

REVIZIJA UČINKA JAVNIH NABAVKI U OBRAZOVANJU I ZDRAVSTVU ZA 2023. GODINU

Darko Anačkov¹

Rezime: Predmet ovog istraživanja su preporuke date nakon revizija sprovedenih 2023. godine, s posebnim fokusom na rešavanje nepravilnosti i neefikasnosti u procesima javnih nabavki. Metodologija istraživanja obuhvata statističku analizu podataka dobijenih iz 18 pojedinačnih izveštaja (9 iz sektora obrazovanja i 9 iz sektora zdravstva), koji su sadržali ukupno 151 preporuku. Rezultati istraživanja pokazuju da je većina preporuka svrstana u Prioritet 2 (za sprovođenje u roku od 1 do 3 godine), dok je manji broj spadao u Prioritet 1 (za sprovođenje u roku od 90 dana). Analiza nije pokazala značajnu razliku između srednjih škola i zdravstvenih ustanova u raspodeli preporuka prema prioritetima, što ukazuje na sličan obrazac nepravilnosti u oba sektora. Ovo istraživanje pruža uvid u trendove i prakse upravljanja javnim sredstvima i naglašava važnost pažljivog planiranja i sprovođenja javnih nabavki u javnom sektoru.

Ključne reči: javne nabavke, revizija, obrazovanje, zdravstvo

PERFORMANCE AUDIT OF PUBLIC PROCUREMENT IN EDUCATION AND HEALTHCARE FOR 2023

Abstract: The subject of this research is the recommendations provided following audits conducted in 2023, with a focus on addressing irregularities and inefficiencies in procurement processes. The research methodology includes a statistical analysis of data obtained from 18 individual reports (9 from the education sector and 9 from the healthcare sector), which contained a total of 151 recommendations. The research findings indicate that most recommendations were classified under Priority 2 (to be implemented within 1–3 years), while a small number fell under Priority 1 (to be implemented within 90 days). The analysis did not reveal a significant difference between secondary schools and healthcare institutions in the distribution of recommendations by priority, suggesting a similar pattern of irregularities in both sectors. This research provides insight into trends and practices in public fund management and emphasizes the importance of careful planning and execution of public procurement in the public sector.

Key words: public procurement, audit, education, healthcare

1. INTRODUCTION

In modern public administration, economy, efficiency, and effectiveness have become fundamental criteria for evaluating performance and the use of public funds. Performance auditing is a process that enables a detailed analysis of resource utilization in public sectors, as well as an assessment of achieved results in relation to investments. The State Audit Institution (SAI), as one of the key actors in overseeing public financial management, plays a vital role in ensuring the supervision and evaluation of the economy, efficiency, and effectiveness of public resources.

Performance auditing aims to determine whether resources have been used in the best possible way to achieve established objectives. In this context, economy refers to minimizing costs while maintaining an acceptable quality of products or services, whereas efficiency examines the optimal use of resources to achieve specific outcomes. Effectiveness, as the final element, relates to the realization of set goals and the assessment of the impact of achieved results.

In this study, data obtained from audits of secondary schools and healthcare institutions were analyzed, revealing a similar distribution of recommendations by priority in both groups. Statistical tests, including chi-square analysis, indicated no significant difference in the distribution of recommendations, suggesting a comparable pattern of irregularities in both types of institutions. These

PhD candidate¹., University of National and World Economy, Sofia, Republic of Bulgaria, email: darko.anackov911@gmail.com

findings highlight the need for auditors to focus on the applicability of recommendations across different institutions, ensuring that resources are optimally allocated and that established objectives are achieved.

2. PERFORMANCE AUDIT OF OPERATIONS

Performance auditing is increasingly becoming a standard responsibility of the State Audit Institution [1]-[2]. The auditor must determine, based on professional judgment, the methodology for each step and the means of obtaining adequate audit evidence, enabling the formulation of audit conclusions. Upon completing the audit, the auditor provides a professional assessment [3].

The public sector audit conducted by the SAI is based on legal regulations, state audit standards, and the code of ethics and is established in accordance with international practices. It plays a key role in Serbia's economic development and its integration into global financial flows [4].

This type of audit relies on comprehensive research and analysis. The SAI is responsible for informing the National Assembly, the administration, and the public about the economical and efficient use of financial resources, the achievement of planned goals and results, as well as the actual effects of implemented policies. No regulation or rule allows the auditor to reassess an adopted policy; therefore, the auditor may evaluate the methods and rationale behind decisions but not the political choices themselves.

Accordingly, performance auditing encompasses the economy, efficiency, and effectiveness of budget users as a whole or in relation to specific project activities, systems, and methods. In this context, economy refers to reducing resource costs while maintaining an acceptable level of product or service quality.

Efficiency, which is closely linked to economy, refers to the optimal use of resources to achieve outputs (goods, services, or other results). Along with economy, efficiency assesses whether resources have been used effectively and optimally or whether similar results could have been achieved with fewer resources. In this context, we distinguish between labor efficiency (results in relation to the number of employees) and cost efficiency (revenues in relation to expenses). Effectiveness, on the other hand, pertains to the achievement of objectives and the relationship between goals and outcomes. The results achieved relative to the resources used to attain these goals can serve as a measure of effectiveness.

The main goal of performance auditing is to assess the economy (audit of the economy of management activities based on sound principles, management practices, and leadership guidelines), efficiency (audit of the use of human, financial, and other resources, including the evaluation of information systems, performance measurement, and the organization of monitoring operations and procedures carried out by the audited entity to address identified deficiencies), and effectiveness (audit of the effectiveness of task implementation in relation to achieving the objectives of the audited entity and analysis of the actual effects of activities in relation to desired outcomes) in the management of public funds [5].

Public procurement refers to the process through which public sector entities — contracting authorities — acquire goods, execute works, and provide services. The Public Procurement Law (PPL) defines public procurement as the acquisition of goods and services or the conclusion of contracts for works by state authorities, organizations, institutions, or other legal entities that are considered contracting authorities under this law, and which are carried out in accordance with the prescribed conditions and provisions of the law [6].

Public procurement is regulated by certain standards. One of the fundamental principles of public procurement is the promotion of competition among bidders. The Public Procurement Law (PPL), in exceptional circumstances, allows the contracting authority to directly conclude a contract with a contractor or supplier without conducting an open public procurement procedure. Competition in

public procurement ensures equal treatment of all bidders, fairness, and integrity in the application of criteria, as well as consistent implementation of competition protection regulations. The contracting authority is

obligated to ensure the proper, economical, and efficient use of public funds during the procurement process. An organized and transparent public procurement system can significantly improve public services, reduce business costs, prevent the improper distribution of public funds, and, consequently, strengthen the country's competitiveness [7]. The steps in the public procurement cycle include market research and purchase planning, conducting the procedure, selecting the best offer, and, finally, signing the contract. Any step in this process is susceptible to corruption [8].

When corruption infiltrates all aspects of the state, including politics, the economy, and society, it threatens the stability and security of both states and the international community. Corruption weakens the rule of law and democracy, leading to human rights violations, restricting market freedom, lowering living standards, and allowing organized crime to progress unchecked [9]. For these reasons, it is crucial to carry out audits.

Procurement audits are a very significant economic category. The main goal of the procurement audit process is to inform stakeholders about current capital expenditures and their justification. All of this is necessary in order to minimize costs as much as possible. This procedure can also determine the legality of business operations of economic entities. To achieve the desired outcome in conducting procurement audits, it is crucial to adhere to established legal standards, applying standardized methodologies and procedures [10].

3. SUBJECT AND ENTITIES OF THE AUDIT

The subject of the audit is defined by law. The law specifies that all public funds in the Republic, including all revenues and expenditures in accordance with the budgetary system regulations, all financial reports, financial transactions, calculations, analyses, and other records and information of the audit entities, the regularity of the operations of audit entities in accordance with the law, the appropriateness of the use of public funds, the financial management and control system of the budgetary system, the internal control system, and internal auditing, constitute the subject of the audit.

The subject of the audit includes the activities of the audit entity that have or may have a financial impact on the revenues and expenditures of public fund users, state property, borrowing, the granting of guarantees, as well as the appropriate use of resources managed by the audit entities. It also includes the legality of the operations of management bodies, governing bodies, and other responsible persons in charge of organizing, implementing, and overseeing the activities of public fund users.

The subjects of the audit are all users of public funds, including direct and indirect users of budgetary funds, organizations for mandatory social insurance (such as the National Employment Service, the Republic Health Insurance Fund, and the Pension and Disability Insurance Fund), as well as budgetary funds established by special laws or regulations that serve to achieve the goals set by specific local or national laws or international agreements. Therefore, nearly all users that make up the budget system of the Republic are subjects of the audit [11].

4. DETERMINATION OF THE EFFICIENCY AND COMPLIANCE OF THE PUBLIC PROCUREMENT PROCESS IN SECONDARY EDUCATION AND HEALTHCARE INSTITUTIONS IN 2023

The SAI has prepared a report presenting an analysis of the results of the public procurement audit in secondary education and healthcare institutions for the year 2023[12].

The SAI issued a total of 54 conclusions on the operations of the audited entities after identifying 180 findings during the audit of compliance and purposefulness of operations. Nine separate assessments on the compliance and effectiveness of procurement processes in secondary education

institutions resulted in a total of 90 findings, from which 27 conclusions on the operations of the audited entities were derived. Similarly, nine separate investigations on the compliance and efficiency of procurement procedures in healthcare institutions produced a total of 90 findings, leading to 27 conclusions on the

operations of the audited entities. A summary of the findings on the compliance and effectiveness of public procurement processes is presented below.

To make more efficient use of public funds, vocational secondary schools must develop a more effective procurement system, particularly in terms of procurement planning and contract execution oversight. This could improve educational conditions related to facilities, equipment, and teaching resources.

A review of nine separate reports on the audit of the correctness and efficiency of procurement procedures in secondary school institutions has led to the following findings:

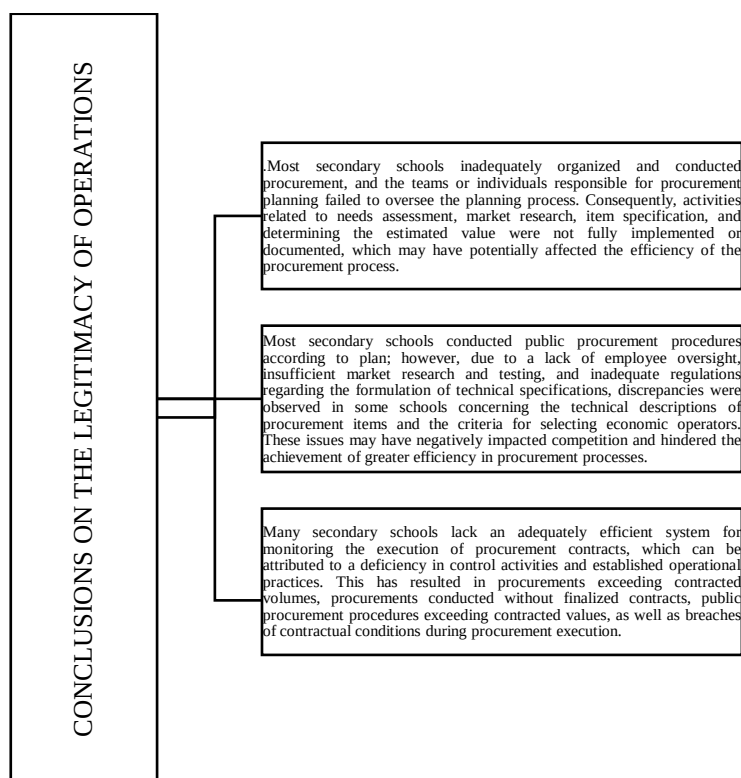


Figure 1. Conclusions on the correctness of operations (SAI, 2023).

The healthcare initiatives aimed at preserving citizens' health could be optimized if health centers consistently carried out all tasks during the procurement planning phase, maintained oversight during the procurement process, and adhered to legal provisions for all procurements without valid grounds for exemption from legal application.

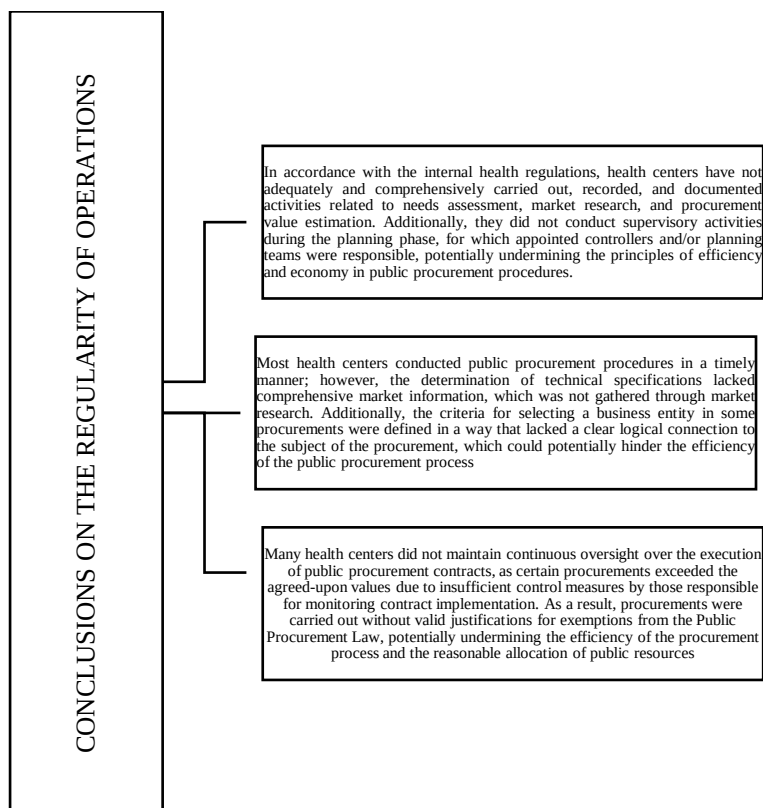


Image 2. Conclusions on the correctness of operations (SAI, 2023)

In the following tables, the distribution of recommendations by priorities for secondary schools and healthcare institutions is presented, followed by a statistical analysis using the chi-square test.

Table 1: Distribution of Recommendations by Priorities for Secondary Schools and Healthcare Institutions

Institution	Priority 1 (up to 90 days) - Observed	Priority 2 (1-3 years) - Observed	Priority 1 (up to 90 days) - Expected	Priority 2 (1-3 years) - Expected
Secondary Schools	2	72	1.47	72.53
Healthcare Institutions	1	76	1.53	75.47

Table 2: Expected and Observed Values of Priority Recommendations in Secondary Schools and Healthcare Institutions

Chi square	S – Freedom	p –value
0.0012	1	0.9723

The conducted chi-square analysis aims to determine if there is a statistically significant difference in the distribution of priority recommendations between secondary schools and healthcare institutions. The observed data show that in secondary schools, 2 recommendations were given under priority 1 (to

be implemented within 90 days), and 72 recommendations under priority 2 (to be implemented within 1-3 years). In healthcare institutions, 1 recommendation was given under priority 1 and 76 recommendations under priority 2.

The expected values (calculated based on proportions) are close to the observed values, indicating a relatively even distribution of recommendations between the types of institutions. The obtained chi-square value (X^2) is 0.0012, and the p-value is 0.9723, which is well above the conventional significance threshold of 0.05.

5. CONCLUSION

The test results show that there is no statistically significant difference in the priorities of recommendations between secondary schools and healthcare institutions. This indicates that the patterns of identified irregularities and inefficiencies are similar in both groups of audit subjects, and that the institution responsible for the audit assigns recommendations in similar proportions, without favoring any type of institution.

Practically, this means that both educational and healthcare institutions have a similar profile of issues regarding the efficiency and legality of public procurement, and that recommendations are directed based on identified irregularities, rather than the type of institution.

However, it is necessary to consider the content of the recommendations to determine whether both types of institutions have specific issues that require tailored approaches. Further analyses could include examining different aspects of irregularities, such as the types of errors identified, the level of their complexity, or the frequency of their recurrence.

Given the scope and nature of the identified irregularities, it is recommended that audit subjects take timely measures to ensure compliance with regulations and achieve greater efficiency in public procurement management.

6. REFERENCES

- [1] Zakon o Državnoj revizorskoj instituciji ("Sl. glasnik RS", br. 101/2005, 54/2007 i 36/2010 i 44/2018 – dr. zakon).
- [2] Poslovnik Državne revizorske institucije ("Sl. glasnik RS", br. 9/2009).
- [3] Vukša, S. (2017). Revizija ugovora u javnom sektoru. **Akcionarstvo**, 23(1), 31-46.
- [4] Dabić, L. C., Zekić, M. Č., & Savić, B. (2019). Državna revizorska institucija u pravu Republike Srbije. **Vojno delo**, 71(6), 298-310.
- [5] Vidović, Z., & Milunović, M. (2017). Revizija svrsishodnosti poslovanja. **Oditor-časopis za Menadžment, finansije i pravo**, 3(2), 37-53.
- [6] Zakon o javnim nabavkama („Službeni glasnik RS“, br: 91/2019 i 92/2023).
- [7] Duin, D., Krstić, D., Nešić, B., & Kaluđerović, N. (2017). Revizija svrsishodnosti javnih nabavki budžetskih korisnika. **Oditor-časopis za menadžment, finansije i pravo**, 3(3), 61-72.
- [8] Matić Bošković, M. (2017). Krivično delo zloupotreba u javnim nabavkama: izazovi u primeni. www.institutecsr.iksi.ac.rs.

- [9] Stanojević, L. (2004). Uloga i značaj revizije u sprečavanju i otkrivanju krađe i korupcije ili „Da li treba uvesti vladine revizore umesto Saveta za borbu protiv korupcije." *Revizor*, 28.
- [10] Milojević, I. M., Obradović, B. V., & Nešić, B. (2018). Nabavka kao predmet revizije. *Vojno delo*, 70(2), 351-359.
- [11] Peković, J. (2016). Značaj državne revizorske institucije. *Časopis za menadžment, pravo i finansije*, 18.
- [12] Državna revizorska institucija. Izveštaj o radu državne revizorske institucije za 2023. godinu. <https://www.dri.rs/storage/newaudits/Izvestaj%20o%20radu%20DRI%20za%202023%20god.pdf>