



MANAGING COSTS OF LANDLINE AND MOBILE PHONE SERVICES IN THE INSTITUTIONS OF BOSNIA AND HERZEGOVINA

WHY A PERFORMANCE AUDIT ON COSTS OF PHONE SERVICES?



MAJORITY OF THE INSTITUTIONS OF BIH
FAILED TO USE BENEFITS OF TELECOMMUNI-
CATION MARKET LIBERALIZATION, WHICH
RESULTS IN UNECONOMICAL AND INEFFICIENT
USE OF PUBLIC FUNDS FOR LANDLINE AND
MOBILE PHONE SERVICES.

RESULTS OF TELECOMMUNICATION MARKET LIBERALIZATION

year	PUBLIC LANDLINE PHONE SERVICE PROVIDERS	MOBILE PHONE SERVICE PROVIDERS
2002	   3	   3
2022	                    17	        7

WHAT WE LOOKED AT?

WHETHER TELEPHONE
SERVICE EXPENDI-
TURES IN THE INSTITU-
TIONS OF BOSNIA AND
HERZEGOVINA HAVE
BEEN PLANNED BASED
ON REAL NEEDS AND
MARKET TRENDS?



ARE MARKET
BENEFITS BEING
USED WHEN
PROCURING
TELEPHONE
SERVICES?



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WHAT WE FOUND?

- MAJORITY OF INSTITUTIONS **DID NOT ANALYSE THEIR NEEDS IN TERMS OF TELEPHONE TRAFFIC VOLUME** NEEDED TO INFORM PLANNING OF TELEPHONE SERVICE EXPENDITURES.
- THE MINISTRY OF FINANCE AND TREASURY **FAILED TO CONDUCT PERIODIC ANALYSES OF PRICE AND COST TRENDS FOR PHONE SERVICES TO INFORM PLANNING FOR PHONE SERVICE COSTS IN THE INSTITUTIONS OF BIH.**
- THE COUNCIL OF MINISTERS **FAILED TO AMEND PHONE SERVICE COST LIMITS** FOR THE INSTITUTIONS OF BOSNIA AND HERZEGOVINA DEFINED 7 YEARS AGO IN THE RULEBOOK ON TELEPHONE USAGE.

The level of use of mobile phone service packages (calls, Internet, SMS), within the audit sample of 5 institutions, **KEEPS BELOW 20%.**

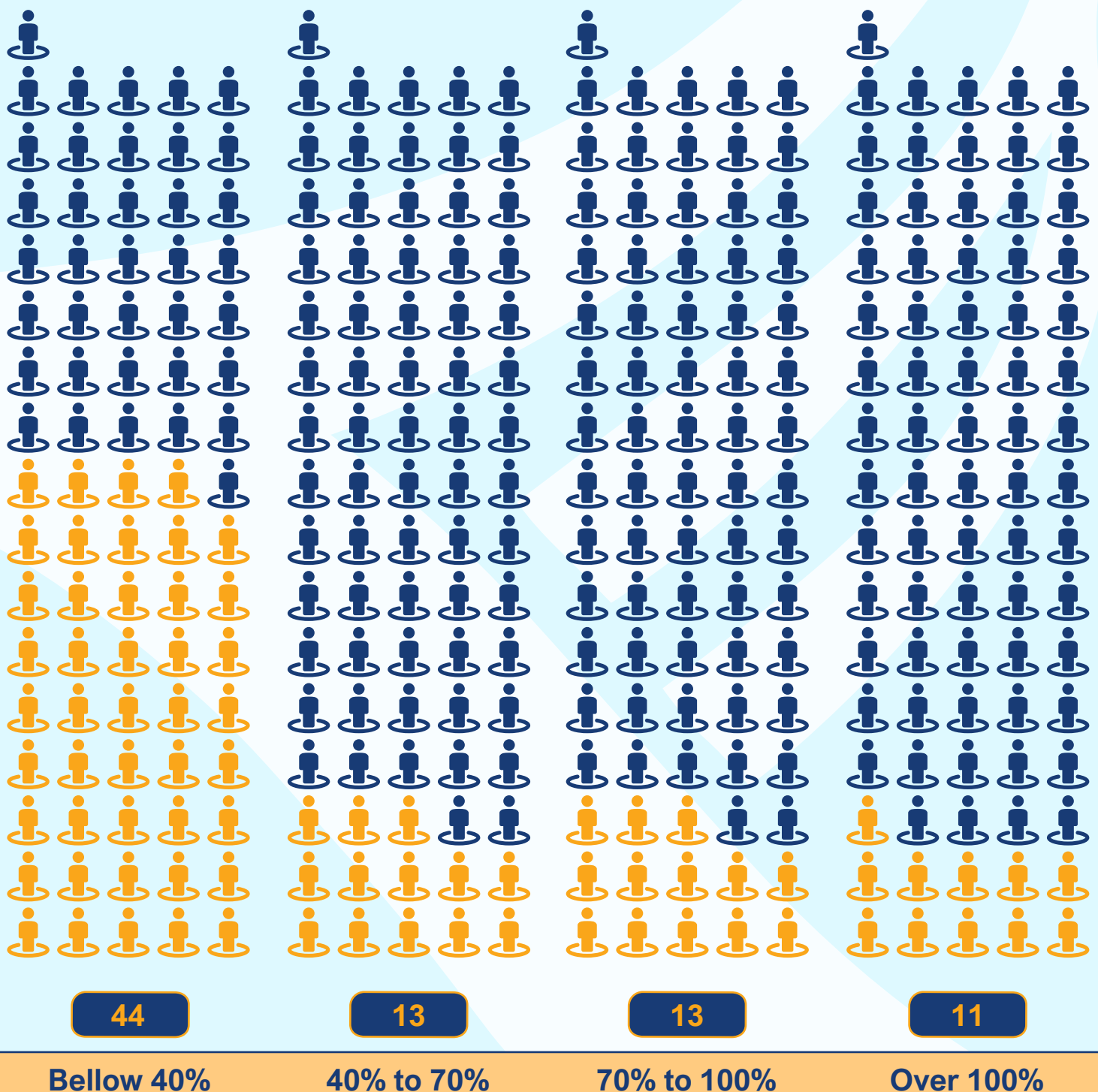




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WHAT WE FOUND?

More than half of the persons tested (44 out of 81) **USED**
LESS THAN 40% OF TRAFFIC AVAILABLE IN THEIR PACKAGES
PURCHASED FOR TWO SERVICES – INTERNET AND CALLS.





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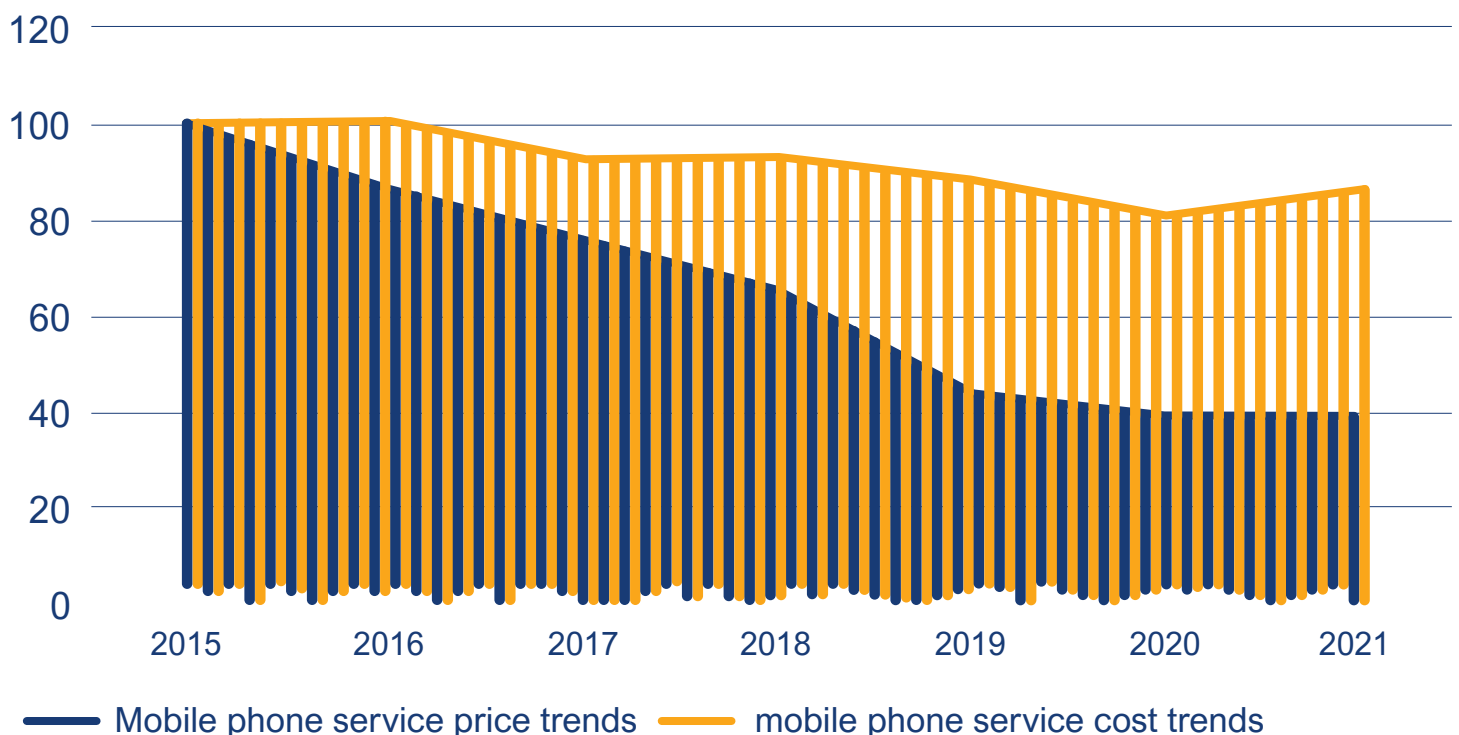
WHAT WE FOUND?

Should these 44 persons had used optimal packages with 70% to 100% usage rate (which are, at the same time, cheaper), it would have resulted in annual savings of **more than 28,000 BAM.**

During the audit it was not possible to determine whether all the volume of used calls, Internet and SMS **was made for official purposes only.**



Drop in market prices of mobile phone services is almost **4 times greater** than the drop of mobile phone service costs in the institutions. Average price for different mobile phone service packages in 2021 **was about 60% lower** compared to 2015, while costs of these services in the institutions for the same period were **only 15% lower.**





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WHAT WE FOUND?

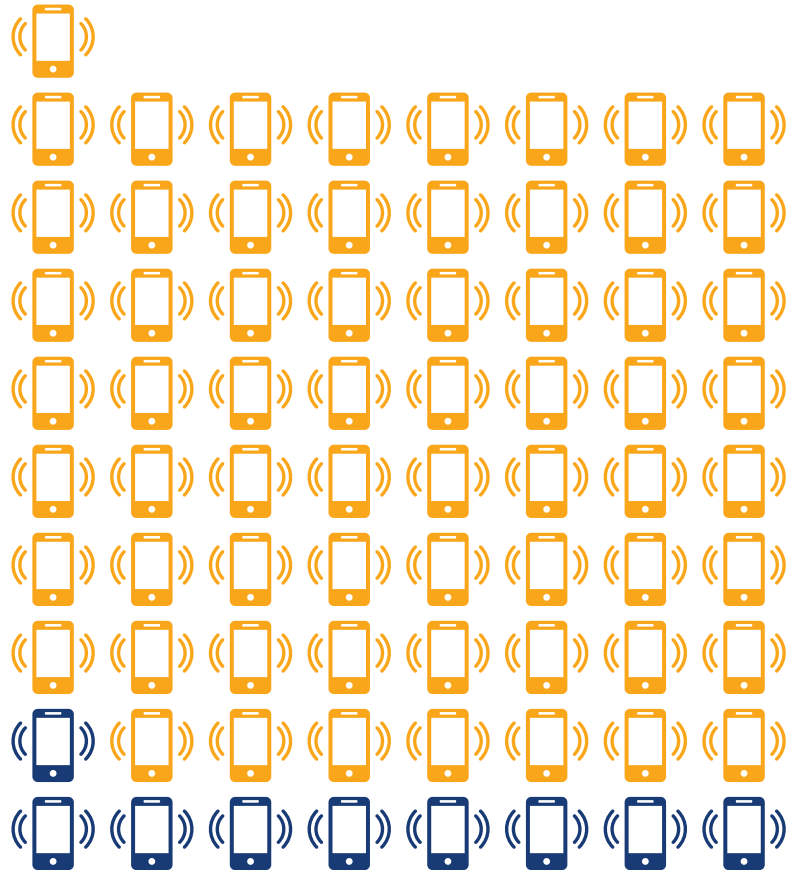
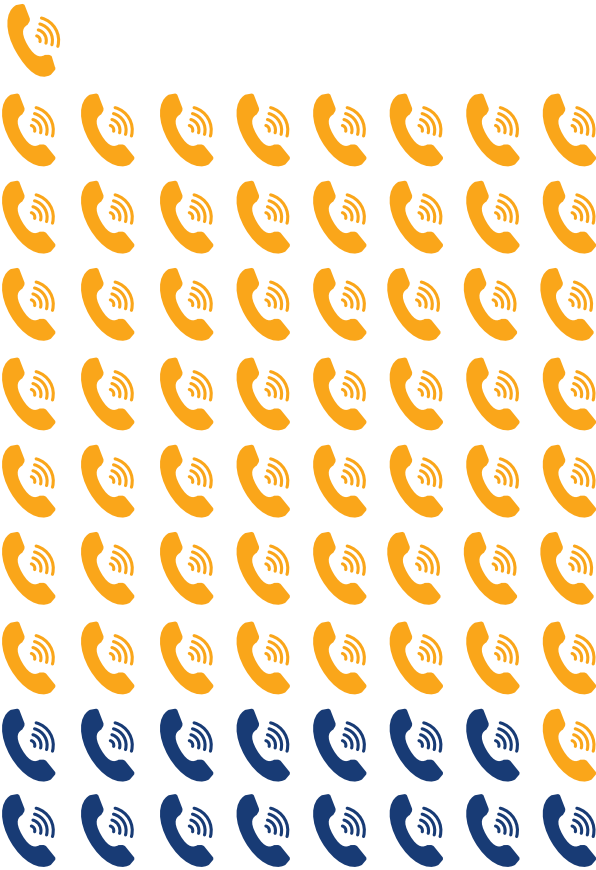
Majority of the institutions of BiH do not implement public procurement procedures for telephone services.



LANDLINE PHONE SERVICES

2015-2021

MOBILE PHONE SERVICES



  — Number of institutions implementing public procurement procedures

  — Number of institutions not implementing public procurement procedures

The institutions implementing public procurement procedures HAVE BEEN ABLE TO USE A LINE OF BENEFITS such as higher mobile internet quantities, free calls and lower call prices.



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WHAT COULD BE CHANGED?

INSTITUTIONS OF BiH

TO IMPLEMENT PUBLIC
PROCUREMENT
PROCEDURES FOR
TELEPHONE SERVICES.

TO CONDUCT PERIODICAL
NEED ASSESSMENTS TO
INFORM PLANNING
OF TELEPHONE
SERVICE
COSTS.

TO PERIODICALLY
CONDUCT **MARKET**
PRICE TREND ANALYSES
FOR TELEPHONE SERVICES
AND RELATED EXPENDI-
TURES OF THE INSTITU-
TIONS, COLLECT INSTITU-
TIONS' NEED ASSESS-
MENTS AND DETERMINE
AND PROPOSE **PHONE**
SERVICES COST LIMITS
TO THE COUNCIL OF
MINISTERS.

THE MINISTRY OF
FINANCE AND
TREASURY





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WHAT COULD BE CHANGED?



THE COUNCIL OF MINISTERS

TO PERIODICALLY UPDATE **TELEPHONE SERVICE COST LIMITS** BASED ON THE MINISTRY OF FINANCE AND TREASURY'S MARKET ANALYSIS RESULTS AND INSTITUTIONS' NEED ASSESSMENTS.



TO CONSIDER TO WHAT DEGREE THE **RULE-BOOK ON TELEPHONE USAGE** SHOULD BE AMENDED IN ORDER TO PROVIDE FOR A MORE ECONOMICAL USE OF PUBLIC FUNDS FOR MOBILE PHONE SERVICES.

Read more about this audit in the complete report available on the website of the Audit Office www.revizija.gov.ba



URED ZA REVIZIJU INSTITUCIJA BiH
КАНЦЕЛАРИЈА ЗА РЕВИЗИЈУ ИНСТИТУЦИЈА БИХ
AUDIT OFFICE OF THE INSTITUTIONS OF BOSNIA AND HERZEGOVINA

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