

Date dd/mm/yy  **Project Proposal**

Accounts Chamber of the Russian Federation

This form is used to stand as a record of the proposal from the project team.

**PART A: PROJECT IDENTITY**

<b>Description</b>	<b>Information</b>
Project number and title as per SDP	2.11 Public Procurement Audit, GUID 5280-5289 Subject matter specific guidance
Working title(s) for the new pronouncement(s)	Guidance for Public Procurement Audit (hereinafter - Guidance)
Project aim	The purpose of the project is in line with the strategic goal of the INTOSAI Working Group on Public Procurement Audit (hereinafter - the Working Group): to contribute to the Supreme Audit Institutions in developing common methodological approaches toward organizing and conducting Public Procurement Audit, taking into account the complex nature of the audit engagements and internationally recognized principles of Public Procurement, and also aimed at increasing the contribution of the Supreme Audit Institutions in enhancing accountability and transparency of public governance
Project objectives	<p><b>Main objectives:</b> Development of the Guidance in compliance with the INTOSAI fundamental principles and pronouncements and in accordance with the current internationally recognized principles of Public Procurement</p> <p><b>Project objectives:</b></p> <ul style="list-style-type: none"> <li>- monitoring of international initiatives in the field of Public Procurement Audit and accounting of current international experience in organizing and performing, methodical and informational support for Public Procurement Audit while developing the Guidance;</li> <li>- development of a draft detailed structure of the Guidance;</li> <li>- formation of proposals for the content of the approved detailed structure of the Guidance;</li> <li>- development of the Guidance and ensuring its approval.</li> </ul> <p>The Guidance to be developed will subsequently become the basis for further development of the methodical base and the information exchange system in the field of Public Procurement Audit</p>
Project duration	(see Part B below)

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Name of the lead WG <sup>1</sup>	Accounts Chamber of the Russian Federation						
Key contacts	Name	Surname	Address	Email	Office Phone	Business Mobile Phone	Organization / Sponsoring SAI
Project Group lead	Natalya	Bocharova		<a href="mailto:nikitina_ey@ach.gov.ru">nikitina_ey@ach.gov.ru</a>			SAI Russia
Contact person for the goal chair	K S	SUBRAMANIAN	Director General (International Relations), Office of the Comptroller and Auditor General of India, 9 Deen Dayal Upadhyaya Marg, New Delhi- 110124 ( INDIA)	<a href="mailto:subramanianKS@cag.gov.in">subramanianKS@cag.gov.in</a>	+91-23237822	+91-7053030000	SAI INDIA
FIPP liaison officer	Neil	Usher	FIPP	<a href="mailto:NEIL.USHER@ext.eca.europa.eu">NEIL.USHER@ext.eca.europa.eu</a>			
Other anticipated project team members (list of names and organisations)	<b>The Working Group members</b> <i>SAI Russia (group chair), Armenia, Azerbaijan, Belarus, China, Georgia, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Pakistan, Philippines, Portugal, Serbia, Slovenia, South Africa, Thailand, Zambia</i>						

<sup>1</sup> For those “type A” projects where an existing working group/subcommittee is considered to have “natural ownership” of the project

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**PART B: PROJECT MILESTONES**

Stage		Due process milestones			
1.	Project proposal	Start Date	End Date	Expected Time in Total	Comments
		<b>December 2017</b>	<b>December 2017</b>	<b>30 days</b>	
		N.B. Allow three months between end date of stage 1 and start date of stage 2 for FIPP approval of the project proposal			
2.	Exposure draft	Start Date	End Date	Expected Time in Total	Comments
		<b>March 2018</b>	<b>June 2018</b>	<b>120 days</b>	
		N.B. Allow three months between end date above and start date below for FIPP approval of the exposure draft			
	Exposure period	Start Date	End Date	Time in Total (not negotiable)	Comments
		<b>October 2018</b>	<b>December 2018</b>	<b>90 days</b>	
3	Endorsement version	Start Date	End Date	Expected Time in Total	Comments
		<b>January 2018</b>	<b>February 2019</b>	<b>60 days</b>	
		N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval of the project proposal			
4.	Final pronouncement, including translation into all official INTOSAI languages*	Start Date	End Date	Expected Time in Total	Comments
		<b>June 2019</b>	<b>July 2019</b>	<b>60 days</b>	
		*“Unless other mechanisms have been established, the working group is responsible for translation of approved endorsement version into the five official languages.” (Due Process, page 9). Time must be allowed to obtain the required translation of the endorsement version(s).			

## PART C: INITIAL ASSESSMENT AND PROJECT PROPOSAL

N°	Initial assessment - Matters to be covered (Due Process, pages 6 and 7) <sup>2</sup>	
C.1.	<p>Explanation of the need for the project</p> <p>Explanation of the purpose of the project</p>	<p><u>Explanation of the need for the project</u></p> <p>1) The need for the Project for Public Procurement Audit was substantiated at 64th INTOSAI's Governing Board meeting held in China in 2013. The Board adopted a resolution to establish the INTOSAI Task Force on Procurement Contract Audit which while in operation was re-named into the INTOSAI Task Force on Public Procurement Audit by the common decision of its members.</p> <p>2) As a result the following main goals of the Task Force on Public Procurement Audit were achieved:</p> <p>The international experience and methodological basis of conducting audit in the sphere of public procurement were studied.</p> <p>Pilot projects on public procurement audit were implemented (members – SAI Portugal, SAI Slovenia, SAI Zambia).</p> <p>The platform for information exchange was created <a href="http://intosai.portalkso.ru">http://intosai.portalkso.ru</a></p> <p>The Glossary on the public procurement audit was developed</p> <p>Public Procurement Audit Practical Guide was developed</p> <p>Taking into account the experience gained and the results achieved it was decided by INCOSAI 2016 to continue the work within the Working Group on Public Procurement Audit by the decision of INCOSAI 2016</p> <p>3) The need for the Project is based on the fact that public procurement is a key tool allowing government to directly or indirectly influence every aspect of both economic and social life and use procurement output in order to achieve national strategy goals, including economic development.</p> <p>Due to its market importance public procurement is also gaining a global stage and becoming the subject of international agreements as well as the basis for regulation trends.</p> <p>Although public procurement systems may vary noticeably from one country to another, there are nowadays a number of common characteristics and principles to define them. These are primarily open competition, non-</p>

<sup>2</sup> Please give detailed explanations in the right-hand column or provide references to annexed supporting material

		<p>discrimination, transparency, fairness and efficiency.</p> <p>In turn, the current comprehensive principles and standards within the INTOSAI Framework of Professional Pronouncements should be used while developing the Guidance.</p> <p>At the same time the approved Public Procurement Audit Practical Guide needs consolidating and aligning with the current ISSAIs in the field of financial, performance or compliance audit.</p> <p>In view of the above there is a need in developing the GUID for Public Procurement Audit.</p> <p><u>Explanation of the purpose of the project</u></p> <p>1) The Guidance will focus exclusively on the specificities of the subject matter, combining the principals of public sector auditing and principals of public procurement which allows to unify the approaches of the SASIs to auditing and implementing other audit engagements in this area, which makes it possible to enhance the effectiveness of international economic interaction and increase the efficiency of the use of national resources</p> <p>2) The Guidance will reflect the approaches and methodological decisions of various SAIs that have been analyzed by the Task Force during the development of the Public Procurement Audit Practical Guide, which provide insight into the general patterns and characteristics of both public procurement and their audit in different jurisdictions.</p>
C.2.	Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)	<p>When determining the place of the Guidance in the new INTOSAI Framework of Professional Pronouncements, the following features of public procurement and their audit were taken into account:</p> <p><b>First</b>, audit of public procurement refers to an audit subject matter, involving financial, performance and/or compliance audit, depending on the objectives of engagement.</p> <p><b>Secondly</b>, public procurement is implemented on a similar algorithm almost in every jurisdiction as a single goal-oriented management process which is characterized by the following stages: the substantiation of the procurement, the preparation of the procurement, the implementation of the procurement, the usage of procurement results, and the completion of the use of the procurement.</p> <p><b>Thirdly</b>, the complex nature of public procurement process demands for their evaluation and control and requires comprehensive approach to formation of the audit engagements, which are implemented through a set of fundamental principles including not only the fundamental principles of public sector auditing but also specific features and principles inherent in public procurement.</p>

		<p>Thus, the main principle of forming engagements to confirm regularity and efficiency of the preparation, organization and implementation of the procurement processes and the efficiency of using its results is a comprehensive approach to the formation of both auditing and other engagements implemented by the SAI.</p> <p>Components of these engagements, in which procedures for financial, performance and/or compliance audit are envisaged, will fully meet the requirements of ISSAI 200-400.</p> <p>From the foregoing we consider that the developing GUID (Guidance) for Public Procurement Audit should correspond with GUID 5280-5289 Subject matter specific guidance. It should reflect general and specific principles, audit approaches and methods for Public Procurement Audit implemented according to the existing SAI requirements.</p>
C.3.	Description of different types of SAIs / audit engagements that must be accommodated in the new pronouncement	<p>During the development of the Practical Guide various SAIs approaches and methodical decisions have been analyzed, outlining common regularities and features of public procurement as well as its audit in different jurisdictions.</p> <p>Analysis of public procurement systems has shown that they may vary noticeably from country to country, but nowadays they have a number of common features and common applied principles that together with the principles of auditing and other engagements developed within the Guidance, will resulted in document demanded by the INTOSAI community.</p>
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	<p>The experience gained during the analysis of materials for drafting the Public Procurement Audit Practical Guide, the consolidated views of 13 SAIs with different audit organization structures, the summarized international experience on various aspects of public procurement auditing compiled in the Appendix to the Guide as well as examples of approbation of proposed approaches in conducting Pilot projects implemented in accordance with the Plan of the Task Force, give us a reason to assume that while developing the Guidance the possibility of its adaptation to the specific SAI's requirements can be considered including possible issues that may arise during its implementation.</p> <p>It is also planned to develop "The best Public Procurement Audit practices" information resource. Its structure, developed within the Task Force, enables to identify and classify both common regularities and peculiar audit approaches in various SAIs.</p> <p>Thus, no challenges are foreseen as all SAIs carry out audit of Public procurement.</p>
C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional	<p>During the preparation of the GUID (Guidance) the following INTOSAI documents will be used:</p> <ul style="list-style-type: none"> <li>• The Lima Declaration of SAI's independence is underlying principle for SAIs (ISSAI 1)</li> </ul>

	pronouncement(s) will be ensured	<ul style="list-style-type: none"> <li>• Fundamental principles of public sector auditing (ISSAI 100)</li> <li>• ISSAI 200 - 400</li> <li>• Due Process for the INTOSAI Framework of Professional Pronouncements.</li> </ul> <p>The coherence of the developed Guidance with the existing ISSAI standards will be ensured in accordance with the requirements that are to be laid in the principles of its formation, first of all, with reference to the fundamental principles of public sector auditing defined in ISSAI 100.</p> <p>The Guidance to be developed will act as a “bridge” that links principals and standards for the three audit types (financial, compliance, performance) to the Practical Guide developed by the Task Force.</p> <p>While the same components of complex audit engagements in the field of Public Procurement Audit, in which procedures for financial, performance and/or compliance audit are envisaged, will fully meet the requirements of ISSAI 200-400.</p>
C.6.	Explanation of the extent to which it will be possible and desirable to build on pronouncements from other internationally recognized, regional or national standard-setters and, if so, the extent to which supplementary pronouncements are needed to provide clarity on new pronouncement	<p>Many existing legal and organizational aspects of public procurement national systems are based on standard model provisions of the Internationally recognized legislation.</p> <p>1) At the moment national legislations in this field are generally comply with “Modal Law on Public Procurement” principles of United Nations Commission on International Trade Law (UNCITRAL). These principles will constitute a special section in the Guidance.</p> <p>2) A huge amount of work on the elaboration and assessment of public procurement principles implementation is carried out within the OECD that is reflected in such documents as <i>OECD Principles for Integrity in Public Procurement and Implementing the OECD Principles for Integrity in Public Procurement</i>. These additional materials will also be used in the Guidance development.</p> <p>3) Moreover, some economic integration associations have supranational regulations on public procurement. It particularly refers to the European Union (EU) countries in which the general public procurement procedures are defined by the relevant European Directives on Public Procurement. Given that the WGPPA includes countries from the EU, the incorporation of the applicable principles from the European Directives in the Guidance will be implemented in the process of development and harmonization within the Working Group.</p> <p>4) Guidelines on best practice for the Audit of Public/Private Finance and Concessions (ISSAI 5220) will be used while preparing the Guidance. ( in relation to the organization and conducting of procurement)</p> <p>5) As public private partnership (PPP) is also in essence a specialized form of procurement of good and</p>

		services, experience in the field of audit of risks in PPP described in ISSAI 5240 will be used while preparing the Guidance.
<b>Nº</b>	<b>Project proposal - Matters to be covered (Due Process, page 7) <sup>2</sup></b>	
C.7.	Explanation of organisation of the project describing how project group members will be drawn from relevant sub committees/ working groups/ other interested parties	<p>The proposed Guidance for Public Procurement Audit (preliminary GUID 5280-5289) will be developed by the INTOSAI Working Group on Public Procurement Audit (WGPPA) specially created for this purpose.</p> <ol style="list-style-type: none"> <li>1. In December 2016, the INTOSAI Working Group on Public Procurement Audit (hereinafter referred to as the "Working Group", WGPPA) was established, which included 18 SAIs</li> <li>2. In July 2017, the first meeting of the Working Group was held in Lisbon (Portugal), that resulted in decision to develop the professional pronouncement for Public Procurement Audit.</li> <li>3. The project proposal was developed.</li> </ol> <p>The target group of the future Guidance includes the SAIs and auditors, external government auditors, internal auditors.</p> <p>Moreover, consultations with FAAS, CAS, PAS and members from Forum for Jurisdictional SAIs are being planned.</p>
C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	<p><b><u>Main outcome</u></b></p> <p>The INTOSAI Guidance for Public Procurement Audit is intended to SAIs while developing and implementation of engagements in the field of public procurement audit. The Guidance will be focused only on the peculiarities of the subject of audit, combining principles both of public sector audit and public procurement, and also development of criteria with reference to financial, compliance or performance audit or their combination carried out in the field of public procurement. The Guidance will include specific recommendations concerning developing criteria, receiving, assessment, analysis or interpretation of audit evidence referred to financial, compliance or performance audit in the frames of public procurement audit.</p> <p>Moreover, the Appendix will include examples of questions, that SAI can take into consideration while conducting public procurement audit, and also the list of main violations, found in the practice of public procurement audit.</p> <p>Herewith its development will not require revision of the existing INTOSAI pronouncements.</p>



C.9.	<p>Explain the quality processes that will be applied in the drafting process (see Due Process, page 7 and 8) along with the parties that the project group will consult and engage with.</p>	<p>The Guidance will be developed in accordance with the Due Process for INTOSAI Professional Pronouncements and with the drafting conventions for guidance documents in the INTOSAI Framework of Professional Pronouncements adopted by FIPP in February 2017.</p> <p>The quality and compliance of the Guidance with the INTOSAI strategic goals and priorities are to be ensured through the application of the following quality assurance process. For instance, while drafting the Guidance:</p> <ol style="list-style-type: none"> <li>1) The materials of the Public Procurement Audit Practical Guide, previously developed under the INTOSAI Task Force on Public Procurement Audit, will be used (the Practical Guide consolidates the views of 13 SAIs with different structures for organization of the audit, and the Appendix presents the consolidated international experience on various aspects of public procurement auditing, as well as examples of approbation of the proposed approaches in conducting pilot projects).</li> <li>2). A particular attention will be paid to ensuring compliance with basic concepts and principles outlined in Fundamental principles of public sector auditing (ISSAI 100).</li> <li>3). If necessary, the cooperation with other INTOSAI working groups will be organized in areas of mutual interest such as the Project Group on the international standardization of jurisdictional activities of SAIs.</li> <li>4). The WGPPA presents a representative set of different models of SAI and jurisdictions. In order to ensure universal applicability the draft Guidance is to be tested by the WGPPA members with different national settings in relevant audit and other engagements</li> <li>5). In accordance with the INTOSAI Due Process, the draft Guidance will be exposed to the audit community for consideration.</li> <li>6). The Working Group will coordinate main stages of Guidance development with the FIPP liaison officer, Knowledge Sharing Committee and the Professional Standards Committee in accordance with the Due Process for the INTOSAI Framework of Professional Pronouncements.</li> </ol>
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**PART D: AUTHORITIES**

<b>PERSON</b>	<b>NAME</b>	<b>SURNAME</b>	<b>DATE</b>	<b>SIGNATURE</b>
Project leader	Natalya	Bocharova		
Responsible Goal Chair	Rajiv	Mehrishi	06.02.2018	