Speech by H.E. Mr Rajkeswur Purryag, GCSK, GOSK, President of the Republic of Mauritius, on the occasion of the Official Launch of the Mauritius Audit Committee Forum Best Practice Guidance Notes for Audit Committees (“ACF Guidance Notes”) held on Wednesday 2 July 2014, at The Hennessy Park Hotel, Ebène at 18 00 hrs.

Mr. Jean Claude Liong, Managing Partner at KPMG
Mr. Pierre Dinan, Representative of the Audit Committee Forum
Ms. Jane Valls, CSK, CEO of the Mauritius Institute of Directors

Distinguished Guests
Ladies and Gentlemen

Good evening to you all!

Let me start by congratulating Mrs. Jane Valls who has recently been conferred the award of Commander of the Order of the Star and Key of the Indian Ocean for her contribution to the promotion of Corporate Governance.

I would also like to seize this opportunity to commend her also for the good work she is doing as a voluntary social worker more particularly in the education of children from the poor families at the pre-primary level.

I wish to thank the Mauritius Institute of Directors and the KPMG for associating me with the launch of these Best Practice Guidance Notes for Audit Committee prepared by the Mauritius Audit Committee Forum.

I would also like to congratulate the Forum for its excellent initiative in proposing these guidelines, designed to assist Audit Committees, both in the public sector and the private sector, to enhance their efficiency, effectiveness and transparency.

These guidelines lay the foundations for Audit Committees to act as a fundamental pillar for effective governance.

They also highlight the key conditions that need to be put in place for a reliable audit that responds to the expectations of the general public in matters of good governance and the building of trust.

Many countries have elaborated similar Guidance Notes that outline the set of responsibilities and practices to be implemented by organisations to ensure that objectives are achieved, and resources are used responsibly and with accountability.

I must stress that audit, whether from the perspective of private sector organisations or public sector organisations, is a cornerstone of accountability, openness, probity and transparency as well as a tool to avoid wastage of resources, and, at the same time, to combat fraud and corruption.
By providing unbiased, objective assessments of whether resources are being managed in the most effective and economical manner in view of achieving intended results and outcomes, auditors no doubt help organizations promote and uphold the principles of accountability and integrity, improve operation and efficiency, but more importantly, instill confidence and trust among citizens and stakeholders.

Given the complexity of audit practices, particularly in the private sector as well as public companies and parastatal organisations, Audit Committees have been established in order to consolidate oversight of the financial and ethical integrity of these organisations.

I know for a fact that in many such organisations, the Audit Committees are doing a good job in matters of oversight although there is still room for greater improvement.

There are in fact many cases where Audit Committees have failed to live up to their duties and responsibilities in the absence of proper guidelines and processes.

Audit, as we know, is central to effective governance because it keeps improve efficiency and competitiveness by calling upon organisations to demonstrate accountability and transparency of the highest order, based on respect for the rule of law.

It is also a manner to assess whether organizations are doing what they are supposed to do and to detect and deter corruption and corrupt practices including fraud.

I am therefore convinced that Audit Committees will go a long way to strengthen governance in service delivery by materially increasing citizen’s and shareholders’ ability to hold organisations fully accountable of their actions.

I understand that way back in 2006, there was an attempt by the Ministry of Finance and Economic Development to set up Audit Committees on a pilot project basis, in some key Ministries with the objective of assisting Accounting Officers in the discharge of their accountability and management responsibilities of public funds.

I am told that after a year or so, the Committees failed to function as expected.

I am informed that Government has decided last year that the Audit Committees should be revived in order to minimize the number of queries arising from Audit inspections and at the same time, avoid wastage of the public resources.

An Audit Committee Charter has also been elaborated to offer good practice guidance that is practical and can support an Accounting Officer in monitoring and reviewing risk control and governance processes in the organization.
I have no idea as to whether the Audit Committees are functioning well and are fulfilling the responsibilities that they have been assigned in terms of risk management oversight and financial control.

But I have no doubt that if properly constituted, these Audit Committees may serve the purpose of public sector governance well which is one of the highest objective of Government.

Audit Committees remain, in my view a central pillar for upholding the tenets of accountability and transparency in the private sector as well as in the public sector.

In this regard, I believe that the balance sheets that are published in the Annual Reports of public companies or those listed on the stock exchange should be user friendly so that they are easily understood by the shareholders who have invested their hard earned savings into those companies.

In the same vein, the Auditors must take their responsibility, verify all the figures that are presented to them, and if information has not been supplied to them, they should say so.

Many times, there is a caveat at the end of the balance sheet of the company which tends to exonerate the Auditors.

My own view is that Auditors should not contend themselves by merely stating that they had relied on facts and figures furnished to them by the internal auditors of that company.

Therefore, the Guidelines that the Mauritius Audit Committee Forum are proposing are as relevant to the public sector as they are to the private sector, although the meaning and scope of accountability in Government are fundamentally different from those of business.

Accountability in the public sector rests on the notion of democratic principles and traditions.

It is not simply a matter of ensuring that funds appropriated by Parliament are spent for the purposes intended for.

By and large, it transcends the notion of mere scrutiny of financial transactions.

It is more a matter of ascertaining that quality, efficiency and effectiveness in service delivery are the hallmarks and in strict compliance with established rules and norms, and in the spirit of fairness and equity.

The task of audit is to also assess the costs and benefits that accrue to the citizens as a whole in public sector service delivery and the protection of the tax payers money.

That is because the citizens to-day, want Governments that work better and at less cost.
Gone are the days when public officials were measured by how much they spent on a particular project.

The new realities of the 21st Century dictate that public officials should now be judged by whether they work harder and smarter, and do more with less cost and are result oriented.

Also, our citizens want to be given an account as to how each and every single cent they pay as tax is being spent.

Better Governments imply better governance that invariably calls for greater accountability.

In short, we need better government, to be precise we need better governance

Because public accountability is required to justify actions taken, and that places upon those vested with power and authority the duty to give an account and to citizens, the right to hold them to account.

In a democracy, all voices are entitled to be heard and no issue can be assumed to be of no concern.

For that, it has to find many languages and to give many accounts.

Also, it has to encompass quality and quantity and respond to many voices.

But more importantly, accountability is an inherent feature of public sector organisations.

It is a means by which collective needs and values are defined, choices made for collective action and meaning given to common values and interest.

As you know, in Mauritius, the National Audit Office is the pillar upon which the foundations of democratic accountability are constructed.

Apart from the Director of Audit, there are other legislative and regulatory authorities that are mandated to hold public officials and organisations to account.

Therefore, the approaches or models that you may be proposing for building better and stronger governance principles are likely to differ from those of private sector organisations.

I have however no doubt that well-established processes, whether in the private sector or the public sector for monitoring the financial health of an organization are crucial.

Because such processes would contribute to help sustain effective governance frameworks.

At the same time, they can enable the organization to detect any signs of poor governance or failing corporate health and to take remedial actions before they develop into serious performance issues.
But in whatever we do, whether in Government of the private sector, we have to be imbued with the values of sustainable and principled behaviours.

Because as I always say, a handful of values is much more effective than thousands of rules and regulations.

And I am sure that both the public and private sector can substantially improve in matters of good corporate governance.

There are always some common elements that should be harnessed to meet the specific tasks, conditions and purpose of each sector.

I would also like to believe that the Audit Committees will only work if they become part and parcel of the culture of the organization.

And, they are supported by an appropriate regulatory framework so that they become a mandatory requirement, not merely a form of best practice.

The basic building blocks that need to be considered when constituting the Audit Committees should be strong leadership, sound governance structures as well as clear lines of accountability to avoid duplication.

The work of the Audit Committees should not also be seen as a one-time activity but rather as an ongoing and permanent feature.

Additionally, the Committees should be equipped with well trained staff who should themselves be imbued with the culture and values of good governance, fairness and ethical behavior and responsibility.

That is why I perceive these Best Practice Guidance Notes for Audit Committees as an effective tool to enhance accountability and transparency in the management and delivery of service to the public as well as to stakeholders.

Both the public sector and the private sector can collaborate in order to create more efficient, anticipatory and predictable private and public institutions for sustained growth and development.

In conclusion, let me leave you with a thought by quoting what a futurist from the University of Hawaii once said:

(Quote)

“For centuries we were taught to worship our ancestors and to be true to our traditions, and it was good that we did so. But now, given the novelty and quantity of the challenges rushing at us from the future, we need to do something we have never had to do before, and which I fear we may not be able to do now: we must worship our descendants; we must love our grandchildren more than we love ourselves.”

With these words, I wish to again reiterate my thanks and appreciation to the Mauritius Institute of Directors and KPMG for their invitation this evening.
It’s my pleasure now to launch these Best Practice Guidance Notes for Audit Committees prepared by the Mauritius Audit Committee Forum.

I wish the Forum plenty of success in their future endeavours.

I thank you for your attention.