Information from the Financial Control Committee on Public Procurement
Structure of the Committee for Financial Control (CFC) of the Ministry of Finance of the Republic of Kazakhstan

Chairman

Deputy Chairperson

Division for Reporting on Control Activities

Division for Interaction with Personnel and Internal Administration

Division for Quality Control and Coordination of Internal Control Activities

Division for Legal Service

Division for Control over Execution of the Republican Budget

Division for Control over Execution of the Municipal Budget

Division for Control in Public Procurement Area

Division for Public Services and Control in Accreditation and Licensing

16 Territorial Inspections for Financial Control

Note: Total number of staff in the CFC - 741, including 86 people in the Central Office Total number of staff involved in public procurement control – 142.
Controlling Compliance with the Public Procurement Law in 2014

Control over 3838 public procurement inspections for KZT 647,5 bln. тенге

- 7165 tenders
- 67570 price quotations
- 13184 public procurement form single source
- 213 auctions
- 46594 public procurement conducted in abeyance norms of the Article 4

Violations of the public procurement legislation for KZT 207,5 bln. or 32,0% of the conducted public procurement (KZT 647,5 bln.) have been identified

To eliminate and prevent in the future any violations of the public procurement legislation certain measures have been taken to impose disciplinary, administrative sanctions and cancel public procurement tenders (where violations have impacted the end result) in a pre-trial order, and initiate suits in the court on rescission of contracts and declaring unscrupulous suppliers/providers

- 1718 officials were imposed disciplinary sanctions, including 11 who have been removed from their duties
- 1203,5 officials have been imposed administrative sanctions (amount of the administrative fine –KZT 134,4 bln.)
- 304 public procurement tenders cancelled based on the recommendations of the CFC
- 162 cases have been forwarded to law-enforcement agencies
Dynamics of the Detected Violations of Public Procurement Legislation in Local Executive Bodies in 2014

Amendments to the public procurement legislation of 2014 significantly decreased the number of violations.

Hence, the norm on the rights of a supplier to bring his/her bid into compliance with tender requirements within 3 days has decreased groundless rejections of suppliers.
Share of Violations in Public Procurement (%)

- 48.1% at the time of Bidding Document preparation
- 14% declaring potential suppliers as non-compliant with the qualification requirements and other requirements outlined in the Bidding Document on the grounds not envisaged in the Public Procurement Law
- 7% illegitimate admission of a supplier to a Tender and announcing such supplier as the Winner
- 8.4% non-application or illegitimate application to the price quotations of relative criteria, which have impact on the bids of the bidders
- 22.5% other
Total number of inspections carried out to ensure compliance with the public procurement legislation in 2014

<table>
<thead>
<tr>
<th>Inspections</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total conducted inspections, including:</td>
<td>5 067</td>
</tr>
<tr>
<td>Planned/Scheduled inspections</td>
<td>2 913</td>
</tr>
<tr>
<td>Unscheduled inspections, including:</td>
<td>2 154</td>
</tr>
<tr>
<td>Upon inquiries of physical and legal entities</td>
<td>1 215</td>
</tr>
<tr>
<td>Upon orders of law-enforcement agencies</td>
<td>592</td>
</tr>
<tr>
<td>Upon instructions of superior authorities</td>
<td>347</td>
</tr>
</tbody>
</table>
Administrative Sanctions for Violations in Public Procurements

Imposing Administrative Sanctions to the Tender Committee

- ungrounded rejection of potential suppliers from participating in public procurement tenders;
- non-application of criteria, which affect the conditional reduction of their prices

Imposing Administrative Sanctions to Chief Managers of the Buyers/Clients

- establishment of illegitimate requirements to bidders;
- taking no action on declaring bidders violating public procurement legislation as unscrupulous;
- refusal to conduct public procurement;
- supplementing bids/applications with missing documents;
- substitution of documents;
- failure to divide into Lots;
- procurement of goods, works and services in abeyance of legislative norms.
AUTOMATION OF THE RISK MANAGEMENT SYSTEM


WILL ALLOW TO FULLY COMPUTERIZE/AUTOMATE THE SELECTION OF AN ENTITY TO BE INSPECTED, AND PARTIALLY, TO AUTOMATE INSPECTIONS

SUB-SYSTEM «RISK MNGMNT SYSTEM. FC»

SCHEDULED INSPECTIONS

Information systems of public entities:
- Public Procurement WEB-Portal
- Information System of the Treasury Committee
- Depository of Committee for Public Assets and Privatization
- State Database «Legal Entities» Ministry of Justice of Kazakhstan
Other Forms of Control over Public Procurement

In-house review/control of public procurement

Development, approval, activation of violation/risk profiles

Review and assessment of the results. Confirmation of violations/risks

Warning letters
Future
Objective - prevention

Non-compliance – unscheduled inspection

Recommendation
Present
Objective - preclusion, independent prompt elimination

to Internal Control/Audit Services
Past
Objective – discipline, implementation of the principles of unavoidability