



FISCAL AFFAIRS

Budget Execution Controls to Mitigate Corruption Risk in Pandemic Spending

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I. Misuse and Corruption Vulnerabilities

Misuse and corruption vulnerabilities are heightened for a number of reasons:

- The scale of the spending
- Potential for uncoordinated involvement of many actors
- The speed with which the interventions are identified and implemented
- Poor targeting and unclear/unenforceable eligibility criteria for support

These factors are compounded when fiscal institutions are weak, resulting in:

- Misuse and mismanagement of public resources
- Quality and effectiveness of public services undermined

I. Misuse and Corruption Risk

Draws on the Ebola experience – focus on LIDCs and fragile states

But, could be applicable to all countries

Main messages:

- Budget execution should be conducted within the legal framework
- Speedy implementation does not require controls to be abandoned
- All transactions should be recorded (incl. non-cash, development partner support)
- Adequate audit trail should be maintained to facilitate ex post evaluation

II. Experience in Ebola Virus Disease Outbreak

During the Ebola crisis, financial irregularities arose from:

- Concentration of resources in extrabudgetary funds
- Control of resources by fragmented makeshift crisis response agencies
- Pushing medical procurement out of centralized controls
- Lack of ex-post verification of Ebola-related spending

III. Budget Execution Controls

Preserving the integrity of the procurement system requires:

- Developing clear guidelines for emergency procurement
- Establishing ex ante central controls over emergency bulk procurement
- Introducing standardized prices for medical gear
- Publishing granular information on all emergency procurement in a website

III. Budget Execution Controls

Maintaining adequate expenditure controls requires:

- Applying commitment controls over COVID-19 related spending
- Establishing controls over extrabudgetary COVID-19 response funds
- Ensuring verification of delivery and recording of invoices
- Strengthening bank reconciliation

III. Budget Execution Controls

Maintaining supply chain and inventory management requires:

- Establishing centralized control of the medical goods supply chain
- Developing a tracking system for in-kind support

Verifying pandemic-related transactions requires:

- Undertaking more frequent external audits to verify pandemic-related spending
- Increasing transparency of internal audit results
- Maintaining strong PFM and transparency practices