AUDIT IN PROCUREMENT

Eduard Mukhtarov
Accounts Chamber of the Russian Federation
LEGAL BASIS OF AUDIT IN PROCUREMENT

Federal Law No. 41–FZ
dd April 5, 2013
On the Accounts
Chamber of the Russian Federation

Federal Law No. 44–FZ
dd April 5, 2013

Federal Law No. 6–FZ
dd February 7, 2011
On General Principles of Organisation and Operation of Control and Accounting Bodies of Subjects of the Russian Federation and Municipal Formations

Articles 13, 14, 15, 16...

Article 98

Articles 9, 10...
METHODOLOGY OF AUDIT IN PROCUREMENT

STANDARD
“AUDIT IN PROCUREMENT OF GOODS, WORKS AND SERVICES CARRIED OUT BY AUDIT ENTITIES (CONTROL)”

- Audit scope
- Legality, expediency, validity, timeliness, efficiency, effectiveness and practicability in audit in procurement
- Control activity
- Expert analytical activity
- Information activity
- Control over the implementation of audit results in procurement
- Annex “Structure of the Section on Procurement Audit Findings Log and Report”
METHODOLOGY OF AUDIT IN PROCUREMENT

METHODOLOGICAL RECOMMENDATIONS FOR AUDIT IN PROCUREMENT

- Sources of information for audit in procurement
- Stages of audit in procurement and their content
- Content and procedure for checking, analysing and assessing the legality, expediency, validity, practicability, timeliness, efficiency and effectiveness of procurement costs for planned to be concluded, concluded and executed contracts
- Generating and placing consolidated data on findings of audit in procurement in a unified information system
- Annex “Focus Areas and Issues of Audit in Procurement”
MAINT ISSUES OF AUDIT IN PROCUREMENT

- Arranging a procurement process
- Providing a rationale for and planning of procurement
- Procurement procedure
- Contract execution

Internal control

Application of provisional measures
UNDERTAKING CONTROL MEASURES

CONTROL MEASURES IN THE WORK PLAN OF THE ACCOUNTS CHAMBER

DIRECTION OF ACTIVITY OF THE ACCOUNT CHAMBER OF THE RUSSIAN FEDERATION

THEMATIC CONTROL ACTIVITY (audit in procurement)

INTEGRATED CONTROL ACTIVITY*

* THE ISSUE OF AUDIT IN PROCUREMENT IS INCLUDED IN THE CONTROL ACTIVITY PROGRAM ALONG WITH OTHER ISSUES
PRACTICE OF CARRYING OUT EXPERT ANALYTICAL ACTIVITY

EXPERT ANALYTICAL ACTIVITY IN THE WORK PLAN

SPECIFIC DIRECTION OF ACTIVITY OF THE ACCOUNT CHAMBER OF THE RUSSIAN FEDERATION

DIRECTIONS OF ACTIVITY OF THE ACCOUNT CHAMBER OF THE RUSSIAN FEDERATION

Unified information system

RESULTS OF CONTROL MEASURES IN PART OF AUDIT IN PROCUREMENT

Ministry of Finance

Antimonopoly Service

Treasury

Control and accounting bodies of subjects of Russia

Public Controllers
FOLLOW-UP TO CONTROL AND EXPERT ANALYTICAL ACTIVITIES

CA

No. 1
AUDIT ENTITY

No. 2
SUBMISSIONS/PROVISIONS

No. 3
AUDIT ENTITY

EAA

RESULTS

SUGGESTIONS

CONCLUSIONS

REPORT TO THE CHAMBERS OF THE RUSSIAN FEDERATION, INFORMATION LETTERS TO THE GOVERNMENT OF THE RUSSIAN FEDERATION

INFORMATION TO CONTROL AND LAW ENFORCEMENT BODIES
CLASSIFICATION OF VIOLATIONS IN PROCUREMENT

Classifier of violations detected during external state audit (control)

4. Violations at realization of the state (municipal) procurement and procurement by certain types of legal entities

- Civil and Budget Codes, Federal Laws
- 55 ELEMENTS OF VIOLATIONS
- 8 ELEMENTS OF FINANCIAL VIOLATIONS
AUDIT FINDINGS FOR 2017 (44–FZ)

- **control measures**
  - 175
- **violations**
  - 2200
- **billion rubles**
  - 105
MAIN VIOLATIONS IN PROCUREMENT

- Violations in justification of the initial price of the contract
- Violations in conducting procurement procedures
- Violations of conditions for the execution of contracts
- Illegal contract changes
- Violations in acceptance and payment of contracts
- Non-application of penalties to counterparties
RESERVES FOR IMPROVING EFFICIENCY OF PROCUREMENT

- Procurement planning is an integral part of the budget process
- Effective rationing arrangements
- Initial price of the contract is “not above the market”
- Enhancing competition
- Contract management system
- Internal control
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