



CORTE DEI CONTI

**THE USE OF EVALUATION IN THE AUDIT OF THE COVID-19 PANDEMIC'S MANAGEMENT
AND CONSEQUENCES IN ITALY**

**THE FIRST ANALYSIS ON THE MANAGEMENT OF THE HEALTH SYSTEM DURING THE PANDEMIC
AND THE FUTURE CHALLENGES: CONTROLS ON THE IMPLEMENTATION OF THE RECOVERY PLAN**

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AUDIT OF THE COVID-19 PANDEMIC'S MANAGEMENT

- In the two last Annual Reports on the Coordination of Public Finances issued in May 2020 and May 2021, the *Corte dei conti* provided an overall assessment of the critical issues aggravated by the pandemic crisis, as well as an analysis of the impact of the measures adopted to address this emergency (particularly in the health sector).
- Pandemic related audits have been performed intrusively throughout the whole annual controlling cycle in 2020, at both central and regional level. Hence, most of the *Corte dei conti* reports and decisions have assessed the impact of the pandemic.
- In line with the objectives of the 2021 General Audit Plan, the Italian SAI is carrying out a broad and articulated work program and specific checks relating to some measures adopted by the Government, the Public Administration and other bodies, at central and regional level, to addressing the COVID-19 pandemic.

AUDIT OF THE COVID-19 PANDEMIC'S MANAGEMENT

- It is still too early to make forecast on what the pandemic will leave us in the various sectors (not only in the healthcare sector).
- Certainly, this crisis has deeply highlighted, even more, the importance of the evaluations on public policies and programs, as well as the strengthening of traditional processes (in particular, the reinforcement of the concurrent controls aimed at providing prompt responses in the correct management of public resources and ensuring the most efficient use of these resources during the management cycle).

THE FIRST ANALYSIS ON THE MANAGEMENT OF THE HEALTH SYSTEM DURING THE PANDEMIC

- As expected, expenditure data for 2020 have significantly increased and the stabilization process achieved in recent years has interrupted.
- In the final balance, health care expenditure in 2020 reached 123.5 billion euros, an increase of 6.7 percent compared to 2019.

HEALTHCARE EXPENDITURE:

2017: 112.185 billion euros	6,5% GDP
2018: 114.318 billion euros	6,5% GDP
2019: 115.710 billion euros	6,5% GDP
2020: 123.474 billion euros	7,5% GDP

THE FIRST ANALYSIS ON THE MANAGEMENT OF THE HEALTH SYSTEM DURING THE PANDEMIC

- The new measures adopted in 2020 have deeply impacted the health care system and it was necessary:
 - to increase the staff of the healthcare facilities which had, already before, a reduction in full-time staff and were unable to provide a proper quality of services;
 - to adapt hospital capacity for Covid 19 emergency;
 - to strengthen territorial healthcare structures.
- The increase in expenditure was therefore determined by the increase in labor income, and, especially, by the increase in intermediate consumption (12.8 per cent). On the other hand, expenditure on administrative services was moderate (+200 million euros).

THE FIRST ANALYSIS ON THE MANAGEMENT OF THE HEALTH SYSTEM DURING THE PANDEMIC

- On the revenue side, there was a significant decrease (-1.3 billion euros), caused by a reduction in non-Covid demanding healthcare services (suspension of specialist visits), in particular:
 - reduction of fees for healthcare services (for approximately 500 million);
 - reduction of intra-moenia healthcare services (approximately 300 million);
 - lower revenues from international mobility (approximately 200 million euros),

THE FIRST ANALYSIS ON THE MANAGEMENT OF THE HEALTH SYSTEM DURING THE PANDEMIC

- The resources allocated, in Italy, to support the pandemic emergency were significant: over 8 billion euros, of which 3.6 were directly managed by the regions
- *Corte dei conti's* analysis shows the different response at the territorial level and the different consequences of the pandemic deriving from the pre-existing situation of the regional healthcare systems.
- The pandemic crisis has underlined, even more clearly: the differences in the quality of the services provided; the staff shortages due to constraints in the reorganization phase; the limits in planning the necessary professional resources; the inadequacies of territorial assistance of the growing non-self-sufficiency and chronicity phenomenon; the slow development of investments due to the current needs.

THE FIRST ANALYSIS ON THE MANAGEMENT OF THE HEALTH SYSTEM DURING THE PANDEMIC

- So, a proper redesigning of the healthcare system has been underlined by the *Corte dei conti* .
- It was also highlighted that an important contribution should come from technologies, both to adapt and modernize the healthcare structures and make available updated tools to plan the use of resources in compliance with the actual healthcare needs to avoid duplications in the services providing as well as the organizational inefficiencies.
- The implementation of the National Recovery and Resilience Plan represents an opportunity for future development, investments and reforms, in the healthcare sector.
- However, these evaluations concern not only the healthcare sector.

THE FUTURE CHALLENGES: THE NATIONAL RECOVERY AND RESILIENCE PLAN

- The National Recovery and Resilience Plan is part of the Next Generation EU (NGEU) program, namely the € 750 billion package – of which about half is in the form of grants – that the European Union negotiated in response to the pandemic crisis.
- The main component of the NGEU program is the Recovery and Resilience Facility (RRF), which has a duration of six years – from 2021 to 2026 – and a total size of € 672.5 billion – of which € 312.5 billion is in the form of grants, and the remaining € 360 billion is in the form of low-interest loans.

THE FUTURE CHALLENGES: THE NATIONAL RECOVERY AND RESILIENCE PLAN

- The Commission has received the Recovery and Resilience Plan from Italy at the end of April. It was approved on June, 22.
- The Recovery and Resilience Plan submitted by Italy envisages investments and a consistent reform package, with € 191.5 billion in resources being allocated through the Recovery and Resilience Facility plus other resources for a total amount of € 248 billion.
- The Italian plan is structured around six areas: digitalization, innovation, competitiveness and culture; green revolution and ecological transition; infrastructure for sustainable mobility; education and research; cohesion and inclusion; health.

THE FUTURE CHALLENGES: THE NATIONAL RECOVERY AND RESILIENCE PLAN

- So, the National Recovery and Resilience Plan is an intervention that aims at repairing the economic and social damage caused by the pandemic crisis, contributing to addressing the structural weaknesses of the Italian economy, and leading the country along a path of ecological and environmental transition.
- The investment should be developed by a reform strategy aimed at improving the regulatory and organizational systems and steadily increasing the Country's equity, efficiency and competitiveness.

CONTROLS ON THE IMPLEMENTATION OF THE RECOVERY PLAN

- The *Corte dei conti* presented to the Parliament its detailed evaluations on the draft plan and its six missions before its submission to the European Commission.
- In its evaluation, it observed that the Government has considered structural reforms in key areas (in particular, the reform of Justice, labour market laws and programs, Public Administration, policies for next generation, digital transformation, green transition and fiscal systems) to implement and to launch along with the public finance requirements.
- The need of a proper and efficient governance of the Plan, as well as the key role of local bodies for the implementation of the plan have been underlined.
- Likewise, the need for constant monitoring of the implementation of the recovery and resilience plan, with the related responsibilities, have been pointed out.

CONTROLS ON THE IMPLEMENTATION OF THE RECOVERY PLAN

- In this particular context, the *Corte dei conti* is required by law, as part of its control functions (art. 100 of the Constitution), to exercise the performance audit by carrying out evaluations on the efficiency and cost-effectiveness of the use of the financial resources assigned through the Recovery and Resilience Plan.
- This audit is based on cooperation criteria with the European Court of Auditors, in accordance with the provisions of art. 287, paragraph n. 3 of the Treaty on the Functioning of the European Union.
- Particularly, the *Corte dei conti* is required to verify the improvement in the efficiency of public administrations in the exercise of their duties in all sectors, in order to guarantee the success of the Recovery and Resilience Plan and the relaunch of the country.

CONTROLS ON THE IMPLEMENTATION OF THE RECOVERY AND RESILIENCE PLAN

- The new approach defined by the Recovery and Resilience Plan requires the introduction of a system of process standards, tools, data and information, in order to increase the level of effectiveness of the initiatives, to prevent, detect and correct severe irregularities as well as to strengthen the capacity to recover the resources unduly paid.
- Therefore, it is necessary to implement a concurrent control during the management cycle. This specific control is aimed at reporting observations and irregularities during the management cycle and not only at its end.

CONTROLS ON THE IMPLEMENTATION OF THE RECOVERY PLAN

- The *Corte dei conti* is promptly responding to these new needs:
 - the control on the implementation of the Recovery and Resilience Plan involves the Regional Chambers of the *Corte dei conti*, already present (with regard to the territorial bodies competent for the implementation of the projects of the plan);
 - in compliance with the interinstitutional relations system laid down by the Constitution, Administrations are required to independently adapt to the results of the audits carried out and follow the recommendations issued by the *Corte dei conti*;
 - however, as laid down by the legislator in the emergency phase of the pandemic, the *Corte dei conti* is required to strengthen the effectiveness of this control in order to prevent "serious management irregularities" "or significant and unjustified delays" in the implementation of plans, programs and projects. So, a link between the negative result of the concurrent control and the managerial liability action of audited administration can be underlined. It could be a clear deterrent function for those who exercise public functions.

CONTROLS ON THE IMPLEMENTATION OF THE RECOVERY PLAN

- Pursuant to European Guidelines of last January 22, 2021, the timely and complete dissemination of data is essential, not only for the preparation and for the planning of Recovery and Resilience Plan by the States, but also for the subsequent management and control.
- Accordingly, it is fundamental, for the reporting task of the *Corte dei conti*, to have access to the detailed information concerning each reform projects and programs already submitted to the European Commission and to all information that will be submitted in case of specific requests in compliance with the principles of accuracy, accountability and transparency, simplicity and consistency laid down in the aforementioned Guidelines.



Many thanks to all of you

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