

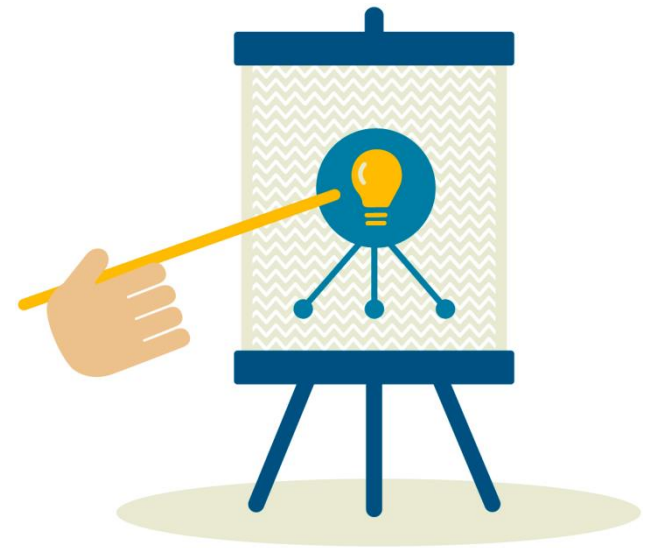
# Management verification and public procurement

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9 October 2019

Nicosia, Cyprus

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# Regulatory framework and guidance

## New EU directive on public procurement

- Directive 2014/24/EU on public procurement

## Public procurement guidance for practitioners (updated 2018)

## National legislation on public procurement

- Make sure to check the public procurement laws in your country

# Applicability

## Directive 24/2014/EU

- Only apply to contracts of a value exceeding the EU threshold
- Does not apply to public service contracts awarded by a contracting authority to another contracting authority
- Does not cover contracts below EU threshold, but provisions of the EU Directives might have an impact on these contracts



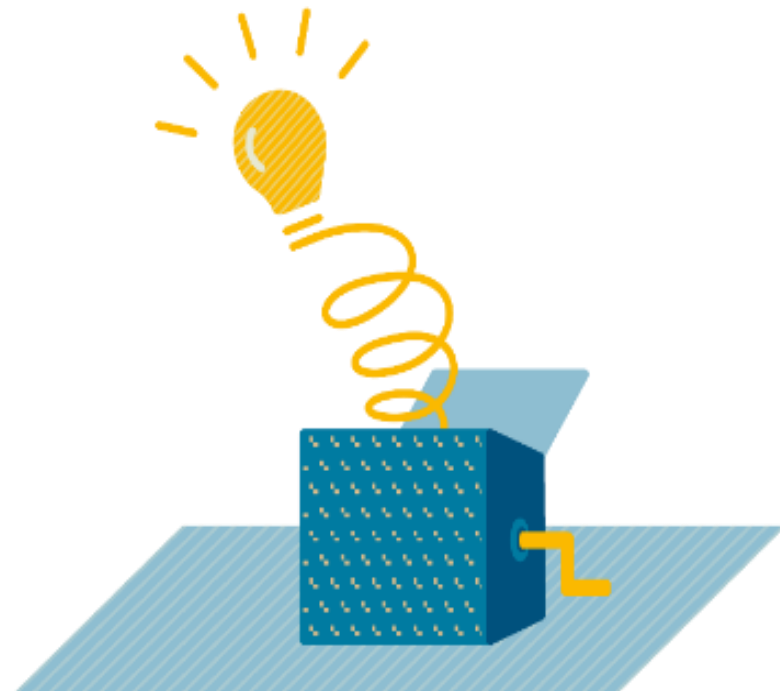
# Principles observed

- Non-discrimination
- Equal treatment
- Transparency
- Confidentiality
- Conflict of interest



# Key considerations

- Co-funded operations must be in line with the applicable public procurement rules on National and EU level
- Specific requirements at the programme level
- Avoid over interpretation of public procurement rules



# Verification of public procurement

- The existence of mistakes observed during administrative and on the spot verifications does not mean that irregularities and fraud exists
- However, certain areas need extra attention to confirm or exclude the potential of errors
- Failure to comply with public procurement requirements can lead to financial corrections



# Types of findings

**Error:** any unintentional misstatements

**Irregularity:** any breach of a convention or normal procedure, act or omission, intentional or unintentional

**Systemic irregularity:** any irregularity, which may be of a recurring nature, with probability of occurrence in similar types of operations

**Fraud:** financial benefits by a trick or by lying

# Errors

## Examples

- Related to selection and award criteria
- Failure to state all the selection and contract award criteria in the tender documents
- Insufficient or discriminatory definition of the subject
- Awarding contracts without competition in the absence of extreme urgency
- Application of unlawful selection and awarding criteria



# Irregularities

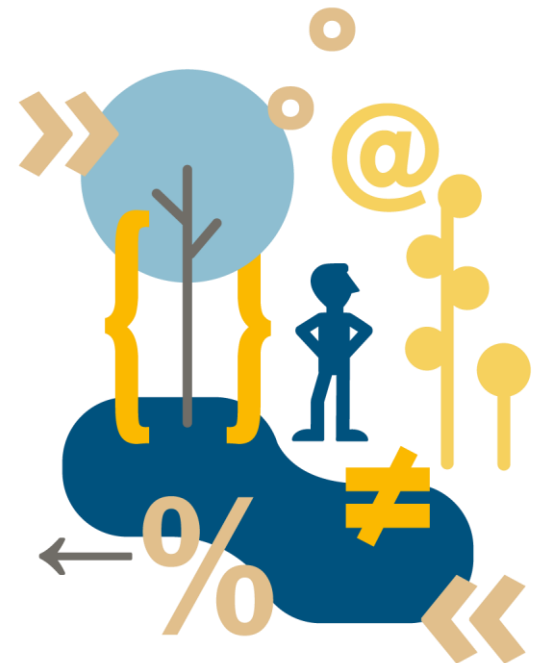
## Examples

- Artificial splitting of works, services, supplies contracts
- Contracts awarded with non-competition in the absence of extreme urgency
- Modification of the tender after opening the tenders, during the evaluation etc
- Negotiation during the award procedure
- Discriminatory criteria/ technical specifications
- non-compliance with the requirements of transparency and advertising procedures
- Conflict of interest, established by administrative decision
- Breach of the principle of equal treatment

# Fraud

## Examples

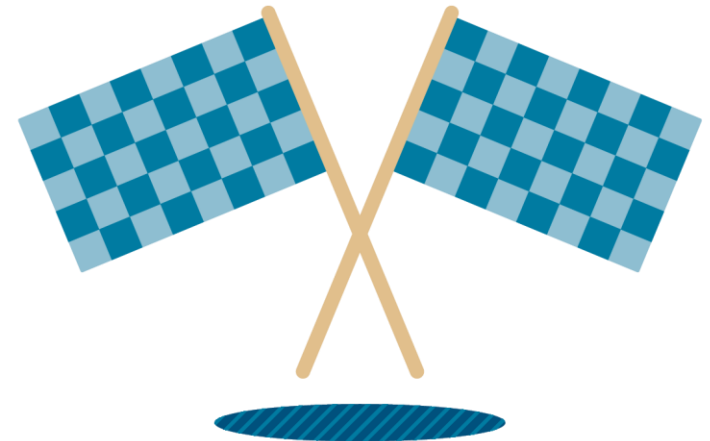
- False or overstated, even double costs for procurement outcomes
- Reducing the total number of works, services and goods without reducing the price
- Failing to meet the expected quality
- Records are missing or duplicated
- Variations of procurement outcomes



# Red flags

## Warning signs of fraud:

- Missing documents
- Complaints
- Excessive purchases
- Duplicate payments
- Rounded amount for invoices
- Amount just under the ceilings



# Measures to avoid errors

- Sample checks based on risk considerations
- Administrative and on the spot verifications
- Taking into consideration monitoring report, progress reports



# Questions



# Cooperation works

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All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)

