

School of Policy Studies

MPA 827 Financial Management in Canada's Public Sector

2020 Summer Session

April 24-25, May 11-15 and June 1-5, 2020

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Note on Courseware: This course will be managed through on-Q. You will be registered on on-Q. For more information, go to www.onq.queensu.ca . I also place most of the course material, except for readings, on my own website <http://www.andrewbgraham.ca>

Note on Format: All live classes will be via Zoom remote. They will be scheduled and you will be notified of the access codes. Normal class time will be three hours, but this will vary to permit time to do quizzes mid-week. In general, presentation time will be 60-90 minutes with time for questions, answers and discussion. We plan to record the presentation and make it available through our YouTube channel.

Note on Readings: It is expected that you will have the readings completed in advance of the class. All quizzes are based on the text, the Risk chapter provided in onQ and the PowerPoint presentations. The text is available through Amazon.ca in both hard copy and Kindle version.

Learning Outcomes

Full engagement in this course will enable the student to:

1. Overcome any fear and comfortably use government financial information through understanding and effectively using financial concepts, statements and practices.
2. Apply financial analysis, information and management in the creation and delivery of public policy and the exercise of decision-making and leadership in the managing of public funds.
3. Integrate financial information to develop solutions and appropriate public policy and management responses.
4. Evaluate the nature and sources of financial risk in policy design and program delivery and create mitigating strategies.
5. Prioritize financial and operation information in order to determine risk, identify options for action and create a course of action for public policy and management problems.
6. Organize and present financial and program information for decision-making.

Are there any Prerequisites? “Do I need to be good with numbers?”

This course assumes little or no previous formal training in financial management or accounting. In addition, no work experience is needed. It is an introductory and survey course, closely integrated into public administrations. Students will need to have or rapidly acquire some familiarity with Excel spreadsheets, but only at a rudimentary level. Templates are provided.

Text: *Canadian Public Sector Financial Management*, Third Edition (2019) by Andrew Graham (Available in Kindle format and print through Amazon.ca)

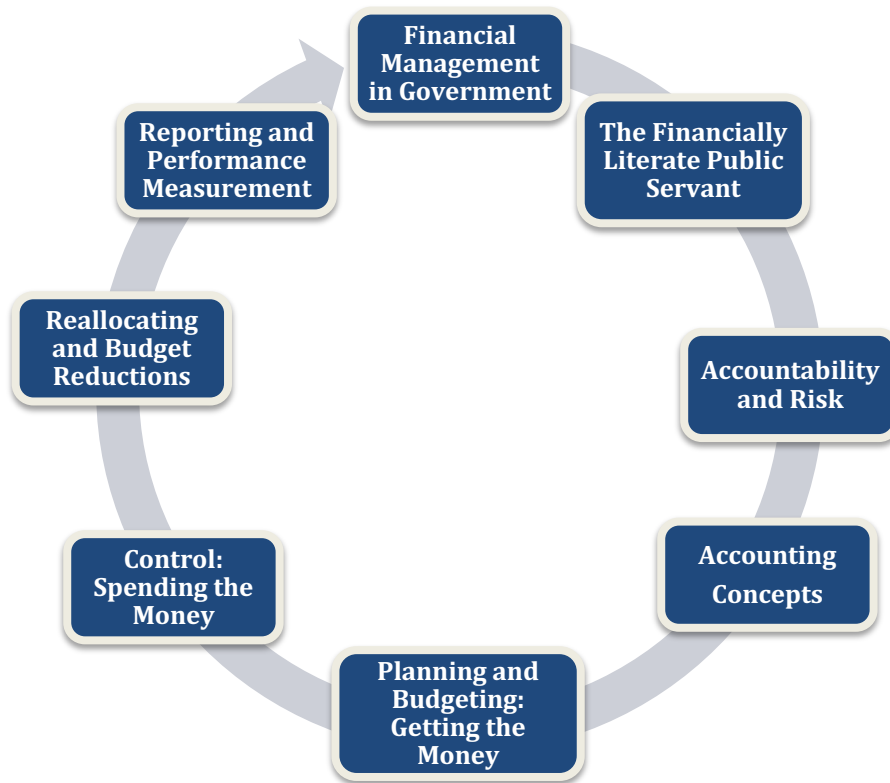
Statement on Academic Integrity

Academic integrity is constituted by the five core fundamental values of honesty, trust, fairness, respect and responsibility (see <http://www.academicintegrity.org>). These values are central to the building, nurturing and sustaining of an academic community in which all members of the community will thrive. Adherence to the values expressed through academic integrity forms a foundation for the “freedom of inquiry and exchange of ideas” essential to the intellectual life of the University (see the Senate Report on Principles and Priorities <http://www.queensu.ca/secretariat/policies/senateandtrustees/principlespriorities.html>).

Students are responsible for familiarizing themselves with the Academic Integrity Policy of the School of Graduate Studies, available at <http://www.queensu.ca/sgs/forstudents/policiesprocedures/SGSAcademicIntegrityPolicyasofFeb2012.pdf>.

Departures from academic integrity include plagiarism, use of unauthorized materials, facilitation, forgery and falsification, and are antithetical to the development of an academic community at Queen's. Given the seriousness of these matters, actions which contravene the regulation on academic integrity carry sanctions that can range from a warning or the loss of grades on an assignment or the failure of a course to the rescinding of a degree.

The Logic Track of the Financial Management Framework



Assessment: Quizzes and Assignments

1. All quizzes and assignments are based on the text and readings.
2. Assignments should be submitted electronically. Please submit your assignments in a single file.

	Due Date	Mark
Quiz 1: Accessible on onQ	27 April 2020	10
Assignment 1: Case Study	4 May 2020	20
Quiz 2: Accessible on onQ: Time will be set aside Wednesday for Quiz.	13 May 2020	10
Quiz 3: Accessible on onQ	17 May 2020	10
Assignment 2	25 May 2020	20
Quiz 4: Accessible on onQ: Time will be set aside Wednesday for Quiz.	3 June 2020	10
Assignment 3: Case Study	15 June 2020	20

Late Assignments: It is important that students communicate with me if circumstances beyond their control create deadline problems.

Section 1: The Framework

Module 1: Introduction: Becoming a Financially Literate Manager in Government

Friday: April 24, 2020

Reading: Introduction, and Chapter 1, Financial Management in the Public Sector, Third Edition

- Introduction: Overview, Course Structure, Assignments
- Financial Management in the Public Policy and Delivery Context
- Financial Literacy: Personal and Organizational
- The architecture of financial management

Module 2: Accountability and Risk

Saturday: April 25, 2020

Reading: 1. Chapter 2, Framework Concepts: Accountability & Risk
2. Additional Required Reading: *Integrated Risk Management Implementation Guide*, Section 5 – Using Risk Management Tools - available on my website but also on on-Q.

- Architecture of accountability in the financial management context
- Conceptual framework for risk
- Risk management – concept and process
- The concept of financial risk
- Risk tolerances
- Risk in operations and financial control

Module 3: Accounting Framework

Monday: May 11, 2020

Reading: Chapter 3: The Accounting Framework

- What accounting does: the purposes of accounting
- Defining accounting – and some history
- Financial accounting and management accounting
- Users of accounting information: internal and external
- Accounting standards: GAAP/IFMS – basic principles
- Understanding the cash and accrual basis for accounting
- Key definitions in accounting statements

Module 4: Financial Reporting, Performance Measurement and Audit

Wednesday: May 12, 2020

Reading: Chapters 10 The Reporting Framework and 11 External Reporting: Financial Statements

- The fundamental accounting equation
- Recording financial information:
 - Journal and ledger functions: follow the money
 - Debits and credits, T-accounts
- Core financial statements:
 - Balance Sheet/ Statement of financial position
 - Income Statement/ Statement of operations
 - Cash Flows
 - Changes in Net Debt
 - Management Discussion and Analysis
- Ratios and Financial Analysis

Section 2: Budgets Modules

Module 5: Budgets Module Introduction

Wednesday: May 13, 2020

Reading: Chapter 4: Budget Definitions and Structure

- Understanding what a budget is in financial management terms, in policy terms and in operational terms
- Budget architecture:
 - Budgets by general purpose: Operating and capital budgets
 - Types of operating budgets: line, function, program, performance
 - Flexible versus fixed budgets
 - Off budget expenditures and funds
 - Zero-based budgeting
- The budget process
 - Planning
 - Budget cycles and the approval process
 - Building the budget
- Budgets as a control tool

Module 6: Capital Budgets: The Infrastructure to Deliver

Reading: Chapter 6, Capital Budgets: The Infrastructure to Deliver

Thursday: May 14, 2020

- Building budget success
- Role of business cases
 - Turn the tables: what should senior managers look for in a good plan
- Capital Budgeting
- Cost Behaviour
- Financial Impact Analysis Tools
 - CBA
 - Time Value of Money and Net Present Value

Draft: Released 6 April 2020

Check on Q and www.andrewbgraham.ca for Updates

- Sensitivity Analysis

Module 7: Cutting Your Budget: Reductions and Reallocations

Friday: May 15, 2020

Reading: Chapter 7: Taking it Back: Reallocation and Budget Cutting

- Reallocation in the budget process: internal and external
- Strategic reviews around the world
- Cutting tools: how to cut
- Risks, consequences and sustainability
- Practical considerations for budget managers

Exercise: Group exercises in budget reduction strategies, reallocation management.

Section 3 – Meeting Your Objectives: Controlling and Managing the In-Year Budget

Module 8: Control and Control Systems

Monday, 1 June, 2020

Reading: Chapter 8 – Managing the In-Year Budget

- The concept of managerial control
- Risk and risk management
- Management Control Framework – why and for whom?
- Management Control Process
- Core concept of variance
- Materiality and due diligence
- Tools of control

Module 9: In-Year Budget Control and Management

Tuesday - Wednesday, June 2-3, 2020

Reading: Chapter 9: In-Year Budget Management

- Defining Budget Management
- Objectives of Effective Budget Management, Monitoring and Control
- In-Year versus Plan Management
- Discontinuities between Budgets and the Ability to Plan
- Establishing a Budget Management System
- Preparing a Budget Plan
- Arriving at an Adjusted Budget
- Estimating Budget Performance for the Reporting Period
- The Basis of Forecasting

Draft: Released 6 April 2020

Check on Q and www.andrewbgraham.ca for Updates

- Monitoring Financial Performance and Variance Analysis
- Governance
- Reallocation and Readjustment
- In class cash management exercise.

Section 4: Measuring and Reporting Performance

Module 10: Performance Reporting, Oversight and Audit

Thursday: June 4, 2020

Reading: Ch. 12: Performance Reporting and Ch. 13: Oversight & Audit

- Objectives of external and internal financial and performance reporting
- Reporting to account and reporting to manage
- Public sector reports – range and use
- Creating good measures, creating clear measures
- Integrating financial and non-financial performance data
- What is audit, how it supports management and how it has to be independent to do that
- Risk in determining what to inspect, oversee and audit
- Forms of audit oversight – internal and external
- Following the audit trail down the road of third party delivery of services and the growth or arms-length agencies

Module 11: Reprise: Emerging Issues in Public Sector Financial Management

Friday: June 5, 2020

- Sustainability
- Assessing Financial Capacity
- First Nations Accounting and Financial Management Challenges