

Talking Points of the Speech by S.V. Stepashin at the 1st ASOSAI-EUROSAI Joint Conference on “Basic Approaches and Challenges for Ensuring Transparency and Accountability”
(Istanbul, 22 September 2011)

Dear Mr. Chairman,
Dear participants of ASOSAI-EUROSAI Conference,
Ladies and Gentlemen,
Colleagues,

It is remarkable that the first ASOSAI-EUROSAI Conference is taking place on the territory of the country which is geographically located in both Europe and Asia. Turkish Republic demonstrates through its own example the synthesis of general and special features of two major centers of the world civilization. Today, according to the proposed agenda, we will discuss the general challenges and approaches being common for the SAIs of almost 50 countries of Europe and about the same number of Asian countries.

On the threshold of the Conference the Accounts Chamber of the Russian Federation presented the Country Paper on the **“Role of SAIs in Raising Awareness of the Parliament and in the Society for Promoting Transparency and Accountability in Public Management”**. In my speech I will use some points of this Report.

(Slide 2) While considering the role of Supreme Audit Institutions (SAI) in increasing the awareness of the Parliament and society about ensuring accountability and transparency of the public management, their dual character in many countries must be taken into account.

Being the government authorities, on the one hand, and the **civil society institutions**, on the other hand, they are called upon to ensure the control over the use of public resources. Therefore, the SAIs are not just the public audit authorities, since their activity in any country must be devoted to implementation of rights of citizens for reliable information about the fiscal position, first of all, as far as it is related to the performance of expenditure obligations. **The level of reliability, accessibility and scope of this information allows for judging the level of efficiency of the SAI as a democratic society institution.** At the same time, as each SAI is the government authority of a certain country it may act only within the limits of the national legislation which sets forth its functions and powers. And these limits can be very much different from country to country. That is why when comparing the efficiency of the SAIs' activity in different countries towards ensuring accountability and transparency of the public management the level of their legal capacities should be taken into account.

Though we have Lima Declaration and Mexico Declaration, and are waiting for these documents to receive the status of international legal documents.

(Slide 3) In the context of activity of the Accounts Chamber of Russia as far as it is related to ensuring the awareness of the Parliament and society about the accountability and transparency of the public management, let me address the following aspects.

Possibilities of the Accounts Chamber to inform the Parliament and society directly depend on its own awareness.

For its own information support the Accounts Chamber uses various sources and forms of extracting information: from connection to external information systems to introduction of special reports.

Thus, the Accounts Chamber cooperates on continuing basis and in different ways with 19 external information systems, including information systems of the Ministry of Finance, Federal Treasury and Federal Service for State Statistics, as well as both houses of Parliament.

To perform current control over the federal budget performance 14 forms of reporting were introduced for all 111 managers of budgetary funds with the fixed terms and frequency of informing.

To obtain information according to the specified forms, over 200 requests are sent to the budget process players during the year. And, of course, the large amount of information is based on the audit results.

Therefore, we have reporting of public management authorities at our disposal, which in most cases is sufficient for proper informing of the Parliament and society about the budget process.

(Slide 4) The forms and methods, which we use for **informing the Parliament and society** about the activity of government authorities are quite traditional and I reported about them in detail this year in July, at the 21st UN/INTOSAI Symposium held in Vienna. Let me now summarize them in short.

The basic form of informing the Parliament about the activity of the public management is represented by reports on results of control, expert and analytical activities carried out by the Accounts Chamber. Our practice provides for reporting with respect to absolutely all audits to both houses of the Russian Parliament simultaneously. Thus, each Member of Parliament has an opportunity to study them.

Currently the most important point in issues of accountability of the public management authorities to the Parliament and society is the **control over the federal budget performance** which falls within the competence of the Accounts Chamber.

This control is carried out in three consecutive stages: preliminary control of the draft budget for the next fiscal year, current control directly in the course of the budget performance in the current fiscal year and the follow-up control over the already performed budget for the reporting fiscal year. In addition, the Accounts Chamber prepares its conclusions also for draft laws on amendments to budgets for the current fiscal year and for the planned period.

All these conclusions are forwarded to both houses of Parliament – thus, **the fiscal position on all stages and actions of public management authorities to the extent related to federal budget operations are under control of the Parliament.**

The most interesting for public are the conclusions of the Accounts Chamber on draft budget and performed budget. These conclusions are reviewed by subcommittees, committees and plenary sessions of both houses of Parliament. They are published, presented to all members of Parliament and discussed in mass media.

Another form of awareness of the Parliament and society about ensuring accountability and transparency of the public management is **Parliament hearings**. Hearings are initiated by the Parliament and, as a rule, are devoted to issues of public concern (for example, educational reform, healthcare reform, pension reform, reform of the municipal housing economy). Invited to these hearings are members of the Government, ministers, other chief executives of public management authorities. Materials provided by the Accounts Chamber are widely used by the Parliamentary deputies during hearings, and the representatives of the Accounts Chamber are sometimes invited.

To improve the operational efficiency of cooperation between the Council of the Russian Federation and the Accounts Chamber, the special commission has been established which is responsible for review of results of our basic audits with audited persons and mass media invited.

Internet is an important channel for informing public management authorities on the results of audits carried out by the Accounts Chamber. The Accounts Chamber arranges events to increase public awareness of its activity using such network platforms as video service YouTube and social network Twitter.

By distributing information about results of its control activities, the Accounts Chamber uses lexical formats free from professional terminology. They are

accessible for the vast majority of people, which fact is, in particular, evidenced by the high visiting rate of the official web-site of the Accounts Chamber which made up 850 thousand visitors last year.

For the sake of increasing the awareness of society we also widely use such traditional methods as **press conferences and interviews** of the chief executives of the Accounts Chamber and auditors (thus, at the end of the last year the Russian mass media issued more than 27 thousand items about the activity of the Accounts Chamber, with as much as 440 items on television and about 465 items on radio).

For the prepared audience the **joint public events** with representatives of the public management authorities, Parliament, business community, academic community, experts and civil society organizations are of the utmost interest. The results thereof are published and come into the domain of a narrow, but competent range of specialists and experts, further influencing the improvement of legislation.

(Slide 5) Thus, you probably know that in my country (as well as in some other countries) the **problem of transparency in government procurement** still persists. The currently applicable legislation in this area is extremely imperfect. It not only fails to ensure transparency while containing corruption risks, but also creates obstacles for bona fide players of budget process.

The Accounts Chamber already for more than three years tries hard to improve the system of government procurement. Without any rights of legislative initiative we are looking for likeminded persons, hold joint events, formulate proposals and submit them to the Government. We succeeded in this area: the Government adopted our proposal on the development of a draft law “On Federal Contract System”. But we know that we have to work a lot in this area, as the opposition of lobbyists to “non-transparency” of budget expenditure is great.

Another serious problem (which is also topical not only for my country) was, and, taking into account the world economic situation, rather of all, will be the **ensuring of transparency in spending funds allocated for antirecession measures**.

In the period of the world crisis of 2008-2009 the SAIs of different countries tried to arrange cooperation, in particular by establishment of INTOSAI Commission on Antirecession Measures. The Commission’s recommendations, however, were too general. Overall, the system of public audit existing in our countries appeared to be, in my opinion, not quite ready to solve the issues of such extent in a very short time. And the fact that the crisis resulted in a greater number of Russian billionaires as an example, makes us think twice about the transparency of antirecession expenditures.

Another problem of my huge country is the very big differences in the level of development of the regions, and **non-readiness of some regional** and, furthermore, municipal **audit institutions** for high-quality auditing which would answer the people's requests. We start to solve this problem with the new law defining general principles of establishment of the public audit institutions all over the country and standards of their activity. I am sure we will gradually succeed in the task of establishing the efficient system of state audit all over the country to meet the modern requirements.

Another problem on the way to the appropriate level of accountability and transparency of the public management we still face is the **inadequate development of the system of internal control** and risk management. But this problem, in my opinion, is temporary as it resulted from too quick transition from the planned economy to the market economy, and may be solved in the medium term.

Dear Colleagues!

Globalization of economic and public processes clearly demonstrates that despite the specificity of activity of the SAIs of various countries, there are also common problems and common understanding of importance of the solution on issue of maximum increase of transparency of activity of the public management authorities for the benefit of our citizens.

Thank you for attention.