

«Role of SAIs in achieving national development goals»

by Accounting Chamber of Ukraine

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The theme of the Conference - “Modern Challenges for SAIs' Capacity Building” – is the one of great importance. All three subthemes of plenary sessions cover challenges arising at the modern stage of the external public audit development.

Our SAIs are guided by provisions of Lima Declaration. According to this profound document financial control is integral element of a public management system. The Declaration defines Supreme Audit Institution as a constitutional body which performs objective and unbiased public control on behalf of society and for the good of society.

I think it won't be mistake to say that Supreme Audit Institutions are the basis of national control systems. Without well developed, proactive, open and independent control any economic system either society wouldn't function to the utmost and successfully.

It's the efficient public control which provides effectiveness of public finances management which, in its turn, is the fundamental element of implementation of State strategies and policies in every sphere and achievement of national development goals. So the effectiveness of public financial control is a prerequisite for future prospects of social development and society's well-being.

Accounting Chamber is such a constitutional Supreme Audit Institution acting in Ukraine. According to the Law of Ukraine “On Accounting Chamber” our Institution performs activities independently of any other State authorities. Beside this Accounting Chamber is the key, integral element of public financial control in Ukraine.

Our SAI is guided by principles of rule of law, planning, objectivity,

independence and transparency. Strict implementation of these principles provides for effective and unbiased control over expenditures of the State Budget and, indeed, Ukrainian taxpayers' money. Our work enables Ukrainian society to gain objective information on socio-economic processes taking place in the country and perform control over them.

Speaking on socio-economic processes it's worth noting that at the present stage they're deeply unstable. It's not Ukrainian phenomenon only but as numerous fact show the global one. The risk of the new crisis wave is extremely high during post-crisis period. It's insufficient to renew pre-crisis level for avoiding or at least minimizing such opportunity, it's necessary to study crisis, adopt new reality and move forward. That's why national strategies defining goals and proceedings of future development are so up-to-date nowadays.

Ukraine isn't exception in this respect. After Presidential campaign-2010 our country has started modernization in all spheres. General tasks and principles of such modernization were defined within the Presidential Programme for economic reforms "Wealthy society, concurrent economy, effective state". Key Programme goals include modern, sustainable, open and concurrent economy, development of professional and effective public management system and as a result higher well being of Ukrainians.

The Programme defines a number of key development areas: basic prerequisites for sustainable economic growth, higher life standards, better business-climate, modernization of infrastructure and basic economy sections.

Within the terms of sustainable growth achievement the Programme prescribes for setting up the public finance management system aimed at constant economic growth and guaranteed implementation of social commitments undertaken by the State. It also includes high efficiency of public expenditures as well as enhancement of efficiency of public finance management. The need for a shift to a new quality of reforms funding by focusing assets in prioritized areas and providing due control over

budgetary funds was defined by President of Ukraine as one of the key objectives facing Government and public authorities in general.

These objectives are fundamentally linked to Accounting Chamber. Performance auditing of public funds expenditures and management as well as further informing Parliament, President, Government and society on audit results and provision of recommendations – this is how we see our Institution’s role in promoting economic reforms.

For the purpose of ACU activities’ topicality and efficiency our special attention is focused on audits related with all-national issues. It should be noted that Accounting Chamber is, indeed, the only public department that researches implementation of State programs which act as an implementation mechanisms for economic and social reforms according the abovementioned Presidential programme.

Our institution monitors and evaluates all programme stages: planning, implementation and completion. Our practices include multiple audits of national programs that allow investigating each implementation stage, providing proposals and recommendations and checking their realization. Audit subjects can include purposefulness and topicality of a State programme, its planning background comprehensiveness and timeliness of funding, compliance, effectiveness and efficiency of allocated funds’ management as well as evaluation of decision making process within Governmental departments involved into implementation of a State programme.

Within the framework of performance audits the implementation stage of State programme is analyzed as one of the key criteria which, in practice, means evaluation of result indicators approved by the Programme terms of reference. They’re also used as audit criteria. Those indicators are also elements of key national indicators and their implementation defines a level up to which national development goals are achieved.

Taking into consideration the evaluation of effectiveness criteria, ACU

comprehensively investigates problems crucial for State programs and in such a way performs strategies audit. We believe that it could be the priority for further capacity building of both Accounting Chamber of Ukraine and public control system in general.

Our audits cover all spheres of economic and social development. Themes of audits performed by Accounting Chamber can demonstrate it. Below are some examples.

Accounting Chamber pays ongoing attention to the control over funds allocated to providing high life standards. I think that such control area is topical for most SAIs notwithstanding economic and social development of countries. In 2011-12 Accounting Chamber conducted a number of such audits:

- social security: implementation of Complex Strategy for overcoming poverty, State social programme “Youth of Ukraine”, State socio-economic programme for social housing, social security of disabled persons and veterans of wars, employment of coalmining regions residents, state social insurance, children rehabilitation, compensations and subsidies to persons suffered by Chernobyl disaster;

- health care: implementation of National programme for immunoprophylaxis of infectious diseases, public procurements of medications, medical products and medical services; treatment of diabetics; sanatorium therapy for children and teenagers; establishment of National center of radiosurgery;

- education: management of public funds allocated to general and special education in area of physics and mathematics, sports, general and special arts education; implementing IT technologies into school education; schoolbooks and manuals supply.

In 2011-12 Accounting Chamber conducted a number of audits regarding key economic areas of the State development. In particular: nuclear security of Ukraine, establishment of own nuclear fuel production, State support to coalmining enterprises, investing activities and national projects management, development of

aviation industry, infrastructural projects, development of roads network, implementation of National programme for reforming housing system, funding agriculture sector.

As a result of each audit we work out special and well grounded recommendations aimed at implementation of good governance which in general promote further enhancement of public financial and budgetary policy, strengthening financial stability and socio-economic development of the State.

ACU conclusions and recommendations get submitted to supreme bodies of legislative and executive powers as well as audited entities. In our opinion, audit can be considered as successful just when it results in positive reaction by Parliament and Government.

It should be noted that most of ACU materials are open for public and disseminated via mass-media. Openness principle enables society to be aware of reforms implementation, their results, effectiveness and efficiency of public funds management.

At the end, it should be noted that issues related with achievement of national development goals are among the most significant challenges facing Supreme Audit Institutions nowadays. Further development of external public audit, its effectiveness and efficiency largely depend on our ability to manage these challenges.