

Activity Report.
Visit to Tyumen on Performance Audit Reporting and on Interaction between Parliaments and Audit Bodies
October 29 – November 4, 2006

<p>PPF MISSION FRAMEWORK AND STRATEGY</p> <p>INTENDED OUTCOMES.</p> <p><i>100-200. Improved performance audit capacity of ACRF and regional ACs and capacity of FA and regional dumas to efficiently and transparently liaise with respective AC on issues arising from performance audits.</i></p> <p><i>300-400. Budgetary accountability increases at the federal and regional level</i></p> <p>RELEVANT OUTPUTS:</p> <p><i>100. Enhanced buy-in by and capacity of ACRF and/or regional pilot ACs to conduct performance audits and to generate and publicize transparent and accurate reports. Wherever possible, audits should be gender-sensitive.</i></p> <p><i>200. Strengthened buy-in by and capacity of FC Commission on Interaction with the ACRF and/or State Duma Subcommittee for Cooperation with the ACRF and/or select regional dumas to consider and utilise audit reports by the ACRF and regional ACs.</i></p> <p><i>300. FC has enhanced understanding of types of financial control and interaction between various control bodies.</i></p> <p>FALL 2006 ACTIVITY CONTRIBUTING TO RESULTS:</p> <p><i>One – week visit to Tyumen including:</i></p> <p><i>(1) Conference on Canadian and Russian experience in performance auditing;</i></p> <p><i>(2) Discussions on adjusting pilot performance audit reports of Tyumen and Tatarstan ACs to a format suitable for use by parliamentarians;</i></p> <p>CONTRIBUTION OF ACTIVITY TO CIDA PRIORITIES:</p> <p><i>The visit contributed to CIDA’s priority of promoting democratic development by strengthening oversight of the executive branch at the regional level.</i></p>	<p>PROGRESS TO DATE</p> <p>CONTRIBUTION OF LATEST ACTIVITY TO RESULTS:</p> <p>The activity marked a key step in the implementation of the project:</p> <p>Both Tatarstan and Tyumen ACs have conducted their pilot performance audits and have produced draft audit reports. As a result of discussions with Canadian experts, the ACs are now ready to restructure their reports to a format suitable for review by parliamentarians and to table them to their respective legislatures.</p> <p>The Tyumen Duma has shown strong interest in the introduction of performance auditing and in the findings of the conducted pilot audits. This legislature is now more familiar with Canadian experience in holding hearings on audit reports. The Tyumen Government is also aware of the nature and use of performance audits and has been cooperating with the Tyumen AC in the audit process.</p> <p>New audits conducted in 2006 by the Leningrad AC indicated institutionalization of performance auditing practices and further improvement of the audit capacity of the chamber.</p> <p>Expanding significantly the impact of the project, the ACs of twenty three additional regions were familiarised with the Canadian audit and parliamentary oversight system, including tabling of performance audit reports to parliament and the role of the media in this process.</p> <p>PC participation at the conference on performance auditing also helped to familiarise an audience of 250 audit staff, government officials, parliamentarians and parliamentary staff with Canadian concepts on the role of and interaction between external and internal audit bodies. This contributed to the process of achieving a clear common understanding on the delineation between control bodies in Russia in terms of type of control they exercise.</p> <p>Based on experience from CRPP and ASP, the ACRF has published a book on performance auditing that will be used in building the capacity of more Russian regions to conduct performance audits.</p>
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RESULTS ACHIEVED BY LATEST ACTIVITY:

Output indicator 100. Performance audits conducted by federal and/or regional ACs; Number of audit reports drafted/produced; Number of people trained; Training tools on performance auditing developed; Number of documents on performance auditing produced; Number of media pieces on performance auditing and AC reports;

(1) Tatarstan and Tyumen ACs have conducted their four pilot performance audits and have produced draft audit reports.¹ Canadian expert review of the reports has revealed that both audit teams have absorbed and used extensively Canadian performance audit practices in conducting the audits.

(2) Discussions were held on improving the structure of the Tatarstan and Tyumen reports in order to make them suitable for review and use by parliamentarians. PC experts reviewed the reports and provided detailed suggestions and guidelines for restructuring the reports in a way that would best reflect Canadian and international standards and meet the needs of parliamentarians in the two regions. Both ACs have indicated that they are planning to revise their reports in accordance with the provided comments.

(3) Audits conducted in 2006 by the Leningrad AC indicated institutionalization of performance auditing practices and further improvement of the audit capacity of the chamber. Using experience from the pilot audit on healthcare conducted under ASP in 2005, and additional knowledge gained during a visit to Canada in the winter of 2006², the Leningrad AC has conducted two new performance audits on agriculture and transportation. Leningrad AC auditors delivered in Tyumen a presentation on the results of their transportation audit, sharing their experience with other present ACs. According to PC experts, by Canadian and international standards the Leningrad audit report was of better quality than the pilot conducted in 2005.

(4) Significantly expanding the impact of the project, the ACs of twenty three additional regions were familiarised with the Canadian audit and parliamentary oversight system, including tabling of performance audit reports to parliament and the role of media in this process. PC experts delivered relevant presentations at a large-scale conference on performance auditing hosted by the Tyumen AC on October 31. In addition to the audit teams of ACs presently and formerly involved in ASP³, over fifty auditors from twenty three regions attended the conference. About twenty audit staff from these regions also attended the discussions of the Tyumen and Tatarstan draft audit reports held on the following two days. Knowledge gained contributed to building the capacity of these additional regions to conduct performance audits and prepare and table audit reports to parliaments.

(5) Events held in Tyumen were covered by local media. About 15 local journalists were present at the October 31 conference and spoke with Canadian experts and Russian participants. A local TV channel aired a report on the conference and it was also covered by several articles in major local newspapers such as "Tyumenskie Izvestia", "Tyumenskaya Pravda", and others. The titles of some publications (examples: "The Time Has Come for Performance Audit"; "How to Make a Budget Rubble Work Effectively", "The Goal is not to Punish but to Teach") reflected growing understanding and interest in performance audit and relevant Canadian experience.

¹ Each of the two ACs conducted two audits, one on agriculture and one on road maintenance.

² The Leningrad AC and Legislative Assembly joined for part of the visit to Canada in February 2006 by the Tyumen and Tatarstan ACs and parliaments.

³ The ACs of all four regions directly covered by ASP (Leningrad, Tatarsan, Tyumen and Voronezh) were present.

(6) Based on experience from CRPP and ASP, the ACRF has published a book on performance auditing. The book contains contributions by a number of Russian federal and regional audit staff involved in the projects and will be used in building the capacity of Russian regions to conduct performance audits.

(7) The municipal accounting chamber and legislature of the city of Tobolsk are now familiar with Canadian experience in exercising oversight over the spending of municipal funds, including performance audits. Responding to a request from Russian partners, the ASP delegation travelled on November 3rd to the city of Tobolsk, Tyumen region to familiarize the municipal accounting chamber and legislature with Canadian experience in exercising oversight over the spending of municipal funds, including performance audits. Interest in Canadian experience was provoked by the fact that Tobolsk is expecting substantial government subsidies for restoration of historical sites and boosting tourism. The city Duma and Accounting Chamber are interested in ensuring that funds are spent efficiently.

Output indicator 200. Increased working contacts between select regional ACs and select regional dumas; Statements by regional dumas and governments supporting performance auditing.

(1) The Tyumen Duma is now better acquainted with Canadian experience in holding parliamentary hearings on audit reports. Nine deputies and eleven staff from the Tyumen Duma, including the Speaker of the Duma and the Chair and several members of the Budget, Tax and Finance Commission (which considers Tyumen AC audit reports) participated in the October 31 conference and were familiarised with Canadian experience in tabling performance audit reports to parliament and related issues.

(2) The Tyumen Duma expects with strong interest the tabling of the pilot audit reports this fall and supports the introduction of performance auditing. In a meeting with the ASP delegation, the Speaker of the Tyumen Duma Mr. Korepanov stated that there is a strong working relationship between the Duma and the AC of the region and that the tabling of the pilot audit reports on agriculture and road construction is expected with great interest.

(3) The Tyumen Government is now aware of the nature and use of performance audits. Officials from a wide range of regional government agencies (Tyumen Ministry of Finance, ministries responsible for agriculture and road maintenance, law enforcement agencies) attended the October 31 conference and are now aware of the nature of performance auditing and the potential use of audit results for improving government performance.

(6) A constructive working relationship between the Tyumen AC and Government is in place increasing the chances that the pilot audit results will be considered by the government and will contribute to improved government performance. A representative of the Roads Department of the Tyumen Government participated in the discussions on the draft audit reports, providing clarifications on the Government's road maintenance work and answering relevant questions from auditors.

Output indicator 300. Number of Russian partners involved in financial control reform familiarized with types of financial control and interaction between various control bodies in Canada;

(1) PC presentations at the October 31 conference helped to familiarise an audience of 250 audit staff, government officials, parliamentarians and parliamentary staff with Canadian concepts on the role of and interaction between external and internal audit bodies. This contributed to the process of achieving a clear common understanding on the delineation between control bodies in Russia in terms of type of control they exercise. The latter is a prerequisite for stronger role of accounting chambers and parliaments in exercising control over the spending of public funds including through performance auditing.

VALUE-ADDED OF PC TEAM IN ACHIEVING RESULTS:

Resorting to expertise accumulated during more than thirty years of working experience at the Office of the Auditor General of Canada, David Rattray, Senior Advisor to ASP delivered at the October 31 conference two presentations focused on the Canadian audit system and tabling of audit reports to parliament. Rattray also played a key role in reviewing and discussing the draft reports of the Tyumen and Tatarstan ACs. Program Officer Ivo Balinov delivered at the conference a presentation on ASP familiarising with the project and its experience a Russian audience of approximately 250 officials, parliamentarians and audit staff. ASP Field Manager Valery Ponomarev played an important facilitating role at meetings held ensuring a highly productive dialogue between Canadian officials and experts and Russian partners.

Glossary of abbreviations:

ACRF: Accounting Chamber of the Russian Federation

ACs: Accounting chambers

ASP: Accountability Strengthening Program

CRPP: Canada-Russia Parliamentary Program

PC: Parliamentary Centre