

## ENHANCEMENT OF MUNICIPAL AUDIT FOR ACCOUNTABILITY AND EFFICIENCY IN PUBLIC FINANCE MANAGEMENT

Empowered lives.  
Resilient nations.

### PROFILE

Donor: Swiss Agency for Development and Cooperation (SDC)

Budget: \$1.67 mil.

Main partners: Ministry of Finance – Central Harmonization Unit (CHU), State Audit Institution (SAI)

Duration: 2015-2019

### GOAL

To improve accountability in public finances, decrease opportunity for corruption, and strengthen the Government’s and independent institutions’ checks and balances.

### CONTEXT

Serbia’s EU accession negotiations started in January 2014. So far, Serbia has completed screenings for all the chapters, including Chapter 32 regarding financial control. This chapter envisages improvements in public internal financial control and external audit. Key institutions relevant for implementation of the Chapter 32 obligations are the Ministry of Finance/ Central Harmonisation Unit and the State Audit Institution.

### FOCUS

- Broadening the competences and capacities of the SAI Department for Auditing local governments (LGs): from just financial and compliance audit - to performance audits;
- Improving cooperation between SAI, LGs, the Standing Conference of Towns and Municipalities and the Parliamentary Committee on Finance – to ensure implementation of recommendations of recurring external audit findings;
- Improving cooperation between SAI and CHU to ensure that external audits can build on internal audits, and that external audits can focus on LGs’ performance;
- Upgrading the system for the certification and professional development of internal auditors in the public sector, in line with international best practices;
- Establishing an e-learning platform for certified internal auditors in the public sector;
- Introduction of Financial Management Control and Internal Audit function in municipalities, to improve overall PFM at the local level;
- Establishing a network of municipal internal auditors to exchange good practices;
- Raising awareness of LGs and citizens on best practices in PFM at the local level;
- Organizing educational and promotional activities engaging LGs, civil sector organizations and citizens to jointly improve PFM practices at the local level.

#### The Project team works to:

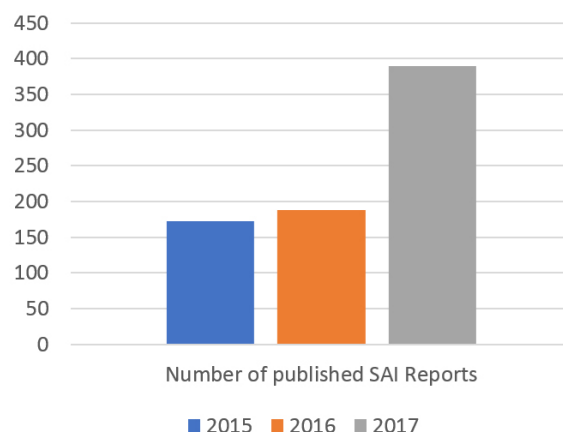
- Improve cooperation between the CHU and the local governments, leading to better internal control and internal audit;
- Strengthen the cooperation between the CHU and the SAI, resulting in improved reliability of Internal Audit reports;
- Improve the knowledge and skills of the civil society to monitor local public finance management.



## RESULTS TO DATE

- ✓ 70 Internal Auditors working in LGs learned how to plan, execute and report on results of the internal audit, in line with international audit standards;
- ✓ 390 SAI audit reports published in 2017 compared to 173 in 2015;
- ✓ 377 Internal Auditors Certified in 2017 compared to 258 in 2015;
- ✓ E-learning platform completed and integrated into the CHU website;
- ✓ CHU mentors made more than 100 visits to local governments and local public enterprises (budget users) to support the introduction and strengthening of Financial Management Control and Internal Audit;
- ✓ State Auditors from Serbia presented Serbian best practices in several working groups of the International and the European Organisation of Supreme Audit Institutions, where they also learned of new topics, such as the Environmental and the IT audit;
- ✓ 50 examples of good PFM practices at the local level, from 15 cities and municipalities, recognized and promoted through social and other media;
- ✓ Good PFM practice at the local level analyzed, based on SAI reports; the most successful local governments ranked, recognized, and their model practices shared.

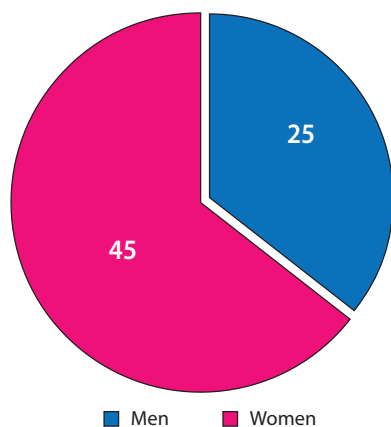
### SAI Reports



### Internal Auditors



Internal Auditors working in local governments (by gender)



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#### Contact:

[communications.rs@undp.org](mailto:communications.rs@undp.org)  
 Bulevar Zorana Djindjica 64, 11000 Belgrade  
 Phone: +381 (0)11 4155 300