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**TRAINING NEEDS ASSESSMENT  
EL SALVADOR PUBLIC SECTOR  
ACCOUNTABILITY PROJECT**

**USAID/ EL SALVADOR**

**A HERNS REPORT**

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Center for Human Capacity Development  
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# Executive Summary

## Introduction

This needs assessment report responds to the human resource development requirements within the reform effort in public financial administration in El Salvador. The Agency for International Development has assumed a lead role among the donor institutions supporting this reform. It has long realized that this training project is a critical step to sustaining new and improved technical practices in the budgeting, accounting, treasury and control functions in the Salvadoran public sector.

World Learning, Inc., through the HERNS Project, provided the services of two principal consultants to conduct the research and analysis. Ms Linda Hemby, a teacher and trainer over the past decade in El Salvador, brought local experience and insight to the project team. Mr. Paul Stroh, an accountant who specializes in public sector integrated financial management, added the technical expertise required in the project.

## Training Resources in El Salvador

A key element in the statement of work was to provide information about the strengths and weaknesses of the public sector financial management education and training systems in El Salvador. The findings show that there are mainly weaknesses. The government training centers are not prepared to undertake any major training effort. The principal sources of expertise to conduct training are the major commercial public accounting firms and expatriate consultants funded by USAID, GTZ of Germany and the United Nations Development Programme. In addition, one local university, the Universidad de Centro America (UCA), has the infrastructure and personnel to perform a training role. In the medium term, these outside resources are the only ones available within the host country.

Chapter IV addresses this lack of local expertise in public sector technical issues. Steps are outlined to provide on-the-job training in the line agencies and simultaneously design a specialized one-year intensive masters program at the UCA which deals exclusively with practical problem solving and case studies drawn from the public sector reform program. Expatriate consultants would be expected to help design this specialized program as well as deliver lectures at the UCA. The preliminary guidelines for this intensive program calls for graduating thirty students per year over a three year period. A high proportion of these students would be current government employees who would take a paid leave of absence with a commitment to return to government service. After producing ninety graduates, this one-year program would be converted to a more generalized two-year masters program. The case study and practical application characteristics of the initial program would be maintained in the expanded masters program in public administration. Based on demand for this program in the fourth year, the UCA will commit to sharing its program

development experiences with the other two qualified universities, the Tecnologica and National Universities.

## **Quality of Technical Skills**

A second key requirement of the statement of work was the evaluation of the technical capabilities of the current public sector staff working in financial administration and control functions. Chapter II addresses this capability issue. For each major functional component a description of job requirements is compared to the technical skills present. Specific training is recommended for each component. The overriding characteristic of this review is the near total lack of understanding of the inter-connectivity among and between the functions. Of course, this lack of basic understanding precludes any desired coordination. This conceptual chasm is found both at the central normative agencies of the Ministry of Finance and the Court of Accounts and at the operational level within the executing line agencies. Until there is agreement as to the practical application of an integrated system concept, no technical training should occur. To do so would be a waste of money and time. Therefore, it is recommended that this Project be initiated with a major effort to present the concepts of integrated financial management to the senior management in the public sector. Approximately 6,000 managers and directors from the executing agencies would participate in a series of seminars/workshops lasting two days each. The leaders of these meetings would be the senior directors from the Ministry of Finance and the Court of Accounts, supported by the assigned resident expatriate advisors. It is key that these presentations be made jointly by all the leaders of the main system components, first to assure that they themselves understand and agree on the inter-connectivity concepts, and secondly to present a cohesive package to the ultimate implementers of the systems at the line agencies.

## **Overseas Training**

The Project Identification Document, a background source to this analysis, offered the possibility of selecting between ten and thirty candidates for study in a masters degree program in public administration at a United States university. The logic of such a program is to provide qualified leaders for the long-term sustainability of this human development endeavor. They would return to El Salvador to teach at government training centers and/or local universities and to do research on curriculum development in financial administration fields. This concept is not supported by the authors of this report. The alternative of sending expatriate experts to El Salvador for both on-the-job training and the design and implementation of an intensive one-year program at the UCA and other universities is both more cost effective and responsive to the practical Salvadoran needs at this time. The proposed strengthening of the UCA should produce ninety qualified practitioners in a relatively short period of time. By studying in El Salvador, participants are more accessible to control by the reform leaders. As necessary, study program modifications can be easily made to respond to current developments in the reform program. The strength of the in-county academic masters program is the ability of the student body to interact with the system practitioners and advisors working on real problems within the government.

On the other hand, opportunities for selective overseas short-term training, observation visits and attendance at specialized seminars and conferences should be maximized. Although on a per diem basis these short-term trips are the least cost effective, the overall cost magnitude is relatively minor, amounting to about ten percent of the overall projected costs (see Chapter VIII for the summary of estimated costs). At the same time, the impact from such short-term exposure can be dramatic especially for the younger, less experienced public employee. In a short time frame Salvadoran public servants can observe the a system which they have been instructed to design and implement actually functioning in a successful manner. This experience gives them both insight and motivation to carry on in their own environment.

### **Constraints and Conditionalities**

The first phase of the USAID Accountability Project started approximately three years ago. While many objectives have been met, there has been a general delay due to the lack of a clear and open commitment by the Salvadoran government leadership. Many independent observers hold the opinion that the government leadership in fact does not want this Accountability Project to go forward. In a recent public opinion poll taken by the Tecnologica University, the three major problems cited as national concerns were crime, the high cost of living and corruption, in that order. Recently there has been much open discussion concerning possible corruption both within the government and outside. The important point to be considered by the managers of this Project is not whether corruption exists but rather the willingness of government leaders to minimize potential corrupt activities through transparency of operations, timely integrated reporting and effective internal and audit controls. The test of this willingness is currently underway. The two proposed laws concerning integrated financial administration (SAFI) and the reorientation of the Court of Accounts must be passed before this training project is initiated. Assuming the passage of these two laws, the Government must organize for and deliver adequate funding for the substantial counterpart activities required, including the expansion of computer networks in the line agencies and the establishment of a major project office or training center to be used as the overall coordinating point for this complex project.

The implementation strategy which is presented in Chapter IX of this report is designed to react to the level and vigor of government commitment. The training activities are presented in three distinct phases on the Gantt Chart on pages 52 and 53 of this report. It is suggested that up to one full year be dedicated to basic organization and preparation for implementation. Associated costs for this first year are modest in relation to the overall cost projections so that, if needed, the stop-work order can be given with minimal financial repercussions. This first year will also allow adequate time for the government leadership to concretely commit to this reform program. Thirdly, this slow start-up phase will provide time to sort out thorny issues such as reductions in force and decentralization parameters.

At the end of the first year, USAID and other donors can decide on full and rapid implementation of the training activities listed in Phases II and III on the Gantt Chart. There is no doubt that a training project is needed in the public sector financial administration and control functions in El

Salvador. The missing ingredient at this crucial time is a firm concrete commitment by the government. A one-year phase-in period allows enough time for the leaders in government to make the necessary decisions and actions to take ownership of this Project.

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## **I. Introduction to the Public Accountability Training Needs Assessment**

Since 1992, USAID/El Salvador has been assisting the Government of El Salvador to establish a modern and efficient integrated financial management system through the Public Sector Accountability Project. The **purpose** of this Project is to support Mission Strategic Objective No. 3 in promoting enduring democratic institutions and practices in El Salvador. The Project also contributes to Mission Strategic Objective No. 2 in increasing equitable economic growth. Essentially, its **objective** is to provide the Salvadoran government with the tools and capabilities needed to improve the government's ability to manage and account for public funds.

In addition, this Project will foster and assist the transformation of the Court of Accounts into an independent audit agency under the direction of the Legislative Assembly. This supreme control organization will review and test the objectivity and reliability of government performance and financial reporting.

This project in El Salvador has its roots in an A.I.D. sponsored regional program titled "Regional Financial Management Improvement Project" (RFMIP). Phase I of RFMIP concluded in June 1992 after a three year review of public sector financial management practices in thirteen countries of Latin America and the Caribbean. This development assistance strategy promotes greater public sector accountability, transparency, and integrated financial management systems, to inspire citizen confidence and solidify democratic stability and economic growth.

The underlying principle of the RFMIP Project is that the reform is all encompassing within the financial management and control functions of the non-financial public sector. More important than the structure of the system itself is the process through which transactions flow. Participants in the system need to know from where the information comes and to whom they send the results of their processing efforts. With no exceptions, every transaction is connected, both before and after, to some other transaction or event within the system. This is the essence of the matter.

Phase II of RFMIP has been extended to include Colombia, Nicaragua and El Salvador. USAID/El Salvador is attempting to tailor the RFMIP methodology to respond to host country needs. To date, there have been significant improvements made toward this goal. They are as follows:

- Accounting law approved by the Legislature in 1991
- Accounting manual published in 1992
- Accounting system software implemented in ministries, consolidated reporting initiated in 1994
- Budget Policy unit authorized in 1994
- Pilot budget reform initiated in the Ministry of Education in 1993, continuing in 1994
- Performance based budgeting methodology selected, implementation scheduled for 1995
- Audit Division within the Court of Accounts established in 1993, and development plan for strengthening this post audit operation continues
- Technical assistance provided to the public debt management unit within the MOF

- EDP system design assistance provided to MOF for treasury, debt management and accounting
- Technical assistance provided the Main Treasury unit within MOF to update procedures
- Draft legislation written for integrated financial management system (SAFI)
- Draft legislation written for changing Court of Accounts from pre-control to post audit

These accomplishments of the past three years have focused primarily on methodological design and training oriented to the central control agencies of the GOES, the MOF and the Court of Accounts. In part, due to the delay in passing the two proposed laws mentioned, not all program targets have been met. The budget reform in the line agencies was delayed one year, to start up in 1996. The treasury function is still highly centralized. The accounting decentralization has been a fragile process due to the lack of computer facilities at the line agencies. And the audit reform has been stalled. These issues need to be addressed by the current Project which is scheduled to end in the first quarter of 1995.

The focus of the Accountability Project is now shifting towards developing the human capital to build on accomplishments to date. Practical implementation of decentralized financial management and control requires trained personnel. The purpose of this Training Needs Assessment is to define the requirements to be met, identify and evaluate the target population subject to training, and detail the types and quantities of resources necessary to deliver this training. USAID estimates that there are approximately 1700 professional level positions in the area of public financial administration, auditing and automated systems support, and an additional 3000 technical level positions in the same areas. The recommendations in this report will target only about one third of these positions. It is estimated that a well trained and supported professional staff of 1,600 is adequate to operate and maintain the proposed financial administration and control systems within the line agencies. This report identifies these positions and provides recommendations to direct training resources to the people who now occupy or will be assigned to these posts.

The terms of reference stipulate that the report be addressed to both the GOES and the various donor agencies which are contributing or may wish to contribute to this training process. As such, the strategies and options contained herein are directed to USAID/El Salvador and other bilateral and multilateral institutions. The objective is to facilitate coordination among all the potential donors so that training resources can be provided to gain the most impact, while avoiding any duplicating or counter efforts.

This training needs assessment is based on extensive consultations with individuals and groups who will be affected by the Project. These include: government entities, their functionaries, financial management staff, training centers, and international consultants; unions of public employees; professional associations of public accountants, auditors, and economists; national and international auditing firms; universities; research centers; NGOs; and USAID/El Salvador project managers with similar reform projects. Furthermore, strong efforts have been made to exchange information and ideas with the World Bank, International Monetary Fund, Inter-American Development Bank, German Technical Assistance Agency (GTZ), and the United Nations Development Program (UNDP). See Appendix F for a list of individuals interviewed and consulted.

## **II. Functional Requirements and Recommended Training Resources**

### **A. Host Country Commitment**

The strongest commitment to reform is found within the Ministry of Finance and is a result of significant technical assistance supplied by the IMF and USAID/El Salvador over the past three years. However, even this capacity is diluted because of poor cooperation among the various major directorates within the Ministry of Finance and the jurisdictional conflicts which exist between the Ministry of Finance, the Planning Ministry, and the Court of Accounts. The effect of these circumstances has been the delay in planned reform efforts at all levels. Even if the Legislature takes positive action on the two proposed laws, one to approve the integrated financial management structure and the other to reform the operations of the Court of Accounts, there remain serious constraints to the success of this Project. These constraints will be identified during the course of this report. Where feasible, solutions to these constraints will be offered. The demonstrated commitment of the GOES leadership to overcoming these constraints will be key to implementing a successful training program, and by extension, a sustainable reform process.

### **B. Personnel Policies and Systems**

There is no civil service system in place, no central personnel office, and only weak or non-existent personnel systems throughout the government's sixty principal entities. Opportunities for training are often not afforded to those who can best benefit from them and knowledge and skills gained from training are not applied to introduce institutional changes. This lack of a personnel management system within the public sector is currently being addressed by a World Bank-financed project within the Ministry of Finance. One of the objectives of that project is to identify skills training needs of public sector employees. It should be mutually advantageous that this World Bank-sponsored project be coordinated closely with the training in financial management proposed in this report so that lessons learned in each can be appreciated and used to good effect.

### **C. Overview of Public Sector Financial Management and Control Systems**

For each of the system components discussed below, an attempt is made to describe skills required as compared to actual skills present, training needs to improve on this skill level, and approaches to overcome constraints that are present. Estimates for training resources are included at the end of this chapter. These resources are presented in a list format, by component, and also in a training matrix which details the major training topics and goals.

#### **1. General System**

**Requirement:** The required competence for public sector accountants and others involved in system operations is fourfold. First, individuals working in accounting need to know the basic principals of

double entry accounting systems. Second, they need to understand governmental appropriation recording and control systems. Third, all involved in system operations and management need to understand the inter-connectivity between transactions as they flow through the budgetary-accounting process. Fourth, system management should have an appreciation for internal controls, both administrative and financial. In addition to thoroughly understanding these four basic requirements, auditors, both internal and external, must be able to apply systematic procedures to measure compliance of both the reliability of the resulting financial statements, as well as the degree of system integrity.

Public sector financial systems do not require professional accountants at each stage of the process. The training and level of education of those involved in system operation and maintenance varies significantly, depending on the stage within the process flow in which they are involved. The variance in these staff capabilities within the main components of the system process is described below.

**Adequacy of Technical Skills:** Other than a few selected individuals within the Ministry of Finance, the Court of Accounts, and ministries such as Education, where pilot test implementation is occurring, financial administration and control personnel system-wide are unaware or misinformed about the duties, responsibilities and expertise required of them under the proposed reform schemes.

**Training Required:** As indicated further on in this report, orientation seminars and workshops dealing with the roles and responsibilities within each system component, and the formal linkages among and between them, is a key priority of this Project. Immediately after passage of the two reform laws, an education campaign, concerning the practical aspects of the integrated system, should be carried out to reach literally everyone within the public sector. These training/orientation seminars should be delivered by the directors of the main technical departments from the Ministry of Finance and the Court of Accounts. The USAID consultants attached to these departments should participate in a support role.

**Constraints:** There is a lack of coordination among and between the technical directorates within the Ministry of Finance. Additionally, there is virtually no communication or cooperation between the MOF and the Court of Accounts. This is a problem because of the nature of an integrated financial management and control system. The system is a process along a continuum, beginning with planning/budgeting, and ending with control, audit and evaluation. Additionally, there is a potential conflict between the newly defined normative role of the Court of Accounts and the SAFI defined internal audit operation which reports to the Office of the Presidency. Prior to initiating the orientation to offices and agencies outside the central normative units, these issues of coordination and functional responsibilities should be clarified. In order to be effective and to present a common and consistent portrayal of the system design, the central normative units need to be unified, both in theory and methodology. To accomplish this, training sessions should be conducted by the expatriate consultants. All senior staff of the Court of Accounts and the Directorates of Budget, Accounting, Treasury, and Public Debt should participate in this training as a group.

A second general constraint is the lack of a clear definition of the decentralization parameters. The first level of decentralization, from the MOF to the executing agencies, is straightforward and clear. The next level, however, is not. The principal ministries that have nationwide operations have yet to decide how much to delegate and how much to keep centralized. Options under consideration are to delegate some or most control to the Regions, to the Departments, or to the Municipalities. These decisions will impact the eventual organization of the financial system and, thus, effect the training programs under consideration. The impact on training will be the strongest in the eventuality that delegation is made to the local municipality level. The best way to ameliorate this constraint is to get the interested parties together to collectively define the decentralization parameters. Participants in this meeting should represent the line agencies, the central normative control offices, and the donor agencies, some of which are currently disbursing funds directly to the local municipal level. This meeting, or series of meetings, should receive high priority inasmuch as any intensified on-the-job implementation training will be effected by these crucial decisions.

## 2. Financial System Components

### a. Budget Component

**Requirement:** This is the front-end of the system process. This stage requires the least degree of accounting expertise. Effort at this stage should focus on budget formulation. The use of cost/responsibility centers and output defined performance budgeting techniques to be used in the formulation of the 1996 budget is planned to be introduced in March 1995. Budget analysts at the executing agency level and those at the central budget policy and coordination level in the Ministry of Finance require expertise in programmatic organizational skills. These individuals need to be highly knowledgeable in agency operations and objectives. They normally will interact with program managers responsible for delivering services (outputs) generic to the agency.

During the budget formulation and approval stage, only minimal accounting involving costing skills is required. Responsibility centers within a program structure need to be organized and costs need to conform to budget formulation standards set by the Ministry of Finance. The skills required follow the methodology of performance budgeting. Budget makers must approach the crucial matter of cost center classification and related output indicators by first stating mission problems and goals in numerical terms. The mission statement should incorporate a measurable, attainable, time-bound goal pertaining to a significant cost center. Output indicators which directly measure goal attainment must be identified. These skills can best be attained through guided practice during the actual budget formulation process.

At the budget execution stage, a higher degree of accounting expertise is necessary, but limited to budgetary management techniques. The main emphasis is (a) to manage allotments and commitments/obligations within the global approvals given quarterly by the budget directorate at the Ministry of Finance, and (b) to monitor the execution of activities and projects in line with the performance indicators established in the budget and subsequent work plans. Detailed reporting to senior management is required internally. Reporting skills will require the ability to combine financial data with achievement data.

**Adequacy of Technical Skills:** Personnel at the line agencies involved in the budget formulation and control function are generally not versed in the proposed new budget methodology. However, the staff of the Budget Directorate at the Ministry of Finance has received, and continues to receive, training and technical advice from the USAID financed resident advisor. Pilot introduction of this methodology is underway at the Ministry of Education through the leadership of a local consulting company. With proper guidance, the personnel at the executing level appear to be able to successfully accept and effectively apply this methodology. The main problem is that virtually all the current budget staff are operating under the previous line item budget method. Also, a high percentage of budget staff work on budget control functions, especially with voucher processing through the DAFP approval mechanism.

**Training Required, Budget Formulation:** Performance budgeting must be built from the ground up. This implies widespread participation by on-line managers in the process of identifying output indicators. This cannot be accomplished quickly. The train the trainers practice can and should be used in this process. The estimate is that a minimum of five trainers per agency need to receive instruction and practice, using actual agency data. The future trainers should come from the budget unit staff in the respective line agencies. They can be trained over a two year period, coinciding with two budget cycles.

The first cycle is assumed to begin in January 1995, preparing the 1996 budget. During the first year, the staff from the Budget Directorate at MOF should work with the local budget staff on site at their agencies. They will teach these individuals how to apply the methodology working with the program managers closest to the actual production activities. Because of the large target group to be involved in training, the MOF staff should be supported by at least three experts in performance budgeting during this start-up phase. The style of training involves an initial classroom session of 2 to 3 days to explain methodology. This initial session can combine students across agency lines. The target group is estimated to be 300 budget analysts. This should be followed by a series of 2-day workshops to assemble performance data and indicators. This should take place on-site in agencies and involve program managers. The estimate of the total number of program managers is 900, using an average of 15 at each of the sixty principal agencies. The final step in this initial phase is to provide ad hoc training and advice to the budget analysts, on site, as the responsibility centers and associated cost arrays are assembled and collated into a summary format which will form the 1996 budget.

For the second budget cycle, beginning in January 1996, it is expected that the budget analysts will be sufficiently versed in their job to be able to perform the basic construction of the 1997 budget. At this time, the emphasis should be on refining indicators and programmatic goals. Also, beginning in year two, the budget analysts should conduct a formal review of all cost centers, striving to keep the classification scheme centered on topical and significant issues. Training at this point would be in the form of budget staff and experts from the MOF Budget Directorate leading these formal reviews. At the reviews, program managers present their proposed budgets to their peers, defend their projects and receive constructive criticism. By the end of this second cycle, there should be approximately 300 trainers across the public sector who will be able to train program managers in the art of performance budget formulation.

**Training Required, Budget Execution and Control:** The first year that performance budgeting is introduced, there should be no training in budget execution and control. The first reformed budget subject to a different form of controls will be that one that commences in 1996. The leaders in this effort should be most, if not all, of the 300 budget analysts identified above. In the second budget cycle, these now partially trained analysts will receive more specialized training in monitoring budget activity during execution. At this time, a representative group, possibly numbering 30 people, should be sent overseas to observe governments who are successfully using monitoring techniques under performance budgeting criteria. This group should be maintained upon return from their observation trip for follow-on targeted training. Quarterly workshops should be held for this group to share experiences and successes. These workshops should be led by an outside expert attached to the Budget Directorate at MOF.

Also required for successful budget monitoring is versatility in computer based tracking systems. Budget analysts must be able to download accounting data from the budgetary control ledgers into a spreadsheet format or data base which will also contain performance data to be generated and reported by program managers. An average of two individuals from each line agency should receive training in Lotus or Excel and in a database such as Rbase, Foxpro, etc. These 120 individuals should be given short introductory courses at a government training center such as CECAMH or its successor. These classes should be followed by more intensified on-the-job application training. Using current useful data from their respective agencies, training would be received by in-house expertise which is currently available in the larger agencies' EDP departments. This would be supplemented by outside expert consultants who could teach both at the agency level and provide expert services and training in general at the government training center.

**Constraints:** The difficulty arises because the entire public sector will have to convert to this reform starting in the first quarter of 1995. This will require that the Budget Directorate at MOF be highly organized and motivated to be able to introduce such a drastic change. The success of the effort will ride on their personal ability to communicate ideas and convince line agencies as to the value of such a change. This should not be left to chance. Donor agencies should consider financing site visits for MOF budget staff to overseas government agencies who currently practice successful performance budgeting. Examples of such sites are: the City of Fort Worth, Texas, the State of Wisconsin, and the City of Arlington, Virginia.

Additionally, the success of the budget reform is highly dependent on program managers and senior staff who are outside the budget units. These individuals may well be reluctant to expose their programs, and themselves, to such a high level of specific scrutiny. Convincing managers that accountability is not only necessary but that it is a positive attribute is the challenge. There is no specific technical training that can do this.

## **b. Accounting Component**

**Requirement:** This is the pivotal point of the public sector financial transaction recording process. It is the crossroad for all transactions. The accounting component records the four categories of accounts: Revenue; Expense, including the transitory charges of allotments, commitments and

obligations; Assets, and Liabilities and Fund Balance, patrimony or capital. Accounting expertise within this component must be at the highest level. Personnel in the accounting department must be fully knowledgeable in double entry bookkeeping, the nature and flow of budgetary transactions, fixed asset management and depreciation alternatives, public debt transaction recording, accounts payable and receivable subsidiary ledger maintenance, and revenue recording. The personnel in the accounting division must be prepared to accurately maintain these systems as well as provide accurate and timely reporting on a periodic basis.

Equally important to the recording and reporting of financial transactions is the requirement to establish, maintain, and constantly update and improve internal control mechanisms and procedures. While there are secondary internal control responsibilities in the other system components of budget, treasury and public debt, the accounting department role in internal controls is key.

**Adequacy of Technical Skills:** The introduction of the accounting component reform commenced approximately two years ago. The advantage to this early introduction is that the Accounting Directorate at the Ministry of Finance has gained valuable experience in system-wide, decentralized accounting operation. It has begun to consolidate accounting information for the financial activity of Ministries. Autonomous Institutions and Municipalities are not yet included. The disadvantage of its early introduction is that at the executing agency level it operates in isolation. The principal treasury component remains under central control at the Ministry of Finance and budget and fixed assets components are only recently being introduced. Under these circumstances, that is, with the lack of linkages to other system components at the line agency level, the accounting departments' personnel are frustrated, isolated and waiting for instructions.

This lack of continued practical application, combined with the general low level of accounting expertise present among the accounting units, has resulted in the continuation of obsolete practices. Most accounting operations continue to be done on a manual basis. The accounting units visited had only a single, stand-alone computer with very limited processing speed and storage capacity. The resulting scene is one person using the computer part-time and nine people living in the past with pencils and adding machines.

**Training Required:** These people need to be exposed to a government accounting system which is fully automated and integrated. A possible candidate within El Salvador is the government operated power company, CEL. A more appropriate training ground would be a fully developed model which could be set up at the government training center or within the MOF headquarters. The purpose of investing in such a model which is not actually being used in a production mode is to demonstrate the ultimate goal. Installing such a model in a line agency at this time is not practical because the required decisions on the practical division of work have not yet been made. Teaching the accounting personnel that they will handle payroll costing, expenditures and accounts payable is an exercise in futility, when these functions are currently firmly entrenched in other units. It will take time to transfer these functions to accounting. A main triggering moment will be when the budget analysts get busy with performance budgeting. They should then gladly shed their workload in vouchering, expending and paying. A teaching model within the MOF would be used to demonstrate to the budget analysts that even when they give up part of their control activities, they will still have

access to the required data on a shared basis. The accounting personnel will also be able to understand their expanded functions, while, at the same time, realize that they must make information available to others in the time-frame and format required. This model would be an invaluable teaching tool. The theory of this shared platform database has been worked out by the USAID consultants at MOF. Funds should be made available to procure the hardware and appropriate network software for its immediate installation.

Specific computer skills related to accounting management and off-line spreadsheets and databases would be taught using this installed model. The current level of expert advice provided to the MOF and the Municipalities needs to be greatly expanded. The type of training should be hands-on and practical. Experts should be available to teach small groups particular applications, both during the normal work day and the evenings. The computer model and auxiliary software and equipment should be open to authorized personnel seven days a week. Training of trainers is the desired mode of delivery. After an initial period of one year, the outside experts should select and train a core 5 to 10 individuals to carry on the in-service training. This type of service should become permanent. All future system operators should be required to attend a one month training period at the beginning of their job tenure at line agencies. This training activity requires the services of one senior systems analyst, one database software specialist, four experienced systems operators, and one system administrator.

Beyond this teaching model, the accountants can begin to receive training in the theory and practice of establishing and maintaining a system of internal controls. As operational decentralization inevitably marches forward, internal control mechanisms take on increasing importance. Not all accounting staff need to be trained in this topic. The target population should be the Director of Finance, the Chief of the Accounting Unit, and the next two most qualified accountants in the Accounting unit. This amounts to a total population of about 240 individuals subject to training. The training should be given by qualified public accounting firms, several of which are present in San Salvador.

Internal control training should begin with a full orientation to the new legislation given by the MOF technical directorates and the Court of Accounts to the public accounting firms. Quality control concerning the consistency of methodology applied in the training at the line agencies is paramount. CPA firms should not be permitted to teach whatever happens to be in their existing training manuals, which are principally geared to the private sector. IC training would initially involve seminar and workshop type delivery to relatively large groups. These sessions could be attended by personnel from various agencies at the same time. This would be followed by tailored technical training specific to each agency. The goal of these follow-up assignments would be to establish written procedures for managing internal controls.

**Constraints:** Accounting and budgeting staff do not visualize the complimentary roles they share. There seems to be a rivalry between the two units, both within the MOF and at line agencies. Training should be targeted to breaking this barrier. In addition to observation visits recommended for both groups, they should receive in-country training geared to bridging this gap. Accountants

and budget personnel should be brought together in formal sessions focusing on the interdependence of their roles. Just getting to know each other on a personal basis would be helpful.

A second serious constraint to effective implementation and training is the low level of computer technology within the accounting units at the line agencies. Single, stand-alone micros are not sufficient. The lack of computer tools is a reflection of the low priority given to the accounting function within the line agencies. Donors should either encourage the GOES to budget for and procure these tools or consider funding up to 60 networks themselves.

### **c. Treasury Component**

**Requirement:** The accountants responsible for the proper functioning of this component need to be specialists in cash management. It is important that these individuals exercise strong internal controls, especially as they relate to the certification authenticity of payment documents flowing from the accounting department. Beyond this need, strong controls must be placed on the placement and utilization of cash assets. Because the disbursement function is to be decentralized from the main Treasury Department, there exist many more possibilities for fraud and mismanagement. It is therefore important that Main Treasury act not only in a normative role, but also as a monitoring agency over the distribution and use of government funds as they are transferred from the Central Bank to commercial bank facilities.

Within the line agencies, the treasury functions are predominantly centered around managing receipts (minimal), disbursements and the holding of cash in a checking account. At the central Treasury level, the cash horizon widens. The Treasury can sell and/or retire short term financial instruments such as government bonds in order to maintain the minimal but adequate level of funds to meet government disbursing needs.

**Adequacy of Technical Skills:** This component is awaiting instructions. Treasury does not exist at the executing agency level. Isolated payroll units process and pay salaries. They are highly dependent on central data processing units at the ministry level, at least in the larger Ministries. Main Treasury at the Ministry of Finance continues the collecting and disbursing functions at their own Departmental offices. Main Treasury has little or no concrete plans for decentralizing their functions once the SAFI law is passed. There is great confusion and debate within the major ministries as to just how they are going to manage their future internal treasury operations. Prior to any attempted transfer of this function, there is a great need for Main Treasury to coordinate with line agencies as to how the future system will work. The skill level of staff working in the treasury function is low. They are principally involved in distributing checks which are prepared by the budget units in the line agencies.

**Training Required:** Once treasury units are established at the main offices of the line agencies, the respective staffs need training to operate the cash management function in three different spheres. They need to be able to accurately project the cash flow needs of the agency and obtain the necessary fund transfers from Main Treasury. Secondly, they need to interface with the payroll and voucher sections of the Accounting Units in order to know how and when to prepare checks for disbursement.

These disbursements need to be recaptured (ideally linked via computer) by accounting to maintain proper control accounts. And, thirdly, this new staff needs to understand how to deal with the public, i.e. the vendors and other third parties to be paid. One way to facilitate this is to transfer partially qualified staff currently working in Main Treasury to the line agency units.

This is the second ideal opportunity to apply the training of trainers methodology. As many of the posts at Main Treasury will be eliminated as a result of decentralizing this function, there should be a pool of individuals ready and willing to take assignments at the line agencies. These people should be given a test to determine their practical abilities, their basic computer knowledge, and their attitude and understanding of the reform features. Careful consideration of the people assigned to these positions is paramount because these positions require high levels of personal integrity. This personnel review should be assisted by outside sources such as a selected public accounting firm. A pool of approximately 75 could be selected to form a group of trainers. These individuals would become designated Chief Treasurers at the line agency main offices and regional or departmental disbursing/collection offices as required in some ministries.

The training should be led by the senior staff at Main Treasury and supported by a treasury expert who is familiar with the operational environment in El Salvador and with the SAFI reform goals. The training of these future trainers/implementers should take place in the government training center. The format would be seminars and practical workshops given over a period of approximately three months. At the end of this period, and prior to taking up positions in the line agencies, a select group should be appointed to assist Main Treasury in drafting written operational procedures, which currently do not exist. The importance of directly involving Main Treasury officials in this training/procedure writing process is due to the fact that once operational, frequent communication and constant coordination between the central normative group and the decentralized operations group is necessary.

**Constraints:** A serious constraint to effective implementation and training is the low level of computer technology found within line agencies. Modern treasury operations should be linked via network with the Accounting Units' database. Single, stand-alone micros are not sufficient. This lack of computer tools is a reflection of the low priority given to the accounting and treasury functions within the line agencies. Donors should either encourage the GOES to budget for and procure these tools or consider funding up to 60 networks themselves.

#### **d. Debt Management**

**Requirement:** This function can either be a subsystem of Treasury or a stand alone operation. In the case of El Salvador, public debt has been established as a separate unit within the Ministry of Finance. Inasmuch as debt management is centralized, and will remain so under the proposed reform, little data flow or management of debt takes place at the executing agency level. As such, it is not considered a major component of the overall financial management system. Indeed, public debt management only engages a staff of approximately 15 within the Ministry of Finance.

The principal accounting skills involve subsidiary ledger management at the General Ledger level. The control account of this ledger is the liability section of the GOES Balance Sheet maintained by the central Accounting Directorate within the Ministry of Finance. Ideally, this ledger would be formally linked (computer based) to the accounting records so that they would always be in balance.

A secondary, but also important requirement, is that the debt managers have the ability to make debt service (amortization and interest) payment projections for input to the annual budget formulation process. These same projections will serve as the Treasurer's Office cash flow projections for making disbursements on debt service in a timely fashion.

**Adequacy of Technical Skills:** This is the one system component which will remain centralized at the Ministry of Finance. The current staff are accustomed to posting and extracting data from manual ledgers. Accounting and computer skills are low.

**Training Required:** The Public Debt Unit at the Ministry of Finance is currently receiving direct technical assistance from a USAID-financed expert. System development and training are in the initial stages. The current staff is being introduced to the basic concepts and initial organizational schemes appropriate to modern debt management systems. What is required is more of the same, with continued direct technical assistance plus a concentrated effort to install a computer based debt recording and projection system. Direct technical assistance in the form of an outside expert is the appropriate mode for training. This expert should be retained on an intermittent basis to provide advice. A full time resident advisor is not warranted. The target population to receive this technical advice and training is 15 technical persons, the current staffing level of the unit.

Complimentary training should be provided by an expert versed in database management. Assuming that an appropriate local area network is installed to run debt management software by the current computer advisors under contract by USAID, supervisory assistance will be required over the first year of automated operations. A current Salvadoran trainee working with the USAID advisors at MOF would be a prime candidate for filling this position on a full time basis. This person would work under the guidance of the intermittent expert identified in the previous paragraph and would, in turn, be the trainer of the balance of the staff in the Debt Management Unit.

Once the computer based system becomes operational, staff of this unit should receive advice and training on its coordinating role between the Central Bank, executing agencies where debt is accumulated as disbursements are received from donor agencies, and the central Budget, Treasury, and Accounting Directorates. Each of these offices/organizations have ongoing data needs related to public debt. This training should take the form of workshops in which these needs are expressed by each of the participants and reporting formats or database sharing protocols are defined. Resources for this training would be in the form of a workshop leader knowledgeable in the interrelated data needs and data flows. This workshop would be repeated

at least quarterly during the course of a year to ensure that previous agreements are being fulfilled and to refine what has already been put in place.

**Constraints:** There are no serious constraints to implementing this training schedule.

**e. Procurement and Fixed Assets**

**Requirement:** Control of fixed assets is dependent on two sources of information: what is purchased by or donated to the government; and what is lost, used-up, sold, or otherwise disposed of by government agencies. The term "fixed assets" is used in the broadest sense to include land, buildings, vehicles, machinery, computers, and other office equipment. The fixed assets function is a subset of the accounting function, as the term "assets" implies. Fixed assets specialists, accountants or otherwise, need to systematically retrieve information from the budget execution module linked to the procurement process. Based on this information, additions to the fixed assets accounting records can be made. Deletions from the records are based on information to be supplied by program managers who dispose of assets. This linkage is a weak point because there is no incentive for managers to report. It is therefore imperative that periodic inventories be conducted by the fixed assets/accounting department. These inventories should be supplemented by internal audit reviews through physical inspections on a selective, random basis.

The procurement aspect within this component requires hiring specialists who are familiar with the technical specifications of whatever is being purchased. Accounting expertise is not required nor expected. The skills and expertise needed are: knowledge of government rules and regulations; requirements for competitive bidding, open or restricted; donor mandated conditionalities; and interfacing with budget controllers and program managers. Records must be kept in such a fashion that they are linked and reconciled to accounting control accounts, supported by budget authorizations, and coded as to their actual physical location. These three features provide for the auditability of the fixed assets. The detailed records must be maintained at the line agency level. Consolidated summary data is to be included in the summary Balance Sheet which is periodically submitted to the MOF Accounting Directorate for national aggregation.

**Adequacy of Technical Skills:** This component is still in the conceptual design stage. Fixed assets are not being recorded nor controlled, much less being consolidated at the national level. This component is not specifically identified in the proposed SAFI law. Personnel must be recruited and trained and then linked to the budget and accounting components. Procurement officials basically work in isolation. The only control being exercised in this area is that of budget clearances.

**Training Required:** Individuals selected to carry out this fixed assets control function should form a sub-unit within line agency Accounting Units. A target number would be 60 persons, one for each of the principal agencies. As a prelude to training, a fixed assets specialist should be contracted to either select an existing software package or design a computer based software application which would run as a sub-ledger to the accounting system. This could be accomplished in a three month time frame.

A group of about ten of these recruited individuals should be sent to a government site which has an operational fixed assets management system. A possible site to be visited would be the Organization of American States in Washington, D.C. The OAS has a comprehensive fixed assets system which

was designed in-house in 1978. Their system is linked to the budgetary module, which is very similar to a government operation. The system controls fixed assets at several sites within the District of Columbia plus project sites in all 30 Member States. Their fixed assets are summarized on the Balance Sheet and are subject to both internal and external audits.

The target training group should receive instruction concerning the mechanics and system linkages of fixed assets. A full range of training modules would be appropriate. That is, they should receive classroom instruction, attend seminars either organized by a contracted expert in El Salvador or as they become available overseas, and participate in practical workshops with all 60 agencies participating. A second specialist, in addition to the computer systems expert mentioned above, should be contracted to provide this training for a three year period. This expert would also be available to solve implementation problems as they occur in the line agencies.

**Constraints:** A major problem always encountered in establishing fixed assets records is the identification of what already exists. The problem is twofold. First, what quantities of assets exist, where are they located, and what is their physical condition? Secondly, what value should be assigned to them: documented original cost, estimated value, or appraised fair market value? This is a monumental task when one considers the scope of operations of the entire public sector. This task should not be underestimated. The solution to this constraint is fairly straightforward. Once the valuation criteria is decided, the process involves meticulous data gathering via a comprehensive physical inventory. An approach to this task would be to establish special inventory taking units to perform this work. Five 2-person teams, for example, could be set up to provide this service to all 60 line agencies. Each of these units would have a particular specialty. For example, one unit would specialize in building structures, another in technical machinery, a third in office equipment, a fourth in vehicles and moving machinery, etc. Under these circumstances, the initial inventory taking would last about two years. These teams should receive technical support from a specialist in this activity, especially in the valuation aspect.

#### **f. Audit Component**

**Requirement:** The auditing function is comprised of two main scopes of work: the financial audit and the operational audit. These audits usually are performed by internal auditors who are on-site permanently within the executing agency along with external auditors represented by the Court of Accounts. In many cases, private accounting firms specializing in audits are also contracted by government agencies or lending institutions.

Auditors ideally should possess three main qualities. First, in order to perform financial audits, including reviews of internal control mechanisms put in place by management, they must be accountants who know and understand the detailed operations of every component comprising the integrated system. Secondly, they must understand the budgetary responsibility center concept and its related performance criteria in order to perform operational audits. And, thirdly, they must have skills in documenting their analysis and findings in accordance with commonly used auditing techniques and consistent with those applied within professional auditing firms.

**Adequacy of Technical Skills:** This component is especially complicated. There is the Regular Budget and the Extraordinary Budget. Will they be merged under the control of the Ministry of Finance or will they remain separate? Will the Court of Accounts get out of the business of pre-control and DAFP administration? Will the Executive Audit Agency be created? It is assumed that the answers to all these questions is affirmative.

With the one exception of externally financed projects under the management of SETEFE in the Planning Ministry, no effective auditing is happening. SETEFE has an internal audit division whose main role is to oversee and coordinate the hiring of commercial audit firms and to act as a liaison between these firms and the donor agencies.

The current internal audit units within the major ministries perform minimal financial audits the old fashioned way and no operational audits. There is no effective leadership at the central level of the Court of Accounts nor at the Ministry of Finance. The one exception is the Audit Division within the Court of Accounts, which has a staff of approximately 60 persons. This includes a contingent of 12 audit supervisors who have been trained in modern audit techniques, four of whom are in management positions; the remaining eight work on actual audits in line agencies.

**Training Required:** With regards to external audit, which is assigned to the Court of Accounts, the 60 person Audit Division should be significantly expanded. Estimates of personnel needs indicate that this unit should increase fourfold. The Director of this Division has prepared a training schedule which calls for 27 short term sessions, in duration from 24 to 280 hours each over an eleven month period. The total number of participants is scheduled at 780. The topics to be covered include financial audits, government audits, operational audits, system audits, control of public receipts, control of public works, report writing and anti-corruption methodologies. The estimated cost of this training, all of which would take place in San Salvador, is approximately \$ 300,000. This proposal should be endorsed, and funded by a donor agency. This schedule of training should be repeated in years two and three of the Project to reach the threshold of quadrupling its audit force. The total cost would be approximately \$900,000.

An additional measure that should be taken with regards to the auditors at the Court of Accounts, is to put into effect a previous proposal to team these auditors with commercial auditing companies who currently are contracted by the donor agencies to conduct audits of externally financed projects. The largest audit firm in El Salvador expressed willingness to cooperate in such a program. The original proposal was to team 20 auditors from the Court of Accounts with these firms so as to provide practical experience in conducting professional post audits, applying standards of international recognition. This opportunity should be seized.

The establishment of the Executive Audit group, to be appended to the Office of the Presidency, is a feature of the proposed SAFI law. This, in effect, creates a public sector internal audit organization that will fill the existing void. The target training population would be 60 individuals designated to be Internal Audit Chiefs at the line agencies. These individuals would, in turn, become trainers of their future respective complimentary staff. These individuals should receive the same training that

has been proposed for the auditors at the Court of Accounts. One eleven month cycle should be sufficient for this group, at an estimated cost of approximately \$ 300,000.

**Constraints:** Assuming passage of the proposed law to reform the Court of Accounts, there are no serious constraints, other than being careful to select qualified new staff from within the current ranks of the Court or from outside.

With regards to the internal audit organization, it may be difficult to find and recruit the minimum 60 persons, considering the relatively low pay scales currently in effect. A second factor to be considered is that the few internal auditors currently working in line agencies receive little or no respect. To help overcome this negative reputation, seminars should be held for senior management staff of line agencies to educate them on the positive, constructive role intended for the future internal audit function. The 60 designated internal audit chiefs should be active participants in this seminar. The current USAID audit advisor, who is scheduled to conclude his assignment in El Salvador in the near future, or a person of the same caliber should be contracted as a lecturer to conduct these seminars.

#### **D. Evaluation of the of the Public Sector Financial Training Centers**

There are three government training centers that provide training in financial administration and control functions under review: CECAP, serving the Court of Accounts; CECAMH, of the Ministry of Finance; and "la Escuela de Administracion Municipal" which is run by ISDEM, the Institute of Municipal Development. The first two were visited by the mission team, the latter was reviewed by interviewing individuals familiar with its organization and operations.

Individually, or taken as a whole, these centers, as currently functioning, are not prepared to provide the services required in the Public Sector Accountability Project. The major weakness of all three is that they do not have an understanding nor an appreciation of integrated financial and control systems. Any training which occurs at these centers relevant to the reform efforts in financial administration and control is provided by experts and advisors outside these centers. Courses, seminars, workshops, etc. are designed and delivered by staff and/or consultants from the normative central directorates corresponding to each system component. The centers do not serve as depositories of curricula or technologies or experiences of the teachers, nor of the student audiences. Any possibility of synergy or cross fertilization of ideas, concepts, or desired linkages is not captured. This is a result of two factors: no one among the various component leadership has cared to propose these connections; and, the management and staff of the centers are not professionally nor technically prepared to accept this role.

The government training centers should represent more than a physical location at which classes are conducted. These centers need to be dynamic forces for interchange and coordination. They should be managed and led by technical practitioners who are stakeholders in the financial reform process. Examples of activities in which the management of these centers should be engaged are as follows:

1. serve as repositories of all studies, analyses, evaluations, reviews, etc. prepared by outside consultants, local or foreign;
2. regularly consult department heads and their technicians about training needs;
3. document all proposed laws and track their history until approved, their implementation problems and successes, and all technical assistance and material support received;
4. maintain communication and dialogue with the various inter-American and other off-shore institutes, training centers, professional organizations, and other sources of expertise relevant to reform efforts in public sector financial administration and control;
5. serve as the contact point in El Salvador for receiving information on overseas training and other educational events being offered. Maintain and post a calendar of such opportunities in the center and disseminate summaries of such information in bulletin boards throughout the government;
6. provide office space and logistical support to consultants and other experts who will work on the Project from time to time;
7. install and maintain a computer facility sufficiently large and structured to be used by computer experts during the design and testing phase of new software appropriate to the reform;
8. work with professional organizations of auditors, public accountants and municipal administrators in order to promote an understanding of government objectives and to encourage their participation in the delivery of training;
9. consult with and advise educators at the local universities of the skills and knowledge desirable for public sector financial administrators and auditors so that they are considered and included in course work and training at these centers of higher education;
10. actively confer with project officers at the bi-lateral and multilateral donor agencies (World Bank, OAS, BID, GTZ, UNDP, IMF, CIDA, USAID, and any others which may be present);
11. provide space and logistics for regular meetings to be held among all resident consultants directly involved in providing technical assistance in any and all components of improved financial administration and control;
12. build and maintain a document and information center to receive, catalog, and disseminate relevant books, periodicals, newsletters, and other material relevant to reform efforts;
13. prepare and distribute monthly pamphlets with summaries of new information received in the center;

14. operate as a clearinghouse for public employees who want training, provide them mechanisms to apply for training and scholarships, and consult their supervisors to evaluate applications;
15. be actively involved in the selection of candidates for fellowships or scholarships made available from time to time for study or training, short or long term, domestic or abroad; and,
16. serve as the focal point for re-introduction to government service of those individuals returning from an extended training or educational program, coordinate seminars and classes so trainees can multiply the knowledge and skills gained, and provide follow-on activities to upgrade their efficiency.

In light of the above definition of the characteristics of an optimal government training center, which present public sector training facilities fall far short of, there is no justification for strengthening them individually. Instead, it would be highly desirable to organize and maintain a single facility. Municipal administration, financial administration, control and audit training needs would be housed under one common operation. Each of these distinct components of the administrative process could maintain their identity and structure their part of the training programs to meet their special requirements. But, where common technical criteria is encountered, for which there are numerous points, they can share their experiences, reinforce each other, and sustain the momentum so crucial to the long term goals that they share.

**Constraints:** The history of government training centers in Latin America indicates a poor record of consistency of quality and sustainability. They either diminish in their importance and attractiveness after a reform is completed or after a change in government Administration or they become bureaucratic in their operations, interested in self perpetuity or both. Under these likely eventual outcomes, two key options are available to the GOES.

The first option is to provide for a sunset clause for the functioning of a full fledged government training center. A dynamic center could be set up with the proactive characteristics described above, with a funding sunset clause of five years to coincide with the time required to reach full implementation and sustainability envisioned in the Project. After this five year period, the then Administration in power could decide as to the nature and scope of the training center activities to meet the then current needs.

Perhaps a better option is simply to establish a project implementation office of substantial proportions to meet the same needs described above. The advantage of a super project office is that it would not be hindered by government rules and regulations. Also, a project office would have much more flexibility to adapt to changing circumstances and needs of the Project. A government run training center might tend to be too structured and formal. The project office concept also avoids the inevitable conflict between the independence of the auditors at the Court of Accounts and the operational managers within the MOF and the line agencies. If organized adequately, the project office option would be preferable to a new training center. Nevertheless, the current centers could be somewhat upgraded, for example, by improving all three physical sites with new air conditioned

buildings and improved communication and computer equipment. If this is accomplished, the Project Office should utilize these sites for meetings, seminars and workshops. If the three centers are not at least marginally improved, then the current training centers could be ignored, as they now are, and the Project Office would find alternative sites to hold group meetings.

**Resources Required:** For either the establishment of a new, improved government training center or a Project Office, the donors should not provide funding beyond the establishment of an integrated financial administration computer model as discussed in the previous parts of this section and providing for the costs of outside experts. The GOES has vacant buildings available in central San Salvador that are suitable for either a revitalized government training center or a large project office where most consultants and trainers would be located.

### E. Estimated Costs of Public Sector Training Components

The total Project costs will include costs so far identified in this section plus costs identified later in this report related to strengthening academic programs outside the public sector, assisting various NGO associations and professional groups, and sponsoring site visits, seminar attendance and overseas academic training. The cost summary is provided in Chapter VIII below. The estimates provided below are connected specifically to costs associated with direct technical assistance and training described in this Section.

#### Training expertise to be contracted for in the form of individual consultants:

• Overview of SAFI	Current Consultants	6 mos	at	\$ 20,000/mo	= \$ 120,000
.....					
• Budget Formulation	1 Senior Advisor	3 yrs	at	225,000/yr	= 675,000
	3 PB Specialists	2 yrs	at	175,000/yr	= 1,050,000
• Budget Execution	1 EDP Expert	15 mos	at	20,000/mo	= 300,000
.....					
• Accounting Operations	1 Sys. Analyst	2 yrs	at	225,000/yr	= 450,000
	3 DB Specialists	2 yrs	at	100,000/yr	= 600,000
	1 Sys Administr.	2 yrs	at	100,000/yr	= 200,000
• IFM Module	1 EDP Specialist	6 mos	at	20,000/mo	= 120,000
• Debt Management	1 Senior Advisor	2 yrs	at	175,000/yr	= 350,000
• Fixed Assets	1 EDP Expert	3 mos	at	20,000/mo	= 60,000
	1 Senior Advisor	3 yrs	at	225,000/yr	= 675,000
.....					

• Treasury Operations	1 Senior Advisor	3 yrs	at	225,000/yr	=	675,000
.....						
• External Audit	Training Modules	3mod.	at	300,000	=	900,000
• Internal Audit	Training Modules	1mod.	at	300,000	=	300,000
.....						
Total Cost of Consultant Delivered Training.....				\$	6,475,000	

**Overseas site observation visits:**

• Budget Monitoring	30 line agency analysts	1 week		\$ 50,000
• Fixed Assets Control	10 line agency staff	2 weeks		30,000

**Overseas Seminars and Conferences:**

• All Components	100 staff per year over five years	3 days		500,000
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**Total Costs of Consultants and Overseas Visits** 7,055,000

**F. Training Resource Matrix**

The training matrix on the following two pages summarizes the technical resources recommended in this chapter. The charts show the profile characteristics of desired training which should allow the project to reach its first major plateau. This first level of success is reached when there is a critical mass of GOES managers and technicians who can provide the momentum necessary to broaden and deepen the reform effort. The time line for this training matrix is three years, beginning in January 1995. In addition to the 6,000 government employees receiving the overview of the SAFI and Court of Accounts reforms and the 900 program managers who will participate in developing performance based responsibility centers, approximately 1,600 technical level persons will have been instructed in the practical application of systems operations in their corresponding specific area. These 1,600 technical employees are distributed as follows:

Directly Trained By:

	<u>Trained</u>	<u>Trainers</u>
• Court of Accounts, external auditors	240	
• Computer support personnel	60	
• Budget formulation and control	360	
• Accounting operations	600	
• Debt management operations	15	
• Decentralized treasury operations	75	100
• Internal audit	<u>60</u>	<u>100</u>
Total	<u>1,420</u>	<u>200</u>

An explanatory note is in order concerning the entries in the "Training Institution" column on the training matrix chart. There are only two institutions listed: the Ministry of Finance and its Directorates, and the Court of Accounts. These two normative institutions will lead and take responsibility for training, but they will be reinforced by outside technical assistance on a major scale. Inasmuch as most of the outside training resources will be directed to the sixty line agencies, it is important that these two normative institutions control the consistency and quality of deliverance as well as take ownership of the reform effort.

Government of El Salvador  
Public Sector Financial Management  
Training Matrix

Type 1	Seminar
Type 2	Workshop
Type 3	Classroom
Type 4	On The Job

Level 1	Initial Orientation
Level 2	Practical Implementation
Level 3	Intensified Applications

Training Activity by Functional Component	Training		Duration	No. of Sessions	Locale	Lead Institution	Trainee Profile	Impact/Utility Expected	No. Staff Trained	Person Months Experts	Cost of Experts	
	Type	Level										
<b>A. Overview of SAFI / Audit Reforms</b>												
1	boundaries of each component	1	1	2 days	60	on site	MOF	All Management	policy communication	6000	6	\$120,000
2	interaction between components	1	1	2 days	60	on site	MOF	All Management	policy communication			
3	normative centralization	1	1	2 days	60	on site	MOF	All Management	policy communication			
4	operational decentralization	1	1	2 days	60	on site	MOF	All Management	policy communication			
5	role of internal audit	1	1	2 days	60	on site	MOF	All Management	policy communication			
6	role of court of accounts	1	1	2 days	60	on site	MOF	All Management	policy communication			
<b>B. Computer Support Systems</b>												
1	Computer model for implementation at executing agencies, design & testing -relate to SAFI implementation	2	2	3 month	1	Hacienda	MOF	All EDP Staff	common data base	60	6	\$120,000
2	maintenance requirement software	2	2	2 days	15	Hacienda	MOF	AFI Unit Chiefs	common procedures			
	hardware	2	2	2 days	15	Hacienda	MOF	EDP Chiefs	problem solving			
<b>C. Performance based program budgeting</b>												
1	budget formulation stage budget policy unit's role focus on outputs establishment of responsibility centers	1 1,2,4 4	1 1,2,3 3	1 day contin. contin.	2 multi multi	Hacienda on site on-site	MOF MOF/Budget MOF/Budget	Senior Mgmt. All Managers Program Mgrs.	policy communication budget reform budget reform	360	125	\$2,025,000
2	budget execution stage quarterly allotment releases combining financial & physical data monitoring/reporting internally recommending corrective action	2,4 2,3,4 2,3,4 2,3,4	2 1,2,3 1,2,3 1,2,3	1 day contin. contin. contin.	15 multi multi multi	Hacienda on site on site on site	MOF/Budget MOF/Budget MOF/Budget MOF/Budget	Budget Chiefs All Budget Staff All Budget Staff All Budget Staff	decentralized respons. internal MIS capability internal MIS capability internal MIS capability			
<b>D. Accounting Operations</b>												
1	full asset accounting	2,3,4	1,2,3	Contin.	multi	Hac /on site	Mof/Acctng.	Acctng. Staff	integrated acctng.	540	120	\$1,250,000
2	payments certification process	2,3,4	1,2,3	Contin.	multi	Hac /on site	Mof/Acctng.	Acctng. Staff	integrated acctng.			
3	accounting links to: procurement unit fixed assets records cash management/treasury	2,3,4 2,3,4 2,3,4	1,2,3 1,2,3 1,2,3	Contin. Contin. Contin.	multi multi multi	Hac /on site Hac /on site Hac /on site	Mof/Acctng. Mof/Acctng. Mof/Acctng.	Acctng. Staff Acctng. Staff Acctng. Staff	integrated acctng. integrated acctng. integrated acctng.			
4	reporting channels	2,3,4	1,2,3	Contin.	multi	Hac /on site	Mof/Acctng.	Acctng. Staff	integrated acctng.			
5	role in system integrity/internal controls	2,3,4	1,2,3	Contin.	multi	Hac /on site	Mof/Acctng.	Acctng. Staff	integrated acctng.			
6	scope of coverage within executing agency	2,3,4	1,2,3	Contin.	multi	Hac /on site	Mof/Acctng.	Acctng. Staff	integrated acctng.			

Training Activity by Functional Component	Training		Duration	No. of Sessions	Locale	Lead Institution	Trainee Profile	Impact/Utility Expected	No. Staff Trained	Person Months Experts	Cost of Experts
	Type	Level									
<b>E. Treasury</b>									75	36	\$675,000
1 scope of coverage within executing agency											
payroll	1	1,2	5 days	30	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
vouchers	1	1,2	5 days	30	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
receipts	1	1,2	5 days	30	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
2 decentralization within executing agency											
regional disbursing offices	2,4	1,2,3	2 weeks	10	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
departmental disbursing offices	2,4	1,2,3	2 weeks	10	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
externally financed projects											
-receipts	2,4	1,2,3	1 month	15	Hacienda	MOF/Treasury	Line Treasurers	consolidated accounts			
-disbursements	2,4	1,2,3	1 month	15	Hacienda	MOF/Treasury	Line Treasurers	consolidated accounts			
3 cash flow projections											
internal to agency	2,4	1,2,3	2 weeks	30	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
external to Main Treasury	2,4	1,2,3	2 weeks	30	on site	MOF/Treasury	Line Treasurers	decentralized respons.			
4 authorizations to operate commercial accounts	4	2	2 days	15	MOF/Treasury	MOF/Treasury	Line Treasurers	decentralized respons.			
<b>F. Debt Management</b>									15	24	\$350,000
1 characteristics of data records											
multi currency	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	improved records			
multi year	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	Improved records			
2 need to reconcile with:											
central bank	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	Improved records			
renegotiated debt process	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	Improved records			
accounting system control records	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	Improved records			
banks/governments holding debt	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	Improved records			
3 main system linkages											
budget formulation-debt service amounts	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	Improved records			
input to treasury-cash flow projections	2,4	1,2,3	contin.	multi	on site	Pub. Debt Div.	Debt Mgrs.	improved records			
<b>G. Audit</b>									300	60	\$1,200,000
1 Internal audit organization and scope	1,2,3,4	1,2,3	contin.	multi	on site	MOF	Int. Auditors	simplify/expand coverage			
2 External audit scope											
Court of Accounts role	1,2,3,4	1,2,3	contin.	multi	on site	Court of Acc	Ext. Auditors	simplify/expand coverage			
Commercial audit firms role	1,2,3,4	1,2,3	contin.	multi	on site	Court of Acc.	Ext. Auditors	simplify/expand coverage			
3 Coordination of internal and external	1,2,3,4	1,2,3	contin.	multi	on site	Court of Acc.	All Auditors	simplify/expand coverage			
<b>TOTALS</b>									1,600	416	\$6,475,000

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### **III. Training Resources Available at Non-academic Institutions**

In addition to the technical training described in Section II above, which is principally in the form of individual experts contracted to conduct workshops and provide on-the-job assistance, there are training resource possibilities available from certain professional organizations, training centers, and private commercial firms.

#### **A. Programs in the Salvadoran Private Sector**

This source of training expertise is weak. A few commercial accounting and auditing firms do have experience in auditing or in providing surveys and technical assistance related to public sector financial administration. However, the engagements of these firms are limited almost exclusively to externally funded projects funnelled through the SETEFE unit at the Planning Ministry. Nevertheless, the quality of technical service of these major auditing firms is high, as measured by international standards, and they should be very able to respond to a particular request for services by the Ministry of Finance or Court of Accounts. Being for-profit firms, they do not have excess idle capacity. They mobilize in response to particular needs; their market is essentially demand driven.

These firms represent the only local source of expertise in the theory and practice of setting up and monitoring systems of internal control. Because internal control mechanisms are so crucial to the plan of decentralization in the public sector, the talent found in these firms should be used. They should be engaged to teach the theory of internal control mechanisms. They should also be engaged to provide on-the-job training to accounting personnel (240 targeted positions) at the executing line agencies.

Of the selection of local management consulting firms surveyed, only one was found to be working on directly related reform issues. The firm has a permanent staff of only five professionals, but all five are working on SAFI components. The founder and President of this firm was interviewed, at which time it was discovered that his firm has been working at several major executing agencies. The firm is very active in budget reform and organization of accounting units, including some work on internal control issues. With regards to budget reform, the firm has been closely coordinating their efforts with the new methodology proposed under the SAFI law. Regarding accounting and internal control topics, the firm is basically free-lancing, although their efforts seem to be generally in line with what is expected under SAFI. This is the ONLY firm found to be active and committed to government reform.

Something taken for granted in the industrialized nations is the existence of consulting firms which specialize in the public sector. In El Salvador, there is a great void of them. A deliberate effort should be made to foment such a resource to support this Project in the long run. Private firms, such as the one discovered in this mission, should be sought after and encouraged to bid on reform tasks including training. Donor agencies, along with the Government, should establish a list of pre-qualified firms who have capabilities consistent with the training efforts described in the previous chapter. To the maximum degree possible, staff of these firms should interact with the individual consultants

assigned to the MOF and the Court of Accounts so that they can be exposed to high level consulting skills.

The professional associations of accountants and auditors are fragmented and not up-to-date on international developments in their respective fields. As currently constituted, they do not represent a viable training resource. On the contrary, they should be on the receiving end of training. At a joint meeting of the three public accounting associations they indicated a desire to learn about the Accountability Project. At this meeting, which was attended by the Project Manager from USAID, they had enough savvy to put out feelers on receiving funding. They also indicated that two of the three were planning to merge, an activity which should be encouraged. The leaders of the associations, were told that if they did not get organized and educated they would be left behind. And they should be. On the other hand, if they actually follow through on their verbal commitments to organize and prepare for participation in the government reform, the Project should support them in concrete ways.

For example, a small group of about five could be sent on an observation visit to the American Institute of Certified Public Accountants (AICPA) training headquarters to see the possibilities. The purpose of this trip would not so much be to copy specific programmatic material, but to open their eyes to what is being accomplished elsewhere. English comprehension would not be required. Shock therapy is given in the international language. This is what is needed, for starters.

A follow-up program for the development of a unified professional association could be coordinated with the larger public accounting firms in El Salvador. These firms are, in fact, members of one or the other of the associations. It is important to note that 20% of the current membership of the associations are government employees.

The goal of such a program would be twofold. First and foremost, to foster a professional association which emphasizes continuing education of its membership and serves as a source of normative guidance to the profession. Secondly, to engage this association on the accountability reform effort. By "engage" it is meant to actually provide either training expertise or training sites. Perhaps more importantly, this group can "engage" by providing moral support to the overall reform effort. It would be most helpful to the reform if there was a strong professional association that drafted and gathered public support for such things as a public sector code of conduct, a conflicts of interest definition or guideline, and an associated financial disclosure statement for use by all senior level public servants. These and other related sensitive topics are routine material discussed and interchanged within the larger public accounting firms in El Salvador.

A concrete form of a development program could be the provision of grants or stipends to the association(s) to provide for a remunerated staff to work on the issues herein described. A core of five employees, part- or full-time, could develop draft concept papers or investigative reports to be presented and discussed at committee or general meetings. Similarly, a grant could be arranged to the association to provide air-conditioning and modern office equipment to the one physical site currently under the management of the Corporacion de Contadores. A travel fund could also be

established to finance observation visits to other sites within the Americas, comparable to the recommended AICPA visit.

## **B. International Programs**

There are multiple choices of sites and scopes of coverage for relevant training resources outside of El Salvador. Appendix E lists the training institutions within the United States which are potential sources of training. There are two drawbacks to the use of United States training institutions: English fluency is required in most cases; and prepackaged programs are largely irrelevant to the status of Salvadoran public sector reform. A majority of the training sources indicated their willingness to create a program relevant to El Salvador. There is no advantage to this offer. Most U.S.-based management consulting firms are willing and able to do the same and they have much more flexibility. The task involves finding teachers and arranging for financing and logistics.

Potential training sources in the U.S., which do offer courses in public administration and auditing in Spanish, are as follows:

- Atlanta Management Institute, Atlanta, Georgia
- El Paso Community College, El Paso, Texas
- Academy for State and Local Government, Washington, D.C.
- University of New Mexico, Albuquerque
- Institute for Training and Development, Amherst, Massachusetts
- Institute for Training and Development, Tucson, Arizona
- USDA Graduate School, International Institute, Washington, D.C.
- General Accounting Office, International Auditing Organizations, Washington, D.C.

Of these, only two are recommended to be used: the USDA and the Government Accounting Office. These two would only be used for the auditing function and on a very limited scale. As indicated in Chapter II, most auditing and internal control training is recommended to be conducted in country. USDA and GAO should be used for more specialized training and only for senior staff. Five persons from the Court of Accounts and five from the newly established Internal Audit Division under the Presidency should be sent to Washington. Courses to be taken at GAO include: Fraud Awareness, Compliance Auditing, Managing for Productivity, and Standards and Applications of Evidence. Courses to be taken at USDA include: Evaluating and Reporting on Management Control Systems, Management Principles and Performance Auditing, and Prevention and Detection of Fraud. All of these courses last about two days each, so during a single trip, several courses could be taken by the same individual. This type of short-term training is often not cost effective so care should be taken to select only those courses that are truly complimentary to training to be provided in-country.

The best of all the training available is the GAO International Auditor Fellowship Program which is run by the Office of International Auditing Organizations. However, this is a select program that, at most, allows for one candidate from each country per year.

International professional associations within Latin America also offer relevant training opportunities on an ad hoc basis. The educational value offered by these associations is the interchange of experiences among the participants attending conferences and seminars. The following groups should be monitored for advance notice of seminars and/or workshops being sponsored by them:

ASIP	Asociacion Interamericana e Iberia de Presupuesto, Buenos Aires
AIAC	Asociacion Interamericana de Contabilidad, Miami, Fl. Contact point: Juan Herrera, Victor Abreau, (305) 225-2011
OLACEFS	Organizacion Latinoamericana y del Caribe de Entidades Fiscalizadores, Mexico, D.F.
ICAP	Instituto Centroamericano de Administracion Publica, San Jose, Costa Rica
INTOSAI	International Organization of Supreme Audit Institutions
ACAS	Asociacion Colombiana de Auditores de Sistemas, Bogata, Colombia
ALAP	Asociacion Latinoamericana de Administracion Publica, Quito, Ecuador
IBAM	Instituto Brazileria de Administracion Municipal, Rio de Janeiro, Brazil
CEDEM	Centro de Desarrollo Municipal, Bogata, Colombia

It is suggested that the Salvadoran Director of the reform Project maintain contact with these organizations to receive their annual calendar of events. For relevant opportunities, a budget should be set aside to finance attendance of approximately 100 participants per year. Total related costs would amount to about \$ 500,000 over the life of the Project.

Not to be forgotten is the A.I.D./Washington regional program for integrated financial management. Under RFMIP Phase I, which ended in 1992, training modules were specifically designed to teach the principles of a public sector integrated financial management . The current institutional contractor, Cassals & Associates of Arlington, Virginia, has upgraded these training modules and has begun to apply them (in 1994) in various Latin American countries, including Panama, Guatemala and Paraguay. The length of courses vary from two days to two months. After appropriate adaptation they are intended to be given within the host country. The course materials are available on computer diskettes for the express intention of making the necessary modifications to adapt them to local terminology and circumstances. A summary of the curriculum content is included as Appendix G of this report.

#### **IV. Accounting/Financial Management in Salvadoran Universities**

##### **A. Description of Existing Programs**

###### **1. Background: University-level Education in El Salvador**

Since its creation in 1841 and until 1965, the University of El Salvador (UES) was the country's sole university. In 1951, the UES became an autonomous government entity. Primarily because of ideological clashes between the UES and the government, the Legislative Assembly approved a law

in 1965 permitting the creation of private universities. The Universidad Centroamericana (UCA) was founded and remained the only private university until 1977. At that time the UCA absorbed 12% of all university students.

Before the National University was closed by the Salvadoran military for four years in 1980, it included 81% of all university students. Private universities have grown from 5 in 1980 to 44 in 1994. According to the latest statistics, there are 26,322 UES students, representing 32% of the current total Salvadoran university enrollment of 81,773. The Universidad Tecnológica, founded in 1981, has the second highest enrollment with 9,238, the UCA ranks third with 7,123, and the remaining 41 private universities has the balance of 49,090 students.

Salvadoran universities offer a five year "licenciatura" undergraduate degree. Some also offer a three year "profesorado" which is a degree for teaching secondary education. A very few offer two or three year programs in technical fields.

The three most popular fields of study in the private universities are, in order of preference, Science and Humanities (31%), Economic Sciences (Business Administration, Economics, Public Accounting) (28%), and Engineering and Architecture (23%). In the public university, 27% of its students study Medicine, 20% Science and Humanities, and 16.5% Economic Sciences. The number of students studying economics in the UES is 394, another 2,067 are studying public accounting, and 1,862 are enrolled in business administration. In private universities, 263 are economics majors, 1,963 are studying public accounting, and 3,862 are enrolled in business administration. These numbers are related to the five year "licenciatura" degree.

The Escuela Superior de Economía y Negocios (ESEN) has been operating for less than a year. It presently offers licenciatura-level courses, plans to open up a licenciatura program, and foresees the initiation of masters programs in another ten years. ESEN was founded by renowned members of the governing party to "train a new generation of students to become future leaders and an intellectual elite in managing enterprises." Because of its emphasis in responding to the human capital needs of big business, ESEN's interest in the public sector is limited to how Salvadoran entrepreneurs can promote their interests by influencing public sector policy.

A masters program in business administration was initiated by the UCA in 1986 and later opened in the Universidad Tecnológica. Presently, in August 1994, there are 240 students enrolled in the masters program at UCA and 156 students at the Universidad Tecnológica. The Fundación Empresarial para el Desarrollo Educativo, FEPADE, which was created by prominent Salvadoran businessmen and USAID/El Salvador to provide non-formal training to the business sector, also offers a masters program in business administration to 166 students. Unlike the UCA and Tecnológica whose students come from both the private and public sectors, the students attending FEPADE are from large firms and banks.

A total of 176 full-time and 75 part-time professors and instructors teach 4,323 students at the "licenciatura" level in the Economic Sciences faculty of the UES. Similar statistics are not available for the 15,745 "licenciatura" level Economic Sciences students in the private universities. However,

the UES employs 942 full-time professors and 439 part-time professors, not including teaching staff in three centers outside its main campus for which there is no data. The accumulated personnel of private universities include 375 full-time and 3,379 part-time professors and instructors. The void of information on this subject will be filled by Harvard University researchers in a book to be published in December. The book is the result of an extensive study on Salvadoran education and will include information on the academic preparation of Salvadoran university professors. Among other findings, it will reveal that the UCA presently has the most qualified teaching staff.

As the USAID/El Salvador sponsored "Harvard Study" indicated, it has been impossible to establish levels of efficiency and academic standards in universities since neither Salvadoran universities nor the Ministry of Education generate this information. However, the deficiencies of Salvadoran universities are well-documented. The most serious problems cited are: lack of funds; ill-prepared high school graduates; low quality teaching staff; and antiquated academic programs with little relevance to the Salvadoran reality. Most universities are housed in small, deteriorating buildings. Only 10% have adequate infrastructures, the largest being the National University and UCA. What libraries exist contain mostly titles in the areas of social science and humanities; with few exceptions, scientific and technical material is very outdated. The most modern library belongs to the UCA. Where laboratories exist, installations are rustic and equipment is inadequate and obsolete. Only the UCA has opted to go into debt to provide modern and equipped laboratories.

Almost two years ago the Ministry of Education proposed the Reform of Higher Education to establish accrediting regulations, encourage higher academic standards and quality education, stimulate research, and require a greater role of the University in meeting the country's assistance and development needs. The only universities in favor of the reform were the UES and UCA because their infrastructures, academic, investigative and social service activities fell within the proposed law. The private universities organized against the law feeling economically pressured to comply with its regulations. Just recently, three other private universities have joined the UESS and UCA in supporting the reform. They are the Universidad Tecnológica, Universidad Albert Einstein, and Universidad Francisco Gavidia. Once the reform is accepted, there will be a two year grace period for universities to comply; thereafter, those which do not meet the Ministry of Education's requirements will be closed down.

Other than student theses, Salvadoran universities have done little in the area of research. The exception is the UCA which has maintained several research centers that provide consulting services to international public opinion poll firms and universities, and publish results and analysis of their investigations in books, magazines, and investigative reports. The UES has the oldest publishing facility in the country; UCA began its more voluminous publishing operations in 1972, and is the only private university with this service. Outside these two universities, there are only three Salvadoran quasi-publishing companies; two buy rights to publish texts, and the other reproduces books without permission of the author and original publishers.

In summary, higher academic standards, professors with graduate degrees from prestigious universities, a high percentage of foreign visiting professors, adequate infrastructure, demonstrated investigative ability through various research centers, and extensive publishing experience are

undisputedly found in the UCA. It is important to clarify that the UCA is not a Catholic university. Outside its theology related department directed by the Jesuits, religion is not discussed. The UCA is completely independent administratively and financially. It operates from student tuition, international consulting services, and the publications of books and investigative reports. Moreover, it has received moral support, and some financing for infrastructure and equipment from U.S. Congressmen, the European Economic Community, and other international figures and organizations. It enjoys technical assistance, cultural and work exchanges with universities from all over the world. The UCA has its own radio station, a prime time investigative television program, a weekly editorial page in an afternoon newspaper, and provides community services to the needy (i.e., free psychological and legal services). It also has the country's best equipped university computer center.

Relatively speaking, the UCA is the best university in El Salvador. However, the quality of education at the UCA also suffers from limited funds. The UCA offers comparatively low wages to its teaching staff who must maintain part-time jobs elsewhere to supplement their UCA salaries. Thus, as in other Salvadoran universities, UCA professors do not devote themselves full-time to the preparation of classes, nor are they available to meet student demands for consultations. There are also not enough funds to meet the demand for increased didactic materials and larger computer facilities.

## **2. Licenciatura in Public Administration**

In 1982, the Duarte administration encouraged the opening of a licenciatura program in Public Administration in the Universidad Las Americas de El Salvador. Due to the steadily decreasing numbers of students, the program was suspended in 1988. Ten years ago, the Universidad José Matias Delgado offered a similar program which quickly ceased to function because of the lack of demand. More recently, the Universidad Tomas Alva Edison experienced the same problem after designing a 2-year technical and licenciatura level program in Public Administration, which, to date, has not operated. All universities rigorously promoted their programs in the public sector and publicized them in newspapers. However, there was little interest and no technical coordination nor was financial support obtained from the government.

There is a consensus among government functionaries and employees, international consultants, international organizations, and universities that a licenciatura in Public Administration is not marketable or justified in El Salvador at this time. Salvadorans simply do not aspire to obtain or maintain employment in the public sector due to its poor working conditions, low pay, and inequitable tendencies towards political favoritism and nepotism in hiring, promotion, and training. Additionally, technical financial experts agree that a licenciatura program in Public Administration is not sufficiently agile to respond to the pressing training needs related to the implementation of new integrated financial administration systems.

## **3. Masters Programs in Public Administration**

In 1991, the Universidad Tecnológica opened a masters program in Political Science and Public Administration. Its present enrollment is 35 students. While the University explains that the curriculum is 70% political science and 30% public administration, a review of its contents disclosed

that courses bare little semblance to those offered in traditional graduate-level public administration programs.

However, the Tecnológica is interested in improving this Masters program and in offering continuing education training in public administration. The Tecnológica's Masters program is physically and operationally independent from its licenciatura programs. The exception is that the Masters program does not have its own computer center and its students must use the computer facilities in its undergraduate campus. This program has a modest documentation room, but otherwise, its facilities, while not large, are probably the most attractive and comfortable in El Salvador. The Tecnológica's Masters' program also has proven experience in promoting educational activities and academic discussion to curb cultural and political idiosyncrasies which constrain Salvador's cultural and socio-economic development.

The UCA has planned the introduction of four new masters programs in 1995, including "Public Administration and Non-Profit Organizations". The proposed 2 1/2 year curriculum resembles those designed in Europe, the United States and other developed countries. Integrated throughout all its courses is "the philosophy to create change agents who are skilled, creative, and committed to El Salvador's development needs." The present proposal acknowledges the need for program flexibility and tackles the immediate Salvadoran cultural and political obstacles to government efficiency through the integration of professional ethics themes in most of its courses. However, its scope is very broad. It lacks courses about the regional and national initiatives to implement new integrated financial management systems. Neither does it provide sufficient history or background information about how the Salvadoran public sector has operated nor address civil service system or other institutional obstacles to improved government. The proposal has been criticized by the Vice Rector of the UCA who has requested USAID/El Salvador's assistance in making the program more relevant to regional public financial management trends and more useful to resolve Salvadoran public sector problems. In response, the director of the UCA's Masters program is currently working on an alternative, an extensive one year masters in Public Administration directed 100% to the operation of the new integrated financial management systems promoted by this Project.

## **B. Options: Salvadoran University Level Strengthening**

### **1. Licenciatura-Level**

There are strong, convincing arguments that a licenciatura-level public administration program is not marketable at this time. A more practical option would be to introduce curriculum changes in licenciatura-level financial fields to upgrade their quality and make them more relevant to the realities of the public sector. This would help create a supply of future financial professionals able to analyze and act on the financial information produced by the new integrated financial management systems. Information on the new systems will help make students employed in the public sector more supportive of the USAID reforms and could inspire them to be more efficient and productive, and less frustrated and influenced by partisan politics.

**Training Required.** A series of short term training efforts to promote licenciatura level curriculum changes would be directed to deans and two or three of their professors in university departments with financial management components. USAID/El Salvador public sector consultants, with the participation of directors from the main technical departments from the Ministry of Finance and the Court of Accounts, would design and provide training activities.

Universities presently supporting the Ministry of Education's proposed Higher Education Reform should be candidates for this training. This would ensure the sustainability of training since these universities will fill the Ministry reform's requirements and will not be closed down. These include the UES, UCA, Universidad Tecnológica, and Universidad Francisco Gavidia, which all offer fields of study related to financial management. The first three also have sizable portions of government employees in their student populations. The exception should be Universidad Albert Einstein since it specializes in engineering and the sciences.

For cost-effectiveness, and to encourage more communication and cooperation among Salvadoran universities, training locations should be on campus and rotated among the participating universities. Because of its size, and the fact that it is the national university, the first ten sessions would be hosted by the faculty of Economic Sciences of the University of El Salvador.

**Phase I.** Courses would be oriented to the LAC/RFMIP Strategy for Accountability: financial administration, internal control and auditing components. Their content would include a discussion of the history, experiences, and impact of the RFMIP in countries where systems are presently operating. There would be an analysis of how Salvadoran public sector financial systems have worked, why reforms are needed, what laws have been passed and/or proposed, and what obstacles exist to the successful implementation of these reforms in El Salvador.

Courses would also examine the impact of the new financial systems on Salvadoran government transparency, the control of corruption, the more efficient handling of public funds, and the benefits to Salvadoran development. Cultural and political idiosyncrasies in the public sector which facilitate or generate government inefficiency and corruption should be addressed, as well as the need for an enforced code of ethics. To stimulate new commitments to change, experiences of anti-corruption civil organizations should be studied and discussed. Highly recommended are Controlando la Corupcion by Robert Klitgard and En Defensa Propia: Como Salir de la Corupcion by Luis Moreno Ocampo.

Start Up:	immediately
Duration:	one month
No. of Sessions:	20
Locale:	on site
Costs:	\$ 20,000, one person month consultant \$ 2,500, didactic materials

**Phase II.** Participants would work together to design and plan two one semester courses. This would include a schedule for visiting public sector functionaries and consultants, a list of didactic material needed, teaching methodologies, independent research required, and evaluation mechanisms.

Participants would also prepare a Joint Action Plan which specifies when and how they would revise these courses to keep their students abreast of the latest developments in the new financial management systems. They would have to provide specific examples of how they would multiply knowledge and skills gained: for example, by providing seminars to other departments and faculty members within their institutions, to NGO's, professional associations, other universities, and when requested, to government entities; writing and publishing articles; etc. They would also support original student theses on some aspect of the new integrated financial systems. USAID/El Salvador should contribute to motivating the latter by sponsoring these competitions in the universities benefiting from training. The best thesis would be published and disseminated by USAID.

Start Up:	two weeks after the end of phase I
Duration:	one month
Locale:	on site
Costs:	\$ 0

**Phase III.** USAID/El Salvador consultants would review the work of Phase II and help trainees make appropriate revisions. All documents would be submitted to USAID for approval and necessary coordination. They would include the specific date when these two new courses will be offered.

Start Up:	two weeks after the end of phase II
Duration:	15 days
Locale:	on site
No. of Sessions:	15
Costs:	\$ 15,000, 3/4 person month consultant

**Phase IV.** Ideally, courses could be ready for implementation for the academic year beginning in February or March 1995.

To cut costs, USAID/El Salvador might want to draw on the knowledge and skills of consultants already working in the Ministry of Finance and the Court of Accounts. It could also request the assistance of Carmer Regina de Arevalo, Director of Fiscal Policy in MOF, who is very capable and who has expressed interest in providing training. Other options are Samuel Zamora and Ricardo Cotto, both from the Court of Accounts, who received USAID/El Salvador scholarships to prepare them to assist in the modernization of government financial systems.

USAID/El Salvador should contractually oblige participating deans and professors to attend and/or participate in public activities about the new financial systems. At the end of each course, each participating university should provide a seminar for its entire university community to share their understanding on why and how integrated financial management systems in the public sector should

be promoted, refined, and protected from misuses for individual or political profit. The seminars could be followed by the sale of Controlando La Corupcion and En Defensa Propia, if donors could obtain the books at low cost for Salvadorans to buy them. The sale of these books might be very useful in stimulating university action in the investigation of corruption in all sectors of society.

USAID/El Salvador should provide participating universities new reading materials as they become available and consider their inclusion in future Project related activities.

## **2. Masters Programs in Public Administration**

USAID/El Salvador studies on training have revealed a demand for more in-country training. The difficult economic realities of El Salvador and family commitments, in addition to the qualities of greater relevancy and applicability, have all been cited by Salvadorans as justifications for in-country training.

Strengthening a local public administration graduate program is less disruptive to the trainee's job and family activities, increases the relevance to host country needs, and is cost efficient.

An intensive one year masters program in public administration in a Salvadoran university is recommended to accelerate the supply of public financial management experts. The intensive program would create human capital to offer public sector training, implement systems, and/or analyze and utilize the information they produce, and to improve the quality of curriculums and overall education in university financial related fields. Graduates could also substitute international consultants working in the public sector.

Each year the program would be open to 30 USAID-sponsored government employees, and would allow for the admission of 15 additional students from other sectors. This program is suggested for three years, and thereafter, it would evolve into a broader, more accessible two year masters program.

The other recommendation is the simultaneous implementation of a more relaxed two year masters program in El Salvador to compliment the one year intensive program, and after three years, replace it.

Considering the overall strengths of the UCA, it is recommended that USAID provide technical assistance to the UCA to train its present staff to revise its proposed masters program in public administration before the program is actually opened. Additional technical assistance would include visiting professors. Donors would also need to finance didactic and reference materials and upgrade the masters program's computer center to simulate the government's integrated accounting system. Other costs would include scholarships for government employees and a limited subsidy to UCA teaching staff so it could devote itself full time to this program.

The philosophy of the UCA's proposed masters program should be maintained since it promotes USAID's new training policy of creating change agents. For UCA and USAID, these are individuals with technical skills who are interested and understand their country's problems, and actively

participate in bringing about necessary changes. The UCA's idea of integrating themes of professional ethics throughout most of its courses is important for empowering public employees with attitudinal changes to help increase efficiency and reduce corruption in the government. This change agent training concept should be continued in the design of new and revised masters level courses.

### **Option I: One Year Intensive Masters Program**

The one year intensive masters program in Public Administration would require that the 30 participating government employees study full time and not work. USAID/EI Salvador or other donors would have to provide scholarships to cover the cost of tuition, fees, and didactic materials. The government would be contractually obliged to both continue providing a full time salary and all normal fringe benefits to its participating employees and to guarantee their reintegration into key financial management positions when training is completed.

Participating government employees would be obliged to devote themselves full time to studying, fulfill all academic requirements, and maintain high grade point averages established by UCA for graduate students. They would also commit themselves to job assignments designated when the program is completed. A team would be established to assess where these individuals will be best utilized. Representatives from the USAID Project, government counterparts, the UCA and participating consultants would determine which individuals would return to financial management positions, offer financial management training services inside the government, join the teaching staff at the UCA, etc.

The one year intensive masters program would be completely tailored to the knowledge and skills required by the public sector's new integrated financial management systems. An estimated 10 to 15 classes can be programmed in two month modules separated by a week's recess. Practical application would be emphasized through games, a simulated integrated accounting system, discussions with government technicians, and problem-solving exercises to assist financial system operation throughout its different developmental stages.

**Phase I Time Frame: 4 weeks, full time.** The exact number of consultants required to help design or give classes would have to be determined after an initial meeting with a consultant well versed in Salvadoran public sector financial systems. The UCA estimates that it would need two weeks with such a consultant to identify what courses need to be offered. (The UCA is presently consulting Remigio Duran, a PSC consultant in the Court of Accounts, to ascertain his availability to provide intermittent consultant services.

Current UCA professors who qualify to teach and design masters level public administration courses should be provided an additional two weeks orientation training about regional and local financial system reforms. They should also receive reference and didactic materials at this time.

**Phase II Time Frame: 3 to 4 months, full time.** A team of three UCA professors, with the participation of 3 to 4 consultants, would design the study program and identify complimentary

seminars. The consultants would be needed for one or two weeks, three times during the period. With the exception of the first meeting, the consultants would not have to be in El Salvador.

**Phase III Time Frame: 2 to 3 weeks.** The installation of a simulated integrated accounting system in the masters program's computer center would be installed and a consultant, along with a government counterpart, would have to train the UCA staff to operate it.

**Phase IV Time Frame: 6 weeks, 3 to 4 morning sessions.** The UCA staff, along with one consultant and representatives from USAID and the government, would establish selection criteria and then select government employees who qualify for the program.

**Phase V: Implementation.** It would be ideal to implement this program in early 1995 when the new school year begins. The exact implementation date, of course, is dependent upon the receipt and coordination of appropriate donor support. Once these and other administrative and logistical details are specified, the UCA estimates that it can develop and provide a one year intensive masters program in Public Administration within 6 to 9 months. This period could be shortened with greater consultant input.

### **Option 2: Complementing the One Year Intensive Masters Program with a Broader 2 Year Masters Program**

The benefits of strengthening a simultaneous 2 year masters program with the 1 year intensive masters program are many. First, it would increase the overall efficiency in developing skilled human capital to operate the integrated financial management systems. A two year program would provide more government employees an opportunity to better their financial management skills while they continue to work at least half days. The government has a liberal leave policy for those who study, allowing two hours paid leave a day. Donors might consider providing part-time scholarships to 30 other public financial managers and request that the government provide a total of three hours of paid leave or more to ease the burden of studying while working.

Many of the material resources for the intensive one year masters program could be coordinated and/or modified with relatively little additional cost to accommodate the two year program. Similarly, students from the two year program could benefit from the same seminars, games, and other activities scheduled for the intensive program.

UCA has strong video facilities and with donor strengthening could film important training and masters level classes, games, and seminars so their impact could be multiplied. The two programs could exchange videos and/or share them with other UCA departments with financial components. Videos could also be used in other universities or in government training activities.

A strong Salvadoran based 2 year graduate program in Public Administration would also attract government employees who want to better their employment opportunities, as well as professional organizations, local consulting firms and donors interested in Salvadoran public sector financial issues.

**Phase I Time Frame: 2 months.** An expert in both RFMIP and Salvadoran public sector financial systems and university curriculums would advise UCA on what changes should be made in its proposed "Public Administration and Non-profit Organizations" masters program. The consultant would actually help UCA to revise and/or design classes and to identify didactic materials. UCA estimates that it could make all revisions and be ready to open this program in early 1995 if this phase began before November.

**Phase II Time Frame: 6 months to 1 year.** To monitor the new two year masters program, share experiences to constantly upgrade it, and to ensure the program's quality, USAID should contract a small team of Latin American experts in RFMIP to complement the capacity of UCA's professors. They could be contracted for a semester or a year as mentors to UCA's professors. USAID should also provide additional didactic materials when necessary and consider all UCA masters program professors and its best students for short term out-of-country training activities.

**Phase III.** Continued donor support of this two year masters program would be evaluated six months before the intensive masters program is scheduled to end.

**Phase IV.** After three years of operation, the one year intensive masters program would be replaced by an upgraded and broader two year program.

UCA should be contractually obliged to conduct research, as well as use its publications and radio and television stations to increase public support for effective, transparent governance. Additionally, after 4 years, UCA should coordinate technical assistance with USAID and local consultants to create another masters program or design a licenciatura level public administration program in the UES, if there is in fact a demand for one.

### 3. Costs for Strengthening Masters Programs in Public Administration

- |    |  |           |
|----|--|-----------|
| a. | To upgrade the UCA masters program computer center to simulate the government's integrated accounting system | \$ 50,000 |
| b. | Provide reference materials and finance texts and periodicals for three years:                               |           |
|    | i. 90 students/1 year intensive program for a total of three years at \$ 5,000/year                          | 15,000    |
|    | ii. 60 students/2 year masters program for a total of four years at \$ 3,750/year                            | 15,000    |
| c. | Scholarships (tuition and fees)  |           |
|    | i. 90 students/1 year intensive program for a total of three years at \$ 36,000/year                         | 108,000   |
|    | ii. 60 students/2 years masters program for a total of four years, at \$ 18,000/year                         | 72,000    |

d. Consultants Fees	
i. 1 year intensive program for a total of three years, Planning advisor/3 months at \$ 20,000/month	60,000
Teaching staff/1 advisor every 2 months for 18 months at \$ 20,000 per month	360,000
Specialists to upgrade computer center to simulate government integrated accounting system 1 advisor for one month at \$ 20,000/month	20,000
ii. 2 years masters program for a total of four years,	
Planning advisor/2 months at \$ 20,000/month	40,000
Teaching staff/1 advisor for 2 semesters 10 months at \$ 20,000 per month	200,000
e. Administrative costs	
i. 1 year intensive masters program/3 years	20,000
ii. 2 year masters program/4 years	<u>25,000</u>
Total Costs	<u>985,000</u>

#### 4. Monitoring and Evaluation

After the proposed two licenciatura-level courses have been taught for a year, representatives from USAID, the government, and both students and professors from the participating universities should meet to assess the quality and impact of the courses. They should also identify any needed revisions to update them or justifications for additional curriculum reforms.

Before their contract expires, consultants working in the masters level programs should submit a report to donors on accomplishments, problems, and their solutions.

Students in the intensive masters program should be surveyed three to six months after their graduation to ascertain impact and to identify revisions to upgrade the program. Those in the two year masters program should also be interviewed at the end of every academic year to identify and resolve problems and assess the program's impact.

#### 5. Coordination

If all three university level options are supported, activities should be coordinated by the participating universities so they can benefit from all visiting professors, consultants, seminars, didactic materials,

etc. They should form a coordinating committee to network with government training centers and heads of financial departments towards the objective of sharing information and experiences. The same committee would publish a yearly report for dissemination to all government functionaries, training centers, professional associations, consulting firms and donors. The report would include: a summary of accomplishments; problems, their causes and solutions; and identify specific human capital output, by name, position, title and place of employment. The report could serve as a mechanism for interested private sector institutions to contract trainees to provide seminars and technical assistance.

All government graduates from the masters program would be obliged to share their knowledge and skills with colleagues from other government entities in seminars, participate in public sector training activities, and/or become curriculum specialists or instructors in participating universities. Students that excel in both the licenciatura and masters programs should be identified and offered reinforcement training.

## **V. International Public Sector Financial Management University Level Options**

Background documents supplied to the assessment team by USAID suggested that between ten and thirty individuals could be sent to overseas universities to study in a masters degree program of public administration. They would subsequently return to either the government training centers or local universities to work on curriculum development and deliver training to sustain the Project goals. This concept is not supported by the assessment team.

The recommendation to support the one year intensive program in public administration at the local university (UCA) will have the effect of producing many more trained personnel, at a much lower cost per graduate and in a shorter period of time. The local university academic program also has the following advantages: avoiding the foreign language barrier; allowing the high level consultants attached to the Ministry of Finance and the Court of Accounts to participate in the teaching; being able to use case studies from the ongoing reform, which make them completely relevant to its objectives; and avoiding the inevitable logistical problems of selecting individuals for long term overseas study who have family responsibilities.

If the donor agencies were to decide not to support a strengthening program at the four Salvadoran candidate universities, and they also favored the establishment of a dynamic government training center, then overseas academic training might still not be the best choice. For extended overseas study, English language fluency is a must. Even at the University of New Mexico, which offers a Masters in Public Administration taught entirely in Spanish, an evaluation report done by Aguirre International in 1992 reported that the students missed many opportunities of informal academic enrichment that often occurs outside the classroom setting. If overseas training is to be considered, intensive English training should occur both in El Salvador and for at least a semester prior to coursework in the States. The estimated annual cost of supporting a foreign student in a major U.S. university of about \$30,000 would be increased by this additional language training cost.

## **VI. Women in Development Issues**

WID issues are very important in El Salvador since 52% of the population are women, and most heads of households are women. Literacy is disproportionately greater among women because of the extreme poverty which compels females to work at an early age. They either do not go to school, drop out in the first three years to care for siblings while their mothers work, or go to work in fields or as servants. A large percentage of young, Salvadoran children sell in the streets of the capital and other urban areas. The majority of these vendors are female.

While there has been a renaissance of women's organizations since the Peace Accords were signed in January 1992, there are still few or unreliable statistics about Salvadoran women. Government programs demonstrate little sensitivity or interest in protecting girls and women from rampant physical assault and sexual abuses or in upgrading their educational and economic opportunities.

Due to the absence or inefficiency of public sector personnel systems, there is no information available on what percentage of Salvadoran accountants and financial managers are women. Observations made during visits to government offices concur with information provided by government employees: women are not proportionately represented in positions of accountants and financial managers.

Professional management preparation has been limited to Business Administration programs. On the licenciatura level, 47% of enrolled students are women, and in the masters level, women comprise only 20 to 30%. The number of women who actually finish their university programs is limited because of socio-cultural factors and their inability to pay educational costs. For example, we know that on the masters level, tuition costs represent 10-22% of a male private sector professional's salary and 16-37% of his public sector counterpart. For professional women in both sectors, tuition costs absorb 50% of their salaries.

The participation of professional women in Salvadoran training seminars offered to the business sector has been 40%, while training for the public sector has included only 25% professional women. The justification for these figures cited by researchers of the "Harvard Study" is that "women occupy few leadership roles."

USAID/Washington sets training mandates to include training for women. For the Caribbean and Latin American Scholarship Programs (CLASP), targets are set at 40% for women. The recent HERNS' study of USAID/El Salvador training disclosed that 46% of CLASP scholarships were awarded to women, while only 14% of other cut-of-country scholarships went to women. Non-CLASP training was limited to banks and the public sector and while some programs related to the modernization of financial management systems, women from the public sector did not participate.

Even though Salvadorans are accustomed to working and studying, it is much more difficult for a woman to do both unless she does not have children. Considering the extremely high percentage of single mothers, along with the lower pay rates women receive, family responsibilities limit their ability to earn a university degree or take advantage of training to help them enter the professional job market. To equalize opportunities for women, USAID/El Salvador should coordinate fellowships for women to study at local universities so they can prepare themselves and compete for accounting, auditing, and financial management positions. According to economic need and the academic demands of the field studied, a variety of scholarships, including those which pay all educational costs (tuition, books, etc.) and provide partial or full living stipends, should be set aside for women.

A serious attempt should be made to identify all women who qualify for a masters in public administration. At least 40% of the scholarships for the proposed intensive one year masters program in public administration should be awarded to women. Donors should convince the government to allow women who are selected for the two year masters program scholarships to study full time, while the government compensates them with a full salary and all fringe benefits.

In general, an effort should be made to identify all women who work in accounting, auditing, and financial management. Academic and technical training opportunities in these areas should be published in the newspapers to invite the participation of women from all sectors. A process should be developed to evaluate their knowledge and skills and assess their flexibility for training. Those who possess Change Agent characteristics and professional abilities, should be considered for either in-country or out-of-country training. Once trained, efforts should be made to integrate women in public sector or university positions.

Mechanisms will have to be developed so that women in the public sector are not nominated because of political affiliation or personal favors. The latter, unfortunately, is a widespread criteria in El Salvador for hiring, promotion, and training opportunities.

## **VII. English Language Skills**

There are no technical English programs applied to financial management in El Salvador. However, English language institutes and university programs in English abound.

USAID should identify and evaluate the capability of in-country English language programs to determine if any qualify for strengthening. There is an unmet and usually overlooked need to provide accelerated English language programs applicable to financial management systems. English is often a prerequisite for many U.S. based training activities and extremely useful for maximum enjoyment of a transcultural setting or for conversing with non-Spanish speakers visiting or working in El Salvador.

English fluency contributes to sustainability of training in financial management because one can benefit from the wealth of new information being published almost daily on the topic. Indeed, most texts, reports, and journals published about financial topics are in English. For example, at the UCA,

almost all their business administration texts and periodicals are in English and students must take the initiative to learn enough English to understand their content. Those who work in government training centers, as well as other university professors in departments with financial components, need English to update didactic materials and to take advantage of training opportunities in this field.

## VIII. Summary Estimated Costs for All Levels of Training Resources

A summary of the external funding required to support the activities recommended in this report is as follows:

• Chapter II	Training Consultants	\$ 6,475,000
	Site Visits and Conferences	580,000
• Chapter III	Non-academic training	500,000
• Chapter IV	University Programs	<u>985,000</u>
	Total Donor Funding	<u>\$ 8,540,000</u>

## IX. Training Strategy Implementation Schedule

### A. Introduction

This Project should not fund public sector technical training until there is a clear and consistent institutional demonstration of support for Project objectives.

The following implementation option for the proposed Public Sector Accountability Project is conditioned on concrete decisions being made by the GOES leadership. These actions would include the submission of the two pertinent draft laws concerning financial management and audit to the Legislature and their subsequent passage. Secondly, the Executive political leadership should mandate the Ministry of Finance and Court of Accounts to implement these laws. Thirdly, if a minimum of the first two conditions are met, then the GOES should appoint a full time coordinator with support staff and operational budget to manage the reform process. If this stage is reached, then USAID and other donors should make a second assessment for this project, not as to the need for it, but rather as to if the social and political environments have changed enough to allow reform of this kind to occur. If this second assessment is favorable, then the recommendations that follow should be implemented.

### B. Implementation Strategy for Public Sector Technical Training

The Project should be divided into three parts, the third being conditioned on success of the first two.

1. **Part One** would principally involve orientation of government employees to the nature and utility of the overall reform of financial management and audit systems. Complementary Change Agent Empowerment Training about issues of professional ethics and public service would also be appropriate. It would be especially helpful to explain how the absence of administrative, financial and control systems not only increases the opportunities for corruption, but actually encourages it. This orientation period is crucial. It will be a period for consensus building between the central control offices and the line agencies. As of the date of this report, this level of understanding is clearly absent. If it takes a year to arrive at this starting point, then the balance of the Project should be delayed. Agreement of all the senior level interested parties as to the ultimate objectives of the Project is a required antecedent to everything else.

**Start Up Date:** Immediately after SAFI and the Court of Accounts Reform are approved by the Legislative Assembly

**Quantities:** 6,000 Technical to Senior Management Staff

**Costs:** \$ 120,000

**Timeframes For Technical Assistance:** 3 months

**Potential Sources For Technical Training:** Current USAID consultants

2. **Part Two** would exclusively involve budget formulation. The new methodology of performance based program budgeting is the most powerful tool in all of the reform ideas and proposals for effecting fundamental, positive improvement in the way the public sector conducts its business. This methodology is not dependent on accounting, treasury, public debt or auditing improvements.

Performance based budgeting has a powerful feature in that the resulting cost/performance centers require the naming of a responsible individual manager who is to be held accountable. Most government officials shy away from this responsibility because it truly makes their programs and projects transparent to any outside observer. These observers could include senior management within the ministry, internal and external auditors, and the public at large who might be interested in the success or failure to meet the predetermined budgetary goals.

The data immediately below corresponds to the provision of training for the first year only. Even if the Project were not to continue beyond this point, this accountability exercise is worth the investment. Of course, if the Project continues forward from the first year, this training provides a solid base for further development of the budget process.

**Start Up Date:** January 1995

**Quantities:** 300 line agency budget personnel

**Costs:** \$ 750,000 for first year training

**Timeframes For Technical Assistance:** a total of thirty six person months of short term technical assistance should allow for flexibility to bring in high level, specific expertise as required.

**Potential Sources For Technical Training:** minimal technical assistance in the form of a small number of new, resident advisors/consultants, backed up by short-term assignments of current consultants advising the Ministry of Finance and Court of Accounts. A possible configuration would be to have two full time consultants for a period of twelve months each, one specializing in the overall integrated financial management approach and the other specializing in the theory and practice of performance based budgeting. A total of twelve person months of short term technical assistance should allow for flexibility to bring in high level, specific expertise for cost center and performance criteria definition.

**3. Part Three** will mark the initiation of the main body of the training recommendations suggested in this report. The prioritization of the provision of training resources is recommended to be as follows:

- a. The GOES appoints a senior level project director to serve as coordinator of the training initiatives among all the system components;
- b. The GOES allocates adequate facilities to house the Project Office and/or a new government training center;
- c. The GOES appropriates funds to upgrade computer networks in line agencies to provide a platform for integrated financial management software;
- d. The Project EDP advisor designs a simulation model of ideal computer network as a training tool to teach line agency personnel the benefits and utility of commonly shared data base;
- e. Training should be initiated for senior accounting/finance staff in line agencies to teach and apply systems of financial and administrative internal controls. Local public accounting firms should be contracted as a training resource;
- f. The training plan as drafted by the Audit Division of the Court of Accounts, which was previously submitted to USAID for funding, should be approved. Training is to take place in El Salvador by contracted experts from overseas;
- g. On-the-job implementation training should be initiated for Treasury, Debt Management and Accounting simultaneously. First step is to conduct workshops using the simulation model at the central office/training center. Virtually all other training will occur on site at the line agencies and will focus on organizing for implementation and solving specific operational problems;

- h. Budget analysts at line agencies should be trained in performance budgeting monitoring techniques. One of the first activities is to train analysts in spreadsheet and data base management to facilitate the merge of financial and goal attainment indicators.
- i. Personnel should be recruited and trained to operate fixed assets system. First step is to select or design software appropriate to this function; and
- j. After establishment of the executive level internal audit organization, provide training to the initial designated internal audit chiefs. The training schedule applied by the Court of Accounts could be adopted for this group.

**C. Implementation Strategy For University Level Training**

All academic training at the university level should take place locally in El Salvador. No overseas academic scholarship program is recommended. The costs associated with sending 15 candidates for a two year program at the masters level at a major U.S. university would equal the total development costs of institutionalizing a masters program at the four local universities plus the cost of locally producing 90 graduates for immediate return to government service. The local universities possess sufficient infrastructure and quality of teaching staff to make this option viable.

**1. Part One Salvadoran Licenciatura Level University Strengthening**

Part one involves training of professors in licenciatura level programs with financial components to include curriculum reforms with the addition of two courses. The first would cover regional integrated financial management experiences and the second would address Salvadoran integrated financial management systems implementation.

**Start Up Date:** Immediately

**Quantities:** 3 members of each academic department affected (public accounting, public administration, economics, business administration, etc.) including the head of each department from the following universities: Universidad de El Salvador, Universidad Tecnologica, and the Universidad Centroamericana (UCA)

**Costs:** \$ 50,000

**Timeframes for Technical Assistance:** the first training should be for 15 days; thereafter, training should occur immediately after SAFI and the Court of Accounts reforms are passed and then every six months for 18 months.

**Potential Sources For Technical Training:** consultants with regional experience in integrated financial management systems

**2. Part Two Strengthening a Masters Program in Public Administration, One Year Intensive Program.**

This option is intended to accelerate the training of 90 graduates over three years. This one year program is specifically designed to meet the short-term needs of the GOES reform in public administration. After three years of successful operation, this program would be incorporated into the more general two year masters program.

- Start Up Date:** Immediately
- Quantities:** Scholarships for 30 government employees with special consideration to females
- Costs:** \$ 563,000

**Timeframes for Technical Assistance:** Preparatory work to commence immediately, with possible program start-up in March 1995 or at the latest with the academic year starting March 1996. After three successful graduations, this masters program would be folded into the regular UCA two year program.

**Potential Sources for Technical Training:** The current management of the UCA is advanced in the planning. Special training of UCA professors in the Accountability reform objectives would be given by current USAID consultants and/or senior level professionals at MOF and the Court of Accounts. Curriculum development of specialized courses would be done by the UCA staff with the assistance of a specialist to be hired.

**3. Part Three Strengthening a Masters Program in Public Administration, Two Year Program**

The two year program would gradually be strengthened at UCA simultaneous to the development of the intensive one year masters program. By the fourth year, the UCA will have merged the two programs and be in a position to transfer its technical expertise to the other candidate universities. At this time, they would have the option of establishing their own master level programs in public administration.

- Start Up Date:** Immediately
- Quantities:** Scholarships for 30 government employees with special consideration to females
- Costs:** \$ 352,000

**Timeframes for Technical Assistance:** Preparatory work to commence immediately, with possible program start-up in early 1995. With or without the one year intensive program, the UCA management has already prepared for this two-year program.

**Potential Sources for Technical Training:** Identical to description above concerning one year program.

#### **D. Overview of Training Implementation Strategy**

The Gantt Chart on the following two pages summarizes the various training activities over a four year time frame. They are divided into three groups and listed in order of priority. If the training recommended in the first group is not successfully implemented then the Project should be postponed or terminated.

The first phase should last approximately one year. At the end of the first nine months the decision to initiate phase two should be made. The highlight of phase two is the initiation of the 1-year Masters program in public administration at the UCA. This program should begin to graduate students to help full-scale implementation of the Project training plans in the third year.

The training scheduled from the second half of the second year to the end of the Project will be almost exclusively on-the-job training in the line agencies. During this same period, all academic training will likewise be oriented to actual public sector problem solving. The scope of overseas training, academic or otherwise, should be severely restricted for cost and relevancy reasons. Due to the relative insignificance of overseas training activities, they are not presented on the chart.

Government of El Salvador										
Training Strategy Implementation Schedule										
Training Activity	Quarter 1	Quarter 2	Semester 2	Semester 3	Semester 4	Semester 5	Semester 6	Semester 7	Semester 8	
<i>Phase I</i>										
<i>Initiate after Legislation of Two Laws</i>										
Overview of SAFI/Audit Reform	█									
Performance Budget Formulation Line Agency Implementation	█									
GOES Upgrades Computer Networks in Line Agencies Finance Departments		█								
Simulation Model of Computer Network Established at Project Office			█							
Strengthen Undergraduate Programs at Three Salvadoran Universities		█								
Planning for 1-year Intensive Masters Program at the UCA		█								
Conduct First Cycle of Training Modules for Court of Accounts Auditors	█									
<i>Phase II</i>										
<i>Dependent on Satisfactory Progress in All Components of Phase I</i>										
Implement 1-year Intensive Masters Program at the UCA			█							
Plan for 2-year Expanded Masters Program at the UCA				█						
Conduct Training of Finance/Accounting Staff on Internal Control Systems			█							

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Training Activity	Quarter 1	Quarter 2	Semester 2	Semester 3	Semester 4	Semester 5	Semester 6	Semester 7	Semester 8
Train Line Agency Budget, Accounting and Treasury Staff on Simulation Model for Integrated Financial Operations									
Train Line Agency Budget Analysts in Performance Budgeting Monitoring Techniques									
Provide Training to Internal Audit Chiefs Utilizing Court of Accounts Model									
Select Software Appropriate to Fixed Assets Management Needs									
Train Debt Management Staff on Use of Installed Systems									
<i>Phase III</i>									
<i>Dependent on Satisfactory Progress in all Activities of Phase II</i>									
Performance Budgeting Formulation Line Agency Implementation									
Train Line Agency Treasurers									
OTJ Training for Accounting Staff in Line Agencies									
Conduct Second and Third Cycles of Training Modules for Court of Accounts Auditors									
Implement 2-year Masters Program at the UCA to Replace 1-year Program									
Train Fixed Assets Specialists to Operate Systems as Subset to Accounting Operations									

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## **Appendix**

- Appendix A. Methodology Used in the Assessment
- Appendix B. Bibliography Reviewed
  - Part I. Salvadoran Financial Laws and Regulations
  - Part II. General ...
- Appendix C. Directory of Education and Training Institutions in El Salvador
- Appendix D. Directory of Financial Management Training Offered in Latin America
- Appendix E. Directory of U.S. Public Financial Management Training
- Appendix F. List of Stakeholders Consulted
- Appendix G. Casals & Associates: Short-Term Intensive Technical Training Modules for Phase I of the Regional Financial Management Improvement Program
- Appendix H. 1994 Budget and Staff Data for GOES Public Sector Entities

## **Appendix A - Methodology Used in the Assessment**

Data gathering activities began simultaneously in El Salvador and Washington, D.C.

In El Salvador, a Training Program Development Specialist identified stakeholders and made initial contacts with them. Existing and proposed Salvadoran financial laws and regulations, change agent training reference materials, studies on USAID training and education in El Salvador, and Mission Strategic Objectives were collected and information on public financial training systems was requested. A questionnaire was composed and distributed to over 45 stakeholders to identify awareness and understanding of reforms proposed in the Project, public sector financial management and accounting training needs, availability of training programs in El Salvador, Salvadoran and expatriate consultants who could provide training, international training options, and women's participation. Attention was also focused on identifying institutional and cultural idiosyncrasies influencing training's implementation and success.

In Washington, D.C., the Public Sector Integrated Financial Management Specialist consulted officials from donor organizations who have or are planning similar integrated financial management programs in El Salvador. This specialist interviewed the following people:

Marco Gomez da Cruz, Fiscal Affairs Unit, Interamerican Development Bank

James Wesberry, Integrated Financial Management Specialist, World Bank

Axel Peuker, Country Economist, El Salvador, World Bank

John Davison, Director, RFMIP II, AID/Washington

Ruth Martinez, Training Specialist, Casals & Associates, Institutional Contractor to AID/w RFMIP II

With the help of a research specialist, information on U.S. and Latin American technical and academic financial management training, course catalogues, brochures, and letters of interest were collected and organized according to institutional level and preparedness to deliver training.

Next, the two Specialists teamed up in El Salvador and continued to collect data and conduct interviews to evaluate:

- a.) the strengths and weaknesses of skills of accounting technicians, practicing accountants, and financial managers in the public sector;
- b.) the availability and quality of accounting, auditing, and financial management in-country technical training;
- c.) the availability and quality of financial management and accounting education in Salvadoran universities.

The assessment team's promotion of a seminar to discuss Project reforms facilitated data collection and analysis, and increased stakeholder input. Over 125 persons attended the event, including politicians, representatives of international organizations, professional associations, auditing firms, functionaries and technical staff from diverse government entities, workers' unions, USAID officials and consultants.

The team attended a day-long seminar on public sector internal auditing sponsored by the association of auditors of the Court of Accounts, and implemented by a consulting firm. This experience further enhanced the team's understanding of public sector technical financial skills and the institutional environment, and expanded their contacts among professional associations and Salvadoran consulting firms providing technical training.

Data analysis and recommendations are largely based on stakeholder experience and knowledge to promote an open and pluralistic participation in this needs assessment. Assessment topics were established with USAID/El Salvador prior to the assessment's implementation. They were limited to identifying human capital needs and training to implement the Public Sector Accountability Project. Assessment findings and recommendations were presented to USAID/El Salvador for review and comment prior to issuance of the final report.

## **Appendix B - Bibliography Reviewed**

### **Part I - Salvadoran Financial Laws and Regulations**

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2. Ley de Salarios, 1994, Dirección General del Presupuesto, Ministerio de Hacienda
3. Proposed Ley General Financiera del Estado, Ley SAFI, revised draft dated July 26, 1994
4. Manual del Sistema de Contabilidad Gubernamental, Ministerio de Hacienda, 1994
5. Proposed Ley Organica de la Corte de Cuentas, first draft, July 1994

### **Part II - General**

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2. Agency for International Development, "Evaluation of the Social Stabilization and Municipal Development Strengthening Project" (MEA Project), Checchi and Company, Washington D.C., February 1994.
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27. MM Consultores, "Seminario sobre el Sistema y Modelo Presupuestario del Ministerio de Educación", San Salvador, 1994.
28. MM Consultores, "Sistema de Programación y Administración Presupuestaria y Desarrollo del Modelo de Presupuesto Consolidado para el Ministerio de Educación", San Salvador, 1993.
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32. The World Bank, "Proposed Structural Adjustment Loan to the Republic of El Salvador", Washington, D.C., 1993.

## **Appendix C - Education and Training Institutions in El Salvador**

### **Professional Associations**

René A. Fernández, Director, Interamerican Accounting Association (23-0140)  
Luis Alonso Cornejo, Director, Corporation of Public Accountants (98-1705)  
Joaquin Orellana, Corporation of Public Accountants  
David Morales Perez, President, Association of Public Accountants (25-1454, 26-9870)  
Raul Corpeno, Association of Public Accountants  
Ricardo Calderon Lam, Association of Public Accountants  
Oscar Armando Melgar, Association of Salvadoran Internal Auditors/AUDISAL (26-1869)  
Rosalia de Soley, Colegio de Profesionales de Ciencias Económicas/COLPROCE (73-4484)  
Francisco Dominquez, Director, Court of Accounts Training Center/ CECAP (26-4339)

### **Consulting Firms**

Ricardo Cuéllar, Administrator of Professional Development, Peat Marwick (24-1351)  
Gilberto Paniagua, Public Sector Consultant, López Salgado/Price Waterhouse (79-0745)  
Fernández y Fernández Asociados (23-0140, 23-0679, 23-0288)  
Jose Atilio Campos, Executive Director, Castellanos Campos & CIA/Coopers & Lybrand (79-2066, 79-2100)  
Luis Miguel Martinez, Director, M M Consultores (28-3850)  
Luis Ernesto Nuñez, Executive Director, Consultoría, Inversión y Desarrollo (25-5419)  
Jose Alfredo Aquirre, AZA Consultores (24-1126, 24-3707)  
Luis Chevez, Consultoría Administrativa Empresarial/CONSADE (76-5219)  
Edgar Omar Solorzano, ASIMEI (84-0447, 74-5922, 26-4505)  
Jorge Alberto Monterrosa, J & M Consultores (74-3528)  
Ricardo Antonio Ortiz, INCAT (74-3467, 25-5866)  
Victor Raul Cerritos, CATCI (23-5832)  
Ivan Alvarado Melendez, ASCENSO (71-0972)  
Juan Francisco Barahona, Expertos Nacionales en Capacitación y Asesoría Empresarial (ENCAE) (74-0781)

### **Non Government Organizations**

Omar Ernesto Rodriguez, Tecnical Administrator, Asociación Nacional de la Empresa Privada/ANEP (24-1236, 24-0563)

Carlos Pinto, Director, Corporación de Municipalidades de la Republica de El Salvador/COMURES (79-3225)  
Fundación Empresarial para el Desarrollo Educativo/FEPADE (98-4252)  
Herman L. Schlageter, Director, Instituto Salvadoreño de Estudios Económicos, Políticos y Sociales/ISEPES (73-0774)  
Carlos Quinteros, Fundación Providad (74-5416)

## **Universities**

Carlos Federico Paredes Castillo, Dean/Faculty of Economic Sciences, University of El Salvador/UES (22-7208)  
Carlos Reynaldo López Nuila, Director of Masters Programs, Universidad Tecnológica (24-6710, 24-2887)  
Oscar Armando Melgar, Coordinador of Public Accounting, Universidad Tecnológica (71-5990)  
Joaquin Samayoa, Vice Rector, Universidad Centroamericana, José Simeón Cañas/UCA (73-3563)  
Rafael Parada, Director of Masters Programs, UCA (73-8683)  
Jose Hernandez, Vice Dean/Faculty of Economic Sciences, Universidad Dr. José Matías Delgado (78-1424, 78-8712)  
Pedro Arriagada, Acting Director, Escuela Superior de Economía y Negocios/ESEN (98-5535, 98-5668)  
Mabel O. de Serarols, Executive Director, Instituto Centroamericano de Administración de Empresas/INCAE (23-4423, 23-4719)  
Jose Luis Brapamonte, Academic Administrator, Universidad Las Americas de El Salvador (21-0790)  
Soila de Entereano, Universidad Tomas Alva Edison (26-8014)

## **Appendix D - Financial Management Training Offered In Latin America**

<b>ASIP</b>	Asociacion Interamericana e Iberia de Presupuesto, Buenos Aires
<b>AIAC</b>	Asociacion Interamericana de Contabilidad, Miami, Fl. Contact point: Juan Herrera, Victor Abreau, (305) 225-2011
<b>OLACEFS</b>	Organizacion Latinoamericana y del Caribe de Entidades Fiscalizadores, Mexico, D.F.
<b>ICAP</b>	Instituto Centroamericano de Administracion Publica, San Jose, Costa Rica
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ACAS</b>	Asociacion Colombiana de Auditores de Sistemas, Bogata, Colombia
<b>ALAP</b>	Asociacion Latinoamericana de Administracion Publica, Quito, Ecuador
<b>IBAM</b>	Instituto Brazileira de Administracion Municipal, Rio de Janeiro, Brazil
<b>CEDEM</b>	Centro de Desarrollo Municipal, Bogata, Colombia

## Appendix E - Directory of Public Financial Management Training in the U.S.

### U.S. Training Resources

#### Accounting/Auditing/Public Administration

1. Accountability Newsletter  
Charles Backer, Editor, Cassals and Associates  
703-920-1243
2. Dr. Owen J. Cherrington of BYU  
Lecturer on Government/Professional Ethics relating to accounting  
510 PNRB, Brigham Young University, Provo, UT, 84602  
801-378-3916
3. American Institute of CPA's  
Harborside Financial Center  
201 Plaza Three, Jersey City, NJ, 07311-3881  
212-596-6200
4. Government Audit Training Institute  
USDA Graduate School  
600 Maryland Ave., SW, Room 129  
Washington, DC 20024-2520  
202-447-4419
5. USDA Graduate School  
Jane Burke, Director of the International Institute  
Prentiss de Jesus, Trainer (contact)  
600 Maryland Avenue, SW, WDC, 20024  
202-447-7476
6. General Accounting Office  
Training Institute  
202-512-8674
7. General Accounting Office  
Office of International Auditing Organizations  
Linda (Lyn) Weeks, Director of Fellowship Programs  
202-512-4707  
Don Drach (contact)  
202-512-4712

8. U.S.P.R.I.G. of Washington, DC  
Liz Hitchcock, Public Relations  
202-546-9707  
  
U.S.P.R.I.G. of Oregon  
Maureen Kirk, Executive Director  
503-231-4181
9. National Academy of Public Administration  
Dennis Boyd  
202-347-3190
10. The American University  
Cooperative Education, Career Center  
Ms. Katherine Stahl, Director  
4400 Mass. Ave., NW, WDC, 20016-8011  
202-885-1806
11. University of New Mexico, Albuquerque  
Division of Public Administration  
Mario Rivera (contact)  
Bruce Perlman, Director  
505-277-3312
12. Mercy College  
Bilingual Programs  
Dean Manuel Santapau  
555 Broadway, Dobs Ferry, NY, 10522  
912-674-7236 Direct
13. El Paso Community College  
Center for International Programs  
Dr. Eduardo Conrado  
P.O. Box 20500, El Paso, TX 79998  
915-594-2419
14. Atlanta Management Institute  
Dr. George Demuyakor  
2175 Park Lake Drive, N.E.  
Atlanta, GA 30345  
404-934-3031

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15. International Organization of Supreme Audit Institutes (INTOSAI)  
Development Initiative  
Office of Auditor General of Canada  
Suite 1132 West, Ottawa, Canada, K1A-0G6  
Richard Gagne  
613-995-3766

16. Partners in International Education and Training  
Resource Center  
2000 M Street, NW, Suite 650, Washington, DC, 20036  
Chris Branwell, Senior Resource Coordinator  
202-429-0810 ext. 350

17. Accounting/Auditing/Public Administration Academic Programs

*Academy for State and Local Government*, Washington, DC  
Short-term training and internship/exchange programs.

*Brigham Young University*, Provo, UT  
Marriot School of Management  
Master of Accountancy

*Financial Engineering Training Institute*, Washington, DC  
Short-term training programs.

*Florida International University*, Miami, FL  
School of Accounting  
Master of Accountancy

School of Public Affairs and Services  
Master of Public Administration

*Florida State University*, Tallahassee, FL  
Master of Public Administration

*Harvard University*, Cambridge, MA  
John F. Kennedy School of Government  
Program for Senior Executive Fellows

Harvard Institute for International Development  
International Tax Program  
Public Enterprise Program

**Public Policy and Management**

*Institute for Tax Administration*, Los Angeles, CA  
Short-term training programs.

*Maxwell School of Citizenship & Public Affairs, Syracuse University*, Syracuse, NY  
Mid-Career and Executive Education Program

*Mississippi Consortium for International Development*, Jackson, MS  
Short-term training programs.

*New York Institute of Finance*, NY, NY  
Short-term training programs.

*The University of Illinois/Urbana-Champaign*, IL  
College of Commerce and Business Administration  
Executive Development Center  
Specialized Programs for International Managers

Master of Science in Accountancy  
Specialization in International Accounting and Auditing

*University of California/Los Angeles*, CA  
Graduate School of Business Administration  
Master of Accountancy

*University of Connecticut*, West Hartford, CT  
Institute of Public Service International  
International Public Management Development Programs  
Short-term training programs.

*University of Puerto Rico/Mayaguez*, PR  
Master of Business Administration

*University of Puerto Rico/Rio Piedras*, PR  
Master of Public Administration  
Master of Business Administration

*University of Southern California*, Los Angeles, CA  
School of Business Administration  
Master of Business Administration  
One year mid-career MBA program.

School of Public Administration  
Master of Public Administration

*University of Texas/Austin, TX*  
Graduate School of Business  
Master in Professional Accounting

*Western Michigan University, Kalamazoo, MI*  
Master of Development Administration

**18. English Language Training**

*ELS Language Center, Atlanta, GA*

*National Association for Foreign Student Affairs, Washington, DC*  
ELS Language Center

*San Diego State University, CA*  
American Language Institute  
Intensive English for Managers

*The University of Arizona, Tucson, AZ*  
Center for English as a Second Language

*University of Florida, Gainesville, FL*  
English Language Institute

**U.S. TRAINING RESOURCES - MATRIX**

Institution Name and Program Name	Master Degree Training	Short Term Training	Training in Spanish	Internship Program	Materials Received
American Institute of CPA's	No	Yes	No	No	Yes
Government Audit Training Institute/USDA Graduate School	No	Yes	No	No	Yes
International Institute/USDA Graduate School	No	Yes	Yes	No	Yes
General Accounting Office/Training Institute	No	Yes	No	No	Yes
General Accounting Office/Office of International Auditing Organizations	No	Yes	Yes	Yes	Yes
The American University Cooperative Education Program Public Administration Executive Training Program	Yes	Yes	No	Yes	No
University of New Mexico, Albuquerque Master of Public Administration Customized training programs	Yes	Yes	Yes	Yes	Yes
Mercy College/Bilingual Programs	Yes	Yes	Yes	Yes	Yes
El Paso Community College/Center for International Programs	No	Yes	Yes	Yes	No
Atlanta Management Institute	No	Yes	Yes	No	Yes
Int'l. Organization of Supreme Audit Institutes/Development Initiative	No	Yes	Yes	No	No
Academy for State and Local Government	No	Yes	Yes	Yes	Yes
Brigham Young University Master of Accountancy	Yes	No	No	No	No

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Institution Name and Program Name	Master Degree Training	Short Term Training	Training in Spanish	Internship Program	Materials Received
Financial Engineering Training Institute	No	Yes	No	No	Yes
Florida International University Master of Accountancy Master of Public Administration	Yes	No	No	Yes	Yes
Florida State University Master of Public Administration	Yes	No	No	Yes	No
Harvard University Program for Senior Executive Fellows International Tax Program Public Enterprise Program Public Policy and Management Program	No	Yes	No	No	Yes
Institute for Tax Administration	No	Yes	No	No	Yes
Maxwell School/Syracuse University Mid-Career and Executive Education Program	No	Yes	No	No	Yes
Mississippi Consortium for International Development	No	Yes	Yes	No	Yes
New York Institute of Finance	No	Yes	No	No	Yes
University of Illinois/Urbana Specialized Programs for International Center Master of Science in Accountancy	Yes	Yes	No	Yes	Yes
University of California/Los Angeles Master of Accountancy	Yes	No	No	Yes	No

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Institution Name and Program Name	Master Degree Training	Short Term Training	Training in Spanish	Internship Program	Materials Received
University of Connecticut/Institute of Public Service International International Public Management Development Programs	Yes	Yes	No	No	Yes
University of Puerto Rico/Mayaguez and Rio Piedras Master of Business Administration Master of Public Administration	Yes	No	Yes	No	No
University of Southern California Master of Public Administration One-Year Mid Career MBA Program	Yes	Yes	No	No	Yes
University of Texas Master of Professional Accounting	Yes	No	No	No	No
Western Michigan University Master of Development Administration	Yes	No	No	No	Yes

## Appendix F - Stakeholders

The knowledge and experiences of the following persons and/or institutions contributed to the findings and recommendations of this report. Most were consulted at least twice with the exception of those with an asterisk by their name whose input was in writing.

The objectives of incorporating so many stakeholders in this training needs assessment include: (a) a thorough data collection to identify public financial management training needs, (b) the consideration of a variety of viewpoints and experiences to recommend training options compatible with Salvadoran technological and cultural realities, and (c) the utilization of the training needs assessment to inform stakeholders about Project objectives and to exert pressure to achieve them.

### USAID/El Salvador

Thomas Clarkson, Controller  
Richard Persons, Project Officer, Accountability Project  
Thomas Hawk, Division Coordinator, Urban/Rural Development  
Remigio Duran, PSC Consultant, Court of Accounts

### KPMG Peat Marwick, Institutional Contractor, USAID/El Salvador

Daniel Wisecarver, Chief of Party, Ministry of Finance (81-04-24)  
Henry Alarcon, Ministry of Finance/Accounting  
J. Carlos Vinelli, Ministry of Finance/Budgeting  
Francisco Silva, Ministry of Finance/Treasury  
John MaGowan, Ministry of Finance/Computer Systems  
Oscar Armando Olastegui, Ministry of Finance/Public Debt

### Donor Institutions

Marcó Gomez da Cruz, IDB/Washington (202/623-2401)  
Stephen E. McGaughey, IDB/Country Representative/El Salvador (98-6605)  
Juan Vicente Fruet, Financial Specialist, IDB/El Salvador (23-8300, 23-8111)  
James Wesberry, Financial Management Specialist, World Bank (202/473-5436)  
Axel Peuker, Country Economist/El Salvador, World Bank (202/473-8676)  
John Davison, Director, RFMIP II, USAID/Washington (202/647-0233)  
Rebecca Arias Flores, Program Official, United Nations/UNDP/El Salvador (79-0366, 79-0614)

Peter Dineiger, Public Finance Expert, GTZ/German Technical Mission (98-1701, 98-1972)

### **GOES Ministry of Finance**

Reynaldo E. Roldan, Budget Director (71-4359, 71-3155)  
Carlos Rene Luna, Treasurer (71-3244, 71-6000)  
Armando Rivas, Accounting Director (22-9415, 22-1980)  
Carmen Regina de Arevalo, Director, Fiscal Policy & Public Finance (81-0405, 71-3244 x 241)  
Juan Francisco Barahona, Auditing Director (26-2618)  
Salomon Cuellar, Tax Auditor (26-8380)  
Maria Gertuides Molina, Tax Auditor (26-2601)  
Maria Teresa Angulo, Coordinator, Civil Service Reform Office (71-0250)  
Dalila de Caseros, Coordinator, Civil Service Reform Office (71-0250)  
Patricia Garcias, Computer Systems Specialist, Civil Service Reform Office (71-0250)  
Jose A. Guzman, Director, Ministry of Finance Training Center (CECAMH) (71-3137)  
Asociación Gubernamental de Empleados del Ministerio de Hacienda/ AGEMHA (25-1022, ext. 253; Mondays only)

### **GOES Ministry of Planning**

(21-5299, 81-5601, 81-5602)

Martha Saravia de Dominguez, Chief, Technical Unit, SETEFE  
Marco Vinicio Escobar, Chief, Audit of Projects, SETEFE  
Carolina Roca, Special Advisor

### **GOES Court of Accounts**

#### **Audit Division (98-3405, 98-3407, 98-3406):**

Alfonso Bonilla, Director  
Yvette de Orellana, Acting Deputy Director  
Roberto Méndez, Supervisor  
Pedro Salamanca, Supervisor  
Yuri Armando Williams Saca, Auditor  
Marta de Palomo, Attorney  
Samuel Zamora, Auditor, Institutional Strengthening Unit  
Ricardo Cotto, Auditor, Institutional Strengthening Unit

#### **Other Divisions**

Mercedes Alicia Pleitez, Delegate Auditor to a government owned bank (BFA) (29-29-30)

\* Jose Roberto Sandoval, Information Chief (26-8000, 26-0362)

- \* Gloria Imelda Melgar, Financial Chief (25-8062)  
Gladys America Fuentes, Autonomous Entities Chief (21-4992)  
Auristela de Callejas, Secretary General (25-9668, 25-9673)

Asociación Femenina de la Corte/AFEC, President/Gladys America Fuentes (21-4992, 22-5659)  
Asociación de Auditores Gubernamentales de El Salvador/AUGES, President/Pedro Salamanca (25-4571)  
Asociación de Empleados de la Corte de Cuentas/ADECC, President/Pedro Navarrete (81-40-29)

### **GOES Ministry of Health**

Milagro de Lemus, Director, Accounting & Finance Department  
Rene R. Loucal, Chief, Budget Control  
Miguel A. Pleitez

### **GOES Ministry of Education**

Rafael A. Ascencio, Director, Finance Division (28-3981)  
Sonia de Melgar, Chief Payables Unit  
Elmer Sanchez, Chief Accounting Unit

### **Professional Associations**

- René A. Fernández, Director, Interamerican Accounting Association (23-0140)
- Luis Alonso Cornejo, Director, Corporation of Public Accountants (98-1705)
- Joaquin Orellana, Corporation of Public Accountants
- David Morales Perez, President, Association of Public Accountants (25-1454, 26-9870)
- Raul Corpeno, Association of Public Accountants
- Ricardo Calderon Lam, Association of Public Accountants
- \* Oscar Armando Melgar, Association of Salvadoran Internal Auditors/AUDISAL (26-1869)
- Rosalía de Soley, Colegio de Profesionales de Ciencias Económicas/COLPROCE (73-4484)

### **Consulting Firms**

- \* Ricardo Cuéllar, Administrator of Professional Development, Peat Marwick (24-1351)
- Gilberto Paniagua, Public Sector Consultant, López Salgado/Price Waterhouse (79-0745)
- Fernández y Fernández Asociados (23-0140, 23-0679, 23-0288)
- \* Jose Atilio Campos, Executive Director, Castellanos Campos & CIA/Coopers & Lybrand (79-2066, 79-2100)
- Luis Miguel Martinez, Director, M M Consultores (28-3850)

- \* Luis Ernesto Nuñez, Executive Director, Consultoría, Inversión y Desarrollo (25-5419)
- \* Jose Alfredo Aquirre, AZA Consultores (24-1126, 24-3707)
- \* Luis Chevez, Consultoría Administrativa Empresarial/CONSADE (76-5219)
- \* Edgar Omar Solorzano, ASIMEI (84-0447, 74-5922, 26-4505)

### Non Government Organizations

- \* Omar Ernesto Rodriguez, Technical Administrator, Asociación Nacional de la Empresa Privada/ANEP (24-1236, 24-0563)  
Carlos Pinto, Director, Corporación de Municipalidades de la Republica de El Salvador/COMURES (79-3225)
- \* Fundación Empresarial para el Desarrollo Educativo/FEPADE (98-4252)  
Herman L. Schlageter, Director, Instituto Salvadoreño de Estudios Económicos, Políticos y Sociales/ISEPES and Political Analyst/Journalist for LA PRENSA GRAFICA (73-0774)  
Carlos Quinteros, Fundación Providad (74-5416)

### Universities

- Carlos Federico Paredes Castillo, Dean/Faculty of Economic Sciences, University of El Salvador/UES (22-7208)
- Carlos Reynaldo López Nuila, Director of Masters Programs, Universidad Tecnológica (24-6710, 24-2887)
- Oscar Armando Melgar, Coordinador of Public Accounting, Universidad Tecnológica (71-5990)
- Joaquín Samayoa, Vice Rector, Universidad Centroamericana, José Simeón Cañas/UCA (73-3563)
- Rafael Parada, Director of Masters Programs, UCA (73-8683)
- \* Jose Hernandez, Vice Dean/Faculty of Economic Sciences, Universidad Dr. José Matías Delgado (78-1424, 78-8712)
- Pedro Arriagada, Acting Director, Escuela Superior de Economía y Negocios/ESEN (98-5535, 98-5668)
- \* Mabel O. de Serarols, Executive Director, Instituto Centroamericano de Administración de Empresas/INCAE (23-4423, 23-4719)
- Jose Luis Brapamonte, Academic Administrator, Universidad Las Americas de El Salvador (21-0790)
- Soila de Enterecano, Universidad Tomas Alva Edison (26-8014)

Other sources were repeatedly contacted, but did not provide information about their public sector training experiences, capabilities, and interests. These include:

- Francisco Dominquez, Director, Court of Accounts Training Center/ CECAP (26-4339)
- \*\* Jorge Alberto Monterrosa, J & M Consultores (74-3528)

- \*\* Ricardo Antonio Ortiz, INCAT (74-3467, 25-5866)
- \*\* Victor Raul Cerritos, CATCI (23-5832)
- \*\* Ivan Alvarado Melendez, ASCENSO (71-0972)
- \*\* Juan Francisco Barahona, Expertos Nacionales en Capacitación y Asesoría Empresarial (ENCAE) (74-0781)  
Manuel Amaya, Director of the Asociación General de Empleados Públicos/AGEPYM (25-5501, 25-9441)
- \*\* suggested by SETEFE/Ministerio de Planificación

**Appendix G - Cassals & Associates**

**Short-Term Intensive Technical Training Modules**

*M*

**CASALS & ASSOCIATES**

## INDICE DE CURSOS DE RFMIP FASE I

### SIMAFAL - SISTEMA INTEGRADO MODELO DE ADMINISTRACION FINANCIERA, CONTROL Y AUDITORIA

#### **CURSO SUPERIOR DE GESTION FINANCIERA ACORDE CON EL SIMAFAL - DURACION 2 MESES**

Contiene Secciones Sobre:

- Contabilidad
- Presupuesto
- Tesorería
- Crédito Público
- Control y Auditoría

#### **CURSO PARA EJECUTIVOS GUBERNAMENTALES SOBRE EL SIMAFAL DURACION 1 SEMANA**

Contiene Secciones Sobre:

- Contabilidad
- Presupuesto
- Tesorería
- Crédito Público
- Control y Auditoría

#### **CURSO DE AUDITORIA OPERATIVA**

**DURACION 2 SEMANAS PARTICIPANTES: PROFESIONALES ACTIVOS EN  
FUNCIONES DE AUDITORIA**

Contiene Secciones Sobre:

- Técnicas de Auditoría
- Normas Técnicas
- El proceso de la auditoría
- Decisión y criterios de ejecución
- Revisión preliminar
- Evaluación del control interno
- Casos de estudio

**CURSO DE CONTABILIDAD GUBERNAMENTAL****DURACION 7 SEMANAS PARTICIPANTES: PROFESIONALES QUE DESEMPEÑAN LABORES DE CONTROL**

Contiene Secciones Sobre:

- Principios, técnicas y prácticas modernas que rigen el proceso contable
- Análisis e interpretación de los Estados e Informes Financieros
- Repaso de los actuales criterios sobre la estructura de los sistemas integrados de Contabilidad Gubernamental, en lo aplicable al Gobierno Central

**CURSO DE AUDITORIA FINANCIERA****DURACION 7 SEMANAS PARTICIPANTES: PROFESIONALES EN FUNCIONES DE CONTROL**

Contiene Secciones Sobre:

- Introducción a la Auditoría Financiera Gubernamental
- Fundamentos y filosofía del control gubernamental moderno
- Normatividad para ejecutar la auditoría financiera
- Papeles de trabajo
- Programas de auditoría
- Cuestionarios del control interno
- Planificación de la auditoría
- Caso práctico

**CURSO DE PRINCIPIOS DE CONTROL GUBERNAMENTAL****DURACION CINCO DIAS PARTICIPANTES: PERSONAL TECNICO Y AUXILIAR DE LOS ORGANISMOS SUPERIORES DE CONTROL QUE REALIZAN FUNCIONES DE GESTION FINANCIERA Y CONTROL DE LOS RECURSOS PUBLICOS**

Contiene Secciones Sobre:

- Introducción al Control Gubernamental
- Estructura del Control Interno
- Sistema Integrado de Gestión Financiera con las siguientes áreas:
  - Administración General, Presupuesto, Tesorería, Contabilidad y Deuda Pública
  - Control Externo, mediante la Auditoría Profesional

**CURSO DE AUDITORIA DE OBRAS PUBLICAS  
DURACION SEIS SEMANAS PARTICIPANTES: PROFESIONALES DE AREAS  
IMPORTANTES EN LA CONTRALORIA GENERAL.**

Contiene Secciones Sobre:

- Conceptos, metodología y fundamentos del control en obras públicas
- Elaboración de un manual de procedimientos administrativos para el control de las obras públicas
- Desarrollo del sector público en los aspectos de planificación, ejecución, dirección y control de proyectos de inversión
- Evaluación de proyectos suspendidos, demorados o concluidos mas allá del tiempo inicial previsto

***INTEGRATED  
FINANCIAL  
MANAGEMENT  
SYSTEMS  
APPROACH (IFMS)***

The Integrated Financial Management System (IFMS) approach is one which applies the General Theory of Systems to analyzing and managing public resources, particularly financial resources.

Government Financial Management is considered an integrated system whose core components, or subsystems, include budget, cash and debt management and accounting, and whose purpose is the optimal allocation and efficient utilization of government financial resources. Control over financial resources is sought through the internal control, internal audit and external audit functions. Competent and responsible financial management is based on the integration of all these elements and their systemic operation; hence Integrated Financial Management System (IFMS).

No changes should be made in one IFMS subsystem without taking into account their impact upon the other subsystems. All written regulations, standards or other provisions or modifications should be coordinated among all other subsystems. All financial management staff should be thoroughly trained in the overall operation of all subsystems so that they understand the role and impact of all of them upon the particular subsystem for which they are responsible, and that subsystem's impact upon the others.

The development of a national IFMS is a long-term effort which should extend over several decades. Prioritized areas must be designated according to a carefully coordinated plan. Implementation requires simultaneous, coordinated improvement efforts in each subsystem in the national and/or individual agency financial management and auditing systems. If simultaneous improvements cannot be made, improvements should be prioritized and carefully designed to eventually result in an IFMS.

The Model Integrated Financial Management System for Latin America (Spanish acronym, SIMAFAL), has been called

SAFCO in Bolivia and SIGEF and SAI- Integrated Financial Management System and Comprehensive Audit System in Panama. It should be noted here that the auditing component may be included as a subsystem encompassed within a financial management system, or it may be considered as parallel, emphasizing its independence and broader scope. Bolivia has chosen the first approach and Panama is pursuing the second.

SIMAFAL provides a feasible modern framework for accountability that operates effectively within the sociopolitical, economic and administrative parameters of Latin American countries because it can be adapted to each country's particular characteristics.

IFMS is also adaptable to the different needs of English-speaking countries in the Caribbean. While these countries have a sociopolitical and cultural heritage that has already led them to integrate, at least partially, key financial management functions, IFMS' broad tenets address their special requirements as well.

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**STRATEGY FOR  
ACCOUNTABILITY:  
STRATAC**

The LAC/RFMIP Strategy for Accountability — STRATAC — is a long term approach to help LAC region governments improve financial management. Its primary characteristics focus on an integrated approach to public sector management, financial management, internal control and audit and elements common to all systems. Its basic assumption is that improvement in the management and control of publicly owned financial resources under a cadre of professional public sector financial managers and auditors will lead to changes in how the government is managed. The availability of more reliable information will lead to improved efficiency and better service and address the pervasive problem of fraud and corruption.

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*LAC/RFMIP*

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*Primary Objective of STRATAC:*

*Implement Integrated Financial Management Systems in Latin American and Caribbean governments.*

*Secondary Objectives:*

- o Acceptance of the IFMS approach in interested countries*
  - o Adaptation of the IFMS concept to different conditions in each country*
  - o Implement IFMS at the national and agency level*
  - o Increase efficiency of government personnel and international technical assistance*
- 

STRATAC focuses upon three basic improvements needed by most countries to strengthen accountability, financial management and audit:

- The development of an Integrated Financial Management System (IFMS) in a country's national government and in each public agency under the direction respectively of a national "Chief Financial Officer" charged with producing useful, timely and accurate annual and interim financial reports available to the public;
- The creation or strengthening of a "Legislative Auditor General" to perform independent professional audits of public activities according to generally accepted government auditing standards supported by internal

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carried out in the short term. Therefore, changes must be made systematically according to detailed annual work programs. These should be supported by continuously adjusted medium and long-term plans that incorporate lessons learned from project activities.

- **Practical implementation, versus assessment and planning.** The implementation of STRATAC should not be slowed by carrying out assessments of known conditions, nor by a preoccupation with the minute programming of details. Emphasis must be place on systems implementation through improving legal, normative and organizational structures, human resources, methods, practices and procedures and information produced.
- **Applicability to all social, political and bureaucratic arenas.** STRATAC encourages an awareness of the need for change and its institutionalization. To this end, a broad scale information campaign must be waged to make people aware of the need for change, its usefulness and advantages. They must also understand how the ongoing modernization of mechanisms prevents backsliding once the initial enthusiasm for reform wanes.

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**LEARNING FROM EXPERIENCE**

**AWARENESS + PROMOTION = INTEREST => COMMITMENT**

The status of government financial management in the Latin American and Caribbean region varies from country to country. However, the interest in the integrated approach by both Latin American and Caribbean governments as well as the various donor agencies is evident. During the life of the project, awareness of the importance of the integrated approach to financial management has been manifested in the following

*LAC/RFMIP*

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audit units in all significant agencies; and

- The establishment of a sound internal control environment and structure throughout the government, including emphasis on applying ethical principles in public service and seeking out, disclosing, prosecuting, and punishing corruption, fraud, and "white collar" crime in the public sector.

STRATAC constitutes a strategic attack upon endemic unaccountability and lack of internal controls and ethical actions which continually undermine the faith of citizens in democratic government.

The strategy's most important characteristics are:

- **An interdisciplinary integrated nature.** Implementing STRATAC requires simultaneous, coordinated improvement efforts in each subsystem in the national and/or agency financial management and auditing systems.
- **Concentration on prioritized areas within the IFMS component subsystems.** While best results are achieved with concurrent improvements in the budget, treasury, public debt, accounting, internal control and external audit subsystems, such coordination may not always be possible. If simultaneous improvements cannot be made, the design, implementation, evaluation, and readjustment of each subsystem based upon preestablished priorities should be undertaken gradually.
- **Medium and long-term efforts extended over several decades.** Given the complexity of the proposed strategy, an IFMS should be implemented over a relatively lengthy period of time. The institutionalization of the concepts, the systems design, application and testing and the subsequent adjustments that must be made cannot be



*LAC/RFMIP*

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**Appendix H - 1994 Budget and Staff Data**  
**For GOES Public Sector Entities**

Government of El Salvador  
 General Statistics on Public Sector Institutions  
 1994 Budget

Schedule H

Ministries and Agencies	Transfers to			1994 Total	%	Total	
	Total Current	Autonomous Institutions	Capital			Staff	%
Organo Legislativo	46,234			46,234	0.4%	270	0.2%
Organo Judicial	313,862		36,130	349,992	3.1%	5,353	4.1%
Corte de Cuentas	59,704			59,704	0.5%	1,120	0.9%
Tribunal Electoral	39,092			39,092	0.3%	1,229	0.9%
Tribunal de Servicio Civil	678			678	0.0%	21	0.0%
Fiscalia General	18,988			18,988	0.2%	438	0.3%
Procuraduria General	23,209			23,209	0.2%	603	0.5%
Procuraduria, Der. Hum.	21,356			21,356	0.2%	268	0.2%
Presidencia	78,937		3,000	81,937	0.7%	611	0.5%
<i>Inst. Nac. de Deportes</i>	950	10,127	3,000	14,077	0.1%	189	0.1%
<i>Admin. Nac. de Telecom</i>	744,308	0	266,587	1,010,895	8.9%	7,518	5.8%
<i>Acad. Seguridad Publ.</i>	0	89,761		89,761	0.8%	384	0.3%
<i>Policia Nac. Civil</i>	0	291,826		291,826	2.6%	7,738	5.9%
<i>Insts. Protec. al Menor</i>	170	40,101		40,271	0.4%	1,050	0.8%
Planificacion	14,951			14,951	0.1%	264	0.2%
Hacienda	857,700		34,673	892,373	7.8%		0.0%
Presupuesto						103	0.1%
Contabilidad						112	0.1%
Tesoreria						775	0.6%
Admin. de Aduanas						803	0.6%
Policia de Aduana						1,124	0.9%
Tributacion Interna						965	0.7%
Contratos						331	0.3%
Otros						646	0.5%
<i>Insti. Nac. de Pensiones</i>	408,904	120,000	222,501	751,405	6.6%	826	0.6%
<i>Loteria Nacional</i>	399,200	0		399,200	3.5%	278	0.2%
Relaciones Externas	111,002			111,002	1.0%	247	0.2%
Interior	124,796		24,324	149,120	1.3%	2,919	2.2%
<i>Teatros Nacionales</i>	2,280	0	327	2,607	0.0%	29	0.0%
Defensa Nacional	860,484		6,000	866,484	7.6%		0.0%
Policia/Bomberos	189,443		1,518	190,961	1.7%		0.0%
Justicia	85,670			85,670	0.8%	1,944	1.5%
Educacion	1,276,874		15,557	1,292,431	11.3%	34,788	26.7%
<i>Univ. de El Salvador</i>	13,550	113,158	162	126,870	1.1%	3,228	2.5%
<i>Federac. Nac. de Futbol</i>	1,117	0		1,117	0.0%	25	0.0%
<i>Insti. CA de Telecoms.</i>	720	0		720	0.0%	5	0.0%
<i>Caja Mutual/Min. de Ed.</i>	11,929	0	15,613	27,542	0.2%	63	0.0%
Salud	482,076		29,157	511,233	4.5%	9,030	6.9%
<i>Total Hospitals</i>						8,916	6.9%
<i>Hosp. Nac. Rosales</i>	686	57,578		58,264	0.5%		
<i>Hosp. Benjamin Bloom</i>	351	60,443		60,794	0.5%		
<i>Hosp. de Maternidad</i>	25	26,102		26,127	0.2%		
<i>Hosp. Nac. Psiquiatria</i>	300	19,646		19,946	0.2%		

Ministries and Agencies	Transfers to			1994 Total	%	Total Staff	%
	Total Current	Autonomous Institutions	Capital				
<i>Hosp. Nac. Neumologia</i>	118	12,778		12,896	0.1%		
<i>Hosp. San Juan de Dios</i>	446	30,532		30,978	0.3%		
<i>Hosp. Fco. Menendez</i>	160	12,173		12,333	0.1%		
<i>Hosp. Nac. de Sonsonate</i>	259	11,649		11,908	0.1%		
<i>Hosp. Nac. LE Vasquez</i>	73	9,220		9,293	0.1%		
<i>Hosp. Nac. San Rafael</i>	30	15,143		15,173	0.1%		
<i>Hosp. Nac. Sta. Gertrudis</i>	133	10,956		11,089	0.1%		
<i>Hosp. Nac. Sta. Teresa</i>	200	11,499		11,699	0.1%		
<i>Hosp. Nac. Juan de Dios</i>	403	26,398		26,801	0.2%		
<i>Hosp. Nac. San Pedro</i>	187	13,107		13,294	0.1%		
<i>Consejo Sup. Salud Pub.</i>	-390	1,577		1,187	0.0%		
<i>Hosp. Nac. de Zacamil</i>	1,433	24,867		26,300	0.2%		
<i>Inst. Rehab. de Invalidos</i>	387	22,388		22,775	0.2%		
<i>Hogar de Ancianos</i>	2	879		881	0.0%		
<i>Cruz Roja de el Sal.</i>	1,159	3,737		4,896	0.0%		
Trabajo	19,690	-6,287		13,403	0.1%	369	0.3%
<i>Inst. Sal. de Seguro Soc.</i>	1,216,518	0	91,936	1,308,454	11.5%	8,293	6.4%
<i>Inst. Sal. de Fom. Coop.</i>	5	3,315		3,320	0.0%	99	0.1%
<i>Inst. Sal. Formacion Prof.</i>	84	2,972		3,056	0.0%	80	0.1%
Economía	43,254		3,794	47,048	0.4%	710	0.5%
<i>Com. Ejec. Porturia</i>	107,241	20,174	79,401	206,816	1.8%	1,910	1.5%
<i>Comite Feria Internacional</i>	8,932	0	748	9,680	0.1%	65	0.0%
<i>Consejo de Vigil. de la Contaduria Publica y Auditoria</i>	0	79		79	0.0%	2	0.0%
<i>Inst. Sal de Turismo</i>	9,243	20,323		29,566	0.3%	729	0.6%
<i>Cons. de Ciencia y Eecn.</i>	1	5,025		5,026	0.0%	47	0.0%
<i>Cons. Sal. del Cafe</i>	11,644	0		11,644	0.1%	61	0.0%
<i>Insti. Nac. del Cafe</i>	8,565	0	37,060	45,625	0.4%	247	0.2%
Agricultura	118,785		81,838	200,623	1.8%	2,673	2.1%
<i>Insti. Sal. de Transfor -macion Agraria</i>	11,005	9,418	27,549	47,972	0.4%	937	0.7%
<i>Proc.de Reforma Agraria</i>							
<i>Centro Nac. de Tecnologia Agropec. Y Forestal</i>	5,000	35,958		40,958	0.4%	800	0.6%
<i>Esc. Nac. de Agricultura</i>	1,670	7,121		8,791	0.1%	247	0.2%
Obras Publicas	391,752		892,573	1,284,335	11.3%	14,760	11.3%
<i>Acueductos y Alcantaril.</i>	181,502		42,745	224,247	2.0%	3,341	2.6%
Vivienda, Desar. Urbano	17,419		13,276	30,694	0.3%	487	0.4%
subtotal	8,346,465	1,133,743	1,929,469	11,409,677	100.0%	130,070	100.0%
Deuda Publica							
Intereses	1,219,617			1,219,617			
Amortizaciones			891,429	891,429			
Total Budget	9,566,082	1,133,743	2,820,898	13,520,723			

These amounts do not include SETEFE funds nor municipalities.

Military budget amounts are included, number of personnel not available.

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