

4.2.7. *Financial control*

In the area of **public internal financial control** (PIFC), the Central Harmonisation Units (CHUs) in the Ministries of Finance of the State and the Entities have prepared implementing legislation such as the framework financial management and control manuals, and internal control standards. They have also agreed a recommendations paper on an internal audit certification scheme. Staffing of the Federation CHU has been strengthened. Brčko District administration has embarked on developing its own PIFC policy paper to improve strategic planning, financial responsibility and fiscal accountability at local level. Pilot audits and training on internal audit risk assessment and training for newly-appointed auditors have been undertaken.

The coordination board of the CHUs has not reconvened to coordinate the development of legislation and methodologies. As a result, the State, the Federation and Republika Srpska have developed different approaches to internal control. At State level, the accountability of budget user heads is covered through relevant articles in the Bosnia and Herzegovina Law on Financing. In the Federation, it is covered through implementing legislation and in Republika Srpska through a draft law. The Federation law on financial management and control remains to be adopted.

In the area of **external audit**, the coordination board of the supreme audit institutions (SAIs) has not convened. The functional capacity of the four SAIs is satisfactory, but their financial independence remains an issue.

Overall, there has been little progress in the area of financial control. Significant further efforts are needed to implement PIFC at all levels. Progress in implementation of PIFC and International Organisation of Supreme Audit Institutions (INTOSAI) standards would significantly benefit from active Coordination Boards. Preparations are at an early stage and have yet to be started in the area of the protection of the EU's financial interests.

4.2.8. *Statistics*

As regards **statistical infrastructure**, cooperation between the Agency of Statistics of Bosnia and Herzegovina (the BHAS) and the Entity institutes for statistics has improved during the field enumeration of the population and housing census. The Indirect Taxation Authority (ITA) has started to provide data to the BHAS, but the data exchange between ITA and the statistical offices and the content necessary to produce statistics and update the statistical business register still needs to be defined. The strategy 2020 for the development of statistics in Bosnia and Herzegovina has been adopted by BHAS and the Entity institutes for statistics. A metadata strategy and dissemination strategy have been adopted. The mandates of the director and deputies of the BHAS have expired and recruitment is pending.

As regards **classifications and registers**, the statistical business register (SBR) requires further improvement, as data from relevant administrative sources is still missing. A five-year development plan for the register was agreed. BHAS continued to produce business statistics and national accounts according to NACE rev.2 on a regular basis. Bosnia and Herzegovina is in breach of the Interim Agreement, as GDP per capita figures harmonised at NUTS level 2 were not provided to the EU on 1 July 2013, an obligation under the agreement. A working group established to draft a classification of territorial units for statistics in the country has agreed on NUTS level 1 and NUTS level 2 proposals. Further progress on this issue is pending final results of the population and housing census.

Regarding **sectoral statistics**, BHAS and the Entity institutions for statistics conducted the population and housing census from 1-15 October 2013. Census field enumeration has been assessed by the International Monitoring Operation as successful. The data processing phase started in January 2014 and remains to be completed and results published. As regards macroeconomic statistics, national accounts need further development. Some progress was