



IMPROVING OF THE STATE CONTROL IN THE REPUBLIC OF BELARUS

The control (supervisory) system is improving on the ongoing basis in Belarus. The goal is to create the most favored nation treatment for bona fide business entities while ensuring the financial, economic, social, and environmental safety of society.

Over the past quarter century, global positive changes have taken place in the socio-economic development of the Republic of Belarus, including through the improvement of the business climate and the support of the entrepreneurial initiative. The procedures for creating enterprises and obtaining loans, taxation procedures, rules for export and import operations have been simplified. At the state level, a great deal of attention is paid to the formation of the most favored nation treatment for business and the stimulation of business activity.

A significant place in the system of implemented measures is taken by the state control and supervision function as an organizational and legal way of ensuring the rule of law and discipline in the field of management activities. Improving the effectiveness and efficiency of the activities of control and supervisory bodies in order to further improve and optimize the public administration system is today one of the state's highest priorities.

The important steps in this direction were taken in 2009, when Presidential Decree No. 510 "On Improving Control (Supervisory) Activities in the Republic of Belarus" was adopted. This document formulated clearly the principles (rules) of the organization of control (supervision), reaffirming the commitment of

the Republic of Belarus to the values on which the Lima Declaration is based:

- The principle of the presumption of good faith and innocence of the audited entity;
- The principle of the legality of the appointment, conduct, execution of verification results, decision making and consideration of complaints against decisions of regulatory (supervisory) bodies;
- The principle of openness and accessibility of regulatory legal acts establishing mandatory requirements, the implementation of which is verified during state control (supervision);
- The principle of equal rights and legitimate interests of all audited entities;
- The principle of transparency of information on the inclusion of audited entities in the plan of control (supervisory) activities for the coming period;
- The principle of responsibility of control (supervisory) bodies, their officials for violation of the law in the implementation of control (supervision);
- The principle of preventing the commission of offenses.

Decree No. 510 established a single procedure for carrying out control (supervisory) activities in Belarus on the basis of fundamentally new approaches.

So, for the first time, a closed list of supervisory authorities, as well as the areas of their control (supervision) was determined. Bodies not included in the list are not entitled to carry out inspections of business entities.

A ban has been introduced on conducting inspections of newly registered business entities for two years from the date of their state registration.

The coordination of all scheduled inspections was entrusted to the State Control Committee and its bodies. It has been established that within one year, representatives of several supervisory bodies can come to one entity in a planned manner only during a joint audit. A mandatory written prior notification of the audited entity about the scheduled audit was also introduced;

The period for conducting inspections is limited to no more than 3 years preceding the start of the audit. Such a 3-year moratorium made it possible to minimize the interference of supervisory bodies in the activities of business entities.

A restriction has been introduced to prevent audit on the same issue for the same period by various supervisory authorities.

Decree No. 510 defines the deadlines for inspections, as well as the dates and exceptional cases of their extension and suspension;

It provides for the release of business entities from administrative responsibility in case of insignificance of committed violations, taking measures to eliminate them and compensate for the harm caused.

For all supervisory bodies, the procedure for

conducting an audit and formalizing its results was established. Particular attention is paid to guarantees of observance of the rights and legitimate interests of the audited.

In addition, a completely new audit planning mechanism was proposed based on the classification of all business entities (risk groups, determined on the basis of criteria that take into account the potential danger of violations of the law for the state and society). Based on this, the frequency of inspections was established: business entities classified as high risk began to be audited no more than once a year, business entities from medium risk group - no more than once every 3 years, and from low-risk group - no more than once every 5 years.

An important innovation was the possibility of exempting the subject from conducting a scheduled audit if he had an unconditionally positive audit opinion. It was stipulated that scheduled inspections are not appointed for the period and on issues checked during the audit (the exception was issues of taxes and other obligatory payments to the budget and extra-budgetary funds).

All this made it possible to implement the principle of selective control instead of full control. The audit planning process itself has ceased to be a purely internal prerogative of the supervisory authorities; it has become open to controlled entities that have the opportunity to independently evaluate their activities and take measures to move to a lower risk group.



Thus, Decree No. 510 provided for the creation of a flexible and non-burdensome for business system of control and supervision, which at the same time allowed to concentrate the attention of regulatory (supervisory) bodies on work with objects that pose the greatest risk from the point of view of ensuring financial, economic, social, environmental and other security, allowing to choose economically viable response measures in the planning and conduct of inspections.

The next serious stage in the reform of control (supervisory) activities began with the signing at the end of 2017 Presidential of Decree No. 376 “On measures to improve control (supervisory) activities”. In fact, the state additionally guaranteed non-interference in the activities of bona fide subjects. Auditors had to radically revise the forms and methods of work, directing control activities to prevent violations through the identification and elimination of the causes and conditions that give rise to them.

The outcome was the implementation of a spot risk-based approach in the planning and implementation of control measures, as well as a shift in emphasis from verification activities to measures to prevent violations.

Accordingly, serious changes affected almost all aspects of the organization and implementation of control and supervision. In particular, the list of state bodies and other organizations authorized to conduct

inspections (audits) was reduced by 35% and the spheres of control and supervision over which they can be conducted were reduced by 41%.

Since 2019, in Belarus has been implemented a system of spot checks (inspections) based on an assessment of the risk of violation from business entity and the degree of their negative consequences.

Almost twice was reduced the list of grounds for the appointment of unscheduled inspections (audits). Conducting an unscheduled audit is possible mainly in the presence of information on a committed violation of the law; a threat to the security of the state, life and health of citizens; the use by the entity of budgetary funds, funds of state target budgetary and extra-budgetary funds, state property, state support measures.

A significant role in the organization of control and supervisory activities is assigned to the prevention of offenses. In particular, the preventive focus is given to activities carried out by technical inspections at facilities requiring systemic supervision. For example, in such areas as supervision of the operation of electrical equipment, supervision of the construction of facilities, control is carried out through the activities of technical (technological) verification character. When violations are detected, the supervisory authorities give to the business entity the requirement to eliminate them, and liability measures for these violations are



applied only if the violations are not eliminated or if the violations are re-committed.

The requirement for mandatory use of checklists of issues (checklists) by all state bodies (organizations) exercising supervision (oversight) in the form of inspections has been aimed at preventing violations and developing a system of self-control of organizations.

Along with the liberalization of control, has been strengthened the responsibility of controllers (auditors) for committed violations.

If previously only a violation of the procedure for audit conducting was considered an administratively punishable misconduct, then from January 1, 2018 the employees of the supervisory bodies may be fined for exceeding the established deadlines for the inspection (audit); audit of issues that are not within the competence of the supervisory body; the requirement from the audited entity for the provision of documents and information not related to the issues specified in the order for the audit, and others.

The State Control Committee, along with the functions of ensuring state control over the implementation of the republican budget, the use of state property, the execution of legislative acts regulating financial and tax relations, is entrusted with the tasks of coordinating the activities of control

(supervisory) bodies of the Republic of Belarus, as well as monitoring the compliance requirements of the legislation governing control and supervision activities.

In order to implement these tasks, an Interagency Council for Control (Supervisory) Activities has been created at the State Control Committee, which is chaired by the Chairman of the State Control Committee.

The Council consists of representatives of the General Prosecutor's Office, supervisory authorities, local government and the business community.

The Interagency Council is a collegial body that ensures the interaction of supervisory bodies of the Republic of Belarus.

The main tasks of the Council are the following:

- analysis of the status of control (supervisory) activities;
- development of proposals to improve the effectiveness of control (supervisory) activities;
- ensuring the uniform application of legal requirements in the implementation of control (supervisory) activities;
- formation of progressive lines of development and improvement of control (supervisory) activities;
- implementation of the best foreign practices into the activities of the supervisory

bodies of the Republic of Belarus; streamlining control (supervisory) activities, reducing the number of audits of business entities.

In addition, one of the most important functions of the Council is to consider and agree on criteria for assessing the degree of risk for the selection of audited entities during spot checks determined by regulatory authorities, as well as studying the effectiveness of applying these criteria in practice and developing proposals for developing a risk assessment and management system.

The Council constantly analyzes the state of control (supervisory) activities, examines the results of activities of state bodies and other organizations that implement the functions of control (supervision), and discusses

topical issues related to control (supervisory) activities.

The Council also makes proposals to state bodies on improving regulatory legal acts related to control (supervisory) activities and, if necessary, considers draft regulatory legal acts concerning issues of its implementation. For a comprehensive study of these issues, specialists with special knowledge and skills are involved in the work.

In conclusion, it should be noted that there is a clear understanding in the SAI of Belarus and in other national control (supervisory) bodies that the constant desire to improve state control mechanisms, as well as the specific results of this work, are the key to wide public recognition and trust of citizens to this institute.

