

The activities by the Chamber of Accounts of the Republic of Azerbaijan for capacity building

The Chamber of Accounts of the Republic of Azerbaijan (SAI) is the only body performing external audit function in public financial management system of the country. The CoA has identified the main target in its activity to contribute for transparent, reasonable, economic, efficient and effective use of public funds in favour of state development and citizens' well-being. To achieve this, CoA has chosen the management type embracing the activities based on strategic development and towards sustainable capacity building. Moreover, the activity of CoA is intended to achieve the below mission and, with regard to this, the approach is based on the following vision:

Mission

To conduct objective and impartial audits to help improve the performance and management of audited bodies and promote accountability, thus ensuring the most economic, efficient and effective use of Azerbaijani resources.

Vision

To undertake independent, highest quality, timely and professional audits to international standards and thus help Azerbaijan spend its financial resources wisely

The CoA has been established in line with the relevant article of the Constitution of the Republic of Azerbaijan and was succeed to form the legal base within its existence. This implies the Law of the Republic of Azerbaijan on the Chamber of Accounts, the Internal Regulation of the Chamber of Accounts, the other by-laws related with state budget legislation and etc. In addition, CoA closely cooperates with other SAIs and is guided by Lima and Mexico Declarations in its activity and carries out ongoing activities to develop the national legislation in this area.

The CoA grounds its activity on the principles of legality, transparency, accountability, collegiality, independence, objectivity and fairness and carries out the following functions:

- renders opinion on drafts of the State budget and on those of the extra-budgetary State funds (institutions);

- to supervise the volume, the structure, as well as the timely and targeted execution of revenue and expenditures items of the State budget and of the extra-budgetary State funds (institutions) budgets;

- to render opinion on the annual State budget execution report and the appropriate draft laws;

- to analyze whether budget financing is carried out as provided in an approved State budget; and to prepare and submit proposals to the Parliament regarding elimination of discovered deviations and improvement of the budget process in general;

- to supervise the management of state property, the issuance of orders in respect to such property, and the inflow of funds generated from the privatization of state property to the State budget;

- based on assignment of the Parliament and its permanent committees, to carry out financial expertise of draft laws concerning the State budget and extra-budgetary State funds (institutions), as well as of the international agreements, which are approved by the Parliament;

- to analyze and inform the Parliament on whether the State budget funds are entered into the treasury account and utilized in conformity with targets established in an approved State budget;

- to obtain and analyze the information from the National Bank and other authorized credit institutions about the flow of finances of the State budget and those of the extra-budgetary funds (institutions) in bank accounts, and to give relevant proposals to the Parliament;

- to inform the Parliament about law violations, which were discovered as a result of supervisory measures taken;

- promptly sends relevant documents to the Office of the Public Prosecutor of the Republic of Azerbaijan when law violations with criminal signs are revealed during the control activities conducted in the auditees to supervise the management of state property, the issuance of orders in respect to such property, and the inflow of funds generated from the privatization of state property to the State budget, the use of funds allocated from state budget to judicial persons and municipalities;
- to operate in close contact with other State supervisory bodies;
- to conduct audit of the revenues and expenditures of the state budget and consolidated budget, including extra-budgetary funds, in accordance with the legislation.

The development of CoA is realized on strategic plans for 3 years. The current Strategic Plan covers the period of 2015-2017 and foresees to strengthen the skills acquired previously and the legal position of the institution. The CoA's aim of strengthening the legal status is to conduct control activities appropriately and to achieve the realization of international challenges assigned to modern SAIs to control the economy, effectiveness and efficiency by transparent accountability.

It should be underlined that the recent development processes of CoA are closely connected with substantial changes in approach applied in public financial management in Azerbaijan. These changes stimulate the implementation of new skills and audit methods. With regard to this, the CoA as other public institutions benefits from the support of the international projects accompanied by significant progress. For instance, the last international project conducted by CoA focused mainly on following areas:

- Introduction of Performance audit;
- Upgrading Financial audit;
- Enhancing Legislative framework and standards;
- Implementation of Human resources and training.

The consultancy services were engaged in CoA to assist in developing the prioritized areas as separate components of the project with the support of financial organizations. Trainings and seminars embracing different topics were held for the large audience of the Chamber's staff within the projects considering the overall capacity building.

Alongside with this, performance audit manual, performance audit methods guidance, Performance audit strategy for 2015-2016, Pilot audit reports on performance audits, financial audit manual, Financial audit strategy for 2015-2017, Information technology audit strategy for 2015-2017, report on cost benefit analysis on implementation of computer assisted audit techniques, also new draft Law on the Chamber of Accounts responding the requirements of Lima and Mexico Declarations were prepared and 49 standards (ISSAIs) were translated to Azerbaijani language. The effectiveness of the project from practical aspect was possible due to the active support of Turkish Court of Accounts, the SAIs of Netherlands, Great Britain and Ireland in addition to the involvement of international consultants.

During the current strategic period for 2015-2017 the CoA will focus on building and strengthening the skills as well. So, this can also be named as the period of enhancement of skills. As a whole, the main goal is to achieve extensive use of acquired and developed skills in practice. These were the main skills for audit staff rather than being additional and are accepted as required ones in their daily routine. With confidence we can state that, these skills have turned to be the indispensable part of daily activity of the Chamber and become the main tools for practical implementation of the recommendations, standards and procedures prepared within 2012-2014. The current expectations lies on enhancing these achievements more and use as 'platform' in achieving consistent success in each year of current strategic development period. This progress process requires recognition of real pace of change and builds on "platform approach".

The platforms can be viewed as below:

Planning platforms for 2015-2017

1st Platform (ends in 2015)	2nd Platform (ends in 2016)	3rd Platform (ends in 2017)
<ul style="list-style-type: none">• Consolidation• provide adopting and more implementation of best practices acquired in 2013-2014	<ul style="list-style-type: none">• Enhancement• Enhancing more the skills of the Chamber	<ul style="list-style-type: none">• Full implementation• New activities has become the main part of the activity of the Chamber

The above mentioned platform approach plays the key conceptual role for CoA to achieve five main strategic targets and guarantees systemized and durable development process as:

1. to establish relations with external stakeholders;
2. to implement new law and audit standards;
3. to implement the analysis function of state budget;
4. To enhance the audit function;
5. To conduct the implemented human resources and training policy.

The international cooperation of CoA is another platform of activity directed to master the best practices on skills and administrative management methods. In this regard, the Chamber attempts to have an active position in several organizations and its sub-committees valuing the multiple initiatives taken in global society of SAIs on INTOSAI 3rd Strategic Goal- Knowledge Sharing. These involve Professional Standards Committee, Compliance Audit Sub-committee, Task Force on Procurement Contract Audit, Working Group on Public Debt, Working Group on Audits of Funds allocated to Disasters and Catastrophes and so on.

Along with this, the CoA pays special importance for building bilateral relations with other SAIs. And, these relations are regulated by agreements

and memorandum of understanding signed with those SAIs and covers conducting joint and parallel control activities including other issues.

As a conclusion it should be stressed that, the CoA is constantly interested in implementation of new cooperation forms. Thus, our institution decided to favour from Twinning project as new format of institutional cooperation within the EU Neighbourhood Policy Activity program on Azerbaijan. Considering the relevant requirement, the Twinning Project Fiche on “Support to ISSAIs implementation in the activity of the Chamber of Accounts” was prepared and currently appropriate procedures are implemented in call for proposals. With the implementation of Twinning tool the Chamber aims to achieve best practices of the SAIs of EU member countries and provide the consistency of ISSAIs implementation in its professional activity.