



The Effective System of Public Finances Control Project



RECOMMENDATIONS FOR IMPROVING EXTERNAL CONTROL OVER PUBLIC FINANCES

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RECOMMENDATIONS
For Improving External Control
Over Public Finances

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*This document has been published with financial support of the
delegation of the European Union to Azerbaijan*

*The Recommendation Paper has been developed by the
Public Association for Assistance to Free Economy*

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INTRODUCTION

The Effective System of Public Finances control Project is funded by the Delegation of the European Union to Azerbaijan. Implementation of the project has started in July 2012. The project, which aims at increasing efficiency of control over spending public finance works in two directions:

- *Developing recommendations on strengthening legal and institutional potential of the bodies controlling public spending, including Milli Mejlis and the Chamber of Accounts;*
- *Conducting appropriate work towards increasing potential of control of members of Milli Mejlis, civil society and mass media over public finances.*

The project is implemented by the following institutions: Entrepreneurship and Market Economy Development Foundation; Economic Research Center; Center for Economic and Social Development; Public Association for Assistance to Free Economy; Public Union for Partnership in Economic and Social Initiatives.

The recommendations have been developed based on the following work conducted:

- *Analisis of legislative acts on the Chamber of Accounts (including 8 Laws, 10 Presidential Decrees, 7 Decisions of Milli Mejlis, 5 Decisions and Orders of the Cabinet of Ministers, all placed in "Other normative legal acts" subsection of the "Legislation" section of the website of the Chamber of Accounts as well as regulations found in the subsection on normativ methodic documents of the Chamber of Accounts);*
- *Analisis of the annual reports of the Chamber of Accounts;*
- *Study of requirements of international organizations (INTOSAI and the World Bank) as well as experiences of the United States, EU member states, Turkey and CIE countries;*

- *Analysis of the requirements of Lima vs Mexico Declarations;*
- *Conducting indepth interviews and focus groups with experts (including members of Milli Mejlis, leaders of NGOs that are part of the National Budget Group, specialists participating in related projects, and well-known lawyers);*
- *Analysis of verbatim reports of Milli Mejlis on the work of the Chamber of Accounts;*

The recommendations were discussed with all interested parties in a conference held on 17 January 2014¹.

¹ <http://eap-csf.az/?p=252>

RECOMMENDATIONS FOR IMPROVING LEGISLATION²

1. Independence of members of the Chamber of Accounts should be enshrined in the Constitution of the Republic of Azerbaijan as it corresponds with the Lima declaration. According to the Lima declaration securing independence of the Supreme Audit Institution in the Constitution allows it to work with high degree of initiative and autonomy even when it represents the parliament and conducts an audit with order of the latter. Provisions on the relationship between the Supreme Audit Body and the parliament should be defined by the Constitution of the Republic of Azerbaijan. Moreover, principal audit authority of the Chamber of Accounts should be secured in the Constitution.
2. The Chamber of Accounts' functions on execution of the state budget, incomes and spending of the state budget and the consolidated budget as well as audit of the extra-budget state funds should be properly described in the Budget System Law, and the Chamber's participation in the budget process should be regulated with this law.
3. Norms regulating relations between the state bodies' internal audit services with the Chamber of Accounts should be added to the "Internal Audit" Law.
4. Regarding Article 2 of "The Law on the Chamber of Accounts" (Article 2. The principal functions of the Chamber of Accounts): It is necessary to add following functions and corresponding paragraphs to this law: control over internal and external debts of the Republic of Azerbaijan; control over financing national programs on economic, research and technical, social and cultural development as well as environmental protection; control over legality of providing economic assistance and loans to foreign countries using the state budget. Moreover, new norms on improving work of the Chair of the Chamber of Accounts, his/her deputies and auditors (limiting the chair's right to nomination for the third time consecutively; providing rights to the parliament minority to nominate auditors;

² These recommendations have been developed by the Economic Research Center. You can access the corresponding rationale at www.erc.az

limiting possibility of cases of interest conflicts), their provision with social and medical insurance, and their dismissal should be included into this law.

5. Strategic, operative and planned audits should be added to the Chamber of Accounts' audit directions, by which the Chamber of Accounts will be given the right to conduct financial and budget inspections. At the same time, standards (codes) of conducting inspections by the Chamber of Accounts should be adopted.
6. The review of the Public Chamber should not only include the analysis of the budget system for the following year, but also for the mid-term period, alongside with the main parameters of the consolidated budget. It also should include stage-by-stage assessment. Additionally, the Review should also have a special section on results and recommendations.
7. Reports should be published periodically in order to increase transparency of the Chamber of Accounts' work, and ensure public access to the inspections conducted by it. These publications should include the results of the Chamber's financial and budget inspections as well as audits. Also, the Chamber should publish quarterly reports and periodic releases for the media.
8. A specialized research center should be created in order to develop scientific foundations of the Chamber of Accounts' financial and budget inspections and audit work.

RECOMMENDATIONS DEVELOPED BASED ON THE ANNUAL REPORT OF THE CHAMBER OF ACCOUNTS³

Following conclusions were made based on the study of the work of the Chamber of Accounts as well as on comparison with more modern international practices. A number of suggestions were developed in order to ensure that the problems are solved and the institution is more functional and accountable.

1. According to its Internal Charter the Chamber of Accounts develops its work plan based on enquiries and suggestions of the President of Azerbaijan, Milli Mejlis and its committees. As it is seen, the work plan does not take into account enquiries and suggestions of outside citizens, or civil society institutions, which contradicts the essence of the Chamber of Accounts, in other words, the principle of providing public control over state finances. For this very reason interaction between the Chamber of Accounts and the society as well as the public trust to the chamber's work are not sufficient in Azerbaijan. In order to secure public trust to the Chamber of Accounts, and reach efficient implementation of the functions derived from its responsibilities, changes need to be made into the Chamber of Accounts' Internal Charter, and enquiries and suggestions of citizens as well as public associations need to be taken into account in the preparation Chamber's work plan.
2. Information spread by the Chamber of Accounts that causes suspicion about implementation of especially important projects, or any budget-financed body is not investigated, which is among factors that negatively affect the effectiveness of the institution's work. Nevertheless, if considered that the chamber's functions include auditing all kinds of activities that fully or partially use state funds and it is important to audit activities that cause special suspicion, it would be right to investigate in accordance with accuracy of the press information. More-

³ These recommendations were developed by the Center for Economic and Social Development. Corresponding rationale can be accessed at www.cesd.az

over, these audits may increase citizens' trust in legitimacy of the government's work, and result in decrease of defects and abuses in this sphere. In conclusion, the Chamber of Accounts appoints audit investigation based on information whose accuracy cause some suspicion and legitimacy of this should be secured by a special article in the Internal Charter of the Chamber of Accounts.

3. While it is clearly expressed in the 2nd article of the "Law on the Chamber of Accounts" that the Chamber of Accounts should review work of extra-budget state funds, the institution does not develop any review on the work and budget of State Oil Found (SOFAZ), nor does it give any information about that. If taken into account that the SOFAZ is the fund where revenues obtained from extraction and sales of oil and gas, which are the country's principal natural resources are accumulated and managed; it was created to guarantee fair distribution of the acquired revenues among future generations; and currently holds 73% of the country's strategic currency reserves it is advisable that the Chamber of Accounts reviews financial flows, placement of funds, the budget of the fund as well as implementation of projects that it funds. Because the SOFAZ is one of the bodies that interest the society the most. All the above mentioned taken into consideration, we believe that the Chamber of Accounts should review the budget of SOFAZ and its execution as it reviews the state budget and budget-funded projects and their implementation. Also, the Chamber of Accounts either does not conduct any inspections of state purchases that cost more than AZN 50,000, and the State Procurement Agency in general, or results of such inspections are not publicized. However, in order to guarantee transparency of tenders and fulfillment of the requirements of the legislation this body needs to be one of the main objects of the Chamber of Account's audits.
4. Audit of performance of institutions funded by the state budget, budget and extra-budget funds, organizations that are sponsored by the state budget, state concerns and firms, joint-stock companies whose control packages are held by the state conducted by the Chamber of Accounts can positively affect purposeful and strategic management of the state funds. From this point of view conducting performance audits by the Chamber of Accounts is important.
5. Only internal evaluation of the Chamber of Accounts' work is conducted. In this situation even if real and impartial evaluation of the chamber looks normal theoretically, in practice it may cause conflict of interests. Also, recently the

international supreme audit institutions do not accept internal audit unambiguously. Therefore, the external evaluation of the work of the Chamber of Accounts should be conducted at least once a year in order to increase trust in the chamber's work and its accuracy. Legal basis of the external evaluation can be secured by amendments to the Internal Charter of the Chamber of Accounts.

6. Analysis of the Chamber of Accounts' work has also revealed that this body does not publish information about its work, results of its inspections, or shortcomings in the flows of state finances. In many cases the published information is about board meetings held, or decisions about appointing audits to certain institutions. However not publicizing information about results of the audits may cast a shadow on the outcomes of work conducted. Internationally supreme audit institutions play mainly an informing role and this is accepted as the main principle. The best example of this can be seen in France. This country's legislation describes the role of the French Chamber of Accounts as "securing appropriate use of state finances and informing people". The Law on the Chamber of Accounts of the Republic of Azerbaijan, however, does not include a requirement on direct information of the media and the civil society or regular publication of information that is not a state secret. This negatively affects the institutions work in this direction and causes problems in acquisition of information from the chamber. We believe that it is advisable to create a new section on the Chamber of Accounts' official website and place the chamber's reviews, results of inspections conducted, texts of recommendations provided to the audited institutions as well as the steps taken by those institutions in response to those recommendations as full texts.
7. The Chamber of Accounts reviews the state budget's income and spending section (review of a draft of the state budget and review of execution of the state budget). The analysis demonstrate generalized approach in the income and spending section of the budget. It is not mentioned based on which methodology the reviews were developed; reviews are completed by comparing numbers with those of the previous years and presenting income and spending dynamics; addresses of the foreign debts are not indicated precisely; no suggestions are made regarding increasing effectiveness of the state's social oriented policies and its description in the spending section of the budget; only positive feedback is given to the tendency of continuation of allocation of funds mostly on public investments section; no comments are found regarding consideration of results

of the audit of the budget-funded institutions during distribution of expenses; no “results and suggestions” section is added to the chamber’s review on a budget draft. All of the listed shortcomings cause problems during evaluation of the budget process. To eliminate this situation we suggest consideration of the following by the Chamber of Accounts:

- *The methodology according to which feedback to the state budget is given should be mentioned;*
- *Directions of income and spending of finances should be presented in a precised manner in the state budget's income and spending section.*
- *Suggestions presented by the Chamber and not taken into account by the government during the process of development of the state budget should be added to the draft;*
- *Results of the audits conducted by the Chamber of Accounts in the previous years should be included into the review;*
- *The state bodies' attitude towards, and the extent of consideration of suggestions of the Chamber of Accounts should be included into the review.*
- *Conclusion and suggestions section should be added into the draft of the state budget.*

8. The survey that we conducted in order to explore perception about the Chamber of Accounts and the degree of awareness about it revealed following results:

- *Only 23% of the respondents are aware of existence of the Chamber of Accounts;*
- *7% of the respondents do not know who the chair of the Chamber of Accounts is;*
- *11/6% of the respondents are aware of the purpose to which the Chamber of Accounts serves;*
- *94% of the citizens aware of the Chamber of Accounts have got higher education, and are active citizens, especially in the econoic sphere;*
- *86% of those aware of the Chamber of Accounts' work agree that the chamber's work needs to be widely publicized;*
- *76% of those aware of the Chamber of Accounts' work do not believe that the Chamber of Accounts is an independent body and has any opporunities to make independent decisions.*

The results of the survey reveal that a large portion of the society is unaware of existence of this body within the government structure, or do not know what it does. It is advisable that the Chamber and the Parliament consider the following suggestions in order to change the situation:

- *The sphere of work of the Chamber should be expanded and it should hold an important position within the fight against corruption that has been launched in Azerbaijan;*
- *Information spread in mass media using serious argument to claim that abuse of state finances is the case, or state bodies whose work is suspected to include elements of corruption should be thought of as objects of audit and the results of the inspections should be publicized;*
- *The Chamber should appoint inspections based on valid inquiries of citizens and civil society institutions and this should be secured by the legislation;*
- *The Chamber of Accounts should time to time publicize the results of its inspections also considering suggestions of international supreme audit institutions;*
- *Appropriate action should be taken in order to increase public trust to the work of the Chamber of Accounts;*

9. In fact the Chamber of Accounts lacks technical capacity and personnel to perform full quality work towards fulfilling its functions mentioned above. In order to ensure real improvement in this field technical capacity and personnel of the chamber need to be increased; a special institution attached to the chamber needs to be created; and effective control over the flows of public funds should be secured through modern control systems.

RECOMMENDATIONS DEVELOPED BASED ON ANALISIS OF BUDGET DISCUSSIONS IN MILLI MEJLIS⁴

1. While in general budget discussions were held according to legislation, when payed attention to the verbatim reports time limitation is not taken into account by a lot of MPs. Meaning, thoughts about discussed issues are expressed in a long and non-precised manner. Majority of time is used to talk about issues not related to the topic of discussion;
2. Ministers do not participate in budget discussions, which causes discontent eve among MPs;
3. There are a lot of repetition in thoughts expressed, and very few new ideas and suggestions about taking any reforms. Ultimately such suggestions are not taken into account in the budget draft;
4. A large portion of thoughts expressed by MPs are related to everyday problems faced by the regions which they represent;
5. Independent experts are not engaged during budget discussions and no opportunities are created for their participation;
6. While official feedback is given to the thoughts expressed, it is stressed that they will be taken into consideration in following years;
7. The time allocated for budget discussions in the plenary session of Milli Mejlis (3 days) is insufficient. This causes problems in holding discussions and conducting serious analises;
8. Study of the verbatim reports gives an impression that some parliamentarians have difficulties in understanding the budget process and the budget draft.

⁴ These recommendations were developed by the Center for Economic and Social Development. Corresponding rationale can be accessed through www.cesd.az

RECOMMENDATIONS BASED ON INTERNATIONAL DOCUMENTS AND PRACTICE⁵

1. Articles 5, 6, 7, 8 and 9 of Lima declaration, regulating financial independence of the acting chief and members of a Supreme Audit Institution (SAI), and the institution's financial independence and its relations with other policy structures (government and the parliament) as well as the 2nd principle of the Mexico Declaration highlights the Chamber of Account's complete independence, particularly from the executive power which is viewed as an important element of its work. None of the processes of appointing, reappointing, dismissal and retirement of chiefs and members of the Chamber of Accounts should make them dependent on the government. From this point of view, Articles 8, 9, 10 of the Law "On the Chamber of Accounts" covering issues on the institution's chair, deputy chairs, and auditors should be amended and the principle of these persons' complete independence from the government and members of the parliament should be ensured as a requirement.
2. According to Lima Declaration SAI should also audit legitimacy, compliance, and if necessary effectiveness of tax collection process, and give certain recommendations on reaching tax collection targets. In Article 2 of the Law "On the Chamber of Accounts" covering the sphere of action of the institution is noted that "The Chamber of Accounts shall supervise the approval and execution of the State budget, the management of state property and issuance of orders in respect to such property, the inflow of funds to be generated from privatization of state property into the State budget, and the purposeful use of funds to be allocated from the State budget for legal entities and municipalities." The legislation gives

⁵ These suggestions were developed by the Public Association for Assistance to the Free Economy. Corresponding rationale can be accessed through www.freeeconomy.az

the Chamber of Accounts the power to control the size, structure, and timely and purposeful execution of both income and spending sections of the budget and extra-budget state funds. All the abovementioned considered, the Chamber of Accounts should also include notes and calls related to tax administration to its reports.

3. Chambers of Accounts should present their findings to the parliament or other body defined by legislation on a regular basis, at least annually, and their reports should be publicized. And the government can comment on its reaction to suggestions in the audit report developed as a result of audit inspection that the Chamber of Accounts conducts under the control of the parliament. It can also comment on the work it conducts towards elimination of discovered financial violations. The latter also include violations of regulations on state procurement quotations (a mechanism for acquiring a more advantageous offer in terms of price and quality).
4. According to international norms all of the state financial operations can be objects of audit of the SAI, no matter whether or not they are mentioned in the state budget. The fact that a financial operation was not mentioned in the state budget may not be a justification for its avoidance of an external audit. According to the legislation of Azerbaijan the Chamber of Accounts reviews budgets of extra-budget state funds. Using this power the Chamber of Accounts should be able to audit extra-budget funds (particularly the SOFAZ which owns funds almost twice as much as the state budget) and present the results with the public.
5. Performance audit, which is another type of audit ensured by Lima Declaration audits effectiveness, efficiency and economy of administrative management. Performance audit is not limited to financial operations, but also covers the organizational and administrative work systems of the government. It is also advisable that the Chamber of Accounts assesses reform needs that could affect the functional work and financial management of the government of the Republic of Azerbaijan, and includes the results to its reports.
6. The preamble of the 5th principle of Mexico Declaration notes that while there are no limits to the SAI's reporting about the results of its own work, such reports should be published at least once a year. Moreover, supreme audit institutions should seek consideration of public opinion as well as

application of other forms of public participation in their financial inspections and audit work. Provisions about conducting financial budget examinations based on the citizen enquiries, and presenting reviews to the public should be added to Article 16 of the Law "On the Chamber of Accounts" ("authorization to conduct financial budget examinations").

7. According to Article 24 of Lima Declaration the supreme audit institution should have the authority to audit use of subsidies allocated from state funds. At the same time, when the share of subsidies in an organization's income or capital is particularly large, if necessary audit should cover the organization's entire financial activity. If abuse of subsidies is discovered compensation of the loss should be demanded. In recent years the volume of budget subsidies given to state companies has increased many times in Azerbaijan. Mechanisms of calculation of the amount of budget subsidies or criteria and conditions for giving these subsidies either to budget or extra-budget institutions have not been defined by normative legal acts regulating management of state finances. In order to conduct transparent budget support of self-financing state firms and making the structures of income and spending of aid-receiving companies open to the public the Chamber of Accounts should develop and publish a separate report on audit of those firms.
8. The Chamber of Accounts should also execute norm-making and regulating function to ensure effective arrangement and work of internal audit systems of state institutions managing state finances. Internal audit is an independent and objective evaluation and consulting activity developed to improve operations of a state institution. Internal audit provides comprehensive assistance to an institution to reach its common goals using systematic approach for risk management, financial control and sustainable evaluation of the management process (management values, distribution of work and responsibilities, organizational structure, operation mechanisms, provision of professional human resources) and quality improvement.
9. The national audit standards in state sector (audit standards on "Audit proofs" and "Analytic procedures") developed by the Chamber of Accounts, as it stresses out, based on the applicable Law "On The Chamber of Accounts", the Internal Charter of the Chamber of Accounts, and standards suggested by INTOSAI (International Organization of Supreme

Audit Institutions) should be completely adjusted to international standards and audit instructions on financial audit, work audit and compliance audit conducted by supreme audit institutions.

10. Practices of different developed and developing countries whose supreme audit institutions we have studied show that to reduce the Chamber of Accounts' dependence on the political power as much as possible and ensure its more independent work its audit mandate can be extended.
11. The Chamber of Accounts of Azerbaijan controls spending on the state budget. In the studied countries however provisions on audit of finances, audit of economic performance as well as corporate control are each separately included to the functions of audit, which makes them more comprehensive.
12. When we study Azerbaijan's practice absence of citizens' participation in audit process draws our attention. In majority of the countries whose practice we studied importance of participation of civic institutions and public associations in the audit process is specially emphasized. Steps should be taken towards legal regulation of informing citizens about audit results, tackling citizens' complaints and evaluating their suggestions.
13. The World Bank presents its recommendations on adoption of the law on new audit services. The new law should cover the gaps in the following spheres: rights and responsibilities of auditors; specialization regulation; guaranteeing quality of audit services; provisions on commitment and discipline. The suggested law should give a detailed definition of the standards of audit services for the country, using international audit standards.
14. Increasing reputation of the Chamber of Accounts is necessary both for it having wide authority according to the legislation, and ensuring its independence in reality. Parliament's role in increasing the reputation of the Chamber of Accounts and reducing its dependence on the executive power should be increased.
15. A functioning internal audit system should be applied within the supreme audit body, corresponding amendments should be made to the relevant legislation, and publication of the Chamber of Accounts' periodical reports and their placement on its website should be ensured.

SUMMARY OF RECOMMENDATIONS

The research conducted shows that appropriate action in the following directions needs to be taken to improve external control over public finances:

- *Improving legislation ;*
- *Increasing control capabilities of the Chamber of Accounts and extending its work and publicity ;*
- *Increasing cababilities of members of Milli Mejlis.*

Improving legislation in the following directions is advisable:

1. Independence of the Chamber of Accounts, its relations with Milli Mejlis as well as the main audit power should be secured in the Constitution of the Republic of Azerbaijan, in accordance with international standards (firstly Lima and Mexico Declarations).
2. The Chamber of Account's functions related to the budgetary process should be better described and its participation in this process should be regulated in the Law « On The Budget System »
3. In the Law « On the Chamber of Accounts »:

- *The following should be added to the main functions of the Chamber of Accounts : control over the state's internal and external debts ; control over financing of all national programs ; control over legality of provision of economic aid and loans to foreign countries using the state budget ;*
- *The norms regulating election procedures of chiefs and members of the Chamber of Account should be adjusted to the international standards. None of the processes*

of appointment, reappointment, dismissal and retirement of chiefs and members of the Chamber of Accounts may make them dependent on the government ;

- *New norms on social and medical security, and dismissal should be included ;*
- *Strategic, operative and planned audits should be added to the audit directions of the Chamber of Accounts. This should give the Chamber of Accounts right to conduct financial and budgetary inspections in addition to the Work Plan;*
- *Provisions on conducting financial and budgetary inspections based on enquiries from citizens as well as publicising feedbacks should be added;*
- *It should be secured that conducting inspections by the Chamber of Accounts meets special standards (codes);*
- *Analysis of the budget system not only for the following year, but also for the mid-term period should be included in the Chamber's review alongside with the main parameters of the consolidated budget. The Chamber's review should include analysis of the budget system not only for the following year, but also for the mid-term perspective alongside with the principal parameters of the public budget. It also should include stage-to-stage evaluation of the state budget and a special conclusion and suggestions section.*
- *Financial audit, action audit and compliance audit of the Chamber of Accounts should be adjusted to the international standards and audit instructions;*
- *To increase transparency in the Chamber of Accounts' work and provide public access to the inspections it conducts publication of periodical bulletins should be guaranteed. These publications should include results of the Chamber's financial and budgetary examinations and audit inspections, quarterly reports and periodical commentaries to the media.*

4. Norms regulating relations between the state bodies' internal audit services and the Chamber of Accounts should be added to the Law « On Internal Audit ». The Chamber of Accounts should also fulfill the norm-building and regulating functions to ensure effective development and work of internal audit system of state bodies managing state finances.

5. The World Bank presents its recommendations on adoption of the law on new audit services. The new law should cover the gaps in the following spheres:

rights and responsibilities of auditors; specialization regulation; guaranteeing quality of audit services; provisions on commitment and discipline. The suggested law should give a detailed definition of the standards of audit services for the country, using international audit standards.

6. Legislative norms regulating the government's reaction to the Chamber of Accounts' reports should be defined.
7. Effectiveness, efficiency and economy of administrative management should also be included into the sphere of control of the Chamber of Accounts. Performance audit is not limited to financial operations and covers organizational and administrative work systems of the government. It is also advisable that the Chamber of Accounts assesses reform needs that could affect the functional work and financial management of the government of Azerbaijan.

It is important to take following action in order to **increase the control capacity of the Chamber of Accounts as well as to extend its work and publicity** :

1. Creation of a specialized research center in order to develop scientific foundations of the Chamber of Accounts' financial and budget inspections and audit work is important.
2. Inquiries and suggestions of citizens and civil society institutions alongside with other bodies should be taken into account while developing the Chamber of Accounts' work plan.
3. Any information spread in media that cast suspicion on implementation of projects of strategic importance, and work of a budget-funded institution should be investigated.
4. State procurement above AZN 50,000 should be one of the main objects of the Chamber of Accounts' audits.
5. The Chamber of Accounts should also pay proper attention on notes and calls about tax administration.
6. Audit of performance should be conducted in ministries, committees and other institutions supported by the state budget, state concerns and firms, joint-stock companies whose control packages are held by the state.

7. The Chamber of Accounts should have the authority of conducting audit of subsidies allocated from state funds. At the same time, when the share of subsidies in an institution's income and capital is particularly large, if necessary the audit should cover the entire financial activity of the institution. And if any case of abuse of subsidies is discovered compensation of losses should be required.
8. Publicizing information about results of audits of bigger public importance wider. The Chamber of Accounts should more largely play an informative role. A new section should be created in the Chamber of Accounts' official website. The Chamber's reviews, results of inspections conducted, recommendations that the Chamber made to the audited organizations as well as information about the steps taken by those organizations should be placed in this section.
9. The Chamber of Accounts should develop more detailed reviews on the income and spending section of the state budget (review of the state budget and review of execution of the state budget), and give broader analyses. The Chamber of Accounts should consider the following:
 - *It should be mentioned according to which methodology a feedback to the state budget was given;*
 - *Directions of income and spending of finances should be presented in a more detailed manner in the income and spending section;*
 - *Suggestions presented by the Chamber and not taken into account by the government during the process of development of the state budget should be added to the draft;*
 - *Results of the audits conducted by the Chamber of Accounts in the previous years should be included into the review;*
 - *The state bodies' attitude towards, and the extent of consideration of suggestions of the Chamber of Accounts should be included into the review.*
10. In fact the Chamber of Accounts lacks technical capacity and personnel to perform full quality work towards fulfilling its functions mentioned above. In order to ensure real improvement in this field technical capacity and personnel of the chamber need to be increased; a special science center attached to the chamber needs to be created; and effective control over the state financial flows should be secured through modern control systems.

It is demanded that the following action is taken towards increasing capabilities of members of Milli Mejlis:

1. Verbatim reports show that many members of Mejlis have limited possibility to speak due to time limitations. For this reason time allocated to budget discussions needs to be significantly increased.
2. Participation of ministers during budget discussions should be ensured.
3. Independent experts should be invited to budget discussions and conditions should be created for their participation
4. Time allocated on discussion of the budget (currently it is 3 days) in the plenary session of the parliament needs to be increased.
5. Actions should be taken towards increasing parliamentarians' index of perception of the budget process and draft (developing special resources, holding trainings, etc.)

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