

FM for easy accounting system S+H 22/6

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NEW DELHI, 21 JUNE: The Union finance minister, Mr Pranab Mukherjee, has said that a robust comprehensive and transparent accounting system is a must for any government.

Inaugurating a day-long national conference of state finance ministers on "Accrual Based Financial Reporting in Government", here today, Mr Mukherjee said accrual based financial reporting in the government is an important initiative in the reform of the system of accounts and financial reporting in the public domain.

He said the government has already accepted the recommendation of the 12th Finance Commission for introduction of accrual accounting in principle. Accordingly, the Government Accounting

Standards Advisory Board (GASAB) in the Office of the Comptroller & Auditor General of India has prepared an operational framework and a detailed road map for its implementation.

The relevance of accrual accounting has to be looked at from the overall perspective of public financial management, Mr Mukherjee said, stressing that accrual accounting has to be assessed against the prevalent accounting practices, for improving the effectiveness of planning, policy making and budgeting process of public resources.

Mr Mukherjee said based on the knowledge gained through some pilot studies and the experience of some other countries, it was clear that introduction of accrual accounting is not going to be an easy task. He said there is a need to clearly identify the

critical and the preparatory steps. While doing so, the requirements and the capacity of the third tier of governance, at the level of local bodies, should be borne in mind. Adequate support and guidance would have to be provided by both Central and state governments, he said.

The finance minister said there should be focus on areas which foster transparency, parliamentary accountability and are of use to decision makers in government. The government today needs more comprehensive financial information, while taking decisions about the feasibility of financing the services it wishes to provide and for planning the future funding requirements of asset maintenance and replacement, he said.

Mr Mukherjee released a brochure on "Operational Guidelines for Accrual Based Financial Reporting" at the Conference.