



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

Content

- Introduction
- 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?

Is the procurement
process well
organized?

Is the bidding and
bid-evaluation
process effective?

Whether the
company took care
of its interest after
signing the
contract?

Level 3
Sub – sub question

Level 3
Sub – sub question

Level 3
Sub – sub question

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
- ⇒ more effective pp system

“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
- in spite of different geographical and historical contexts – 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:
 - Chapter I: public procurement system
 - Chapter II: institutions in p.p.s.
 - Chapter III: supervisory powers of SAIs
 - Chapter IV: common findings and comments
 - Chapter V: 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 !