

# **TERMS OF REFERENCE**

## **FOR THE INTERNATIONAL ORGANISATION OF SUPREME AUDIT INSTITUTIONS WORKING GROUP ON THE PUBLIC PROCUREMENT AUDIT**

### **1. Background**

Public procurement, due to its market significance, has acquired global importance being subject to international agreements and providing the basis for emerging common trends in legislative changes

Public Procurement is a key tool allowing Governments to influence every aspect of public life and use procurement output in order to achieve the implementation of national strategy goals.

The decision of the 64<sup>th</sup> INTOSAI's Governing Board meeting held in Beijing (China) in 2013 established 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.

The creation of the Task Force has become important since Public Procurement:

- accounts for almost 30% of the total amount of public expenditure in the OECD countries;

- makes up 10%-20% of the countries' GDP;

- is regulated by state laws and covers practically all areas of the members' national economies;

- is made for the benefit of the society and opened for public control;

- is vulnerable to defalcations, fraud and corruption.

As a result of the activities of the Task Force, the following main outcomes were achieved:

- the international experience and methodological basics of carrying out the audit in Public Procurement were researched;

- two pilot projects on Public Procurement Audit have been implemented (participants: Portuguese Court of Auditors, the Court of Audit of the Republic of Slovenia, Office of the Auditor General of Zambia);

the platform for information exchange has been created (<http://intosai.portalkso.ru>);

the Glossary on Public Procurement Audit has been worked out;

Public Procurement Audit Practical Guide has been developed.

Based on the experience gained and results achieved, and in compliance with the unanimous decision of the Task Force members, the need and the possibility to develop the Standard for Public Procurement Audit (hereinafter – Standard) were expressed.

The Standard should take into account the established internationally recognized principles of Public Procurement and the specific comprehensive approach in the formation of the audit engagements in the domain of Public Procurement. The Standard should become the basis for further development of the methodological framework to organize and conduct Public Procurement Audits and its implementation into the Supreme Audit Institutions practice.

Developing Standard for Public Procurement Audit should correspond with International Standards of Supreme Audit Institutions (ISSAI), series ISSAI 600-699 (Principles for other engagements). It should reflect general and specific principles, framework, audit approaches and methods for Public Procurement Audit implemented according to the existing SAI requirements.

At the XXII INCOSAI held in December 2016 in Abu Dhabi (UAE), it was decided to transform the INTOSAI Task Force on Public Procurement Audit into the INTOSAI Working Group on Public Procurement Audit (hereinafter - the Working Group, WGPPA).

## **2.0 The Strategic Goal of the WGPPA**

The strategic goal of the Working Group is to contribute to the Supreme Audit Institutions in developing common methodological approaches toward organizing and conducting Public Procurement Audit, due to 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 administration.

## **3. Goals and objectives**

### **3.1. Goal 1**

Development of the Standard in compliance with the INTOSAI fundamental principles and pronouncements of INTOSAI and in consideration of the current internationally recognized principles of Public Procurement.

### **3.2. Objectives**

3.2.1. Monitoring of international initiatives in the domain 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 Standard.

3.2.2. Development of a draft detailed structure of the Standard.

3.2.3. Formation of proposals for the content of the approved detailed structure of the Standard.

3.2.4. Development of the Standard.

### **3.3 Outcomes**

The INTOSAI Standard (ISSAI) category, series ISSAI 600-699 (Principles for other engagements) “**Public Procurement Audit Principles**” (hereinafter – Standard) adopted in accordance with the Due Process for the INTOSAI Framework of Professional Pronouncements (hereinafter – INTOSAI Due Process)

### **3.4. Contents and terms of the main stages of development**

<b>Stages of development</b>	<b>Terms</b>
1 Project proposal	August 2017
2 Exposure draft	June 2018
3 Endorsement version	December 2018
4 Final pronouncement	February 2019
5 ISSAI	December 2019

### **3.5. Goal 2**

Further development of the methodical base/framework, the information exchange system and information resources in the sphere/domain of Public Procurement Audit.

### **3.6. Objectives**

3.6.1. Support for a permanent system of experience exchange by using modern information technologies and traditional forums, including the development/evolution of the Working Group website.

3.6.2. Introducing of the open information resource "The best Public Procurement Audit practices" based on the implemented pilot projects on Public Procurement Audit in the member states of the Working Group.

3.6.3. Correction of the Public Procurement Audit Practical Guide developed within the INTOSAI Task Force on Public Procurement Audit and its adoption in accordance with the INTOSAI Due Process.

3.6.4. Clarification and updating of the INTOSAI Glossary relating to the Public Procurement Audit.

3.6.5. Preparation of proposals on the development of manuals and guidelines on Public Procurement Audit in specified sectors and fields, which are of the priority interest to the Supreme Audit Institutions.

### **3.7. Outcomes**

3.7.1. The effective information resource, allowing learning about the activities of the Working Group and the best Public Procurement Audit practices.

Public Procurement Audit Practical Guide adopted in accordance with the INTOSAI Due Process.

Drafted documents and proposals for the development of methodical instruments on Public Procurement Audit.

In order to achieve the objectives and outcomes specified above, the Working Group will strengthen and support the efforts aimed at uniting experience of the Supreme Audit Institutions and other stakeholders to resolve issues related to Public Procurement Audit.

## **4. Organisation**

#### **4.1. Chair's Responsibilities**

4.1.1. Coordination and monitoring the progress of the Working Group activities in accordance with the adopted Working Plan.

Facilitating the exchange of information both inside and outside the Working Group, including by using information technology.

Coordination of work with other INTOSAI bodies on issues of common interest.

Participation in INTOSAI Knowledge Sharing Committee meetings with relevant reports on the outcomes and prospects of the Working Group activities.

#### **4.2. Membership**

The Working Group on Public Procurement Audit is based on open and voluntary membership of the Supreme Audit Institutions with expertise, experience and (or) interest in Public Procurement Audit.

The Working Group is opened for all members of INTOSAI.

The Working Group may invite observers, individuals and other stakeholders from corresponding sectors, bodies and organizations.

#### **4.3. Meetings**

Meetings of the Working Group will be held at least once a year in accordance with the INTOSAI Handbook for Committees. All issues are approved by consensus.

The place and the date of a planning regular meeting of the Working Group can be approved at the earlier held meeting of the Working Group or in consultations with the members of the Working Group.

Hosting of Working Group meetings will be made in consultation with the Chair.

The minutes of the meeting are prepared by the Chairman of the Working Group.

#### **4.4. Working Plan**

The Working Plan is developed by the Chairman of the Working Group and is approved by the members of the Working Group.

The approved Working Plan may be reviewed.

The Working Group Secretariat is responsible for operational management to implement the Working Plan.

#### **4.5. Funding**

The budget of the Working Group will be determined by the participating members (SAIs). Where activities are to be funded externally, funding arrangements shall be in accordance with the INTOSAI Framework as described in the Handbook for Committees.

#### **4.6. Interaction**

The Working Group will launch a website. The Working Group Website shall be used to publish documents and other relevant information, including information on membership, meetings and events.

Interaction with other INTOSAI bodies will be carried out on issues of common interest in the form of consultations, information and involvement in joint activities.

#### **4.7. Language**

The language for the Working Group meetings will be Russian, English. Translation of Working Group three year reports will be made into all official languages of INTOSAI.

#### **4.8. Reporting**

Pursuant to the INTOSAI Handbook for Committees and the INTOSAI Strategic Plan, the WGPPA Chair will report to the INTOSAI Knowledge Sharing Committee on the overall activities held, the existing initiatives and the projects planned.

#### **4.9. Working Group Steering Committee**

The Steering Committee of the Working Group may be founded comprising three to five members, nominated by the Chair and approved by the Working Group.

The Working Group Steering Committee is headed by the Working Group Chair with the support of the Working Group Secretariat.

The hosting of the Working Group Steering Committee meetings will be undertaken in consultation with the Chair.

#### **4.10. Working Group Secretariat**

The Chair will set up a Working Group Secretariat with sufficient staff and experience to manage the Working Group. The role of the Secretariat will be to support the Chair in implementation of the Working Group activities.