



External Public Audit of Municipal Budgets on the Example of the Rostov Region

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Fundamentals of legal regulation of organization and activity of audit bodies



Currently there are approximately 24 000 municipal units in the Russian Federation

including 463 municipal units in the Rostov region.

The structure of local budgets of the Rostov region includes the budgets of:

12 town districts

43 municipal districts

408 settlements

Inter-budget relation policies

Policies in the sphere
of inter-budget
relations in the
Rostov region:

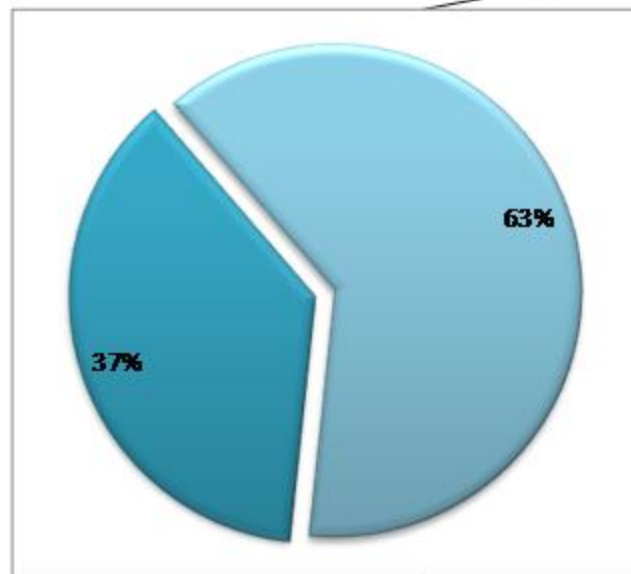
Ensuring balance of local budgets

Support of investment, innovative and
infrastructure municipal projects

Increase of initiative and responsibility
in the realization of budget process

The structure of distribution of financial resources in the Rostov region

Financial sources of local budgets



Financial sources of regional budget

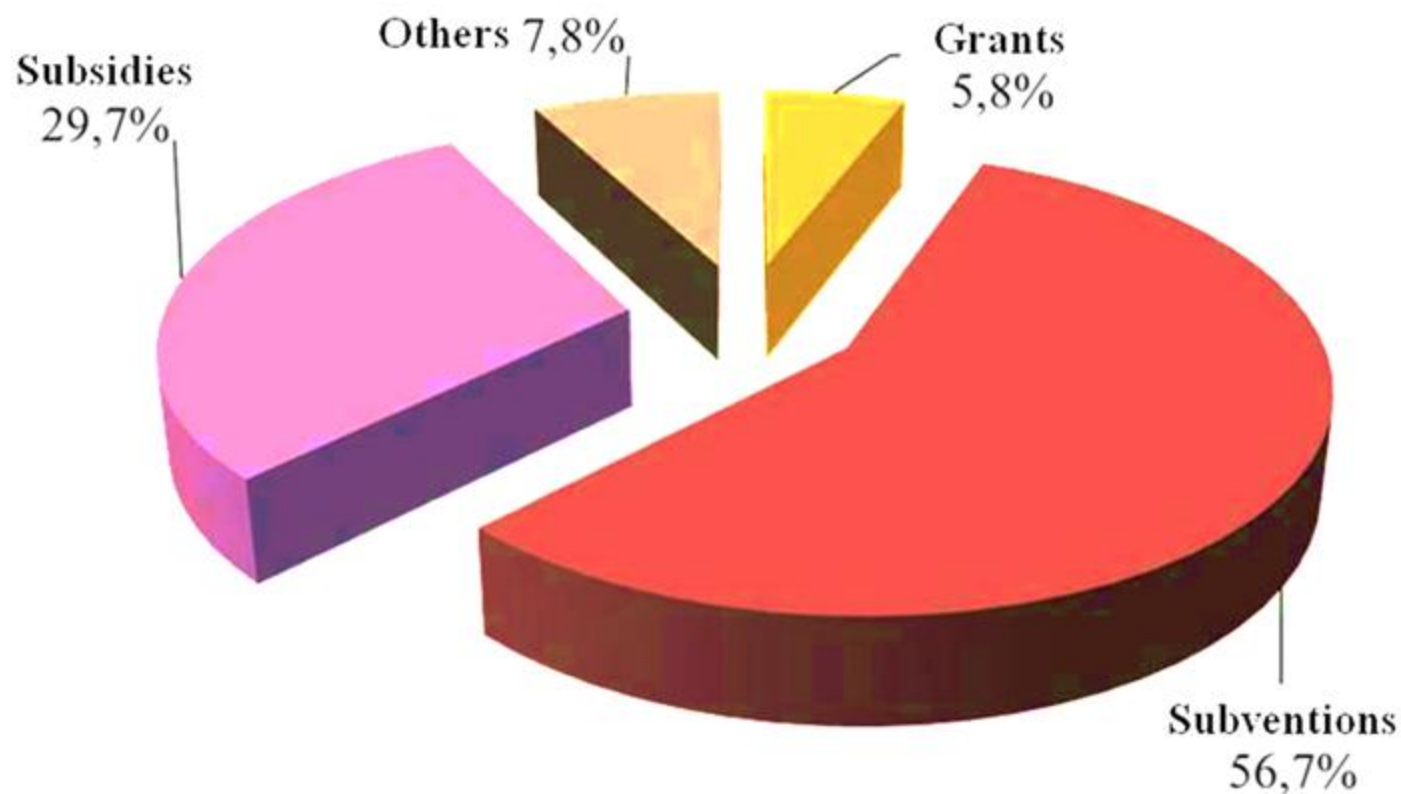


Tax and non-tax revenues included in the legislation for payments to local budgets

Non-target financial support including additional incomes from other taxes

Target financial help

Structure of inter-budget transfers, provided to local budgets in 2010



Types of audit activities

Full-scope audit



On a regular basis but not less than once in 2.5 years

Thematic audit



Relevance and degree of financial risks

External audit of annual reporting



On a regular basis but not less than once in 2 years

Audit of efficiency of the activities of local authorities



Relevance, supervision of implementation of development programs

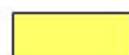
Expert and analytical activities



Relevance, development of solutions

Network schedule of Chamber of Control and Accounts of the Rostov region

№	Ф.И.О.	I квартал											II квартал																					
		январь			февраль			март					апрель				май			июнь														
		06.01-09.01	11.01-16.01	19.01-23.01	26.01-30.01	02.02-06.02	09.02-13.02	16.02-20.02	24.02-27.02	02.03-06.03	09.03-13.03	16.03-20.03	23.03-27.03	30.03-03.04	06.04-10.04	13.04-17.04	20.04-24.04	27.04-30.04	04.05-08.05	11.05-15.05	18.05-22.05	25.05-29.05	01.06-05.06	08.06-11.06	15.06-19.06	22.06-26.06	29.06-03.07							
1	Калашиков	Обл газ														Сальский район																		
					Минэкономикс																Департамент казачества													
					Таганрог																Песчанокопский район													
		Тарасовский								Избирком																								
2	Костюченко	Константиновский район																	Министерство															
		Льготное обеспечение лекарственных средствами														РОФОМС			Советский район															
					Минздрав																													
																					Обливский район													
3	Глушенко	Красносулинский район																	Октябрьский район															
					Департамент мировых судей																			Волгодонской район										
										Неклиновский район																			Комитет по чпр.архивным делам					
										Аппарат уполномоченного																								
4	Мартынов	Кагальницкий район																				Цимлянский район												
					Минсельхоз																						Целинский район							
										Дубовский район																								
																								Родионово-Несветайский район										



Thematic audits



External audits

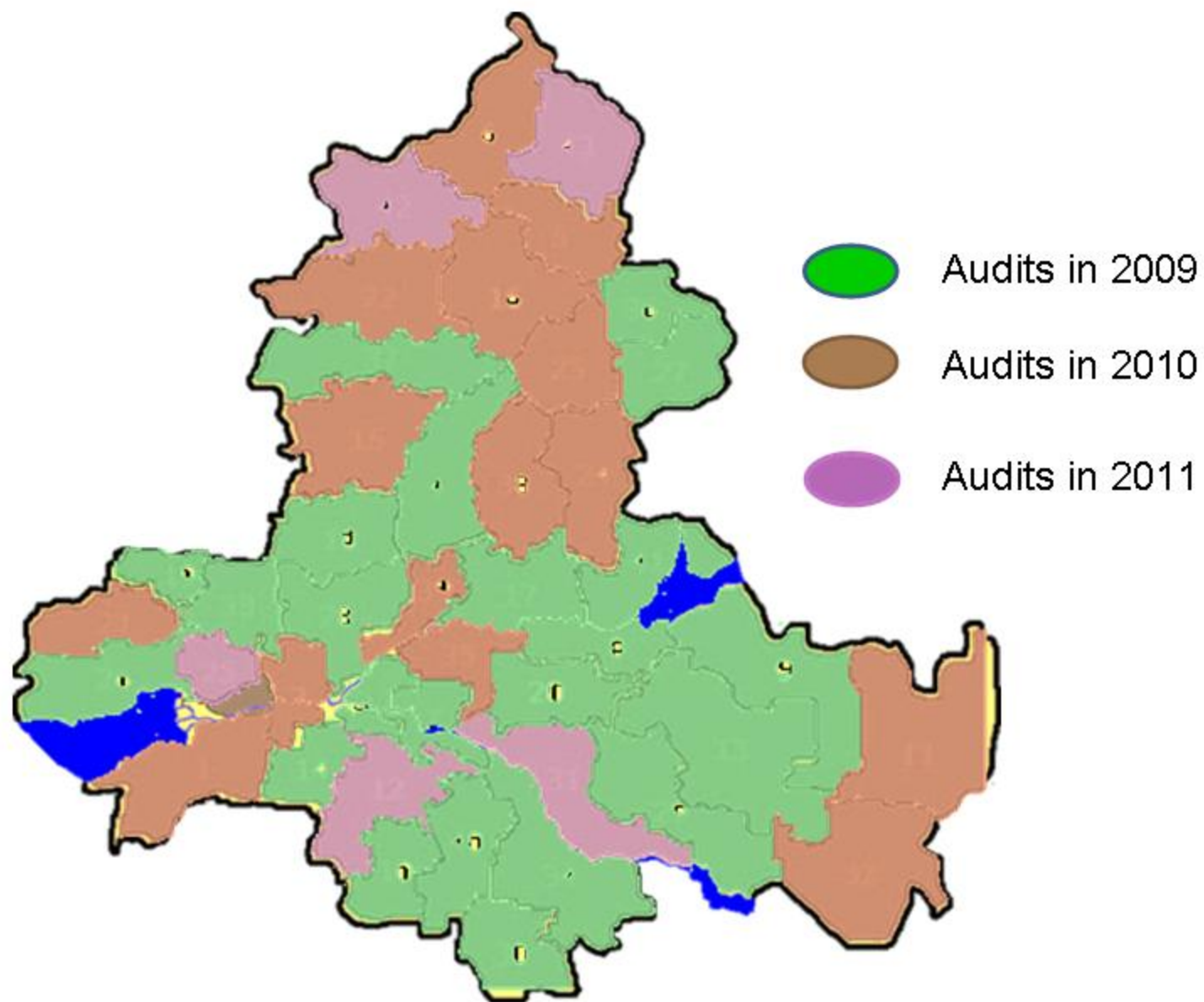


Audits of municipal establishments



Audits of chief controllers

Audit of compliance with the conditions of inter-budget transfers to local budgets



2009

221



5 town districts
22 municipal districts
194 settlements

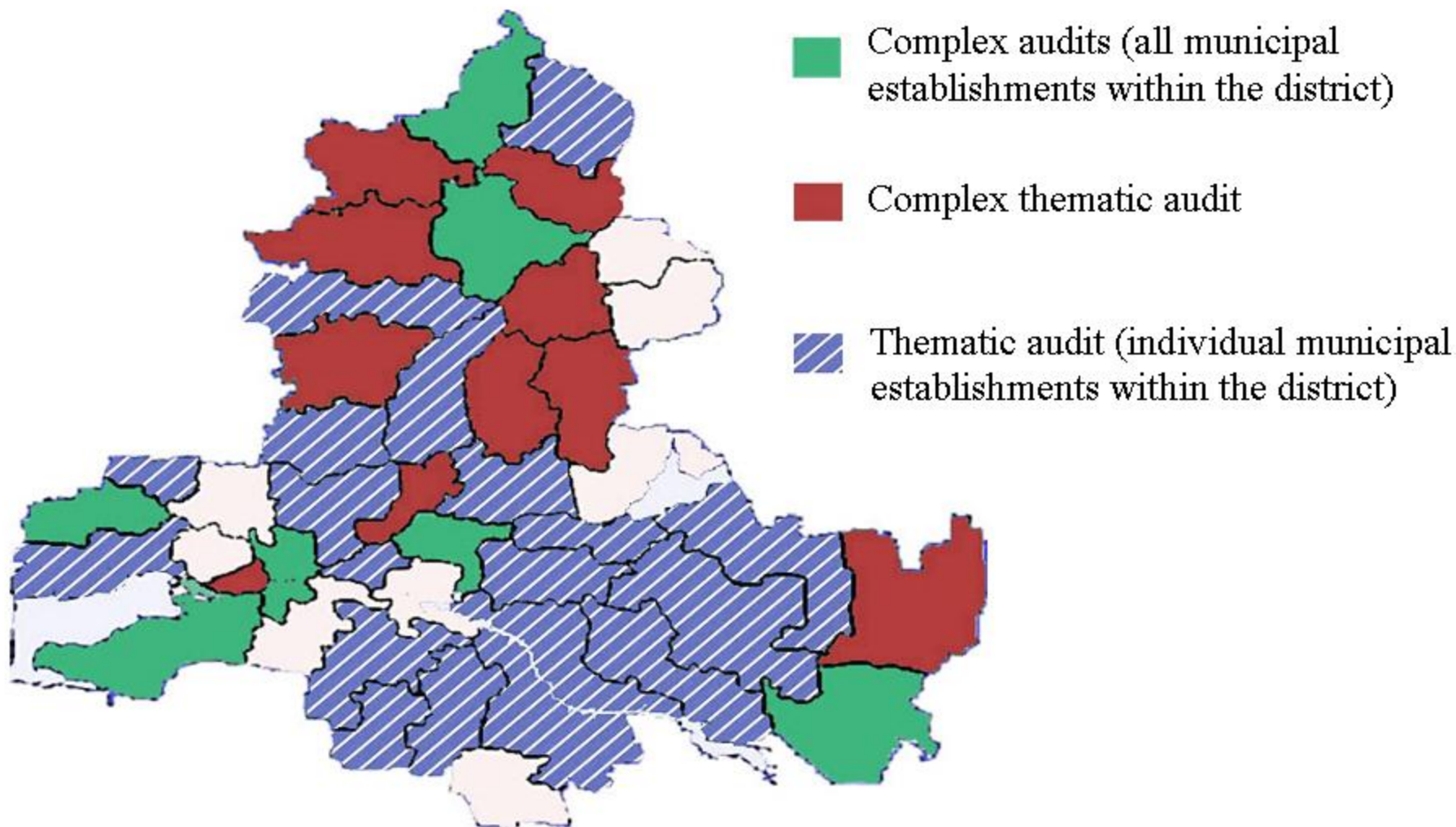
2010

177



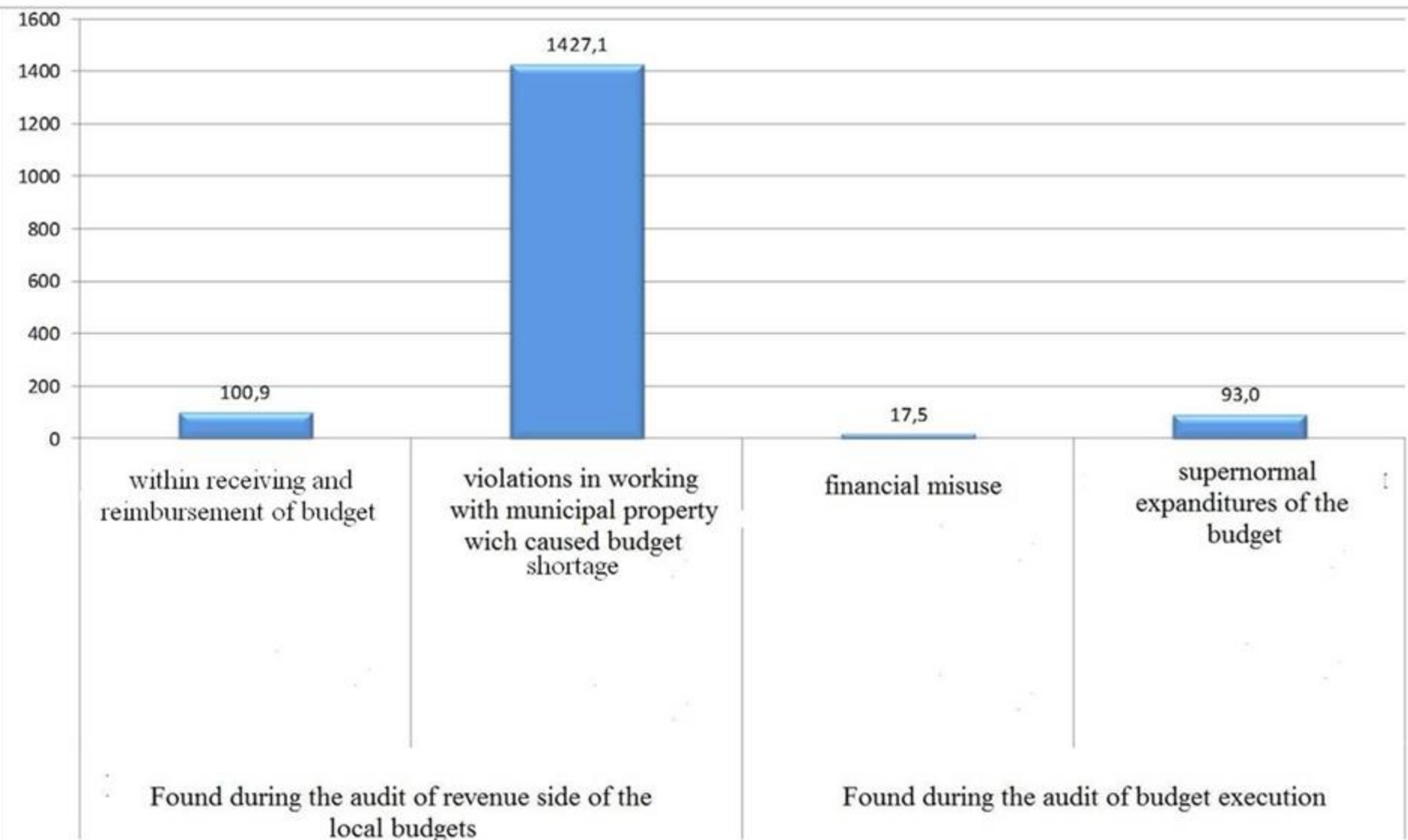
6 town districts
15 municipal districts
156 settlements

Geography of audits in 2010

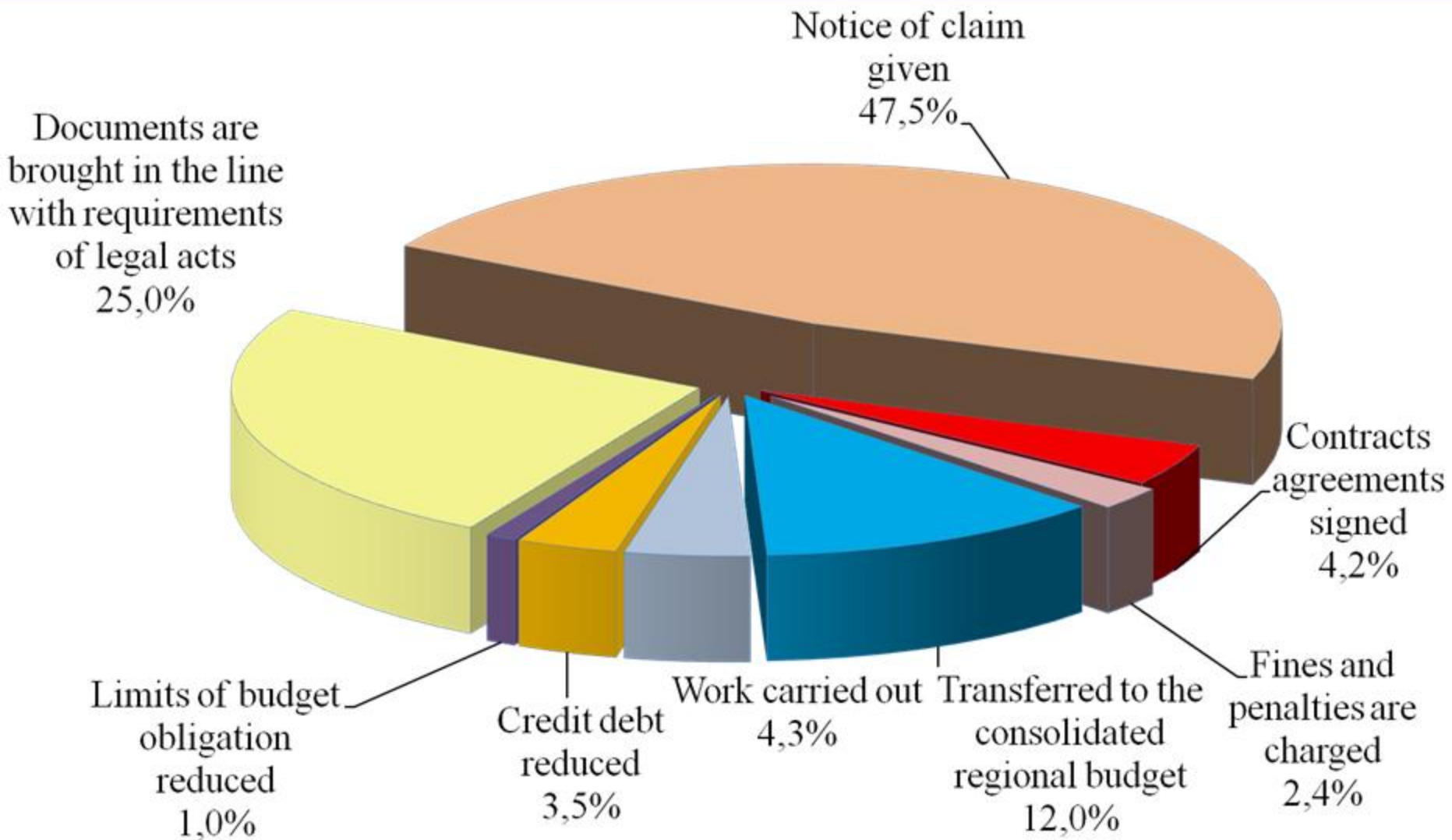


Volume of violations found in 2010

Mln.rub.



Measures taken on the results of audits in 2010



Results of audits are realized

Governor of
the Rostov
region

Legislative
Assembly

Finance
management
bodies

Law-
enforcement
agencies

Heads of objects
audited

Mass-media
population



to adopt
normative
and order
documents

to adopt legal acts

to regulate
budget process

to deter
violations

to eliminate
violations

to implement the
publicity
concept

To prepare an audit it is necessary:

- ❖ to collect data on the object and pay attention to the results of previous audits
- ❖ to determine a volume of the audit
- ❖ to determine a general approach to the audit
- ❖ to define terms and stages of the audit
- ❖ to make the audit program
- ❖ to define the requirements for employees, inspection group and division of responsibilities
- ❖ to inform the object of control about the audit

Main attributes of the software module

Focused on particular audit objects with specialized authority sphere of power with budget provision

provides an algorithm of analytical and control activities

used in one or several contexts

Subjects of the detailed analysis:

- Legal base, regulating the system of regional inter-budget relations,
- forms and directions of finance allocation of the local budgets,
- organizational structure and order of financing
- operative and accounting reports of regional finance bodies and municipal units audited on the volume of inter-budget transfers in dynamics and structure,
- results of operative, latest and the next audit of the budget execution of the regional and local control bodies,
- Other sources which allow to determine the affect of finance support and its execution on the public satisfaction with the life quality in the municipal unit (reports on the results and main activities, information in mass-media, notifications, complaints, etc.)

Typical part of the software module

Verification of compliance with the current legislation and regulating orders

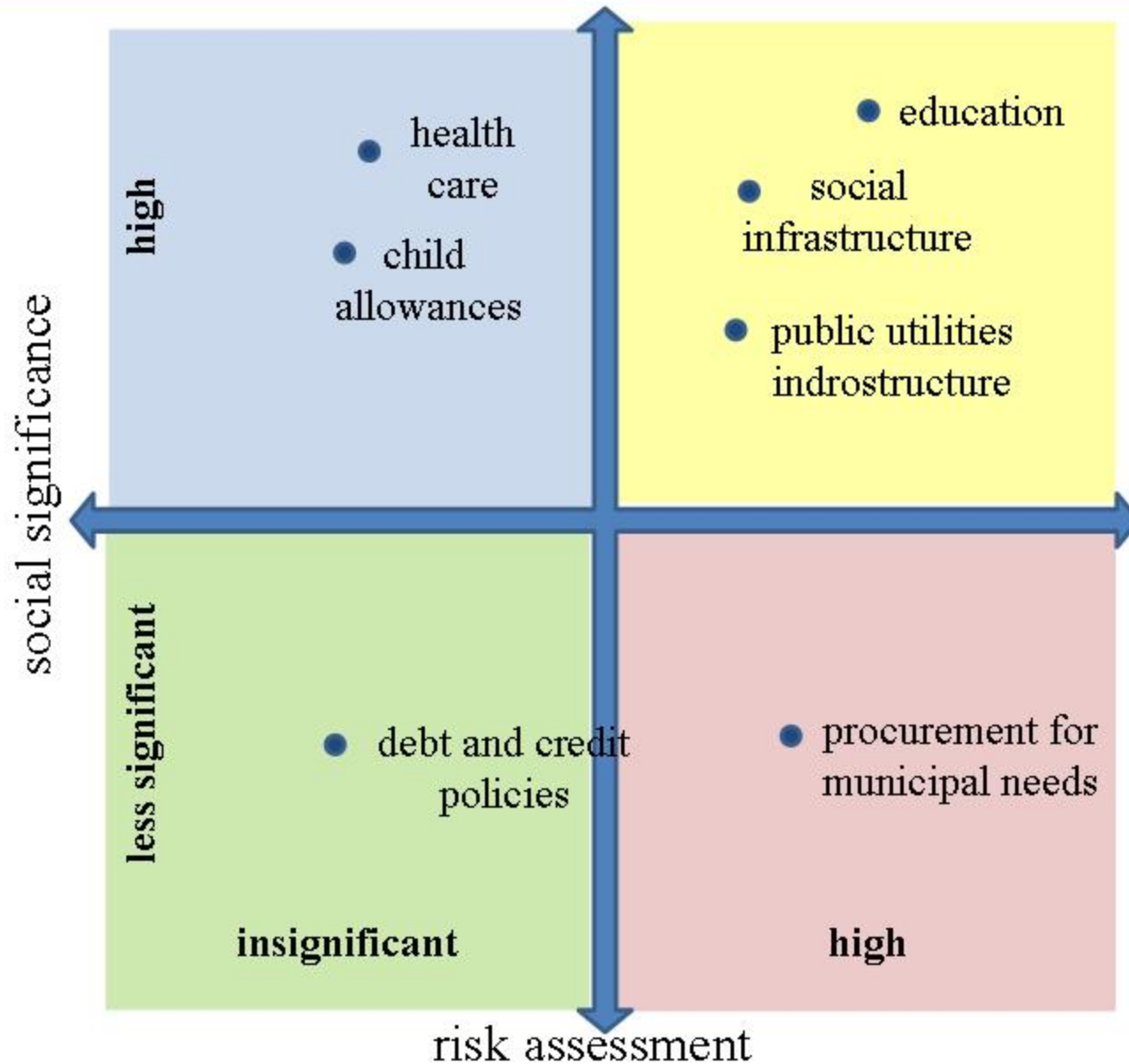
Audit of the conditions of inter-budget transfer allocation

Typical part of the software module

Audit of compliance with the limit of deficit of local budget and requirements on the municipal debt

Verification of accounts payable of the local budgets

Integrated matrix of selection of software audit modules and audit objects



Criteria	Scale of criteria	Score points
1. Degree of financial risk presence		
1.1. Volume of financing	<ul style="list-style-type: none"> - up to 10 mln.rub. - from 10 to 100 mln.rub. - from 100 to 400 mln.rub. - etc. 	<ul style="list-style-type: none"> 1 2 3
1.2. Number of receiving units	<ul style="list-style-type: none"> -low -medium - high 	<ul style="list-style-type: none"> 1 3 5
1.3. Number of indicators in the budget	<ul style="list-style-type: none"> - low - medium - high 	<ul style="list-style-type: none"> 1 4 7
1.4. Previous audits in the sphere or (and) on the given object	<ul style="list-style-type: none"> - the audit was carried out violations eliminated - the audit was carried out violations are not completely eliminated - the audit was not carried out 	<ul style="list-style-type: none"> 0 2 4
2. Social and economic priority	<ul style="list-style-type: none"> - insignificant - is significant as an audit object - is of high interest 	<ul style="list-style-type: none"> 0 8 16

Conclusions on the results of external audit include:

conclusion on the budget legislation compliance on the stages of budget execution as well as during the preparation of the report on the municipal budget execution

conclusion on the accuracy and depth of the report data


conclusion on the execution of the expenditure obligations of municipal budget in the fiscal year


conclusion on the variety of sources of budget deficit financing


conclusion on the deviations found and solutions for improvement of budget process


conclusion on the availability condition and efficiency of finance control in local authorities

Relevant themes of audit activities in 2010

- 
- Compliance of municipal unitary enterprises with legislation when transferring income tax to the regional budget

- 
- Efficiency of management, usage and sale of land sites

- 
- Target and efficient usage of funds aimed at social support of population (veterans, the poor, children and youth)

- 
- Legitimacy and efficiency of investment activity of the local authorities in the sphere of public and housing utilities

Thank you for your attention!

