

General Inspection Second Preliminary Report



April 8, 2022

INTRODUCTION

- In light of its role in monitoring public administrations and institutions (PAIs) and its efforts to inform administrative reform, the Central Inspection launched the General Inspection Survey on IMPACT, with the purpose of surveying and assessing the current reality of the public administration in Lebanon, in order to identify the challenges and opportunities for administrative reform.
- The Administrative Inspectorate General has drafted this Second Preliminary Report as a quarterly review, as part of its follow up and monitoring of the General Inspection Project and its implementation of Central Inspection's Five-year Strategy – a primary objective of which is to lay the foundations for digital real-time audit.
- This report addresses the recent updates to the different sections of the General Inspection Survey and offers recommendations on how to improve administrative work processes and resolve shortcomings.
- The report is based on an analysis of the real-time dashboards linked to IMPACT. It also checks the data against the applicable laws and regulations, and the interviews conducted by inspectors, each within their scope of competence, with a small sample of respondent PAIs, in order to delve deeper into certain aspects of their work.



120

PAIs were requested to complete the survey (excluding caimacamates attached to governorates)

92

PAIs started to fill the survey on IMPACT

INTRODUCTION

The General Inspection Survey developed by the Administrative Inspectorate General includes 14 sections, each related to a certain aspect of public administration. Pending the completion of the data collection, this Second Preliminary Report addresses the four sections below, which directly contribute to the development of administrative work. Some of the sections included in the First Preliminary Report were updated, and new sections were addressed in the present report.

1

Strategic planning

2

Financial management
(accounting for materials, contracts, grants)

3

Right to access information

4

Committees

Timeframe of the Second Preliminary Report

From June 1st, 2021

To March 15, 2022



MAIN FINDINGS

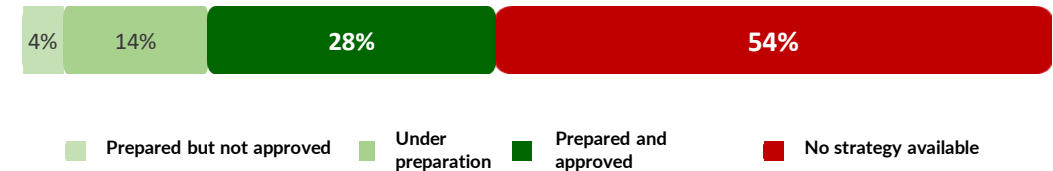
STRATEGIC PLANNING: A GRIM OUTLOOK

The latest results of the General Inspection Survey have confirmed the serious lack of strategic planning and clear implementation standards in the Lebanese public administration.

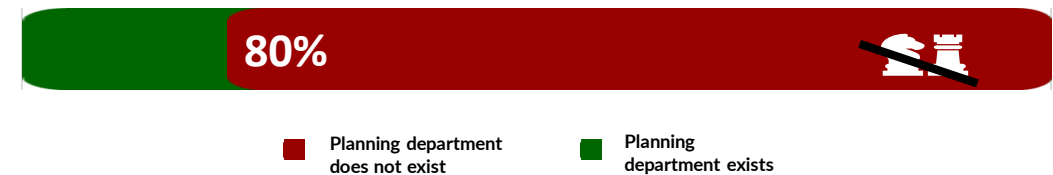
- Less than half of the PAIs that filled this section have worked on a strategic plan, and only 28% of PAIs have approved such a strategic plan.
- It should be noted that the Directorate General of the Ministry of Industry has designed two executive strategic plans to develop the industrial sector, along with detailed operational plans.
- As a significant ratio of PAIs lack strategy, the Lebanese public administration operates in the absence of a long-term vision and clear goals.
- This points to a structural gap in the Lebanese public administration, indicating its ill-preparedness to anticipate needs and perform under a strategic vision.
- Based on the Administrative Inspectorate General's follow-up on the lack of strategic planning with a sample of PAIs, some have reported that the central administration is responsible for developing such plans in cooperation with the Ministry's various units, while others have mentioned that there are draft plans undergoing review, whose issuance is delayed pending legislative amendments.

Results last updated on March 15, 2022

Insufficient Strategic Planning at the Level of PAIs



No Planning Department in Most PAIs



Results in this section are based on a sample of 69 PAIs that started the survey to date, given that not all have finalized all sections.



MAIN FINDINGS

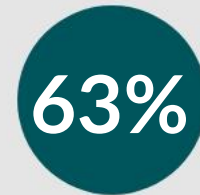
FINANCIAL MANAGEMENT / ACCOUNTING: SIGNIFICANT BREACHES

The latest results of the survey reaffirmed the large disregard of financial management regulations relevant to accounting, in violation of Articles 214 and 215 of the Public Accounting Law No. 14969 dated December 30, 1963.

- All PAIs have a primary obligation to keep accounting records for materials, as this is essential for monitoring the management of public funds to avoid misuse and embezzlement.
- Based on the survey, this aspect of financial management showed significant breaches, with 65% of PAIs not undertaking any form of accounting for materials.
- The interviews with a sample of PAIs revealed that non-compliance with the obligation to keep accounting records for materials is mainly due to a shortage in human resources (materials accountant) at the PAIs at fault.
- Among the 35% of PAIs that keep accounting records, only 37% of them submit their reports to the Court of Audit, showing a serious inconsistency in channeling information to the relevant authorities for proper oversight.
- The interviews with a sample of PAIs that do not submit reports to the Court of Audit revealed that they have not fully completed their final accounts (accounting for materials is part of the final accounting process) due to the lack of specialized accountants.



of PAIs do not keep accounting records for materials



of PAIs that do keep accounting records for materials do not submit their report to the Court of Audit

Results in this section are based on a sample of 77 PAIs that started the survey to date in the accounting sub-section.



MAIN FINDINGS

FINANCIAL MANAGEMENT / GRANTS: COMMON MISPERCEPTION

Respondent PAIs have received a total of 390 grants in the past five years, including 357 in-kind grants and 33 cash grants. The General Inspection Survey has revealed widespread misunderstanding among respondent PAIs regarding grant control and monitoring.

- Most grants (81% of their total number) are not monitored, while 48% of these grants are not included in the budget.
- This constitutes a violation of the legal provisions on grants, particularly the Law on Public Budget and Annexed Budgets of 2018, which clearly specifies how grant agreement provisions should be implemented.
- The interviews with a sample of PAIs revealed widespread misunderstanding of grant control and monitoring obligations. It should be made clear that financial grants are subject to the control of the Ministry of Finance upon their inclusion in the budget. In-kind grants, meanwhile, are subject to accounting for materials upon their receipt.

Results last updated on March 15, 2022

390

grants have been received by 43 of the respondent PAIs in the past five years

81%

of grants are not subject to any monitoring

48%

of grants are included in the budget

Results in this section are based on a sample of 94 PAIs that started the survey to date in the grants sub-section.

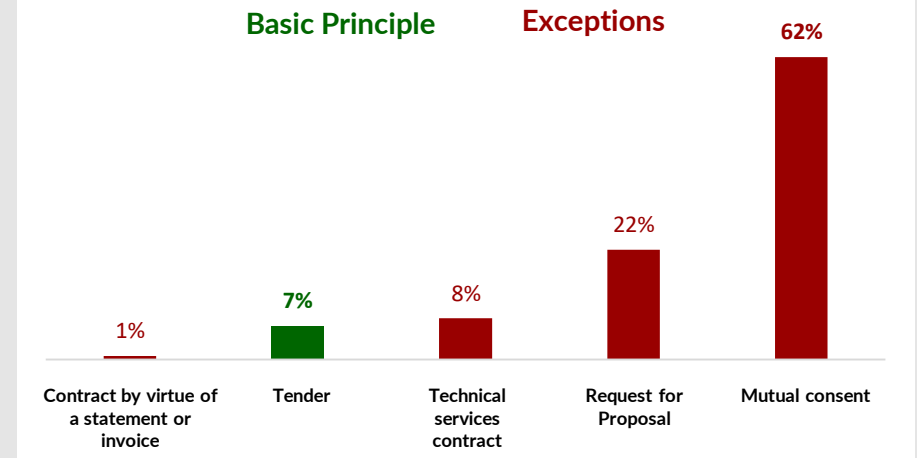
MAIN FINDINGS

FINANCIAL MANAGEMENT / CONTRACTS: A MAJOR SHORTCOMING

The General Inspection Survey has revealed loopholes and misinterpretations of the Public Accounting Law. In fact, public procurement in Lebanon suffers from numerous wrongful practices. It is therefore vital to implement the Law on Public Procurement (Law No. 244/2021), which includes several reformatory principles that promote good financial governance.

- The Public Accounting Law stipulates that contracts pertaining to the provision of materials, works, and services should be awarded through a public tendering process. In certain cases, contracts may be awarded through a limited tender, request for proposal, mutual consent, or by virtue of a statement of invoice.
- However, the exceptional practice of awarding contracts by mutual consent has surpassed the basic principle of public tendering. Contracts awarded through mutual consent represent 62% of the total number of contracts declared by respondent PAIs, compared to only 7% for contracts awarded through a public tender.
- As such, the exception has trumped the general rule in the area of public spending, which has undermined the principles governing public procurement, such as transparency, disclosure, and fairness. This has led to the misuse of public funds, unfair competition between suppliers, and higher public procurement costs.
- 94% of contracts concluded and declared by PAIs are not subject to the control of the Tender Administration, due to the fact that administrations contract suppliers by mutual consent without involving the Tender Administration.

Public Procurement: Basic Principle and Exceptions



94%

of contracts are not controlled by the Tender Administration

Results in this section are based on a sample of 81 PAIs that started the survey to date in the contracts sub-section.

MAIN FINDINGS

RIGHT TO ACCESS INFORMATION: DIGITAL TO THE RESCUE

Digital tools can improve the implementation of Law No. 28/2017 (Right to Access Information), which plays a crucial role in enhancing transparency and involving citizens in oversight, in addition to improving administrative work processes.

- Most surveyed PAIs (65%) have appointed a focal point designated to address any access to information request by the general public, in compliance with the law.
- The interviews with a sample of PAIs that have not appointed a focal point reported that each department follows up on information requests within its scope of competence. However, this issue should be addressed in compliance with the Law on the Right to Access Information.
- The small number of requests received by PAIs (295 requests) shows that the right to access information still needs to be embedded in the culture of citizens and civil society organizations.
- PAIs also need to make more significant efforts in systematically publishing administrative acts to be disclosed as per the law.
- According to the sample of interviewed PAIs, the low rate of publication is due to the shortage in human resources dedicated to updating the websites of some PAIs on a daily basis, in addition to errors in classifying administrative transactions and decisions.
- The rate of publication of administrative acts increases when websites are updated, reaching 42% of the total acts in PAIs that have an updated website. Therefore, it is necessary to update official websites to enable the implementation of Law No. 28/2017.

Results last updated on March 15, 2022

65%

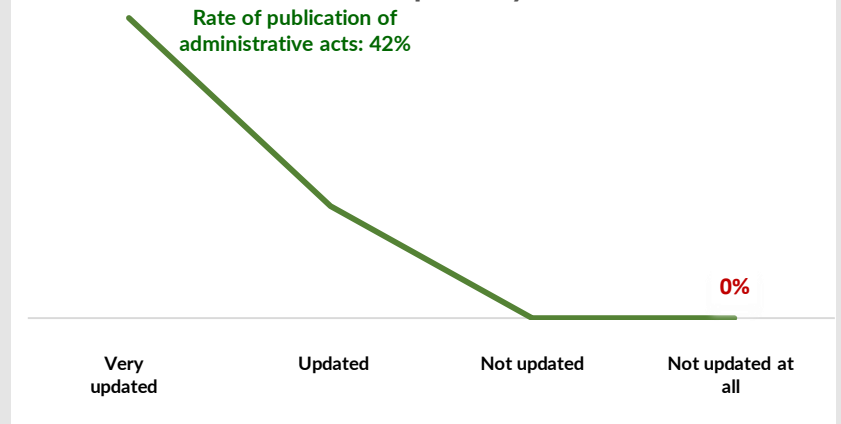
of PAIs have appointed a focal point under Right to Access Information Law

3%

of administrative acts enacted by surveyed PAIs were published on their websites

Technological Advancement Leads to More Transparency

Rate of publication of administrative acts: 42%



Results in this section are based on a sample of 89 PAIs that started the survey to date.



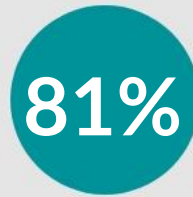
MAIN FINDINGS

COMMITTEES: A GENERAL TREND

In most PAIs that responded to the survey (81%), one or more committees have been formed, which hold their meetings during or outside official working hours.

- There is a noticeable difference in the number of committees in each PAI. In some cases, the number of committees exceeded 20 or even 30, compared to no more than 4 in nearly 33 PAIs.
- In some PAIs, the same employee is a member in more than 10 or even 15 committees at once. Although the members of most committees included in the sample are not remunerated for their work, appointing the same employee as a member of committees reduces their productivity and gives them exclusive authority in some areas, which would reflect negatively on administrative work processes.

Results last updated on March 15, 2022

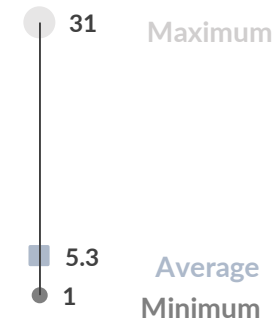


of PAIs have committees



average number of committees per PAI based on the sample of respondents

Noticeable difference in the number of committees in PAIs



Results in this section are based on a sample of 96 PAIs that started the survey to date.

RECOMMENDATIONS

ENSURE ENFORCEMENT OF EXISTING LAWS & REGULATIONS

- Enforce compliance of PAIs with existing regulations and laws, under the penalty of legal sanctions.
- Enforce regulatory provisions relevant to managing accounting of materials.
- Appoint or delegate an employee to keep accounting records for materials, in order to prevent the misuse or damage of public assets, and enable PAIs to monitor the management of their assets and assign responsibility in case of damage.
- Strictly enforce the obligation for PAIs to implement the Public Accounting Law, which authorizes exceptions in concluding contracts only in cases of necessity.
- Require PAIs subject to the provisions of the Law on the Right to Access Information to effectively implement this law by appointing an employee to process and respond to information requests, update their website, and publish on their website the reports and documents to be disclosed according to the law.
- Encourage citizens and civil society to make use of the Law on the Right to Access Information and clarify the information request submission process.

IMPROVE PERFORMANCE OF PUBLIC ADMINISTRATIONS

- Raise awareness among PAIs on the importance of using strategic planning tools.
- Request PAIs that have entered wrong information in the section on grants due to a misunderstanding to correct such errors and to disclose the value of in-kind grants as specified in the decrees issued in acceptance of such grants.
- Urge PAIs to use the IMPACT platform to upload their relevant administrative acts, in order to create a comprehensive electronic database for the Lebanese public administration.
- Fairly distribute the membership of committees among the largest possible number of employees, rather than restricting committee membership to specific employees, in order to alleviate the work burden, enable the smooth work of committees, and ensure the fair distribution of remuneration and benefits.



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