

PERFORMANCE AUDIT

ACTIVITIES OF THE INSTITUTIONS OF BOSNIA AND HERZEGOVINA ON PREPARATION, MONITORING AND IMPLEMENTATION OF INTEGRITY PLANS

EXECUTIVE SUMMARY

The Audit Office of the Institutions of Bosnia and Herzegovina conducted a performance audit titled: "Activities of the Institutions of Bosnia and Herzegovina on preparation, monitoring and implementation of integrity plans". The audit was carried out in accordance with the Law on Auditing the Institutions of Bosnia and Herzegovina, International Standards of Supreme Audit Institutions - ISSAI, INTOSAI guidelines and performance audit methodology of audit institutions in BiH.

The audit was conducted with the aim of determining whether the institutions of Bosnia and Herzegovina are efficient in preparing and monitoring the implementation of integrity plans as ones of preventive anti-corruption mechanisms.

Integrity plans are most comprehensive preventive documents for reducing corruption risks in the Institutions of Bosnia and Herzegovina. They contain an assessment of all the risks for corrupt activity and address all mechanisms applied to fight the corruption.

The findings of this audit indicate that the institutions of Bosnia and Herzegovina were not efficient in preparing and monitoring the implementation of their integrity plans. The reason for this is absence and deficiencies of planning guidelines, untimely initiation and adoption of integrity plans, absence of measurable indicators and inconsistencies of assessed risks. It is difficult to monitor the success of integrity plans implementation due to the lack of functional supervision, analysis and reporting on the implementation of integrity plans by competent institutions.

Identified weaknesses in the utilization of integrity plans can lead to uncertainty and foster lack of confidence of citizens, potential investors and business entities in the work of the institutions.

The recommendations of this audit are addressed to the Council of Ministers of Bosnia and Herzegovina, the institutions competent to monitor the procedures for integrity plans adoption and implementation, as well as to the institutions selected in the audit sample. The implementation of the given recommendations will improve the activities aimed to ensure efficient preparation and implementation of integrity plans in the institutions of Bosnia and Herzegovina.

This audit also has a direct relevance to achieving Sustainable Development Goals, Goal 16 specifically: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Key audit findings and recommendations of this audit are given below:

Relevant institutions failed to provide clear guidelines for preparation of integrity plans.

- The Council of Ministers of Bosnia and Herzegovina is late in adopting the anti-corruption strategic guidelines, which caused a delay in the initiation of activities for the adoption of integrity plans in the institutions of Bosnia and Herzegovina. Namely, the Council of Ministers has not yet adopted the 2020-2024 Anti-Corruption Strategy, even though Bosnia and Herzegovina committed itself to this activity by signing international agreements.

- The Agency for Prevention of Corruption and Coordination of Fight against Corruption failed to set up clearly defined guidelines for giving opinions on the integrity plans of the institutions.
- The 2013 Guidelines did not define areas and processes within which risks should be identified and risk factors of individual risks analyzed. These guidelines also failed to define reporting of the implementation of proposed measures.
- The 2018 Rules did not sufficiently clarify the link between integrity plans and internal control systems and associated risks.
- The 2016 Guidelines for judicial institutions have no clearly stated conditions for adopting and updating integrity plans.
- Although the 2016 Guidelines define the need to link integrity plans and internal control systems, they do not oblige the institutions to ensure consistency of integrity plan risks with the financial management and control risk register; thus the Prosecutor's Office integrity plan is not aligned with the FMC risk register.
- Although the High Judicial and Prosecutorial Council established a good practice in giving opinions on integrity plans of the institutions, it failed to set up written guidelines (instructions or checklists) for this practice.
- The 2016 Guidelines and the 2018 Rules do not contain instructions on the use of the digital corruption risk assessment application (CRA).

The institutions of Bosnia and Herzegovina are not timely in preparing consistent integrity plans.

- The institutions of Bosnia and Herzegovina did not adopt their integrity plans in a timely manner, despite the fact of it being an important internal document by means of which the institutions could recognize corruption before it happens.
- The institutions of Bosnia and Herzegovina did not adhere to the methodology and guidelines for development and implementation of integrity plans.
- Integrity plans of the majority of the institutions do not include measurable performance indicators, that is, the expected results foreseen by a measure, making it impossible to measure the effectiveness of the implemented measures.
- The institutions failed to ensure consistency of integrity plans risks with the FMC risk registers, nor did they update their integrity plans to reflect amendments made to the FMC risk registers.

A functional system to monitor, report and analyse implementation of integrity plans in the institutions of Bosnia and Herzegovina has not been established.

- The Agency for Prevention of Corruption and Coordination of Fight against Corruption and the High Judicial and Prosecutorial Council failed to set up a monitoring mechanism over the integrity plans preparation process, especially considering the fact that integrity plans in the majority of the institutions have expired, and new ones have not yet been adopted.
- The Agency for Prevention of Corruption and Coordination of Fight against Corruption and the High Judicial and Prosecutorial Council failed to set up a satisfactory monitoring system over the integrity plans implementation process.
- The managers of the majority of the institutions from the audit sample failed to establish monitoring over integrity plans preparation process.

- The majority of the sampled institutions did not define measurable performance indicators in their integrity plans, making it difficult to monitor implementation of integrity plan measures and reducing the possibility to assess their impact on the risks identified.
- The majority of the sampled institutions failed to ensure monitoring of the effectiveness of measures to improve integrity.

The Audit Office defined recommendations to relevant institutions whose purpose is to improve activities to ensure the efficient preparation and implementation of integrity plans. The recommendations were addressed: to the Council of Ministers of Bosnia and Herzegovina, the institutions mandated to monitor the procedures related to integrity plans adoption and implementation, and to the institutions from the audit sample.

Recommendations to the Council of Ministers of Bosnia and Herzegovina:

- The Council of Ministers should be timely in adopting guidelines for the preparation of integrity plans.

Recommendations to the Agency for Prevention of Corruption and Coordination of Fight against Corruption and the High Judicial and Prosecutorial Council:

- The Agency for Prevention of Corruption and Coordination of Fight against Corruption and the High Judicial and Prosecutorial Council should continuously work on improving the methodology for preparation, implementation, reporting and monitoring of integrity plans.
- It is necessary for the relevant institutions to monitor timely adoption of integrity plans and take action to monitor and analyse their implementation.

Recommendations to the institutions of Bosnia and Herzegovina from the audit sample:

- The institutions should timely adopt integrity plans that are harmonized with the functions they exercise and their financial management and control systems.
- It is necessary to establish a functional system to monitor, report and analyse the implementation of integrity plans.