Regional CIS Key National Indicators pilot project, Alexander Piskunov (SAI of Russia)

Report on the process of development of the KNI pilot project within the bounds of the CIS

The INTOSAI strategic plan for 2005-2010 and Mexican Agreements provide for the regional aspect of the issue of devising and implementing the key national indicators of development. Under this task a regional pilot project on preparation of methodological recommendations on organizing and conducting the performance audit and implementing the key national indicators in the CIS participating countries has been launched.

I would like to point out the main reasons for setting the issue of developing and implementing the key national indicators in the CIS countries as a separate pilot project.

Firstly: performing state financial control functions in countries in transition is connected with a number of peculiarities. Development of new economic models, establishment of market institutions, new economic legislation, and sharing of responsibilities with the economic entities cannot be prevented from influencing the activities of the state control institution. Its functions in each country depend on the complicated combination of economical and political realities. This means that activities of the Supreme Bodies of Financial Control of the CIS countries are held against the background of serous economical and social reorganizations, and financial control bodies should not only control the changes that take place, but also assist in finding most effective ways of exercising the economical potential of the CIS countries. This mission may be accomplished only on the basis of highly professional activities of the Supreme Bodies of Financial Control, which should be conducted with consideration of the national peculiarities and international experience. It is the establishing of modern, effective, and authoritative financial control bodies in the territory of the CIS countries that is the common task that requires joining of our efforts, in particularly in respect of the issues of devising recommendation on conducting performance audit based on the identification of the key national indicators.

According to the results of preliminary consultations in modern conditions the conduct of performance audit in respect of programs and strategies of social-and-economic development of the countries or separate territories is of special significance for the CIS countries. Current outcome audit and its correspondence with the strategy targets are directly related with the necessity of assessment. The performance indicators allow the state to cut down on the unnecessary expenses, to prevent corruption and to redirect the resources to the places where it is really required, and provide for a higher live feedback. Such approach is especially relevant today due to the fact the CIS countries are adopting national strategies of long-term development, and due to the necessity of maximum effectiveness made of the use of resources in the conditions of the financial crisis.

Secondly: the target of developing a common economic space stated in the CIS documents in 2008 was implemented in adopting the CIS economic development strategy for the period till 2020. What does this mean for the CIS Supreme Bodies of Financial Control? First of all it implies the preparation and conduct of joint control-and-analytical activities. This work requires common standards, consistent assessment methods and criteria, and, which is most important, the key indicators which we should identify jointly based on the interests of the participating countries and the stated objectives and targets of economic development.

Thirdly: according to the INTOSAI Strategic Plan for 2005-2010, in particular the realization of objective 3, i.e. encouragement of cooperation of the Supreme Bodies of Financial Control and its constant improvement through knowledge exchange, we consider it necessary already today at the stage of establishing the state financial control in the CIS countries to create the basis and to devise the mechanism of the permanently working system of experience exchange, continuous education, and further training of the employees of the state financial control system. It should be noted that we give a thorough study to the experience of colleagues in the INTOSAI and international organizations and believe that our work will assist not only in spreading the best experience, but also in developing a closer cooperation of the INTOSAI members on the whole.

The Expert Group on the Key National Indicators (KNI) was established by the decision of the VII session of the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS participating countries as a part of implementing the pilot project. The Expert Group includes:

* The Accounts Chamber of the Azerbaijani Republic,
* The Control Chamber of the Republic of Armenia,
* The Committee of State Control of the Republic of Belarus,
* The Accounts Committee for Control over the Execution of the Republican Budget of the Republic of Kazakhstan,
* The Accounts Chamber of the Kyrgyz Republic,
* The Accounts Chamber of the Republic of Moldova,
* The Accounts Chamber of the Russian Federation,
* The Republic of Tajikistan Agency for Financial Control and Fighting Corruption,
* The Accounts Chamber of Ukraine.

The members of the Expert Committee have adopted the Resolution, in which they agree to follow the bellow stated principals:

1. To assist in activating the cooperation of the Supreme Bodies of Financial Control of the CIS with each other and with other control bodies including in the form of information exchange, conduct of joint conferences, roundtable discussions, and seminars on the KNI and performance audit issues as a part of providing for the complex approach to the use of the KNI in conducting the performance audit.
2. Based on the fact that preparation of expert materials and suggestions on the use of the KNI are relevant in respect of the international and national interests of financial control development, the Supreme Bodies of Financial Control of the CIS countries are willing to coordinate their plans of audit and expert-analytical activities, and plans of scientific research on the issues referring to use of the KNI and performance audit.
3. To establish an Expert Group on the KNI and to assist in the implementation of the regional pilot project as a part of activities of the INTOSAI Working Group on the Key National Indicators for the target of assisting in the realization of the resolutions of the XIX INTOSAI Congress in accordance with Section II of the Provision on the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS countries.

Thus the activities of the Expert Group have gained a legal platform.

In the end of 2008 the first meeting of the Expert Group on the Key National Indicators under the jurisdiction of the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS countries was held in Moscow (Russia) with participation of 9 CIS Supreme Bodies of Financial Control. The Terms of Reference and the 2009 Plan of Activities of the Expert Group were adopted at the meeting. In the end of 2008 an internet project in Russian ([http://cis4kni.org](http://cis4kni.org/)) available to all members of the Expert Group and being the instrument of on-line communication on the issues of information exchange, scheduling of activities and conducting events in practice has been launched as a part of the pilot project. Under the adopted Terms of Reference the Expert Group understands its mission as: To assist implementation and monitoring of systems of Key National Indicators of social-and-economic development at the national and international levels and development of the performance audit in the CIS member-states.

In accordance with the mission the objectives of the activities of the Expert Group on the KNI are identified as:

* To assist implementation of the resolutions of the XIX INTOSAI Congress in the part of realization of the regional pilot project of the Council of the Heads of CIS member-states on the Key National Indicators;
* To assist application of Key National Indicators in conducting performance audit by SAIs of CIS member-states.

For the target of realization of the set objectives the Expert Group identifies 5 tasks:

* To create conditions for the complex approach to application of the Key National Indicators in conducting the performance audit and activating the cooperation of the CIS countries;
* To coordinate the scientific research plans on the issues related to the application of the Key National Indicators and performance audit;
* To provide for the methodological support of the joint audit and expert-and-analytical activities held by the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS countries on the issues related to the Key National Indicators and performance audit;
* To provide for the devising of a knowledge database on the Key National Indicators with consideration of the specific interests of the members of the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS countries;
* To organize the designing and maintaining of the permanently acting web-site of the Expert Group on Key National Indicators under the jurisdiction of the Board of Managers of the Supreme Bodies of Financial Control of the CIS counties.

In the beginning of the current year the Secretariat held a number of working meetings with the representatives of the Supreme Bodies of Financial Control of Belarus, Ukraine, Moldova, and Kazakhstan as a part of the regional INTOSAI sub-project on the KNI. The objective of these meetings was to hold a discussion of the issues in relation to the devising of the Methodological Recommendations on organizing and conducting the performance audit and application of the Key National Indicators, development of the knowledge database on the KNI with consideration of the specific interests of the members of the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS participating countries, and coordinating the range of the KNI and performance audit issues in the scientific research plans and corresponding schedules.

The meetings held have confirmed the relevancy of studying the KNI issue in the CIS and the interest of the financial control bodies in the joint work on devising standards for the control-and-analytical activities.

A regular meeting of the Expert Group on the Key National Indicators is scheduled for the end of May, 2009, in Astana (Kazakhstan).

The works already conducted by the Expert group and planned for the years 2009-2010 should allow to achieve the following results:

* To devise a frame logical model of the activities of the Supreme Bodies of Financial Control in the system of the KNI application for the target of developing and implementing the national social-and-economic development strategies;
* To create conditions for the network communication (via the web-site) of the representatives of the Supreme Bodies of Financial Control and external experts on the issue of assessment of the effectiveness of the social-and-economic development based on the KNI;
* To conduct a number of seminars and trainings for the Supreme Bodies of Financial Control representatives on the current questions of devising and implementing the KNI as a part of the performance audit with the target of supporting the corresponding initiatives with the Supreme Bodies of Financial Control.

We believe that the results of the CIS pilot project and activities of the Expert Group will assist in realization of the objectives of the INTOSAI Working Group on the KNI. I would like to point out that in this pilot project we primarily accentuate the practical outcome. In the end of the current year we plan to report to the Board of Chief Officers of the Supreme Bodies of Financial Control of the CIS countries on the results on the activities of the Expert Group including the Draught Methodological Recommendations on organizing and conducting the performance control (audit) and application of the Key National Indicators. We are counting on the interested and unprejudiced expert assessment of this document on the part of the members of the Working Group on the KNI, which is you, dear colleagues. Later on after the discussion and enhancement of the document we consider it reasonable to present it to the CIS Interparliamentary Assembly as the CIS standard for conducting joint control-and-analytical activities and a frame model recommended for use in the CIS participating countries.

Thank you for your attention.