



Public procurement audit - the Polish experience

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Main objectives of public procurement

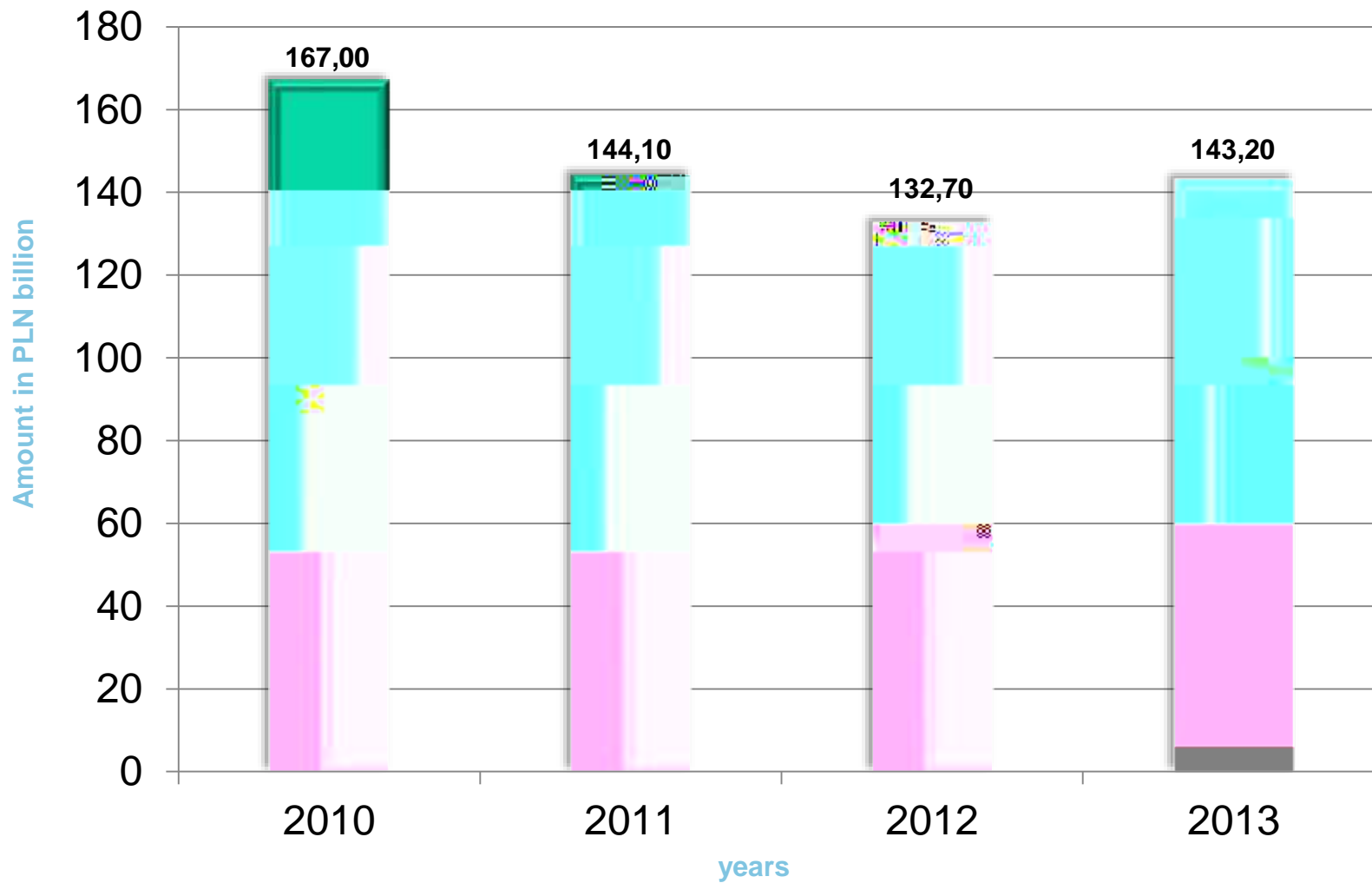
Public procurement can:

- 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,

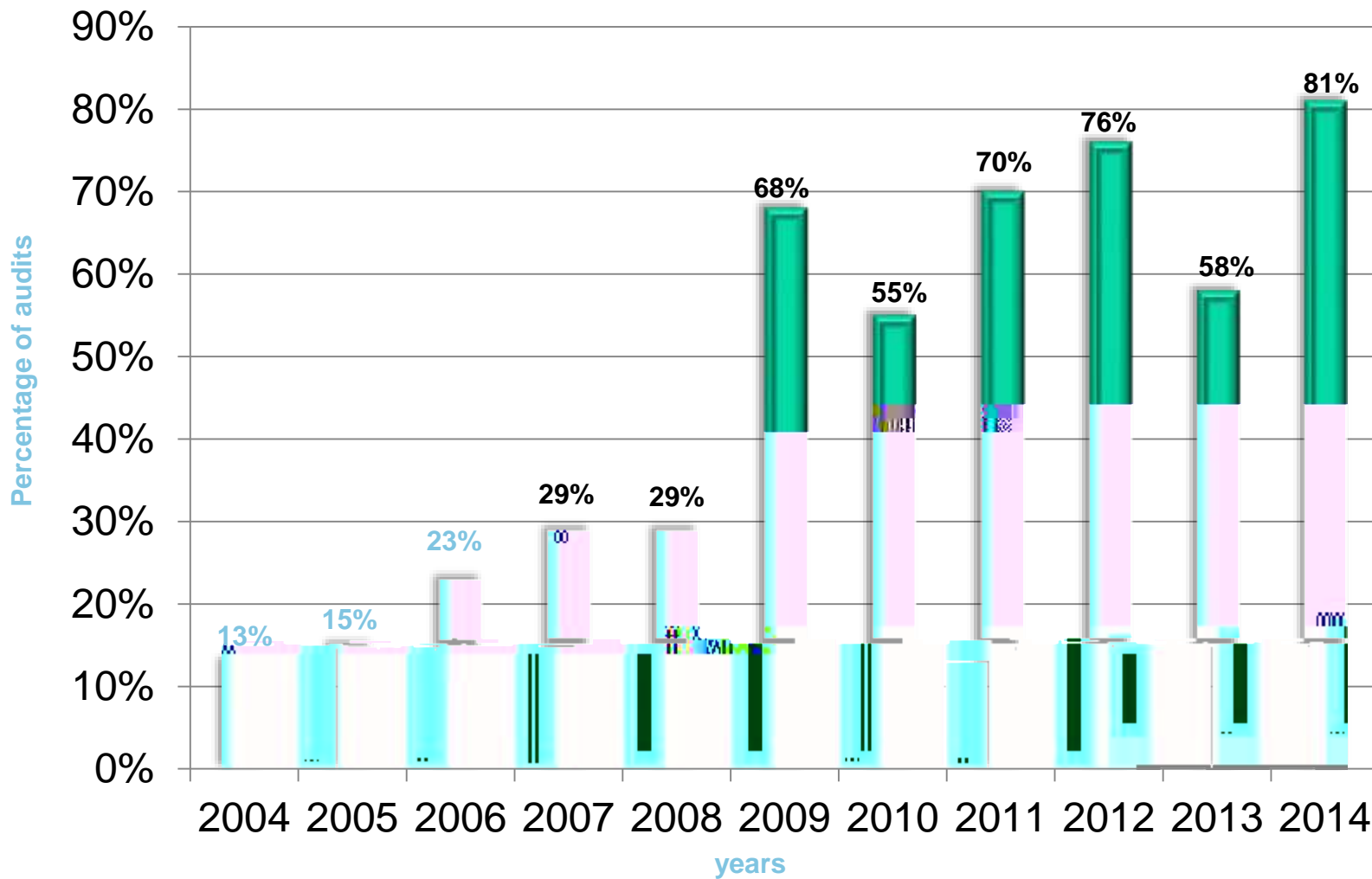
Main objectives of public procurement, continuation

- 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.

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.





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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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.



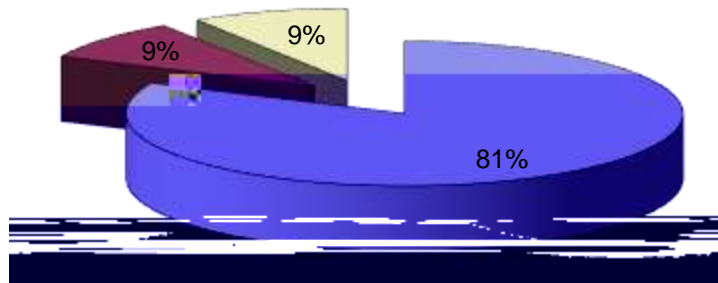
President of the PPO audits

- In 2014, the President of the PPO completed PPO
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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.

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

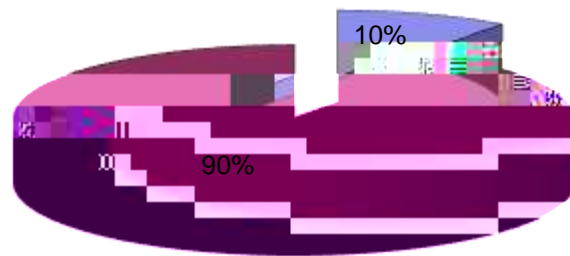


■ no breach - 81%

■ 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%

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



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



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.

