

Good afternoon, dear Colleagues!

Today I would like to tell you about our practice in carrying out peer reviews.

The Russian Federation is a federative state and the powers are clearly delimited between the federal center and the regions.

The activity of external financial control entities is based on the same principles.

The Accounts Chamber is the Supreme Audit Institution with the scope covering federal budget, federal property and other federal resources.

Constituent audit institutions (CAI) have been established to control expenses and use of the region's assets. They are absolutely independent from the Accounts Chamber and work under a separate law.

At the same time, the law on the Accounts Chamber provides possibility of methodological assistance to

CAI, as well as assessment of their performance at the request of the legislative body to which they report.

At the end of the last year 45 constituent audit institutions and legislative bodies of the Russian Federation requested our assessment. This makes over a half of the regions. And we have begun making such an assessment.

This is hard work. We have to assess those having equal positions and to take into account both the general law defining their powers and the local legislation.

At the same time, when assessing performance of CAI, we do not have intention to criticize or unify its activities, or to rank CAI by certain indicators, but, first of all, we intend to develop recommendations for improving their control and expert activity and to improve legislation in order to enhance financial control and audit performance.

Our assessment measures cover almost all activities of CAI, including personnel professional competence, use of information technology in their work, as well as informational transparency of their activities.

We pay much attention to the quality of their control-expert and analytical activities, as well as to the accuracy of qualifying the detected violations. We assess whether sufficient measures are taken to detect violations and if there are any recommendations given to prevent such violations in the future. This includes recommendations to improve the regulatory framework.

We have started our work with the development of an assessment program, so that all CAI to be assessed in 2018 are aware of the issues and criteria used to assess their activities.

Afterwards, proceeding to the assessment of a certain CAI, based on this program, but taking into account regional laws and to the inter-budgetary

relations of the constituent entity with the Federation, we develop an individual program.

In order to ensure a common approach and objective assessment, we have developed criteria for assessing the integrity and efficiency of exercising the powers of CAIs for each area.

In this regard, it is important for us to understand the following:

- how profoundly the CAI assesses the relevance of the scheduled expenses,
- whether it assesses the impact of tax privileges and preferences introduced by the constituent entity,
- whether it assesses the debt obligations of the entity and whether it gives any recommendations to reduce the debt burden,
- whether it gives any recommendations to improve inter-budgetary relations,

- whether the control body gives any recommendations to improve budget execution efficiency at the stage of its formation, including in terms of implementing state programs, investment measures, reduction of accounts receivable, reduction of inefficient costs, etc.

We also analyze planning approaches, coverage of fund managers by the audit and of budgetary funds.

During the control activity, the priority is given to audits or a systemic issue, which is further studied by means of audits of several objects.

With regard to the quality of the measures implemented, it is advisable to analyze whether only scheduled expenditures are subject to the control, or whether the planned indicators are also assessed in terms of cost efficiency and effectiveness.

After that, we proceed to the results of control activities.

The Accounts Chamber in cooperation with CAIs has made significant efforts to develop a unified classifier of violations.

Then, by mutual decision, the Accounts Chamber and the Association of CAIs have agreed to use this unified classifier.

Firstly, it significantly facilitates classification of violations; secondly, it allows to keep statistics and demonstrate the areas of use of the budgetary funds which are most prone to violations, hence requiring improvement of legislation, law enforcement, or harsher punishment.

Apart from violations in the audits, a few shortcomings have also been revealed. Here as well, during the assessment of CAI activities, we aim to study whether the institution analyzes the causes of these shortcomings, gives recommendations to eliminate these shortcomings and their causes.

In terms of providing the methodological basis for CAI activities, we check existence standards of monitoring and expert analysis, as well as the integrity of regulation of all procedures, forms and terms of preparation of final documents in such standards. At the same time, in order to assist CAIs, the Accounts Chamber has developed unified requirements for standards and communicated them to the respective institutions.

We pay much attention to whether the CAIs use information resources in their activities, both independently created ones and information bases of federal and regional authorities. Modern technology makes it possible to significantly facilitate both information receipt and processing.

This year, we have a lot of work to do. The assessment practice is clear to entail certain adjustments, and we are ready for that.

This work, as I've already said, is primarily aimed at developing proposals to improve CAIs' performance, both in terms of legal and methodological regulation and practice.

Thank you for your attention!