

Auditing Covid-19 Expenditure

Muhammad Kashif

Director to Auditor General of Pakistan, SAI Pakistan

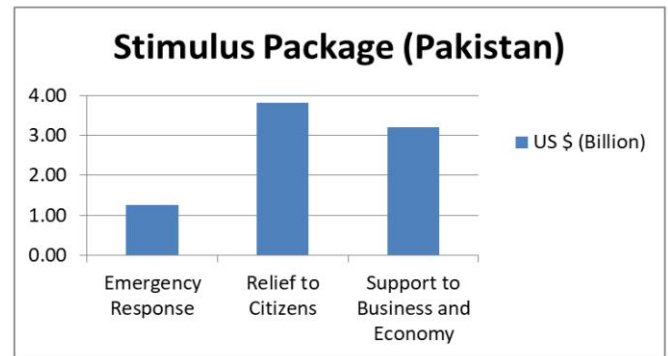


Pandemic Covid-19 started in December 2019 from China and grappled the whole world shortly. It brought social and economic life to a stand-still across the globe. Health sector, one of the two major components of human capital development, attracted major attention of the world community. The policies of all governments revolved around protecting their masses from health hazards of pandemic and provide them financial relief. The countries announced hefty stimulus packages to respond to the pandemic, to revive economies and provide relief to the citizens. Though spending of huge amounts within very short period of time transparently, economically, efficiently and effectively is a challenging task for the governments, it provides to the SAIs, at the same time, an opportunity for re-aligning its priorities of risk-based auditing.

The stimulus packages varied from country to country covering various areas of economy including, subsidies, cash disbursement, tax relief, tariff reduction, establishment of quarantine centers, provision of medical equipment and health facilities etc. The SAIs can diversify their audit activity in these areas, identify major audit issues and contribute to promoting accountability and transparency into the governance structure of the government.

The government of Pakistan announced a hefty stimulus package of Rs 1.24 trillion (USD 8 billion) to fight pandemic covid-19. It covered three major areas i.e. Emergency Response, Relief to Citizens and Support to Business and Economy. Emergency Response comprises budget for

procurement of medicines and medical equipment, providing incentives to medical workers, establishment of relief fund and tax relief on food and health items. Budgetary allocation under Relief to Citizens was made for providing relief to vulnerable families, daily wage workers, power and gas subsidy and relief on petrol & diesel. Similarly, allocation was made to provide relief to Small & Medium Enterprises and Agriculture, farmers and exporters under Stimulus Package component of Support to Business and Economy. Various institutions from federal to local government levels were involved to carry out the relief and support activities.



SAI Pakistan, under the vibrant leadership of Mr. Javid Jehangir, Auditor General of Pakistan, took cognizance of the financial management environment in the context of Covid-19 since its beginning and set it one of the highest prioritized audit areas in line with the expectations of the Parliament, media and other stakeholders. The High risk areas were identified and included in current audit plan. Presently, number of field audit

offices comprising Social Safety Net Audit, Climate Change & Environment Audit, Commercial Audit, Federal, Provincial and Local Government Audit are conducting audit of all three components of covid expenditure i.e. emergency response, relief to citizens and support to business and economy. All audit teams are supported with data analyst and experts of relevant field to produce quality reports.

Pandemic Covid-19 not only reshaped the landscape of financial management in public sector entities involving relief package/expenditure on one hand, it posed the challenges to auditing as well on other hand. Though some legal provisions grant exemption from some aspect(s) of the procurement process (exemption from advertisement in case of emergency), they form a high risk area to be examined by the audit team. The auditor needs to ascertain the fact that the procurement process also comprises various other aspects including need assessment, transparency, payments, pricing, quantity, quality, consumption and distribution of goods and services. The auditor may also examine level of preparedness of the institutions responsible for dealing with the natural disasters.

The audit of Pandemic Covid-19 expenditure provides to the SAIs great opportunity for keeping themselves relevant with the contemporary changing external environment. SAIs can play their effective role through their recommendations in promoting accountability, transparency and good governance in the use of public resources in situations of emergency.