

**ADDRESS BY THE PRESIDENT OF INDIA, SHRI  
PRANAB MUKHERJEE ON THE OCCASION OF THE  
INAUGURATION OF 26<sup>TH</sup> CONFERENCE OF  
ACCOUNTANTS GENERAL**

New Delhi: 08-10-2012

It gives me great pleasure to be amongst you today on the occasion of inauguration of the 26<sup>th</sup> Conference of Accountants General. The Accountants General of the States and their equivalents in the Centre are important functionaries assigned with the task of being watchdogs of public finance.

I am happy to note that the theme of this year's conference is "Strengthening Professional Practices". Being a knowledge based organisation, it is important that the practices followed by the department are continuously updated and universally and fairly applied.

The institution of C&AG is an important part of the governance and accountability structures of our country. Its existence underpins and highlights the necessity for accountability of public expenditures by public authorities towards Parliament which represents the Supreme will of the people of this country. One of the main instruments through which Parliament exercises this accountability is the office of the

CAG. It is in recognition of this role that the CAG has been assigned constitutional status by our founding fathers.

A constitutional mandate for the CAG also reflects the high value that we have placed on integrity and transparency in our public life. All public servants in this country are first and foremost accountable to people. The rationale for whatever decisions that we take must be empowerment and welfare of our people. This is absolutely fundamental for any democratic system. There will be moments in a nation's life when institutions would appear to be under stress but as long as we have faith in our basic democratic values and the supremacy of our people and Parliamentary processes, we shall be able to tide over any crisis that we may face.

From the time we opened up our economy in the Nineties, Government has had to take many decisions of far reaching import the results of which are becoming visible only now. Financial sector and social sector reforms do not deliver overnight and their full impact on a country's economic and social well-being is felt only over extended periods of time.

Most such reforms also involve use of public money and public resources. Optimal use of such resources by balancing

conflicting demands on such public resources has always been the challenge for the decision makers in all sectors and in all parts of the world. In a country like India, public administrators have, in addition, the onerous responsibility of actively ameliorating the conditions of the poor and the needy as soon as possible. As I stated at the time of assuming the office of the First Citizen of our country, trickle down theories of growth will no longer work in the Indian context. When we talk about optimal decision making, we will do well to keep in mind that, in the long run, use of public money must improve the living conditions of the people.

Governance during the last six decades has become much more complex. Public expenditure has increased manifold, newer delivery mechanisms have had to be thought of and brought in to reach services to the people. The range of governmental activities itself has changed manifold. Before independence, administration was colonial and mainly responsible for revenue collection and law enforcement. With independence and introduction of the planning process, Governments- both at the Centre and the States- took upon themselves many responsibilities that were unthinkable

previously. Governments built factories, roads, ports and public infrastructures. They also directly provided services like health and education. The thrust on developmental administration from a purely revenue earning and law and order centric administrative system represented a major paradigm shift.

Another major paradigm shift is taking place today. We have realised that governments alone cannot do everything. As a result, we have many players who are responsible for public expenditure and for delivering services- not only the Central and State Governments but also local bodies, registered societies and NGOs etc. Given the scale of funding required, particularly for infrastructure financing, Public Private Partnerships (PPPs) have emerged as part of the institutional framework. They represent recognition by the Government of the need to engage with the Private Sector in diverse areas for the purpose of ensuring broad-based and sustainable growth.

This has introduced great complexities in funds flow, expenditure, accounting and evaluation. In our efforts to reach services to the poor and the needy in the remotest corners of our country, we have had to develop faster channels of service delivery. There have been occasions when the system was not

fully developed, the process of accounting not fully operational, the local officials who handled government money not fully skilled in their multifarious functions. This is, however, a reality we need to accept and a situation we need to address through continuous capacity building and upgradation of human skills.

I am happy that the C&AG for the past several years has taken a positive approach on this and has not hesitated to offer his helping hand to governments and local bodies in building up and enhancing skills in financial management. Your department has developed considerable expertise in financial management through your exposure to different organizations. It is in the fitness of things that the expertise available should be utilised fully. I hope you continue your efforts in this direction.

Public audit, I am aware, is just one aspect of financial administration. What is most important is that we must introduce a robust internal control system in all spheres of government activity. Many significant steps have been taken. Ministry of Defence has, for example, worked out detailed “Defence Procurement Procedures” for capital procurement. The ‘Public Procurement Bill’ 2012 has been introduced in the Lok Sabha. Several state governments have now established full-fledged

Internal Audit departments within the Government. The Union Ministry of Finance is currently examining the Report of the Working Group set up to strengthen 'Internal Audit Mechanisms' in Government of India. I am sure that the recommendations, once accepted by the Government, will go a long way in making Internal Audit an effective tool of governance and internal control, thereby complementing the role of the CAG. All these are significant steps towards transparency and good financial administration.

Equity and justice, fairness and transparency, therefore, continue to be cornerstones of our polity. India is once again on the cusp of change. The transformational agenda that we have boldly undertaken requires innovation and performance. It requires huge resources but, more importantly, it requires judicious use of these resources so that we get the optimal outcome from these resources. Every institution in the government must reorient themselves for these momentous changes and must be ready to contribute.

I am glad that during the past years, CAG's audit has shifted from routine compliance audit to a more macro perspective. I must, however, stress that while redefining

organisational roles and boundaries, all constitutional authorities need to adhere to the fine and calibrated system of checks and balances which forms the bedrock of our governance structures. Any attempt by any organ of the State to overreach will unnecessarily lead to dissonance within the system. It is, therefore, necessary that all constitutional authorities introspect on their respective roles.

I am aware of the initiatives of CAG to involve the civil society organizations and the beneficiaries in the audit process. This enriches the audit process and provides a feedback that is relevant and timely. You have well trained personnel and wide geographical reach. What we could all benefit from is a record of the best practices that you would come across in villages, blocks and districts in respect of social programmes so that these practices can be replicated.

Audit reports are essentially feedback on the many programmes undertaken by the government. The tone and timeliness of such feedback is, therefore, important. The Central Government releases funds to State Governments and even to the local bodies at district levels. The utilization of these funds is known to the Central Government only through the mechanism

of utilization certificates. By the time these utilization certificates are received, the programme has already been implemented. It is thus important that CAG's reports are presented in time so as to enable mid-course corrections, if required.

We have a fairly stabilised system of the 'Public Accounts Committee' and the 'Committee on Public Undertakings'. Through these committees, the Parliament and State Legislative Assemblies exercise the oversight functions that are expected of them. These institutions have always functioned in a bipartisan manner and have contributed a great deal to the cause of transparency and good governance. It is an important responsibility of the legislators to ensure that such committees remain active and all important observations of audit are considered with all the seriousness that they deserve.

I am happy to note that C&AG, as the Apex Audit Institution of India, has remained in the forefront of international audit. Apart from being a member of the Board of Auditors for UN and other Agencies for almost two decades, you have conducted audit of United Nations and many other International Organizations. You have earned great respect from the

international community for your knowledge, skills and high professional calibre.

I acknowledge that the unique institution of CAG has over the years, now more than 150 years old, made significant contribution to ensuring that we have governance systems that are transparent and accountable. I have great expectations from this Institution in our journey towards a prosperous and equitable future for our people. I would like to wish all members of the Indian Audit & Accounts Department all the best.

Thank you.

Jai Hind!