

State Audit Institution
Republic of Serbia

Effects of Performance Audit and Methodology Development



2013

Performance audit in SAI introduced

8 reports published

2013-2018

2018

Training organized for 40 auditors

12 performance audits will be conducted

2019

- Number of performance audit teams increased from 2 to 12
- Until 2018, audit effects were monitored in the short term
- There was a need for more systematic approach to audit effects



Reform assistance to Serbia

Поддршка реформама у Србији

For that purpose, work was done on preparing Methodology for monitoring recommendations implementation of performance audit and assessment of impact within Good Governance Fund Project (GGF)

Activities

1

actions undertaken or work conducted by auditee, resources mobilized (input)

Output

2

results of undertaken activities or work conducted with assigned inputs (direct, short-term effects of activities/actions of auditees)

Outcome

3

short-term and medium term effects and desired consequences of activities undertaken by auditees and achieved outputs

Impact

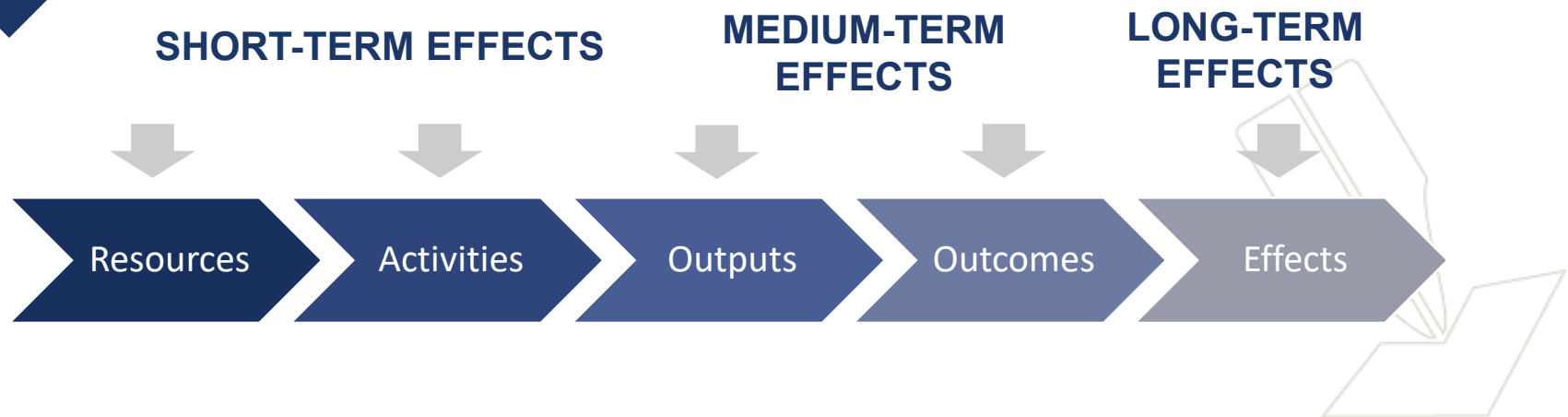
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represents long-term effects arising from activities undertaken by auditees, achieved outputs and outcomes, resulting in changes for the Government, citizens and economy that can be quantified



Performance audit effects may be monitored on three levels:

- Initial **short-term effects** are monitored within legally prescribed deadline of 30-90 days.
- **Medium-term effects** at the level of output and outcome may be monitored in 1-2 year period.
- **Long-term effects** - 3-5 year period.



Financial effects

1

Value of public funds that were saved due to audit recommendations

Impact on policy changes

2

Legal, organizational and policy changes introduced by authorities based on audit reports

Compliance with SAI recommendations

3

Compliance with SAI recommendations in performance audit reports

Inclusion of general public

4

Inclusion of general public, media, civil society organizations and vulnerable groups, including gender-responsive budgeting, and/or fairness



Audit: Justification for establishing committees and other permanents and temporary working bodies in the public sector

Policy changes effects

- In the Instruction for Budget Preparation for 2017 and 2018, it is stated that one should "reconsider justification for establishing committees and other working bodies, bearing in mind SAI report, along with the need to establish new ones, except those stipulated by the law"
- The Budget Laws for 2017, 2018 and 2019 state that the compensations paid to presidents and members of the committees and other permanents and temporary working bodies in the public sector may not be increased
- Performance audit report also resulted in changes to internal procedures of auditees

Audit: Justification for establishing committees and other permanent and temporary working bodies in the public sector

Financial effects

- From 2014 (baseline year) until 2017 there was a decrease in gross payments to members of the auditees' committees and other working bodies from 378 million RSD in 2014 to 350 million RSD in 2017
- Regarding Ministry , which fully implemented recommendations, there was a decrease in overall costs from 46 million RSD in 2014 to 32 million RSD in 2017
- Regarding two auditees who achieved significant progress in implementation of recommendations, there was a decrease in costs: one City from 30 million RSD in 2014 to 17 million RSD in 2017, and decrease from 136 million RSD in 2014 to 101 million RSD in 2017 recorded by the Ministry

Audit: Justification for establishing committees and other permanents and temporary working bodies in the public sector

Effect of compliance with recommendations

According to results of the analysis:
Around 86% has either fully implemented recommendations or is in a stage of implementing recommendations (planning stage, start of implementation stage or crucial implementation stage), which indicates that recommendations have been well accepted by majority of auditees, which is also reflected to achieved financial effects previously mentioned.

Audit: Efficiency and economy of the implementation of the negotiated procedure without public invitation to bid

Policy changes effects

SAI recommendations have targeted procuring entities in the public sector, and for that reason there were no significant effects on policies, but they affected changes to auditees' internal regulations.

Audit: Efficiency and economy of the implementation of the negotiated procedure without public invitation to bid

Financial effects

- Significant decrease in negotiated procedures without public invitation to bid, as a least competitive type of procurement in the public sector; overall value of such procedures have been decreased by 92% in the period 2015-2017.
- Three of five entities subjected to performance audit did not conduct negotiated procedure without public invitation to bid during 2016, 2017 and 2018, while the remaining two entities have gradually and significantly decreased number of this type of public procurements.



Audit: Efficiency and economy of the implementation of the negotiated procedure without public invitation to bid

Effect of compliance with recommendations

Majority of auditees have reacted positively to recommendations SAI issued in performance auditing, so they have commenced with required actions for implementation thereof, and/or engaged their resources. This engagement, above all, was reflected in the form of establishing adequate process documentation, defining a process where non-compliances were found, as well as its adequate internal communication with employees

Achieving better effects in future

Methodology for monitoring recommendations implementation of performance audit and assessment of audit effects stipulates 7 steps:

Step 1 : Incorporate impact into audit designing and implementation

Step 2 : Issue strong and clear recommendations

Step 3 : Include auditees into finding ways to measure effects

Step 4 : Draft a plan for effect monitoring

Step 5 : Analyze auditees' progress in recommendations implementation

Step 6 : Monitor broader impact on Government and other stakeholders

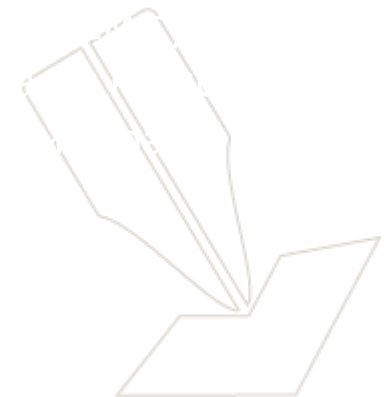
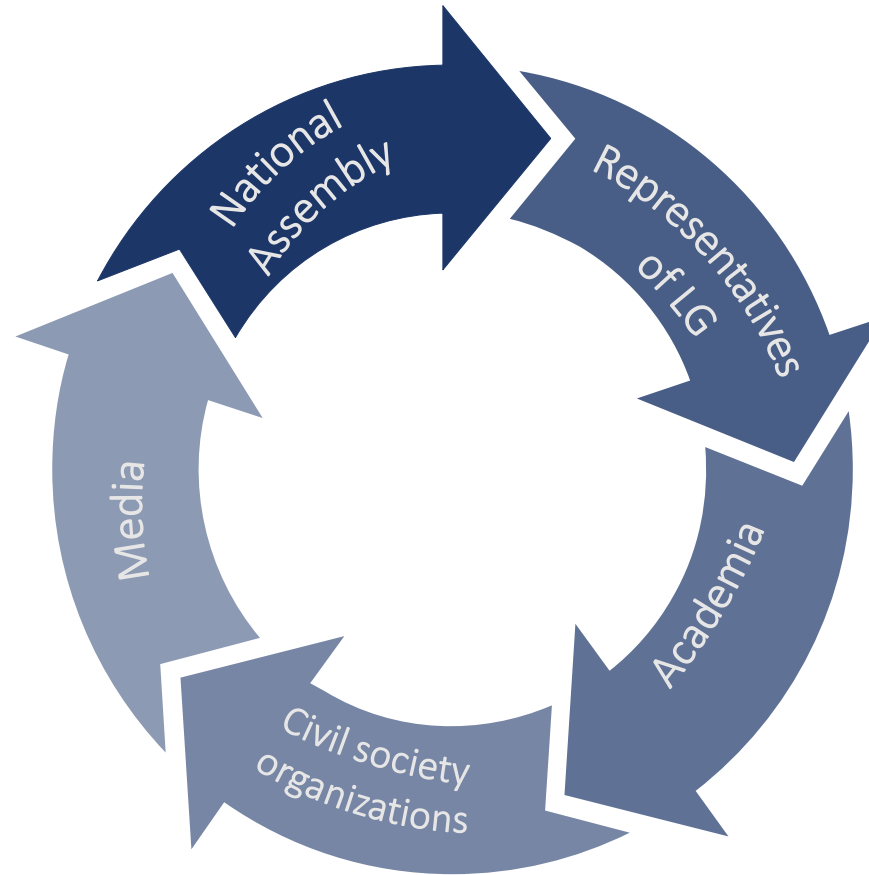
Step 7 : Control impact assignment



Enhanced communication

- Visualization tools
- Communication plan
- Concept and plan for cooperation with civil society organizations

Stakeholders engagement



Thank you for your attention!

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