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Covid-19 pandemic: what is the role of supreme audit institutions?

The Covid-19 pandemic has led to the contraction of global economies and the paralysis of most public and private sectors, except for several vital activities such as health, security, and defense. Governments face the difficult task of maintaining citizens' health and avoiding negative impacts on the economic and social level. The action plans and strategies adopted by the various governments to deal with the pandemic have significant financial implications and require many specific decisions.

In this article, we will try to answer the following questions:

- **What is the role of governments and stakeholders in facing the pandemic and its possible negative effects on public financial management?**
- **What is the SAI's role in ensuring transparency and accountability in the context of the Covid crisis?**
- **What are the legal limits on an SAI's audit activities?**
- **What are the international standards and comparative experiences from which SAIs can draw inspiration?**
- **What are the expected impacts of audits and lessons learned?**

Role of governments and stakeholders in tackling the pandemic and its possible negative effects on public financial management

While the response to the pandemic requires cohesion and support from all different stakeholders such as the private sector, civil society organizations and donors, governments of all countries - including liberal ones - are playing a commanding role in facing the pandemic by the approval of plans, strategies and continuous mobilization of internal and external resources. The setup of governments' decisions requires directing significant funding towards the health sector. Some countries support also small and medium enterprises financially affected. Indeed, managing the pandemic and preventing its spread requires flexibility in the disbursement of expenses. The urgency presents a difficulty in applying the usual regulations and laws in force (such as those relating to public procurement and social welfare payments), which may lead governments to adopt exceptional measures. This approach may not guarantee transparency and creates heightened risks of corrupt or unwise use of public funds.

The internal control systems of the government ministries and agencies that are responsible for managing the crisis should play an important role in mitigating these risks. In addition, expert organizations can help raising awareness by sharing best practices in crisis management. For example, Transparency International issued recommendations to governments across the Middle East and North Africa (MENA) on handling public procurement and privately donated funds from wealthy individuals and companies during the pandemic.

SAIs role in ensuring transparency and accountability during the Covid-19 crisis

The various repercussions of the crisis raise a question about the role of SAIs in responding to the pandemic, as regards both meeting citizens' expectations and ensuring the transparency and accuracy of financial information relating to pandemic spending. SAIs are uniquely placed to guarantee this transparency, as most of them have administrative and financial independence from the executive, and follow the INTOSAI principles of making a difference to the lives of citizens¹.

While some SAIs already have best practices for responding to such pandemics, other SAIs have no experience in dealing such crises. The latter still need to play an important role in guaranteeing the accountability of governments for the novel approaches they may deploy to tackle the pandemic. Aware of the important role of SAIs in this field, several stakeholders and international, Arab and African organizations (such as INTOSAI, AFROSAI, ARABOSAI, IDI and the World Bank) have launched initiatives to exchange experiences and ideas between different SAIs on dealing with this pandemic.

Operating within the limits of legal mandates granted to the SAIs

In all cases, SAIs are responsible for carrying out audits within the limits of the legal mandates granted to them. According to these mandates, SAIs may carry out a concomitant audit, a priori or posteriori which, in all cases, will be limited and will require greater flexibility given the adoption of exceptional measures by governments. SAIs are responsible, in accordance with their legal framework, for auditing public expenditure, which will include addressing the risks linked to public procurement, such as conflicts of interest, monopoly, price-hiking and lack of competition. Early intervention by SAIs in coordination with relevant stakeholders can also contribute, albeit indirectly, to protecting citizens from the pandemic, by performing checks on high-risk government interventions such as the acquisition of sufficient, technically compliant medical equipment, protective masks and rapid reagents.

Among the SAIs that have a legal mandate to perform a priori audit, we can cite the state audit bureau of Kuwait², which has set up a team to audit and follow up emergency contracts and assign advance agreements for the execution of public expenditure, that could facilitate procedures to tackle the pandemic and achieve direct and significant savings for the state's public treasury. Similarly, the SAI of Libya has formed a supreme committee to follow up and evaluate the procedures to deal with the pandemic, considering its emergency nature and the urgency it requires.

In spite of the importance of immediate interventions in such crises, whether by government agencies or even SAIs whose legal framework allows them to do a priori audit, a posteriori audit by SAIs, will have an important role in both deterring violators and informing stakeholders of recorded violations. For example, The Tunisian Court of Accounts has announced that it will undertake an audit on the resources and expenditure of the donation fund created by the Ministry of Finance to deal with the pandemic, and on all public contracts and consultations arising this context.

SAIs get inspiration from international standards and comparative experiences to perform audits

SAIs can draw on comparative experiences with such crises, such as the audit experience carried out by SAI of Korea linked to the Middle East Respiratory Syndrome MERS crisis that appeared in Korea in 2015³, as well as the experiences of the African SAIs in facing the Western African Ebola virus epidemic.

¹The Lima Declaration (Principle 1), the Mexico Declaration (Principle 10), and the INTOSAI Principle No. 12.

²Mr. Sulaiman Al-Busairi presentation, webinar organized by the World Bank

³Presentation of Mr Sunjun Kim, webinar organized by the World Bank

SAIs can also rely on international standards issued by the INTOSAI, especially the Introduction to the 5500 series of ISSAIs and INTOSAI GOV 9250. Standard 5520, which is currently under review, contains good practices and examples of auditing disaster-related aid . It draws on the efforts of a working group chaired by the Indonesian SAI, which has experience in monitoring tsunami aid in Indonesia. While this ISSAI is devoted to disaster-related aid, it can be considered suitable for some aspects of scrutinizing government actions to address the pandemic. It covers ten topics such as cooperation among disaster-related aid auditors, data gathering, choice of audit topics and types of audit, as well as audit reporting and audit tools for disaster-related aid.

In all cases, “each type of audit must be accomplished in accordance with the general standards and guidelines that apply to it. Auditors should, also, consider the specificity of the audit context characterized by the adoption of government’s flexible procedures to face the pandemic. They must well determine the audit scope too. While ensuring the proper planning of the oversight mission, the SAI should adapt the topics to be addressed and the scope of oversight to the resources available and their efficiency and the timelines for carrying out the mission and the need to respond to the challenges and expectations of key stakeholders from the oversight missions. The main challenges for the SAI of Korea in their audit if the respiratory syndrome crisis in the Middle East lay in how to respond to the high expectations of citizens and the main parties involved, to form an efficient team, ensure quality control including the use of external experts in biology and science viruses, and managing an audit team which exceeded 52 members in addition to technical support from institutions specialized in auditing. Other challenges included achieving multiple control goals, which relate to three main axes: early case detection, rapid actions, and public health infrastructure. The last axe requires the availability of all the necessary equipment to confront the pandemic, such as respirators and resuscitation beds, as well as hospitals and health units to cope with covid. In addition to the challenge associated with reporting the results of the audit in a timely manner, as the process of collecting data and conducting interviews with key officials took longer than expected, which one should allow for when planning an audit mission in response to the Covid-19 crisis.

Impact and lessons learned from the audit.

The thorough and reliable audit of Covid-19 crisis management mechanisms and procedures, as well as the detection and reporting of recorded breaches help to inform the public of shortcomings and failures in crisis management and to take disciplinary actions and legal proceedings against violators. The recommendations of SAIs also help governments and various stakeholders to make the necessary and suitable corrections, review approved plans, laws, and policies, and redefine priorities. The SAI of Korea’s audit experience of Middle East respiratory syndrome crisis led, for example, to revision of Infectious disease control and prevention law, the organizational restructuring of the Korean Center for Epidemiology, plus the enhancement of capacities and approaches to emerging infectious diseases preparedness and response for health authorities and the wider health sector. The audit leads also to develop health threats communication to public.

One of the most important lessons for SAIs which lack experience in dealing with such crises is the need develop contingency plans for how to respond to similar situations. A key lesson is to realize the importance of remote working, which remains a good alternative for coping with such complex situations and requires development of IT tools, digitization of audit work, developing the skills of auditors, and also the virtualization of audited entities. In this context , one should note the recent experience of the General Audit Office of the Kingdom of Saudi Arabia, which has adopted an electronic control system (Shamil), which helps to analyze data and to audit contracts remotely, to document and archive worksheets and to publish reports. The SAI also uses the electronic control methodology platform to allow auditors to learn about

professional guidelines and apply best practices throughout the audit process. SAIs and the different stakeholders should also organize training sessions about monitoring disaster response plans and strategies which require flexibility, precision, and speed in their implementation.

The adoption of a proactive approach, whether by governments or by SAIs, contributes to the good governance of potential disaster management. As per ISSAI 5510, SAIs may select plan audits of a government's disaster risk reduction activity. Such audits may cover many sectors, such as health, equipment, housing, and land development, to make sure that governments have plans to mitigate and tackle potential disasters. By submitting its reports to Parliament, the SAI can raise the profile of disaster risk reduction and can encourage Parliament to strengthen its oversight. Auditors should emphasize that disaster risk reduction tends to be cost-effective, as the costs of risk reduction are usually outweighed by costs of disasters response and recovery.

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