

Agenda Item 5



MONGOLIAN NATIONAL AUDIT OFFICE

# CONDUCTING AUDIT DURING COVID-19 PANDEMIC

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Ulaanbaatar, 2021



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## CONDUCTING AUDIT DURING COVID-19 PANDEMIC



### LAW OF MONGOLIA ON STATE AUDIT (Revised edition)

Ulaanbaatar city  
May 1, 2020



### MISSION STATEMENT:

- To tender support to the Parliament in discharging the functions of the state supreme body, and assistance to government in raising the accountability, efficiency and effectiveness of its activity for the benefit of homeland and people.



### INDEPENDENCE:

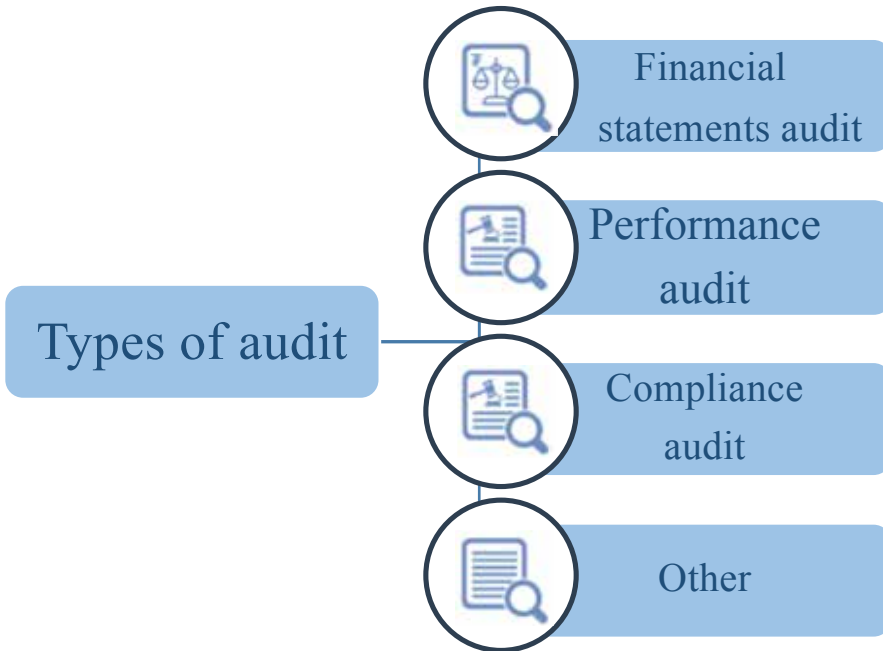
- The MNAO is an organization which is established by the Law of Mongolia, reports to the State Great Hural (Parliament) and independent from the Executive.



## CONDUCTING AUDIT DURING COVID-19 PANDEMIC



### TYPES OF AUDIT CARRIED OUT BY MNAO:



### AUDITING STANDARDS:

- The MNAO uses in its audit activity fieldwork and reporting standards developed in compliance with INTOSAI and IFAC standards on auditing.



## ACTIVITIES OF THE MONGOLIAN NATIONAL AUDIT OFFICE DURING THE COVID-19 PANDEMIC



- At the era of Covid-19 pandemic, the MNAO aims to protect the health of its employees, build a culture of working remotely, provide opportunities for employees to work online, improve their skills, and run smoothly. We focus on ensuring that the quality and efficiency of the audit are not affected.
- The way of conducting audits has changed dramatically, mainly due to remote working. Although interviews and remote walkthroughs have been more efficient than expected, it is almost inevitable that planned audits are postponed, delayed or even canceled.
- During the pandemic, challenges never before faced by auditors in performing audits are emerging. In response, auditors need to be more agile and creative in performing audits and complying with the auditing standards.



## II. CONDUCTING AUDIT DURING COVID-19 PANDEMIC

The MNAO highlighted the following two audits conducted during the covid-19 pandemic. These include:

1. Financial statements audit for “Mongolia covid-19 emergency response and health system preparedness project”
2. Real-time audit “One door-One test” campaign





## 1. FINANCIAL STATEMENTS AUDIT FOR "MONGOLIA COVID-19 EMERGENCY RESPONSE AND HEALTH SYSTEM PREPAREDNESS PROJECT"

The MNAO conducted an audit for the financial statements and budget implementation of the "Mongolia covid-19 emergency response and health system preparedness project" in 2020 from January 25 to February 25, 2021.

### Brief Introduction of the Project



#### Purpose of the Project

The project's purpose is to strengthen Mongolia's capacity to prevent and respond to the COVID-19 outbreak and strengthen national systems for public health preparedness.



#### Total Financing

The project will be implemented in 2020-2023 and will be financed by a soft loan of 26.9 million USD from the World Bank.



#### Project Implementation Unit

The project financing loan agreement was approved by the parliament on April 24, 2020, and the project implementation unit was established.



#### Performance

The organization's annual performance plan reports that 48.1% of the seven planned activities have been completed within framework of 4 objectives.



## CONDUCTING AUDIT DURING COVID-19 PANDEMIC

### PROJECT ACTIVITIES

01

300-bed maternity hospital



03

Third National Central Hospital (Department of Neurology)



It will also build the capacity and legal framework to prevent, reduce and limit the spread of Covid-19 infection, and to ensure the preparedness of future public health services.



02

Training hospital at the Mongolian National University of Medical Sciences



04

Polyclinics in 9 districts of the capital city and 21 provinces will be provided with 1,000 kinds of more than 11,500 medical equipment, medicines, medical supplies and personal protective equipment.



2023

2022

2021

2020

The project will run from 2020 to 2023, and a total of \$ 26.9 million in soft loans from the World Bank has been approved for the following components. These include:

- **Component 1:** Emergency COVID-19 Prevention and Response - USD 2.5 million
- **Component 2:** Strengthening Health Care Delivery Capacity - USD 23.75 million
- **Component 3:** Implementation management and Monitoring and Evaluation- USD 0.65 million
- **Component 4:** Contingent Emergency Response Component - (It can be used in the case of additional funding or budget amendments.)





## AUDIT ERRORS AND CONFLICTS



Out of 94 information to be posted on the Glass Account website, 34 information was delayed and 8 information was omitted

**Formal Request**



During the project period, a total of 76 procurements were planned, of which 17 were completed and 22.4 percent were implemented

**Recommendation**



The procuring entity did not post the invitation to tender in the electronic procurement system.

**Recommendation**



The project unit does not use financial accounting software.

**Recommendation**

A total of 4 errors and violations were revealed during the audit, 1 formal request was submitted for violation, and 3 recommendations were submitted not to repeat.



## 2. REAL-TIME AUDIT FOR THE RESULT OF “ONE DOOR-ONE TEST” CAMPAIGN

- MNAO examined the “One door-One test” campaign which was organized between February 11-23, 2021, and provided conclusions and recommendations to the relevant authorities.
- 442 thousand citizens were involved in the “One door-One test” campaign, MNT 118 billion spent, and 56 cases of Covid-19 detected.

**Purpose 3:**  
Whether diagnostic test is  
being performed correctly

03



02

**Purpose 2:**  
Whether financial resource  
are being managed properly;



01

**Purpose 1:**  
Whether the measures taken  
by the State Emergency  
Commission is effective;





## IMPORTANCE OF REAL-TIME AUDIT

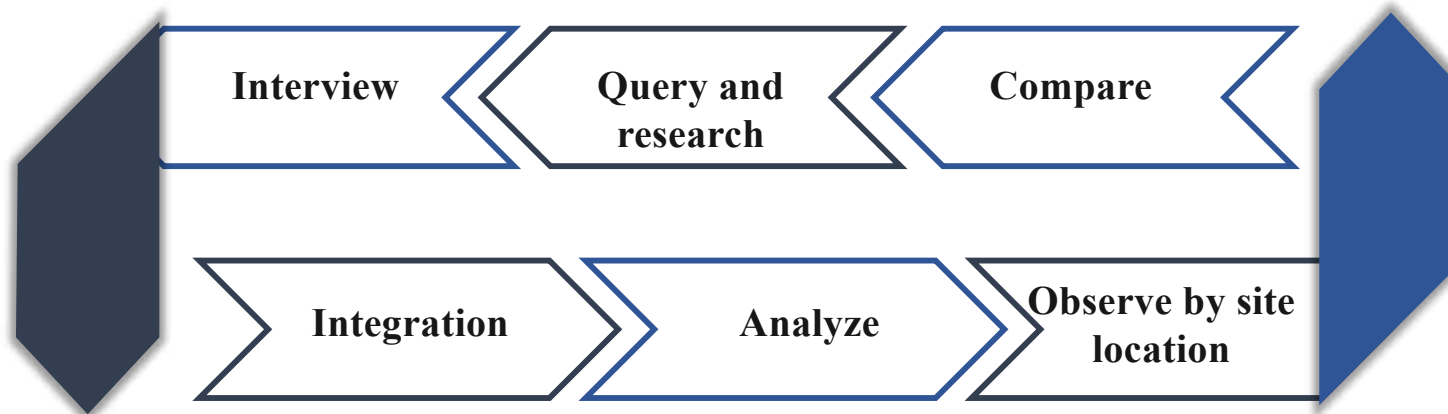


- In many countries, the Supreme Audit Institutions are implementing real-time audit to monitor taxpayers' expenditure more effectively.
- Real-time audit differs from traditional audit in that it provides timely information and advice. Real-time audits conduct in a shorter period of time and focus on prevention rather than correction of audit results.
- Real-time audits are intended to address issues and deficiencies in the form of recommendations to relevant officials.



## METHODOLOGY OF REAL-TIME AUDIT “ONE DOOR-ONE TEST” CAMPAIGN

In the process of auditing the "One door-One test" campaign, evidence was collected in accordance with ISSAI 5599-5500 and the audit methodology specified in the performance audit procedures, and audit findings, conclusions, and recommendations are formulated. The following audit methodologies were used during the real-time audit.





## AUDIT FINDINGS OF THE “ONE DOOR-ONE TEST” CAMPAIGN

Common conflicts include:

### Implementation of Law on Disaster Protection

Disaster protection activities reflected in the Law on Disaster Protection were not followed. Participation of the legal body was not reflected. Due to this, estimating implementation of the campaign was difficult at the lower and middle levels.

### Information on lockdown

Detailed and systematic information on lockdown and the testing process was not provided well.

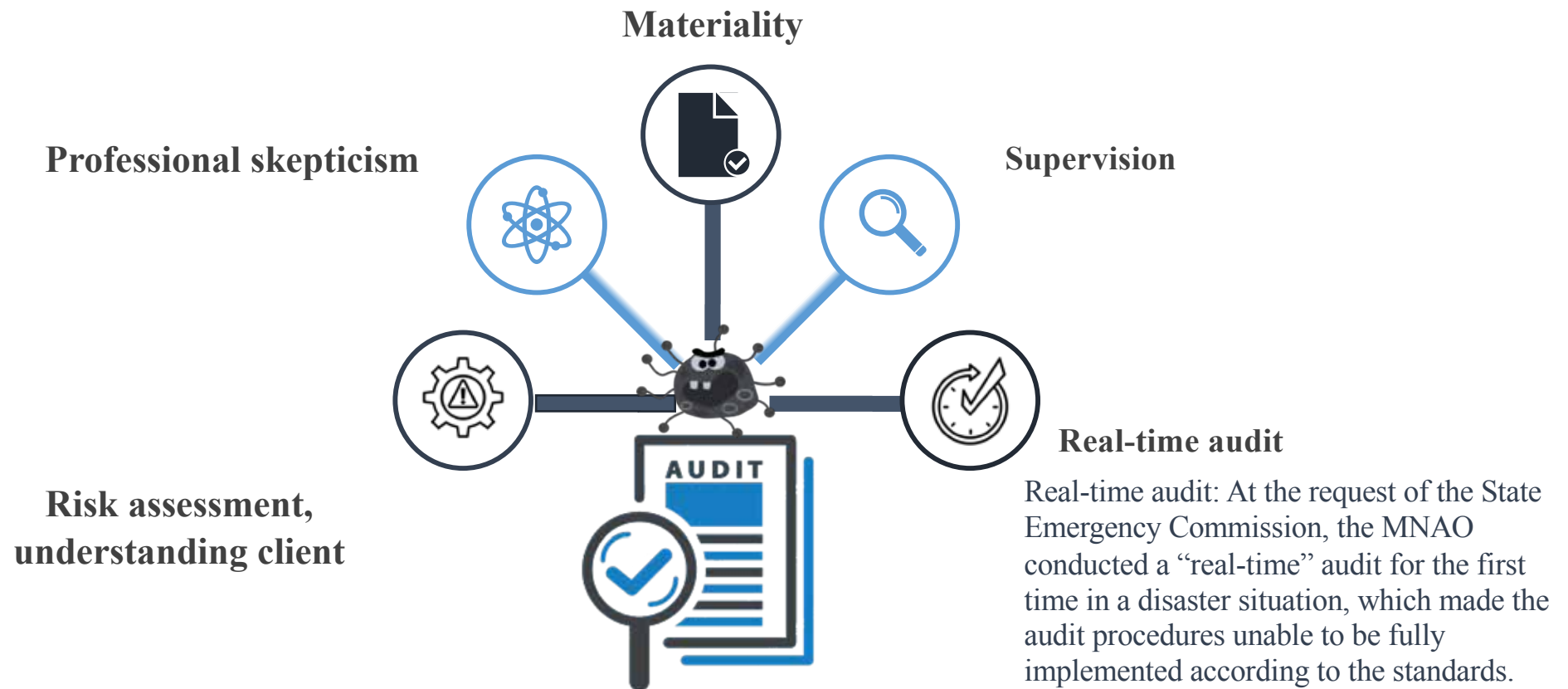
### Workload at the point

Permanent testing sites and mobile teams operated as planned, but the workload at the point was not equal.

Based on audit findings, a total of 20 recommendations were submitted to the relevant authorities to eliminate the violations and take further action.



## KEY CHALLENGES FOR AUDIT DURING THE COVID-19





## FURTHER ACTIONS AND OPPORTUNITIES

### **Audit Innovation**



Innovation is the future of audit. We aim to innovate the audit by leveraging cutting-edge technology, data analytics, and transformative service delivery models.

### **Emergency Documents**

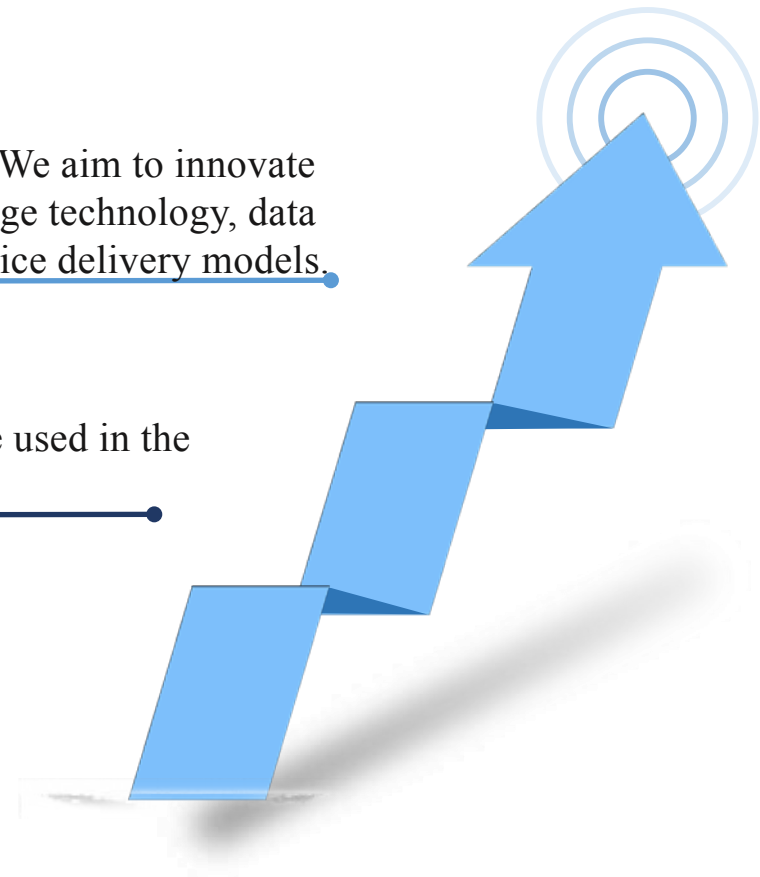


SAIs need to develop documents that can be used in the case of a pandemic or emergency.

### **Remote Work Culture**



The way of conducting audits has changed dramatically, mainly due to remote working.





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**THANK YOU FOR YOUR  
ATTENTION**

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