

Some, though insufficient, progress can be reported in the area of media and **audiovisual policy**. At the end of 2005, Bosnia and Herzegovina made a positive step towards alignment with the *acquis* in this field by adopting all the necessary State-level public broadcasting legislation. Republika Srpska has also adopted the relevant laws. The Federation of Bosnia and Herzegovina has been unable to complete the legislative process so far.

In July 2006, the Constitutional Court of the Federation of Bosnia and Herzegovina upheld a complaint that the proposed Entity Law adversely affected the vital national interests of the Croat people in the Federation. This judgement appears to conflict with an earlier ruling of the State-level Constitutional Court. Implementation of the adopted legal framework is proceeding slowly. Overall public broadcasting reform is only possible once all State and Entity legislation is in place and all bodies provided for in the legislation are established and operational. Beyond the adoption of the outstanding Federation legislation, the establishment of the Bosnia and Herzegovina RTV Corporation - charged with property management, international representation, marketing etc - is central.

Bosnia and Herzegovina's preparations in the field of information society and media are at an early stage.

#### 4.2.7. *Financial Control*

Limited progress has been made in the area of public internal financial control (PIFC). Internal Audit Coordinators have been appointed at the State and Entity level and a working group has been set up in order to start the coordinated drafting of internal audit laws at all government levels. Nonetheless, these actions are being taken without the necessary framework of a PIFC Policy Paper, which remains to be developed.

The current PIFC setup is inadequate. The Public Administration Reform Strategy for Bosnia and Herzegovina encourages the development of a PIFC system in line with international control, audit standards (i.a. the INTOSAI Guidelines for Internal Control in the public sector) and EU best practice. More specifically, Bosnia and Herzegovina needs to develop and introduce the modern principles of managerial accountability and functionally independent internal audit, with a focus on assessing internal control systems. The financial management and control system needs to be further developed and harmonised.

No action has been taken to establish a central harmonisation body for PIFC. The establishment and functioning of this organisation is essential for the harmonised and co-ordinated development of a commonly-agreed PIFC strategy. The implementation of the PIFC strategy should lead to the adoption of the necessary legislation and to adequate organisational structures for the internal control systems relating to public funds throughout the public sector. This organisation would also be responsible for the co-ordination of the training needs for management, controllers and internal auditors.

No particular developments have taken place regarding external audit. There are three Supreme Audit Institutions (SAIs) in Bosnia and Herzegovina, one at State-level and one per Entity. Brčko District is not covered by any of the SAIs and has outsourced external audit to a private company. The SAIs are independent from other government authorities and report to the Parliament. It is essential that the SAIs continue to adhere to the recommendations of the LIMA declarations of INTOSAI. The three existing SAIs co-operate through a Co-ordination Board. This coordination needs further strengthening through the establishment of a permanent secretariat. The SAIs have continued to carry out their duties and produced reports

and recommendations outlining, among other things, the shortcomings at the various levels of government. The reports of the SAIs are widely available. There is still a lack of responsiveness and follow-up to the SAIs' recommendations.

Overall, Bosnia and Herzegovina's preparations in the area of financial control remain at an early stage.

#### 4.2.8. *Statistics*

Some progress has been achieved in the field of statistics. The signature of the "Agreement on the implementation of harmonised methodologies and standards in preparing the statistical data of Bosnia and Herzegovina" between the country's statistics institutions has been a positive step. This Agreement sets out clear guidelines on the roles and responsibilities of the State-level Agency for Statistics of Bosnia and Herzegovina (BHAS) and the Entities' statistics institutions. As a result of this agreement Entity institutions will be obliged to use statistical standards, methodologies, classifications and nomenclatures regulated by the BHAS pursuant to EU and international standards. However, difficulties have been encountered in the implementation of such agreement.

Since January 2006 the Brčko Bureau for Statistics has operated as an integral part of the BHAS. BHAS has adopted a Work Plan and a Priority Action Plan , as well as a Book of Rules on Organisation and Systematisation. In terms of statistical nomenclature, the nomenclature of Industrial Products of Bosnia and Herzegovina, based on the PRODCOM List of 2005, has been released, as well as initial PRODCOM results for 2003 and 2004. BHAS completed the annual industry surveys IND-21-SBS and IND-21 PRODCOM. National Accounts Statistics and the calculation of GDP are prepared in compliance with ESA 95. BHAS has completed a Household Budget Survey (HBS) as well as a pilot Labour Force Survey (LFS) with full-scale LFS underway, while the Consumer Price Index (CPI) project is in its final stage.

In terms of administrative capacity, BHAS has resolved the issue of its premises, while provisions have been made in the 2006 budgets to hire new staff and procure the necessary equipment. Budgetary appropriations now need to be implemented. BHAS has been active in ensuring donor coordination. It has participated in preliminary discussions for a future census exercise.

The statistical system of Bosnia and Herzegovina is not compliant with the relevant European standards. Classifications need to be introduced in many areas to establish comparability of statistical information with other European countries. At present, the country produces a very limited amount of economic data, lacking any comprehensive balance of payment statistics and any comprehensive national accounts data. GDP data are only produced on a yearly basis. The collection and processing of agricultural statistics remains deficient. The insufficient quality and availability of economic statistics, in particular concerning fiscal data, national accounts and external balances, is a serious constraint to any economic policy discussion, both within the authorities and with the international community.

Bosnia and Herzegovina's preparations in the field of statistics are in their initial phase. Ensuring completeness of data, especially through the proper co-ordination between all producers of statistics in Bosnia and Herzegovina, upgrading methodology and improving overall quality, remain the key challenges.