

**School of Government**

**GOVT 512**  
**MANAGING PUBLIC RESOURCES**  
(15 Points)

**Trimester 2 / 2015**

**COURSE OUTLINE**

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**Names and Contact Details**

**Course Coordinator  
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**School Office Hours:** 8.30am to 5.00pm, Monday to Friday

**Trimester Dates**

Monday 6 July – Wednesday 11 November 2015

**Withdrawal from Course**

Formal notice of withdrawal must be in writing on a Course Add/Drop form (available from either of the Faculty's Student Customer Service Desks or from the course administrator). Not paying your fees, ceasing to attend lectures or verbally advising a member of staff will NOT be accepted as a formal notice of withdrawal.

1. Your fees will be refunded if you withdraw from this course on or before **Friday 17 July 2015**.

2. The standard last date for withdrawal from this course is **Friday 25 September 2015**. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an ‘*Application for Associate Dean’s Permission to Withdraw Late*’ including supporting documentation. The application form is available from either of the Faculty’s Student Customer Service Desks or at [www.victoria.ac.nz/vbs/studenthelp/publications/Application-for-late-withdrawal-2010.doc](http://www.victoria.ac.nz/vbs/studenthelp/publications/Application-for-late-withdrawal-2010.doc).

## **Class Times and Room Numbers**

This course is delivered in a modular format.

<b>Module One:</b>	Wednesday 8 July 2015	9.00am – 5.00pm
<b>Module Two:</b>	Wednesday 26 August 2015	9.00am – 5.00pm
<b>Module Three:</b>	Wednesday 21 October 2015	9.00am – 5.00pm

**Locations:** Classes will be held on the Pipitea Campus of Victoria University in Wellington and you will be advised of your classroom one week prior to each module by email. The timetable is also available to view on the Victoria University website at [www.victoria.ac.nz/students/study/timetables](http://www.victoria.ac.nz/students/study/timetables).

**Attendance is required at all teaching days**

## **Course Delivery**

This course is delivered in a modular format over three days (three ‘modules’) of 6 hours contact time each (18 hours total) between 9.00am and 5.00pm on the days indicated above, supplemented by 6 hours (online or face-to-face small group discussions and oral report backs) between module meetings. **Attendance is required at all teaching days. Participation in additional work sessions is mandatory.**

Prior to each module you are expected to:

- complete the readings;
- give some thought to the discussion questions; and
- be prepared to report on (and evaluate) the content of the readings.

## **Group Work**

The course requires 6 hours of group work between modules. This work is considered part of the class structure, but rather than being accommodated in a longer module day (i.e. 8.30am to 6.00pm), the equivalent of 2 hours per module can be flexibly scheduled by groups of students, with tasks undertaken and reported back.

## **Expected Workload**

The learning objectives set for each course are demanding and to achieve them, candidates must make a significant commitment in time and effort to reading, studying, thinking, and completion of

assessment items outside of contact time. Courses vary in design but all require preparation and learning before the first day of the course and regular learning is also necessary (students who leave everything to the last moment rarely achieve at a high level).

Expressed in input terms, on average, the time commitment required usually translates to approximately 150 hours for a 15-point course. Some of that is set contact time. The rest is your study time and we recommend you study weekly for approximately 8-10 hours.

## **Prescription**

This course covers budget planning, expenditure and reporting, financial management, the on-going management of budgets and organisational capital required for the complex organisations of public governance. This course is intended for managers without specialist knowledge or training who need to understand the management of financial and organisational resources.

## **Course Learning Objectives**

Students completing this course will be able to:

1. Explain the principles and standards of public sector resource use and reporting including financial management, the crown accounts, the budget and reporting cycle and parliamentary accountability.
2. Critically evaluate theories and models of organisational performance in the public sector, including economy, efficiency, effectiveness, equity, organisational capital and public capital.
3. Critically evaluate current practice in accountability to parliament, for third parties and major issues regarding the use and stewardship of public resources.
4. Apply appropriate public sector accounting standards and practices to relevant cases.

**This course will not make you an accountant! It is intended for managers who wish to understand more about accounting and financial management, but who do not have a need for in-depth knowledge about, for example, alternative financial reporting treatments of a specific type of transaction.**

## **Course Content and Readings**

The topic readings for the course are a mixture of official publications, text material and academic articles. They are intended to introduce basic material; to give an understanding of the New Zealand Government's accounting and financial management system, as well as that of local government; and to provide an academic perspective on some of the issues addressed.

Specific readings for each section of the course are set out on Blackboard. There are no textbooks for the course, but the following publications will be referred to reasonably often:

- The Public Finance Act 1989, available online at:  
[www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html?src=qs](http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html?src=qs)
- Gill, D. *et al* (2011), *The Iron Cage Recreated*. Wellington: Victoria University, Institute of Policy Studies.

- Norman, R (2003), *Obedient Servants? Management Freedoms and Accountabilities in the New Zealand Public Sector*, Victoria University Press.
- Scott, G. (2001), *Public Management in New Zealand*, Centre for Law and Economics Australian National University Canberra, Melbourne, Wellington, April 2001

In addition, throughout the course reference will be made to the accountability documents for central government departments and to the New Zealand Government's budget documentation available from the Treasury website at: [www.treasury.govt.nz/budget/2015](http://www.treasury.govt.nz/budget/2015) .

## **Lecture Programme**

<b>Module 1 Wednesday 8 July 2015</b>	<b>Topic</b>
1	The Public Sector Context Public Sector Reform- the Underlying Discourse Public vs. Private Sector Management <i>What is the role of government?</i> <i>What is 'management' and does it differ between the public and private sectors?</i> <i>Should government be more business like?</i> <i>What do we mean by better public service?</i>
2	Some key concepts: <ul style="list-style-type: none"> <li>• inputs, activities, outputs, outcomes/results/strategic intentions</li> <li>• Generally Accepted Accounting Practice (GAAP)</li> <li>• cash vs. accrual accounting</li> <li>• depreciation</li> <li>• the capital charge</li> </ul> <i>If not outcomes then what?</i>
3	Authority from Parliament Appropriations The budget and reporting cycle <i>For your organisation, choose an appropriation;</i> <ul style="list-style-type: none"> <li>• <i>how much is it for?</i></li> <li>• <i>what type of appropriation is it?</i></li> <li>• <i>what is it for?</i></li> <li>• <i>what outputs will be delivered?</i></li> </ul> <i>What information is provided in respect of those outputs?</i>
4	The Crown accounts and the budgeting and reporting cycle Fiscal Responsibility <i>What are the roles of the accountability documents?</i>

### **1. The Public Sector Context**

This section will explore some basic ideas which describe and create the underlying context within which public sector financial management and accounting takes place.

We will discuss what it is that governments do and therefore what it is that they manage. We will also discuss what is meant by the term 'management' and the extent to which management in the public sector is in any way different from management in the private

sector. You should have a view of the extent to which you believe public sector performance can be improved by applying private sector management disciplines.

***Desired Learning Outcomes:***

You should gain a clear understanding of how New Zealand's public sector is structured, the various organisations that it encompasses, and the accountability relationships between them.

In exploring the relationship between the public and private sectors you should be able to compare and contrast their differing accountability relationships and management objectives.

***Questions to consider when reading the background material:***

- What are the functions of government?
- How is New Zealand governed?
- What makes up the public sector?
- What are the different forms of public entity?
- To what extent, and how, is public management different from management in the private and/or not-for-profit sectors?
- By what criteria should the performance of public sector organisations be evaluated?

***Readings:***

*Required reading:*

Hitchiner, S. and D. Gill (2011). The Formal System for Organisational Performance Management in the State Sector. In D, Gill (Ed.) *The Iron Cage Recreated* (pp. 37-119). Wellington: Victoria University Institute of Policy Studies.

Rainey, H. G. and Young Han Chun (2005). Public and Private Management Compared. In E. Ferlie, L E Lynn Jr. and C Pollitt (Eds.), *The Oxford Handbook of Public Management*, pp. 72-102. Oxford: Oxford University Press

OAG (2012). *Reviewing financial management in central government*. Wellington: Office of the Auditor-General.

*Further reading:*

Scott, G. (2001). *Public Management in New Zealand. Lessons and Challenges* (pp. 11-34). Wellington: New Zealand Business Roundtable.

Boston, J., Martin, J., Pallot, J. & Walsh, P (1996). *Public Management: the New Zealand Model* (pp. 2-69) Auckland: Oxford University Press.

Alford, J. (1993). Towards a New Public Management Model: Beyond "Managerialism" and its Critics. *Australian Journal of Public Administration*, 52 (2), 135-148.

Mintzberg, H. (1996). Governing management. *Harvard Business Review*, May-June 1996, pp. 75 -83.

## **2. Some Key Concepts**

This session will explore the key concepts underpinning accounting and financial management practices in a public sector context. We will cover topics such as cash accounting, accrual accounting, the distinction between capital and operating expenditure, depreciation and cost allocation.

This session will look at what gets included in financial statements and who sets the standards. This session will also cover the "art of accounting" and the concepts of accounting in the public sector. It will look at the underlying incentives in financial reporting and at some of the principles underpinning such reporting.

**[NOTE: Students must bring to this session a copy of the Department of Corrections' Annual Report for 2013/2014. See reference below.]**

***Desired Learning Outcomes:***

As stated in the Course Objectives, this course will not make you an accountant. However, it is useful to understand that accounting is an “art” not a “science” and there is often more than one way of recording an economic event or transaction. In addition, to quote Deegan & Samkin (2012), “At present there is no universal agreement on the objective, role and scope of accounting and, consistent with this, there is no single accounting theory that is universally accepted.”

Some of you may find Chapters 2 from *New Zealand Financial Accounting (Deegan and Samkin, 2012)* quite fascinating, others will probably find this material rather impenetrable and boring and be grateful that you did not graduate in accounting! However, you should skim enough of this chapter to understand something of the conceptual framework within which accounting operates and the difference between ‘positive’ and ‘normative’ theories and the application of ‘critical theory’ to accounting.

A further concept that you need to understand is the difference between ‘cash accounting’ and ‘accrual accounting’.

***Questions to consider when undertaking background reading:***

- Public sector entities are generally involved in reporting performance.
  - Do financial indicators have any relevance?
  - What’s the significance of a government department making a surplus – is this ‘good’ news or ‘bad’ news?
- Is accrual accounting more useful than cash accounting? Are there any drawbacks?
- Why have accounting standards in the public sector? Who should set them – Treasury, an independent standard setter in NZ, or a world body [the IPSASB]?

***Readings:***

*Required reading:*

XRB (2013). Public Benefit Entity International Public Sector Accounting Standard 1. Presentation of Financial Statements (PBE IPSAS 1). Wellington: NZ Accounting Standards Board.

Deegan, C. & G. Samkin (2011). *Financial Accounting* (5th edition). Chapter 2 – Introduction to the Conceptual Framework and its Relevance to Financial Reporting. Auckland: McGraw-Hill

Norman, R. (1997). *Accounting for Government*, published by Victoria University of Wellington through Victoria Link Ltd.

Department of Corrections Annual Report 2013/2014 available at:

[www.corrections.govt.nz/\\_data/assets/pdf\\_file/0007/767923/Corrections\\_Annual\\_Report\\_2013-14\\_Full.pdf](http://www.corrections.govt.nz/_data/assets/pdf_file/0007/767923/Corrections_Annual_Report_2013-14_Full.pdf)

*Further reading:*

Laughlin, R. (2010). A Conceptual Framework for Accounting for Public Benefit Entities. *Public Money and Management*, 28(4), 247-254

McLeod, R. A. (2010). Charge Down. *Chartered Accountants Journal*, August, 2010.

Treasury (2001). Capital Charge Formula. New Zealand Treasury Circular 2001/16.

Newberry S. and J. Pallot (2004). Freedom or Coercion? NPM incentives in New Zealand central government departments. *Management Accounting Research*, 15, 247-266.

Perry, J. and K. Crook (2007). Financial reporting standards for public sector entities. *Chartered Accountants Journal*, November, 2007.

### **3. Authority from Parliament**

This session will cover the role of Parliament in authorising the expenditure of public money. We will discuss the different mechanisms (appropriations) by which that authority is granted.

We will also ask, what do we mean by ‘accountability’? Who is accountable to whom and for what?

You should then be able to discuss whether good accountability means effective performance.

#### ***Desired Learning Outcomes:***

This session is designed to enable students to understand what is an appropriation, how is it granted, and how different forms of appropriation vary.

You should also form a view on the nature of accountability and how it works in a public sector context.

#### ***Questions to consider when undertaking background reading:***

- What is the difference between a departmental and a non-departmental appropriation?
- To what extent do appropriations limit or constrain the activities of public sector organisations?
- How does ministerial and chief executive accountability differ?

#### ***Readings:***

##### *Required reading:*

Public Finance Act 1989, Part 1 Appropriations. Available online at:

[www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html?src=qs](http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html?src=qs)

Treasury (2013). A Guide to Appropriations. Wellington: The Treasury. Available at:

[www.treasury.govt.nz/publications/guidance/planning/appropriations/guide](http://www.treasury.govt.nz/publications/guidance/planning/appropriations/guide)

Treasury (2013). Administration and Use of Appropriations. Wellington: The Treasury.

### **4. The Crown Accounts and the Budget and Reporting Cycle**

In this session we will explore the Crown accounts – where does the money come from and where does it go?

Central to how New Zealand’s public finances are managed are the principles of fiscal responsibility and the related reporting requirements placed on government. We will consider how these are applied in New Zealand and how New Zealand compares with governments elsewhere in the world.

This session will also examine the strategic financial management cycle and discuss some key aspects of financial management applicable to the Crown and how that links to operational planning processes.

We will discuss the rationale for, and behavioural aspects of, budgeting - and the nature of the budget process of the NZ Government. The session also examines the documentation that is produced in the budget decision-making process.

***Desired Learning Outcomes:***

You should understand why governments budget, how funding is appropriated, and the main features of the legislation that determine the Government's budgeting process.

In preparation for your Assignment you also need to understand the different methods of going about the budgeting process –including the concepts of 'zero-based' budgeting, 'incremental' budgeting and 'reprioritisation'.

***Questions to consider when undertaking background reading:***

- Why are the fiscal responsibility provisions of New Zealand's Public Finance Act 1989 significant? How do they affect the decisions of Government?
- How well do the Crown Accounts reflect the financial position of Government?
- Who sets strategy in the public sector and how is it managed?
- How good is the New Zealand Government's budget process in allocating resources efficiently and effectively? What constitutes a good budget process and how good is the budget process within your own organisation?
- Does the budget system make cooperation between departments more difficult?
- Are Supplementary Estimates and Imprest Supply subject to adequate review by Parliament?

***Readings:***

*Required reading:*

Treasury (2015). Budget 2015. Documents available at: [www.treasury.govt.nz/budget/2015](http://www.treasury.govt.nz/budget/2015)

Treasury (2013). *Affording Our Future. Statement of New Zealand's Long-Term Fiscal Position*. Wellington: The Treasury.

OAG (2013). *Commentary on Affording Our Future. Statement on New Zealand's Long-Term Fiscal Position*. Wellington: Office of the Auditor-General.

*Further reading:*

Schick, A. (2013). *The Metamorphoses of Performance Budgeting*. Paris: OECD.

Marti, C. (2006). Accrual Budgeting: Accounting Treatment of key Public Sector Items and Implications for Fiscal Policy. *Public Budgeting & Finance*, Summer 2006.

Warner, J. (2013). *On public finances, Britain is still living in cloud-cuckoo land*. The Telegraph. Downloaded on 15 July 2013 from: [www.telegraph.co.uk/finance/comment/jeremy-warner/10181272/On-public-finances-Britain-is-still-living-in-cloud-cuckoo-land.html](http://www.telegraph.co.uk/finance/comment/jeremy-warner/10181272/On-public-finances-Britain-is-still-living-in-cloud-cuckoo-land.html)



Module 2 Wednesday 26 August 2015	Topic
5	Thinking About Organisations – Conceptual Discrimination <i>Where does your organisation fit?</i>
6	Performance: Economy Efficiency <i>How does your organisation measure and report the economy and efficiency of its performance?</i>
7	Effectiveness Equity <i>Who are the organisation's stakeholders? What does 'effectiveness' mean to each of them? What are the consequences of their assessments? What evidence can you find of the equity/fairness with which goods and services are provided?</i>
8	Organisational Capital Public Capital <i>What issues of capacity and capability exist in your organisation? How are they reported? How are they managed? Who are the members of your organisation's authorising and co-producing environment? How are their views canvassed and reported?</i>

## 5. Thinking about Organisations

In this session we will further explore the diverse nature and functions of public organisations. Much of the literature on public sector management is concerned with management *of* the public sector as a whole. This section will explore the requirements and challenges of financial management *within* individual public sector organisations.

To understand the issues associated with accounting and financial management within public sector organisations we will first consider how those organisations differ and the implications of that for performance measurement and management.

### ***Desired Learning Outcomes:***

This session should enable you to understand how public organisations differ and what implications that has for the management of, and accounting for, their operations.

You should gain an insight into the challenges of managing performance within individual public sector organisations. You should then be able to discuss what and how managers manage within individual organisational settings.

### ***Questions to consider when undertaking background reading:***

- What functions does an organisation perform?
- To what extent are the activities that support those functions able to be pre-defined or standardised?
- To what extent can the results or impacts delivered by those functions be identified and measured?
- Who controls the budget within the organisation?

- How are the organisation's outputs costed and how are those costs controlled?
- What are the key challenges facing departmental Chief Executives in ensuring effective financial managements of their agencies?

**Readings:**

*Required reading:*

Wilson, J. Q., (1989). *Bureaucracy: what government agencies do and why they do it?* New York: Basic Books. pp. 158-177

*Further reading:*

Gregory, R. (1995). The Peculiar Task of Public Management: toward Conceptual Discrimination. *Australian Journal of Public Administration*, 54 (2), 171-183.

OECD (2000). *The OECD Outputs Manual*. PUMA/SBO (2007). Paris: Organisation for Economic Co-operation and Development.

## 6. Performance – Economy and Efficiency

The next four sessions will explore the concept of performance in the context of the public sector – how do we define it and how do we measure and report it. In that respect we will consider a number of different criteria by which organisational performance may be evaluated.

Economy and efficiency, in particular, were a major concern of the public sector reforms of the late 1980s and early 1990s and have remained a significant focus of the New Zealand model of public sector management. The criteria of economy, reflecting the how well funding is used to acquire inputs to an agency's processes, and efficiency, representing the relationship between an agency's use of inputs and its outputs, are of concern to public sector managers who must apply limited resources to solve massive objectives and to politicians concerned to avoid any suggestion of public sector profligacy. In times of fiscal constraint they also critically underpin the inevitable trade-offs that ministers and officials must make when choosing and implementing government interventions.

***Desired Learning Outcomes:***

You should gain an understanding how the concepts of economy and efficiency apply to different public organisations.

You should also be able to provide a critical analysis of the performance measures and targets in this respect used by public sector organisations.

***Questions to consider when undertaking background reading include:***

- How do different organisations measure and monitor the economy and efficiency of their operations?
- How important are these criteria in evaluating the performance of those organisations?
- Who would/should use that information?

**Readings:**

*Required reading:*

Currstine, T., Z. Lonti and I. Joumard (2007). Improving Public Sector Efficiency: Challenges and Opportunities. *OECD Journal of Budgeting*, 7(1), 1-41.

Scott, G. (2001). *Public Management in New Zealand. Lessons and Challenges* (pp. 169-203). Wellington: New Zealand Business Roundtable.

SSC (2008). Performance Measurement. Advice and examples on how to develop effective frameworks. Wellington: State Services Commission.

## 7. Performance – Effectiveness and Equity

Effectiveness, or the relationship between an agency's outputs and the outcomes that they achieve, has received different levels of emphasis between different agencies and over time. In part this reflects the difficulty some agencies have in defining and measuring the linkages between their outputs and the outcomes or impacts that they produce. It also reflects the changing concerns of Ministers.

As a criterion of performance equity is concerned with the way in which services are provided either in terms of the equal availability of services (as in the case of Police services) or the targeted provision of services to those most in need (as is the case with social security benefits paid to invalids).

### *Desired Learning Outcomes:*

You should be able to discuss the difficulties and implications of measuring the effectiveness of differing public sector functions.

You should also gain an appreciation of the centrality of ideas about equity or 'fairness' to the way in which the performance of public organisations is evaluated.

### *Questions to consider when undertaking background reading:*

- How can we know if public sector organisations are being effective?
- Who should be responsible for the effectiveness of public sector interventions?
- To what extent can the effectiveness of individual public organisations be identified?
- What do we mean by 'fairness' and how can we measure it?

### *Readings:*

#### *Required reading:*

Adams, S. (2011). Sickest patients are being neglected as doctors focus on waiting list targets. *The Telegraph*. Downloaded on 6 April 2011 from:

[www.telegraph.co.uk/news/health/news/8433665/Sickest-patients-are-being-neglected-as-doctors-focus-on-waiting-list-targets.html](http://www.telegraph.co.uk/news/health/news/8433665/Sickest-patients-are-being-neglected-as-doctors-focus-on-waiting-list-targets.html)

Campbell, D. (2015). NHS to 'extend rationing' of healthcare in bid to balance books. *The Guardian*. Downloaded on 21 April 2015 from:

[www.theguardian.com/society/2015/apr/21/nhs-to-extend-rationing-of-healthcare-in-bid-to-balance-books](http://www.theguardian.com/society/2015/apr/21/nhs-to-extend-rationing-of-healthcare-in-bid-to-balance-books)

## 8. Performance – Organisational Capital & Public Capital

Organisational capital has been described by Andrews and Boyne (2010) as including:

- capital management,
- financial management,
- human resources management,
- information technology, and
- leadership.

Ultimately, organisational capital represents an organisation's capability and capacity to deliver goods and services in the future.

As a criterion of performance, Public Capital represents the trust and confidence in an agency held by Ministers, major stakeholders and the general public – factors that contribute to the political salience of, and external influence on, that agency's core functions.

***Desired Learning Outcomes:***

You should understand and be able to discuss the significance of organisational capital and the implications of its erosion.

Similarly, you should be able to discuss the nature of public capital and the role that public officials play in its maintenance and development.

***Questions to consider when undertaking background reading:***

- Why does the Public Finance Act 1989 require public service organisations to report on their health and capability?
- What is the proper role and responsibility of public officials in engaging with the public?
- How should those responsibilities be measured and monitored?

***Readings:***

*Required reading:*

Benington, J. (2009). Creating the Public in Order to Create Public Value? *International Journal of Public Administration*, 32 (3), 232-249.

Coates D. and E Passmore (2008). *Public Value: The Next Steps in Public Service Reform*. A paper for The Work Foundation. London. Accessed on 3 September 2009 at [www.theworkfoundation.com/assets/docs/publications/201\\_PV\\_public\\_service\\_reform\\_final.pdf](http://www.theworkfoundation.com/assets/docs/publications/201_PV_public_service_reform_final.pdf)

Rhodes, R. A. W. and J. Wanna (2007). The Limits to Public Value, or Rescuing Responsible Government from the Platonic Guardians. *The Australian Journal of Public Administration*, 66 (4), 406-421.

Dormer, R. (2015). Organisational Health and Capability in New Zealand's Public Service. In press.

*Further reading:*

Alford, J. and J. O'Flynn (2009). Making sense of public value: concepts critiques and emergent meanings. *International Journal of Public Administration*, 32 (3), 171-191.

Yang K. and M. Holzer (2006). The performance-Trust Link: Implications for Performance Measurement. *Public Administration Review*. January/February 2006, 114-126.

<b>Module 3 Wednesday 21 October 2015</b>	<b>Topic</b>
9	A Chief Financial Officer's story – an invited presentation from a public sector CFO
10	The role of audit and the Auditor-General <i>What is the purpose of an audit?</i> <i>How does a performance audit vary from a financial audit?</i> <i>Who uses audit reports?</i>
11	Managing Accountability with Third Parties <ul style="list-style-type: none"> <li>• funding mechanisms</li> <li>• accountability requirements</li> <li>• risks</li> </ul> <i>What provisions exist in the Public Finance Act 1989 for the funding of third parties?</i> <i>What risks exist in third party funding arrangements and how should they be measured?</i> <i>What do we mean by 'collaboration'?</i>
12	The Big Questions and remaining Tensions <ul style="list-style-type: none"> <li>• motives for change</li> <li>• legislative amendments</li> <li>• the shape of the sector in the future</li> </ul> <i>What are the remaining or perennial tensions in the public management system?</i> <i>Can these be resolved and if so how?</i>

## 9. A Chief Financial Officer's Story

This section of the course will look at the role of the CFO, key relationships and the information needs of stakeholders.

### ***Desired Learning Outcomes:***

The Chief Financial Officer also plays an important role in public sector accountability and in improving public sector management within a Government department. Responsibility for the signoff of the Annual Financial Statements falls to the CEO and CFO which arguably places a higher responsibility on the CFO than in the private sector where the CFO does not have this responsibility.

This session looks at the role of the CFO and gives insights as to how it can add value and what stakeholders should expect.

### ***Questions to consider when undertaking background reading:***

- How does the role differ to that of a CFO in a private sector, should the roles and therefore skill sets required be the same or should they differ?
- Are accountants scorers, measurers and interpreters? Or, are they agents of maintaining the status quo or achieving social change?
- What is the role of the CFO in a public sector entity?
- What are the information needs of stakeholders and how can they be met?

**Reading:**

*Required reading:*

CAANZ (2011). The Role of the Chief Financial Officer in the Public Sector. The New Zealand Edition. Wellington: Chartered Accountants Australia and New Zealand.  
McLeod, R. A. (2008). The CFO in Government Departments. *Chartered Accountants Journal*, November, 2008.

*Further reading:*

Carson, C. (2009). Right hand man. *Chartered Accountants Journal*, November, 2009.

**10. The Role of Audit and the Auditor-General**

This section of the course will examine the role of the Auditor-General, both as an integral part of the integrated financial management cycle and as a reporter to Parliament on *accountability* and *improvement* issues.

***Desired Learning Outcomes:***

The Auditor-General plays an important role in public sector accountability and in improving public sector management.

This session explains the role of the Auditor-General. It also explores how a public sector audit differs from a private sector audit, with particular reference to performance auditing. And, it answers the often asked question “who audits the auditor?”

***Questions to consider when undertaking background reading:***

- What gives an audit value?
- How does an audit by the Auditor-General vary from a private sector audit?
- How does a performance audit vary from a financial audit?
- Given that the Auditor-General performs a mini performance audit (i.e. the audit of SSPs) on most public sector entities, is there any value in him carrying out discretionary performance audits?
- Critically discuss the following statement –  
“The new legislation [the Public Audit Act 2002] has increased the Auditor-General’s independence, but her accountability to Parliament has remained weak!”

***Readings:***

*Required reading:*

OAG (2012). All about the Controller and Auditor-General. Wellington: Office of the Auditor-general  
Buchanan R, and K Simpkins (2001). A new Age for Public Auditing. *Chartered Accountants Journal*, July, 2001.

*Further reading:*

OAG (2012). MPs’ guide to the Auditor-General. Wellington: Office of the Auditor-general  
Pallot, J. (1999). Service Delivery: The Audit Dimension. *Australian Journal of Public Administration*. 58(3), 43-49.  
Jacobs, K. (1998). Value for Money Auditing in New Zealand: Competing for Control in the Public Sector. *British Accounting Review*, 30, 343-360.  
McDonald D. (2006). *What's different about a public sector audit?* Mind map.

## 11. **Managing Accountability with Third Parties**

It has been suggested that one of the distinguishing features of management in a public sector context is the need to get things done through other organisations. Certainly public sector organisations are increasingly being expected to collaborate with both each other and with organisations in the private and not-for-profit sectors. But what form should that collaboration take and how should accountability be managed between the various parties involved?

### ***Desired Learning Outcomes:***

You should gain an insight into the challenges of managing performance across and with other organisations. This will require an understanding of how those organisations differ.

We will explore the practical realities of the ‘collaborative turn’, devolved governance and tino rangatiratanga.

### ***Questions to consider when undertaking background reading include:***

- What provisions exist in the Public Finance Act 1989 for funding third parties?
- What risks exist in arrangements for the provision of services by third parties and how are they managed?
- How is decision making power distributed in the arrangements that you are aware of for third party service provision?
- To what extent can ideas of self-determination include the use of public funds?

### ***Readings:***

#### *Required reading:*

Dormer, R. (2014). Whanau Ora and the Collaborative Turn. *International Journal of Public Administration*, 37(12), 835-845.

OAG (2008). Public sector purchases, grants and gifts: Managing funding arrangements with external parties. Wellington: Office of the Auditor-General.

#### *Further reading:*

Considine, M. (2002). The End of the Line? Accountable Governance in the Age of Networks, Partnerships, and Joined Up Services. *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 15, No. 1: 21-40.

Gregory, R. (2012). Accountability in Modern Government. In Peters, B. G. and J Pierre (eds.), *The Sage Handbook of Public Administration*. London: Sage Publications Ltd.

Ryan B. (2012). The signs are everywhere: ‘Community’ approaches to public management. In Ryan B and D Gill (eds.), *Future State: directions for public management in New Zealand*. Wellington: Victoria University Press

Forrer, J., J. E. Kee, K. E. Newcomer and E. Boyer (2010). Public-Private Partnerships and the Accountability Question. *Public Administration Review*. May/June 2010, 475-484.

## 12. **The Big Questions and Perennial Tensions**

In this final session we will review the theories and ideas that have previously shaped, and continue to influence, the New Zealand model of public sector management including the problems the system was seeking to address. We will discuss the resulting on-going motives for change in accounting and financial management accounting practice. You should be familiar with the ‘Better Public Services’ report and the 2013 amendments to the State sector legislation. We will explore how these might be implemented, or how they might impact on practice.

*This session, and those that have preceded it, are an important resource for your essay.*

*A great deal has been written about the reform process and your problem is to filter all this information and write an interesting and coherent essay which incorporates your own views and experiences. You should appreciate that in order to carry out an effective evaluation process you need to have a set of criteria to evaluate against. You should also consider the Course Objectives set out on page 3 of the Course Outline.*

***Desired Learning Outcomes:***

You should be familiar with and able to discuss the objectives, challenges and practical implications of the Better Public Services report and the related changes to State sector legislation.

***Questions to consider when undertaking background reading:***

- What are the “big questions” of public management?
- What issues remain unresolved?
- Can they be resolved?

***Reading:***

*Required reading:*

SSC (2011). Better Public Services Advisory Group Report. Wellington. State Services Commission.

Behn R. (1995). The Big Questions of Public Management. *Public Administration Review*, 55(4), 313-324.

Ryan, B. (2011). Public Management in Difficult Times. *Policy Quarterly*. 7(3), 20-27.

*Further reading:*

*Policy Quarterly* (2012). Special Issue: Better Public Services. *Policy Quarterly*, 8(3)

Lodge, M. and D. Gill (2011). Toward a New Era of Administrative Reform? The Myth of Post-NPM in New Zealand. *Governance: An International Journal of Policy, Administration, and Institutions*, 24(1), 141–166.

Dormer R. and D. Gill (2010). Managing Performance in New Zealand’s Public Service – a Loosely Coupled Framework? *Measuring Business Excellence*, 14(1), 43-59.

## **Assessment**

The Assessment Handbook will apply to all VUW courses: see

[www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf](http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf) .

The purpose of assessment is three-fold:

- to ensure that you have met the standard of work required for the course;
- to give you feedback on your performance to assist you with your future study; and
- to provide the teaching staff with feedback on the progress of the class.

Formal assessment for the course will be as follows:

1. **Wiki I** to be completed by 2.00pm on **Wednesday 12 August 2015**, worth **10%**
2. **Essay I** to be submitted by 2.00pm on **Monday 14 September 2015**, worth **40%**
3. **Essay II** to be submitted by 2.00pm on **Friday 6 November 2015**, worth **40%**
4. **Wiki II** to be completed by 2.00pm on **Wednesday 11 November 2015**, worth **10%**



**Wiki I: Public Sector Management and Budgeting – approximately 500 words**

**Due Date:** Wednesday 12 August 2015, 2.00pm

**Worth:** 10%

Following your readings and discussions for the first module, provide a considered response to the following questions:

1. To what extent, and how, is public management different from management in a for-profit (private sector) environment?
2. (a) What constitutes a good budgeting process; and (b) to what extent does New Zealand's central government budgeting process allocate resources efficiently and effectively?

This assignment will be assessed against course learning objectives 1, 2 and 3.

**Essay I: Reporting the ‘performance story’**

**Due Date:** Monday 14 September 2015, 2.00pm

**Max length:** 3,000 words

**Worth:** 40%

Given the complexities of planning for and reporting performance in the context of the public sector, public sector organisations are being asked to provide a comprehensive and meaningful ‘performance story’. With reference to a public sector organisation that you know well, describe the necessary elements of a good performance story. Provide a critical analysis of the extent to which you believe that organisation has provided those elements.

This assignment will be assessed against course learning objectives 2 and 3.

**Required:** please provide a word count

**ESSAY II: Financial management and reporting by government departments**

**Due Date:** Friday 6 November 2015, 2.00pm

**Max length:** 3,000 words

**Worth:** 40%

Over the last quarter of a century in New Zealand, as in a number of other countries, the system of public sector management has been the subject of a series of changes in emphasis and an ongoing process of refinement. However, despite, or perhaps because of, that ongoing change process a number of what Pallot (2001) referred to as “perennial tensions” remain.

Critically discuss those tensions and their implications for the systems of financial management and reporting by **central government departments** in New Zealand. Although you may draw on documents such as the Report of the Advisory Group on Better Public Services, wherever possible you should utilize your own experience and that of the organisation you work for to illustrate your discussion.

This assignment will be assessed against all of the course learning objectives.

**Required:** please provide a word count

**Wiki II: Key Learnings – approximately 500 words**

**Due Date:** Wednesday 11 November 2015, 2.00pm

**Worth:** 10%

From this paper, what key learnings will you take back to your working environment?

This assignment will be assessed against course learning objectives 1, 2, 3 and 4.

**Note: If you do not work for a public sector organisation, or you are an international student, you may need to talk to the Course Coordinator [Rodney Dormer] to arrange modified Essay and Wiki assignment topics.**

**As well as completing your contributions to the Wikis on Blackboard, please submit Essays I and II via Blackboard.**

**Students should keep a copy of all submitted work.**

### **Penalties**

The ability to plan for and meet deadlines is a core competency of both advanced study and public management. Failure to meet deadlines disrupts course planning and is unfair on students who do submit their work on time. It is expected therefore that you will complete and hand in assignments by the due date. Marks will be deducted at the rate of five per cent for every day by which the assignment is late and no assignments will be accepted after five working days beyond the date they are due. For example, if you get 65% for an assignment, but you handed it in on Monday when it was due the previous Friday, you will get a mark of 50%.

If ill-health, family bereavement or other personal circumstances beyond your control prevent you from meeting the deadline for submitting a piece of written work or from attending class to make a presentation, you can apply for and may be granted an extension to the due date. You should let your course coordinator know as soon as possible in advance of the deadline (if circumstances permit) if you are seeking an extension. Where an extension is sought, evidence, by way of a medical certificate or similar, may be required by the course coordinator.

## Computation of Grades

The translation from numerical marks to letter grades is set by the following grade ranges.

<i>Pass/Fail</i>	<i>Grade</i>	<i>Normal range</i>	<i>Indicative characterisation</i>
Pass	A+	90% - 100%	Outstanding performance
	A	85% - 89%	Excellent performance
	A-	80% - 84%	Excellent performance in most respects
	B+	75% - 79%	Very good performance
	B	70% - 74%	Good performance
	B-	65% - 69%	Good performance overall, but some weaknesses
	C+	60% - 64%	Satisfactory to good performance
	C	55% - 59%	Satisfactory performance
Fail	C-	50% - 54%	Adequate evidence of learning
	D	40% - 49%	Poor performance overall; some evidence of learning
	E	0 - 39%	Well below the standard required
Fail	K	Fail due to not satisfying mandatory course requirements, even though the student's numerical course mark reached the level specified for a pass, usually 50%. A student whose course mark is below 50 should be given a D (40-49) or E (0-39), regardless of whether they met the mandatory course requirements	
	P	Overall Pass (for a course classified as Pass/Fail)	
Fail	F	Fail (for a Pass/Fail course)	

## Access to Blackboard

Blackboard is Victoria University's online environment that supports teaching and learning by making course information, materials and other learning activities available via the internet through the myVictoria student web portal. Ensure that you can access Blackboard before the course begins.

To access the Blackboard site for this course:

1. Open a web browser and go to [www.myvictoria.ac.nz](http://www.myvictoria.ac.nz) .
2. Log into myVictoria using your ITS Username (on your Confirmation of Study) and password (if you've never used the Victoria University computer facilities before, your initial password is your student ID number, on your Confirmation of Study, Fees Assessment or student ID card – you may be asked to change it when you log in for the first time).
3. Once you've logged into myVictoria, select Blackboard (from the options along the top of the page) to go to your Blackboard homepage.
4. The "My Courses" section displays the courses you have access to – select the appropriate link to access the course-specific Blackboard site. Please note that only courses that are actually using Blackboard and have been made available to students by their respective course coordinator will be displayed.

If you have any problems gaining access to Victoria University's computer facilities, such as myVictoria and Blackboard, you should contact the ITS Service Desk on (04) 463 5050 or [its-service@vuw.ac.nz](mailto:its-service@vuw.ac.nz) . See [www.victoria.ac.nz/its/student-services/](http://www.victoria.ac.nz/its/student-services/) for more information.

Power-point slides and other lecture materials that are posted on Blackboard may differ from the presentations used in class, as the copyright rules for archived presentations differ somewhat from those for live presentation.

## **Academic Integrity, Plagiarism, and the Use of Turnitin**

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not. 'Someone else's work' means anything that is not your own idea. Even if it is presented in your own style, you must still acknowledge your sources fully and appropriately. This includes:

- material from books, journals or any other printed source
- the work of other students or staff
- information from the Internet
- software programs and other electronic material
- designs and ideas
- the organisation or structuring of any such material.

Acknowledgement is required for *all* material in any work submitted for assessment unless it is a 'fact' that is well-known in the context (such as "Wellington is the capital of New Zealand") or your own ideas in your own words. Everything else that derives from one of the sources above and ends up in your work – whether it is directly quoted, paraphrased, or put into a table or figure, needs to be acknowledged with a reference that is sufficient for your reader to locate the original source.

Plagiarism undermines academic integrity simply because it is a form of lying, stealing and mistreating others. Plagiarism involves stealing other people's intellectual property and lying about whose work it is. This is why plagiarism is prohibited at Victoria.

If you are found guilty of plagiarism, you may be penalised under the Statute on Student Conduct. You should be aware of your obligations under the Statute, which can be downloaded from the policy website ([www.victoria.ac.nz/home/about/policy/students.aspx](http://www.victoria.ac.nz/home/about/policy/students.aspx)). You could fail your course or even be suspended from the University. Plagiarism is easy to detect. The University has systems in place to identify it.

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine [www.turnitin.com](http://www.turnitin.com). Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

There is guidance available to students on how to avoid plagiarism by way of sound study skills and the proper and consistent use of a recognised referencing system. This guidance may be found at the following website [www.victoria.ac.nz/home/study/plagiarism.aspx](http://www.victoria.ac.nz/home/study/plagiarism.aspx). If in doubt, seek the advice of your course coordinator.

**Plagiarism is simply not worth the risk.**

## **School of Government Service Standards**

Good learning and teaching outcomes for students in School of Government courses depend on many factors, including open, transparent and accountable relationships between teaching and support staff, and students in their various activities. The following service standards indicate some of the key expectations that teaching staff and students can have of each other. In all cases, they represent what the School believes should be ‘normal’ practice; exceptional circumstances can and will be negotiated as required.

Please note that there are University-wide policies relating to assessment – including rights of review and appeal. Details may be found in the Assessment Handbook (which is reviewed and updated from time to time – [www.victoria.ac.nz/about/governance/dvc-academic/publications](http://www.victoria.ac.nz/about/governance/dvc-academic/publications)).

In general terms, any concerns that a student or students may have should be raised with the course coordinator in the first instance. If that course of action is not appropriate, the School’s programme support staff will direct you to the relevant Programme Director/Coordinator.

*Standards relating to staff timeliness of responses to email and phone queries:*

- Email or phone queries from students will be responded to in 48 hours

*Standards relating to availability of course materials:*

- Students on modular or intensive courses will usually have course materials at least 4 weeks before the course starts
- Students on weekly courses will usually have course materials available on the first day of the course

*Standards relating to attendance:*

- It is expected that students will attend all contact teaching sessions for a course. If a student is aware that they will be unable to attend part of a course prior to it commencing, they are required to advise the course coordinator. In such a situation, the student may be declined entry into the course.
- Where a course coordinator approves some non-attendance before the class commences, the course coordinator may set additional item(s) of assessment of learning and teaching objectives for the course for students unable to attend. Advice relating to the submission and assessment of any such additional assessment will be provided by the course coordinator.

*Variations to the assessment details provided in the course outline:*

- Any variation to the assessment details in the course outline will be formally agreed between the course coordinator and students at the earliest possible time, preferably at the beginning of the course.

*Standards relating to assignments – turnaround and feedback:*

- Unless otherwise agreed between students and the course coordinator, items of assessment will be marked within 15 working days of submission.
- Comments on pieces of assessment will allow students to understand the reasons for the mark awarded, relative to the teaching and learning objectives specified in the course outline, and will usually include advice on how the student can improve their grades in future assignments.

## **Mandatory Course Requirements**

Any student who is concerned that they have been (or might be) unable to meet any of the MCRs because of exceptional personal circumstances, should contact the course coordinator as soon as possible.

Participation in additional work sessions is mandatory.

If you cannot complete an assignment or sit a test or examination, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat) .

## **Communication of Additional Information**

Information will be communicated via Blackboard. It is essential, therefore, that you activate your @myvuw.ac.nz email account (the free email account created for you when you enrol and accessed via the myVictoria student web portal) before the start of the course. Once you have activated your @myvuw.ac.nz email account, if you want to receive these emails at your preferred email address (e.g. your home or work email address), you must modify the settings so all emails sent to it are automatically forwarded to your preferred email address. For more information, please go to [www.victoria.ac.nz/its/student-services/FAQs.aspx#Email\\_Forward](http://www.victoria.ac.nz/its/student-services/FAQs.aspx#Email_Forward) .

## **Student Feedback**

Student feedback on University courses may be found at [www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php) .

## **Link to General Information**

For general information about course-related matters, go to [www.victoria.ac.nz/vbs/studenthelp/general-course-information](http://www.victoria.ac.nz/vbs/studenthelp/general-course-information) .

## **Note to Students**

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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