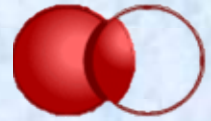




Bosnia and Herzegovina
Federation of Bosnia and Herzegovina
Audit Office of the Institutions in the Federation of Bosnia and Herzegovina



*Regional and Local Public Sector Audit
in Time of COVID-19*

Sarajevo, 5. 11. 2021.

Aida Đozić, Head of Performance Audit Department

Content

1. Introduction

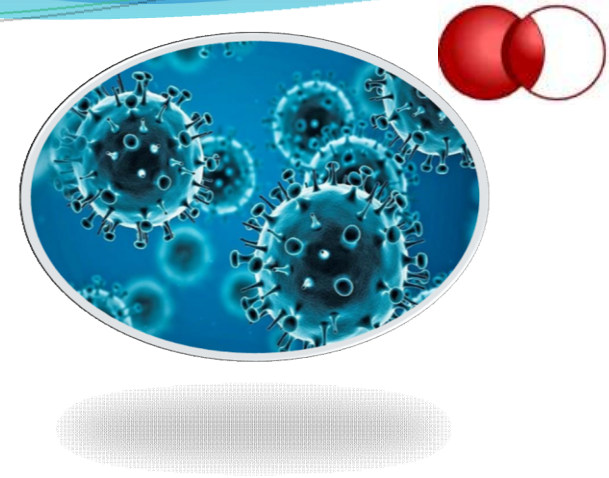
2. SAI Work Organization During the Pandemic

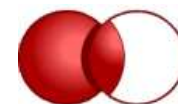
3. Planning and Conducting Audits During the Pandemic

3.1. Financial Audit

3.2. Performance Audit

4. Conclusion





1. Introduction - Context of emerging circumstances

May 2020.

January 2020.

- The COVID-19 epidemic in China is starting to affect the FB&H economy



- Decline in employment cca 26 thousands of people
- FB&H Fund for Stabilization determined by the Rebalance of the FB&H Budget (cca 488 million KM)
- The Law on Mitigation of Negative Economic Consequences was adopted
- End of emergency was declared

October 2020.

- Regulation on intervention measures to support vulnerable sectors of the FB&H economy in the circumstances of the COVID-19 pandemic was adopted

- The first cases of infection in FB&H have been confirmed
- The state of emergency declared in FB&H
- Restriction on movement and work ban

March 2020.

- Gradual abolition of restrictions

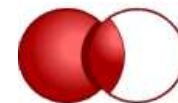
June 2020.

- Implementation of economic recovery measures

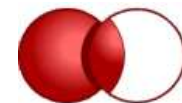
December 2020.



Different Measures Were Taken by the FB&H and the Cantons



2. SAI Work Organization During the Pandemic



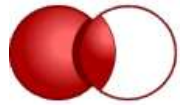
The COVID-19 pandemic has significantly affected the way we work.

Our priority was to protect the health of our employees, implement the work plan and promote the importance of the SAI in this challenging period.

Maximum efforts have been made to adapt to the auditees requests.

We intensified communication via audio and video communication channels and conducted audit remotely.



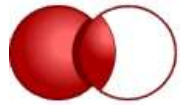


The pandemic affected the frequent absences of audit staff, which led to changes in audit teams. This was compensated by teamwork and the commitment of the entire team.

Quality control was intensively carried out at all stages of the audit.

Despite all challenges, we managed to realize the ambitious work plan for 2020 and 2021.





We published more intensive press releases on our website with the aim to inform the public about our work during the pandemic, but also to emphasize the importance of public financial responsibility and maintaining the trust of citizens in the challenging period of the pandemic.

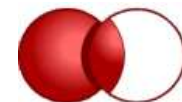
Our motto was clear:

Clean hands are not only effective in the fight against COVID-19, but also against 'other viruses' that prevail in our society.

Those who have good intentions and clean hands can manage public funds efficiently and responsibly.



3. Planning and Conducting Audits During the Pandemic

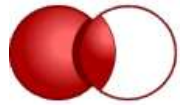


In order to demonstrate our relevance and importance for citizens during the pandemic, we focused our plan on entities in the Federation of B&H that played a significant role in reducing the negative consequences of the pandemic.

Audits were focused on the activities of the institutions related to:

- Measures implemented from the Law on Mitigation of Negative Economic Consequences (public funds in amount of **488 million KM** have been planned for those measures, while **91 million KM** have been realized);
- Financial assistance provided to economic entities in accordance with the Regulation on Intervention Measures to Support Vulnerable Sectors of the FB&H Economy in the Circumstances of the COVID-19 Pandemic (public funds in amount of **90 million KM** were planned and realized for those measures).

We included auditees at the federal, cantonal and local levels of government.



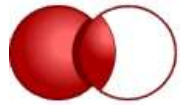
3.1. Financial Audit

The subject of audits were financial statements and activities in 2020.

Taking into account increased risks caused by the pandemic, we introduced a section in our reports which only focused on measures implemented in order to reduce the negative consequences of the pandemic.

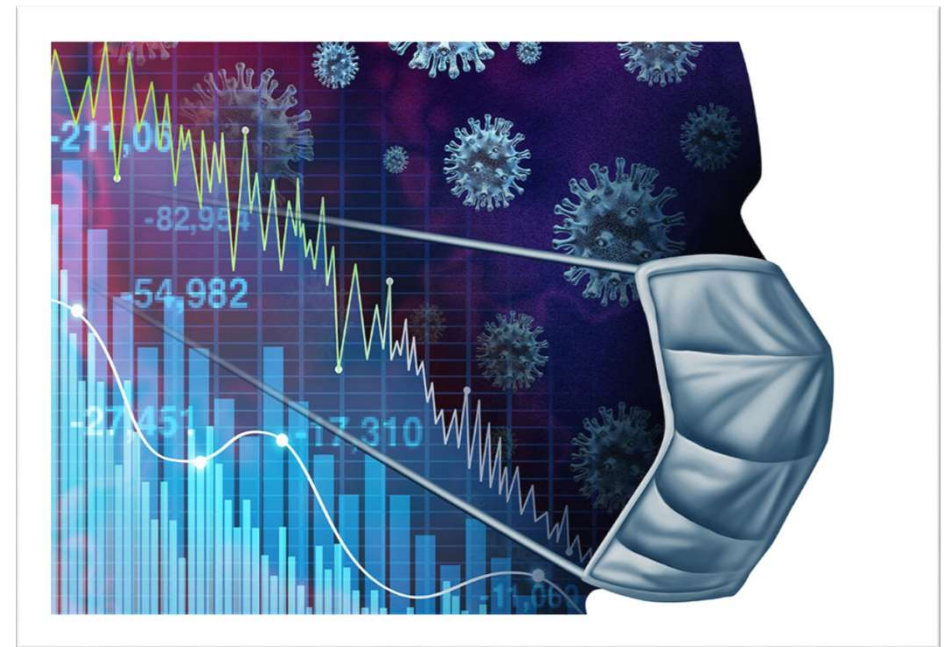
Risks were significant in terms of the amount of public funds allocated for COVID 19 measures, delays in the implementation of such measures and the controls relating to the distribution of funds.

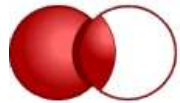




Our audit plan was risk based, and focused on those auditees which were responsible for implementing most of the COVID 19 mitigating measures, including:

- Federal and cantonal health institutions and institutes;
- Cantonal Ministries of Finance,
Economy and
Health.





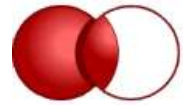
In financial audit reports of four federal ministries that were responsible for the allocation of funds in the total amount of 90 million KM, we identified shortcomings in the application of the criteria defined by the “Regulation on intervention measures to support vulnerable sectors of the FB&H economy in the circumstances of the COVID-19 pandemic”.

In addition, these audits revealed certain shortcomings in the Regulation itself, which were emphasised in the audit reports.

It was found that:

- adopted measures did not cover business sectors that were restricted or banned during the „lockdown“;
- the criteria defined by the Regulation did not create the preconditions for achieving the general goal - job preservation.

The Government Response



The Government of the FB&H organized a special session for financial audit reports of four ministries that implemented measures under the Regulation.

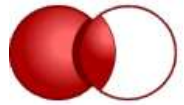
In the Conclusion issued by the Government of FB&H regarding the financial audit reports of the four ministries, the Government of FB&H went outside its jurisdiction and tried to undermine the work of the Audit Office.

In the Conclusion, the FB&H Government evaluated the procedures and audit methodology of the Audit Office in terms of application of international standards.

In addition, the Government made a number of requests including:

- the need to amend the financial audit reports and
- to provide explanations on audit objectives, highlighting issues and comments from the ministries.





The Audit Office's Response

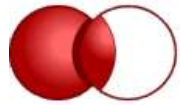
The Audit Office characterized the requests of the Government of FB&H as serious **threat to independence**, as well as an attempt to discredit this supreme audit institution of the Federation.

We reminded the Government of FB&H about the mandate and role of the SAI, the audit methodology according to ISSAI standards. We also drew attention to the fact that the Government of FB&H had gone outside the scope of its competence with these requests.

The Parliamentary commission responsible for audit has organized discussions on the mentioned financial audit reports and showed support to the audit office.

We will continue to monitor the situation in this area in 2021. Supervision of earmarked spending of mitigation funds will be in special focus of the financial audit.





3.2. Performance Audit

In the second half of 2020, we started a pre-study for a „real time“ performance audit about mitigation measures.

The intention was to provide an overview of all measures adopted by the **Government of FB&H and cantonal governments** in response to the pandemic, as well as to present data on planned and realized funds for the implementation of these measures.

However, it turned out that conducting a "real time" audit was not possible since the governments did not have reliable consolidated data for all measures that were planned.

We haven't given up from intention to conduct an audit in this area.

We decided to focus on the measures from Law on Mitigation of Negative Economic Consequences („Corona law“).

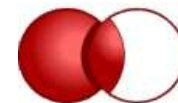


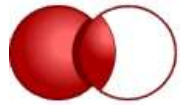
We conducted a performance audit "Efficiency in planning and implementation of mitigation measures for economic consequences of COVID-19 pandemic".

Auditees were:

- Government of the FBiH,
- Federal Ministry for Finance,
- Tax Administration of FBiH and
- Development Bank of FBiH.

The audit revealed inefficiency of the responsible institutions in this area, given the fact that measures were not adequately planned, timely adopted and efficiently implemented. Also, the lack of comprehensive and transparent data on implementation and achieved results of most measures were pointed out as a special problem.





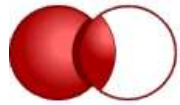
Pre study on Effectiveness of Implemented Measures

Following the performance audit on the efficiency in planning and implementation of mitigation measures for negative economic consequences of COVID-19 pandemic, the Audit Office continued to examine those measures focusing on their effects.

A performance audit pre-study on a topic of: „**Effectiveness of mitigation measures for economic consequences of COVID-19 pandemic**“ was conducted in 2021.

The aim of pre- study was to identify the audit problem and to asses the possibility for conducting a main study.



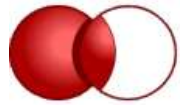


Pre-study focused on the effectiveness of two measures: „**subsidies for compulsory insurance**“ implemented in accordance with the „Corona Law“ and „**financial aid**“ provided to business entities in accordance with Regulation on Intervention Measures for Vulnerable Sectors of FB&H economy in the circumstances of the COVID-19 pandemic.

Conducted pre-study confirmed the existence of audit problem related to the insufficient effectiveness of the implemented measures.

The available data indicated that it was not possible to confirmed that the objectives of the measures have been achieved nor that the "value for money" principle has been met with public funds that were spent for.





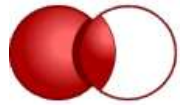
Pre-study pointed out a number of shortcomings and limitations for conducting the main study:

- Absence of concrete and measurable goals and indicators of the effectiveness of measures, which makes it impossible to adequately determine and quantify the achieved effects.
- The competent ministries did not have comprehensive and precise data needed to assess the effects.
- The Financial-information Agency did not allow access to the requested financial reports of beneficiaries of financial assistance despite our requests.



Due to the imposed limitations for conducting the audit, the Audit Office issued a Decision to withdraw from the main study and published a Memorandum on the withdrawal from the main study.

We will continue to monitor the situation in this area through future topics of performance audit.



Media Interest for Our Work During the Pandemic

The media has intensively used our reports as reliable sources of information.

ANTI KORUPCIJA
Portal za afirmaciju borbe protiv korupcije i podršku građanskom aktivizmu

VIJESTI U FOKUSU INTERVJU KOMENTARI I ANALIZE REGIJA I SVIJET PODCAST PODSJEĆANJA LIČNI STAV

Komentari i analize
REVIZORSKE INSTITUCIJE EU BRZO SU REAGOVALE NA PANDEMIJU COVID-19 I ISTAKLE POTREBU ZA BOLJOM SARADNJOM. MOŽEMO LI MI IŠTA NAUČITI OD NJIH?

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FEDERALNI URED ZA REVIZIJU ANALIZIRAO MJERE VLADE U PANDEMIJI – REZULTATI PORAŽAVAJUĆI A REAKCIJA VLASTI NEODGOVARAJUĆA

🕒 prije 4 mjeseca

Podsjećamo... Početkom prošlog mjeseca objavljen je izvještaj Ureda za reviziju institucija u FBiH o provedenoj reviziji učinka “Efikasnost

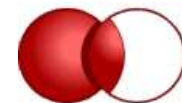


GENERALNI REVIZOR FBiH UPOZORIO VLADU DA PREKORAČUJE OVLAŠTENJA, VRŠI PRITISAK NA URED I UGROŽAVA NJEGOVU NEZAVISNOST

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...i komentari o revizorskim... te naredbama

Conclusion



COVID-19 pandemic - an opportunity for strengthening and promoting the importance of SAIs

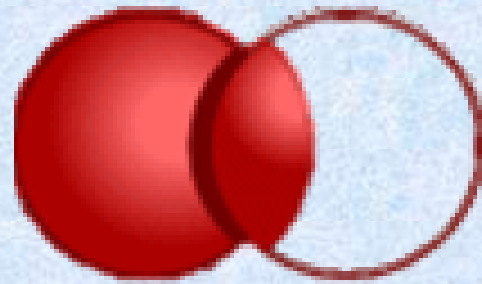
The period of the pandemic was full of threats and challenges.

We also identified certain weaknesses that need to be addressed in the coming period.

Despite this difficult situation, we managed to increase our influence, promote our values and show the relevance of the SAI in the period of crisis.

The crisis caused by the pandemic represents an opportunity for the Supreme Audit institutions to confirm their role in strengthening accountability, transparency and integrity in the management of public resources and to contribute to the realization of the principles "Value for money".





Thank you for your attention