



CORTE DEI CONTI

**Multilateral seminar «Social Security Audit During the COVID-19 Pandemic
Section I «Preparedness for emergency situations»**

“Social security and emergency. The Italian challenge”

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Preparedness of the social security system

Pursuant to World Health Organization’s recommendations, Italy drew up the National Plan for Preparedness and Response to an influenza pandemic.

This Plan represented the national reference to form the basis for preparation of Regional operative plans.

Accordingly, it identified key actions for the national and regional health authorities and for the other players involved and established the measures to be adopted for each phase.

Although there was a National Plan for Preparedness and Response to an influenza pandemic, the Italian social security system was not completely prepared to counter the COVID 19 health crisis.

This has implied an overwhelming effort to promptly react and effectively counteract to an unprecedented situation.

Measures were immediately taken across all social security branches and focused in particular on supporting the health system response preserving employment and guaranteeing adequate levels of income for workers and families and protecting vulnerable groups at risk of poverty.



Strengthening the health care system:

This included additional funds to the National Health Service, the recruitment of health workers, the provision of new intensive and semi-intensive care beds, the construction of new hospital wards dedicated to the treatment of COVID-19 patients, the hiring of 36,300 new servants (of which 7,650 doctors and 16,500 nurses) and withholding of retired staff. Among the reinforcement measures, it is worth mentioning subsidized loans and fiscal incentives for disinfections and for the production of medical devices.

Workforce

Among the measures related to workforce:

New allowances for self-employed workers and tourism/entertainment workers;

Measures to support for families and businesses (e.g. last-resort income fund; measures for domestic workers);

Suspension of dismissal procedures.

Measures to support families

The measures to support families included allowances (bonus) for babysitting services and extension of parental leave;

Home working;

Increase in the resources to updated school buildings and educational activities.



Among fiscal measures:

Suspension and postponement of some fiscal deadlines; reduction of VAT on certain items, e.g. from 22% to 5% on masks, ventilators and other devices to protect workers’ safety.

Tax credit of 60% for expenses for sanitization, for the adaptation of work environments, for the rental of business premises;

Tax deduction for natural persons investing in innovative start-ups or Small and Medium Enterprises (SMEs), equal to 50% of the amount invested.

Liquidity support

The “Liquidity Decree” set a plan to foster liquidity, including a moratorium on loans granted to Small and Medium Enterprises (SMEs) and to exceptional guarantees provided by the Central Guarantee Fund for SMEs and the “Guarantee Italy”, a corporate program run by SACE S.p.A.

The decree also strengthened government support for exports, improving the incisiveness and timeliness of state intervention, including a co-insurance system.



Preparedness of the Corte dei conti to cope with pandemic

The *Corte dei conti* has promptly reacted to the pandemic and put in place a new and efficient organizational setup in order to ensure the continuity of its institutional functions leveraging on the systematic use of digital tools along with the immediate distribution of laptops for remote working.

Importantly, the *Corte dei conti* was one of the first Italian public Institution to implement the migration into the cloud. Accordingly, even before the pandemic, it was completely prepared to carry out its audit and judicial activities without any delay with regard to the originally settled working schedule.

In May 2020, the *Corte dei conti* published the Report on the Coordination of Public Finance which deeply analysed the macroeconomic framework with regard to COVID-19 crisis.

In June 2020, it presented to the Parliament the Annual Report on the State Budget. Many sections of the report have analysed several measures adopted by the Italian Government to tackle the COVID-19 emergency.



Moreover, the *Corte dei conti* has carried out ex-ante compliance audits on the administrative measures adopted following the COVID-19 Decrees, for example the ones regarding State loan guarantees.

Controls related to the pandemic have also been performed intrusively throughout the whole annual controlling cycle in 2020, at both central and regional level. Hence, most *Corte dei conti* report and decisions have assessed the impact of the pandemic.

Furthermore, the Prosecutor General of the *Corte dei conti* has asked the Regional Prosecutors’ Offices to pay attention to the expenditure related to the pandemic.

Working plan and priorities of Corte dei conti for 2021

In line with the objectives of the 2021 General Audit Plan, the *Corte dei conti* will carry out a broad and varied program of work and specific audits relating to certain measures adopted by the Government, public administration and entities, at central and regional level, to tackle the COVID-19 pandemic.

Healthcare

The National Health System, the update of the hospital network, the implementation of home-assistance and the staffing will be scrutinized.

Education

Investments to prevent school abandoning (a pillar of the national recovery plan) will be scrutinized;

Digitalization and schooling real estate will also be under scrutiny, also to reduce inequalities among different areas.

University research will be monitored, also in light of the funds allocated to implement the project Horizon Europe (HEU).

Working plan and priorities of *Corte dei conti* for 2021

Social security

Among pandemic-related measures to be scrutinized, it worth mentioning:

The interventions consisting in exemptions from social contributions;

Some of the interventions envisaged in the REACT EU program (Recovery Assistance for Cohesion and the Territories of Europe)..

Special support funds (Reddito di cittadinanza, last resort income, assegno di natalità) which have been granted.

Other points of attention

The *Corte dei conti* will monitor the implementation of the envisaged reform of taxation, by analyzing the weaknesses of the fiscal system and the consistency of the latest amendments.

The *Corte dei conti* will pay attention to the infrastructural investments and the So-called “Green new deal guarantees” aimed at supporting investments to increase economic sustainability; a special fund for years 2020-2023 has been set up.

Digitalization

Working plan and priorities of Corte dei conti for 2021

Meanwhile, the *Corte dei conti* will control the use of other funds (also considering that EU regulations no. 2020/460 and 2020/558 allowed further flexibility for the use of EU structural and investment funds for years 2014-2020).

While performing its tasks, it will assist public entities in the proper use of EU resources and concomitant and along-side reviews are encouraged, so as to ensure “time-to-market”.

The control priorities include the maintenance of an appropriate quality in the provision of services (including healthcare, social assistance, education, labor support).

The forthcoming controls of the *Corte dei conti* shall be tailored in order to address the fields that are most relevant in the aftermath of the pandemic, including the assessment of the proper allocation of expenditures. The controls will therefore scrutinize the implementation and both the legal compliance and the effectiveness/efficiency of the EU Next Generation related projects.

The *Corte dei conti* can avail itself of the contribution of both central and regional audit chambers.

Among the envisaged reports, in mid-2021, the *Corte dei conti* will present the Annual Report on the Coordination of Public Finances which will provide an overall assessment on the criticalities worsened by the pandemic crisis, on the macroeconomic situation and on the impact of the measures adopted on public finance (in particular on the health system) and the Annual Report on the State Budget which will provide a deep analyses of the COVID -19 related spending for each ministry as well as the analysis of the *ad hoc* budget chapters .

The Recovery and Resilience Facility - Reg. EU 241/2021

The Recovery and Resilience Facility (RRF) is a central pillar of NextGenerationEU. With entry into force of the facility’s regulation (12 February 2021), the European Union member states will be bound to formally submit their plans by end-April.

The Recovery and Resilience Facility is structured on six pillars: green transition; digital transformation; economic cohesion, productivity and competitiveness; social and territorial cohesion; health, economic, social and institutional resilience; policies for the next generation.

Italy is potentially the largest recipient Country of the available loans and grants available to support reforms and investments to mitigate the economic and social impact of the current pandemic.

A duly plan related to the reforms and public investment through a comprehensive and coherent package is being defined.

The Recovery and Resilience Facility - Reg. EU 241/2021

The *Corte dei conti* has already presented to the Parliament its detailed evaluations on the draft plan and its six missions. The Corte has observed that the Government has taken into account both the reforms (in particular the reform of Justice, Public Administration and the reform of the tax system) to implement and the projects to launch along with the public finance requirements. The *Corte dei conti* has focused on the expenditure related to a concrete and significant increase in growth.

The need of an adequate and efficient governance of the Plan as well as the key role of local bodies for the implementation of the plan have been underlined.

The implementation of recovery and resilience plan will be constantly monitored, with related accountability.

The *Corte dei conti* is ready to exercise its role and to prevent and combat corruption, fraud, conflicts of interest, etc. in the use of funds made available by the European Union as required by the European Commission.



Many thanks to all of you

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