



**Ministry of Finance of the Slovak
Republic**

Project: Providing advisory
services for improving accounting
and reporting systems of public
finance
Workstream: Communication



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Bratislava, 25 May 2006

This report contains 10 pages
RepProg01_07_4_AppCommStrat.doc

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1 Introduction

In addition to the actual implementation of the project, it is equally important for the Ministry of Finance of the Slovak Republic (MoF SR) to already inform the public of the content, significance, and importance of the project during its duration, as well as after the new accounting and reporting methodology is put into use.

It is necessary to ensure that future authors and users of new statements of public sector entities, representatives of public authorities - management staff in public administration, politicians at central, regional, and local levels, as well as professionals and the general public - are informed of the project, its course, the launching of the new accounting and reporting methodology in the public sector, and its impact on accounting and reporting entities concerned.

Continuous information, an understanding of the goals, and a broad acceptance of the reform of the public sector accounting and reporting are among the key prerequisites for its success. The extent of this reform is huge in terms of the number of accounting and reporting entities concerned. Therefore, the communication strategy forms an important part of the project planning and implementation.

Although MoF SR has the power to unilaterally determine accounting and reporting policies for all accounting entities in the public sector, it would be very difficult to carry out this project without the consent of and active cooperation with entities concerned. Therefore, communication with all parties concerned is a fundamental precondition for the success of the project. Key factors that will influence the success of the project are described below.

1.1 Integrity of the project and communication campaign

"Integrity" means that the project should have a clear concept, consistent logic, and realistic goals and expectations, in addition to building on relevant experience, considering relevant issues, and providing timely, accurate, and complete information. In particular, the project must clearly specify the costs and negative impacts of its implementation and counterbalance them with reasonably foreseeable benefits.

It is very important that all parties concerned trust the Ministry of Finance of the Slovak Republic, its procedures, and the idea of project implementation. Otherwise, there is a danger that the implementation of the project will be blocked and delayed, or it may fail completely.

1.2 Demonstration of the project value

MoF SR must clearly demonstrate that the project will create a value that greatly exceeds the costs of its implementation. The communication campaign must clearly and convincingly communicate the benefits of the project, set reasonable goals, and present the expected results with regards to the interests of the recipients of communication. The project can be appropriately presented as an instrument to reduce costs and increase the effectiveness of accounting and budgeting processes, in addition to an improvement of operational management.

The project should highlight the need to improve the quality of information required for the decision-making process in public administration.

1.3 Building relationships

A broad participation of public sector entities and support from their key representatives (leaders) are required. Few of them have probably considered the costs (both in material terms and in terms of human resources) arising from a greater technical complexity of accrual accounting, or planned increased expenditures on information systems.

On the other hand, it is necessary to pay attention to operational staff whose work will be directly affected by the project and gain their trust and constructive cooperation. This will be particularly important at the implementation stage – preparation for the transition to the new accounting and reporting, because the relevant employees will be exposed to a greater stress resulting from the implementation of the new methodology and perhaps also new accounting systems.

It is also necessary to build good relations with the media and gain their understanding and recognition of the importance of the project and its goals, in addition to their willingness to provide adequate space for the project in the media. This is important for the stage where it will be necessary to communicate "success stories" with the aim of creating and maintaining a positive atmosphere.

2 Recipients of communication

Communication will be aimed at the following recipients of information (stated in order of importance):

a) Representatives of public administration bodies and public administration officials in the position of decision makers (Decision Makers – "DM")

These recipients primarily include officials of state bodies, regional and local self-administrations, and management staff of the budgetary and contribution organizations, who are major users of public administration statements and information contained therein (leaders).

Communication aimed at these recipients should provide them with information on the preparation of the new methodology, the time schedule, personnel training requirements, the date of commencement, and the possibilities and time limits for sending comments on the new methodology. Communication will include information on the basic principles of the new reporting methodology. Communication will also be intended to explain the importance of the new methodology and its benefits for recipients - a better availability of relevant information for decision-making and management activities – with the aim of gaining an understanding and acceptance of the proposed changes.

It is very important to gain trust of these leaders, i.e. to convince them that the proposed changes are important and, despite initial investments, increased workload, and possible short-term negatives (for example, reporting of creation of high provisions and value adjustments, i.e. high losses during the initial period following the introduction of the new methodology), the reform

will bring them long-term benefits in the form of better information for their management and decision-making activities. This is of great importance for the reform to be approved politically – if important representatives of public administration (for example, mayors, chairpersons of higher territorial units) are against the new methodology, the likelihood of its being approved politically would be significantly reduced.

b) Future authors of statements and people inputting data necessary for the processing of statements – accountants in public administration (Accountants – „A“)

These recipients primarily include employees of accounting departments of accounting entities concerned, from rank-and-file "data inputters" all the way up to heads of accounting departments. Communication with these recipients must result in their thorough understanding of the new reporting methodology and, in addition to training within the project, represent another important source of information and a methodological guideline for day-to-day working activities of these recipients in the future. It is also necessary to explain the reasons for the proposed changes to these recipients and convince them that the changes are needed, in order to gain their acceptance. Training is a key element of communication with this segment of recipients (within the work stream "Trainings"), but other activities are also needed as a supplementary source of information for these recipients.

c) Professionals – "P"

These recipients include professionals working in the areas of accounting, auditing, and control, as well as high school and university students and teachers, who need to obtain detailed information on the new accounting and reporting methodology and understand its principles for their studies and work.

d) General Public – "GP"

These recipients represent the general public, i.e. all those who are not referred to in sections 1 to 3. The public should be informed of the basic reasons for and objectives of the reform of public administration reporting.

3 Proposed forms of communication

The individual forms of communication are suitable for different groups of recipients. The content, method, and frequency of communication should be adjusted to recipients for whom the communication is intended. We propose the following communication activities:

3.1 Letter from MoF SR to representatives of public administration bodies

Content: Provide information on the planned reform of reporting, its reasons and principles, schedule of work on the reform, and what this means for the public administration entities concerned. Information on a postponement by a year (1 January 2008) compared with the Slovak Government's original plan should be provided.

Time: June 2006

Recipients: DM

Who communicates: finance minister, state secretary

3.2 Articles in the daily press

Content: Provide information on the planned reform of reporting, its reasons and principles, and the course of work on reform.

Time: Continuously, approximately once in two months

Recipients: DM, A, P, GP

Who communicates: project managers from MoF, spokesman for MoF.

3.3 Interviews in print and electronic media

Content: Provide information on the planned reform of reporting, its reasons and principles, and the course of work on reform.

Time: Continuously, approximately once a month in various media (for example, an interview on television one month and a radio interview another month, etc.)

Recipients: DM, A, P, GP

Who communicates: project managers from MoF SR, spokesman for MoF SR

3.4 Articles in specialized print media for public administration

Content: Provide information on the planned reform of reporting, its reasons and principles, the course of work on reform, and the importance of the new reporting system for public administration management and its long-term benefits.

Time: Continuously, approximately once in two months

Recipients: DM, A

Who communicates: project managers from MoF SR

3.5 Articles or series of articles in journals specialized in accounting

Content:

- Provide information on the planned reform of reporting, its reasons and principles, the course of work on reform, and the importance of the new reporting system for public administration management and its long-term benefits.
- Provide more specific and detailed information on the new accounting and reporting methodology, comments on and examples of new accounting procedures, answer readers' questions.

Time: Continuously, approximately once a month

Recipients: A, P

Who communicates: project managers from MoF, advisor's team

3.6 Seminar/conference for heads of state bodies, representatives of local self-administrations (Association of Towns and Villages of Slovakia, Union of Towns and Villages of Slovakia) and higher territorial units on the reform of public administration reporting

Content: Provide information on the planned reform of reporting, its reasons and principles, the course of work on reform, and the importance of the new reporting system for public administration management and its long-term benefits.

Time: Before the publication of new draft legislation and its distribution for Inter-Ministerial Commenting Procedure (IMCP) or during IMCP

Recipients: DM

Note: This seminar can be organized on the condition that MoF SR is able to cover budgetary resources for the payment of expenses related to its organization. If expenditures present a serious obstacle to the organization of the seminar, it is possible to alternatively consider cooperation with another entity, which would completely or partially cover the expenses, or to agree that adequate space will be reserved for these issues during a seminar/conference organized by another entity (for example, a Trend conference, HN Club, the Institute for Public Issues, MESA 10, INEKO, etc.).

Who communicates: project managers from MoF SR

3.7 Address by representatives of MoF SR and/or the KPMG/PWC team at a congress of the Association of Towns and Villages of Slovakia / Union of Towns and Villages of Slovakia or at a meeting of representatives of higher territorial units

Content: Provide information on the planned reform of reporting, its reasons and principles, the course of work on reform, and the importance of the new reporting system for public administration management and its long-term benefits

Time: Continuously, depending on the date of the conference/meeting, if possible in 2006 or at the beginning of 2007.

Recipients: DM

Who communicates: management staff of MoF SR, project managers from MoF SR, and/or the advisor's team

3.8 Preparation of a brochure on the new accounting and reporting methodology and/or comments on accounting procedures

Content: Enable a detailed understanding of the principles of the new reporting methodology and prepare a methodological guideline for day-to-day activities of accountants in the future. Explain the reasons for and the importance of the changes proposed.

Time: first half of 2007

Recipients: A, P

Who prepares: advisor's team

3.9 Preparation of illustrative financial statements for municipalities, higher territorial units, budgetary organizations (of the state, of municipalities, and of higher territorial units), and contribution organizations (of the state, of municipalities, and of higher territorial units)

Content: Enable a detailed understanding of the principles of the new reporting methodology and prepare a methodological guideline for future activities of participants and "instructions manual" for decision makers on how to use information contained in financial statements.

Time: August 2007

Recipients: A, P, DM

Who prepares: advisor's team

4 Other communication activities

4.1 Information on a postponement of the reform by a year

Similarly to the summer of 2005, the MoF SR should submit information on the course of the project to the government, and the government should take note of the one-year postponement of launching of the project (1 January 2008 as opposed to the original date of 1 January 2007). It would be appropriate to issue a press release on the government session or otherwise publish the conclusions of the government session.

Who communicates: management staff of MoF

4.2 Publication and regular update of information on the internet

It is appropriate to regularly publish and update information on the project and its course on the internet. An ideal solution would be a separate domain with a simple name that is easy to remember (for example "www.ipsas.sk"), which websites of other institutions would also contain a link to (particularly the websites of MoF SR, the Government Office, www.obcan.sk, the Central Portal of Public Administration, etc.). Alternatively, the website of MoF SR could contain a separate sub-site. It is of key importance that the website is well designed and clearly organized, contains all key information and documents, is easy to search, etc.

Who communicates: management staff of MoF SR

4.3 Communication with supranational institutions (EU, OECD, statistics organizations, etc.)

It is appropriate to inform international institutions on the reform of public administration accounting and reporting in the Slovak Republic and gain their support. This support should subsequently be used in domestic communication.

Who communicates: management staff of MoF SR

5 Other recommendations

Within the commenting procedure in August – October 2006, it is necessary to pay increased attention to comments made by entities concerned (for example, the Association of Towns and Villages of Slovakia, the Union of Towns and Villages of Slovakia, higher territorial units, etc.) and professionals (for example, the Slovak Chamber of Auditors, Slovak Chamber of Certified Accountants) or organize a special "preliminary round" of vetting for these entities in order to ensure the smoothest possible approval of the legislative amendments.

Correct communication with the Slovak Chamber of Auditors will also be important, because financial statements of municipalities and higher territorial units must be audited, which concerns approximately 2,900 entities. All consolidated (aggregate, summary) financial statements will also have to be audited. It is therefore necessary to consider professional training of auditors as well. Training of auditors is not included in this project, but within the framework of its activities and in cooperation with the Slovak Chamber of Auditors, MoF SR should create conditions for such training to take place on a timely basis.

Who communicates: management staff of MoF SR

6 Updating of the communication strategy

Based on experience from the first training courses regarding the basics of accrual accounting (around August – September 2006) and the vetting of the new legislation (around August - October 2006), the first experience in the interaction with the entities concerned should be assessed and a possible amendment (update) to the communication strategy and/or the content of the main part of training, which should take place in November 2006 – September 2007, should be proposed.

Who updates: project managers