

Valedictory Address

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Honorable Minister of State for Finance, Government of India, Mr. Anandrao Adsul; Ms. Aruna Makhan, Controller General of Accounts for India, Distinguished Guests, Friends, Clients, Colleagues (old and new), Ladies and Gentlemen.

I am humbled to have been asked to make this valedictory speech and it is difficult for me to fully express my feelings at the conclusion of this inaugural seminar, which has been arranged flawlessly. The depth of knowledge and the quality of the presentations we have heard over the past three days has surely been an example of excellence in preparation, content, delivery and follow up questions.

I sincerely thank Ms Aruna Makhan and her team for their excellent organization of the seminar, warm welcome to all participants and the care they have taken of all speakers participants and accompanying visitors to New Delhi.

We have all felt a strong sense of shared purpose, camaraderie and fun. The conference has absolutely been based upon a cooperative approach to furthering our joint objective of accounting for results to the highest international standards. The conference has been co-operative, uncompetitive and with a strong shared direction. We have thoroughly enjoyed each others company along with the opportunity to share views and experiences.

A very special moment for me was the lighting of the lamp at the commencement of proceedings when we were honored by the presence of Dr Rangarajan and Mr. Michael Carter.

Governance Mosaic

Accounting is a central part of the governance mosaic. Financial accountability is the key to good governance. The conference highlighted aspects of the major components of the governance mosaic.

These components include:

1. Budget Development

- ❖ Medium Term Budget Framework
- ❖ realistic economic forecasts

2. Budget Execution

- ❖ transparency,
- ❖ controls
- ❖ timeliness

3. Monitoring and Reporting

- ❖ internal audit and compliance
- ❖ proactive improvements
- ❖ ethics
- ❖ management and financial reporting
- ❖ timeliness and accuracy

4. Auditing

- ❖ objective
- ❖ material
- ❖ follow up (impact)

5. Legislative Scrutiny

- ❖ public
- ❖ “teeth”
- ❖ timely
- ❖ transparent

The themes of this conference supported and expanded upon the “Governance Mosaic” It is more important to know what has been *achieved* with the money than what has been spent” (Ms Makhan).

Conference Themes

- ❖ Accounting is the basis for accountability – results on the ground - performance is key.
- ❖ Regional cooperation is imperative given the common regional history and challenges.
- ❖ Don’t forget the classic essentials – timely accurate, reliable, relevant, transparent accounts.
- ❖ Strategic decision making should encompass the context of global economies and management of the local fiscal position.
- ❖ Performance measures in corporate accounting are unambiguous and oriented towards bottom lines. There is a need to evolve public sector performance indicators to effectively link financial and non financial data.
- ❖ Public Sector needs are converging with the private sector – supporting not supplanting management.
- ❖ Role of CGA shifting from ex post compliance to proactive advisor.
- ❖ Separation of Accounting from Audit – provides heightened independence and objectivity of both functions.
- ❖ Transition to accrual accounting essential – but does not need to be one single discrete step. Use caution. Look at individual country conditions. Gradual approach is fine – continuum of measures – each one making a difference.

- ❖ Contentions between accountants and economists regarding revenue recognition and valuation are diminishing. Parties are moving to convergence of views over time.
- ❖ Challenges of State/Provincial Governments – vested interests resistant to change – application of rules and compliance a challenge.
- ❖ How can Internal Audit help? – ask why? so what? Questions assist to ensure value for money.
- ❖ Capacity – all countries have HR issues – new demands – some good international models to examine. Work together; use services of established reputable accounting bodies; and “buy services in bulk”.

What now?

In line with the conference theme we have talked, exchanged views, become friends, made lasting contacts. Regional CGAs have expressed their desire to continue progress in public financial accountability co-operatively to support their respective Governments to achieve results on the ground. The consensus is that more can be achieved by sharing experiences and initiatives rather than by “going it alone”. Regional representatives have agreed to hold a follow up workshop to define their priorities and actions in moving forward this important agenda. The World Bank will support these regional initiatives in any way possible – financial support, participation, or examples of global best practice. The end result could well be a global best practice forum for CGAs, which promotes understanding and co-operation of member countries through exchange of experience and ideas.

All that remains is for me to congratulate and thank our generous host, the Government of India for facilitating this highly successful conference, national and international presenters and each and every participant. On behalf of the World Bank, I express a firm desire to continue to work with all of you in your quest to truly account for results. Thank you.