

SPEECH OF THE MINISTER OF FINANCIAL SERVICES, GOOD GOVERNANCE AND INSTITUTIONAL REFORMS, MR S SESUNGKUR, FORUM OF ACCOUNTANTS, HILTON HOTEL, FLIC EN FLAC, 20 JULY 2017

'The Role of Accountants in Economic Development'

- **Mr. Panna Jhugroo**, Chairman of MIPA
- **Mr. Koos du Toit**, President, Pan African Federation of Accountants
- **Mr. Jack Lao Thiane**, Board Member, L'Ordre des Experts Comptables de la Réunion,
- **Mr. Ritesh Guttoo**, Associate Director, Ernst Young,
- **Mr. Ross Campbell**, Director of the Public Sector, ICAEW,

Dear Participants

All protocols observed

Ladies and gentlemen,

Good morning. I am pleased to address you this morning. I am also particularly humbled to address the Accounting Fraternity which I feel privileged to form part. Since I have taken the helm of the Ministry of Financial Services, this is my first address in a Forum organized by MIPA and I wish to thank my good friend Panna Jhugroo for inviting me to address such an august assembly.

I take the opportunity to welcome to Mauritius Mr Ross Campbell from ICAEW, Mr Koos de Toit from the Pan African Federation of Accountants and Mr Jack Lao Thiane from L'Ordre des Experts Comptables de La Reunion. It is a pleasure to have you with us. Your very presence among us at the Forum will certainly go a long way in reinforcing ties of friendship and networks between our Government, MIPA and your respective associations. I see our respective actions in the accountancy profession as mutually reinforcing, where we can draw on each other's strengths and experiences to better contribute to the efficient and stable development of our economies and communities which we serve.

We are here this morning to exchange views on the role of accountants in economic development. Ladies and gentlemen, in two words can we not say that the accountancy profession is all about **Cost and Savings?** Cost and Management Accounting is the bread and butter of the accounting profession. And, is this not also the fundamental principle of economic development? Saving, spending and investing for the economic well-being of our people.

Now, how can we best define Economic Development? Can we not say that the economic development means the wealth of the people as a result of the combined actions of Government, the Private Sector, Professionals and the Community? Such actions are inextricably linked particularly that of the accountancy profession because accountants have the role of

supporting and guiding the Government to make decisions at both macro and micro economic levels to achieve balanced economic growth and development.

So, let us look at a few critical functions of accountants which are linked to successful economic development.

Ladies and gentlemen,

Sound economic development rests on Quality Information, Credibility and Trust. Trust can only be achieved if the accounts are based on quality information, that they have been duly audited, vouched for accuracy and espoused the principles of good governance. Information in today's world means Power. Interpreting business activities, their inputs and outcomes into different dimensions and over different time horizons will contribute towards sustainable development and financial stability.

The quality of information is crucially important for the survival of enterprises and this eventually permeates to the market and the economy as a whole. It is not surprising that the accounting profession is being constantly challenged to meet the demands for quality information. The reasoning is simple. The higher the quality and integrity maintained by the profession, the stronger and more resilient will the economy be. The accounting profession therefore plays an important complementary role

towards building a credible, reputable and internationally competitive economy.

The importance of integrity of auditing functions for maintaining financial stability is now well-recognised. The Financial Meltdown is an example of accounts and finances not having been well kept with dire consequences on economies, businesses and the people. Accounting irregularities identified within international corporates have shown how the absence of accurate, timely and comparable financial information can impede the effective working of markets. The devastating effects of weaknesses in financial reporting have been confirmed by the spate of financial crises and scandals over the past decade from the financial debacle in the US to Asian Crisis.

So, ladies and gentlemen, by providing credible financial statements, we Accountants facilitate market discipline, we provide confidence to stakeholders and we help minimize the risk of false and misleading information which can seriously affect the stability of financial systems.

Investment Appraisals. The economy prospers when investments are assessed sensibly and judiciously and by weighing risks and returns. This is a task which Accountants are trained to perform. As we say in our jargon, financial statements depict true and fair view of the operations of a company which means that we act as a vigil to ensure that companies cannot window dress their financials hence Shareholders, Creditors, and

Investors can take informed investment decisions about the company. Furthermore, financial statements contain relevant and reliable data generated by the public accounting department to be used as a basis to justify channeling of funds for investment and development.

In auditing financial statements, auditors have inside information on the financial health of enterprises. They can provide an independent and objective evaluation on opportunities and risks. In the absence of accurate financial reporting, it would become difficult for public entities as well as private and institutional investors to make informed decisions about investments. It is the quality, reliability and objectivity of this information which stakeholders rely upon to confidently make informed judgments and allocate resources efficiently.

Ladies and gentlemen,

Transparency and accountability are critical for the efficient functioning of a modern economy and for fostering social well-being. Transparency is closely related to government accountability, financial stability and sustainable growth. The demand for greater transparency and more effective financial reporting has placed renewed pressures on those of us preparing and attesting financial reports to comply with accepted accounting standards and also ensure that these standards are properly applied. I hope you can discuss the issue of transparency and

accountability further during the session planned on Public Financial Management.

Ladies and gentlemen,

I am now an Accountant wearing a different hat. I now have a better perspectives of the significance of our role in the Public Sector. I cannot end my address this morning without making a plea to our younger generation of Accountants to endeavor to serve public interest. As a small economy, we have many challenges facing our economy in the years to come. On the home front as well, we have significant challenges to overcome. I believe that all of us, including us Accountants, have an important role to play in propelling our country to the aspired league of high-income countries. The profession can make a tangible contribution towards ensuring that public sector departments and entities are appropriately equipped to deal with the challenges. There is much to be done by Accountants to eradicate corruption, to design monitoring and early warning systems, to institute controls that would help curb wasteful expenditure, and design reports so that the political establishment, Government officials, and other stakeholders have access to accurate and timely information. Only then can we meaningfully contribute to improved decision-making, policy orientation for successful economic development.

I take this opportunity to encourage MIPA to work on bringing more youth to the profession, on ensuring continued professional development of

members and organizing competency-based training. Only if we have appropriate capacity can we make a significant contribution to economic welfare. Government is placing much focus on standards in budgeting, on transparency and accountability, and good governance. Against this setting, the role of the Accountant thus gains more visibility and prominence in areas such as budgetary control and forensic audit.

In closing, allow me to extend my appreciation to the committed efforts put in by MIPA and its leadership in its mission of advancing the development of the accounting sector, in fostering economic growth and protecting public interest through the implementation of high-quality standards, and for contributing to the growth of the accounting profession.

Ladies and gentlemen,

MIPA has strung together an excellent programme featuring speakers who are experts in their respective fields. It is an excellent platform for us gathered this morning to share experiences and better understand the role of our profession for promoting financial stability and sustainable economic growth. I am sure that the deliberations of this Forum will provide useful insights which could be fruitfully explored for mutual benefit. We too look forward to benefiting from your deliberations.

To our international delegates and guests from afar, I wish you safe travel to your homeland.

Thank you for your attention.