

Oversight and Monitoring in Turkish Public Procurement System

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Introduction

- Public Procurement accounts for a significant share of gross domestic product of countries.
- Therefore, effective, transparent and competitive public procurement system is of paramount importance in terms of effective use of public resources.
- Oversight and monitoring in public procurement has crucial role in the TPPS to achieve accountability and value for money.
- Monitoring and oversight in public procurement is necessary to detect inefficiencies and corruption, which helps to increase efficiency and effectiveness as well as providing integrity and accountability in public procurement system.



Turkish Public Procurement System



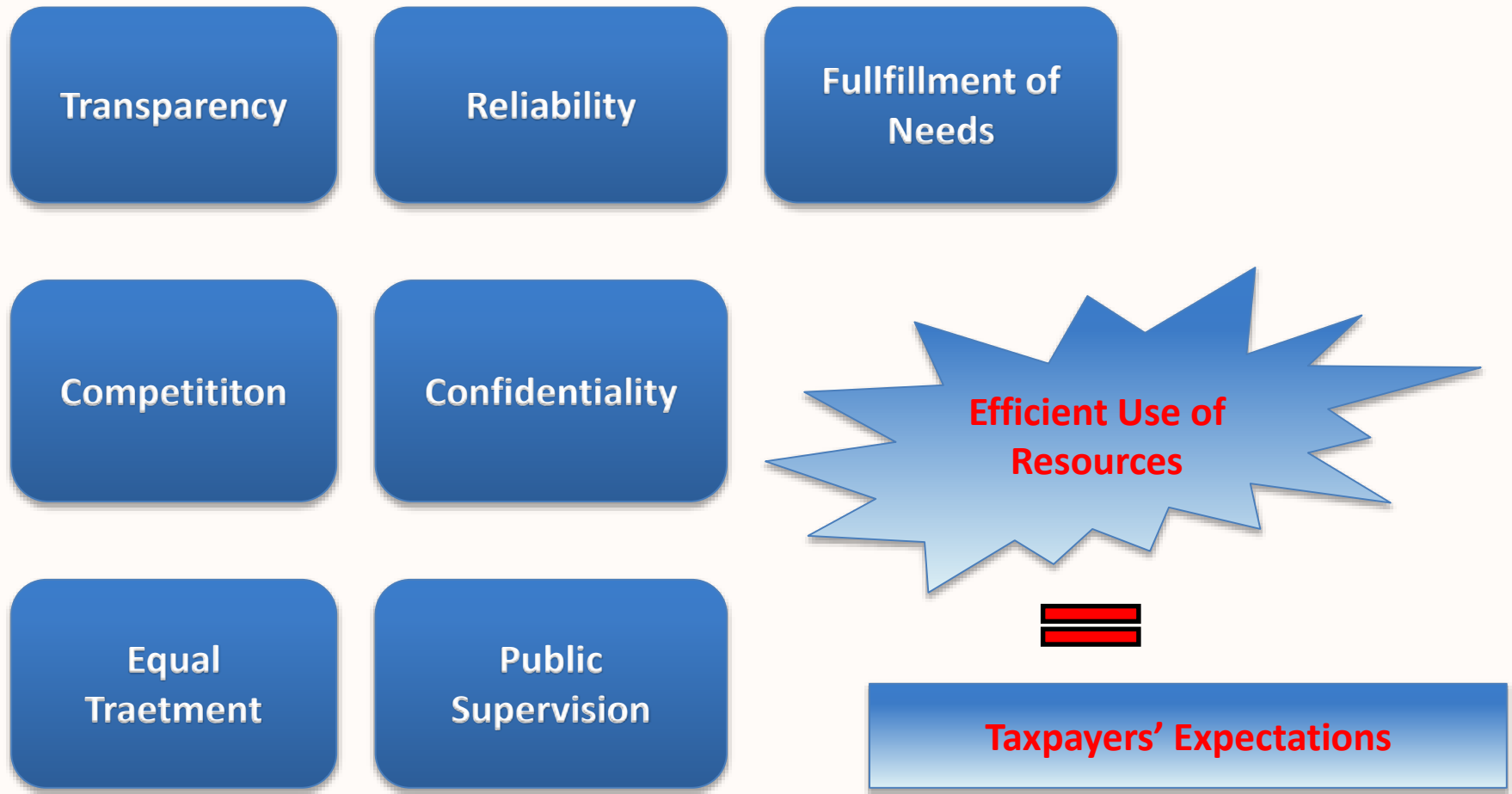
- Public procurement in Turkey is regulated by Public Procurement Law No. 4734 which entered into force on January 1, 2003.
- Public Procurement Law has created a modern procurement system in line with international instruments on public procurement (EU Procurement Directives, UNCITRAL Model Law on Procurement, World Bank Procurement Guidelines, etc.).



Turkish Public Procurement System



- Basic Principles of PPL are;



Oversight and Monitoring in Public Procurement



Both internal and external controls are conducted in Turkish public procurement system to ensure accountability of procurement officials

These controls focus on the acts of contracting entities throughout the procurement process (during the pre-tendering, tendering and post-tendering phases).

Separate public bodies play important roles in Turkish Public Procurement System regarding monitoring and oversight.

Public Procurement Authority, Court of Accounts, Internal Control System and Inspection Boards are the main actors.

Public Procurement Authority



- Public Procurement Authority (PPA), which was established in 2002, is a regulatory and supervisory body in public procurement area.
- PPA has administrative and financial autonomy.
- It is independent in fulfillment of its duties. Nobody can issue orders or instructions for the purpose of influencing the decisions of the Authority.



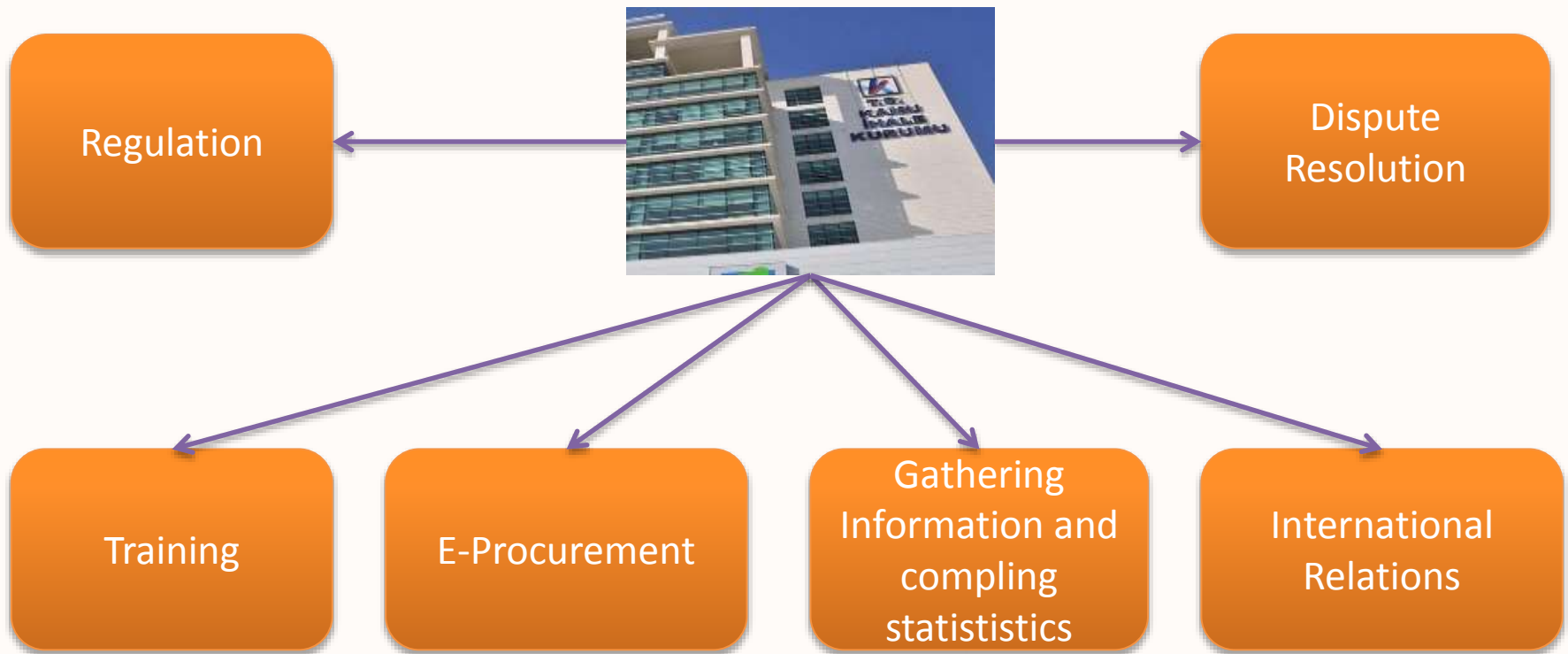
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- **PPA is assigned and authorized for the accurate implementation of the principles, procedures and acts specified in the Public Procurement Law.**

Public Procurement Authority



- The main duties of the PPA are;



Public Procurement Authority



Review System

Complaint Process to CA

Complaint Against the Decision of CA to PPA

Judicial Process

- The PPA has duty to review complaints submitted by tenderers, potential tenderers and candidates claiming that the proceedings carried out by the contacting authorities are in violation of the Law and the related legislation.

Public Procurement Authority

- Gathering information and keeping records on public procurement is essential for oversight in public procurement. In this regard, e-Procurement is an important tool.

- Electronic Public Procurement Platform (EPPP) became operational on 1 September 2010.
- All transactions relating to public procurement are carried out through or registered on EPPP.



- Based on the data provided by the EPPP, Public Procurement Authority issues and publishes Public Procurement Monitoring Report semiannually on its website.
- The report includes detailed information on public procurement, including total value and number of procurement, classification of public procurement by procurement types, procurement procedures, values, financing sources, contracting authorities, regions, number of tenders submitted, etc.

Contnd...



Procurement systems depend on transparency to allow people who are concerned with tenders to monitor all the stages of procurement process and scrutinize government decisions.

Thanks to the EPPP, legislative amendments appear on the system timely and accurately, and tender documents are completed with minimum mistakes. These tender notices and documents on the EPPP can freely be viewed and downloaded by people.

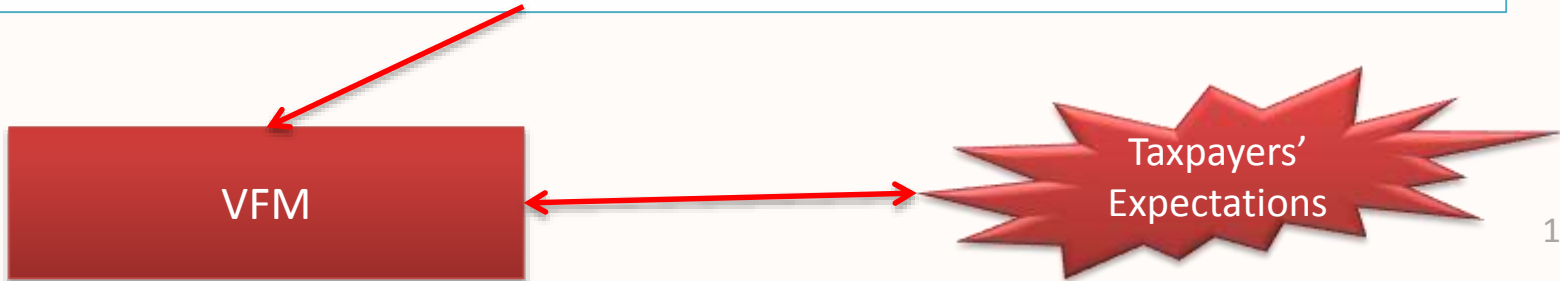
Through the EPPP, everyone can download daily tender bulletin where tender notices are published,

They can search for tenders in conformity with the criteria they determine,

in the search results they can reach the detailed information about the tender they wish.

> What provides EPPP?

- Transparency
- Competition
- Fighting Red tape
- Public Supervision
- Accountability



Court of Accounts



Turkish Court of Accounts (TCA), which was set up in 1862, is the body responsible for auditing public institutions on behalf of the Turkish Grand National Assembly.

Audit carried out by TCA includes, inter alia, decisions and acts of contracting entities on public procurement and management of contract.

Turkish Court of Accounts has functional and institutional independence in carrying out its duties of examination, audit and taking final decision.

In addition to its audit function, TCA has judicial function. If any losses to the public purse is detected in the audits, TCA, in its judicial capacity, decides on either the compliance of accounts and transactions with legislation, or indemnification of public loss from those responsible.



Court of Accounts

- Audit carried out by TCA consist of the examination of accounts, financial transactions and activities as well as the internal control systems of public administrations, and the evaluation of effective, economic, efficient and legal usage of public resources. TCA carries out financial, compliance and performance audit.

Financial Audit

- Audit on reliability and accuracy of financial reports and statements in accordance with results of the assessment of accounts and transactions of public administrations as well as their financial activities, financial management and control systems

Compliance Audit

- Examination of whether public administration's revenue, expenditure, assets and other accounts and transactions comply with the law and other legal arrangements

Performance Audit

- measurement of results of activities with respect to objectives and indicators determined by public administrations



Court of Accounts

Turkish Court of Accounts performs routine external control. In principle, the audit is carried out on a yearly basis.

Findings in the audit are issued in a report. TCA submits the external audit activity results to the Parliament together with the general evaluation report.

TCA takes final decision on matters related to public loss arising from the accounts and transactions of the responsible public officials.

In the event of encountering an act constituting a criminal offence in the course of audits, TCA is obliged to reports the matter to relevant authorities.

Internal Control

- Public Financial Management and Control Law no 5018 (PFMC) establishes control and audit mechanisms aiming to ensure the economical, effective and efficient acquisition and utilization of public resources.
- Ministry of Finance is authorised to establish standards and methods regarding internal control process.
- Internal control is defined in PFMC as the all financial and other controls covering organization, methodology, procedure and internal audit established by the administration in order to ensure that the activities are carried out in an effective, economic and efficient way in compliance with the aims of the administration and, defined policies and legislation, the assets and resources are protected, the accounting records are kept correctly and completely, the financial and management information is produced in time and in a reliable manner.
- Public administrations' financial management and control systems consist of spending units, accounting and financial services, ex ante financial control and internal audit.



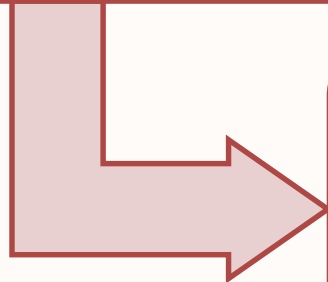
Internal Audit

➤ According to PFMC, internal audit is performed by internal auditors in order to improve the activities of the public administrations by evaluating whether the resources are managed in conformity with the principles of economy, effectiveness and efficiency and by providing guidance. Duties of internal auditors are;

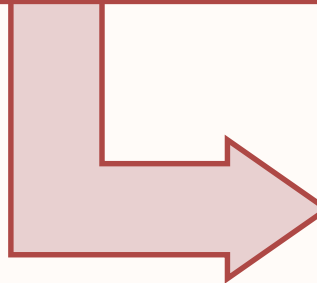
- to evaluate the management and control structures of the public administration,
- to make studies and proposals with regard to economic, efficient and effective use of resources,
- to perform ex post audits on legal compliance,
- to audit and evaluate the administrations' expenditures, decisions and operations on financial transactions according to their compliance with the objectives, policies, programs, strategic plans and performance programs.
- to perform system audit on the processes of financial management and control, and to make proposals thereon,
- in the framework of audit results, to make proposals regarding the possible improvements.

Internal Audit

Internal auditors perform their duties in line with the internationally accepted control and audit standards defined by the Internal Audit Coordination Board which is established under the Ministry of Finance.



Internal auditors submit their reports directly to the heads of public administration.



Following the evaluation of the head of administration, these reports shall be given to the concerned units and financial services unit for taking necessary action.



Ex-Ante Financial Control

Ex-ante financial control process consist of preparation of financial decisions and transactions, undertaking commitment, completing transactions and their documentation.

Ex ante financial control covers the controls performed during the realization of the procedures in the spending units and the controls performed by the financial services unit.

Article 41 of the Public Procurement Law provides that when ex ante control is obligatory, invitation to sign the contract can only be sent to the best tenderer after such a control is carried out.

Regulation on Principles and Procedures for Internal Control and Ex Ante Financial Control provides that procurement of goods, works and services above a certain threshold are subject to such control. (1 million TL for procurement of goods and services, 3 million TL for procurement of works).

A written report is issued after the control conducted by the financial services unit and is sent to the spending authority.



Other Oversight Mechanisms

- Inspection Boards of Contracting Entities
- State Supervisory Council (subordinate to Presidency)
- Ombudsman
- Parliament
- Media

Conclusion and Recommendations (Experiences)



- Effective and well functioning oversight and monitoring mechanisms are necessary to achieve integrity, accountability and value for money.
- Recording of key procedures in the procurement process and transparency are crucial in this regard.
- Legal framework should strike a balance between oversight and flexibility of the system.



Thank you
for your attention

