



CÁMARA DE
COMPTOS
DE NAVARRA
NAFARROAKO
KONTUEN
GANBERA



EURORAI

INTERNATIONAL SEMINAR

Edinburgh, 24 October 2014

“Auditing in a period of austerity”

PRESENTATION

*Experiences of the Audit Office of Navarre in the
identification and realisation of cost savings potentials*

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Outsourcing of public services versus direct management



***PUBLIC SECTOR SHOULD DELIVER HIGH **QUALITY** SERVICES
AT THE **LOWEST POSSIBLE COST** (I)***

Guidelines to be observed in pursuing this objective (I):

- ❑ To choose the most appropriate service management model:
 - Direct management
 - Indirect management (outsourcing)





Outsourcing of public services versus direct management



***PUBLIC SECTOR SHOULD DELIVER HIGH **QUALITY** SERVICES
AT THE **LOWEST POSSIBLE COST** (II)***

Guidelines to be observed in pursuing this objective (II):

- ❑ **Cost analyses** which enable to compare the direct-service provision with outsourcing

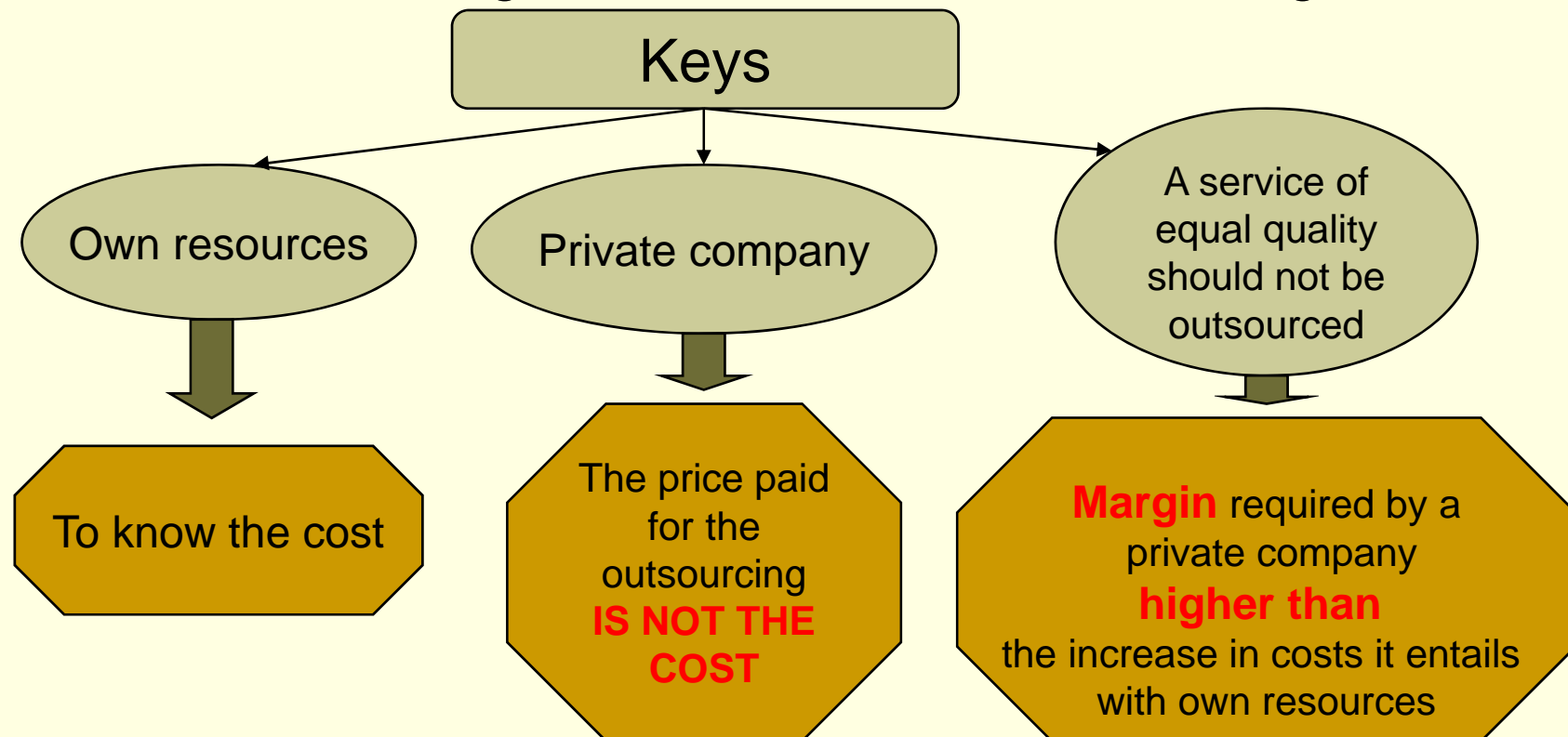
Great weakness: Public sector usually **does not have a cost accounting system** which helps to evaluate the outsourcing of public services.



Outsourcing of public services versus direct management



Analysis of the alternative between providing a public service using own resources or outsourcing





Outsourcing of public services versus direct management



There are no empirical studies

which show that the outsourcing of public services costs less and is more efficient than direct management





Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



- ❑ Strategic plan of the Audit Office of Navarre (2011-2016):

To generate value for improving management of public bodies

- ❑ Benchmarking:

- Audit Commission (UK)
- Auditor General of Quebec (Canada)



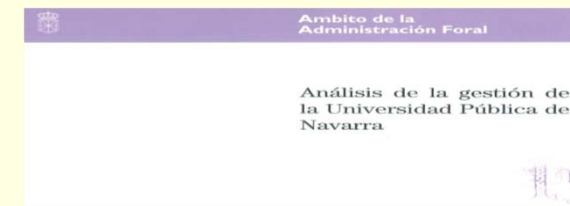
Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



REPORTS ISSUED

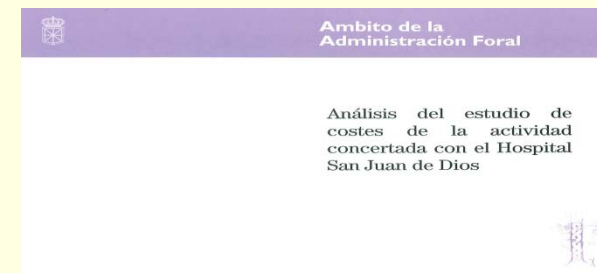
YEAR 2010:

- Analysis of the management of the Public University of Navarre



YEAR 2011:

- Cost study of the activity agreed with San Juan de Dios Hospital
- Health care contracts signed with privately run entities





Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



REPORTS ISSUED

YEAR 2012:

- Analysis of the report of the Navarra Health Service concerning the **outsourcing proposal** of the hospital food service.
- Management of the car pool of the Government of Navarre.
- Cost of the voluntary termination of pregnancy in the Navarra Health Service.



Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



REPORTS ISSUED

YEAR 2013:

- The costs of residential care services and day-care services in the field of dependency in Navarre.

YEAR 2014:

- The cost of unification and outsourcing of the hospital food service.



Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



ANALYSIS OF THE OUTSOURCING OF HOSPITAL FOOD SERVICE AND ITS IMPACT ON COST REDUCTION (I)

YEAR 2012:

- ❑ **Analysis** of the report of the Navarra Health Service concerning the **outsourcing proposal** of the hospital food service.

YEAR 2014:

- ❑ The **cost of unification and outsourcing** of the hospital food service.



Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



ANALYSIS OF THE OUTSOURCING OF THE HOSPITAL FOOD SERVICE AND ITS IMPACT ON COST REDUCTION (II)

The context in which the analysis is carried out:

- ❑ **“Sensitive”** service as it is a healthcare provision.
- ❑ Framing in the current policy of **cut-backs** in the public sector.
- ❑ The political decision-maker presents the **decision to outsource** the service founding it on important savings.
- ❑ Prior to the start-up of the service, the Parliament of Navarre **requests an advisory report** from the Audit Office.



Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



ANALYS OF THE OUTSOURCING OF THE HOSPITAL FOOD SERVICE AND ITS IMPACT ON COST REDUCTION (III)

Conclusion of the report issued in 2012

(Assessment prior to the change in the management model):

Consider **all** the alternatives of the provision of the kitchen service with the cold food production system.

Even though the feasibility study was **incomplete, the Government of Navarre outsourced the service.**



Experiences of the Audit Office of Navarre in the analysis of the reduction in costs



ANALYS OF THE OUTSOURCING OF THE HOSPITAL FOOD SERVICE AND ITS IMPACT ON COST REDUCTION (IV)

Conclusion of the report issued in 2014

(After having implemented the service in 2012)

The cost analysis allowed to conclude:

Estimation of the cost old kitchens hot food production system updated in 2013	Outsour- cing costs MC 2013	Estimation of cost service with own resources 2013	SAVING ESTIMATION		
			Outsourcing MC	Management with own resources	Difference management models
7.880.987	5.285.320	4.645.898	2.496.245	3.163.885	667.640



COST REDUCTIONS IN THE AUDIT OFFICE OF NAVARRE

Compliance with the law of budgetary stability

- Reduction in current expenditure: 18% in the period 2011-2013.**
- An increase in activity during the same period: more reports issued.**



MUCHAS GRACIAS

ESKERRIK ASKO

THANK YOU