**Minutes**

**INTOSAI WORKING GROUP ON KEY NATIONAL INDICATORS
MINUTES OF THE 1ST MEETING**

May 20, 2008

Chaired by

The Chair of the Working Group,

Head of the Russian Federation Accounts Chamber

Sergey Stepashin, D.Sc.

Present:

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| The First Deputy Speaker of Russian Federation State Duma  |  - Oleg MOROZOV |
| Head of the Federal State Statistics Service of the Russian Federation  | - Vladimir SOKOLIN   |
| SAI representatives of the Working Group country-members:  |   |
| China | - Xiaoming YU  - Quan LUO  - Yaoshan YIN   |
| Denmark  | - Rolf ELM-LARSEN  |
| Finland  | - Jukka KULONPALO  - Teemu Kalijarvi   |
| Hungary | - Pal CSAPODI  - Gusztav BAGER  |
| Italy  | - Ennio COLASANTI  |
| Kazakhstan | - Altai SEINELGABDIN  - Sultanbek SYZDYKOV - Elkair SYZDYKOV  - Lyazat ZHUMANKULOVA  |
| Latvia | - Inguna SUDRABA  - Lelde DIMANTE   |
| Lithuania  | - Mindaugas Macijauskas  |
| Mexico  | - Eduardo GURZA-CURIEL  |
| Pakistan  | - Imran IQbal   |
| Poland  | - Wojciech Misiag  |
| Russian Federation   | - Alexander PISKUNOV  - Nikolay PARUZIN  - Tatiana YARIGINA  - Alexey MAKUSHKIN  - Vladimir KULESHOV  - Fyodor SHELYUTO  |
| Slovakia  | - Jurag Kolarovic  |
| Switzerland  | - Arthur Taugwalder  |
| Ukraine  | - Gennady SHAKH  - Elizaveta SHUBOVICH  |
| USA  | - Bernice Steinhardt  |
| SAI observers from:  |   |
| Armenia  | - Gagik MKRTUMYAN   |
| Belarus  | - Vasiliy GERASIMOV  |
| Canada  | - Barry LEIGHTON  |
| Moldova  | - Gheorghe COJOCARI  |
| OECD representative   | - Jonathan HALL   |
| World Bank representative   | - Rajeev Kumar SWAMI   |

1. Welcome address of the Chair of the Working Group, Head of the Russian Accounts Chamber Sergey STEPASHIN, D.Sc.

Mr. STEPASHIN welcomed members of the Working Group present at the meeting and reminded that according to the resolutions of the XIX INTOSAI Congress (Mexico, November 2007), Russia heads the Working Group on Key National Indicators (KNI), and therefore, the first meeting of the Working Group takes place in Moscow.

Mr. STEPASHIN highlighted the importance of determining national development indicators not only for local purposes, but also for international use. This is, according to the head of the Russian Accounts Chamber, the essence of the Working Group activity.

Sergey STEPASHIN pointed out the need to reach consensus on basic concepts during the forthcoming joint work, while respecting national sovereignties. Mr. STEPASHIN believes that the final goal of the discussion should be not only obtaining supra-national universal indicators that can identify leaders and outsiders in the global competition arena, but also arriving at common transparency of designing, executing and evaluating efficiency of national strategies.

The list of such indicators shouldn't be prescriptive. The indicators should be developed in a casual way, as a part of strategic planning and holistic process of balancing complex interests.

2. Introductory reports:
Report by the First Deputy Speaker of Russian Federation State Duma Oleg MOROZOV

Mr. MOROZOV thanked INTOSAI on behalf of the Russian State Duma for entrusting the Accounts Chamber the key national indicators project.

He stated that for a number of years Russia underwent a process of fiscal policy retargeting towards strategic measurement, and the government of the country realizes the importance of strategic planning for development of the state. In compliances with new provisions of the Fiscal Code, the medium-term budgetary planning has been implemented and thus the federal budget is approved for every three years. A new system of budgeting aiming at the final result is being introduced. In the context of this system, the government has to publish annual consolidated report on its goals for the next period and on the progress in the previous period.

Moreover, the President of the Russian Federation approved by his decree a system of indicators of evaluation efficiency of executive branch agencies in the Russian Federation subjects: 43 indicators for these bodies and 30 indicators for local government institutions.

Mr. MOROZOV underpinned that in the last few years the relations between the Parliament and the Accounts Chamber have moved to a new qualitative level, including the area of controlling major development indicators of the country. On behalf of the State Duma and Russian people's deputies he underlines the importance of the discussion topic for this meeting.

Report Sergey STEPASHIN, D.Sc., by the Head of the Accounts Chamber

In his report, Sergey STEPASHIN dwelled into a number of systemic problems that are relevant for the current discussion.

Mr. STEPASHIN pointed to the importance of professional communication and cooperation with those who have already made considerable progress in the area of key national indicators, meaning, first and foremost, David Walker, who until recently was Comptroller General of the USA, and also expressed his hopes for improving cooperation with the new Government Accountability Office team. According to Mr. STEPASHIN, the Working Group has to keep the acquired stimulus in discussing the issues of building a transparent system of progress indicators.

Sergey STEPASHIN also highlighted that these efforts are considered to be crucial for improving Russia's system of strategic government aiming at the final goals that reflect Russia's fundamental interests. He also pinpointed the importance of the fact that in the academic community as well as the higher political authorities demonstrate increasingly stronger interest in the ideas of administrating and reporting based on these results.

Mr. STEPASHIN said that today Russia has substantial available resources to invest in major projects in Russia and abroad. New opportunities create new risks and, consequently, new requirements for control efficiency.

Mr. STEPASHIN expressed Russia's position on the issue: key national indicators are the figures that should reflect the level of social consent in respect to the development priorities, i. e. the nature and conditions that allow to control social changes, while preserving integrity of the state and ethnic identity. Availability of this kind of indicators becomes relevant when political authorities and the society realize the need for systemic governance over the changes, as a certain precondition for progress assessment.

He declared that in the XXI century we will need a more accurate system of coordinates that accounts for fundamental multi-polarity of the economies as well as cultures. In this context, the system of supreme auditing can not stay on the sidelines of the global development trends. First and foremost, it refers to the control in terms of state's pronounced public obligations. At the same time, both legislative and executive powers need reliable instruments that would allow to implement decision-making procedures connected with the use of public resources. Efficiency of public institutions is measured not only by the results of their work and their contribution to business development, but also by their role in social progress. They don't yield capital, but rather provide a certain way of life for their citizens, create an atmosphere of trust and security.

Sergey STEPASHIN also noted that the states begin to play a new role that is still to be shaped in the framework of political and economic trends of the modern world. The state is increasing its use of available resources on a recurring basis, acting as a strategic investor. Budgetary funds are also invested into joint private-state projects, including the international ones, thus the issue of their efficient use becomes especially important.

Mr. STEPASHIN also focused on some other burning issues. In particular, despite the fact that the state often transfers operations for fulfilling its public obligations to the private sector, it still retains the responsibility for such a decision, efficiency of the new arrangements and developing a new strategy of financial management. Moreover, while giving land, real estate, intellectual property to the market, the state often influences the state of the financial system and taxable base, but at the same time it doesn't have instruments for assessing efficiency of this activity. According to Sergey STEPASHIN, creating these mechanisms is the task for supreme auditing institutions.

Summarizing his report, Mr. STEPASHIN underpinned that the tasks on the agenda of supreme auditing institutions, including evaluation of key national indicators, businesses' social responsibility, performance and consequence audit are becoming more difficult. They require new approaches, and evaluation of key national indicators as an evaluation of final results, should reflect objective current situation and feasibility of social priorities.

In conclusion, the Chair of the Working Group said that, in his opinion, the first meeting of the Working Group should come up with the principles and an outline for further work as well as the results that would be useful for supreme auditing institutions, governments and general public of the Working Group country-members.

Report by Bernice Steinhardt, Director of Strategic Issues of the US Government Accountability Office

Ms. STEINHARDT highlighted global challenges that face the USA: long-term financial stability of the state policy, interdependence of nations, demographic and other social changes. On the back arising problems, the USA faces citizens' increased expectations in respect to the state's capabilities.

Ms. STEINHARDT underpinned that the US policies and government programs were shaped in the environment that is not relevant in the new reality. There emerged a need for a thorough revision of policies and existing state programs. The US government gives special attention to improving cooperation mechanisms not only with governments of other countries, but also with government bodies of other levels, non-government organizations and businesses in order to achieve the set goals. Ms. STEINHARDT gave examples of several situations when this cooperation is especially important: action planning during natural disasters, preventing climate changes, reducing greenhouse gases; medical and health services.

Ms. STEINHARDT pointed out that all the above-mentioned types of activity require corresponding instruments and an indicator measurement system to assess the work of the government and non-government organizations and coordinate their efforts.

Ms. STEINHARDT also gave some background information on the emergence of various indicators in the USA, mentioning Comptroller General's leadership in the process of developing key national indicators. She announced creation of a non-profit organization, which mission was to provide decision-makers and general public with data that can be used for evaluating progress, reaching goals, current state of affairs and assessing the quality of various policy strategies and measures.

Talking about the key role of the Government Accountability Office about development of the key national indicators' system, the representative of the US Government Accountability Office said that the US Congress undertook to dissimilate the idea of the need for such a system of indicators. As for the leadership in future trends, the Government Accountability Office should maintain its dominance in evaluating indicators and systems of indicators, data quality and authenticity control. Such a system would allow to face current challenges ensuring a greater degree of transparency.

Ms. STEINHARDT indicates potential risks connected with the use of the national indicators' system (a loss of autonomy, independence, trust) and some other difficult issues that should be addressed - staff, additional powers for audit agencies etc.

Having underlined the importance of the discussion topic, Ms. STEINHARDT summarized her report by saying that overall key national indicators shall tell people whether they get all the services they are entitled to.

Report by Jonathan HALL of the OECD

In his report, Jonathan HALL stated that the discussion topic belongs to the OECD scope of activity. Moreover, he pointed out growing global interest in growth and development measuring and, in particular, in working out some key national indicators.

He highlighted the changes in the modern world - transformation of the approach to statistics, a need to involve people in the process of evaluating their quality of life, stating the need for developing new instruments that would output statistical data in a modern form.

Mr. HALL announced that the results of the 2007 Istanbul Conference confirmed the importance of the key national indicators problem. The Conference resulted in a declaration, signed by the World Bank, European Committee and OECD, that identified the goal of the international organizations as improving people's life quality, implementing new measures and creating the progress mechanisms based on the obtained results. The declaration was worked out for 2008 - 2009, also there were created respective thematic groups.

The OECD representative informed the participants that OECD currently focuses on systematization of global practice of progress measurement, developing new statistics methods to define specific progress aspects, new information technologies. The channels of experience distribution are OECD's and its regional groups' web-sites and monitors.

Mr. HALL expressed his hopes that this project improves the quality of statistics operation in developed and developing countries and indicated the need to work out development assessment indicators in various areas of social and public activities.

In conclusion, Mr. HALL assured the participants that OECD is willing to closely cooperate in the framework of the key national indicator system.

Report by Vladimir SOKOLIN, the head of the Federal Statistics Service

Mr. SOKOLIN mentioned that statistics is one of the few areas of state administration that is almost 100%-standarized on the international level, and, at the same time, its quality is often criticized by various groups of consumers:

- politicians complain that statistics is a complex system of indicators that is unintelligible for common people, voters;

- auditors complain that there is no system that would reflect efficiency of governmental bodies work.

Moreover, the current evaluation system of Russian Federations subjects' activity and development indicators of municipalities is inefficient due to a large number of indicators and a need for wide-scale surveys. Moreover, he noted the absence of indicators that measure living standards amid positive dynamics of macroeconomic indicators.

Mr. SOKOLIN also expressed his hope that the results of the Working Group efforts should be useful for improving the quality of his agency.

3. Session 1. Topic: "Key national indicators: the role of SAI in their formation and use"
Presentation by Inguna SUDRABA, Auditor General of Latvian SAI

In her presentation, Ms. SUDRABA described the situation with key national indicators in Latvia, declared position of the Latvian authorities on the discussed issues, their approaches to resolving these problems, and their vision of the directions of Working Group activity on key national indicators.

Ms. SUDRABA pointed out that it is impossible for audit institutions to test the process of reaching goals and their tasks. She believes that testing actions are applied to goals and tasks set by the government.

Also Ms. SUDRABA underlined that it is necessary to develop indicators for policies of all levels, and, what is important, these works have to be top-down and vise versa, these indicators have to be comparable and consistent. Moreover, it is very important that these indicators are measurable, it is essential to have reliable statistical data. National programs, national goals and indicators are developed on the basis of common global aims and tasks, and then tasks and indicators are constructed for various industries and enterprises.

Ms. SUDRABA gave examples of drawbacks and problems in the area of education in Latvia. In particular, she noted incommensurability of educational documents of various levels, flaws in planning measures of educational policies, the absence of a comprehensive understanding the importance of being result-oriented, the absence of result measurements and a system of monitoring. She said that in Latvia there has been approved a list of specific measures in the area of educational policy, however some issues don't receive adequate financing and remain a mere declaration that will never be realized. Some measures that are envisaged in various documents are sometimes financed by the government, but they are not connected with specific tasks of governmental bodies.

According to Ms. SUDRABA, another drawback is that there is no coordination between institutions, there is no assessment of how effectively these measures are realized and whether their realization actually leads to the achievement of goals. Ministries never had these evaluations, never reported to the government on their achievements in this area.

The speaker pointed out the absence of performance indicators that would contribute to reaching the stated objectives and evaluating the results. There are no indicators that could assess education quality, there is no coordination with strategies of respective agencies, there is no common planning strategy and advanced monitor system.

Ms. SUDRABA stated that the main goals of SAI are control and monitoring. If policy is not integrated with its results, it is impossible to audit its performance and vice versa it is impossible to assess whether resources are used efficiently unless it is integrated with the results. Latvian auditors concluded that the goals set by the government are being accomplished at the level of institutions.

Presentation by Eduardo GURZA-CURIEL, Mexico's SAI representative

Mr. GURZA-CURIEL reported on the work done by the Mexican government in the area of developing a system of key national indicators, and the role of Mexico's SAI in this process and assessment.

He pointed out the need to elaborate within the framework of the Working Group activity a group of special terms, definitions of the indicators and possibilities of their technical application.

Mr. GURZA-CURIEL gave a classification of indicators, dividing them into two groups - principal and indirect. In Mexico there has been developed a series of indicators that are used in SAI practice:

* strategic indicators (performance indicators) that are related to achievement of the goals of governmental agencies;
* administrative indicators that show accuracy of organizations' activities and their correspondence to the set results;
* ongoing indicators that reflect the level of economic activity of organizations;
* indicators of consumer satisfaction of the services;
* staff competence indicator that indicates the qualification level of employees that directly provide services to population.

Mr. GURZA-CURIEL informed the participants that Mexico was the first country to create in 1997 a result-oriented fiscal system. The reform demonstrated efficiency of expenditures and introduced some strategic indicators for governmental bodies' performance evaluation.

Mr. GURZA-CURIEL announced that the National Development Plan for 2001 - 2006 envisages introduction of a system of subsequent control and a system of governmental bodies' activity assessment. The system of evaluation and indicators are being developed by both branches of powers. Mexico also developed a special system for performance audit, created a special approach to reaching strategic goals based on key indicators and developed matrices of key indicators. These novelties are used in their activities by all budgetary resources' administrators.

Mr. GURZA-CURIEL also underlined that the Mexican Congress entrusted SAI with the right for a final assessment of the goals' and tasks' correspondence to the initial programs. Mexico created a special department of performance audit, also in 2008 the Constitution of the country was amended in the part of expenditures' efficiency and their correspondence to the initial budget.

In conclusion, Mr. GURZA-CURIEL described special instruments, developed in Mexico, that allow to carry out result-oriented policies.

Presentation by Arthur Taugwalder, Switzerland SAI representative

Mr. Taugwalder talked about the important steps made by Switzerland in the area of performance assessment, gave some background information on the environment where the indicators were developed and underlined the importance of the accomplished work for state audit institutions.

Mr. Taugwalder presented a Swiss monitoring system MONET that incorporates approximately 120 indicators. Also he described the Ecological Footprint program and Switzerland state legislative initiatives.

Mr. Taugwalder pointed out that all indicators could be divided into three major groups: social solidarity, ecological balance and economic development. Each indicator reflects a group of level 2 indicators and an array of statistical data.

According to Mr. Taugwalder, state legislative initiatives comprise the following major areas: industry, trade, social responsibility, balance use of resources. Each direction has several key goals and each of them has a strategy, a system of state policy performance audit and an order of reaching goals, as well as a mechanism of result evaluation. All these issues are reflected in the report, that is, there is a set of indicators attached to the state plan.

The speaker also dwelled upon the issue of political program realization control, focusing on a special audit report that is coordinated by the Federal Chancellor and the Parliament Audit and Control Committees, National and State Council that monitor economic and administrative activity of the government.

Mr. Taugwalder underpinned that Switzerland SAI hasn't directly participated in creating the system of national indicators, but at the same time, by realizing the control functions, SAI may indirectly take part in developing these indicators.

Presentation by Gusztav BAGER , Director General of Hungary's SAI

Mr. BAGER announced a new function granted to Hungary's SAI - financial consultations that aim at providing efficient use of government funds, better-quality services and proper budget execution.

According to the speaker, in the area of key national indicators, the SAI activity could be divided into three categories:

* developing indicators that assess the results of the work;
* complying with the international standards and achievements;
* technical support during development of social and economic indicators.

Describing the main directions of the Hungarian SAI activities, Mr. BAGER emphasized that his agency doesn't make any suggestions on the new indicators, which, in his opinion, allows to maintain SAIs' independence. The audit agency only works out recommendations for improving the current national indicators.

Mr. BAGER also pointed out the lack and indispensability of elaborating social indicators that would evaluate the influence of the budget on social policy. He underlined the need for Hungary to move to program-based budgeting.

The main takeaways from the speaker's presentation are:

* all SAIs have to intensify their efforts in all spheres mentioned in their principal documents, provided by the Hungarian supreme audit agency;
* the basic approach of SAIs should be concentrating on renewal of the current key indicators, however they can not directly participate in developing new indicators, thus, this approach should result in quality improvement of the used indicators;
* all SAIs have to consider the integrated concept of sustainable development. The concept of steady development involves three major parameters of economic development: economy itself, economic component and social component.

The main activity of the Working Group, according to Mr. Bager, should be oriented towards the concept of steady development, working on specific cases and adopting the US and OECD experience.

4. Session 2. Continuation of the discussion "Key national indicators: the role of SAI in their development and use"
Report by Ennio COLASANTI of Italy's SAI

Mr. COLASANTI concentrated on the history of Italy's SAI and directions of further activity in according with the Law on Reforming the Audit-Revision Activity, and steps aimed at creating key national indicators.

He noted that Italy moved from the functional budget to the budget that is oriented on global goals - missions. The speaker gave an opinion that for the sake of preserving its independence, SAI shouldn't be positioned as an agency, independently determining the key indicators. These indicators should be developed by policy-makers, and this issue should be resolved on the level of state administration. Prior to determining the methodology of evaluation, it is necessary to spell out the methods of processing and evaluation of the data that is necessary for the analysis.

According to Mr. COLASANTI, there are three levels of measurements, and therefore three levels of indicators:

- macro-level - the indicators are connected with quality evaluation of public services in terms of national accounts;

- the level of expenditure efficiency and the degree of compliance of the implemented policies with the needs of populations - it is necessary to work out result-oriented indicators for all functional policy areas;

- micro-level - the indicators are connected with the use of resources for achieving specific goals in the system of state administration, these indicators are especially important for governmental bodies' performance audit.

He noted that in 2005 Italy's SAI initiated with the support of the national statistics institution development of the system of indicators. As a results of this activity, SAI selected indicators for evaluating events and achieved results, and a number of ministries began applying these indicators as an experiment and using them in their annual reports.

Also Mr. COLASANTI informed that Italy initiated a special chamber that is responsible for performance audit. Its activity is connected with national plans of audit-revision activity. It also develops indicators for each sphere of activity for result monitor purposes.

Report by Imran IQbal, Pakistan's SAI director general

Mr. IQBAL reported that in accordance with the goals, set by the Pakistani government, there was created a system of result monitoring that includes three components: activity of the federal statistics bureau, mechanism of economic reviews and economic analysis. The data collected by to the federal statistics bureau is used for filing reports on the results of the government activity and its achievements in the area of economic and social spheres.

According to Mr. IQBAL, Pakistan has a traditional system of national indicators that doesn't comply with the requirements and doesn't allow to evaluate the results of the government activities properly, doesn't give information about the quality of public services and public functions.

He noted the need for Pakistani SAI cooperation in developing a system of key national indicators in the framework of the reforms. Currently, Pakistan carries out works on evaluation of financial and economic performance based on fiscal documents using comparison methods. First of all, the basis of these evaluations is planning priorities and goals of fiscal policy.

In conclusion, Mr. IQBAL highlighted two aspects:

* the need to develop new indicators that together with macroeconomic indicators would reflect the real picture of progress;
* caution in realizing SAI powers: should the SAI members participate directly in developing the key national indicators or just accommodate this process?

Report by Altai SEINELGABDIN, Kazakhstan's SAI member

Mr. SEINELGABDIN emphasized that one of the most urgent issues is whether SAI should directly participate in developing the system of key national indicators on a macro-level, industrial and regional levels. In his opinion, SAI should not take active part in working out KNI. Their role should come down to indicators' efficiency audit, envisaged on a macroeconomic, industrial and regional level. Based on this evaluation, it should give specific recommendations and suggestions about improving existing and developing new systemic indicators.

The speaker dwelled into the aspects of Kazakhstan's SAI work on the key national indicators. The Accounts Commission analyses macroeconomic indicators used by governmental bodies to form budget's income and expenditure parts, control efficiency of state and industrial programs, and, in some cases, - assesses efficiency of some regional programs.

According to Mr. SEINELGABDIN, since 1996 Kazakh budget was formed based on functional principle, but as of 2008 the country moved to the strategic planning, to the three-year result-oriented budget.

As possible directions of the Working Group activity, the speaker proposed to concentrate on three main spheres:

* a system of indicators, characterizing economic development of the country;
* a system of indicators, characterizing social growth;
* a system of indicators, characterizing the quality of environmental protection.

Report by Alexander PISKUNOV, auditor, chairman of the Working Group Front-Office, Member of the Board of the Russian Federation Accounts Chamber

Mr. PISKUNOV pointed out the need to resolve the issue of determining the nature of developing and using key national indicators from the SAI prospective. According to the speaker, SAIs are not only an expert community, they should also take into consideration its legal mandate for a more efficient of accomplishment of national development strategies performance audit.

Mr. PISKUNOV focused on the fact that key national indicators reflect not only individual metrics of equity capital growth type, bur rather, first and foremost, the principle and methods of organizing the system's key parameters in the process of its structural transformation. In his opinion, it would be more reasonable to combine the traditional system of socio-economic indicators with program-type indicators. The issues of reliability and high cost of calculation the result indicators are also an indispensable problem. Moreover, it is necessary to understand not only the process of calculating these indicators, but also how these indicators will be used by SAIs. At the same time, SAIs have to self-identify in the context of the national administrative system and work out their own tasks of providing the main participants of the strategic administration system with reliable, thorough and timely information.

In this connection, according to Mr. PISKUNOV, the Working Group has to organize respective activities to elaborate common approaches among SAIs.

Mr. PISKUNOV emphasized that the Working Group activity has to help to summarize and comprehend the discussed issues and indispensable costs connected with the system of key national indicators. It should be reflected in the White Book of the key national indicators development and use.

The speaker dwelled upon the approaches to developing the drafts of Terms of Reference and Working Plan schedule of the Working Group. In particular, he named the following provisions:

* SAIs have to be a part of a large strategic changes' audit system in their countries as well as in the system of international relations. Their task is to service national development strategies that require special approaches in the periods of sharp and large-scale changes;
* SAIs play a very important role in mutually-integrated solution to the problems of identifying resource control, development potential and final results of their application;
* SAIs need profession work aimed at coordinating the format of its participation in managing systemic changes in the national, supranational and international levels.

Mr. PISKUNOV also presented a draft of Working Group Terms of Reference with consideration of China's SAI suggestions.

**May 21, 2008**

Chaired by

Head of the Working Group front-office,

Auditor the Russian Federation Accounts Chamber

Alexander PISKUNOV

The motion by Latvian representative to discuss the Working Group Rules of Procedure at the beginning of the session is approved unanimously.

*1. Discussion of the Working Group Rules of Procedure draft*

Report by Tatiana Yarigina, Deputy Director of the Working Group Front-Office on the Working Group Rules of Procedure draft

The draft of the Working Group Rules of Procedure is composed based on the extracts from the current standards approved by INTOSAI - The INTOSAI Charter, The 2005 - 2010 Strategic Plan, Mexican agreements, powers and procedures of INTOSAI committees, sub-committees and working groups.

Due to the fact that the draft of the document was circulated among Working Group members beforehand and that the Russian Accounts Chamber hasn't received any comments or suggestions on the document, we make a motion for a thorough page-by-page consideration of the Working Group Rules of Procedure draft.

The motion is approved unanimously.

Page 1.

On the motion of Latvian and Poland representatives, the sections "Proposed strategy" and "Expected Results" until the end of the page are excluded.

Page 2.

The first and second paragraphs down to the section "Language/Translation and Interpreting" are excluded in accordance with the motion for Page 1 (The first three sentences of the second paragraph of the "Language/Translation and Interpreting" are excluded in the part of defining at the first session the language used by the Working Group).

Page 3.

Latvia made a motion to spell out the voting procedure for the issues connected with the Working Group activity, set the timeframe for processing meeting minutes and circulating them among Working Group members, and to set the time limit for the Working Group to make motions. The motion is accepted.

Poland made a motion to set a deadline for preparing Minutes - within one month of the Working Group meeting.

Russia's motion was accepted in the following version: "Upon the end of the meeting, minutes made in the working language of the meeting, are sent to the Working Group members for approval within two weeks. Then Working Group members have two weeks to react, approve and submit their comments on these minutes" including the time for consequent editing of this provision".

Italy made a motion on the voting procedure - there should be a pursuit of consensus, simple majority voting should be abandoned.

The voting procedure provision was approved as follows: "Working Group motions are approved by a simple majority voting with the exception of amendments to the Rules of Procedure that shall be accepted by a qualified majority - two thirds of votes".

Pages 4 - 6.

Latvia made a motion to specify in Publications the preferred mode of communication of the Working Group members (email, in hard copy), and the time limit for motion distribution among Working Group members. Also all items of the Rules of Procedure draft should be numerated.

Poland made a motion to accept the Working Group Rules of Procedure taking into account all the discussed changes and in future make necessary changes in the spelled out procedures.

The motions were approved unanimously.

The Working Group Rules of Procedure were approved with the amendments produced in the discussion.

2. Discussion of the Draft of the Terms of Reference for the Working Group

Discussion of the Draft of the Terms of Reference for the Working Group proposed by the Alexander PISKUNOV, Head of the Working Group Front-Office, Auditor of the Russian Federation Accounts Chamber

The Mission of the Working Group

With account of the motions made by the US and Latvian representatives, the Working Group Mission is accepted in the following version: "Support of the SAI and INTOSAI coordinated activities aimed at facilitating development and use of key national indicators in economic, ecological and social fields on the national and international levels".

Strategic Goals of the Working Group

With account of clarifications, proposed by representatives from the USA, Latvia, Kazakhstan, Poland, Pakistan and Denmark, the Strategic Goals of the Working Group were accepted in the following version:

Strategic Goal 1. "Supporting the role of national SAIs in government efficiency and effectiveness assessment based on the key national indicators".

Strategic Goal 2. "Promoting INTOSAI authority in the international arena in development and use of key national and supranational indicators".

Goals and Activities of the Working Group

With account of the proposals made by representatives from the USA, Kazakhstan and Poland, the Goals were approved as follows: 1: "Promotion of the SAI role in creating common approaches to development and application of Key National and Supranational Development Indicators".

Upon the motion of a representative from Kazakhstan, in Activity 3 of Goal 1 the word "planning" was excluded from the English version of the Terms of Reference.

Upon the motion of a representative from Poland, Activity 2 of Goal 2 was moved to Item 5 in the Activities to Goal 1.

With account of the proposals by US and Latvian representatives, the Front-Office of the Working Group is recommended to switch Goal 2 and Activity 1 of Goal 2.

Upon the motion of a US representative, the Front-Office of the Working Group is instructed to change the working of Activity 1 of Goal 3 in the part of result evaluation and circulation of conclusions made from the results of the pilot project realization.

Upon China's motion, the Working Group discussed Goal 4 in the following reading: "To facilitate the work of governments in the countries that lack the system of Key National Indicators aimed at development and applications of Key National Indicators through educational and advisory work with INTOSAI member-countries and international organizations involved in development and use of the Key Indicators". Goal 4 includes the following Activities:

**1.**"To organize the efforts of INTOSAI member-countries and international organizations involved in development and use of Key National Indicators in counseling governments of the countries that lack the Key National Indicator System";

**2.** "Sign an agreement between the governments of INTOSAI member-countries and international organizations involved in development and use of Key National Indicators on creating Key National Indicators".

By the end of the discussion, the wording of the goal was remained unchanged. Upon the motions of Russia, the USA and Poland, Activities of Goal 4 were accepted in the following version:

* Activity 1. "To promote involvement of SAI countries that lack the Key National Indicator System in the work of the Group. Prepare recommendations (consulting) on the use of Key National Indicators";
* Activity 2. "To promote government and general public awareness on the results of the Working Group activity and the use of Key National Indicators".

*3. Discussion of the 2008 and 2009 - 2010 Working Plan of the Working Group*

Chairman of the Russian Federation Accounts Chamber Sergey STEPASHIN made a motion on approving in principal the 2008 and 2009 - 2010 Working Plan of the Working Group with its consequent adopting by poll via the Internet.

The motion was adopted unanimously with account of Poland amendment on excluding from Item 4 of Section 4 of the Working Plan draft for 2008 the word "2008".

It was decided to forward suggestions on the Working Plan draft amendments to the Russian Federation Accounts Chamber within two weeks of the completion of the Working Group session. The Accounts Chamber is instructed to disseminate the final draft of the Working Plan to all members of the Working Group within two weeks of the deadline for submission of suggestions on the draft".

*4. The Working Group web-site presentation*

Vyacheslav EROKHIN, an expert of the Russian Federation Accounts Chamber, presented the Working Group web-site and demonstrates its capabilities, including its structure, technical platform, main work functions and the prospects of the site development. Mr. EROKHIN reported on the procedures of interaction between the Working Group members and amendments to the working documents.

*5. Closing Address by Sergey STEPASHIN, D.Sc., Chairman of the Working Group, Head of the Russian Accounts Chamber*

With account of the discussion the Working Group decided as follows:

**1.**To approve Working Group Rules of Procedure and Terms of Reference, approve in principal the KNI Working Group 2008 and 2009 - 2010 Working Plan.

**2.**To instruct the Russian Federation Accounts Chamber to prepare the Minutes of the First INTOSAI KNI Working Group meeting, make changes in the Rules of Procedure and Terms of Reference drafts and disseminate edited documents among Working Group members within two weeks.

**3.**Working Group members shall submit their suggestions on the KNI Working Group 2008 and 2009 - 2010 Working Plan and on task division among Working Group members to the Russian Federation Accounts Chamber within two weeks of the meeting. The Russian Federation Accounts Chamber has to consider suggestions made by the Working Group members and disseminate the updated documents among Working Group members within two weeks of the deadline for Working Plan and task division suggestion submission.

Head of the Working Group Front-Office,

Auditor of the Russian Federation Accounts Chamber A. PISKUNOV