

REPUBLIC OF ARMENIA

MINISTRY OF FINANCE



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# FINANCIAL INSPECTION

(concept)

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# CURRENT SITUATION

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1. “Armenia-European Union”  
European Neighbourhood Policy
  2. “Public Internal Financial Control” strategy
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# CURRENT SITUATION

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The institutions in Armenia which can check the activities of public organizations or supervise/control/audit use of resources in RA public sector are:

1. Control service of the RA President,
  2. Control service of the RA Prime Minister,
  3. Financial Control Inspectorate of the RA Ministry of Finance,
  4. RA Control Chamber,
  5. RA Prosecutor's Office from the aspect of protection of state interests.
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# SUPERVISION SERVICES OF THE RA

## PRESIDENT - PRIME MINISTER - MOF

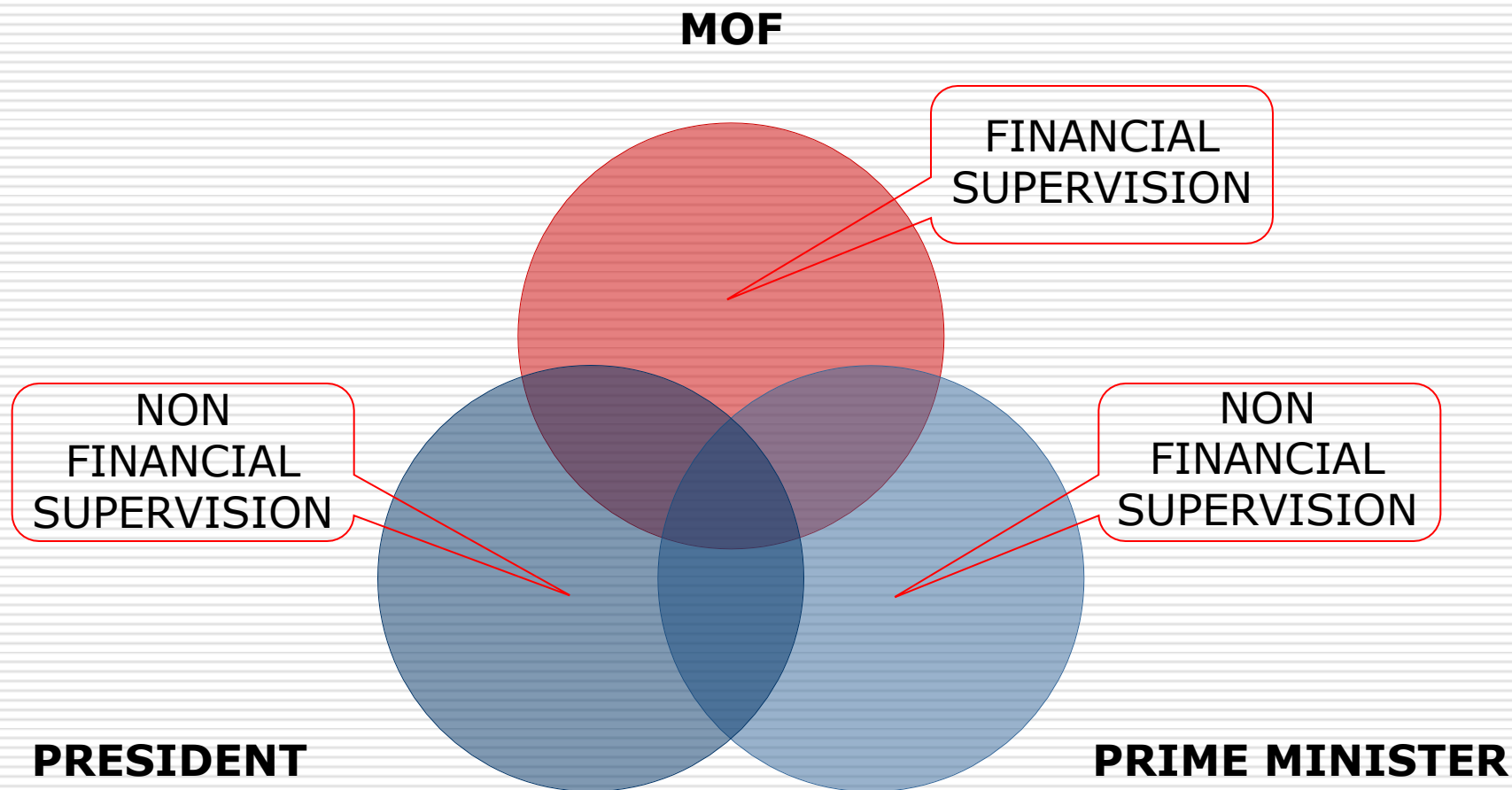
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- No law regulating relations related to control over public organizations,
  - Lack of coordination between activities of supervising institutions,
  - Duplications and simultaneous inspections,
  - Using different methods of supervision and getting different results of inspection of the same transaction.
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# SUPERVISION SERVICES OF THE RA

**PRESIDENT - PRIME MINISTER - MOF**

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# SUPERVISION SERVICES OF THE RA

## PROSECUTOR – NATIONAL SECURITY - POLICE

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- Prosecutor's office can carry out inspection in public organizations by its own,
  - National Security and Police initiate inspections engaging the MOF as expert.
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# SUPERVISION SERVICES OF THE RA

## CONTROL CHAMBER

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- Control Chamber's activities don't fully comply with INTOSAI standards,
  - Control Chamber conducts opposite inspections – inspections in private organizations,
  - Control Chamber activities include a lot of elements of financial inspection.
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# DEVELOPED MODEL

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- Supervision services of the RA President and Prime Minister and Financial Supervision Inspection of the RA Ministry of Finance will be united in a single structure which will be the “Financial Inspectorate”,
  - Jurisdiction of the RA Prosecutor’s Office to perform independent inspections on financial management and control in public organizations will be restricted through involving the Financial Inspectorate for inspections within the framework of a specific case,
  - Financial Inspectorate must be the only state body verifying the financial management and control activities of public organizations, taking into account that financial inspection elements existing in RA CC functions, as well as its jurisdictions of opposite inspections should be revised.
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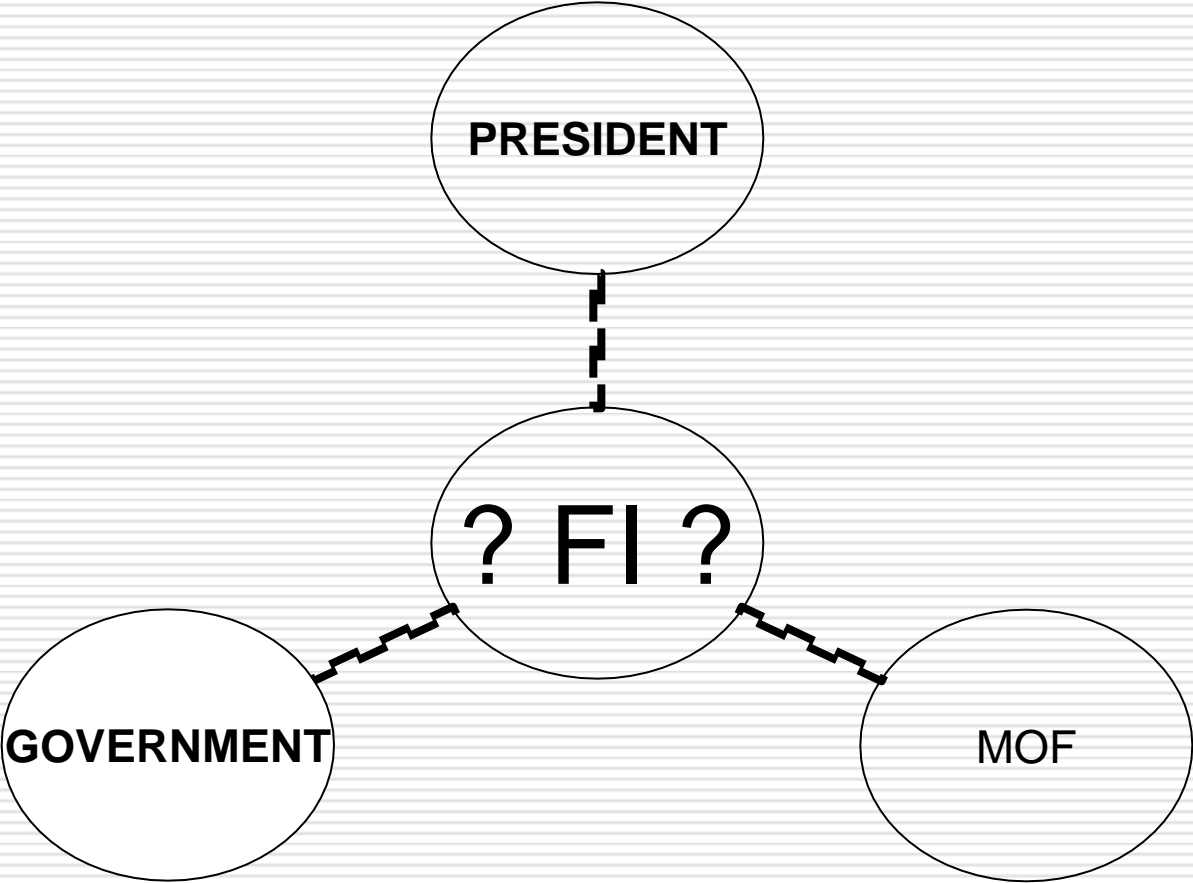
# DEVELOPED MODEL

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- ❑ Financial Inspection should not act based on annual or any other type of program,
  - ❑ Complaints will be reviewed by a unit functioning separately from the Financial Inspection,
  - ❑ Financial Inspection should not perform any investigations for prophylactic purposes or any other generalized reasons .
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# DEVELOPED MODEL

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# MAIN ARGUMENTS

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The choice of proposed model is justified by the following main arguments:

- Replacement of the three institutions currently operating and directly performing inspection functions with a single one – the Financial Inspection,
  - The definition of inspection function and legal regulation of procedures related to its implementation will at least lead to optimization of the existing system in the short term,
  - Recommended model corresponds to the above requirements towards financial inspection systems established by EU and it is based on “Armenia-European Union” ENP Action Plan.
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THANK YOU

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