



### Public Procurement Audit – the Experience of the State Audit Office of the Republic Croatia



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- Administrative oversight of public procurement
- Audit of public procurement procedures
- Chilean and Croatian cooperation a good practices example



## Introduction

- the quality of a democracy and transparency in the management of public resources.
- sensitive area public procurement
- integrity of good governance, behaviors and omissions
- Improper administrative practices and the lack of transparent management



# Introduction (cont.)

- UN Resolution 69/228: objective and effective control is only achieved when SAIs exercise their functions independently of the audited entity and protected from external influence
- SAO of Croatia regularly pays attention to the area of public procurement
- HOW ?
  - by performing FA and PA of public procurement in the public sector of the Republic of Croatia



### Audit of the public procurement procedures

- Croatia Airlines
- Croatian Motorways Ltd
- Croatian Post
- Croatian Railways
- Croatian Roads
- Croatian Shipbuilding Corporation
- Financial Agency
- HŽ Passenger Transport Limited Liability Company
- Plinacro Gas Transmission System Operator
- The Official Gazette
- HEP (Croatian Electricity Company)



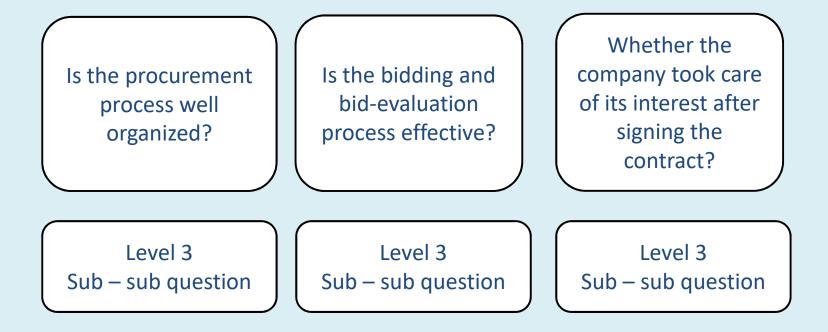
# **The Sources of Audit Criteria**

- Strategy for the Development of the Public Procurement System in the Republic of Croatia
- Anticorruption Strategy of the Republic of Croatia
- The Public Procurement Act
- OECD Principles for integrity in public procurement



## The audit objectives

#### Is the system of public procurement effective?





### The most frequent irregularities

- Lack of controls, lack of publicity
- Unjustified procurement typologies
- Incorrect choice of procurement procedure
- Misapplication of rules related to the estimation of procurement value
- Failure to publish a contract award notice
- Conditions for participation that do not comply with the principles of equal treatment
- Award of additional goods, services or works without the application of competitive and transparent procedures



#### Follow up

- Follow-up of the implementation of the SAOs recommendations:
  - Within 60 days (Article Article 14, paragraph 6 (Official Gazette 80/11) and
  - Follow-up audits
- positive outcomes
  - better decision making
  - greater transparency
  - greater responsibility
  - savings at public procurement of good, works and services
- $\Rightarrow$  more effective pp system



# REVIZIJU **"Administrative oversight of public procurement** - Chilean and Croatian experiences"

- Joint project between the Office of the Comptroller General of the Republic of Chile and the Office of the Auditor General of the Republic of Croatia
- inspite different geographical and historical contexts ٠ identical needs in the area of public procurement, common threats and similar mechanisms to safeguard the integrity of the system have been recognized.



"Administrative oversight of public procurement - Chilean and Croatian experiences" (cont.)

- Five chapters:
  - *<u>Chapter I:</u>* public procurement system
  - *<u>Chapter II:</u>* institutions in p.p.s.
  - *Chapter III:* supervisory powers of SAIs
  - <u>ChapterIV</u>: common findings and comments
  - <u>Chapter V:</u> best practices



"Administrative oversight of public procurement - Chilean and Croatian experiences" (cont.)

- publicly presented in both countries (Croatia: in June 2017; Chile: in October 2017) - presence of academic and diplomacy representatives, relevant national and international institutions and media
- addressed mentioned issues and has brought exchange of ideas and experiences on administrative oversight, strengthening the commitment of both countries
- a good example of bilateral cooperation between INTOSAI member SAIs



# Thank you for attention !