

SUMMARY
of the speech which will be presented at the International Conference initiated by EURORAI
on “The Audit of the Public Debt incurred by National, Regional and Local Governments”

Currently, there are no uniform approaches developed in the world practice for the audit of public debt efficiency due to a number of objective reasons.

Nevertheless, in our speech we offer to dwell on several approaches which can be used in relation to the audit of public debt efficiency. For this purpose we have developed and now bring to your attention several criteria regarding public debt efficiency.

Although the Budget Code of the Russian Federation determines public debt limits against budget revenues, it does not establish an optimal (safe) level of debt load for the federal and regional economies. We believe that determining and substantiating an optimal public debt amount for the regional economy based on correlation of the flows of forecasted budget revenue and pending payments as debt redemption is one of the essential criteria of the audit of public debt efficiency.

In this case the criterion of economic feasibility can be the correlation of growth rate dynamics of gross domestic regional product and public debt over a specific time period.

A criterion for assessing operational management of public debt and its structure during the budget process is the acceptance or rejection by regional authorities of the measures aimed at evening-out of peak debt repayments, achievement or failure to achieve budget funds saving, risk reduction by debts refinancing operations, their pre-term redemption, adjustment of terms of borrowings attraction to the budgetary system, accumulation at the budget account of the funds required for debt redemption, reduction of borrowings amount if not required to finance the budget expenditure.

Besides, as a permanent body of public sector financial control in Moscow and throughout the implementation of its audit measures, the Chamber of Control and Accounts of the city of Moscow has accumulated certain experience in the evaluation of the efficiency of debts attraction and utilization and in the course of its audits it detected specific weaknesses in the use of attracted foreign special-purpose tied loans, which will be detailed with our report presentation.

All these criteria give a substantive idea of the efficiency of valid regional loan and investment programmes and are reflected in the charts and diagrams which we are going to show you.

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The First Deputy Chairman
Of the Moscow Accounts Chamber