

**Specifics of the activities of the Chamber of Control and
Accounts of Moscow within the context of the local
government's anti-crisis management**

The City of Moscow

- Capital and one of the 83 regions of the Russian Federation;
- Population – 10.6 million;
- Area – 1081 sq. kilometers – 0.006% of the territory of Russia.

The territory of Moscow is nearly twice bigger than the territory of Andorra (468 sq. kilometers) and nearly 2.5 times smaller than the territory of Luxembourg (2586 sq. kilometers).

Economy of Moscow

GRP of Moscow in market prices:

2008 – €211.1 bln.

2009 - €187.4 bln. (estimate)

GRP of Moscow in comparable basic prices

2008 – 107.3%

2009 – 88.8% (estimate)

2010 – 104.1 (estimate)

Share of Moscow in the GDP of Russia

2008 – 20.4%

2009 – 19.2 (estimate)

Unemployment in Moscow

The number of registered unemployed persons:

2008 – 22.9 thousands pers.

2009 – 52.3 thousands pers.

13.08.2010 – 52.7 thousands pers.

Weight of unemployed in the economically active population:

2008 – 0.3 %

2009 – 0.8 %

13.08.2010 – 0.8 %

Important external factors in the development of crisis in Moscow

- Dependence of tax revenues of the budget on the energy sector, financial market and construction;
- Dramatic growth of the credit rates (up to 30%) combined with the shrinkage of the credit market and general instability in the banking sector;
- Shrinkage of the real estate market;
- Reduction of investments including budgetary capital investments.

The Budget of Moscow

Revenue

2008 – €32.3 bln.

2009 – €25.3 bln.

2010 – €26.5 bln. (plan)

Expenditure

2008 – €32.9 bln.

2009 – €28.9 bln.

2010 – €31.3 bln. (plan)

Budget deficit

2008 – €0.7 bln.

2009 – €3.6 bln.

2010 – €4.8 bln. (plan)

Volume of the public debt of Moscow

01.01.2008 – €3.0 bln. (12.7% of own revenues)

01.01.2009 – €6.1 bln. (13.1% of own revenues)

01.07.2010 – €6.6 bln. (25.3% of own revenues)

Main anti-crisis measures of the Government of Moscow

- Direct financial support of the main industries from the budget of Moscow;
- Indirect financial support of the SME (flat lease rate for small-size enterprises in the amount of € 25 per m² per annum for city-owned property);
- Increase of public social obligations (increase in pensions and other welfare obligations);
- Increase in the public services funding including increase in the salaries of the public sector (doctors, teachers etc.);
- Active employment policies (introduction of preemptive vocational training, increase in the amount of public works);
- Attempts to reduce public expenditure in non-priority spheres;
- Reduction of expenditure on civil service and public bodies.

Main spheres of anti-crisis activities of the Chamber of Control and Accounts of Moscow

- Changes in the planning and conduct of audits;
- Introduction of the new type of auditing activities – monitoring of socio-economic situation;
- Reduction of the budget of the Chamber of Control and Accounts of Moscow on its own initiative;
- Adoption of the new Law of the City of Moscow “On the Chamber of Control and Accounts of Moscow”;
- Changes in the structure of the Chamber of Control and Accounts of Moscow.

Main Challenges

- Attitudes of auditors;
- Deficiencies in public management accounts and economic data collection;
- Difficulties to collect data on the public sector activities;
- Lack of the due level of access to the e-data of the governmental bodies;
- Deficiencies in the regulation of the legal status of the Chamber of Control and Accounts of Moscow.

Planning and conduct of audits

- Change of priorities in the annual planning of audits: from even audit of all spheres to the in-depth approach to the most financially and/or socially significant spheres;
- Special attention to the audit of the budget support of industries and enterprises (efficiency of subsidies to enterprises, legality of subsidies to enterprises, amount of direct and indirect support of enterprises);
- Special attention to the system of public social obligations (social security, unemployment policies, propositions to reform certain social obligations);
- Increase in the amount and/or scope of audits (some audits have covered more than 70 public bodies);
- Increase in the amount of composite audits (majority of audits covering several public bodies have been conducted by several auditors and inspections);
- Special attention to the expenditure on civil service and maintenance of public administration.

Monitoring of socio-economic situation

- Conducted on a monthly basis;
- Object of monitoring - main developments in the socio-economic and budgetary situation in Moscow;
- Sources of data – official statistics, management accounts of different regional public bodies, expert opinions, results of audits;
- Objective of monitoring – provision of the independently analyzed up-to-date data on the socio-economic and budgetary situation in Moscow to the deputies of Moscow City Duma and the Mayor of Moscow.

New Law of the City of Moscow

“On the Chamber of Control and Accounts of Moscow”

- Increases independence and accountability of the Chamber;
- Increases the powers of the Chamber to receive official information from the government and any bodies receiving any funds from the budget of Moscow;
- Introduces the obligation to all public bodies to grant access to their electronic systems and databases to the Chamber;
- Increases the powers of the Chamber to audit the legality, efficiency and effectiveness of the use of public property;
- Introduces the powers of the Chamber to audit under certain conditions municipal budgets;
- Introduces the obligatory preliminary expertise of all drafts of public programs of any type by the Chamber prior to their adoption by the Moscow City Duma or the Government of Moscow.
- Gives to the Chamber and Moscow City Duma the power to change the number of auditors without the necessity to amend the law.

New structure of the Chamber of Control and Accounts of Moscow

- Unification of the structure of the Chamber;
- Creation of the sections responsible for the internal quality control in all inspections and departments;
- Increased spheres of responsibilities for the auditors;
- Special department responsible for IT, collection of electronic data, audit of information and e-audit.

Members of Collegium

Analyses of the Budget and
Budgetary Programs Inspection

Legal Department and Internal
Quality Control

IT and E-audit Inspection

Inspection of Regional and
Municipal Administration

Revenue and Use of Property
Inspection

Capital Investments Inspection

Expenditure on Social Sphere
Inspection

Development of Economy
Inspection

Administrative Department

The main conclusions drawn from the results of the anti-crisis activities of the Chamber of Control and Accounts of Moscow:

To be effective public audit shall change its paradigm:

- Public audit shall expand its zones of activity from finances to all spheres of public management (audit of information, ecological audit, etc.);
- The priority of the public audit shall be the a priori and not a posteriory audit.