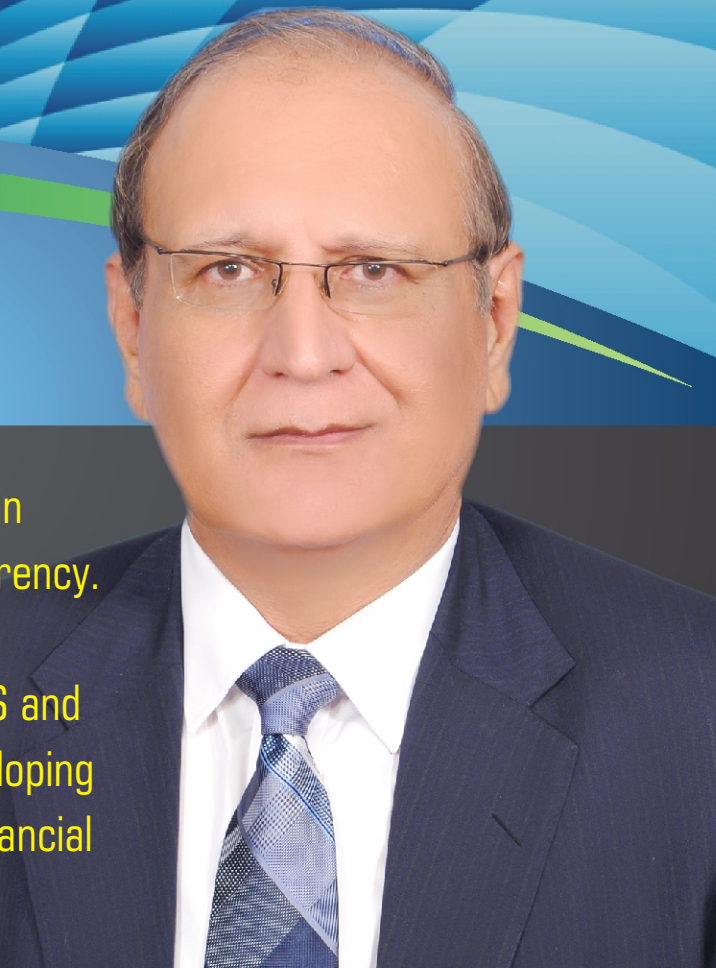


# Interview

“Management Accountants play key role in promoting public accountability and transparency. They are required to prepare Accounts and Financial Statements as required under IFRS and IPSAS. ICMA Pakistan in this regard is developing the capacities and are supporting overall financial governance environment in the country”



**Javaid Jehangir**  
**Auditor General of Pakistan (AGP)**

**ICMA Pakistan:** How the AGP office ensures public accountability and fiscal transparency in government operations?

**JJ:** Office of the Auditor General of Pakistan has a history of 157 years of promoting public accountability and fiscal transparency in Government Operations. Auditor General of Pakistan enjoys constitutional status that ensures continuity of its operations for promoting transparency in governmental operations. The system of financial control and accountability in Pakistan follows the Westminster model under which four institutions exercise financial control over public resources. These are the Parliament, the Treasury, the Principal Accounting Officer (PAO), who is the head of a Government Department, and the Auditor General. The Auditor General plays a pivotal role in the process of accountability. According to the Constitution of the Islamic Republic of Pakistan, the Parliament and the Provincial Assemblies have the final word over the issuance of public funds from the Consolidated Funds and the Public Accounts of the Federal and Provincial Governments. Control over these funds is exercised by the Parliament through the office of the Auditor General who ensures conformity to the determination of the legislature. His mandate, given in the Constitution of the country and supported by subordinate legislation, enables him to develop independent and objective assessments of the process of governance, which augment the

legislative oversight of the peoples' representative on governmental operations.

**ICMA Pakistan:** What role AGP plays to support parliamentary oversight over utilization of public financial resources?

**JJ:** Under the basic Westminster Model, the Parliament divides itself into various committees to efficiently undertake its wide range of oversight responsibilities. From its earlier days, the model saw the need for a committee to oversee government's financial operations and from this the Public Accounts Committee evolved. It is the 150-odd years of Westminster parliamentary history which has been the foundation of the Public Accounts Committee in Pakistan. The Public Accounts Committee (PAC) is one of the most important institutions to ensure legislative accountability. Its role and responsibilities have been laid out in the "Rules of Procedures and Conduct of Business in the National Assembly". These rules specify that the PAC should look into the legality and regularity of income and expenditure of government departments along with the reports of the Auditor-General. As per his constitutional mandate, the Auditor-General of Pakistan submits audit reports on the accounts of the Federation and Provinces to the President and Governors respectively. The President/ Governor cause them to be laid before the National/Provincial Assemblies, which in turn

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refer these reports to the respective Public Accounts Committees. The Principal Accounting Officers are called upon to appear before these Committees to satisfy the public representatives with reference to the observations of the Auditor General made in his reports on account of expenditure incurred. The Public Accounts Committees are required to submit annual reports for the deliberation, and consideration of the respective assemblies.

**ICMA Pakistan:** Transparent and reliable audit practices are crucial for development of any country? Do you agree?

**JJ:** Agreed with the statement.

**ICMA Pakistan:** Can you share the initiatives taken for bringing improvement in public sector accounting and auditing?

**JJ:** AGP's Strategic Plan is fundamental document which explains the plans and initiatives to bring improvement in Public Sector Auditing and Accounting in Pakistan. It's a medium-term plan for composite progression. The plan is being executed to achieve five goals in 4 years which are:

- o Improving Financial and Organizational Independence
- o Development of Professional and Institutional Capacity
- o Development of Communication & Cooperation with stakeholders
- o Use of Modern Audit Techniques and Technologies
- o Improving Internal Controls and Governance

To achieve the goals of Strategic Plan the office of AGP has achieved the pre-requisites by equipping the department with necessary IT software and hardware, capabilities of Computer Assisted Audit Techniques developing sectoral Audit guidelines and adopting Risk based Audit methodologies.

As a key stakeholder in Government Financial Reforms, Office of the Auditor General of Pakistan completed Project to Improve Financial Reporting and Auditing (PIFRA) to modernize Public Sector Accounting & Auditing in Pakistan in harmony with international best practices. Under PIFRA, significant developments took place such as AGP prescribed New Accounting Model to make Financial Statement compliant with IPSAS and further steps are also being taken to move towards IPSAS Accruals. All the Accounting Offices of Government, Federal, Provincial and Districts have been integrated using SAPR/3 which provides Public Accountants an enabling environment that promotes transparency, relevance and timeliness in Financial Reporting to the Parliament.

**ICMA Pakistan:** Do you think AGP Department has met the expectations of general public in terms of accountability?

**JJ:** Office of the Auditor General of Pakistan is committed to excellence. It is doing its best to deliver the results with minimum resources. Despite multiple administrative challenges and limited staff the Department has been able to generate credible and reliable Audit Reports over the years supporting the Parliament and public in general. We have produced more than 1500 reports during last audit year with a

“As per his constitutional mandate, the Auditor-General of Pakistan submits audit reports on the accounts of the Federation and Provinces to the President and Governors respectively”

meager budget. We face resistance in exercising our constitutional duty, despite this fact we have strived and continued to make progress and multiple initiatives are in progress to meet the stakeholder's expectations. Keeping in view the emerging challenges the department has to keep reform agenda alive and active. In order to promote better public service delivery department has to adopt changing environments and adopt best available strategies to be relevant in future.

**ICMA Pakistan: How management accountants can play a role in improving public accountability and transparency?**

**JJ:** Management Accountants play key role in promoting public accountability and transparency. They are required to prepare Accounts and Financial Statements as required under IFRS and IPSAS. ICMA Pakistan in this regard is developing the capacities and are supporting overall financial governance environment in the country.

**ICMA Pakistan: What about engaging management accountants in special audits and performance audits of public sector organizations?**

**JJ:** Office of Auditor General of Pakistan believes in partnership and keeping in view the increasing scope of work of audit of PSEs, Sector Specialists and Management Accountants for specific assignments can be engaged on need basis.

**ICMA Pakistan: In what areas AGP and ICMA Pakistan can collaborate to promote Int'l public sector accounting standards?**

**JJ:** In Pakistan, Auditor General of Pakistan in terms of article 169-171 of Constitution of Pakistan prescribes the Forms methods and Principles for Accounts for Public sector in Pakistan. International Public Sector Accounting Standard Standards (IPSAS) are issued by IPSAS Board and Pakistan has adopted IPSAS I for Government Accounts. Government of Pakistan is taking steps to achieve complete compliance to reporting standards and in this regard OAGP has constituted a Policy Board to regularly interact with all the stakeholders to ensure adoption of changes according to changes introduced by IPSAS Board from time to time. ICMA Pakistan has also been made honorary member of the policy Board and OAGP promotes partnership for continuous professional development of its employees through ICMA Pakistan.

**ICMA Pakistan: What hurdles AGP office normally faces in conducting audit of accounts of public sector organizations?**

**JJ:** Despite multiple administrative challenges, Office of the AGP meets its target of producing quality reports within stipulated time frame for the Parliament of Pakistan. Key constraints faced by our auditors are financial limitations and complete autonomy as envisaged under ISSAI 10 and Constitution of Pakistan. Increasing size of Government and limited budget to cover the requirements of stakeholders is one of the key concerns for the department. Revenue and spending of the government have increased many folds, more than 300% increase in last fifteen years. This has also increased our responsibilities as AGP is required to audit all revenue and expenditure. Our stakeholders also expect an assurance that public money is spent economically, efficiently and effectively. Further the role of Supreme Audit Institutions (SAIs) worldwide

has transformed a lot, legislatures and the governments expect an insight into the current practices, foresight of emerging challenges and recommendations for further improvements. Many segments which were earlier untouched like energy and IT audit are now being brought in the fold of SAIs. A limited financial resource is a key constraint which restricts us from appropriately conducting the audit of entire client portfolio entrusted to us. Given the contribution of the auditors to the national exchequer, and in order to increase their incentive, it is appropriate that they are suitably compensated. The reform process requires higher levels of expertise for delivery and supervision and seamless implementation is the key. The department does not have the resources to reward the deserving and incentivize the change process.

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**ICMA Pakistan: AGP Audit Reports identifies financial irregularities in various public sector bodies. What are their outcomes?**

**JJ:** Recent reports of AGP on circular Debt and similar other aspects have led Government and legislature towards many reforms and triggered accountability for better Governance in the country.

**ICMA Pakistan: What is your opinion on establishing 'Audit Court' like in USA, China and other countries to combat corruption and malpractices in public sector organizations?**

**JJ:** The system of financial control and accountability in Pakistan follows the Westminster model under which four institutions exercise financial control over public resources. These are the Parliament, the Treasury, the Principal Accounting Officer (PAO), who is the head of a Government Department, and the Auditor General. The Auditor General plays a pivotal role in the process of accountability. According to the Constitution of the Islamic Republic of Pakistan, the Parliament and the Provincial Assemblies have the final word over the issuance of public funds from the Consolidated Funds and the Public Accounts of the Federal and Provincial Governments. Control over these funds is exercised by the Parliament through the office of the Auditor General who ensures conformity to the determination of the legislature. Pakistan has inherited this system and changing the current system requires due diligence and deliberation by Parliament to arrive at a logical conclusion.

*The Editorial Board thanks Mr. Javaid Jehangir, Auditor General of Pakistan (AGP) for giving his exclusive interview for Management Accountant Journal.*