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## **COVID-19 PANDEMIC AND THE IMPACT ON PUBLIC MANAGEMENT**

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**Abstract:** *Today's reality, affected by the adaptation to the new conditions imposed by the COVID-19 pandemic, has suffered a series of shocks due to the crisis generated by the infection with the novel coronavirus, with a strong impact on public management. The deciding factors of public administration were surprised by the magnitude of the crisis, very few states being able to optimally manage the risks and the negative effects of the pandemic, which hit the entire world economy. This article aims to analyze the impact of the COVID-19 pandemic on public management, the reactions of states and their economic effects, as well as the role of external public audit in crisis management.*

**Keywords:** *public management, COVID-19, external public audit*

**JEL Classification:** *H12, H57, M4*

### **1. Introduction**

The COVID-19 pandemic is the fifth pandemic in the last 20 years and the ninth pandemic in the last century (World Economic Forum, 2020). This has effects that are still unknown at this time, due to the fact that it has not yet ended, but the negative impact of the new coronavirus infection can easily be seen. The shocks of the crisis generated by the COVID-19 pandemic have manifested

in absolutely the entire world economy, both in the public and private sectors, affecting the lives of all citizens of the planet (Ullah et al., 2021).

This paper aims to analyze the impact of the COVID-19 pandemic on the public sector, especially on public management, given that management decisions at this level have influenced the lives of citizens around the world. It also analyzes the impact of decisions taken by public managers in the context of the COVID-19 pandemic on the economy, as well as the role of supreme audit institutions in this context.

## **2. The reaction of the world's states to the COVID-19 pandemic**

Economic experts have launched a series of studies aimed at analyzing the consequences of the lockdown on national economies, in order to identify the causes of differences between countries in the world, in terms of economic recovery and the period time required for the world economy to return to normal (Buera et al., 2021). They also considered that studying how public organizations react to crises can shed light on their response and resilience to the current crisis and possible future crises (Robinson & Wehde, 2020).

In the same context, the COVID-19 pandemic was a good opportunity for the world's states to demonstrate their legitimacy in the current conditions, given that imposing restrictive conditions on the population is not an easy task (Kheman, 2020).

Faced with an unprecedented situation in the last 100 years, states have made an unprecedented decision: closing the economy or the so-called *lockdown*, with negative effects difficult to combat. On the other hand, the maintaining jobs in the sectors considered to be essential for the functioning of the state and the national economy has been another challenge for the world's states (Sanchez et al, 2020). This decision affected the entire world economy, but had a positive effect on the environment, by reducing pollutant emissions due to reduced activity in the industrial sector (Khan et al., 2021). Analyzing the current situation, however, we find that the negative effects of the COVID-19 pandemic prevail.

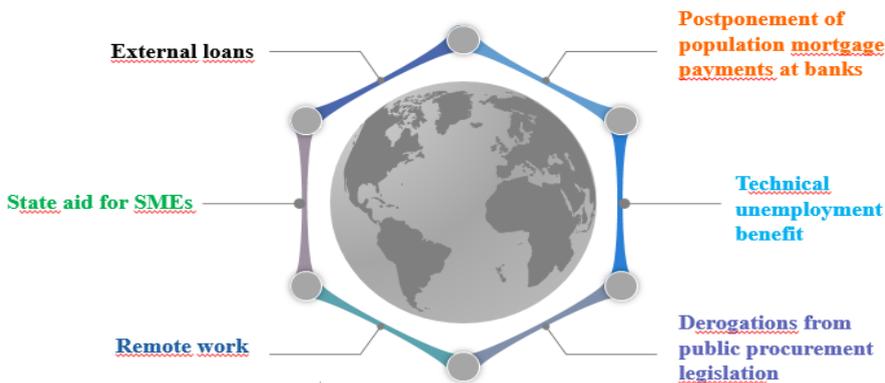
Unprepared for a crisis of this magnitude, states have taken a series of economic measures, after the lockdown, to revive national economies and for economic recover. The degree of damage to national economies depended largely on the state of the health system at the time of the COVID-19 pandemic, but also on the state of the economy as a whole, some states being more affected than others in this regard. From this perspective, the measures taken by some states to recover the national economy have been a source of inspiration for others, these measures being often similar. Given that the socio-economic

effects of the COVID-19 pandemic are multiple and diverse, an appropriate approach from public management is needed for their efficient management (Nicola et al., 2020).

The COVID-19 pandemic affected both the public and private sectors. However, there are areas that are more affected than others, such as those in which human interaction prevails: tourism, the hospitality industry, transport, etc. From this perspective, the world's states being put in a position to make quick decisions in an environment dominated by uncertainty, focused on those areas that could limit economic losses (Radu et al., 2021).

The main measures taken by the world's states to recover national economies in the context of the crisis caused by the COVID-19 pandemic are presented in Figure 1.

Figure 1. The main measures taken by states in the context of the COVID-19 pandemic



Source: made by the author

Romania has taken a series of measures for the recovery of the national economy, taking inspiration from other states, especially from the member states of the European Union, given the fact that the approach at the level of the community bloc was a unitary one. These measures aimed to limit the negative effects of the lockdown, but also those that occurred as a result of limiting the activity that involves the physical presence of man.

The measures taken by Romania, in addition to closing the economy by decreeing the state of emergency and establishing the lockdown (Decree 195/2020) involved granting state aid to SMEs (Order 1.060 / 2.857 / 2020),

the granting of unemployment benefits to persons affected by lockdown / job loss (Emergency Ordinance 32/2020), remote work/telework (Law 81/2018), as well as the postponement of population mortgage payments at banks (Emergency Ordinance 37/2020).

In addition to the measures described above, both Romania and other countries have accessed external loans (Ministry of Public Finance, 2020, Report on government public debt), which led to an increase in public debt, with an impact on economic activity and inflation. Also, in order to provide medical equipment and sanitary materials to combat the pandemic with the SarsCOV-2 virus, in Romania derogations from public procurement legislation were granted, in order to expand the possibility of making direct procurement in the field of health (Decree 195/2020).

In addition to these measures, each state has taken other measures to prevent the spread of the SarsCov2 virus, some on the conduct of citizens in terms of physical interaction or compliance with health measures.

Although the lockdown measure was initially considered effective by countries around the world in terms of limiting the spread of the virus and releasing pressure from health systems, studies have shown that less restrictive policies are proving to be more effective in limiting outbreaks of infection, while limiting economic losses (Brzezinski et al., 2020).

### **3. Impact of COVID-19 on public management and the role of supreme audit institutions**

The public sector, in the context of the COVID-19 pandemic, had the greatest responsibility, given that the lives of citizens are influenced by the quality of public services, especially public health services, in this context.

Decision-makers, in this case the government, as an executive body, tended to make quick decisions, which would have an immediate health effect, without taking into account the possible economic consequences (Tabircă & Radu, 2020). Therefore, the impact of COVID-19 on public management has been quite serious (Figure 2), mainly due to the fact that most states have not developed emergency plans for such situations and, in some cases, the necessary budgets (Romanian Court of Accounts, 2020), requiring budgetary corrections and allocation of additional funds to combat the COVID-19 pandemic.

Also, the fact that human resources have been put at risk of illness, with even deaths among civil servants, has been a serious problem for the public sector. At the same time, the public system faced another problem: while for some officials the workload was reduced due to the lockdown, others had to make additional efforts to cope with the new tasks generated by the new epidemiological context, such as health workers (SIGMA, 2020).

Thus, decision-makers in the public sector were initially faced with a rather serious situation from an epidemiological point of view, being practically forced to face challenges by using the funds approved and available at that time, financial resources becoming an important issue in this context.

Figure 2. Main challenges for the public sector in the context of the COVID-19 pandemic



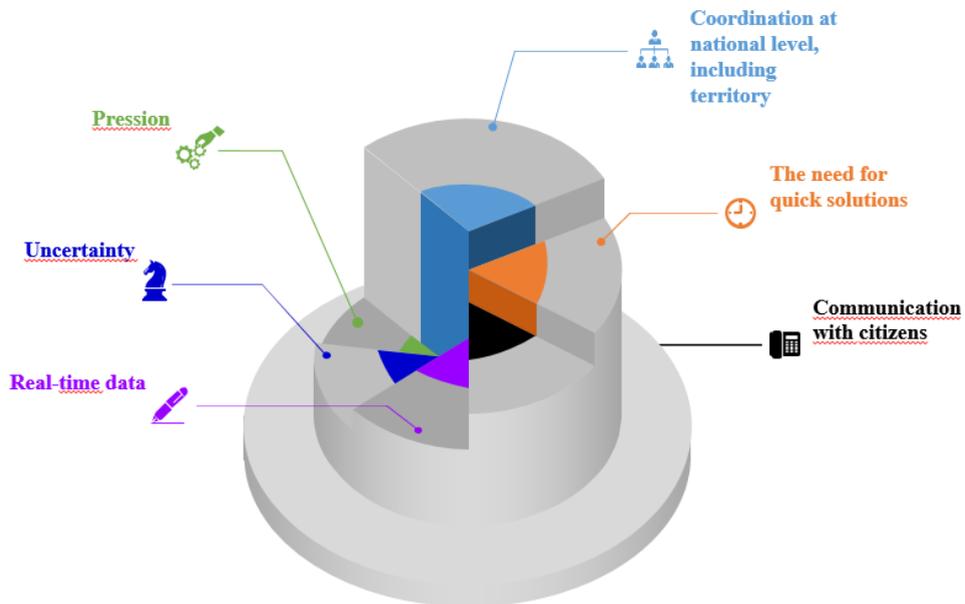
Source: made by the author

At the same time, the lack of digitization in public administration, as well as the lack of IT and other equipment necessary for the proper functioning of public services through teleworking, was another problem for the public sector. All these problems were real challenges for all managers of public institutions, but also for the executive, which, in addition to the extent of infections with the new coronavirus, were put in the situation of taking anti-people measures, with the risk of generating an economic crisis at the same time, against the background of the reduction of all activities.

Some authors believe that even a reform of the public system is needed, affected by turbulence in the context of the crisis caused by the COVID-19 pandemic, the implications at the social level being very high. It is also clear that in the current context, when both the private and public sectors are affected, close collaboration between them would be more than beneficial. At the same time, the relationship with the citizens, the most affected by the pandemic, should be developed at the same time as the concern for increasing their trust in the administration, so that the public administration can make decisions that are accepted by the citizens. (Ansell, Sørensen, Torfing, 2021). The same authors mention that public management should rather look for quick solutions, rely

on instinct and learn to act in conditions of uncertainty and pressure, with an analysis of available data in real time.

Figure 3. Impact of COVID-19 on public management



*Source: made by the author*

Figure 3 illustrates the main problems faced by public sector managers in the context of the COVID-19 pandemic. Thus, as can be seen, the problems that arise in the context of the crisis caused by the COVID-19 are those characteristic of an emergency, with a high degree of uncertainty, the existence of real-time data (whose main feature becomes unpredictability), the need to coordinate all activities to combat adverse effects throughout the country (quite difficult, which requires a very careful thinking of the organization), the need to identify rapid solutions that can be implemented uniformly throughout the country, as well as the need for good communication with citizens, so that the measures that will be taken can be supported by them.

The COVID-19 pandemic has exacerbated a number of phenomena already existing in the public sector (Figure 4), which will most likely lead to a number of changes in the approach to this sector in general.

Figure 4. Public sector trends in the context of the COVID-19 pandemic



*Source: made by the author*

Among the phenomena that have intensified with the emergence of the COVID-19 pandemic is digitalization (OECD, 2020a). Originally seen as a method of modernizing and simplifying public sector procedures, digitization has become a necessity in the new reality imposed by the COVID-19 pandemic, namely the need to work from home and maintain social distance, in order to prevent the spread of SarsCov2 virus.

Although the governments of the world wanted to come to the aid of the citizens and take the necessary measures to spread the SarsCov2 virus (OPSI, 2020), the poor communication capacity and the lack of an effective campaign to promote the vaccination among the population have become real problems for them. Thus, the failure to manage the crisis caused by the COVID-19 pandemic has been attributed to world governments, which in some cases, in addition to the health crisis, have also faced a crisis at the political level, thus affecting the capacity of to end the pandemic and return to the pre-crisis situation due to the infection with the new coronavirus. At the same time, the crisis generated by the new coronavirus infection has led to the need to accelerate public sector reforms, acting as a catalyst (OECD, 2020b), with the concept of *new public management* becoming even more prominent.

The allocation of public funds and resources by the state to the health area and to the areas responsible for preventing and combating the spread of the new coronavirus infection has led to an increase in the need for transparency on the part of citizens, as payers of taxes, regarding the management of these amounts by the competent authorities. In this context, the supreme audit institutions played a decisive role, through their mission as “guardians of public finances.”

The role of the supreme audit institutions was emphasized on the occasion of the XXV UN-INTOSAI Symposium, held on June 28-30, 2021 (INTOSAI, 2021), where the participating Supreme Audit Institutions had the opportunity to present their main results from the audit missions conducted in the context of the COVID-19 pandemic. On this occasion, the Supreme Audit Institutions mentioned that, through their audit mission, they have contributed not only to increasing the transparency of public resources used to prevent and combat the pandemic, but also to increasing citizens’ trust in state authorities. The symposium also mentioned that supreme audit institutions can successfully contribute to rebuilding society and returning to normality through their actions (INTOSAI, 2021a).

The main conclusions of the UN-INTOSAI Symposium ((INTOSAI, 2021a) referred to the United Nations General Assembly and recognition the importance of supreme audit institutions in the context of the COVID-19 pandemic, as well as the fact that their proper functioning and independence contribute to strengthening transparency and accountability in the public sector and will therefore provide the key foundations for a rapid and appropriate response to future similar crises.

Regarding the involvement of supreme audit institutions in the management of the COVID-19 pandemic crisis, the internationally practice is somewhat similar, with different approaches. Thus, some supreme audit institutions analyzed the response of national governments to the crisis generated by the pandemic (OAG, 2020), others sought a development of strategic thinking and systemic approach ((NAOF, 2020), while some of them have focused on auditing areas affected by the pandemic, especially the public health area (National Audit Office, 2020a).

The practice of supreme audit institutions has revealed that some of them have even implemented a system of real-time tracking of the costs of the COVID-19 pandemic, data that are published on the Internet and accessible to citizens (National Audit Office, 2020b). Other supreme audit institutions also considered public procurement during the pandemic (Accounts Chamber of the Russian Federation, 2020), as well as integrity issues in public institutions (Controller and Auditor-General, 2020).

The role of supreme audit institutions in the context of the pandemic is particularly important, given their mission in the public sector. Also, through their measures and recommendations, they can generate the necessary framework for effective decision-making by public management, not only in the context of the COVID-19 pandemic, but also in general.

The current approach of supreme audit institutions, based on the performance of the 3 main types of audits (financial audit, compliance audit and performance audit), may require a new approach: *the systemic audit*, which can be a very useful tool for obtaining overviews of a system. Regarding the COVID-19 pandemic, a systemic audit of the public procurement system would generate a complete picture of it today, which would identify all existing deficiencies, but also create added value by extracting the best practices identified and offering recommendations. In this way, it would certainly create the opportunity to save on the state budget and prevent toxic practices, such as fraud and corruption.

Given the fact that some of the supreme audit institutions have among their attributions to provide guidance for public sector institutions (Plesa & Stegaroiu, 2019), their role is once again emphasized, and for public management this can be a real support in terms of decisions involving not only public resources, but also in terms of strategic decisions.

#### 4. Conclusions

The COVID-19 pandemic is far from being over. Further analysis is needed on how public management can act in such situations. The main problem in the context generated by the COVID-19 pandemic is the identification of the best solutions, which would provide fast and efficient results in combating the pandemic, with a minimum financial effort.

In the same context, given the scale of the crisis and the fact that decision-making is currently based on data dynamics, a new model of public manager will most likely emerge: one that is able to make quick decisions based on constantly evolving data and instinctively. Also, in this context, the concept of new public management will be further emphasized, given that, to combat the pandemic, best practices will be taken into account, including from the private system.

The huge number of public resources and funds allocated by world governments to combat the COVID-19 pandemic and their use through public procurement has attracted the attention of citizens, who want to know how to spend public money as taxpayers. In this context, the role of supreme audit institutions becomes vital, through their role as “guardians of public finances”.

These institutions can also add value to the public system, not only through their external public audit missions, but also through the guidance that some of them can provide, which can be a real support for public management in this context.

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