

Management of public resources during the state of emergency

Compliance audit

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[FULL REPORT \(RO\)](#) ↗

What we assessed and why

The COVID-19 global pandemic threw the world into crisis. Romania was no exception, and sought to manage the situation using its own resources and experience.

In view of the way the epidemiological situation was evolving, in March 2020 the President of Romania issued two Decrees imposing and extending the state of emergency across the entire country. Both decrees established new duties and tasks for certain public authorities and institutions, leading to the commitment of additional expenditure from public funds to prevent and combat COVID-19 through budget corrections.

In this context, the Romanian Parliament decided that, no later than 60 days after the end of the state of emergency, we should audit the management of public resources during that period and present a report with findings, conclusions and proposals.

What we found

The Parliament's decision meant that we had to adjust our annual work programme. In accordance with the calendar of audit engagements which the Plenum adopted for the period from May to July 2020, 949 compliance audits were included in the programme and carried out. Of these, 284 engagements took place at central government level, and 665 at the level of local government.

The audited entities were selected on the basis of the amounts that were allocated from central and local budgets to manage the state of emergency. They included authorities that received money and made important purchases, but also those that were assigned additional responsibilities and duties.

The special report resulting from these engagements consists of two main sections: local government and central government.

In each section, the report presents the authorities' duties and tasks in relation to preventing and combating the pandemic, as well as findings regarding the management of resources used for that purpose, grouped by areas such as the health system, economic support, employment and social protection, and general measures to limit and control the spread of the COVID-19 pandemic.

During the period covered by the report, Romania accepted a reduction in budget revenue through a series of fiscal measures and a decline in revenue-generating economic activity. Economic intervention took the form of mobilising public resources to shore up productive activity, and committing exceptional expenditure to fight the pandemic and cushion the economic shock.



The scale of the audited expenditure varied depending on the area, the main cost categories being:

- legal commitments assigned to public procurement during the state of emergency – approx. €209.6 million;
- medical assistance/emergency medical stocks – approx. €54.43 million;
- employment and social protection/costs incurred by the introduction of the quarantine – approx. €754.12 million;
- local government costs – reimbursement of quarantine spending – approx. €26.67 million.

The audits revealed some irregularities, most of them in the application of legislation during the state of emergency. Thus:

- There was occasional non-compliance with the principles governing the award of public procurement contracts (non-discrimination and equal treatment of economic operators, transparency in the award of contracts, etc.).
- No operational or system procedures were developed or implemented for dealing with emergencies.
- Specific legislation was not rigorously enforced, especially with regard to wage rights.
- In some cases, the legal requirements were not observed when purchasing medicines, medical supplies and equipment, either because of market shortages or because of inflated market prices, leading to procurement at values above what was estimated.
- No reserves were set up for the special situations provided for in subsidiary legislation, so these were smaller than legally required, etc.
- Urgent medical stocks were not built up within the initial procurement deadlines.

What we concluded

We highlighted that, in general, the public funds used in prevention and control of the COVID-19 pandemic were managed in line with the purpose, objectives and responsibilities set out in the emergency legislation.

Public authorities generally discharged the duties they were entrusted with to meet the ongoing challenge of taking exceptional measures in an emergency situation, while under obligation to respect the legal framework regulating their activity. There were no serious errors, though some problems were resolved “on the fly”.

For the future, some thought is given to the development of crisis response methods, such as:

- drawing up/expanding a national action plan clearly regulating the activities and procedural steps to be followed in emergency situations;
- drawing up/amending/extending legislation on public procurement in emergency situations;
- establishing emergency action and funding procedures to streamline communication;
- devising and implementing schemes to motivate staff directly involved in essential activities during a state of emergency/alert.