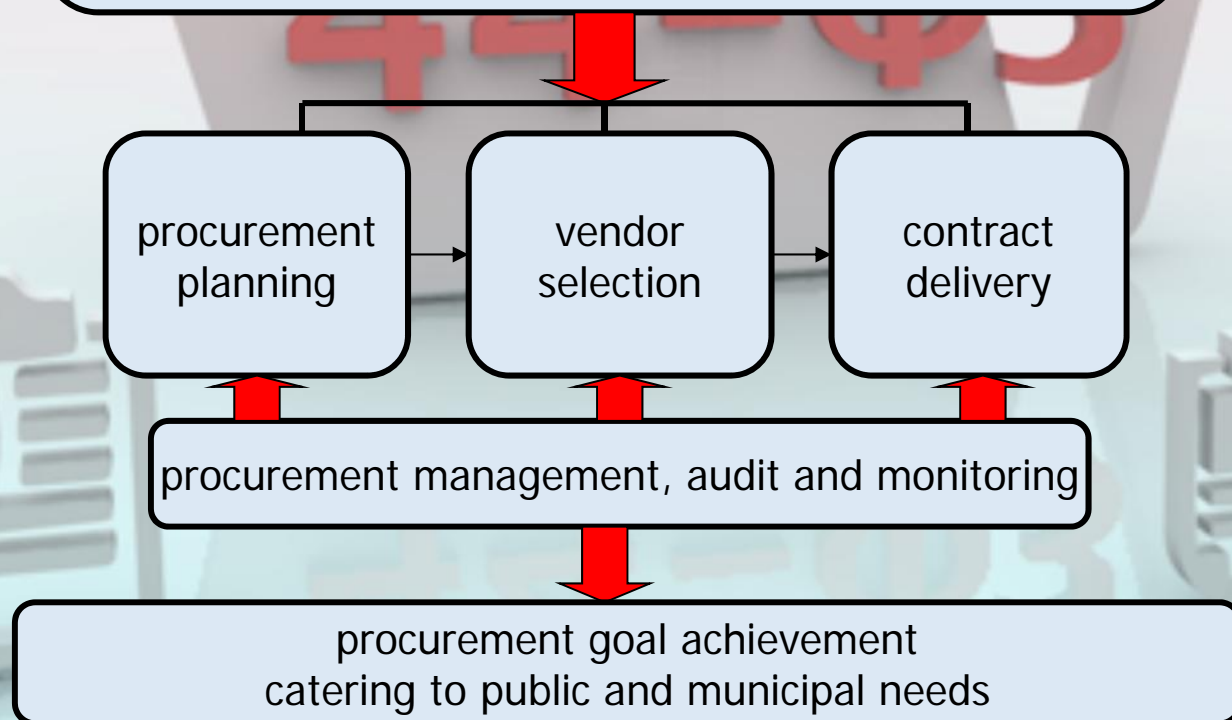


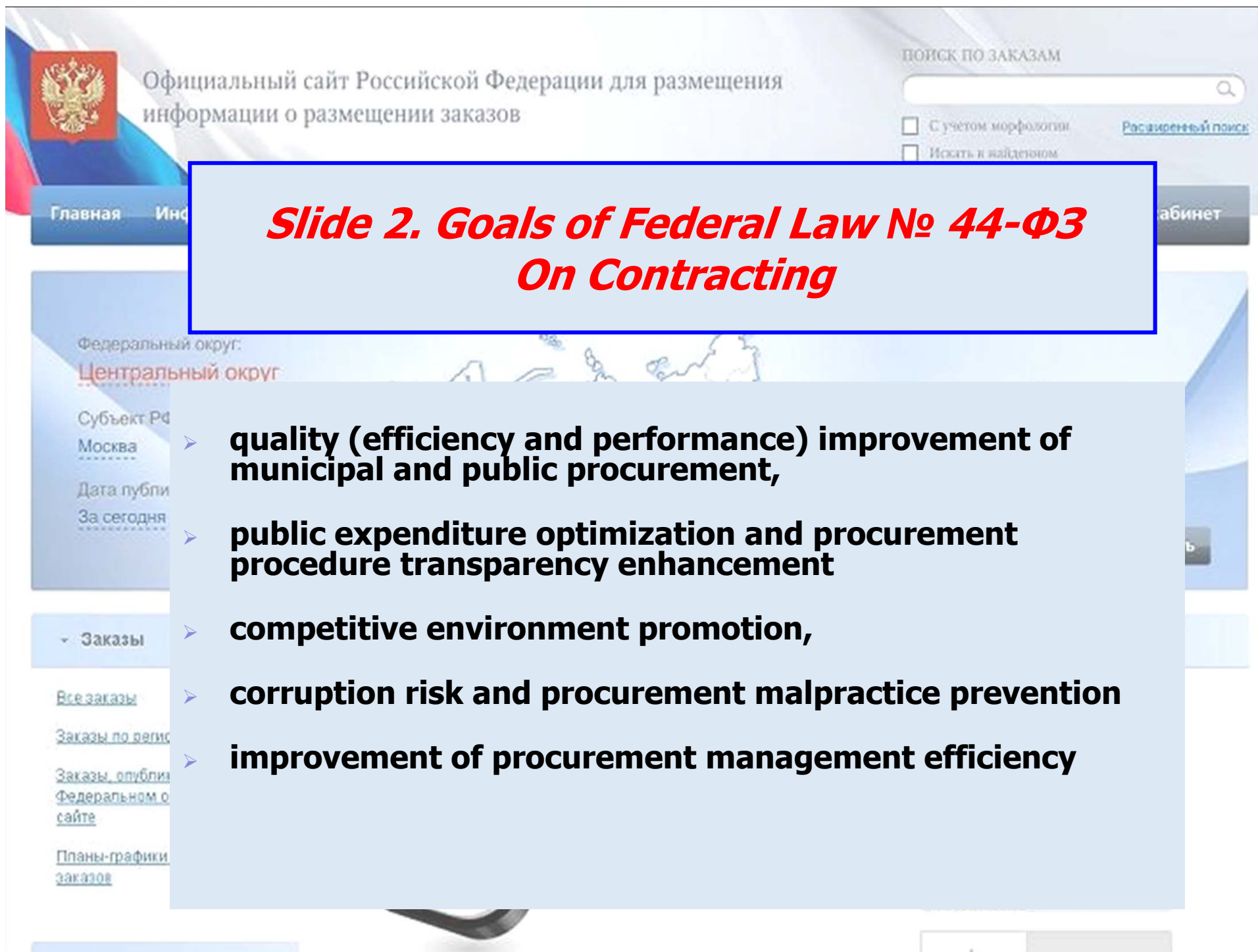
***Leningrad Region  
Audit Chamber***

***Current problems of audit of public contracts in  
Leningrad Region***

## ***Slide 1. Public and municipal procurement system in the Russian Federation***

**Federal Law dated 05 April, 2014  
№ 44-ФЗ «On contracting  
procurement of goods, works and services  
for public and  
municipal needs»**

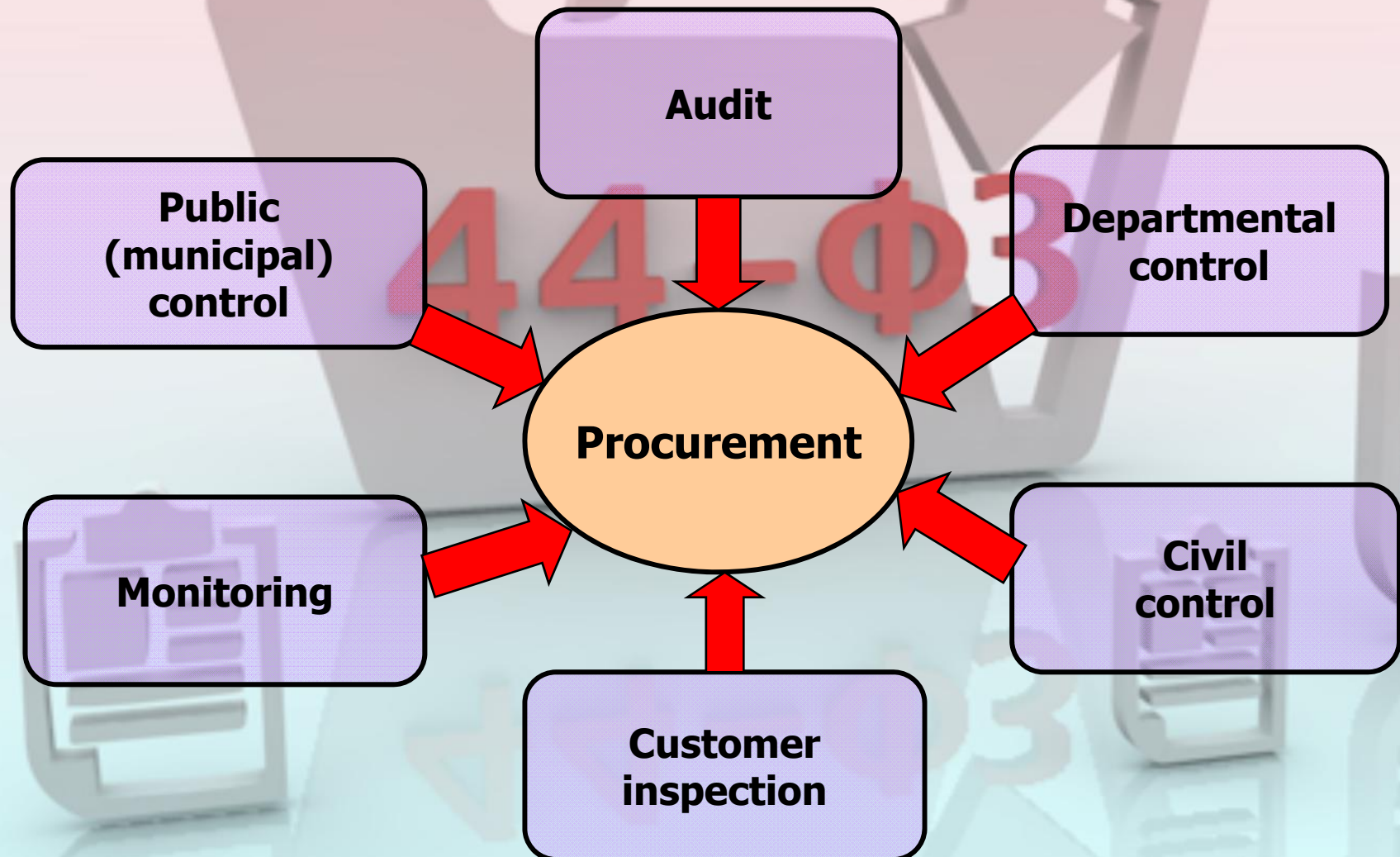




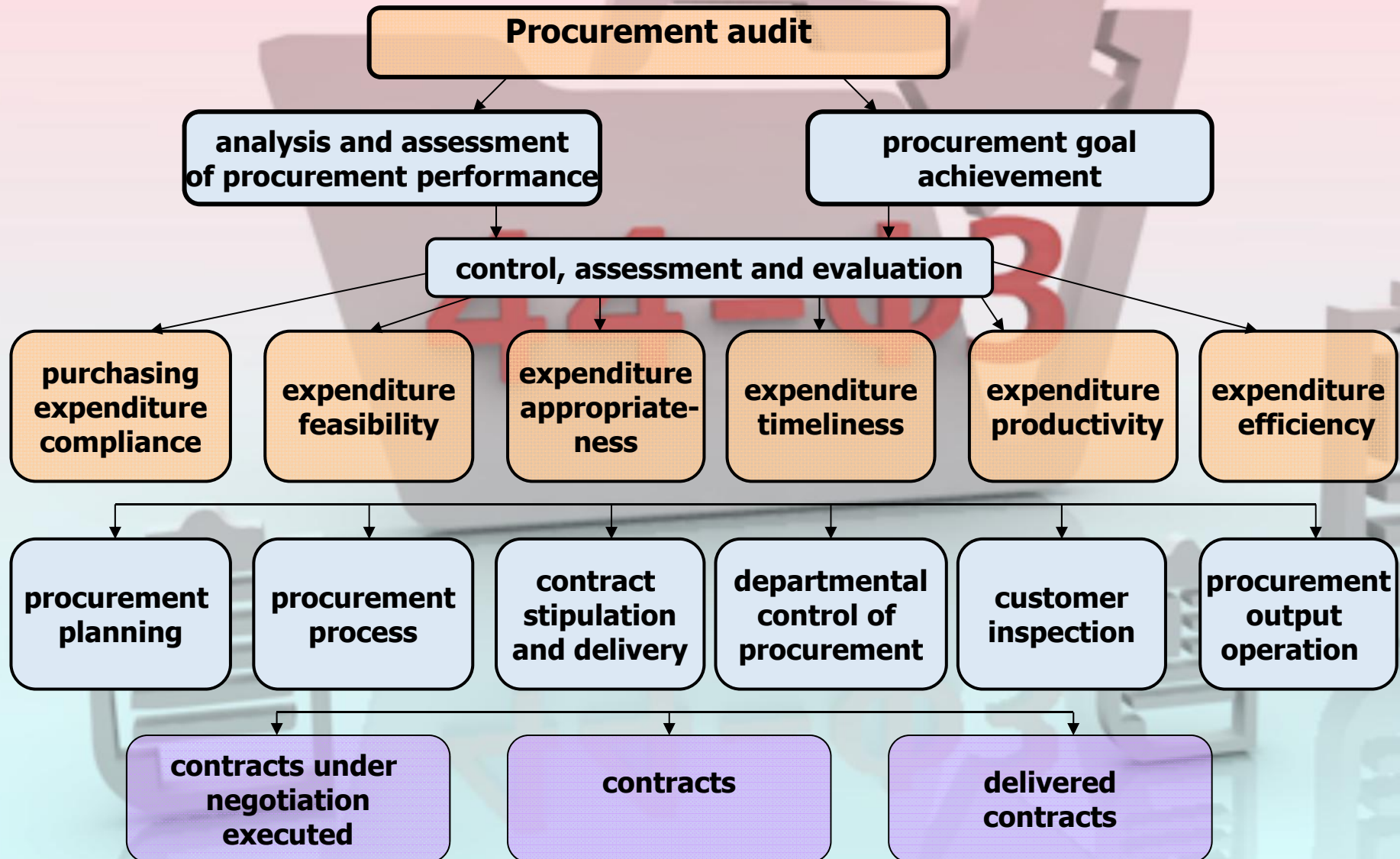
## ***Slide 2. Goals of Federal Law № 44-ФЗ On Contracting***

- **quality (efficiency and performance) improvement of municipal and public procurement,**
- **public expenditure optimization and procurement procedure transparency enhancement**
- **competitive environment promotion,**
- **corruption risk and procurement malpractice prevention**
- **improvement of procurement management efficiency**

***Slide 3. Public contracts control, audit and monitoring***

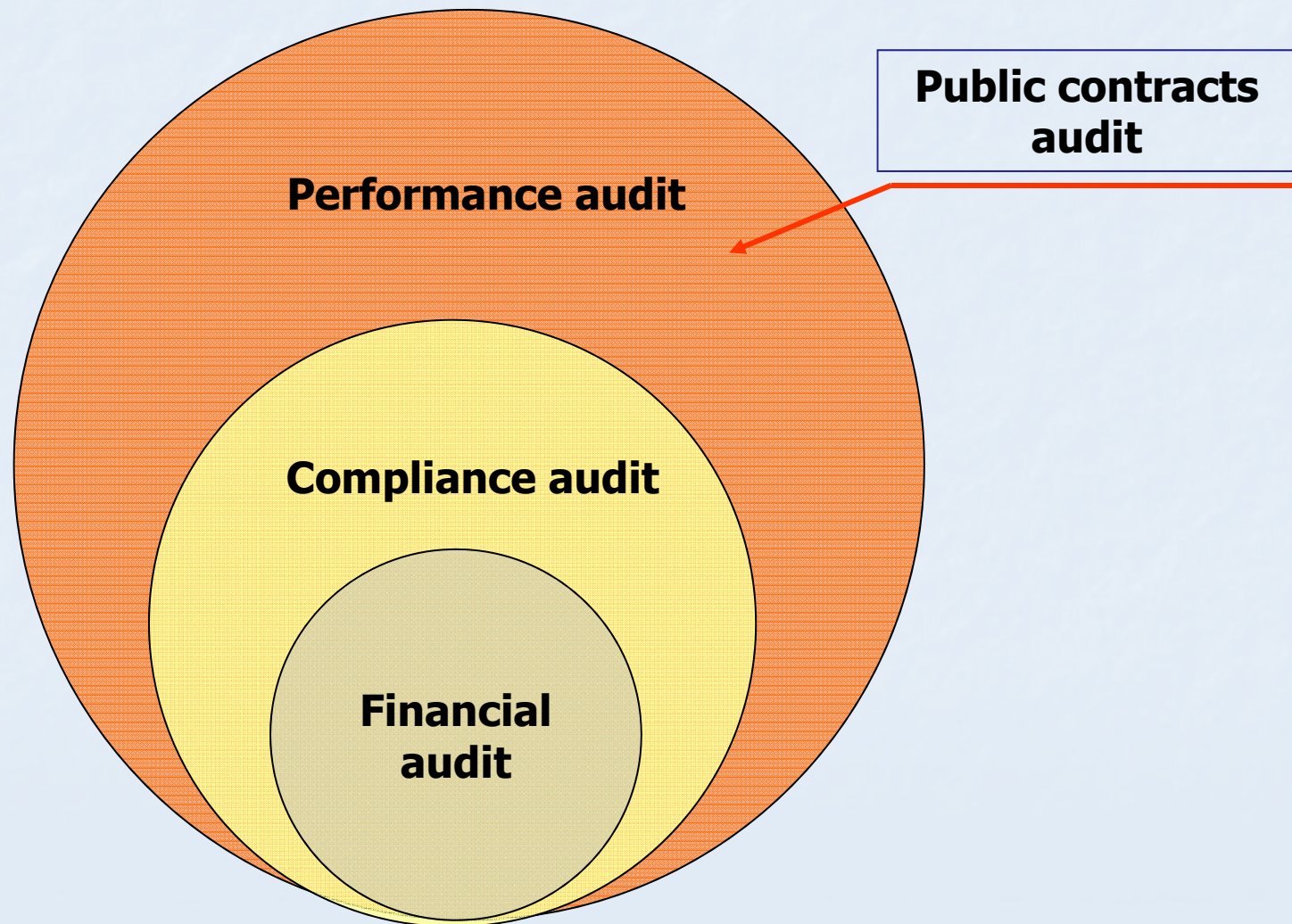


## ***Slide 4. Public contracts audit***

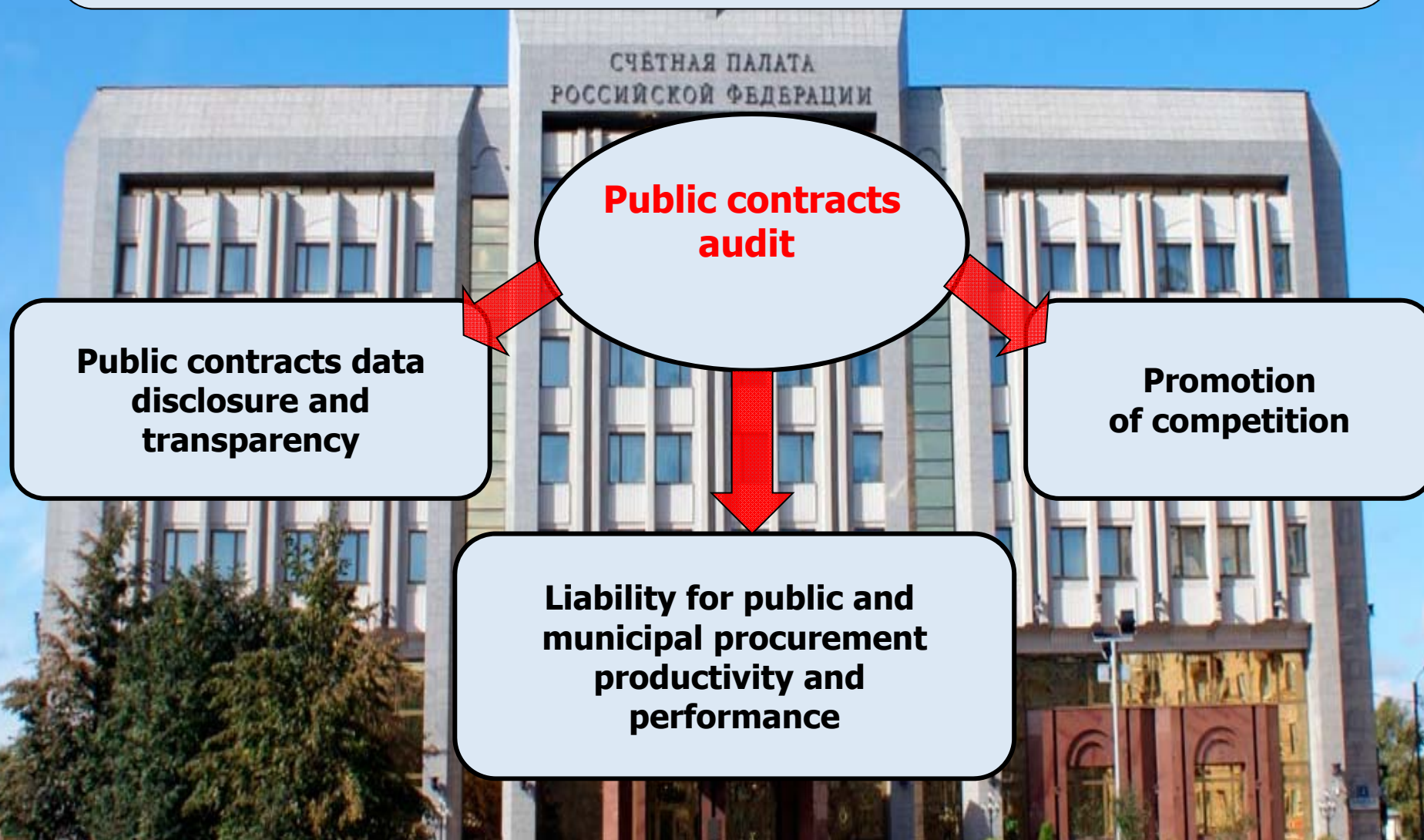




***Slide 5. Public contracts audit as part of performance audit***

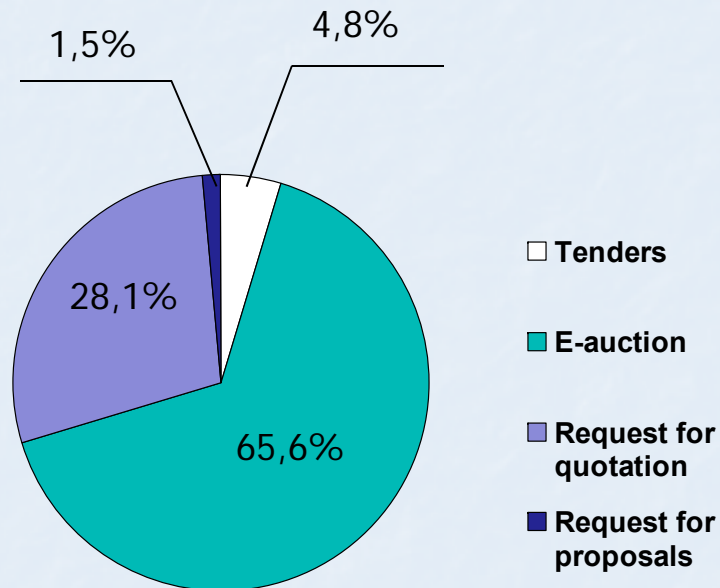


***Slide 6. Public contracts audit assessment of compliance with the key principles of public contracting***

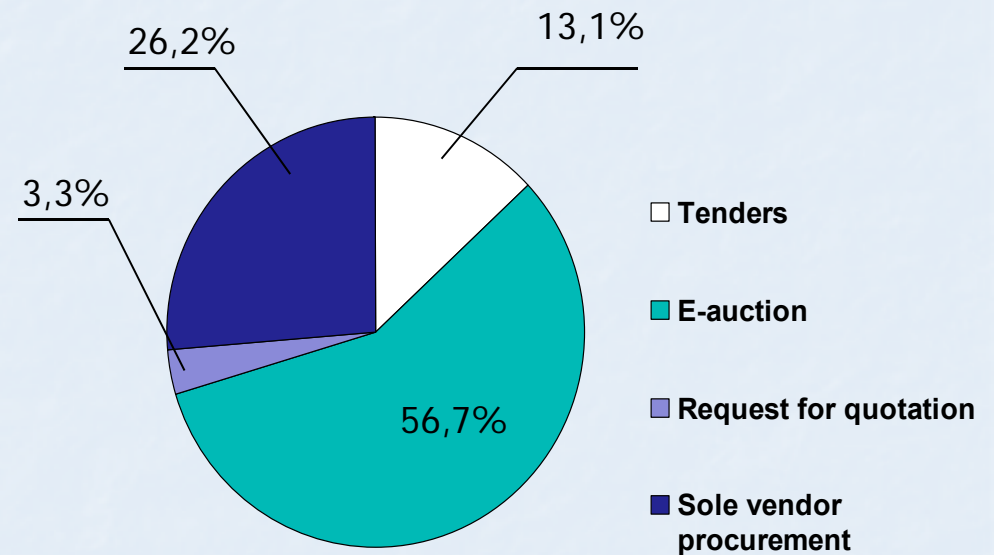


## Slide 7.

***Leningrad Region tender based public contracts, %***



***Leningrad Region public contracts by vendor selection method (in monetary terms), %***

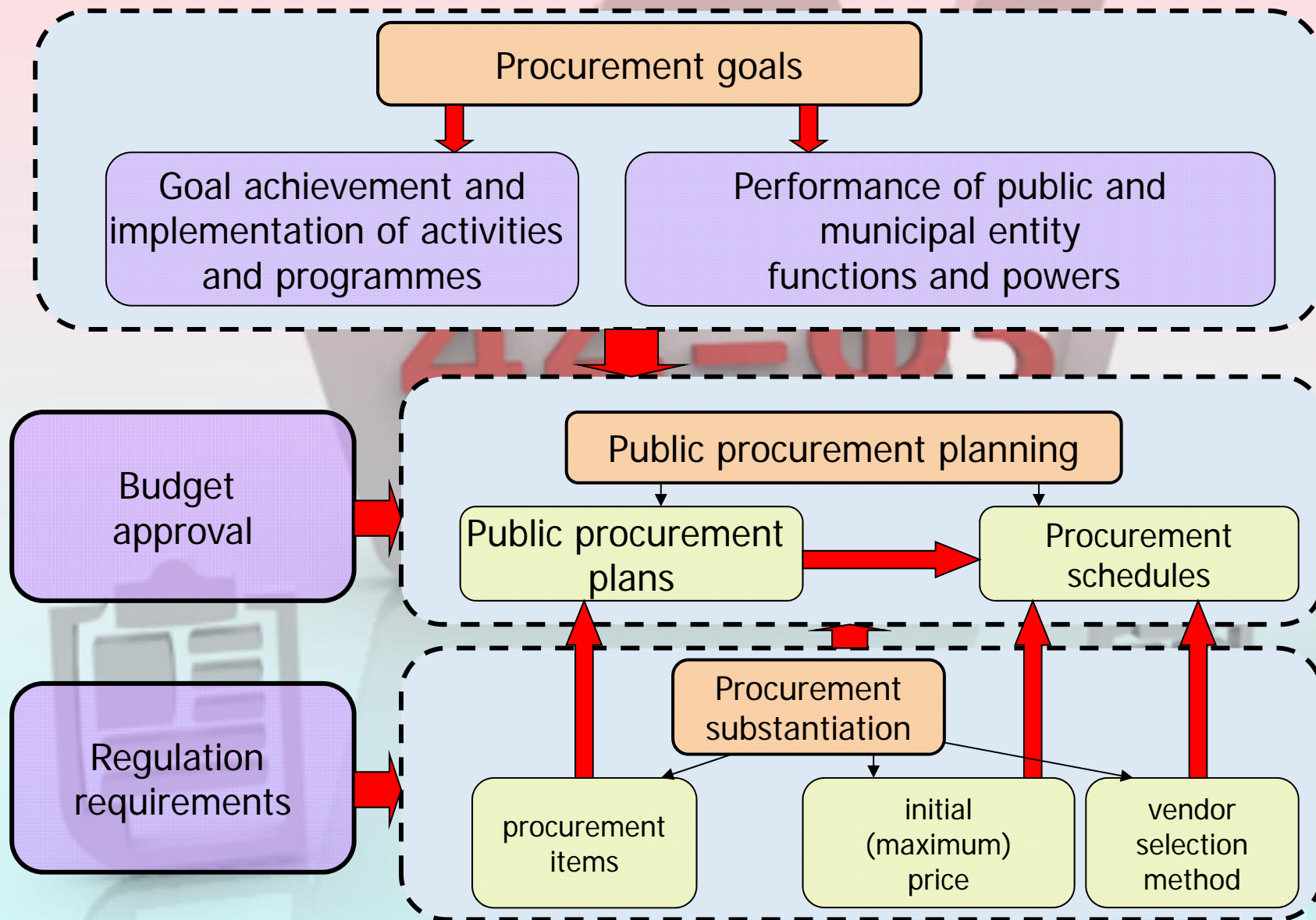




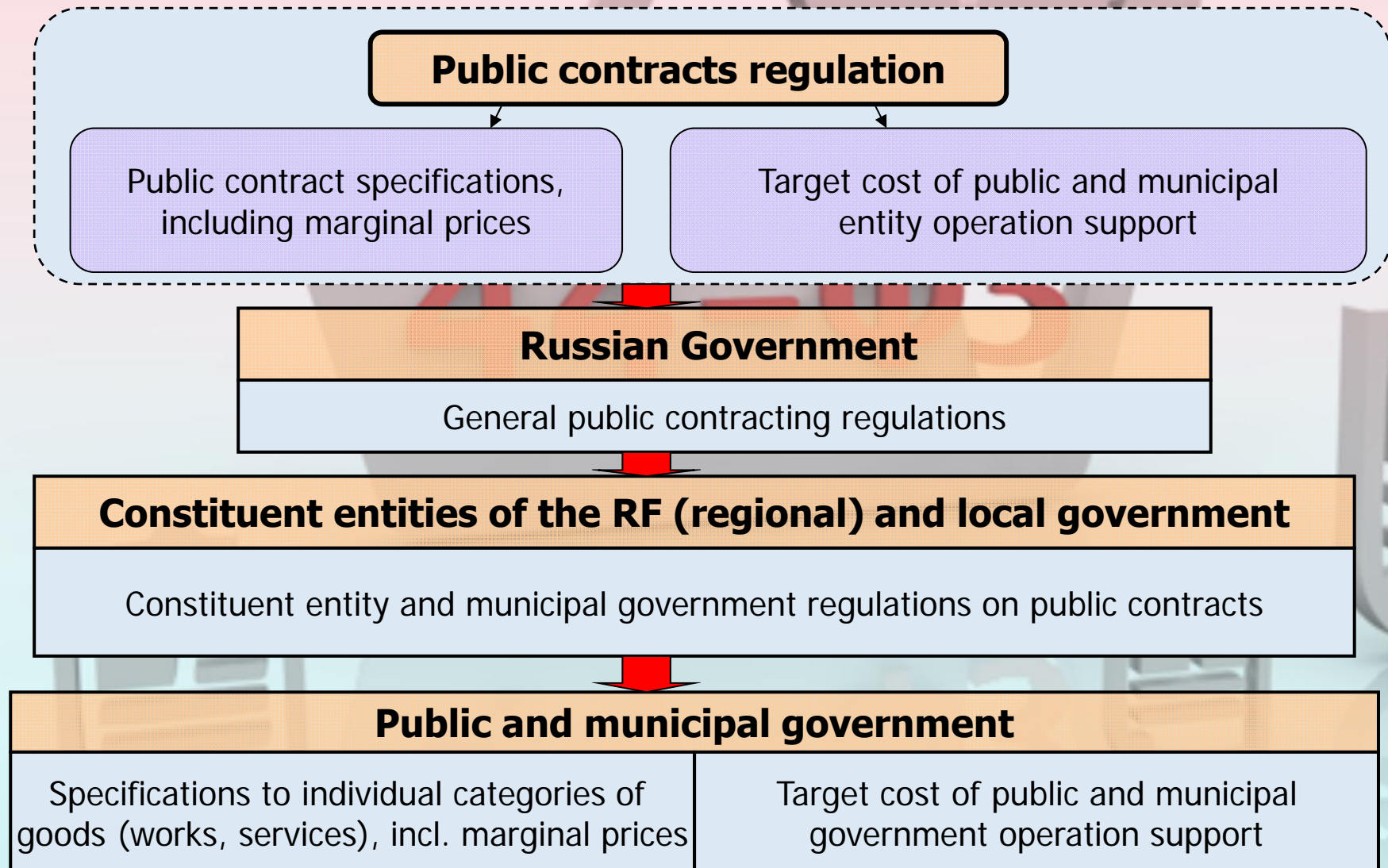
***Slide 8. Public and municipal procurement dynamics in Leningrad Region in 2012-2014***

<b>Item</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Total procurement, units	175 703	184 183	110 760
Negotiated contracts and agreements, units	175 056	182 642	107 979
amount, RUR million	30 205,6	41 308,5	28 633,1
EUR million	548,1	749,6	519,6
Saving, RUR million	2 694,7	3 907,0	3 536,4
EUR million	48,9	70,9	64,2
Relative saving, %	8,2	8,6	10,9

## ***Slide 9. Public procurement planning***



## ***Slide 10. Public contracts regulation***



## ***Slide 11. Initial (maximum) contract price (IMCP) definition and substantiation***

### **IMCP definition and substantiation procedure**

1. measurement of need in the goods (works, services in relation to procurement goal;
2. approval of specifications to procured goods, works, services;
3. market research for identification of availability of goods, works, services conforming to the specifications;
4. procurement item description;
5. IMCP method selection;
6. IMCP calculation, validation and publication on the official web site

### **IMCP definition methods**

**Comparable uncontrolled price method (market analysis)**

**Standard cost method**

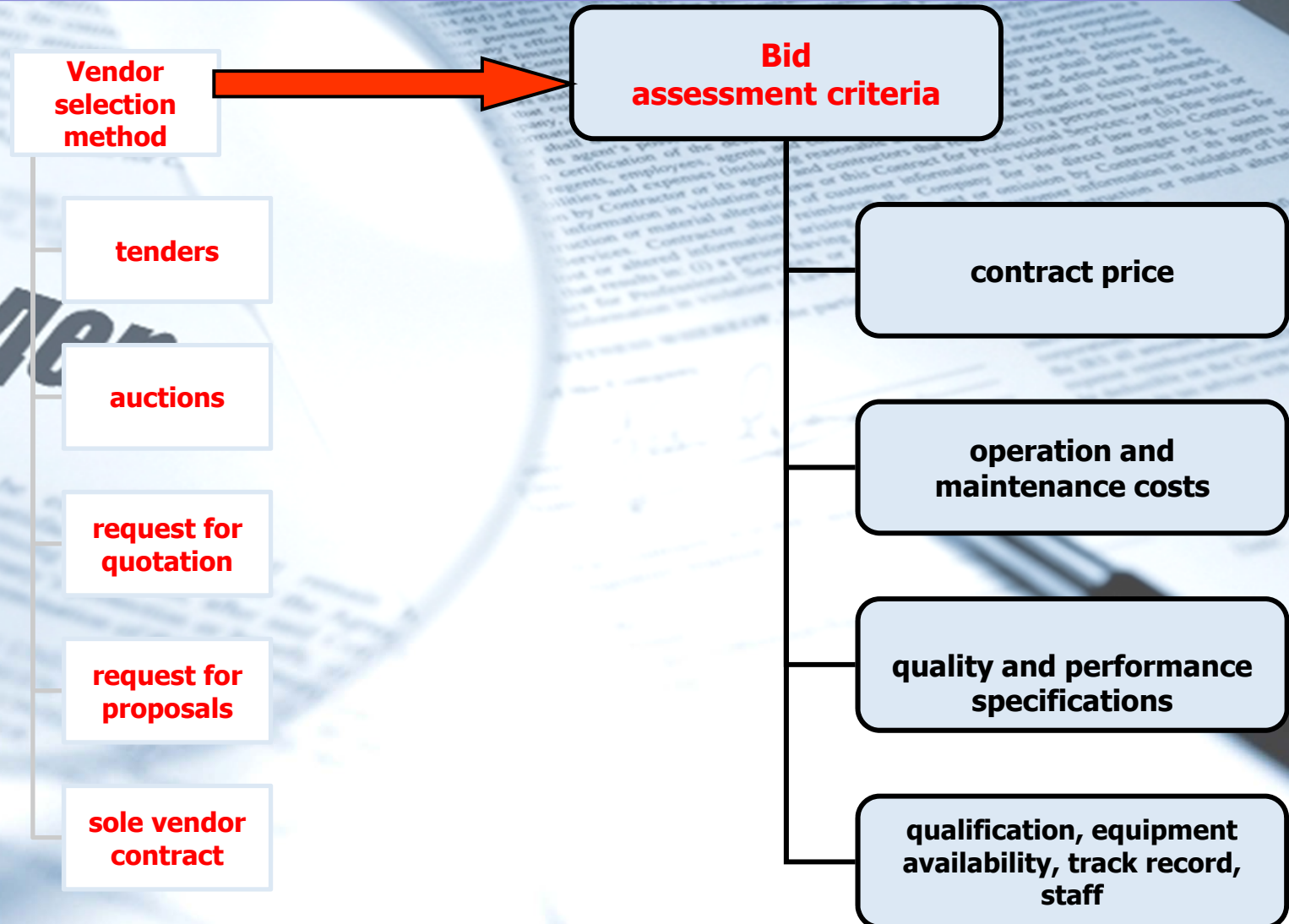
**Tariff method**

**Project budgeting method**

**Cost method**



***Slide 12. Public contracts audit:  
Vendor selection method compliance and validity  
assessment***



### ***Slide 13. Public procurement expenditure performance assessment***

#### ***Public procurement performance:***

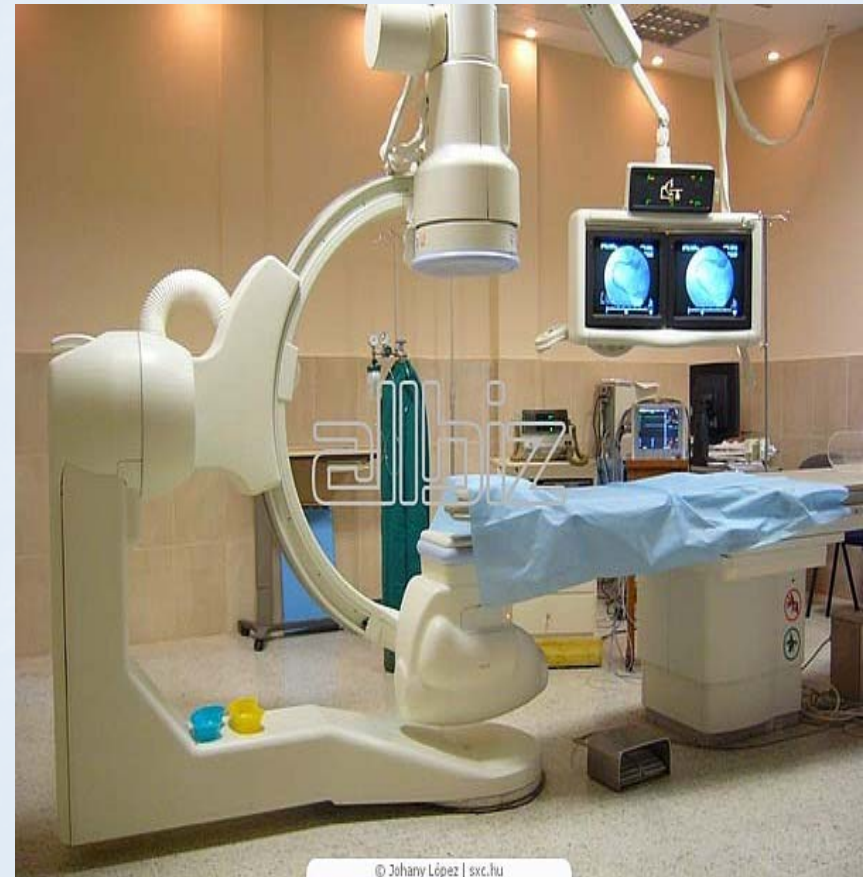
- Achievement of best contract terms and price-quality ratio
- Achievement of public procurement goals and public/municipal procurement targets

#### ***Public procurement expenditure inefficiency criteria:***

- failure to deliver,
- overstatement of unit prices, standard costs and requirement of goods (works, services),
- failure to use the contracted goods (works, services),
- acquisition of low quality goods (works, services),
- payment for goods (works, services) that are not stipulated in the specifications and contract, etc.

## ***Slide 14. Performance audit findings regarding medical facilities acquisition for Leningrad Oblast public health care institutions***

- Acquisition of items regardless the actual need for specific equipment categories
- Components and engineering specifications of individual facilities did not conform to the requirements of the health care institutions and, accordingly, failed to deliver the required quality of diagnostic examination
- Inefficient expenditure of public funds at all levels for a total amount in excess of RUR 170 million.



## ***Slide 15. Solutions for public contracting performance improvement***



- ***Introduction of public contracts substantiation and regulation procedures;***
- ***approval of standard contracts and contract terms at the federal level;***
- ***implementation and expansion of a National public contracts database for procurement automation from planning through contract performance;***
- ***public contracting centralization system rollover;***
- ***implementation of additional tools for public customer protection from unfair contractors***





***Thank you very much!***

***Leningrad Region  
Audit Chamber***

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