

Update on the Development of Public Accounts Committees in Russia

Update on Parliamentary Oversight in the State Duma and Federation Council

The Federation Council

As the upper house of the Russian Federal Assembly, the Federation Council was, until January 1, 2002, a body comprising the chairs of the legislative assemblies of the Subjects of the Federation, and the governors of the Subjects of the Federation. As the chairs and governors were busy with affairs in their own regions, the Federation Council met on a monthly basis for two or three days. There was inadequate time to pass Duma legislation, let alone time to consider reports from the Accounting Chamber (AC). However, from time to time, the Federation Council did send requests to the Accounting Chamber. In the spring of 2001, the Federation Council decided to nominate one of its members, Sergei Agapsov, as a liaison responsible for contact with the AC.

In January 2002, once the Federation Council began to sit on a full-time basis, a decision was taken to form a Federation Council Commission on Interaction with the Accounting Chamber (hereafter the FC Commission). The FC Commission, which was established in February 2002, comprises 26 Senators (out of a total of 177 in the Federation Council). Meetings are held minimum 2 times per month, with more meetings held if deemed necessary. The Commission is supported by 7 staff members; including a chief of staff, deputy chief of staff, 2 advisors, and supporting personnel. As is the case with the Public Accounts Committee (PAC) of the House of Commons, the Commission meets to discuss the reports of the Accounting Chamber. Unlike the Office of the Auditor General in Canada, the AC also submits recommendations directly to ministries. A significant problem faced by the Accounting Chamber has been the great difficulty the institution has had in getting ministries to respond to its recommendations. One of the tasks of the FC Commission in this regard is to play the role of a “watch dog” monitoring the implementation of recommendations submitted not only by itself but also by the Accounting Chamber. The functions of the FC Commission include also financial control and provision of opinion on draft laws (including proposing amendments to the Federal Budget draft).

The establishment of the FC Commission was inspired, in part, by experience gained during visits to Canada held under CRPP. Canadian experience was also used in the process of drafting the regulations of the FC Commission. The Commission has paid particular attention to the efforts to introduce VFM audit practices in the Russian Federation, maintaining close contact with the Accounting Chamber and participating in the development of the AC’s VFM auditing standards (Canadian experience has been used extensively). The Canadian example has also inspired the creation of a Sub-Commission on Fighting Corruption, similar to the Sub-Committee on Fighting Corruption set up by the PAC of the House of Commons. Canada’s experience has been used also in coping with one of the major tasks the Commission is currently faced with: drafting a law on a unified system of state financial control in the Russian Federation. One of the focuses of the draft legislation is the introduction of VFM audit practices, as well as the roles of and the interaction between the AC, the Federal Assembly and the Government in this regard.

The State Duma

When the Accounting Chamber was first created in 1995, it became obvious that the demand for a Duma committee to interact with the Accounting Chamber would be necessary, given that the Accounting Chamber produced over 300 audits per year. The Duma lacked the capacity to deal with those audits, which were merely stacked on a bookshelf within the Duma. When the new Duma was elected in 1999, a decision was taken to form a new sub-committee on interaction with

the Accounting Chamber. No such previous committee or sub-committee existed in the first or second Dumas (1993-1995 and 1995-1999). The Budget Committee of the State Duma took the decision to form a Sub-Committee on Financial Control, Accounting, Audit and Collaboration with the Accounting Chamber of the Russian Federation. It is important to note that this decision was taken by the Budget Committee, not by the Duma as a whole, meaning that the Sub-Committee is not legally recognized by the Duma, but is rather a creation of the Budget Committee.

Given the large turnover from the last Duma, the first year of the new Duma was spent generally acclimatizing deputies to their roles as MPs. In the fall of 2000, the Duma was busy with the budget process. The Sub-Committee's work only got underway in spring, 2001. The Sub-Committee's chair, Valery Galchenko, began to prepare draft regulations to govern the Sub-Committee's work. This process took some time as the members of the Sub-Committee needed to become acclimatized with the concept of oversight and with what types of functions it wished the Sub-Committee to play. Galchenko's visit in February 2002 as part of the parliamentary oversight component of the Canada-Russia Parliamentary Program reinforced many of the notions that Galchenko had formed about strengthening parliamentary oversight in the Duma. Though progress was delayed in the fall of 2001, again by the lengthy budget process, Galchenko developed draft regulations (in which he credits his first visit to Canada), which he shared with the Presidium of the Accounting Chamber. On March 14, 2002, the Budget Committee passed the draft regulations. The regulations mandate auditors to make reports on their lines of business, outline a procedure for considering the Accounting Chamber's annual report, and have the Sub-Committee comment on legislation that contains a financial component. Where the Duma is the initiator of a request for an audit to be conducted (such audits are requested on average 4 times per year), the Sub-Committee would forward the report to the full Budget Committee, which would table the report in the Duma. For other audits, the Accounting Chamber reports would be considered by either the Sub-Committee or full Budget Committee, depending on their importance. The reports can also be forwarded to the appropriate policy committee for consideration. The regulations were approved by the Duma in December 2002.

Galchenko stated that his Sub-Committee is understandably disadvantaged, in that it is not a full committee of the Duma, but rather a Sub-Committee. He stated that it might be a tremendous challenge to achieve full committee status, and such status would even be unlikely after the next election. Indeed, after the Duma elections held in the fall of 2003 the Sub-Committee was re-established but not given a full committee status. Nikolay Gonchar was appointed chair of the Sub-Committee.