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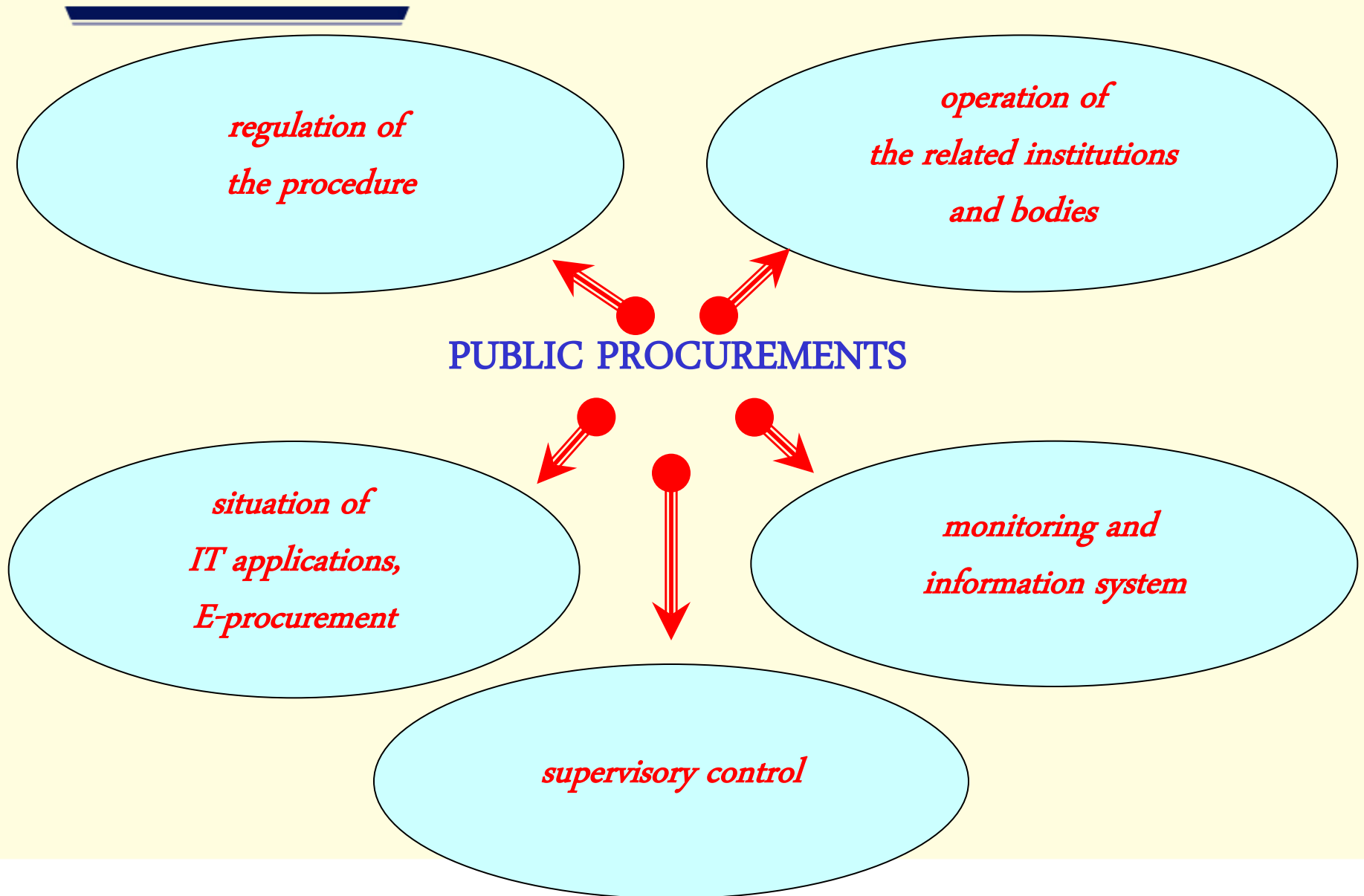
STATE AUDIT  
OFFICE OF HUNGARY

Audit of the Operation of the **Public Procurement System**  
2008

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auditor

Lisbon, 14-15 October 2010

## The scope of the audit:



## Main features of the evaluation:

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- ❖ regarding the **regulation** of the public procurements, we evaluate:
  - the execution of the European and national objectives;
  - the stability of the legal background;
- ❖ regarding the **operation** of the responsible institutions, we evaluate:
  - the expediency of the delegated tasks;
  - efficiency of the operation;
- ❖ regarding the **supervisory control**, we evaluate:
  - the compliance with the requirements;
  - the acts in order to prevent the infringements;
  - the intentions to achieve a transparent and economic utilization of the public funds.

# Main findings

## Features of the operation

## Consequences

### Act on PP.

- It has been modified 16 times since 2003
- Overregulated (e.g. formal requirements)
- Incomplete regulations (e.g. PPP projects, contracted procurements)

Difficult application:  
non-transparent,  
bureaucratic system

Slow, costly procedures

(Utilization of EU funds IN TIME)

many notices of appeal

Uneconomical operation, infringements,  
corruption risk

(Utilization of EU funds correctly)

Governmental initiation:

**REFORM** the system

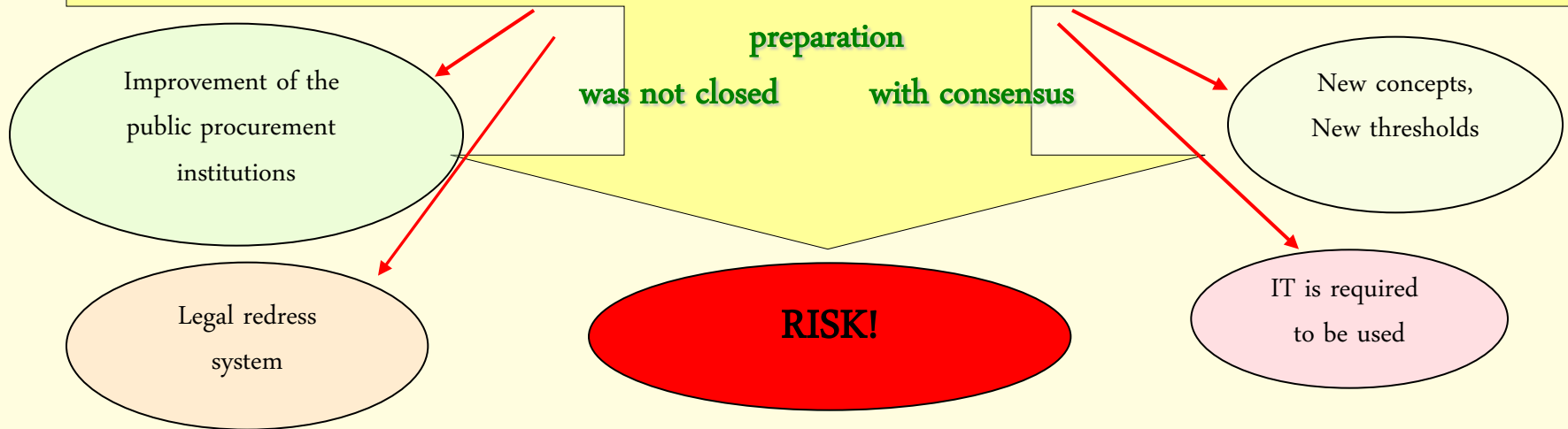
**Amendment**

Faster, cheaper, simpler  
procedures and  
prevention of corruption

**BUT:**

## Amendment was not based on:

- developed **public procurement policy**
- previous **tests** and analyses
- a **proper monitoring system**, which allows to evaluate the feasibility of the legal objectives



The legal environment of the public procurement market may stay unstable and unpredictable;  
**expectations and intention of the legislator may not be realized!**

# E-procurement

## Features of the operation

## Consequences

### DEFICIENCY:

- E-procurement concept
- Common procurement vocabulary
- Scope of responsibilities
- Legal background
- Technical support
- Qualification

### Operation of E-procurement:

- e-advertising
- central procurements

### BUT:

Deficient areas

(certification, availability,  
documentation,  
technical-user support, security)

### RISK



EU i2010 e-Government

action plan is not realized

(50% of the PP. is on-line)

## WE RECOMMENDED

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### the Government

- ❖ to decide upon the national public procurement policy;
- ❖ to appoint a governmental body, which is responsible for the development of the public procurement system;
- ❖ to set up a proper monitoring system in order to measure the efficiency and effectiveness of the public procurement system;
- ❖ to work out a control system which allows to reveal the corruption risk and infringements
- ❖ to ensure the development of E-procurement system, and the electronic communication should become obligatory in a short time between those requesting for quotation, the tenderers, the parties, the authorities and the court as well.

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In a modern society one of the most important elements is **MONEY**.

In a democratic society  
there is an even more important element:

*Public money*



Thank you for your attention!

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