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