

AIST – Executive Board Meeting

Paris – 30th of June 2014

MINUTES



Participants:

Mr. Orlando Robimanana (Madagascar), President

Mr. Lassina Fofana (Ivory Coast), Vice-President

Mr. Abdellatif Dachraoui (Tunisia), Vice-President

Ms. Josiane Lanteri (France), Administrator

Mr. Noureddine Bensouda (Morocco), Administrator

Mr. Abdoulaye Dieng (Senegal), Administrator

Mr. Mohamed Larbi Ghanem (Algeria), Guest

Mr. Sosthène Ossoungou Ndibangoye (Gabon), Guest

Mr. Lamy Lamiel (Democratic Republic of the Congo), Guest

Ms. Svetlana Ljubičić (Serbia), Guest

Mr. Didier Cornillet (AIST), Secretary General

Mr. Jacques Ortet (AIST), Statutory Auditor

Mr. Pierre Etoughe (Gabon)

Ms. Ghislaine Bala (France)

Mr. Laurent Rousseau (France)

Mr. Noureddine Bamou (Morocco)

Mr. Xavier Brossard (AIST)

The meeting is opened at 9.30 a.m. by Mr. Robimanana, AIST president and representative of Madagascar. After welcoming the participants, Mr. Robimanana submits the agenda, which was sent in advance by the General Secretariat, for the Board's examination. There are no remarks and, consequently, the agenda is adopted.

1 – AIST administrative organization

• Financial position

AIST Secretary General presents the consolidated financial statement for the year ended 31st of December 2013 and an interim statement upon the 31st of May 2014.

Globally, the financial status is healthy. The association accounts indicate a surplus and a positive result of € 30,649.14 at 31st of December 2013 (see annex 1).

The result comprises extraordinary income generated by the sale of FONSICAV securities, i.e. € 43,301.90, with a profit of € 1,699.80 (see section “Sale of securities owned by AIST”).

• Membership fees

The Secretary General gives a brief update on the number of member countries having paid their fees for 2014 and stresses a more rapid pace of collection than in 2013. Some 14 countries have already paid their fees and this amounts to €37,122.90 as opposed to the same period in 2013, during which 11 countries had paid a total of € 26,609.99.

However, there are 7 countries that are behind with their payments of membership fees, thus the total of overdue payments is € 47,625.00.

The Secretary General indicates having contacted all these countries in order to assess payment possibilities of their membership fees and to suggest clearance plans whenever necessary.

Mr. Cornillet also informs the Executive Board that Slovenia notified the General Secretariat that it will not be able to pay this year’s membership fee because of internal budgetary difficulties.

NB (remark added at a later stage): Mid July Slovenia contacted the Secretary General to inform him that the country will eventually pay its 2014 fee.

Mr. Robimanana asks what the Statute provisions on overdue membership fees are.

The Secretary General explains that participants’ costs are not reimbursed for the events organized by AIST (the costs of participants attending an AIST event are not reimbursed for representatives coming from countries who did not pay their membership fee). In this respect, article 5 of the AIST Statute stipulates that all rights conferred “on Association members can be suspended for members that did not pay the membership fee, stipulated at article 6, for two consecutive years”. This provision was adopted during the Hammamet General Meeting as a solution for overdue membership fees.

Ms. Ljubičić suggests that overdue payments should be dealt with in a case by case approach, because the countries’ situations are different and it is important to find out what the causes for their nonpayment are.

The Secretary General explains that reminders are sent comprehensively, but at the same time targeting each country according to its specific situation.

Mr. Lamiel inquires whether the Association has envisaged an anticipatory payment scheme.

Mr. Robimanana replies that such a scheme is already in place and shows that the Board and that General Secretariat are closely monitoring the payment situation and, whenever necessary, suggest specific clearance plans.

Ms. Lanteri agrees that each case should be treated in a differentiated and comprehensive manner. However, she requires that the Secretary General send regular reminders to countries with several overdue payments.

• Sale of AIST securities

The Secretary General informs the Executive Board members that, upon decision of the Abidjan General Meeting, FONSICAV securities owned by the Association were sold, because of their poor return, for some € 43,301.90, which brought a profit of € 1,699.80. An association bank account and an association savings account (livret A) were opened with Crédit Agricole in order to deposit the funds resulted from this sale.

This type of savings account has a deposit limit of € 76,500 and an interest rate of 1.25% per year. There was a € 43,010.00 balance of the account (livret A) at the time the meeting was held.

2 – Preparation for the General Meeting

The General Meeting will be held in Madagascar, on Monday, November the 10th 2014 (in the morning), in order to enable a maximum participation of general and national directors. According to the AIST Statute a partial renewal of the Executive Board shall take place. The AIST presidency will be awarded to the country that will organize the 2015 conference.

This should be organized in Ukraine and the current country situation requires that the Board comes up with alternative solutions. Preparing a conference calls for anticipation and availability. Ukraine's current context does not meet these conditions.

The Secretary General informs the members of the Board that the new directors of the Ukrainian Treasury Services were contacted. The latter expressed their regret for not being able to attend this meeting. The Secretary General underlines that the 2015 conference issue was raised but that to date there was no definite answer.

The President asks the members whether they think the conference should be held in Ukraine next year. He asks the Secretary General whether there is another alternative.

Mr. Cornillet submits the following proposition:

- ✓ Senegal, which should organize the 2015 thematic seminar, could organize the annual conference;
- ✓ Serbia could then take over the organization of the thematic seminar. This solution presents the advantage of preserving the geographical balance.

That being so, the Ukrainian application shall only be suspended in 2015 and postponed to a later date, according to how the situation evolves.

Mr. Dieng deplores the Ukrainian situation and accepts, on behalf of Senegal, the proposition.

Ms. Ljubičić also deplores the situation of the Ukrainian Treasury Services and, at her turn, accepts the proposition. She informs the Board that she would like to associate to this event other Balkan countries, too.

All Board members approve this initiative.

Mr. Bensouda thanks the Senegalese and Serbian representatives for their consent and inquires with respect to the 2016 conference planned to take place in Kuwait.

The Secretary General indicates having suggested to the Kuwaiti representatives that they could take over the organization of the 2015 conference. Nonetheless, the country's preference is for 2016. The Secretary General shall contact the Kuwaiti representatives during the seminar to be held in Paris on the 2nd and 3rd of July in order to offer them the 2017 conference and leave the 2016 conference to Ukraine.

Despite the Secretary's intention, all Board members are in favor of keeping the 2016 conference in Kuwait because of the various causes and constraints that made the country apply only for that specific year.

Mr. Ossoungou Ndibangoye suggests that depending on the development of the situation in Ukraine, AIST could offer the organization of the 2016 thematic seminar, if the 2016 conference organization cannot be assigned to them.

The Secretary General endorses this proposal since no application has been submitted so far for that event.

NB (remark added at a later stage): during the seminar, the Kuwaiti representatives confirmed their intention to organize the 2016 conference. The Secretary General, depending on the development of the country's situation, shall then offer the organization of the 2016 seminar to Ukraine.

The Board adopts the new scheme of conference organization and asks the Secretary General to send it in writing to all Association members.

The Secretary General asks Serbia and Senegal to submit official applications via mail sent by their respective institutions. Mr. Cornillet also reminds the importance of being able to anticipate the organization of conferences and seminars and that awareness among members should be raised for the issue, especially during occasions such as the General Meeting and the Madagascar conference.

3 – Organization of the thematic seminar

The Secretary General gives a brief update on the preparation of the thematic seminar organized in Paris on the 2nd and 3rd of July 2014.

A 2-day seminar on "public cash management and the single treasury account", that will comprise both plenary sessions and workshops. Debates shall focus on the conditions for an effective management of the treasury and improvement ideas, the single treasury account, goals and future perspectives. These dialogues shall be complemented by country reports delivered by France, Morocco, Mauritania, and Slovenia.

Two experts: Mr. Nouredine Bamou (Morocco) and Mr. Oleg Sekulovic (Serbia) accepted to plan the structure of this seminar and moderate it.

The Secretary General already underlines the success of the seminar, success expressed by the attendance rate of AIST members. Because of the high number of registered representatives (53), a 3rd workshop had to be organized so that active participation is enabled when attendees work in sub-groups. The Secretary General reveals that a summary of conference presentations shall be compiled after the seminar.

And, the provisional budget of the seminar, initially drafted for 40 participants, had to be increased.

4 – Organization of the AIST annual conference

The following conference is due to take place in Antananarivo, Madagascar, in November 10-13, 2014 (see annex 2 – conference agenda). The Secretary General had a preparatory mission in Antananarivo at the beginning of the year.

The General Secretariat received proposals for several conference themes. The proposals were made via an online survey. Ten important themes were identified:

- 1) Budgetary and accounting information systems / Computerization
- 2) Local public sector / Decentralization / Management of public institutions
- 3) Cash and debt management / Banking activity / Role of the Central Bank
- 4) Internal audit / Internal control
- 5) Accounting standards / Consolidation / Capitalization and financial communication
- 6) Role of the Treasury in financing the economy
- 7) Control of budgetary expenses
- 8) Authorizing officers - accountants relation
- 9) Presentation of accounts
- 10) Payment systems for civil servants

The Secretary General recommends one main theme, i.e. "Role of Treasury Services for a Better Governance of Public Finances" and a complementary one, on accounting standards (see annex 3).

All Board members agreed that the themes are important and topical.

The Secretary General suggests that the accounting standards theme be dealt with both in the 2014 conference – from a strategic point of view -, and in the 2015 seminar – from a more operational point of view.

Mr. Fofana believes that if the main theme is of interest for all members, different country contexts and different implementations of accounting standards represent an obstacle for this second theme. Consequently, he suggests to replace it with financing of the local sector.

Mr. Etoughe reminds the Board that financial management of local governments was the theme of the previous conference the Association had and considers that the themes put forward by the Secretary General are complementary.

Mr. Ghanem underlines the importance of the theme referring to accounting standards, as well as the cohesion of themes, especially in the context of dynamic reforms in which all AIST member countries are engaged.

Ms. Ljubičić agrees with Mr. Ghanem and shows that diversity of experience is a richness that improves the seminar quality. She also underlines the Serbian specificity with respect to full accruals accounting and the importance and complementarity of the two themes.

Mr. Robimanana suggests a change a focus, towards the provisional agenda of the annual conference and its new format (see annex 3).

The Board adopts the propositions formulated by the Secretary General.

5 – Miscellaneous

• Request of membership termination by a member country

The Secretary General informs the Board that Cambodia confirmed by mail its request of membership termination, according to the procedure stipulated by the Statute. A major overhaul of information systems is currently carried out and it requires all financial resources of the direction.

Mr. Robimanana draws the attention of the Board on the lack of events organized by AIST in Asia and insists that something should be done to trigger a more active participation of members from this region.

According to the Statute, the request of termination shall be submitted for approval to members of the General Meeting.

- **Change of statutory auditor**

Mr. Ortet informs the members of the Board that the new position he occupies does not allow him to successfully meet his obligations of statutory auditor anymore and that he wishes to step down. Mr. Ortet shows appreciation for the time he spent fulfilling this mission within AIST and he indicates his willingness to continue performing it until the next General Meeting.

The Secretary General proposes that Mr. Laurent Rousseau succeed to Mr. Ortet. Mr. Laurent Rousseau is Public Finance Manager with the Directorate General of Public Finance in France and statutory auditor with CREDAF, an organization that also shares the General Secretariat with AIST. Therefore, Mr. Rousseau's appointment would enable the two organizations to share more costs.

Mr. Laurent Rousseau introduces himself briefly and undertakes, if appointed, to accomplish an exhaustive accounting control, as he does for CREDAF.

The members of the Board accept this proposal which shall be submitted for approval to the General Meeting.

- **Miscellaneous topics**

Mrs. Lanteri informs Board members about the appointment of a new Director General for Public Finance in France: Mr. Bruno Bézard was replaced by Mr. Bruno Parent.

Mr. Lamiel comes back to the preliminary conference agenda pointing out that scheduling the cultural day in between working days would disrupt the flow of the works.

The Secretary General replies that given the busy agenda of the conference, it seemed necessary to split the works in two parts so that they could continue more vigorously, prompted by the "discovery" day.

Since all the points on the agenda have been tackled, the meeting ends at 10:54.

Financial position

1.1 Financial position of the association at the end of the financial year 2013

1.1. Income statement (budget implementation) as of December 31st 2013

The table below shows the income statement (expenses and proceeds) as of 31/12/2013¹.

AIST Income statement			
1st of January 2013 to 31st of December 2013 financial year			
Expenses		Proceeds	
Annual conference-related costs	€ 52,400.25	Proceeds from membership fees	€ 80,186.42
Thematic seminar-related costs	€ 29,599.58	Exceptional proceeds	€ 43,301.90
Fees	€ 2,394.82		
Travel, assignments, receptions	€ 5,727.00		
Banking services	€ 408.77		
Various running expenses	€ 2,308.76		
Total	€ 92,839.18	Total	€ 123,488.32
Balance	€ 30,649.14		

1.2 Financial position and assets as of December 31st 2013

The table below shows the financial position and assets (bank account, cash account, investment securities) upon financial year end.

	Position as of 31/12/2012	Position as of 31/12/2013
ASSETS		
1- Funds available		
Bank account	€ 35,412.27	€ 66,025.64
Cash balance	€ 116.37	€ 152.14
2- Investment securities		
SICAV and FCP MONETAIRES	€ 41,602.10	
Total	€ 77,130.74	€ 66,177.78
LIABILITIES		
1- Balance carried forward		
Debit balance	€ 65,111.89	€ 35,528.64
2- Profit or loss for the year		
Profit	€ 12,018.85	€ 30,649.14
Total	€ 77,130.74	€ 66,177.78

¹ Starting with the 1st of January 2013, the financial year is equivalent to the calendar year (decision of the General Meeting in Kiev on November 11th 2011).

2. Financial position of the association as of May 31st 2014

2.1 Income statement (budget implementation) as of May 31st 2014

The table below shows the income statement (expenses and proceeds) as of May 31st 2014.

AIST Income Statement from the 1st of January to the 31st of May 2014			
Expenses		Proceeds	
Annual conference-related costs	€ 4,673.95	Proceeds from membership fees	€ 33,122.91
Thematic seminar-related costs	€ 12,225.12	Exceptional proceeds	€ 68.00
Studies and services	€ 376.74		
Travel, assignments and receptions	€ 1,338.11		
Banking services	€ 284.35		
Various running expenses	€ 2,535.63		
Total	€ 21,433.90	Total	€ 33,190.91
Balance	€ 11,757.01		

2.2 Financial position and assets as of May 31st 2014

The table below shows the financial position and assets (bank account, cash account, investment securities) upon May 31st 2014.

	Position as of 31/12/2013	Position as of 31/05/2014
ASSETS		
1- Funds available		
Bank account CDC*	€ 66,025.64	€ 47,679.27
Bank account CA**		€ 1,022.00
Cash balance	€ 152.14	€ 223.52
2- Savings account		
Livret A account – CA**		€ 29,010.00
Total	€ 66,177.78	€ 77,934.79
LIABILITIES		
1- Balance carried forward		
Credit balance	€ 35,528.64	€ 66,177.78
2- Profit or loss for the year		
Profit	€ 30,649.14	€ 11,757.01
Total	€ 66,177.78	€ 77,934.79

* CDC: Caisse des Dépôts

** CA: Crédit Agricole

**Provisional Agenda of the 8th AIST International Conference
November 10th to 13th 2014
At Hôtel Carlton – Anosy**

Sunday, November 9th 2014

19.30 – 21h.00: Welcome Cocktail & Dinner

Monday, November 10th 2014

9.00 – 9.30 : Official Opening Ceremony
 - Address by AIST President
 - Address by AIST Secretary General
 - Address by the Malagasy Minister of Finance and Budget

9.30 – 9.45 : Commented choreographic performance

9.45 – 10.15 : Group photo and break

10.15 – 12.30 : General Meeting

12.30 – 14.00 : Lunch

14.00 – 17.30 : 1st Working Session

Dinner of choice

Tuesday, November 11th 2014

9.00 – 12.30 : 2nd Working Session

12.30 – 14.00 : Lunch

14.00 – 17.30 : 3rd Working Session

Starting from 19.30: Gala Dinner

Wednesday, November 12th 2014

10.00 – 17.00 : Cultural trip
Dinner - each participant plans his/her dinner

Thursday, November 13th 2014

9.00 – 12.30 : 4th Working Session

12.30 – 14.00 : Lunch

14.30 – 17.00 : 5th Working Session

17.00 – 17.30 : Conference Closing Ceremony

*The 8th AIST annual conference– Topics proposed:
The Role of Treasury services for a better governance of public finances*

International contexts and requirements for sound cash management had governments redefine their action and intervention methods. New requirements were put forward and governments have to account to a plurality of stakeholders: citizens, local governments, public managers, but also donors or regional and international bodies, financial markets... These requirements put pressure on public finances and call for streamlining their management and a modernization of their governance.

The quality of public action depends on the efficacy and efficiency of public management. The role of Treasury services is essential – both from the point of view of their organization and action and from that of their relation with the other stakeholders.

Budgetary and accounting reforms carried out in the AIST countries redefined the role and action of Treasury services, modifying the manner in which public budgets are drafted, implemented and controlled. They represent an important component of government reform consolidating the readability of budgetary programming and implementation, while making the financial processes more transparent. Fully taking part in this process, Treasury service engaged themselves on the dynamic course of structural modernization of their actions and organization.

Focused on raising the accountability of management staff and on improving the effectiveness of financial processes, these reforms have established new relationships between actors. Thus a stronger cooperation between authorizing officers and accountants has been set up bringing about deep changes with respect to their roles and responsibilities. This cooperation is to be found at local level as well, since the support granted by Treasury services is key to the sustainability and quality of local budgets, even if this support varies according to the institutional organization specific for each country.

This transformation entailed also changes in processes and controls so as to enable the establishment of organizations and mechanisms that would foster synergies between the various state services. Differences in terms of organization in the AIST member countries could be the starting point for a debate on implications and impact of these reforms which influence the whole public financial sphere.

This issue is even more topical as the present context calls for the development of public finances management tools that go beyond national borders (Treaty on Stability, Coordination and Governance, UEMOA directives, international financial institutions). The debates could also target the role of Treasury services in how these regulations are applied, and how Treasury services assimilate the new requirements and their consequences.

In view of these elements, discussions should focus on how the action of Treasury services serves the reinforcement of the efficacy and efficiency of public management. Central and local governments are to be included in the scope of the approach.

Two main subjects can structure the debates, each of them subdivided further in two, secondary subjects:

I. A renewed organization of services to the benefit of structural modernization dynamics

1. Fostering new relations between players and decision makers in the budgetary and accounting area:
 - ✓ New logic of relations between authorizing officers and accountants.
2. Organization of services in a larger framework in order to strengthen the coherence of public action.
 - ✓ Integrate a supranational dimension in budgetary management;
 - ✓ Develop synergies between state financial services.

II. Tools and methods to the benefit of financial transparency and an improved understanding of financial mechanisms.

1. Develop new control processes:
 - ✓ Goals of hierarchical control for central and local governments.
 2. Implementation of an enriched and enlarged partnership approach to the benefit of central and local governments:
 - ✓ partnership protocols;
 - ✓ actions for the authorizing officers and for the economic world.
- **Complementary theme: Accounting standards**

Accounting reforms carried out in AIST member countries must necessarily include a component consisting in accounting standards implementation. This necessity is even more obvious given that reform processes more often than not consist in setting up an accrual-based accounting.

In fact, the aim of such reforms is to bring public sector accounting closer to the standards of private sector accounting. Nevertheless, the same reforms need to be compatible with the requirements of governmental action. When talking about such reforms, international accounting standards such as IPSAS are often referred to. There is no doubt about the fact that such standards facilitate comparisons between accountancy data. However, their implementation in the public sector is not without shortcomings. Hence a need for adaptation and convergence.

I) The fundamental piece of the accounting reform, accounting standards contribute to the credibility and quality of accounting data

Accounting standards represent the framework and the basis for the output of accounting data. They are absolutely inseparable from accounting reforms as they stand for both a condition and a factor influencing the “quality” of accounting records.

Accounting records reflect the activity of governments and, when based on the accrual principle, they can be an objective source of information about their assets and financial condition. By defining a theoretical framework and indicating accounting methods to be used depending on the type of the operation, accounting standards represent a central piece for the credibility and reliability of accounting and accounting records.

Since it relies on a reference framework, standardization enables an effective (internal and external) control of accounting information and influences the quality of the aforementioned information. Standardization also enables comparisons between countries which, in the current context, is of utmost importance.

II) Although international standardization of public sector accounting facilitates comparisons between accounting records, it does not integrate all the specificities of the public sector

International accounting standardization is supervised by the IPSAS Board. Acting under the authority of IFAC, this body aims to bring the public sector standards it prescribes closer to IAS/IFRS standards so as to meet reliability and transparency requirements expected from government accounting data.

Aiming to lay down a universal reference framework, the IPSAS Board would like that their standards be used by all countries in order to ensure a comparable level of accounting data from all states and to enable comparisons between them.

Nevertheless integrating the specificities of the public sector is just as important as aligning public sector accounting standards to IFRS. The approach based on balance and profit and loss account needs to be adjusted if we want to have a meaningful analysis of key operations carried out by governments. Sovereign governing powers, non-profit seeking, the nature of fiscal revenues are particularities that require specific standards. Furthermore, the valuation of assets (especially bearing in mind control-related specificities and the particular nature of certain assets) or the accounting of certain liabilities are carried out under rules that are different from those used in the private sector. The IPSAS Board includes very few public sector experts and there are no specific standards for public entities besides the central government (for instance, for social security bodies...).

Consequently very few countries apply the IPSAS standards directly. Local circumstances determine countries to adopt different solutions suited to their legal and socio-economic features. And this is not in favor of the harmonization sought and enabled by standards.

Comparisons between the experience and practices of AIST member countries would foster an open dialogue between AIST member countries, representatives of international organizations and the IPSAS Board on what should be the fundamental ingredients when implementing an accounting reform.