



SUPREME AUDIT OFFICE

Public procurement audit - the Polish experience

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Main objectives of public procurement

Public procurement can:

- protect competition in the relevant market,
- be a policy-making tool to the benefit of the public interest,
- in times of recession contribute to the increase in global demand,
- stimulate the economic activity operators competing in the relevant market,
- contribute to the growth of economic activity of the society by stimulating market-competition mechanisms,

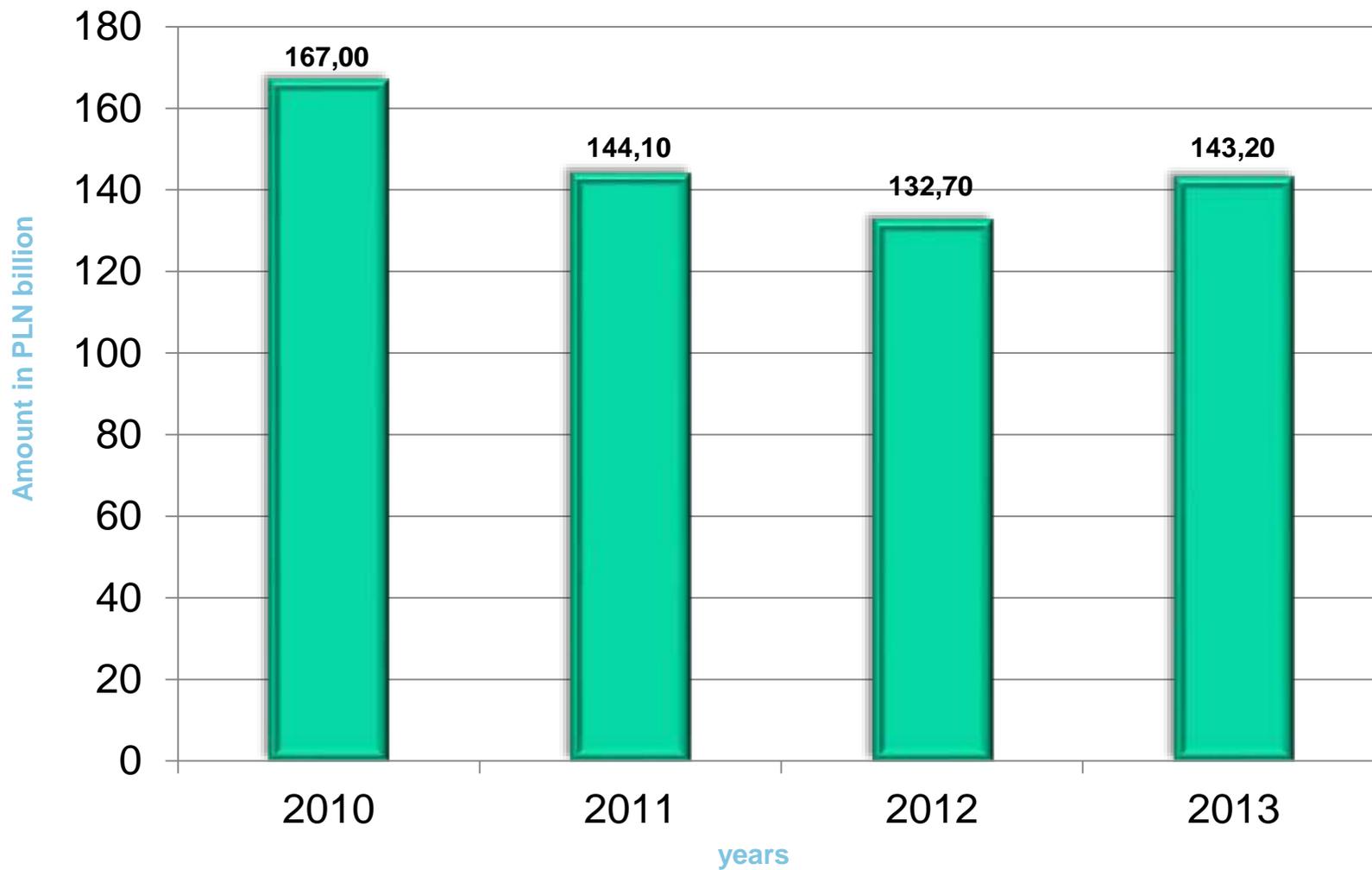
Main objectives of public procurement, continuation

- be used to create the state policy in the social sphere,
- be used to create the state policy in the environmental sphere,
- affect the development of an innovative economy,
- be a tool of regional policy,
- contribute to the cross-sectoral cooperation,
- help tackle corruption,
- increase public confidence in the public authorities and their actions.

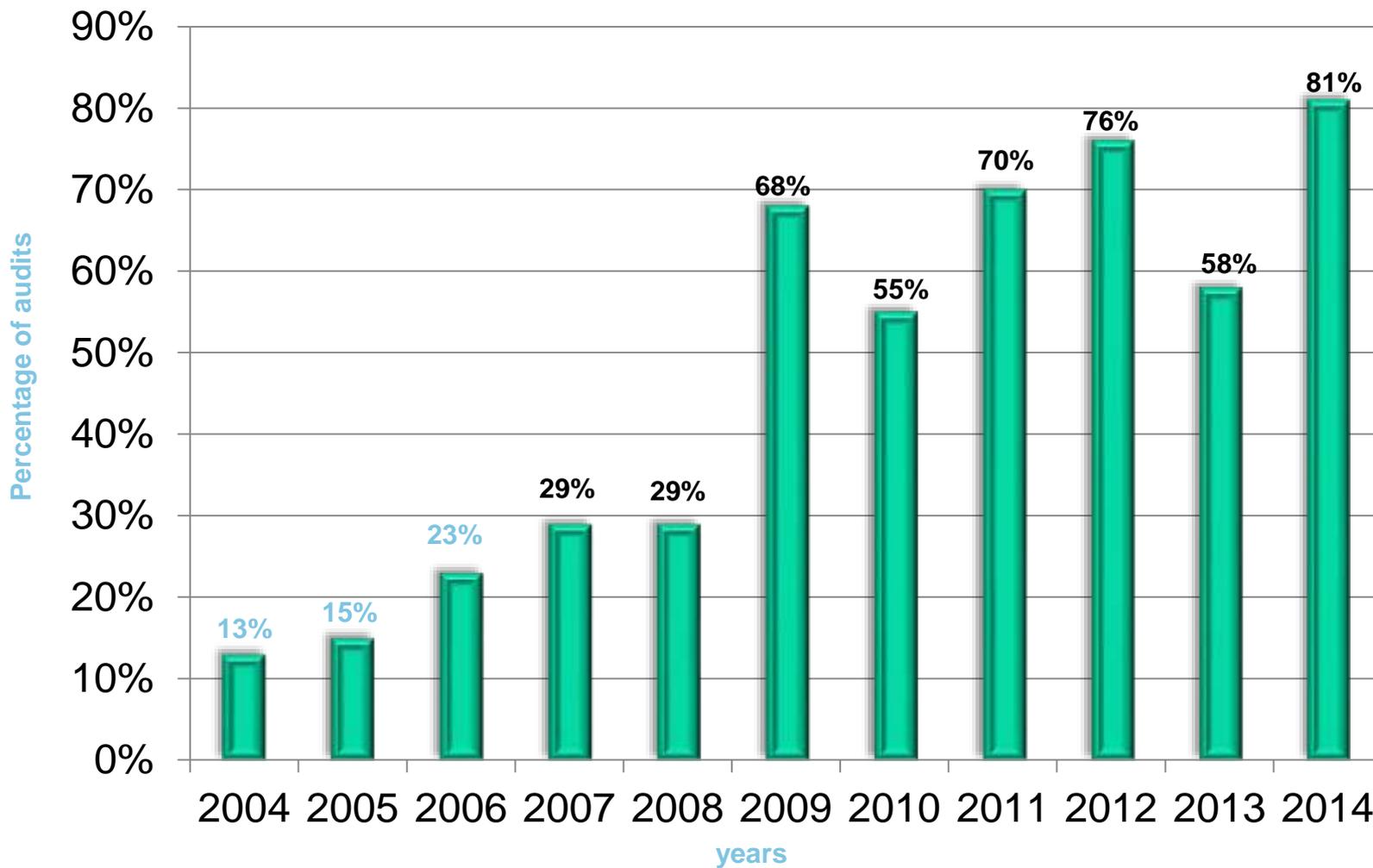
The value of public procurement market

- The value of public procurement market in 2013 amounted to approximately PLN 143.2 billion.
- The estimated value of the public procurement market represented approximately 8.76% of the gross domestic product (GDP) for 2013.
- In 2014, contracts were awarded predominantly under open tendering procedure – it was applied in nearly 81% of contracts

Value of the Polish public procurement market in 2010-2013



Percentage of previous obligatory audits, in course of which no breach of Public Procurement Law was found



Public procurement audit – main aims

These public procurement goals clearly indicate the need to audit the procurement procedures.

- Public procurement has a real impact on the daily life of the citizens of a country.
- It is a tool that enables meeting public interests, and at the same time prevents the waste of public funds.

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- In order to implement this task, the audit procedures must themselves be characterized by efficiency (defined as the desirability, effectiveness and efficacy).



Institutional public procurement audit in Poland

- Public Procurement Office
 - Supreme Audit Office
 - Regional Accounting Chambers
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ROLE AND FUNCTIONS PPO

- PPO plays a policy making and co-ordinating role for the whole public procurement system in Poland.
- It is an independent unit within the Polish government. The President of PPO is appointed by the Prime Minister.

The key duties of PPO are:

- to prepare drafts of legislative acts on public procurement,
- to arrange appeal proceedings under the Public Procurement Law,
- to check the regularity of conducted procedures,
- to prepare training programs, organise and inspire training events in the field of public procurement,
- to maintain international cooperation on issues relating to public procurement.



Audit of the President of the PPO may take two forms:

- Ad-hoc audit
 - Ex ante audit, especially of procurement co-financed by the EU
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Ad-hoc audit can be:

- an ex post audit,
 - an ex ante audit.
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Ex ante audit

- Ex-ante audit results in pointing out defects and deficiencies at the proceedings stage.
- This means that it is possible to obtain a good final result, namely the conclusion of a valid agreement.

Ex post audit

- Ex post audit is aimed at checking and evaluating the already conducted operations and their consequences.
- It allows for a more accurate and broader view of the functioning of public procurement in the audited entity.
- Such audit creates opportunities to improve the public procurement procedures, in the future.

President of the PPO audits

- In 2014, the President of the PPO completed a total of 317 public contract audits, including:



- 183 obligatory ex-ante controls,

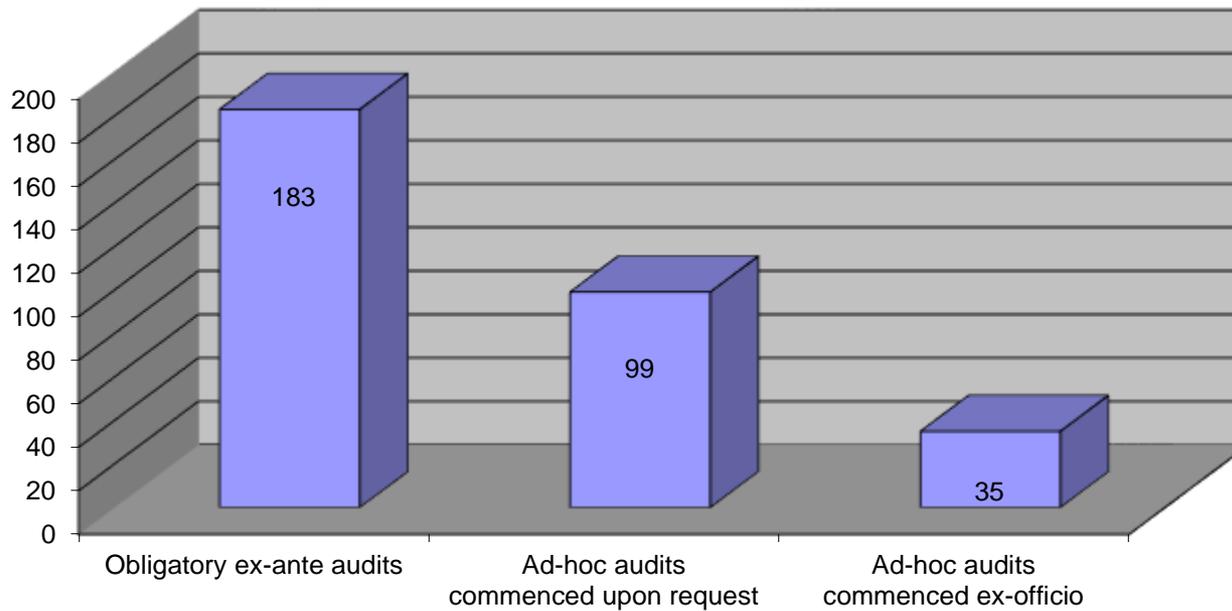
- 99 ad-hoc controls,

- 35 ad-hoc controls based on a non-competitive procedure notice.

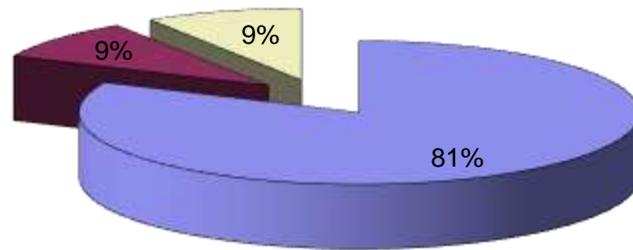
Total estimated value of contracts audit

- The total estimated value of contracts audit in 2014 was approx. PLN 41.7 billion,
 - including the value of contracts subject to mandatory ex-ante control – approx. PLN 40,86 billion,
 - and the value of contracts subject to ad-hoc control – approx. PLN 627,9 million.

Types of conducted audits



Results of 183 audits of public procurement in the amount of at least EUR 10 million for deliveries and services and in the amount of EUR 20 million for constructions works, subject to the audit of the President PPO in 2014

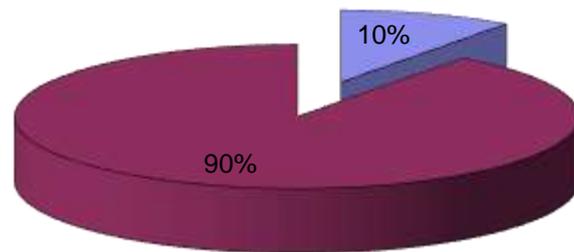


■ no breach - 81%

■ formal breach - 9%

■ the most significant breach (breach that affected or may affect the performance) - 9%

Results of 99 ad hoc audits of public procurement in 2014



no breach - 10%

breach - 90%

The violations which did not influence the outcome of the procedure, determined in the course of ex-ante audits, included mainly:

- incomplete contents of contract notices;
- requesting from economic operators documents not necessary for conducting the procedure;
- failure to call the economic operators to supplement documents confirming fulfilment of conditions for participation in the procedure,
- failure to correct errors in tenders,
- failure to modify contract notice following modifications of the specifications of essential terms of the contract.

Audit of the public procurements by Supreme Audit Office

- Audit by the SAO is a comprehensive audit making use of all possible the evidences
- Interaction of audit authorities should be the rule.
- Audit of public procurement as an important element of public finances should form a coherent system.

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- It is vital that all the procurement audits carried out (not only by the SAO but the PPO or the Regional Clearing Houses) procurement are coordinated, particularly in terms of harmonization and analysis of the obtained findings.
 - Coordinating the flow of information between the two bodies, we get a more detailed picture of the public procurement system in Poland.

Audit of the public procurements by SAO

Traditionally, in the Polish public audit the following criteria are vital:

- legality,
- efficiency,
- effectiveness,
- reliability

The most common violations of public procurement law are:

- Breach concerning the lack of use of the Public Procurement Act and estimating the value of the contract.
- Breach concerning the application of non-competitive modes.
- Breach of evaluation of tenders (including third parties).
- Breach concerning the fulfilment of conditions for participation in the proceedings, terms of reference and the description of evaluation criteria.

The effects of the recent public procurement audit conducted by SAO:

- drawing attention to the need to settle issues related to proper planning of procurement,
- drawing attention to the possibility of more efficient use of announcement of planned procurement,
- drawing attention to the need for proper division of tasks and responsibilities between the participants of the tender.



After the audits SAO formulates:

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- Conclusions de lege ferenda
 - Applications containing good practice
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SAO Cooperation with NGOs

- For example SAO cooperate:
 - Batory Foundation

 - Republican Foundation

 - We:
 - exchange of experience,
 - identify areas at risk of corruption,
 - processing barometer of public procurement (identification of risks of irregularities).

Conclusion

- In summary, a well-supervised and controlled formalized system of public procurement is aimed at providing an open and transparent process of public funds spending . With the proper allocation of public funds, the public sector receives high quality public services.



Thank you for your attention!!!

დიდი მადლობა თქვენი
ყურადღება !!!

