



SIGMA

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Creating Change Together



Introductory Speech

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It gives me great pleasure to be in Ankara to open this important conference on the implementation of financial management control within the concept of public internal financial control, or PIFC. I would also like to express SIGMA's thanks to our Turkish co-hosts, who have worked hard with us on the preparations for this event.

As you are aware, the concept of PIFC was developed as a way of helping candidate and potential candidate countries working toward membership of the European Union to implement a cost-effective and reliable internal financial control system to safeguard public resources and ensure fiscal discipline. It is a framework to help managers and institutions manage their resources efficiently so that public funds are properly allocated and political decision-makers can feel confident that their decisions will be implemented within a solid institutional and procedural framework. An effective internal control system also provides some reassurance that financial errors of a large magnitude, fraud and extravagance are unlikely to occur or to go undetected.

For many years now, SIGMA has been closely involved in assisting you and your colleagues in implementing the PIFC reforms required under the negotiation chapter 32. Although the main focus of our efforts has been – and will remain – at the individual country level, we also in recent years have provided support to the IPA Regional PIFC Network, a project supported by DG Budget through Mr Robert Gielisse and his team.

In that context, this is the third such regional PIFC conference that SIGMA has organised in recent years. The first was held in October 2010 in Croatia, with the objective of discussing the basics of the reform of the three PIFC pillars: financial management control, internal audit and the Central Harmonisation Unit. The second conference was in September 2011 in Slovenia and the focus was to provide participants with good practices for the introduction and development of PIFC. An additional aim of both conferences was to create closer cooperation between the participating countries by building an informal PIFC Network, to enable an exchange of views and experiences.

Evaluation feedback from participants at the previous conferences showed that the events helped to deepen discussions on key issues and that participants considered that the conference format was beneficial for them.

The PIFC Network is the only existing vehicle for building cooperation between Central Harmonisation Units in the EU candidate and potential candidate countries so I am keen that SIGMA should continue to support the Network, allowing members to share their experiences with each other regarding challenges they face and problems they have had to solve, as they attempt to implement PIFC in their countries.

In addition, I think it is especially important that you share information with each other as an alternative to relying on technical assistance because the experience of a neighbouring country in the region is often of particular relevance and this can help you to take ownership of the implementation of PIFC reforms in your own country.

Whereas the two previous conferences focused on PIFC in general, this event will focus on the FMC pillar.

SIGMA assessments have tended to find that the FMC pillar is lagging behind the IA pillar, even in those countries where FMC managers have been appointed. Managerial accountability and delegation of responsibilities have been identified as principles that are slow to develop in many countries in the region. Furthermore, although internal audit is separate from the internal management structure, FMC policy has consequences for internal audit, which cannot function effectively where there is no commitment to managerial accountability. A focus on FMC will ensure that these issues are discussed and should help to identify the barriers to progress.

Over the next two and a half days you will hear presentations from several of the delegations here this week, as well as SIGMA experts. The presentations are intended to focus on the actual **implementation** of FMC, as the mere existence of a legislative basis is insufficient for an effective culture of FMC to operate. Apart from the

question and answer sessions at the end of each presentation, you also will have the opportunity to take part in discussions, both at the plenary level in this room and also through break-out sessions.

I would like to mention that responses to the questionnaire which you were asked to complete in advance show that several countries are struggling to implement a strong, sustainable FMC system owing to a lack of commitment at political and senior management levels, and the lack of a coordinated strategy for delivering such a system. We look forward to these matters being discussed during the conference, particularly during the working group break-out sessions. These break-out sessions are intended to allow you to take what you have heard during the early part of the conference and discuss how to find the best way forward for the implementation of FMC in your country.

I think it fair to say that the Conference Programme is quite intense but also very interesting. Its success, of course, depends on you and how open and frank you are in your discussions. I understand that the previous conferences were not lacking in that regard and I am confident that you will all help to make this event a success, and an enjoyable and positive experience.

On behalf of everyone in the SIGMA team I wish you an enjoyable and beneficial conference.