

# **Performance Audit on Procurement Capabilities across the Public Administration**

**Wilfred Aquilina  
Audit Manager, Performance Audit Section  
National Audit Office, Malta**

**Case study presentation  
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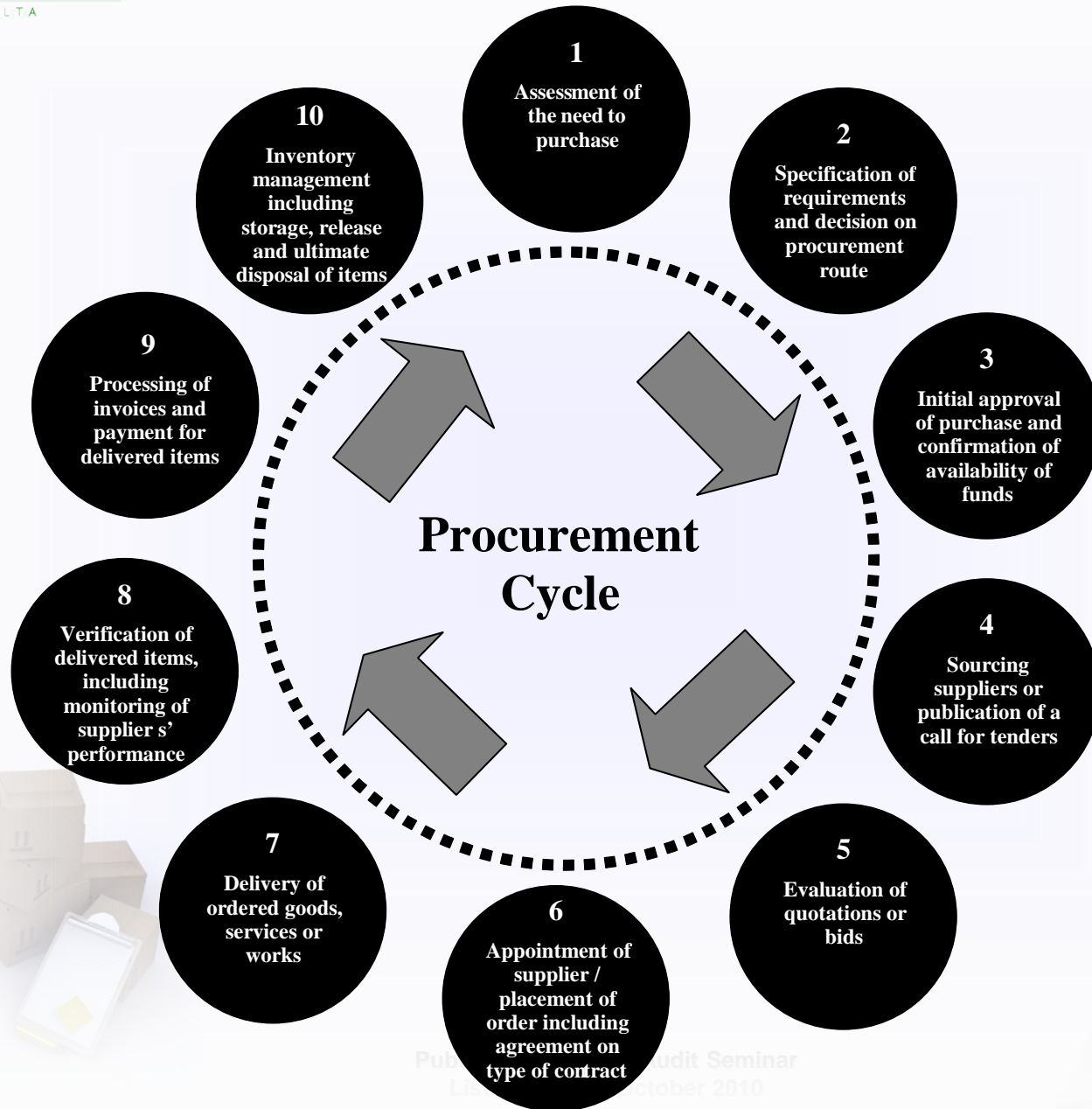


# Introduction

- **Public procurement plays a central role in supporting and delivering all Government priorities, from health and education to regulation and revenue collection.**
  
- **Inefficient procurement methods can result in:**
  - **Paying higher prices for goods and services procured at short notice.**
  
  - **Essential items may not be available in the right quantities and of the right quality when required. This can potentially lead to Government operations and service being delayed or being of a sub-standard quality.**



# Procurement Process



# Objectives

- Each year a number of key weaknesses and shortcomings related to the administration and management of public procurement are identified through NAO audits.
- This prompted NAO to carry out in 2009 a cross-sectional study in order to:
  - Evaluate in greater depth crucial procurement capabilities and practices.
  - Identify areas where there is scope for improvement and the adoption of better procurement practices.



**This presentation briefly outlines the approach and criteria that was used to carry out this study...**



# Methodology

- **Case Study Approach:** 12 entities - reflecting different types of organisations within the Maltese public administration - were selected.
  - Fieldwork consisted of **structured in-depth interviews** with officials directly involved in procurement processes. Supplementary documentary evidence was also collected to enable further evaluation of the reported measures.
  - Given the novelty of the study, **pilot meetings** were held to test and assess the:
    - feasibility of the considered exercise;
    - relevance and significance of the selected audit questions;
    - interviewing techniques that could be used to successfully carry out this audit;
    - type of information and supporting documentation that could be potentially collected from the identified case studies;
    - typical challenges faced by the public administration using current approaches to procurement;
    - the interest of the targeted organisations to participate in this exercise; and
    - added value that can be obtained from the full study.



- **12 distinctive elements of procurement capability grouped under the following three categories were examined:**
  - **Structure and Resources**
  - **Information Management and Monitoring**
  - **Continuous Improvement and Development**



## Structure and Resources



**The organisation and strategic importance of the procurement function.**

**Staff with required knowledge and skills in procurement. Training of staff involved in procurement in this area of expertise.**

**Development of policies and procedures to govern procurement. Internal controls to ensure compliance.**

**Planning of procurement requirements.**

**Technology to enhance and facilitate the procurement function.**

## Information Management and Monitoring



**Stock management system to help keep track of inventories and to set efficient stock order volumes.**

**Data on procured items and on levels of consumption to identify where there is potential for cost savings.**

**Information on suppliers. Monitoring of suppliers' performance.**

**Sharing of information within the public administration.**

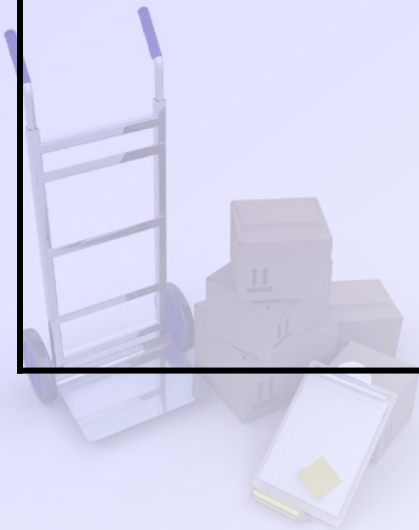


**Continuous  
Improvement  
and  
Development**

**Initiatives to review and continuously improve procurement activities.**

**Management of procurement risks.**

**Opportunities for collaborative procurement and framework agreements.**



# Key Issues: Structure and Resources

- Extent to which the management of the procurement function was structured centrally.
- The need for fully resourced and skilled procurement teams.
- The development, rigorous application and updating of internal standard operating procedures.
- Adopting a strategic approach to procurement.
- The use of electronic methods at each stage of the procurement lifecycle.



# Key Issues: Information Management and Monitoring

- **The nature and quality of management information that was available for sound planning, decision-making and monitoring.**
- **The level of collaboration and exchange of procurement-related information carried out across Government.**



# Key Issues: Continuous Improvement and Development 12

- Regular and systematic review of all aspects of procurement in order to improve efficiency and achieving cost savings.
- Measures that were undertaken to ensure effective management of procurement risks as well as good governance.
- Collaborative arrangements and framework agreements.



Thank you for your attention.

Wilfred Aquilina

wilfred.aquilina@gov.mt

Tel: 00356 2205-5007

