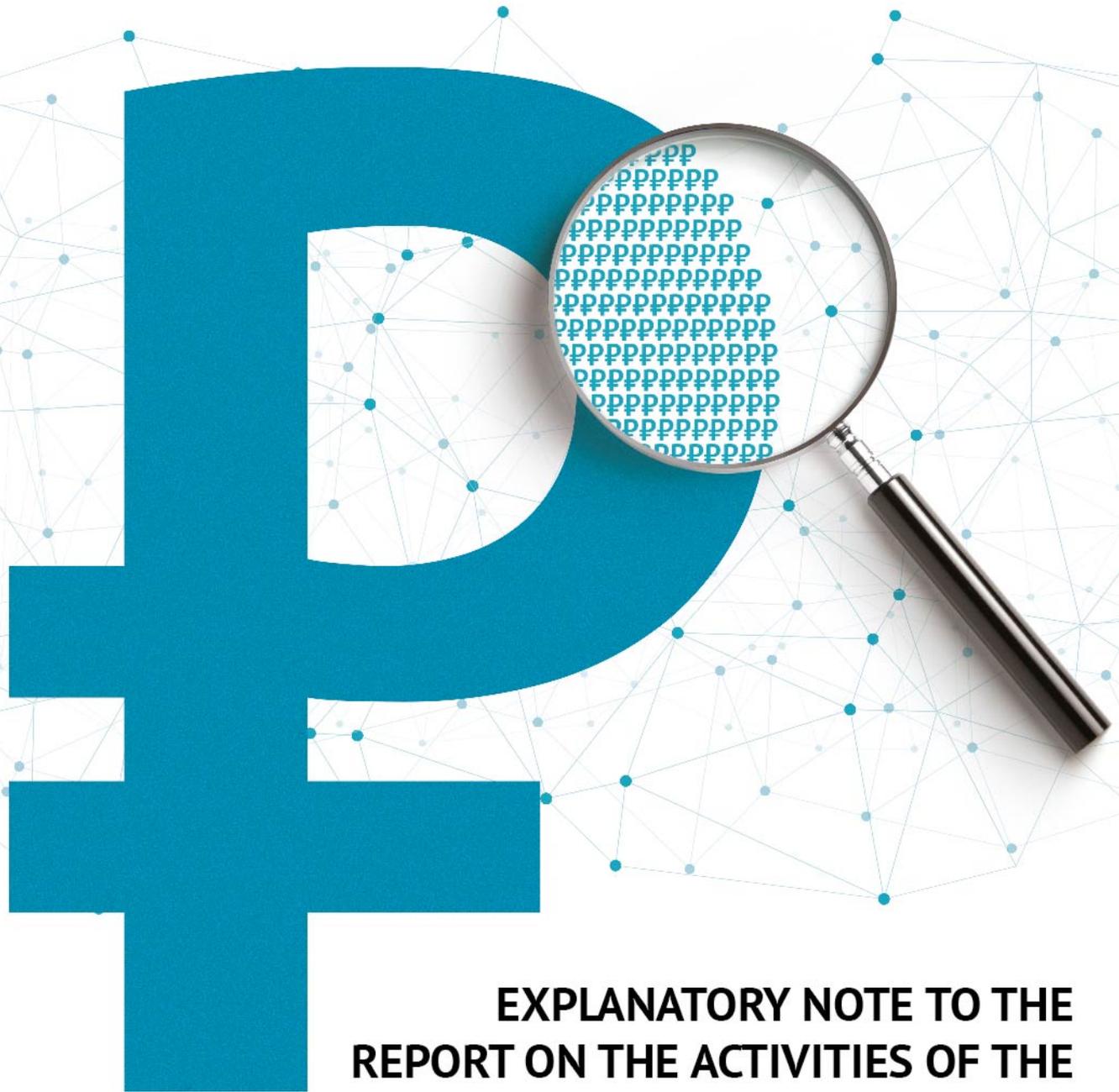




ACCOUNTS
CHAMBER
OF THE RUSSIAN
FEDERATION



**EXPLANATORY NOTE TO THE
REPORT ON THE ACTIVITIES OF THE
ACCOUNTS CHAMBER OF THE
RUSSIAN FEDERATION IN 2015**



1. Against the background of the economic situation in 2015, the Accounts Chamber focused its supervision activity on the formation and execution of the federal budget and the budgets of federal extra-budgetary funds; the provision of expert evaluation and assessment of the bills on federal budget, the budgets of federal extra-budgetary funds and amendments thereto, and the state programmes. Due to its broad powers and professional expertise, the Accounts Chamber was given important assignments related to the monitoring of the implementation of Russian presidential decrees issued on May 7, 2012; the implementation of anticrisis measures by the Cabinet of Ministers and the utilization of the National Wealth Fund for investments in self-sufficient infrastructure projects, as well as the monitoring of public procurement.

Auditing reports and information are regularly made available to the public at the Accounts Chambers' official website <http://audit.gov.ru>, in the Facebook social network, the Twitter account and the YouTube video-hosting channel. The Accounts Chamber publishes a monthly bulletin and an annual report. The Accounts Chamber Chairwoman and auditors meet regularly with media.

Following the information openness policy, the Accounts Chamber launched an online analytical system, GOSAUDIT, in 2015 to provide public access to statistical information on the Accounts Chamber's auditing activities and case studies of violations at audited entities.

2. In the reporting period the Accounts Chamber carried out control and expert analysis activities on 322 occasions.

In total, 2,594 entities were covered by control and expert analysis activities in 2015.

3. Following the results of completed activities, 300 improvement notices of the Accounts Chamber and 52 information letters were sent to the Finance Ministry of the Russian Federation, key spending units of the federal budget funds and other participants of the budgetary process.

4. In 2015 the Accounts Chamber's inspectors made 299 enforcement decisions in response to breaches of the administrative legislation. As a result, 79 officials - some of them in 2015 - were held responsible for contraventions committed in the sphere of finance and budget.

5. Following the decisions of the Accounts Chamber Board, 109 files with findings made in the course of control activities were sent to the Prosecutors' Office, the police, and the State Security Service.

6. On the basis of the findings made by the Accounts Chamber and with a view to enforce compliance with the legislation of the Russian Federation, the prosecutor's offices issued improvement notices to 177 competent officials, made 28 warnings about contraventions committed, challenged 4 unlawful regulations and initiated legal proceedings on 76 cases of administrative contraventions. Six claims were filed in general jurisdiction and arbitration courts to protect the economic interests of the state.

As a result of the regulatory inspections conducted by the Prosecutor's Office on the basis of the findings made by the Accounts Chamber and pursuant to Article 37 of the Criminal Procedure

Code of the Russian Federation, prosecutors' offices referred 70 cases to the criminal investigation agencies which opened 27 criminal cases, made 14 decisions on refusal to institute a criminal case; 32 cases are still under investigation.

The investigation divisions of the Investigative Committee, the Federal Security Service and the Ministry of Internal Affairs of the Russian Federation instituted a total of 40 criminal cases based on the control activity findings sent to them by the Accounts Chamber in the reporting period for adoption of response measures.

7. The recommendations summarizing the findings of control and expert analysis activities, which the Accounts Chamber sent to the federal executive bodies in the reporting year, materialized into laws and regulations of the Russian Federation: 8 federal laws, 7 Russian governmental regulations and 3 regulations of federal executive bodies.

8. In 2015 the Accounts Chamber carried out a required package of **control and expert analysis activities to prepare its opinions on the draft federal laws on the federal budget, budgets of federal extra-budgetary funds for 2016, the statements on the execution of the federal budget and budgets of federal extra-budgetary funds for 2014, quarterly operation statements on the progress of the execution the federal budget and budgets of federal extra-budgetary funds in 2015**. To this end, 175 control and expert analysis activities were carried out.

9. In 2015 the Accounts Chamber continued its work to control and analyze the accomplishment of the measures provided for by **the Russian presidential decrees adopted on May 7, 2012**.

10. Pursuant to the Resolution of the State Duma of the Federal Assembly of the Russian Federation "On the Plan of Priority Measures Aimed at Ensuring Sustainable Economic Development and Social Stability in 2015" and the instructions of the Russian president, the Accounts Chamber carried out in 2015 a quarterly **monitoring of the progress under the plan of priority measures aimed at ensuring sustainable economic development and social stability in 2015** (hereinafter, the Plan). The monitoring results were reported quarterly to the State Duma. Reports on implementation progress and outcomes of the Plan for the first half of 2015 and for the year 2015 were submitted to the President of the Russian Federation.

11. The audit of the state programmes of the Russian Federation (hereinafter, State Programmes) is carried out by the Accounts Chamber on the annual basis in a comprehensive manner comprising three stages and including the review of draft state programmes and draft amendments to state programmes, the monitoring of the implementation process on a regular basis, and the annual audit of state programmes with visits to auditees.

In 2015, as part of the preparation of the Accounts Chamber's Opinion with regard to the statement of the execution of the federal budget for 2014, control and analysis activities were carried out to analyze and assess the execution of the federal budget under all 39 state programmes

that laid basis for the Federal Law “On the Federal Budget for 2014 and the 2015-2016 Planning Period”. The analysis has revealed some shortcomings and weaknesses in the implementation of the programme-targeting approach to budget formation.

12. In 2015 the Accounts Chamber considered nearly 2,000 drafts of legal and regulatory documents and formulated about 700 opinions and letters with comments and proposals referring to drafts of federal laws and other legal and regulatory acts.

13. In 2015 the Accounts Chamber received 2,697 complaints, appeals and proposals, i.e. almost 50% more than in 2014. Additionally, the Accounts Chamber’s Counseling Office received citizens and representatives of organizations on the regular basis to discuss and review their concerns.

The information from the appeals was dealt with due regard for the preparation of control and expert analysis activities.

In total, more than 5,340 letters were prepared and sent out as response actions.

14. In pursuing the tasks assigned to the Accounts Chamber by legislation and the Russian president, the Accounts Chamber has planned 388 control and expert evaluation events in 2016 (322 events in 2015).

One of the major tasks of the Accounts Chamber for 2016 is to maintain close cooperation with the regions. That is why the workplan for 2016 has the emphasis on audits and inspections to be organised jointly with regional control and accounting bodies. In 2016 28 activities will be conducted in conjunction with the regional control and accounting bodies of the constituent entities of the Russian Federation (compared to 7 in 2015).

The major tasks in the international cooperation activity of the Accounts Chamber in 2015 were as follows:

integration of international best practices for enhancing the role of supreme audit institutions in the improvement of public administration;

joint control activities provided for by the plans of bilateral cooperation of the Accounts Chamber with the supreme audit institutions in other countries, as well as within the relevant International Organization;

further adoption of international best practices in the area of audit methodology development and professional standards;

development of cooperation formats and areas for interaction in the framework of the audit community.

The year 2015 was yet another year to prove positively the Accounts Chamber’s credibility and standing in the audit community. Russia is a member of the INTOSAI Governing Board. The country chairs the Organization’s Working Group on Key National Indicators and coordinates the work of the Task Force on Audit of Government Procurement. The Accounts Chamber participates

in the work of 20 committees, subcommittees and working groups of the INTOSAI, EUROSAI and ASOSAI, and continues to play a leading role in other cooperation formats including CIS, the EuroAsian Economic Union, and the Shanghai Cooperation Organization.

Ensuring methodological coherence and consistency, enhancing the quality of control and expert analysis work, and providing methodological advice in the development of internal audit standards based on the international best practices remains a key component in the activity of the Accounts Chamber in 2016.