

National paper
Accounting Chamber of Ukraine
Subtheme 1: Enhancing Stakeholder
Confidence: Auditing Management Integrity,
Accountability and “Tone at the Top”
VII EUROSAI-OLACEFS Conference
17-19 September 2012 (Tbilisi, Georgia)

The issue of good governance in public sector is the one of extreme importance for the modern world. Rule of law, effectiveness and efficiency of public resources management are the key aspects defining activities of a State in general.

By its very nature Supreme Audit Institution may be and actually is the independent authority which produces unbiased comprehensive evaluation of the State's efficiency and effectiveness. That's why our Institutions are entrusted with great responsibility and achievement of SAIs' tasks make a great impact on taxpayers' confidence in a State.

For previous 15 years Accounting Chamber of Ukraine (ACU) has been formed as a self-sustaining, independent constitutional institution. Legislative framework was set up, concept of external public control was developed and implemented. All of it benefited to unbiased and realistic evaluation of the system of public finances management.

At the present time Accounting Chamber is known as a source of independent, reliable and professional expertise both in Ukraine and abroad.

In 2008 Accounting Chamber of Ukraine was elected as a member of EUROSAI Governing Board. For past four years our SAI has performed functions of OSCE External Auditor. OSCE Audit Committee highly estimated the professionalism of our audit team and specially stressed analytical aspect of their activity.

For the past years Accounting Chamber obtained significant experience in audit and expertise of public funds management, analysis of socio-economic process taking place in the country, implementation of up-to-date approaches to and methods of various audit types. Due to openness of our work Ukrainian society gets unbiased data on implementation of the State Budget and thus can control it.

Our Institution's activities are based on principles of legality, purposefulness, unbiasedness, independence and openness. It's the compliance with abovementioned principles

that defines Accounting Chamber of Ukraine as independent external auditor of the public sector.

The independence principle provides for effective and unprejudiced audit on behalf of and for the sake of society.

International experience shows that violation of independence principle may cause deviation and elimination of the very sense of public audit as an unbiased and unprejudiced evaluation of the way that public authorities fulfill their duties

In 2010 according to decision of Constitutional Court of Ukraine the previous Constitutional provisions were restored which caused the loss of powers to audit the revenues of State Budget. This decision negatively affected the comprehensiveness and quality of Parliamentary control over public funds and deprives society of transparent and unprejudiced information on the state of national economy and State Budget revenues.

The audit of the State Budget revenues is the common practice all over the world. It's required by basic international documents in area of public audit such as Lima and Mexico declarations and international standards for SAIs. The comprehensive audit function of Accounting Chamber is issue of great importance for the Parliament and the State in general.

That's why from my the very first day in the office I raised the problem of restoring ACU powers in the field of auditing State Budget revenues.

Beside this we face the objective of widening powers for auditing revenues and management of local authorities' budgets. It shall enable society to obtain independent and unprejudiced information on public funds management at local level and results of the local authorities activities. It sold be mentioned that such approach complies with the principles of Lima declaration which defines that this function lies within the powers and responsibilities of Supreme Audit Institution which is the Accounting Chamber in Ukraine.

Today Accounting Chamber actively works with Constitutional Assembly which is obliged to develop and present to the Parliament draft amendments to the Constitution. Those amendments include also provisions on wider legal field as a basis of ACU activities.

The next step implies development and approval of the new law of Ukraine "On Accounting Chamber". It must include clearly defined tasks, responsibilities and powers of Accounting Chamber, it's status of Supreme Audit Institution and central unit in the system of public audit. I also consider institutional independence of Accounting Chamber and it's financial independence as the vitally important issues.

In accordance with the Article 15 of the Law of Ukraine “On Accounting Chamber” Control over execution of the National Budget of Ukraine shall be organised and executed by the Accounting Chamber on the basis of annual and operational plans.

The Accounting Chamber work plan is based on proposals of ACU Board members with due consideration to proposals made by the Parliament of Ukraine and President of Ukraine.

Selection of audit themes is based on comprehensive and detailed monitoring and evaluation of budgetary process, socio-economic process and amendments to the legal basis of budgets management.

We pay special attention to the State programmes audit. ACU auditors investigated that for previous twenty years none of 500 State programmes was implemented in full. As a result public funds were used inefficiently and the country lost the chance to allocate resources into the “growth points”.

For the past five years 139 ACU Board meetings were held and 755 issues were considered. Audit departments performed over 5 thousand audits and expertise.

ACU prepared and presented about 3 thousand reports, opinions, acts and letters for further elimination of violations identified.

All reports include well developed and clear recommendations on adjustment and improvement of situation, prevention of such violations in future and increasing effectiveness, efficiency and economy of public funds management.

It must be mentioned that World Financial Crisis raised new challenges and needs for new approaches in our work. Transition from result-oriented aimed at activities and results evaluation to problem-oriented approach aimed at errors research and their comprehensive analysis becomes more topical. As a result ACU applies such approach on a large scale. Audits of this type provide for sound proposals on legislation improvement, implementation of structural changes in Government’s activities. The goal of these proposals is the prevention of economic crisis.

As you may know, last summer Ukraine and Poland organized EURO 2012. For previous years audit of the Championship preparation was among the ACU priorities. Accounting Chamber of Ukraine and Supreme Audit Office of Poland have conducted a number of audit activities in this field.

Our institution focused on planning, legality, effectiveness and efficiency of the State Budget funds management. Recommendations made by our auditors benefited to Ukraine’s

preparations to EURO 2012. They also contributed to the UEFA President Michelle Platini's high appraisal of the Championship's organisation.

Thorough follow-up of actions taken by audited entities according to the ACU Board's conclusions is the integral part of the full audit cycle performed by Accounting Chamber.

Recommendations and proposals laid in conclusions of the ACU Board reflected in a number of laws adopted by the Parliament of Ukraine, are taken into consideration during elaboration of Parliament's acts, fall under consideration at Parliamentary commissions' meetings and are used during preparation of Parliamentary sessions.

In 2011 ACU representatives took part in 44 meetings of Parliamentary commissions, in three commissions' hearings and seven Parliamentary hearings concerning the most important issues of budgetary and socio-economic development of the country. 68 issues were submitted for consideration of Parliament as a result of audits performed by Accounting Chamber.

ACU proposals are taken into consideration during elaboration of acts and assignments of President of Ukraine. Conclusions of ACU Board are reflected in decisions made by the Government of Ukraine.

Conclusions, proposals and recommendations on elimination of detected violations and improvement of procedures for public funds management approved by ACU Board were considered and taken into account by senior officials of State departments managing public funds.

Follow-up results confirm soundness of facts revealed by Accounting Chamber.

During 2011 ACU Board submitted to General Prosecutor's Office 17 reports for further law enforcement measures.

Openness is the general principle of ACU informational policy. Through mass media Accounting Chamber regularly informs wide public on results of audits performed and thus strengthens public control over state funds management.

Fruitful cooperation with multiple mass medias and separate journalists enables Accounting Chamber to provide stable and ongoing character of official publications. Now it's a common practice for journalists to use ACU information to strengthen their arguments.

In 2011 Accounting Chamber prepared and disseminated 109 official publications on audit and expertise results. The number of publications based on ACU materials has also been continuously rising: over 12000 news topics concerning ACU activities were published in 2011.

Information on ACU activities is published and broadcasted by leading national and

regional printed and digital mass media.

In compliance with provisions of the Law of Ukraine “On Accounting Chamber” the annual report that includes key activity results, examples of system violations investigated within the framework of audit activities is approved and submitted to the Parliament of Ukraine.

In order to inform members of the Parliament on achieved results Accounting Chamber publishes informational reports.

Adhering to principles of openness Accounting Chamber makes input into increasing of budgetary process transparency and provides unbiased expertise of public funds management to society. Such approach provides opportunity both to inform society timely on violations investigated and to define preventive measures.

Along with obvious achievements our institution faces a number of tasks that must be solved for the purpose of higher effectiveness and efficiency of our activities. They involve:

- obtaining by Accounting Chamber powers for audit of the State Budget revenues;
- adoption of new Law of Ukraine “ On Accounting Chamber”;
- and implementation of International Standards for Supreme Audit Institutions (ISSAIs) into our audit practice.