




Accounting Chamber Report for 2019



Kyiv
2020



The Accounting Chamber Report for 2019 is a summary of control and expert activities conducted in the reporting year and covers the measures of public external financial control (audit) for the period 2017-2019. It applies to all performance indicators in terms of the amount of audited budget funds, identified violations and shortcomings referred to in the Report.

Information on the results of the control measures is given in a concise form. Full reports on the results of audits and the decision of the Accounting Chamber, in accordance with the requirements of the law, are published on the official website of the institution at  <https://rp.gov.ua>.



Control on behalf of the Verkhovna Rada of Ukraine over the revenues of the State Budget of Ukraine and their utilization is exercised by the Accounting Chamber



Article 98 of the Constitution of Ukraine

Dear Members of Ukrainian Parliament!

In accordance with Article 30 of the Law of Ukraine “On the Accounting Chamber”, we submit to the Verkhovna Rada of Ukraine the Accounting Chamber Report for 2019 approved by the decision of the Accounting Chamber No. 10-2 dated 14 April 2020.

2019 was a year of double elections and drastic changes for Ukraine. However, the overarching goal for the Accounting Chamber remained unchanged – to provide a timely unbiased assessment of the actions of governmental authorities in terms of revenues to the state budget and their utilization. And we coped with it.

Throughout 2019, the Accounting Chamber paid considerable attention to securing defense capacity, needs of the military and internally displaced persons (IDPs). We audited the NABU for the first time. We conducted inspections on socially important topics of concern to Ukrainians. These programs were as follows: “Warm Credits”, “Affordable Medicines” and “New Ukrainian School” as well as the age-old topic of roads and the efficiency of spending on their repair, forest protection and many others.

The Accounting Chamber actively participated in the budget process: we have repeatedly provided our critical review of the Government’s budgetary policy and talked about the fact that some macroeconomic indicators used in forecasting the 2020 State Budget were unrealistic.

2019 became truly significant for our institution: we approved the Development Strategy for the next five years for the first time in all the years of the Accounting Chamber’s existence.

We entered 2020 with a clear understanding and intention to continue the development of an independent and strong Supreme Audit Institution in Ukraine. We will continue to provide impartial expert assessments on the management of public funds and state property on the basis of international standards and best international practices.

**Chairman
of the Accounting
Chamber**

V. V. Patskan

ACCOUNTING CHAMBER – 2019: CHANGES, TASKS AND KEY RESULTS

SUMMARIZED RESULTS OF OPERATION OF THE ACCOUNTING CHAMBER IN 2019

In accordance with the Constitution of Ukraine and the Law of Ukraine “On the Accounting Chamber”, the Accounting Chamber exercises control on behalf of the Verkhovna Rada of Ukraine over the revenues of the State Budget of Ukraine and their utilization.

The activities of the Accounting Chamber as an independent public external financial control (audit) body in the state is based on the principles of legality, independence, objectivity, integrity, transparency and impartiality.

The Law of Ukraine No. 576-III dated 2 July 2015 “On the Accounting Chamber” stipulates that the powers entrusted with the Accounting Chamber by the Constitution of Ukraine are exercised through public external financial control (audit) by means of financial audit, performance audit, expert examination, analysis and other control measures.

The main organizational form of operation of the Accounting Chamber, in accordance with Article 25 of the Law of Ukraine “On the Accounting Chamber”, is its sitting.

In 2019

amount of funds audited as part
of control measures



UAH 763.2 billion

audited



206 objects

approved



77 reports

The total amount of violations and shortcomings detected by the auditors of the Accounting Chamber in 2019, in accordance with Articles 116 and 119 of the Budget Code of Ukraine, in the administration of state budget revenues, violations of budget legislation as well as inefficient management of funds of the State Budget of Ukraine and property and also their inefficient utilization stands at

UAH 49 billion 760 million:

violations and shortcomings in the
administration of state budget revenues



UAH 2 billion 967.4 million

violations
of budget legislation



UAH 32 billion 108.5 million

inefficient management of funds
and their inefficient utilization



UAH 14 billion 684.1 million

In addition, according to the results of control measures conducted during the year in the form of analyzes, shortcomings were detected along with the shortfalls to the state budget for a total of

UAH 38 billion 773.2 million.

Diagram 1.

Structure of violations detected by the Accounting Chamber in 2019

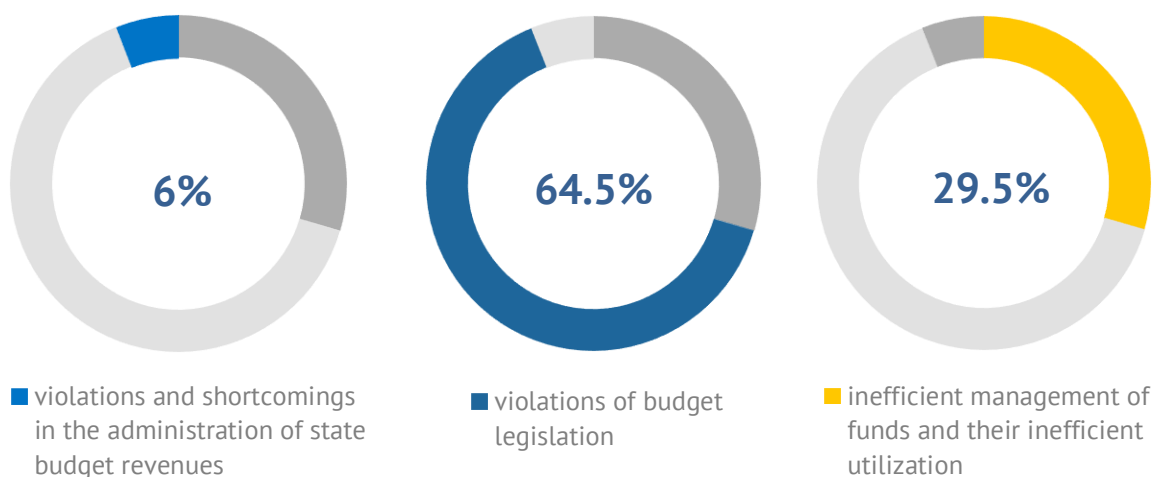


Diagram 2. Structure of violations and shortcomings detected in 2019, by area
(total amount of UAH 49 billion 760 million)

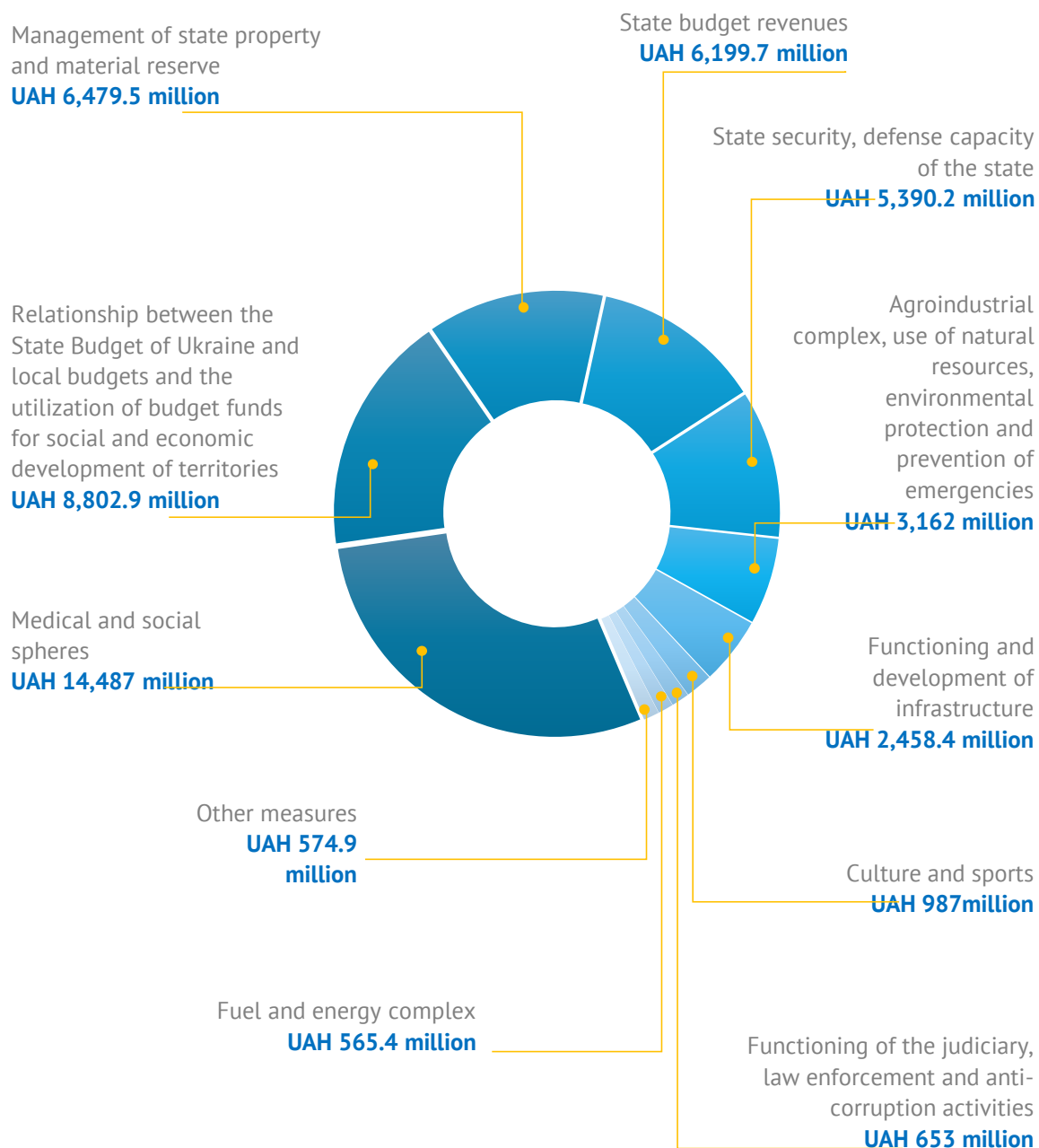


Diagram 3. Structure of budget legislation violations detected in 2019, by area
(total amount of UAH 32 billion 108.5 million)

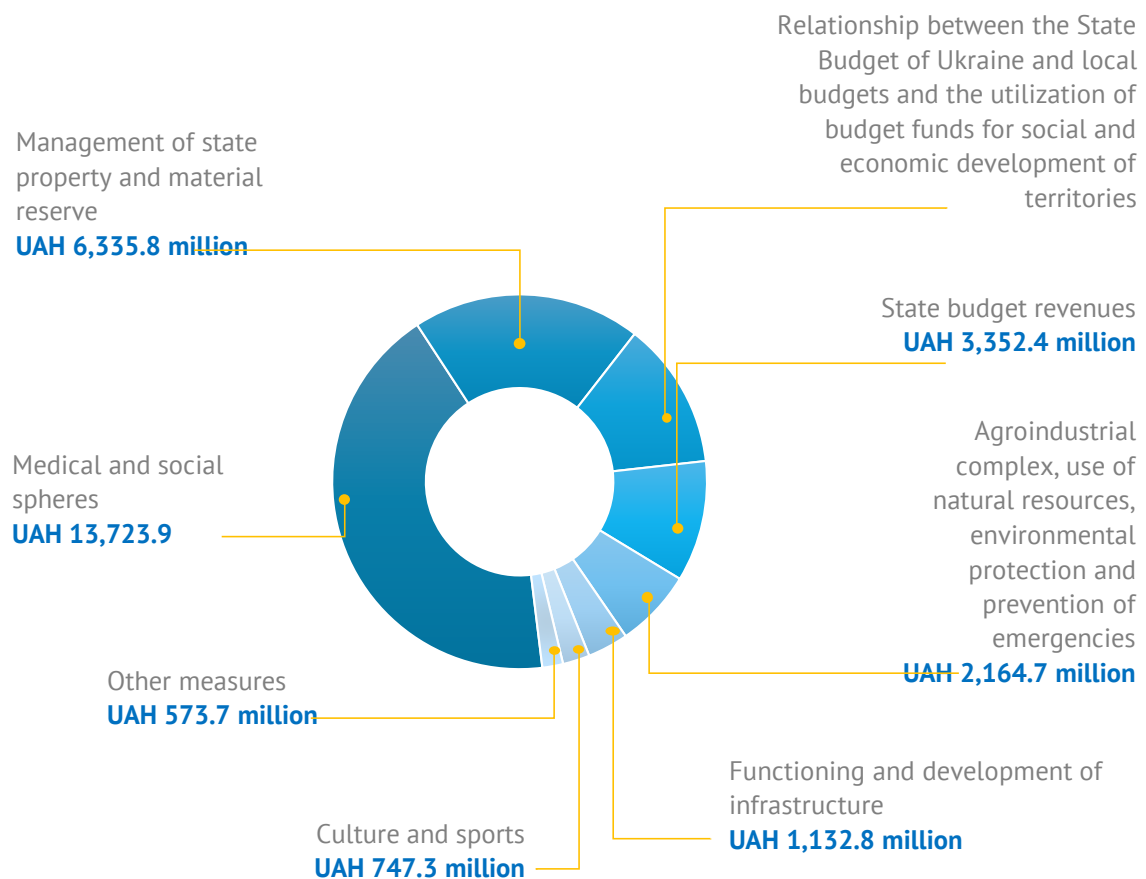


Diagram 4. Structure of budget legislation violations, by types of violations
(total amount of UAH 32 billion 108.5 million)

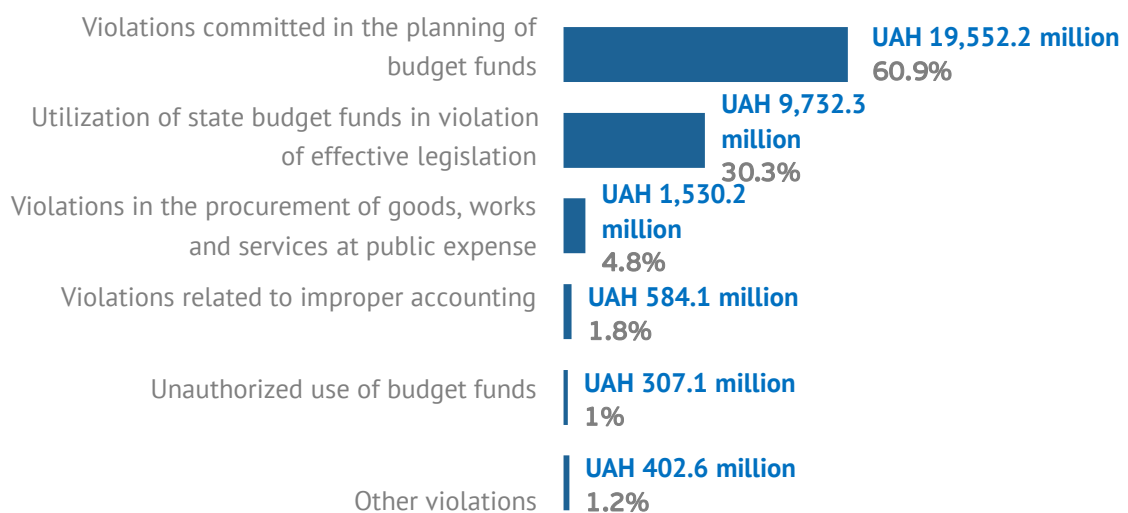


Diagram 5. Structure of inefficient management of budget funds revealed in 2019 and their use, by area (total amount of UAH 14 billion 684.1 million)

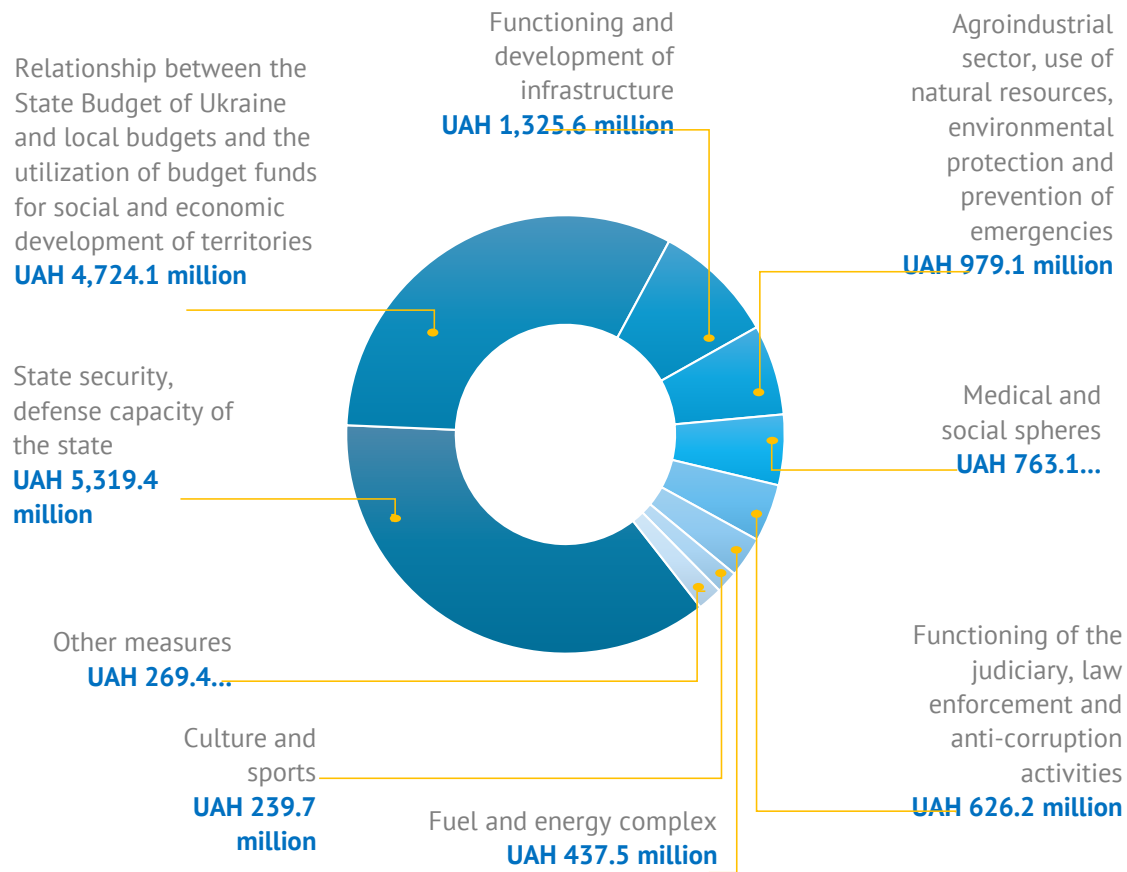
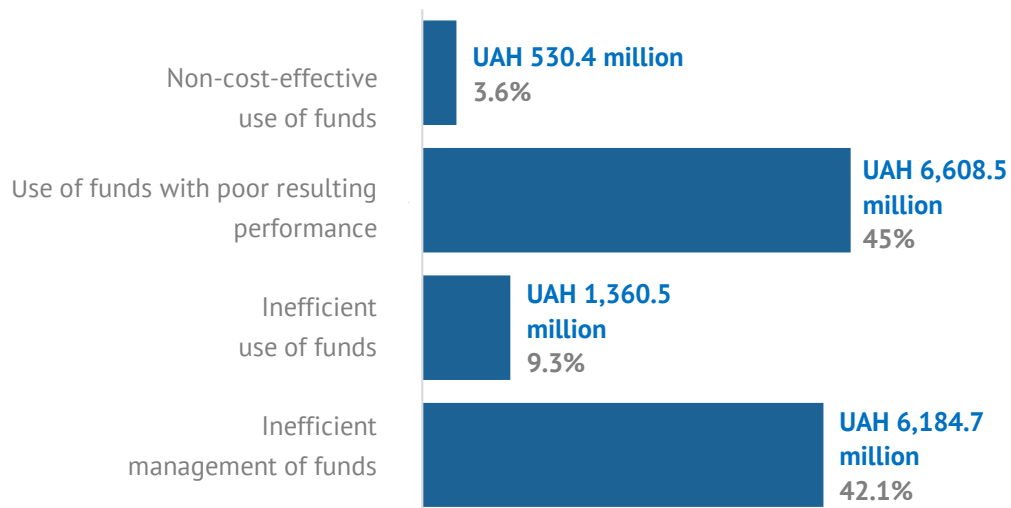


Diagram 6. Structure of inefficient management of budget funds and their utilization, by indicator (total amount of UAH 14 billion 684.1 million)

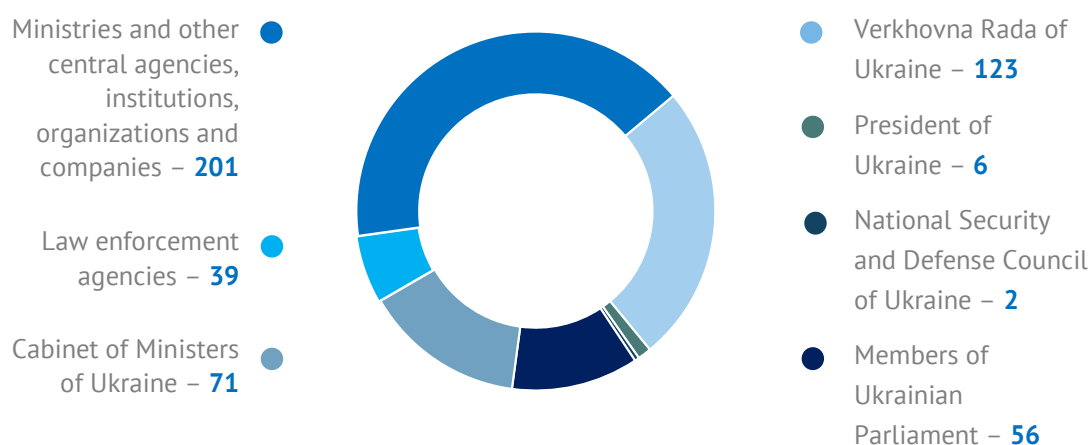


In order to eliminate the detected violations and shortcomings, gaps in legislation and introduce systemic changes in public finance management in the development and implementation of public policies in different areas, the Accounting Chamber prepares and provides reasonable proposals and recommendations in each report on the results of public external financial control (audit).

Based on the results of the measures of public external financial control (audit), the Accounting Chamber **PREPARED** and **SENT** 498 source documents (reports, decisions, information, acts and letters) to the Verkhovna Rada of Ukraine, executive authorities, institutions, organizations and companies for appropriate response, elimination of violations and shortcomings revealed as well as to reimburse the costs and losses caused to the State Budget of Ukraine.

Diagram 7.

Recipients of reports, decisions, information, acts and letters on the results of control activities sent in 2019 for the appropriate response



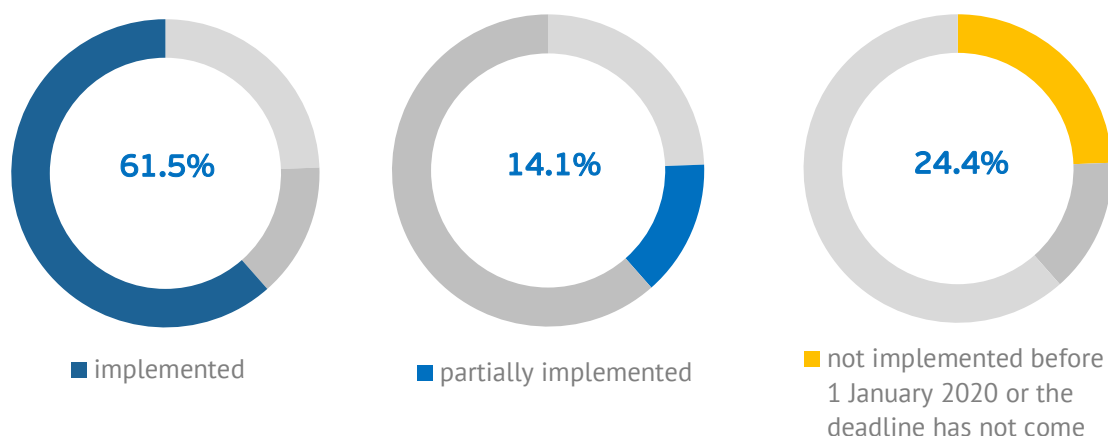
The Accounting Chamber constantly monitors and analyzes the implementation of recommendations and proposals by the objects of control measures approved by the decisions of the institution based on audit findings.

From among the recommendations provided by the Accounting Chamber in 2018 and 2019 based on the results of public external financial control (audit), **75.6%** were fully or partially **implemented** by the end of 2019.

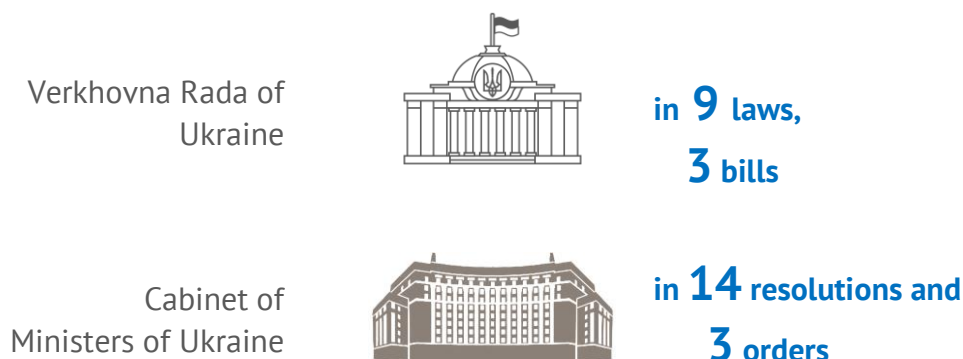
Much of the recommendations provided by the Accounting Chamber are systemic and relate to amendments to legislative and other legal and regulatory acts the implementation of which requires a longer period of time.

Diagram 8.

Implementation of the Accounting Chamber's recommendations provided in 2018-2019



The Accounting Chamber's proposals according to the results of public external financial control (audit) were accommodated by:



In 2019, the Accounting Chamber, based on the results of **28 measures of public external financial control (audit)**, sent **39 notifications to law enforcement agencies regarding the signs of criminal offenses detected**, of which to:

- Prosecutor General's Office of Ukraine – 15;
- State Bureau of Investigation – 7;
- National Anti-Corruption Bureau of Ukraine – 4;
- Security Service of Ukraine – 2;
- National Police – 6; and
- oblast, local prosecutor's offices and the prosecutor's office of Kyiv – 5.

As a result of **23 control measures**, law enforcement agencies launched **73 pre-trial investigations** in criminal proceedings.

ACCOUNTING CHAMBER DEVELOPMENT STRATEGY FOR 2019-2024



The year of 2019 became decisive for the Accounting Chamber: for the first time in the 23-year history of the institution, the **Accounting Chamber Development Strategy for 2019-2024** (hereinafter referred to as the “Strategy”) was approved.

The **main goal** of Strategy development is to introduce an effective model of external audit of public funds and state property in Ukraine to meet public demand, which would be in line with international standards of supreme audit institutions (hereinafter referred to as the “SAI”) and ensure Ukraine’s commitments to international partners.

STRATEGIC GOALS AND PRIORITIES



GOAL 1 Strengthening the role of the Accounting Chamber as the supreme audit institution in Ukraine

- Expanding the Accounting Chamber’s powers for the audit as well as expert and analytical activities to cover the whole sector of management of public funds and state property
- Maximum approximation of audit methodology and practice to international standards
- Improving the quality of audit reports, substantiation of opinions, decisions and recommendations of the Accounting Chamber
- Improving the level of implementing the Accounting Chamber’s recommendations, improving the process of monitoring of their implementation and strengthening the responsibility for non-implementation or their improper implementation
- Strengthening the Accounting Chamber’s role in the decision-making process in the field of public administration



GOAL 2 Strengthening the organizational capacity and professional potential of the Accounting Chamber

- A flexible system of internal management in the Accounting Chamber is built on monitoring of all processes and change management
- Building a comprehensive system of internal control and audit of the Accounting Chamber and its staff, given the collegiality of decision-making
- Improving the system of selection, placement and professional development of personnel

- Ensuring proper financial, material, informational and technical support of the Accounting Chamber
- Ensuring zero tolerance for any manifestations of corruption



GOAL 3
Recognition and public
confidence in the activities
of the Accounting Chamber

- Raising awareness of the role and functions of the Accounting Chamber
- Creating a positive image and significance of the Accounting Chamber
- Strengthening confidence in the results of the Accounting Chamber
- Strengthening cooperation with stakeholders



GOAL 4
Effective representation of
the Accounting Chamber in
the international audit
community

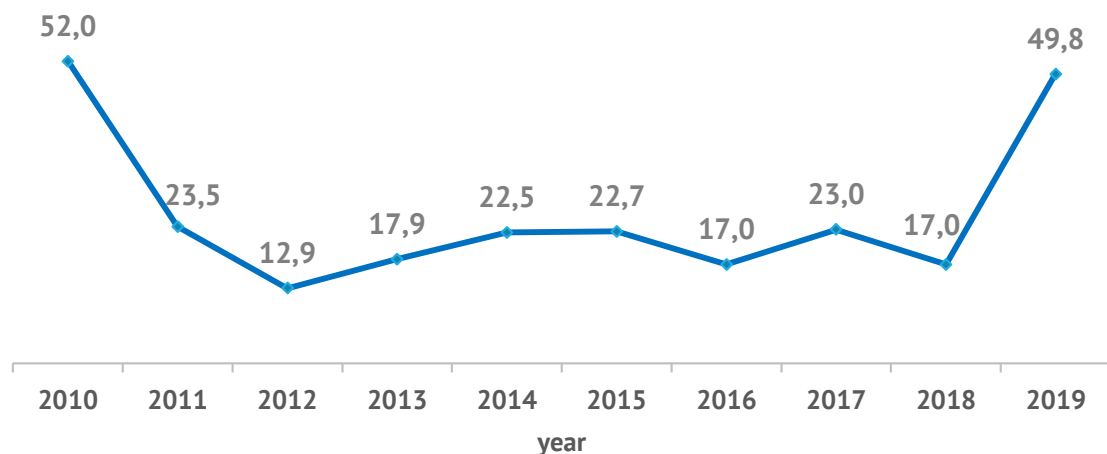
- Deepening the integration of higher audit institutions into the world community, ensuring effective exchange of professional information and practices
- Strengthening the role of the Accounting Chamber and intensifying the work of the Accounting Chamber's representatives in INTOSAI and EUROSAI in all areas of auditing
- Supporting the image and reputation of the Accounting Chamber as a professional auditor of projects implemented by international organizations
- Introduction of sustainable practice of holding joint events with SAI of other countries

MEASURES OF PUBLIC EXTERNAL FINANCIAL CONTROL (AUDIT): RESULTS AND RESPONSE

KEY RESULTS OF MEASURES OF PUBLIC EXTERNAL FINANCIAL CONTROL (AUDIT)

The amount of violations and shortcomings revealed by the Accounting Chamber on the measures of public external financial control (audit) undertaken in 2019 is almost **UAH 49.8 billion** and is the largest indicator for 2011-2019.

At the same time, the above amount of violations and shortcomings in 2019 increased **2.9 times** compared to the amount of violations and shortcomings detected by the Accounting Chamber in 2018.



Picture 1. Amounts of violations and shortcomings detected, UAH billion

78.5% of the total amount of violations and shortcomings detected by the Accounting Chamber in 2019 (**UAH 39.1 billion**) accounted for 10 of 77 measures of public external financial control (audit) conducted.

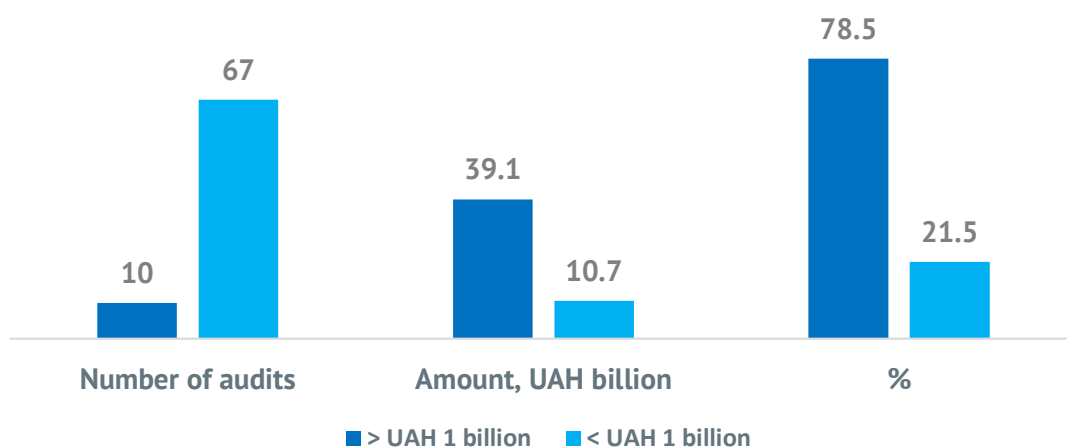


Figure 2. Violations and shortcomings detected by the Accounting Chamber in 2019 are more/less than UAH 1 billion

The measures of public external financial control (audit) carried out in 2019, according to which the amounts of violations and shortcomings were revealed, amount to more than UAH 1 billion:

UAH 7.6 billion	Auditing the effectiveness of the use of state budget funds allocated to the Ministry of Health of Ukraine for the training of healthcare and pharmaceutical personnel by higher education institutions, and the state of using and managing state property, state-owned tangible and other assets with financial implications for the state budget (decision of the Accounting Chamber No. 8-2 dated 9 April 2019)
UAH 5.8 billion	Auditing the effectiveness of the Ministry of Education and Science of Ukraine's management of state-owned objects in the field of higher education that have financial implications for the state budget (decision of the Accounting Chamber No. 33-6 dated 26 November 2019)
UAH 5.3 billion	Auditing the effectiveness of the use of state budget funds allocated for ensuring space activities [For official use only] (decision of the Accounting Chamber No. 23-1 dated 10 September 2019)
UAH 5.3 billion	Auditing the effectiveness of the use of state budget funds allocated in 2017-2018 to the Ministry of Health of Ukraine for public procurement with the involvement of specialized organizations under the Ensuring Health Measures of Certain State Programs and Comprehensive Programmatic Measures budget program (decision of the Accounting Chamber No. 10-2 dated 23 April 2019)
UAH 4.3 billion	Auditing the effectiveness of the use of the subvention from the state budget to local budgets for the implementation of measures aimed at the development of the health care system in rural areas (decision of the Accounting Chamber No. 32-1 dated 12 November 2019)
UAH 3.4 billion	Auditing the effectiveness of planning and forecasting non-tax revenues of the state budget (decision of the Accounting Chamber No. 14-4 dated 25 June 2019)
UAH 2.2 billion	Auditing the effectiveness of the use of the subvention from the state budget to local budgets for financial support of construction, reconstruction, repair and maintenance of public roads of local significance, municipal streets and roads in inhabited localities (decision of the Accounting Chamber No. 13-2 dated 6 June 2019)
UAH 2.0 billion	Auditing the substantiation of planning and effectiveness of control over the completeness of accrual and timeliness of excise tax revenues on tobacco and tobacco products to the State Budget of Ukraine (decision of the Accounting Chamber No. 29-2 dated 22 October 2019)

**UAH
1.9
billion**

Auditing the effectiveness of the use of funds from the State Regional Development Fund (decision of the Accounting Chamber No. 7-1 dated 26 March 2019)

**UAH
1.3
billion**

Auditing the effectiveness of the use of state budget funds aimed at providing state support to the agroindustrial sector (decision of the Accounting Chamber No. 20-6 dated 20 August 2019)

The amount of violations of the budget legislation detected during the control measures in the reporting year is the largest in 10 years and amounts to **UAH 32.1 billion**.

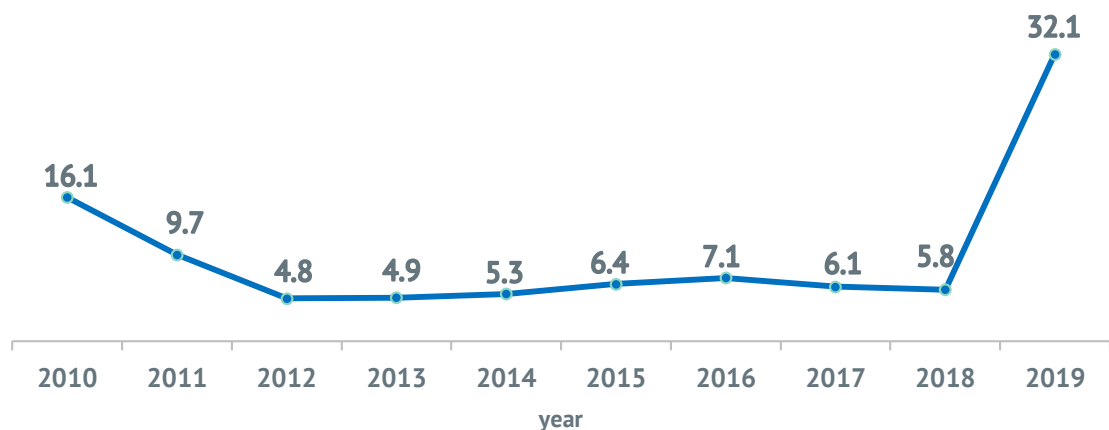


Figure 3. Amounts of detected violations of budget legislation, UAH billion

The amount of funds audited by officials for public external financial control (audit) of the Accounting Chamber in 2019 is **UAH 763.2 billion** and is the largest indicator for the period from 2010 to 2019.



Figure 4. Amount of funds audited by the Accounting Chamber, UAH billion

The amount of funds audited per 1 official for public external financial control (audit) is the largest in 10 years and makes almost **UAH 2.6 billion**.

Compared to 2018, 1 official for public external financial control (audit) audited **2.4 times** more funds in 2019.

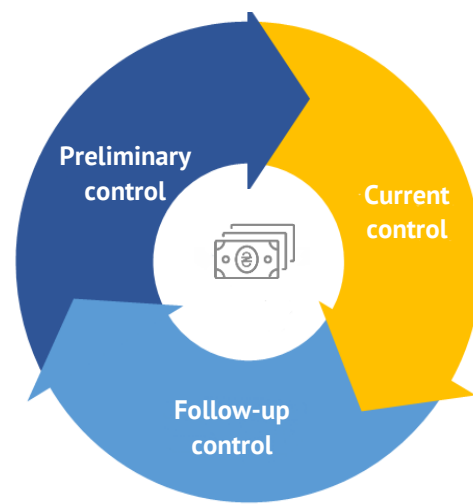
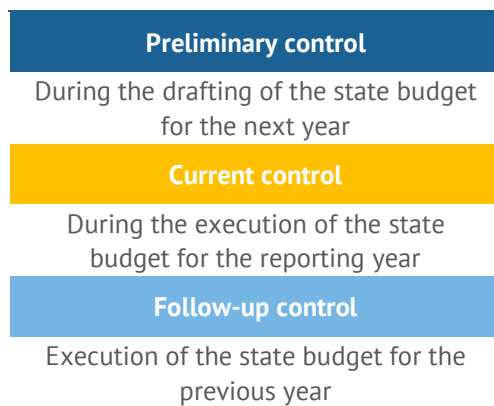


Figure 5. The amount of funds audited per 1 official for public external financial control (audit), UAH billion

ANALYSIS AND EXPERT EXAMINATION OF THE STATE BUDGET OF UKRAINE

In accordance with Article 98 of the Constitution of Ukraine and Article 7 of the Law of Ukraine “On the Accounting Chamber”, the annual report on execution of the Law of Ukraine “On the State Budget of Ukraine for 2018”, execution of the state budget in 2019, expert examination of the draft Law of Ukraine “On the State Budget of Ukraine for 2020” was analyzed in the reporting period and relevant opinions were formulated.

Official in charge – **Valerii Vasylovych Patskan**, Chairman of the Accounting Chamber



Opinion on the results of analyzing the annual report on execution of the Law of Ukraine “On the State Budget of Ukraine for 2018”



Opinion on the results of analyzing the execution of the Law on the State Budget of Ukraine for 2019 in the first quarter



Opinion on the results of analyzing the execution of the Law on the State Budget of Ukraine for 2019 during the first six months



Opinion on the results of analyzing the execution of the Law on the State Budget of Ukraine for 2019 in January-September



Opinion on the results of expert examination of the draft Law of Ukraine "On the State Budget of Ukraine for 2020"



MEASURES IN THE FIELD OF STATE BUDGET REVENUES

In 2019, the Accounting Chamber undertook **6 measures** of public external financial control (audit) on the efficiency of execution of powers by governmental authorities in terms of ensuring the completeness and timeliness of payment of taxes, fees and other revenues to the state budget by taxpayers, ensuring the validity and legitimacy of tax benefits, and also the efficiency of collecting revenues to the state budget from the property of economic entities.

As a result of these measures, violations and shortcomings totaling almost **UAH 6.3 billion** were detected, making **12.8% of the total amount** of violations and shortcomings determined by the Accounting Chamber for the reporting year.

Official in charge – **Tsezar Hryhorovych Ohon**, Member of the Accounting Chamber.

Auditing the effectiveness and validity of the application of tax benefits on value added tax on transactions for the provision of healthcare services



Analyzing the effectiveness of the application of tax benefits by economic entities and their impact on the development of aircraft construction



Auditing the effectiveness of planning and forecasting non-tax revenues of the state budget



Auditing the effectiveness of planning and the efficiency of control over the completeness of accrual and timeliness of receiving the single fee, which is collected at checkpoints (control points) across the state border of Ukraine



Auditing the effectiveness of implementing the powers of public authorities in terms of control over the completeness and timeliness of receiving the environmental tax for waste placement, generation and/or temporary storage of radioactive waste



Auditing the substantiation of planning and effectiveness of control over the completeness of accrual and timeliness of excise tax revenues on tobacco and tobacco products to the State Budget of Ukraine



MEASURES IN THE FIELD OF STATE SECURITY, DEFENSE CAPACITY OF THE STATE

In this area, the Accounting Chamber undertook **5 measures** of public external financial control (audit) in the reporting year, two of which were marked “Classified”, one was marked “Top Secret” and one – marked “For Official Use Only”.

As a result of these measures, violations and shortcomings totaling **UAH 5.4 billion** were detected, making **11.1% of the total amount** of violations and shortcomings revealed by the Accounting Chamber for the reporting year.

Official in charge – **Ihor Mykolaiovych Yaremchuk**, Member of the Accounting Chamber.

Auditing the effectiveness of management of state-owned objects and state property assigned to state enterprises of the Ministry of Defense of Ukraine, and their use of funds received as the execution of the Ministry of Defense of Ukraine’s orders



Auditing the effectiveness of the use of budget funds allocated to the Ministry of Defense of Ukraine to ensure the survivability and explosion and fire safety of arsenals, bases and depots of weapons, missiles and ammunition of the Armed Forces of Ukraine

“Classified”

Auditing the effectiveness of the use of state budget funds allocated to ensure space activities

“For Official Use Only”

Auditing the effectiveness of the use of state budget funds for research, development and modernization of existing special communications systems, information protection, cyber protection and combating technical intelligence within the framework of the State Targeted Program for Special Communications Development, Information Protection and Combating Technical Intelligence for 2016-2021 "Top Secret"

Auditing the efficiency of the use of budget funds allocated to the Ministry of Defense of Ukraine for the establishment of ammunition production "Classified"

MEASURES IN THE FIELD OF FUEL AND ENERGY SECTOR

In 2019, the Accounting Chamber conducted **4 measures** of public external financial control (audit) on matters of the fuel and energy sector, including three audits, which revealed violations and shortcomings for a total of **UAH 565.4 million**, and one analysis which results detected violations and shortcomings totaling **UAH 17 billion 698.6 million**.

Auditing the effectiveness of the implementation by the National Commission for State Regulation of Energy and Public Utilities of the powers of state regulation of the production, transmission, distribution and supply of electrical energy. Official in charge – **Ihor Mykolaiovych Yaremchuk**, Member of the Accounting Chamber



Auditing the efficiency of the use of state budget funds for the implementation of the State Targeted Economic Program for Energy Efficiency and Development of Energy Production from Renewable Energy Sources and Alternative Fuels for 2010-2020. Official in charge – **Tsezar Hryhorovych Ohon**, Member of the Accounting Chamber



Analyzing the effectiveness of managing the corporate rights of the state in the oil and gas sector. Official in charge – **Ihor Mykolaiovych Yaremchuk**, Member of the Accounting Chamber



Auditing the efficiency of the use of state budget funds provided for the Ministry of Energy and Coal Industry of Ukraine for state support of coal mining enterprises for partial coverage of expenses from the cost price of finished commodity coal products. Official in charge – **Ihor Mykolaiovych Yaremchuk**, Member of the Accounting Chamber



MEASURES IN THE FIELD OF FUNCTIONING OF THE JUDICIARY, LAW ENFORCEMENT AND**ANTI-CORRUPTION ACTIVITIES**

8 control measures were undertaken on the activities of law enforcement agencies, the functioning of the judiciary, as a result of which violations and shortcomings totaling **UAH 653 million** were revealed.

Official in charge – **Oleksandr Stepanovych Yaremenko**, Member of the Accounting Chamber.

Auditing the efficiency of utilization of budget funds for the formation of the judiciary and control over its activities by the High Council of Justice



Auditing the effectiveness of the use of budget funds, allocation of funds for health care and rehabilitation of personnel and maintenance of preschool education institutions of the Security Service of Ukraine

“For Official Use
Only”

Auditing the efficiency of the use of budget funds allocated to the Ministry of Interior of Ukraine for staff training by higher education institutions with specific training conditions



Auditing the effectiveness of the use of budget funds to ensure the activities of the High Qualification Commission of Judges of Ukraine



Auditing the effectiveness of the use of budget funds to ensure the activities of the National School of Judges



Auditing the effectiveness of the use of budget funds allocated to the State Migration Service of Ukraine to ensure the implementation of tasks in the fields of migration, citizenship, registration of individuals, refugees and other categories of migrants determined by law



Auditing the effectiveness of the use of budget funds to ensure the activities of the Supreme Court



Auditing the efficiency of the use of budget funds allocated to ensure the activities of the National Anti-Corruption Bureau of Ukraine “Classified”

MEASURES IN THE FIELD OF IMPLEMENTATION OF POWERS BY PUBLIC AUTHORITIES

3 measures of public external financial control (audit) were devoted to the issues of execution of powers by public authorities, as a result of which violations and shortcomings were detected for a total of **UAH 228 million**.

Auditing the effectiveness of the use of state budget funds allocated to the National Agency of Ukraine on Civil Service for governance and functional management in the field of civil service. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



Auditing the effectiveness of the use of state budget funds allocated for the exercise of powers of the State Architectural and Construction Inspection of Ukraine. Official in charge – **Tsezar Hryhorovych Ohon**, Member of the Accounting Chamber



Auditing the efficiency of the use of state budget funds allocated to the State Regulatory Service of Ukraine for management and administration in the field of regulatory policy and licensing. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



MEASURES IN THE FIELD OF MANAGEMENT OF STATE PROPERTY AND MATERIAL RESERVE

Issues in the field of public procurement and management of state-owned objects are under the constant control of the Accounting Chamber. During the year, **5 measures** of public external financial control (audit) were devoted to these issues.

As a result of the measures conducted, violations and shortcomings totaling almost **UAH 6.5 billion** were detected, making **13.3% of the total amount** of violations and shortcomings determined by the Accounting Chamber.

Auditing the effectiveness of management of tangible values of the state material reserve. Official in charge – **Iryna Mykolaivna Ivanova**, Member of the Accounting Chamber



Auditing the efficiency of the use and management of the property of Professional Procurement State Institution, which have financial implications for the state budget. Official in charge – **Iryna Mykolaivna Ivanova**, Member of the Accounting Chamber



Auditing the efficiency of managing the property of Lviv State Jewellery Plant State Enterprise, which has financial implications for the state budget. Official in charge – **Iryna Mykolaivna Ivanova**, Member of the Accounting Chamber



Auditing the effectiveness of the Ministry of Education and Science of Ukraine's management of state-owned objects in the field of higher education that have financial implications for the state budget. Official in charge – **Vasyl Ivanovych Nevidomyi**, Member of the Accounting Chamber



Auditing the efficiency of the use and management of the property of PROZORRO.SALE State Enterprise, which have financial implications for the state budget. Official in charge – **Iryna Mykolaivna Ivanova**, Member of the Accounting Chamber



MEASURES IN THE FIELD OF AGROINDUSTRIAL SECTOR, USE OF NATURAL RESOURCES, ENVIRONMENTAL PROTECTION AND PREVENTION OF EMERGENCIES

In 2019, the Accounting Chamber conducted **7 measures** of public external financial control (audit) devoted to the issues of agroindustrial sector, use of natural resources, environmental protection and prevention of emergencies.

As a result of the above measures, violations and shortcomings totaling almost **UAH 3.2 billion** were detected, making **6.5% of the total amount** of violations and shortcomings determined for the reporting year.

Official in charge – **Viktor Pavlovych Bohun**, Member of the Accounting Chamber.

Auditing the efficiency of the use of state budget funds allocated to the State Emergency Service of Ukraine for the purchase of fire fight and other special equipment of domestic production



Auditing the effectiveness of the use of state budget funds intended for the development of the mineral resource base



Auditing the effectiveness of the management of budget funds allocated to the State Emergency Service of Ukraine for staff training in the field of civil protection



Auditing the effectiveness of the use of state budget funds intended for the support for agroindustrial sector



Auditing the efficiency of the use of state budget funds aimed at the performance of works in the field of non-nuclear cycle radioactive waste management, construction of the Vector complex and operation of its facilities



Auditing the effectiveness of the use of public funds aimed at achieving the objectives of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal



Auditing the effectiveness of the use of budget funds aimed at forestry and hunting, protection and conservation of forests in the forest fund of Ukraine



MEASURES IN THE FIELD OF FUNCTIONING AND DEVELOPMENT OF INFRASTRUCTURE

During the implementation of **3 measures** of public external financial control (audit), the matters of infrastructure functioning and development were covered. Violations and shortcomings totaling almost **UAH 1.4 billion** were detected in this area.

Official in charge – **Iryna Mykolayivna Ivanova**, Member of the Accounting Chamber.

Auditing the efficiency of the use of budget funds for the construction, reconstruction, overhaul and current repair of public roads of state significance in Dnipropetrovsk, Khmelnytskyi and Zakarpattia oblasts



Auditing the efficiency of the use of state budget funds and management of the property of state enterprises in the field of aviation transport and the use of airspace of Ukraine



Auditing the effectiveness of the use of state budget funds and management of the property of Directorate for Construction of Odesa International Airport State Enterprise, which have financial implications for the state budget



MEASURES IN THE MEDICAL AND SOCIAL SPHERES

In 2019, **6 measures** of public external financial control (audit) were dedicated to the matters of healthcare and social sectors.

As a result of these measures, violations and shortcomings totaling almost **UAH 14.5 billion** were detected, making **29.7% of the total amount** of violations and shortcomings determined for the reporting year.

Official in charge – **Vasyl Ivanovych Nevidomyi**, Member of the Accounting Chamber.

Auditing the effectiveness of implementing the Serving People, Improving Health Project supported by the International Bank for Reconstruction and Development.



Auditing the effectiveness of the use of state budget funds allocated to the Ministry of Health of Ukraine for the training of healthcare and pharmaceutical personnel at higher education institutions, and the state of using and managing state property, state-owned tangible and other assets with financial implications for the state budget



Auditing the effectiveness of the use of state budget funds allocated in 2017-2018 to the Ministry of Health of Ukraine for public procurement with the involvement of specialized organizations under the Ensuring Health Measures of Certain State Programs and Comprehensive Programmatic Measures budget program



Auditing the effectiveness of the use of state budget funds allocated for the resettlement and arrangement of deported Crimean Tatars and persons of other nationalities who were deported from the territory of Ukraine



Auditing the efficiency of the use of state budget funds allocated to the Ministry for Temporarily Occupied Territories and Internally Displaced Persons of Ukraine for measures reintegration of temporarily occupied territories and their population into the single constitutional space of Ukraine



Auditing the efficiency of implementing a pilot project to change the financial provision mechanism for healthcare delivery at individual research institutions of the National Academy of Medical Sciences of Ukraine



MEASURES IN THE FIELD OF CULTURE AND SPORTS

Issues of culture and sports were considered during **5 control measures**, as a result of which violations and shortcomings for a total of **UAH 987 million** were detected.

Auditing the effectiveness of the use of funds from the State Budget of Ukraine allocated to the Ministry of Youth and Sports of Ukraine for the development of sports among persons with disabilities and their training and sports rehabilitation. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



Auditing the effectiveness of the use of state budget funds for the construction of football fields with artificial turf in the regions of Ukraine. Official in charge – **Tsezar Hryhorovych Ohon**, Member of the Accounting Chamber



Auditing the efficiency of the use of state budget funds allocated to the Ministry of Culture of Ukraine for the preservation of historical, cultural and architectural heritage in national and state reserves, taking measures for the protection of cultural heritage, certification, inventory taking and restoration of architectural, cultural monuments and UNESCO World Heritage Sites. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



Auditing the effectiveness of the use of state budget funds allocated to the Ministry of Culture of Ukraine for training staff for the field of culture and art by higher education institutions of III and IV levels of accreditation. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



Auditing the effectiveness of the use of state budget funds allocated to the Ministry of Youth and Sports of Ukraine for the financial support of training and sports community organizations. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



MEASURES IN THE FIELD OF PUBLIC ADMINISTRATION

In this area, the Accounting Chamber performed **3 measures** of public external financial control (audit) in the reporting year and identified violations and shortcomings for a total of **UAH 94.2 million**.

Official in charge – **Andrii Vasylovych Maisner**, Deputy Chairman of the Accounting Chamber.

Analyzing the utilization of state budget funds for remuneration of public administration officers



Auditing the effectiveness of the use of state budget funds for measures of reforming the public finance management system



Analyzing the sources of revenue generation and efficiency of utilizing the facilities of the special fund of the state budget by public administration authorities in terms of own revenues



MEASURES IN THE FIELD OF RELATIONSHIP BETWEEN THE STATE BUDGET OF UKRAINE AND LOCAL BUDGETS AND THE UTILIZATION OF BUDGET FUNDS FOR SOCIAL AND ECONOMIC DEVELOPMENT OF TERRITORIES

The Accounting Chamber annually focuses on the relationship between the State Budget of Ukraine and local budgets and the utilization of budget funds for social and economic development of territories. **6 measures** of public external financial control (audit) were undertaken in this area in the reporting year.

Following the results of these measures, violations and shortcomings totaling almost **UAH 8.8 billion** were detected, making **18.1% of the total amount** of violations and shortcomings determined for the reporting year.

Official in charge – **Andrii Vasylovych Maisner**, Deputy Chairman of the Accounting Chamber.

Auditing the effectiveness of the use of facilities from the state regional development fund



Auditing the effectiveness of the use of subvention funds from the state budget to local budgets to compensate for the cost of medicinal products for the treatment of certain diseases



Auditing the efficiency of the use of subvention from the state budget to local budgets for financial provision of construction, reconstruction, repair and maintenance of public motor roads of local significance, streets and roads of municipal ownership in localities



Auditing the efficiency of the use of subvention funds from the state budget to local budgets for the formation of infrastructure of amalgamated territorial communities



Auditing the effectiveness of the use of subvention from the state budget to local budgets for the implementation of measures aimed at the development of the healthcare system in rural areas



Auditing the effectiveness of the use of subvention from the state budget to local budgets to ensure a quality, modern and accessible secondary education, i.e. the New Ukrainian School



FINANCIAL AUDITS

The Accounting Chamber conducted the following **6 financial audits** in 2019:

[Financial audit of the State Fisheries Agency of Ukraine.](#) Official in charge – **Viktor Pavlovych Bohun**, Member of the Accounting Chamber



[Financial audit of the National Council of Television and Radio Broadcasting of Ukraine for 2018.](#) Official in charge – **Ihor Mykolaiovych Yaremchuk**, Member of the Accounting Chamber



[Financial audit of the State Service of Ukraine on Labour for 2018.](#) Official in charge – **Vasyl Ivanovych Nevidomyi**, Member of the Accounting Chamber



[Financial audit of the Ministry of Education and Science of Ukraine for 2018.](#) Official in charge – **Vasyl Ivanovych Nevidomyi**, Member of the Accounting Chamber



[Financial audit of the Social Safety Nets Modernization Project supported by a loan from the International Bank for Reconstruction and Development.](#) Official in charge – **Vasyl Ivanovych Nevidomyi**, Member of the Accounting Chamber



[Financial audit of the State Financial Monitoring Service of Ukraine for 2018.](#) Official in charge – **Tsezar Hryhorovych Ohon**, Member of the Accounting Chamber



ANALYZING THE REPORTS OF THE STATE PROPERTY FUND OF UKRAINE, ANTIMONOPOLY COMMITTEE OF UKRAINE AND MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE (IN TERMS OF ANALYZING THE FUNCTIONING OF THE PUBLIC PROCUREMENT SYSTEM), VERIFICATION OF THE EXPENDITURE ESTIMATE OF THE NATIONAL BANK OF UKRAINE

In accordance with the Law of Ukraine “On the Accounting Chamber”, the following was done in the reporting year:

Analyzing the annual report of the State Property Fund of Ukraine for 2018 to the extent affecting state budget execution. Official in charge – **Iryna Mykolaivna Ivanova**, Member of the Accounting Chamber



Analyzing the Report of the Antimonopoly Committee of Ukraine for 2018 to the extent affecting state budget execution. Official in charge – **Andrii Mykolaiovych Didyk**, Member of the Accounting Chamber



Analyzing the annual report of the Ministry of Economic Development and Trade of Ukraine, which contains an analysis of the functioning of the public procurement system and summarized information on the results of control in the field of procurement. Official in charge – **Iryna Mykolaivna Ivanova**, Member of the Accounting Chamber



Checking the status of execution of the administrative expenditure estimate of the National Bank of Ukraine and the obligations to transfer funds to the State Budget of Ukraine for 2018. Official in charge – **Tsezar Hryhorovych Ohon**, Member of the Accounting Chamber

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INTERNATIONAL COOPERATION

In the reporting period, international cooperation was carried out within the priorities set by the Accounting Chamber in the following areas:

- participation in the activities of the International and European organizations of supreme audit institutions INTOSAI and EUROSAI;
- ensuring the activities of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes;
- development of bilateral cooperation with the supreme audit institutions (hereinafter referred to as the “SAI”) of foreign states;
- cooperation with international organizations and participation in international technical assistance projects and programs.



Meeting of the Accounting Chamber's personnel with Harib Saeed Al Amimi, President of INTOSAI, President of the State Audit Institution of the United Arab Emirates

During the reporting year, the Accounting Chamber **took an active part in the activities of the International and European organizations of supreme institutions INTOSAI and EUROSAI**. Delegations of the Accounting Chamber participated in the following events of these organizations:

- ④ **meeting of supreme audit institutions and anti-corruption bodies in cooperation with the United Nations Office on Drugs and Crime (UNODC)** (14-15 December 2019, Abu Dhabi, United Arab Emirates) and the **8th session of the Conference of the States Parties to the United Nations Convention against Corruption** (16-20 December 2019, Abu Dhabi, United Arab Emirates);
- ④ **19th Plenary Meeting of the INTOSAI Working Group on Environmental Auditing (INTOSAI WGEA)** (Bangkok, Kingdom of Thailand, 6-9 August 2019);

- ✓ **Supreme Audit Institutions (SAI) Leadership and Stakeholder meeting on “Supreme audit Institutions making a difference: Auditing the implementation of the Sustainable Development Goals”** (New York, USA, 22-23 July 2019),
- ✓ **50th meeting of the EUROSAI Governing Board** (Jūrmala, Republic of Latvia, 11-13 June 2019),
- ✓ **13th meeting of the EUROSAI IT Working Group** (Floriana, Republic of Malta, 3-5 April 2019);
- ✓ **3rd annual meeting of the EUROSAI Task Force on Municipality Audit (EUROSAI TFMA) and seminar on “Functions performed by municipalities”** (Lisbon, Portuguese Republic, 10-11 October 2019);
- ✓ **3rd EUROSAI - ASOSAI Joint Conference “Emerging issues and emergency situations”** (Jerusalem, State of Israel, 11-14 March 2019);
- ✓ **Joint Biodiversity Conference of the EUROSAI Working Group on Environmental Auditing (EUROSAI WGEA) and the European Court of Auditors, and the 17th Annual Meeting of EUROSAI WGEA** (Luxembourg, Grand Duchy of Luxembourg, 22-24 October 2019);
- ✓ **international conference on “The Role and Challenges of Supreme Audit Institutions in the Modern World”** (Warsaw, Republic of Poland, 6-8 February 2019);
- ✓ **seminar on “Implementation of ISSAI on financial audit”** (Istanbul, Turkey, 18-22 November 2019).

In 2019, cooperation with the **U.S. Government Accountability Office and the INTOSAI Development Initiative (IDI)** was intensified.

As part of the activities of the **EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes**, which is led by the Accounting Chamber, consisting of 17 permanent members and 2 observers:

- ✓ **5th annual meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes** and a seminar on the topic “Transboundary movement of hazardous wastes: **problem, consequences and challenges**” (Tirana, Republic of Albania, 24-25 April 2019);
- ✓ **seminar on “Promoting the Achievement of Sustainable Development Goals in Disasters and Catastrophes”** (Belgrade, Republic of Serbia, 30 October 2019);
- ✓ **international coordinated/parallel audits** continued.



Valerii Patskan, Chairman of the Accounting Chamber of Ukraine, and Miloslav Kala, President of the Supreme Audit Office of the Czech Republic, Vice President of EUROSAl (Kyiv, Ukraine)

In order to establish and develop **bilateral and multilateral cooperation**, the **Chairman of the Accounting Chamber had meetings with the heads of SAI of foreign states:**

- Harib Saeed Al Amimi, President of INTOSAI, President of the State Audit Institution of the United Arab Emirates;
- Seyit BAŞ, President of EUROSAl, President of the Turkish Court of Accounts;
- Miloslav Kala, President of the Supreme Audit Office of the Czech Republic, Vice President of EUROSAl;
- Klaus-Heiner Lehne, President of the European Court of Auditors;
- Per-Kristian Foss, Auditor General of the Kingdom of Norway;
- Joseph Shapira, State Comptroller and Ombudsman of Israel;
- Krzysztof Kwiatkowski, President of the Supreme Chamber of Control of the Republic of Poland;
- Vugar Gulmamedov, Chairman of the Chamber of Accounts of the Republic of Azerbaijan;
- Aleksandr Kurlypo, Deputy Chairman of the State Control Committee of the Republic of Belarus;
- Irakli Mekvabishvili, Auditor General of the State Audit Office of Georgia.



Meeting between the heads of SAI of Georgia, Azerbaijan, Belarus, Armenia and Ukraine on a parallel international audit on tuberculosis prevention and treatment

(Kyiv, Ukraine)

Bilateral and multilateral meetings resulted in the signing of **Memoranda of Understanding between the Accounting Chamber of Ukraine and**

- **State Audit Institution of the United Arab Emirates;**
- **Supreme Audit Office of the Czech Republic;**
- **Office of the State Comptroller of Israel;**
- **Chamber of Accounts of the Republic of Azerbaijan;**
- **State Control Committee of the Republic of Belarus;**
- **State Audit Office of Georgia.**

Active **cooperation with the Supreme Chamber of Control of the Republic of Poland** and the **State Control of the Republic of Latvia** continued.

Officers of the Accounting Chamber took part in the Ukrainian-Polish seminar on “Improving the quality of performance audit”, which took place in June 2019 at the training center of the Supreme Chamber of Control of the Republic of Poland in Goslawice.

Latvian colleagues conducted seminars on “Practical implementation of ISSAI 30 and ISSAI 40 international standards” (23-24 September 2019) and “Planning and obtaining evidence in performance audits” (28-30 October 2019).

The work launched in previous years within the framework of the **implementation of Cross-Border Cooperation programs of the European Neighborhood and Partnership Instrument (CBC ENI)** as well as under the **Danube Transnational Program 2014-2020** continued.

Cooperation with international technical assistance institutes and projects significantly expanded, namely with the **GIZ Support to the reform of public finances in Ukraine” Good Financial Governance in Public Finance technical assistance project** on institutional development, reforming the institution in accordance with new legislation, developing strategies, training staff, promoting openness, integration into the international auditing system and strengthening the role in the international arena.

The Accounting Chamber started cooperation with the **Support to Anti-Corruption Champion Institutions Project of the U.S. Agency for International Development (USAID)**.

Working meetings were held with Rebecca Anne Batts, Expert of the Office of the Inspector General of the United States of America, to present the experience of the Office of the Inspector General of the United States of America in public finance auditing and with **representatives of the EU Delegation to Ukraine** to discuss EU support for external audit reform in Ukraine.

To continue the development of international cooperation, implement the priorities of the Accounting Chamber and expand potential areas of cooperation, a **coordination meeting was held with the donor community** (16 September 2019) for the Accounting Chamber to present the Accounting Chamber Development Strategy for 2019-2024.

In the reporting period, the Accounting Chamber **cooperated with international civil society organizations and international financial institutions**, including the World Bank (International Bank for Reconstruction and Development).

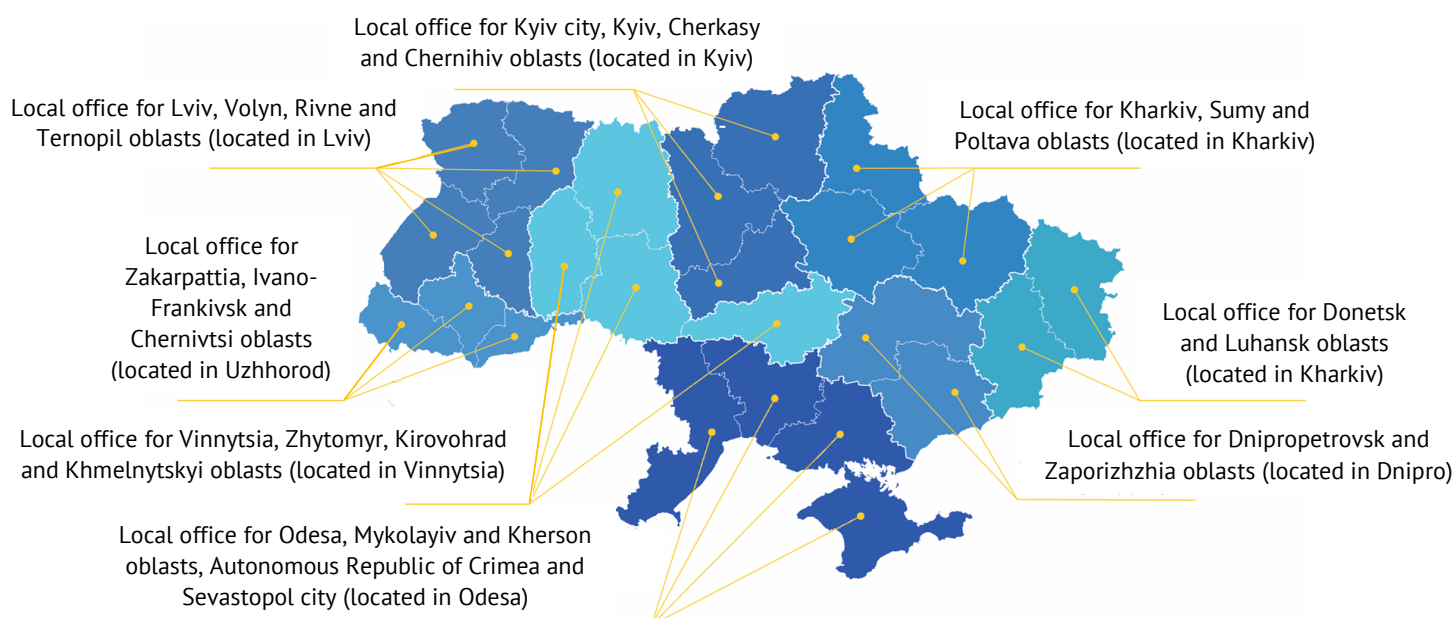
ACTIVITIES OF THE STAFF OF THE ACCOUNTING CHAMBER

In accordance with the Law of Ukraine “On the Accounting Chamber”, the staff of the Accounting Chamber consisting of departments, local offices and other units operate to ensure the implementation of the powers vested in the Accounting Chamber.

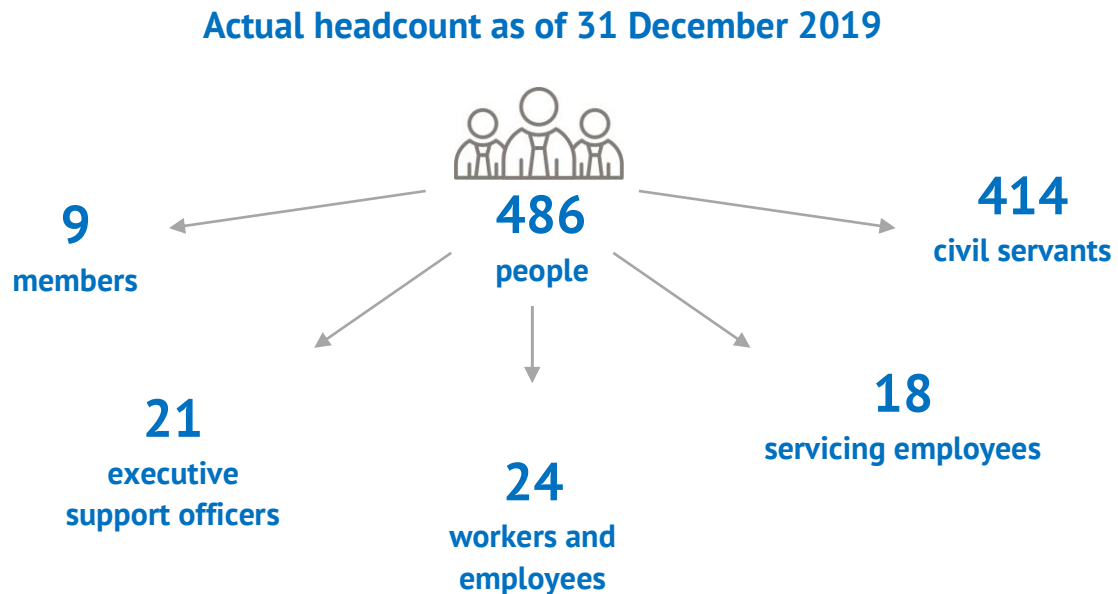
Vadym Khodakovskiy, Secretary of the Accounting Chamber, Head of Staff, manages the staff of the Accounting Chamber on organizational, informational, reference and logistical support.

Execution of the tasks set out for the Accounting Chamber in terms of implementation of measures of public external financial control (audit) in 2019 was supported by:

- State Budget Examination and Analysis Department;
- Budget Revenues and Financial Institutions Control Department;
- Defense, Fuel and Energy Sector Control Department;
- Judicial and Law Enforcement Bodies Control Department;
- Agricultural Industry, Natural Resources Use and Environmental Protection Control Department;
- Public Administration and Inter-budgetary Relations Control Department;
- Human Development and Social Sector Control Department;
- Justice Sector and Corruption Prevention Control Department;
- Economy, Infrastructure and Management of State-Owned Objects Control Department
- Strategic Development and Methodology Department;
- Legal Department



and local offices of the Accounting Chamber.



The Accounting Chamber assists all public authorities and local self-government bodies in implementing good financial governance in Ukraine. The Accounting Chamber is open to dialogue and counts on the legislative, organizational and legal support of the Verkhovna Rada of Ukraine as well as on strengthening effective cooperation with all public authorities and the public for the sake of the well-being of all Ukrainians.



Accounting Chamber

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