

PRESS RELEASE

11 July 2011

Management of Government Procurement

The Office of the Auditor General today released a performance audit report about the Government's Management of Procurement. Auditor General Alastair Swarbrick explained that the audit reviewed how government was managing the contracting and purchasing of supplies, services and assets worth over \$250,000.

He found that government procurement has not been effectively managed and that there has been a fundamental breakdown in processes and systems to ensure fairness, efficiency, transparency and value-for-money in procurement.

The Auditor General reported that he had found instances of some politicians interfering in the procurement process in which they should have no role to play. The report goes on to say that significant risks of abuse, mismanagement, fraud and corruption may result and that political interference must stop if the operations of Government are to have any credibility and trust by suppliers.

"While the Government has a responsibility to have appropriate business practices in place ensuring contracting is fair and transparent, my audit found that very little is being done in this regard," said Mr. Swarbrick, "I could not find some of the basic elements of a procurement function such as providing training, direction, and guidance to officials that ensure procurement is carried out properly."

The Auditor General found it disconcerting that with such limited resources available to the Government, that there were so few formal contracting processes in place that would help save some money. He found, for example, that managers have very little information available to them when they are procuring supplies, services and assets.

"I expected to find someone in the Government who was responsible for ensuring that ministries and portfolios as well as statutory authorities and government companies were buying things at the lowest possible costs," said the Auditor General, "I found no one in the Government is responsible for doing this. There is a lack of central leadership and the result is that the Government is likely wasting several millions of dollars."

The report makes 30 recommendations for improving the procurement practices of the Government.

This document, which has been distributed to all Members of the Legislative Assembly, is available for public review. Copies can be obtained at the Office of the Auditor General, 3rd Floor, Anderson Square, or it may be accessed through the Office of the Auditor General website at www.auditorgeneral.gov.ky .

For further information, please contact Martin Ruben at 244-3206.