

MARY KEEGAN, MANAGING DIRECTOR,
GOVERNMENT FINANCIAL MANAGEMENT,
HM TREASURY.

At the heart of government

TWO FINANCIAL PROFESSIONALS PUT THEIR SKILLS
AND EXPERIENCE TO DRIVE CHANGE IN FINANCIAL
MANAGEMENT AT THE HEART OF CENTRAL
GOVERNMENT. **MICHELLE PERRY REPORTS.**

BARBARA MOORHOUSE,
DIRECTOR GENERAL OF
FINANCE, DEPARTMENT OF
CONSTITUTIONAL AFFAIRS.

A year ago Mary Keegan faced a steep uphill climb when she took over from Sir Andrew Likierman as Head of Government Accounting. On the first anniversary of her time in post, it sounds like she's just reached the summit through her many achievements to date. But as she explains it was actually a false peak. There are a few more crests to reach yet. Fortunately, she's a keen walker.

"I don't think you ever stop learning whatever job you do. I have however gone through a big learning curve," explains the former Chairman of the UK's Accounting Standards Board. Indeed, Keegan, having spent all her professional career in the private sector, didn't take the decision to move into government lightly.

In 2001 Keegan left accounting firm PricewaterhouseCoopers where she'd been a partner to become Chairman of the Accounting Standards Board, succeeding Sir David Tweedie, now chairman of the International Accounting Standards Board.

Still, the cultural differences between private and public sectors haven't been as great as Keegan had anticipated, she explains. What has made the switch perhaps easier in many ways is that her mandate is to push forward a change agenda around the government's financial management; a process her predecessor Likierman began when he moved the whole accounting system from cash to resource accounting. Collective upheaval engenders a little solidarity.

"We've identified some of the main themes of what we as a team are trying to do. The challenge in the second year is to really make some of those things happen; to get the proper skills and training in place and look at how we make resource allocation and decisions. That area of resource allocation fits quite well with the spending

review announced last July," says Keegan.

Keegan has already made several major achievements in her new role. No small feat was getting a clean audit report for her first set of accounts for the Treasury. Part of her role includes the finance directorship of the Treasury. She laid her first set of accounts before parliament on 30 June. A very short three month turn-around and a reporting period on a par with any FTSE listed company. It's also the fastest the department has ever completed the financial accounts.

But it is in people management and training that her current focus lies. As an Honorary Fellow of the Association of Corporate Treasurers (ACT) and with an interest in treasury training programmes, Keegan has been looking at how she can introduce some of the treasurers' training syllabus into government financial training programmes.

"I'm starting to talk to the ACT now about to what extent we can use some of the new exam syllabus as part of a general way of educating people in government. The first of the two main areas of a treasurer's work which we could successfully encourage in terms of thinking in government is the financing area. The government has a big infrastructure in capital project programme and we need to be sure we are always financing that in the best possible way. The other area is one of the traditional topics – basic cash management."

Part of Keegan's responsibility is to look after the management of government's cash funds. One of the teams looks at best practice in cash management funds and its cash needs over a forecast period. It's an area that could do with an injection of treasury skills.

"We've just done a survey across government of the financial training programmes we have and we've identified some gaps in the training. We are now trying to think about what we should do about

Barbara Moorhouse, Director General of Finance at the Department of Constitutional Affairs (DCA), is a prime example of how a sustained drive to attract more skilled finance professionals from the private sector into government departments is working.

In March Moorhouse left behind her post of Chief Finance Director at software company Scala Business Solutions to join the ranks of government at the DCA where she oversees a £3.5bn budget. The DCA is responsible for delivery of justice through the courts, provision of legal aid and liaising between the judiciary, solicitors and barristers.

The change for Moorhouse has been substantial. A member of the ACT and The Chartered Institute of Management Accountants (CIMA), Moorhouse has been working as a finance director in different industry sectors for the past decade. For the past five years she has been at fast-paced technology companies where her responsibilities have increasingly broadened to take in HR and legal roles, too. At her previous job, she worked day and night to negotiate the \$87m sale of Scala to an American software company.

In comparison, life in government ought to be a walk in the park. It isn't however. But then Moorhouse never took the job in the hope it would be.

"Government is a very different world. I took it because government deals with things that are critically important to society and solving questions that are central to people's lives, which is a whole different intellectual challenge. Also I wanted to do something different," she says.

As part of her appointment Moorhouse is leading the department's change agenda in the area of financial management where she works closely with Mary Keegan, Head of the Government Accountancy

Service.

"Clearly my appointment is one small example of how the public sector is changing and trying to do things in different ways. It's about bringing the best of the private sector practice and put that together with the public sector ethic and create something that is stronger for being the synthesis of the two," explains Moorhouse.

The work ethic, despite public perception, is strong, she says. Long hours aren't the norm but at present Moorhouse doesn't deny the hours aren't perhaps what many might expect in the public sector.

"I didn't expect to do short hours, especially if you want to do change and fulfil personal development goals through a big learning curve," says Moorhouse.

Although she has adapted well to the different work culture, Moorhouse has found significant differences and has had to learn quickly.

"It's hugely self-developmental for me as I'm having to learn how you operate in a very complex environment and how you bring change to an environment that is stereotypically resistant to change, because of its size and scale and legacy. Because of the nature of the consultative processes that you need to go through and the time lag you need to build in, the public sector inherently has this lack of momentum to it, even if everyone was chomping at the bit for change. How you can push change forward in a way that doesn't run alien to the culture, or run ahead of the capacity of the people to deliver is what I'm learning," says Moorhouse.

Reform has been long overdue at the DCA. The department, Moorhouse says, was stuck in past times. "The Lord Chancellor's department was something of a backwater with real challenges in managing its funding. Professionalism came late here. The situation

filling them. And that whole area is part of what we are trying to do for the professional skills for government programme which is part of the civil service reform started a few years ago," explains Keegan.

Nowadays, the focus on financial management in government is much stronger. "Yes people are more focused now on financial management, but that was started years ago by Likierman. Also the economy is slightly tighter at the moment and we have to think carefully about what we spend our money on, but that's a good discipline in any walk of life."

To ensure it remains that way Keegan is tasked with beefing up the financial nous in government finances.

"We're trying to build skills of people who have worked in government for a while as well as recruiting from the private sector. So it's a double effect," says Keegan.

Government policy, announced last year, requires every department to employ a professional finance director on the board by the end of 2006. So far Keegan is 'nearly 60% there'. She has 15 months left to recruit finance directors in about 20 departments. Some will come from central government and others from the

private sector.

"Since last summer we've got eight new FDs in central government. We promoted from within, from local government and recruited from the private sector. That's quite a good mix; bringing in new skills and developing paths for people from within," says Keegan.

Keegan, who sits on the ACT's Advisory Board, is keen to continue to foster ties with the association because the business issues facing both, such as pensions and ethics, are increasingly converging. "The Advisory Board is very relevant for me and my role here at the Treasury. It's a good group with which to debate issues," says Keegan, rather modestly, as undoubtedly Keegan contributes as much to the debate as she takes out.

The government's Chief Accountant still has some way to go in the change management process. But here is a role where she is able to abundantly apply 30 years' of professional knowledge and skills in forging stronger ties between government and the private sector. She may well be in the market for a new pair of walking boots soon though.



requires quite a lot of investment of time and money compared to other departments," she explains.

In order to instil modernity into the department her predecessor hired external consultants to develop rapid change and address immediate challenges. Moorhouse has however moved away from that policy and prefers to teach her staff to fish, rather than hand it over on a plate.

"What it meant was that there was a parallel finance team," says Moorhouse. "It meant that the core staff were subject to a certain degree of turmoil and less time was spent on developing their skills. So since I've arrived I've focused on how to create a strong, committed, capable team that can take all the changes forward. There's been a lot of reorganising the right people into the right slots at managerial level.

"We've also tried to move away from hierarchy and the sense that people need to be given permission to do things. We're encouraging people to take ownership of their job; but also allowing people freedom to move their jobs forward," she says.

Moorhouse doesn't strike you as your typical private sector FD. Her commitment to the work of the DCA such as the administration of

Legal Aid and her compassion for the people involved is apparent. Indeed her passion for her current role leaves you wondering how she ever managed in the cut-throat world of the software business. Still her empathy for the role that the DCA plays in society doesn't blur her immediate goals.

"Money is always emotive. Money always carries a huge emotional and political charge as money is power. I've never been naïve that money is a neutral thing. Here you are trying to trade off very difficult things around social priorities. Here there is a whole different sense around the emotionality of numbers.

"The question is how do you make sure you are deciding to invest the right things in social problems and in the right way? Then you have to protect those systems from exploitation so that the money is going to the right people," she explains.

Having found the right balance in her professional life by applying her developed financial skills to a social cause, Moorhouse is on track, with a strong team, to ensure government takes the best of the private sector and moulds it to suit the public sector and work for the benefit of society.

