of appropriate reforms in organizational structure, HR management, internal risk management framework and redesigned processes. We are also supporting tax administration systems in the areas of audit, risk management, cameral control, appeals, cooperation with authorized bodies and transfer pricing. Our work also includes monitoring of large taxpayers, administration of subsoil users, administration of local taxes, cooperation with other authorized bodies, VAT and customs union administration, e-invoices, e-commerce, penal and corrective measures, compulsory fees and charges, registration of taxpayers, cash machines, and tax accounting.

Academy of Public Finance
Alongside organizations including the International Finance Corporation, EY has launched a program aimed at revenue administrations of the developing economies in the Eurasian region and Africa and designed to improve the pro-investment quality of tax policy, legislation, administration and the capacity of tax administrations. It is expected to lead to greater mutual understanding between business and government over tax issues, as well as strengthen the capacity of tax administrations, leaving them better equipped to apply international and domestic tax rules and to promote a more fact-based political dialogue on the role of taxation in society.

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Cost reduction: a structured approach

Governments around the world face rising costs in delivering public services while budgets are shrinking, and voters show no appetite for tax increases but still demand better services and value for their money.

Radical and innovative thinking is urgently required around how governments deliver public services, especially if improved outcomes are to be achieved for strengthened services for citizens and less cost to the taxpayer. Agencies need to confront making even more profound changes to their organizations, services and programs, assessing if they are still needed and, if so, how they should be funded, managed and delivered. The scale of cost reduction means that departments need to look beyond short-term cost-cutting measures and make major strategic and organizational changes. To minimize the impact on services, departments and public bodies will need to identify and plan for sustained cost reductions and deliver them as part of a well-managed change program.

EY is well positioned to help policymakers and service delivery chiefs with a sustainable cost reduction strategy that provides:

- A framework of potential levers and opportunity areas to achieve sustainable net cost reduction
- A global approach – both top-down (from strategy to implementation) and bottom-up (from services to policies)
- A clear and result-oriented approach
- Supporting methods and tools

Why EY

EY has developed an all range of services, from public policy evaluation to organization strategic review, from process re-engineering to change management and from cost benefit analysis to process simplification that can address the inevitable complexity of a public organization and its policies. We have supported major state reform and cost reduction programs around the world.
Our solution

EY’s framework is an encompassing tool to help identify potential cost reduction areas. It contains both strategic and operational components. It combines specific opportunity areas with broader program management disciplines. Cost reduction programs are driven by structural improvements and efficiency initiatives that enable sustainable change in the long term. At the same time, governments can realize cost reduction by simplifying operational processes and sourcing and better managing resources and assets to improve service delivery. From our experience, the 60% of benefits from a typical cost reduction come from three levers: operating model and structure optimization, people and workforce, and process and productivity improvement (vertical and horizontal processes).

Our approach provides a structured path to realize the identified cost reduction areas. An effective and sustainable cost reduction program can help public management better understand their cost structures in order to identify, quantify and prioritize savings opportunities. We propose an approach that is holistic, data-driven and fair as it is oriented toward identifying the most important potential efficiency gains and implementing them in a sustainable way also in tracking the benefits achieved:

Our selected credentials

Australia: NSW Government: Expenditure review

EY supported agencies with operating within their forward estimate limits by identifying opportunities to reduce costs, increase revenue and improve services. This included a cost and revenue analysis of several entities, identifying 14 priority initiatives that the department could implement, using comparative benchmarking with other Australian jurisdictions to highlight specific improvement opportunities and identifying opportunities for greater sharing and consolidation of functions and staff between entities.

France: Treasury Department (General Public Policies Review)

The overall objective was to implement the major modernization program under France’s General Public Policies Review. Our services included identifying potential cost savings within organizations, designing and implementing a new budgetary control process, auditing procurement processes, and performing quantitative and qualitative mapping of the workforce.
Canada: Provincial Government shared services

EY reviewed the 10 districts’ health authorities and extended the scope of analysis to capture additional 50 organizations in the province. Our services included designing an operating model for the shared services organizations, delivering a detailed design, identifying data collection requirements, and providing project management and change management support, as well as business analytics, governance, and performance management advice and assistance.

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Insights

We produce a range of thought leadership reports and publications related to PFM, good governance and public sector reform around the world.

**IPSAS Explained: A summary of IPSASs (Second Edition)**

This book provides decision-makers in the public sector with an overview on the IPSASs and the International Public Sector Accounting Standards Board. Opening with an examination of the objectives of the standards, it goes on to give an overview of the principles relevant to key topics such as the accrual basis of accounting as against cash basis, fair value, present value, cost and measurement bases.

**Citizen Today**

A quarterly magazine, *Citizen Today* reflects our focus on our clients’ clients – the public. Our aim is to bring a global perspective on the challenges facing governments around the world and share stories from different contexts and cultures, to learn from one another and to pick up on new ideas and approaches.

**Overcoming compliance fatigue – EY’s 13th Global Fraud Survey**

EY interviewed chief financial officers and heads of legal, compliance and internal audit to get their views on fraud, bribery and corruption risk and how their organizations are mitigating them. Though many companies have intensified their efforts to combat bribery and corruption, we found that much remains to be done.

**Dynamics**

*Dynamics* is EY's flagship magazine for the global international development community. With public funds under severe pressure, and as the development community focuses on making its aid as effective as possible, we analyze the challenges facing this diverse sector.

**Reporting magazine**

*Reporting* is an EY publication that addresses the broad topics around reporting and governance. Its articles on today’s top business, regulatory and investor matters represent the views of reporters, regulators, investors and advisors. The magazine puts financial reporting in a business context. Reporting is not about technical detail and standard changes. Instead, it complements the many publications our technical specialists produce by examining how companies report and how stakeholders respond.

**Big risks require big data thinking – EY’s Global Forensic Data Analytics Survey 2014**

For those charged with deterring, detecting and investigating misconduct, “big data” can be a particularly powerful tool to be utilized in their overall compliance and anti-fraud efforts. So how are companies leveraging forensic data analytics (FDA) to mine big data? To understand how companies in 11 major markets are deploying FDA tools, we surveyed 450 executives across these countries. Our findings suggest that while companies may be doing some forms of FDA, many are missing important opportunities to leverage more sophisticated tools.
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