

The procurement performance model

Meta level – assessment of the governments overall procurement strategy

- 1 Does government have an overall procurement strategy and/or policy?
- 2 Do government policies promote and/or safeguard fair competition?
- 3 Are procurement policies and practices in line with (international) good practice standards?
- 4 Is the performance of the several procurement functions/units in the different stages of the procurement process benchmarked against each other?
- 5 Are prices/qualities obtained by the several procurement functions/units compared as to highlight competitive results or improved value for money?

Macro level – assessment of the department's procurement function/unit:

- 6 Are outsourcing and Public Private Partnerships considered as alternatives to in-house work?
- 7 Does the department have a procurement strategy and is it implemented?
- 8 Is the department's procurement function/unit well organised?
- 9 Is the procurement process well organised?
- 10 Do the employees have the necessary skills and experience to carry out procurements efficiently?
- 11 Are there appropriate controls in place to ensure that procurement complies with the relevant legislation?
- 12 Are there mechanisms in place to evaluate the performance of the department's suppliers?
- 13 Are risks managed to provide reasonable assurance regarding department procurement-objectives?
- 14 Are there regular reviews and analysis of the performance of the procurement function/unit?

Micro level – assessment of a single procurement project

- 15 Does the procurement project have a clear goal and does the goal meet the specified needs of the users?
- 16 Is the procurement project efficiently managed?
- 17 Are there appropriate controls in place to ensure that the procurement project complies with relevant legislation?

1. Does government have an overall procurement strategy and/or policy?

Why is this important?

Public procurement represents a significant portion of public spending and, therefore, is a powerful tool for using public money in an efficient, sustainable and strategic manner. It is a fundamental element of investment and is a crucial pillar of strategic governance and services delivery. It also plays an important role in establishing citizens' trust. For public procurement policies to produce expected results, the whole system has to be comprehensible, transparent and effective. Therefore, developing an overall government strategy and/or policy on public procurement is advisable.

Well-designed public procurement systems also contribute to achieving pressing policy goals such as environmental protection, innovation, job creation and the development of small and medium enterprises, which have been selected as priorities at the European level.

An overall strategy would facilitate a more unified approach by various government institutions and public entities. This government policy could include centralised or joint purchasing policies, performance targets for the various procuring units (e.g. on social inclusion, labour and environmental areas or on promoting innovation) and ethical guidelines related to public procurement.

Questions

- Does government have an overall strategy and/or policy on public procurement, providing guidance for procuring entities?
- Are the policies transparent and comprehensible for participants of the public procurement market?
- Do the policies in place use public procurement in a strategic way?
- Does the government policy include:
 - Centralised or joint purchasing policies?
 - Performance targets on value for money obtained and cost savings?
 - Mechanisms to promote social, environmental and innovation objectives?
 - Measures to facilitate access of SMEs to the public procurement markets?
 - Ethical guidelines for public procurement?
 - Provisions for obtaining overall management information on public procurement?
- Is the information on procurement used to assess the achievement of the strategy/policy targets and to make amendments and updates as needed?

Guidance

- Strategic Public Procurement, European Commission, 2017 (<http://ec.europa.eu/DocsRoom/documents/25984>)
- Getting value for money from procurement / How auditors can help? – National Audit Office / Office of Government Commerce (UK)
- OECD (2017), "Central purchasing bodies", in Government at a Glance 2017 (<http://www.oecd-ilibrary.org/docserver/download/4217001ec062.pdf?expires=1520452593&id=id&accname=quest&checksum=BA269EFAD879022088731831F4DC973F>)
- Central Purchasing bodies, SIGMA, 2011

(http://www.sigmaweb.org/publications/Purchasing_Public_Procurement_2011.pdf)

- Compendium of good practices for integrity in public procurement, OECD, 2015
([http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/ETH\(2014\)2/REV1&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/ETH(2014)2/REV1&docLanguage=En))
- Innovative public procurement procedures and Implementation of innovation strategy in public procurement, National Audit Office of Finland, 2017
https://www.vtv.fi/files/5746/8_2017_Innovative_public_procurement_procedures.pdf and
https://www.vtv.fi/files/5747/9_2017_Implementation_of_innovation_strategy_in_public_procurement.pdf

2. Do government policies promote and/or safeguard fair competition?

Why is this important?

Public procurement can only be successful in a competitive business environment. There are business sectors in which sound competition has to be promoted or needs government attention. Typical government policies within this context may include law and regulations to promote free trade as well as anti corruption policies.

Questions

- Is free and fair (international) competition promoted by government policies and legislation, in line with EU, trade organisations and other policies?
- Are regulations on taxes, fees, duties, excises, tariffs etc. not impeding (international) competition?
- Do government agencies oversee that rules of competition are adhered to?
- Does government impose sanctions on companies who unduly limit competition?
- Are regulations and protective measures in place to avoid corruption?
- Is government transparent about winning bids and prices?

Guidance

- European Commission Communication COM(2017)572, Making Public Procurement work in and for Europe, (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2017%3A572%3AFIN>)
- OECD Recommendation on Public Procurement, 2015 (<http://www.oecd.org/gov/public-procurement/recommendation/OECD-Recommendation-on-Public-Procurement.pdf>)
- UNCITRAL Model Law on Public Procurement, 2011 (<http://www.uncitral.org/pdf/english/texts/procurem/ml-procurement-2011/2011-Model-Law-on-Public-Procurement-e.pdf>)
- European Directives on Public Procurement 2014/23,24 and 25/EU
- Competition impact assessment: guidelines for policymakers, Competition & Markets Authority, UK, 2015 (<https://www.gov.uk/government/publications/competition-impact-assessment-guidelines-for-policymakers>)
- Preventing corruption in public procurement, OECD, 2016 (<http://www.oecd.org/governance/ethics/Corruption-in-Public-Procurement-Brochure.pdf>)

3. Are procurement policies and practices in line with (international) good practice standards?

Why is this important?

Multinational and supranational organisations (for example EU, UN, World Bank) have established standards and good practice guidelines for public procurement. These standards are designed to promote effective procurement, value for money, fair competition, harmonisation and transparency. It is therefore important that government is in compliance with international standards and adopts good practice guidelines.

Questions

- Is government aware and informed about international procurement standards and good practice?
- Are procurement policies, procedures and organisations evaluated against these standards?
- Does government learn from benchmarking its own practices with international standards?

Guidance

- European Directives on Public Procurement 2014/23,24 and 25/EU
- OECD Recommendation on Public Procurement, 2015 (<http://www.oecd.org/gov/public-procurement/recommendation/OECD-Recommendation-on-Public-Procurement.pdf>)
- UNCITRAL Model Law on Public Procurement, 2011; Guide to Enactment of the UNCITRAL Model Law on Public Procurement, UN, 2012 (http://www.uncitral.org/uncitral/en/commission/working_groups/1Procurement.html)
- Preventing corruption in public procurement, OECD, 2016 (<http://www.oecd.org/governance/ethics/Corruption-in-Public-Procurement-Brochure.pdf>)
- World Bank: Benchmarking Public Procurement 2017 (<http://bpp.worldbank.org/~media/WBG/BPP/Documents/Reports/Benchmarking-Public-Procurement-2017.pdf>)

4. Is the performance of the several procurement functions/units in the different stages of the procurement process benchmarked against each other?

Why is this important?

Departmental agencies and non-departmental public bodies are responsible for determining the goods and services they need and for the way they acquire them. The procurement function/unit covers every aspect of the process, from determining the need for goods and services (including works), to buying, delivering and storing them. Benchmarking with other procurement functions/units may highlight options for further improvements.

Questions

- Is the procurement function/unit compared with other procurement functions/units and what are the results of a comparative analysis including the various stages in competitive procurement, for example:
 - Assessing the need for the goods and services;
 - Specification of requirement;
 - Agreeing list of potential suppliers;
 - Invitation to tender;
 - Evaluation of bids;
 - Selection of supplier;
 - Agreeing form of contract;
 - Formal awarding of contract;
 - Evaluation of contract performance?

Guidance

- Getting value for money from procurement / How auditors can help? – National Audit Office / Office of Government Commerce (UK)

5. Are prices/qualities obtained by the several procurement functions/units compared as to highlight competitive results or improved value for money?

Why is this important?

Procurements should be based on value for money (defined as the optimum combination of whole life costs and fulfilment of customer's requirements) rather than initial purchase price. Benchmarking with other procurement functions/units may highlight options for further improvements.

Questions

- How do procurement functions/units compare regarding:
 - Value for money obtained, comparing the quality of service and costs.
 - Improving value for money by for example: (a) reducing the cost of purchasing and the time it takes; (b) negotiation; (c) improving project, contract, asset and/or risk management.
- How do the procurement functions/units manage the procurement risks (e.g. the risk if the supplier does not deliver on time, to budget and of appropriate quality; the risk of indiscretion, fraud and waste)?
- Which forms of contract strategies are generally used by the procurement functions/units and is the choice to use this specific contract strategy inspired by the need to deliver value for money (most likely compared to other strategies)?
- Do the procurement functions/units work in compliance with proper project management procedures so that projects are delivered on time, within cost limits, meeting quality standards and with minimum disruption of services?
- Do the contracting authorities conduct regular analysis of the value obtained in awarded contracts (e.g. obtained prices, implementation terms, etc.), so as to improve the future procurements?

Guidance

- Getting value for money from procurement / How auditors can help? – UK National Audit Office / Office of Government Commerce

6. Are outsourcing and Public Private Partnerships considered as alternatives to in-house work?

Why is this important?

The use of competition and Public Private Partnerships (PPPs) may ensure that the public way of handling tasks are organised appropriately and efficiently, including that there is a division of labour between the public and private sector. Therefore, it is important to consider in detail exactly what is produced in-house and what may advantageously be produced externally.

PPPs and concessions may be very effective instruments for infrastructures and services delivery, enabling to implement the public sector policy. Their implementation needs a careful consideration of advantages and costs in the long term and a balanced allocation of risks between the private and public partners. Oversight, control and assurance over contracted-out services must also be robust.

Questions

- Are decisions to outsource and to be part of PPPs closely linked to the delivery of department's core services and functions?
- Are advantages and disadvantages of in-house production, outsourcing and PPPs considered and compared before procurement decisions and launch of investment projects?
- Is the possibility of entering into PPPs with private suppliers examined on a regular basis?
- Is there a periodic testing on whether the public's way of handling tasks is competitive in relation to price and quality?
- Are services/tasks combined in such a way that the market is used where relevant?
- Is it assessed whether well-functioning markets exist for the departments' services/tasks?
- Is it considered whether services/tasks are of a sufficient volume to make it attractive to outsource these services/tasks?
- Does the department consider procedure and life-cycle costs in connection with tendering or entering into PPPs?
- Are risks properly allocated to public and private partners?
- Do decisions related to PPPs projects consider public consultations, expectations and assessments? Are they transparent enough?
- Are oversight and control measures over outsourced activities given the proper attention?

Guidance

- <http://ncppp.org/> (USA)
- World Bank: Infrastructure and Public-Private Partnerships (<http://www.worldbank.org/en/topic/publicprivatepartnerships>) and Benchmarking Public-Private Partnerships Procurement 2017 (<http://bpp.worldbank.org/~media/WBG/BPP/Documents/Reports/BenchmarkingPPP2017Fullreport.pdf?la=en>)
- Public Private Partnerships in the EU: widespread shortcomings and limited benefits, ECA, 2018 (https://www.eca.europa.eu/Lists/ECADocuments/SR18_09/SR_PPP_EN.pdf)

7. Does the department have a procurement strategy and is it implemented?

Why is this important?

A strategic approach to procurement is important because it can assist a department in meeting its policy objectives and to obtain value for money in procurement. A procurement strategy can help to:

- Build a common idea of what is more important when procurement decisions are made (e.g. the relationship between price, quality and service)
- Optimise procurement in the organisation as a whole, by using the collective buying power and reducing internal administrative cost
- Assuring the right competences among procurement staff and the right tools to support an efficient administration, e.g. e-procurement
- Support the achievement of departmental policy and business objectives by making a link to the procurement goals

Questions

- Are the department's strategy and activities in line with the state public procurement strategy in place?
- Is the procurement strategy focusing in obtaining value for money?
- Does the procurement strategy adequately consider the promotion of environment, social inclusion, innovation, access of SMEs and use of electronic tools?
- Is the relationship between in-house and external work considered in the strategy?
- Does the strategy ensure that needs are met, but not exceeded?
- Does the strategy ensure that the concepts of standardisation and coordination of procurement are used to take advantage of the department's collective buying power?
- Does the strategy discuss the best manner of purchase, considering the types of goods and services needed?
- Does the strategy ensure that the best supplier is chosen considering: price, quality, service, dependable operation, internal operation costs, life time operation costs and codes of ethics?
- Does the strategy include a policy for identifying and training suitable procurement staff?
- Does the strategy ensure that appropriate controls are in place to:
 - ensure propriety and regularity in delivery?
 - address risk of fraud and corruption?
 - monitor behaviour of procurement staff?
- Does the strategy contain incentives to evaluate the performance of the procurement function/unit?
- Is the strategy implemented across the entire organisation?

Guidance

- Improving Procurement, UK National Audit Office, 2004
- Public Procurement-Guidance for practitioners, European Union, 2018 (http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)
- OECD Public Procurement Toolbox (<http://www.oecd.org/governance/procurement/toolbox/>)
- Commission Recommendation (EU) 2017/1805 on the professionalisation of public procurement (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017H1805&from=EN>)

8. Is the department's procurement function/unit well organised?

Why is this important?

Having procurement organised effectively is a very central area of effort, as the internal way of organising procurement may be a mean for a department to improve effectiveness of procurement. By this mean a department may reduce its costs of handling procurement and invoicing significantly.

Questions

- Is there an overall mission for the procurement function/unit and are tasks the procurement function/unit should carry out clearly described?
- Have guidelines been set up on how the procurement function/unit should carry out its procurements?
- Has it been determined which areas of procurement the function/unit should cover?
- Has it been determined which shared services the procurement function/unit should be part of?
- Has it been determined what portion of the procurement portfolio should be managed by the procurement function/unit and what portion should be managed locally?
- Is the procurement function/unit organised in the most appropriate way, taking into consideration the actual tasks which the department has to carry out?
- Is the performance of the procurement function/unit regularly evaluated?

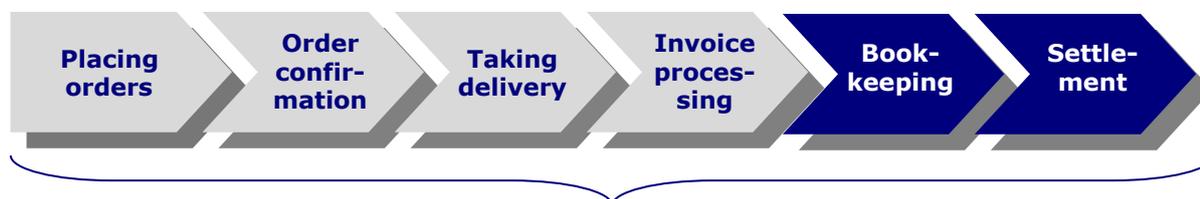
Guidance

- Modernising Procurement, UK National Audit Office, 1999
- Improving Procurement, UK National Audit Office, 2004
- Framework for assessing the acquisition function at federal agencies, US GAO, 2005
(<https://www.gao.gov/assets/80/76901.pdf>)

9. Is the procurement process well organised?

Why is this important?

Having the procurement process organised effectively is a significant task, as the procurement process may be a means for a department to reduce the transaction costs associated with procurement. The different steps in the procurement process are set out in Figure 1.



The procurement process

By having the procurement process organised effectively a department may reduce its costs of placing orders, order confirmation, taking delivery of goods, invoice processing, bookkeeping and settlements.

Questions

- Has the department identified and described the different elements in the procurement process?
- Have guidelines been set up for how the procurement process should be conducted?
- Is the procurement process organised in the most appropriate way, taking into account the amount of procurement?
- Is the procurement process fully digitalised?
- Is electronic procurement applied to reduce transaction costs?
- Does the procurement process compile basic procurement information such as how much is bought and spent with individual suppliers?
- Is the efficiency of the procurement process regularly evaluated?

Guidance

- Improving Procurement, UK National Audit Office, 2004
- Commission Recommendation (EU) 2017/1805 on the professionalisation of public procurement (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017H1805&from=EN>)
- Purchasing Professional Services, UK National Audit Office, 2001

10. Do the employees have the necessary skills and experience to carry out procurements efficiently?

Why is this important?

Procurement requires a mix of skills ranging from the ability to negotiate prices, interpreting market intelligence and an ability to negotiate terms and conditions, to competencies in electronic procurement and contract management. It is therefore important that the procurement function/unit has professional skills and experience to carry out the procurements efficiently.

Questions

- Do procurement staff have recognised professional procurement qualifications or sufficient training?
- Do procurement staff have skills to procure complex or special items (i.e. IT, PPPs, innovative products)?
- Does the procurement function/unit understand customer needs, supply markets and suppliers?
- Does the procurement function/unit have the ability to negotiate with customers and suppliers?
- Does the procurement function/unit have the ability to apply public procurement principles and to prepare tender and contract documents?
- Does the procurement function/unit have the ability to apply electronic procurement?
- Does the procurement function/unit have the ability to secure best performance from contractors?

Guidance

- Improving Procurement, UK National Audit Office, 2004
- Roadmap: How to elaborate a Procurement Capacity Strategy, OECD, 2016 (<http://www.oecd.org/gov/public-procurement/publications/Roadmap-Procurement-Capacity-Strategy.pdf>)
- Improving IT procurement, UK National Audit Office, 2004
- e-Procurement reference guide, World Bank, 2011
- Innovation Procurement Toolkit, EAFIP (<http://eafip.eu/toolkit/>)

11. Are there appropriate controls in place to ensure that procurement complies with the relevant legislation?

Why is this important?

It is important that appropriate controls are in place to ensure that procurement complies with relevant legislation and other rules. Failure to comply has the effect that optimum procurement is not achieved and that the department runs the risk of legal proceedings.

Questions

- Are there internal control systems in place to secure that laws and regulations are observed?
- Are the internal control systems operational?
- Do the internal control systems function appropriately?
- Has management taken the necessary steps to ensure that relevant control systems are always up to date?

Guidance

- <http://www.coso.org/>
- Procurement guidance for public entities, OAG, New Zealand, 2008 (<https://www.oag.govt.nz/2008/procurement-guide/docs/procurement-guide.pdf>)
- Public Procurement-Guidance for practitioners, European Union, 2018 (http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)

12. Are there mechanisms in place to evaluate the performance of the department's suppliers?

Why is this important?

The performance of a department's suppliers is vital to an efficient procurement system and the attainment of department policy objectives. It is therefore important that there are mechanisms for evaluating the performance of suppliers. Failure to evaluate the performance of suppliers includes a risk of not identifying problems at an early stage and of failing to follow up on a service level that is unsatisfactory.

Questions

- Are there mechanisms for evaluating the department's suppliers' performance in relation to prices, quality, delivery and innovation?
- Do contracts contain regular reviews, targets and quality standards in order to assess suppliers' performance?
- Is there a forum where the department's suppliers' performance is regularly discussed with the suppliers?

Guidance

- Government-wide review of procurement, Parliamentary Secretary's Task Force (Canada) 2005 (<http://publications.gc.ca/collections/Collection/P4-10-2005E.pdf>)
- Improving Procurement, UK National Audit Office, 2004
- Managing government suppliers, UK NAO, 2013, (<https://www.nao.org.uk/wp-content/uploads/2013/11/10298-001-Governments-managing-contractors-HC-811.pdf>)
- Public Procurement-Guidance for practitioners, European Union, 2018 (http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)

13. Are risks managed to provide reasonable assurance regarding department procurement-objectives?

Why is this important?

The systematic application of management policies, procedures, and practices to the tasks of analysing, evaluating and controlling risk in the procurement area is important to provide reasonable assurance regarding entity procurement objectives. Failure to apply risk management in the procurement area may result in prices that are not competitive, reduced standards of received goods and services and dissatisfied stakeholders.

Questions

- Is information gathered to produce knowledge about procured goods and services, prices paid and supplier performance?
- Are risks in the internal environment identified, for example:
 - Inadequate organisation of the procurement function/unit?
 - Disfunctional culture?
 - Insufficient competencies among procurement staff?
 - Ineffective internal communication in the procurement function/unit?
- Are risk in the external environment identified, for example:
 - Budgetary constraints?
 - Competition on procurement staff?
 - Threats to supplier relations?
 - Stakeholder dissatisfaction?
- Are the required quality and service standards set?
- Is behaviour modification applied to change procurement of goods and services if procurement is not functioning properly?
- Is there an effective risk management system continuously monitoring procurement risk?

Guidance

- Enterprise Risk Management – Integrated framework, COSO, 2004
(<https://www.coso.org/Pages/erm-integratedframework.aspx>)
- Risk management, in UN Practitioner’s Handbook
(https://www.ungm.org/Areas/Public/pph/ch04s01.html#sect_41)

14. Are there regular reviews and analysis of the performance of the procurement function/unit?

Why is this important?

Regular reviews of the performance of the procurement function/unit are an important task as they enable the department to identify opportunities to increase value for money and to identify malpractice and procurement fraud. Failure to regularly review the performance will result in increased risk if the procurement function/unit is malfunctioning.

Questions

- Does the department have a system for capturing performance data of the procurement function/unit, and does the information include:
 - What is bought?
 - The prices paid?
 - Who are the key suppliers?
 - Ways of procuring goods and services?
 - Process cost of the procurement function?
- Does the department evaluate and benchmark the performance of the procurement function/unit against other comparable procurement functions/units?
- Are there systems for recording and monitoring in order to discover malpractice and fraud in the procurement function/unit?

Guidance

- Getting value for money from procurement, how auditors can help, UK National Audit Office / Office of Government Commerce (England)
- Government-wide review of procurement, Parliamentary Secretary's Task Force (Canada), 2005
- Improving Procurement, UK National Audit Office, 2004
- Public Procurement-Guidance for practitioners, European Union, 2018 (http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)
- Framework for assessing the acquisition function at federal agencies, US GAO,2005 (<https://www.gao.gov/assets/80/76901.pdf>)

15. Does the procurement project have a clear goal and does the goal meet the specified needs of the users?

Why is this important?

Having a clear goal may improve value for money and may ensure a link between the purchase on one hand and the achievement of departmental policy and business objectives on the other. Carefully prepared procurement goals can help to ensure:

- That users needs are met, but not exceeded
- The best manner of procurement is chosen, considering the type of goods or service needed
- The procurement project can be evaluated

Questions

- Is there a need for the procurement project at all?
- Are the user's needs clearly and invariably defined and has the expected outcome or mission been clearly identified and communicated in measurable terms?
- Have alternatives been considered for the specified procurement project?
- Has an upper limit of cost been fixed?
- Have the expected benefits from realisation of the procurement project been calculated?

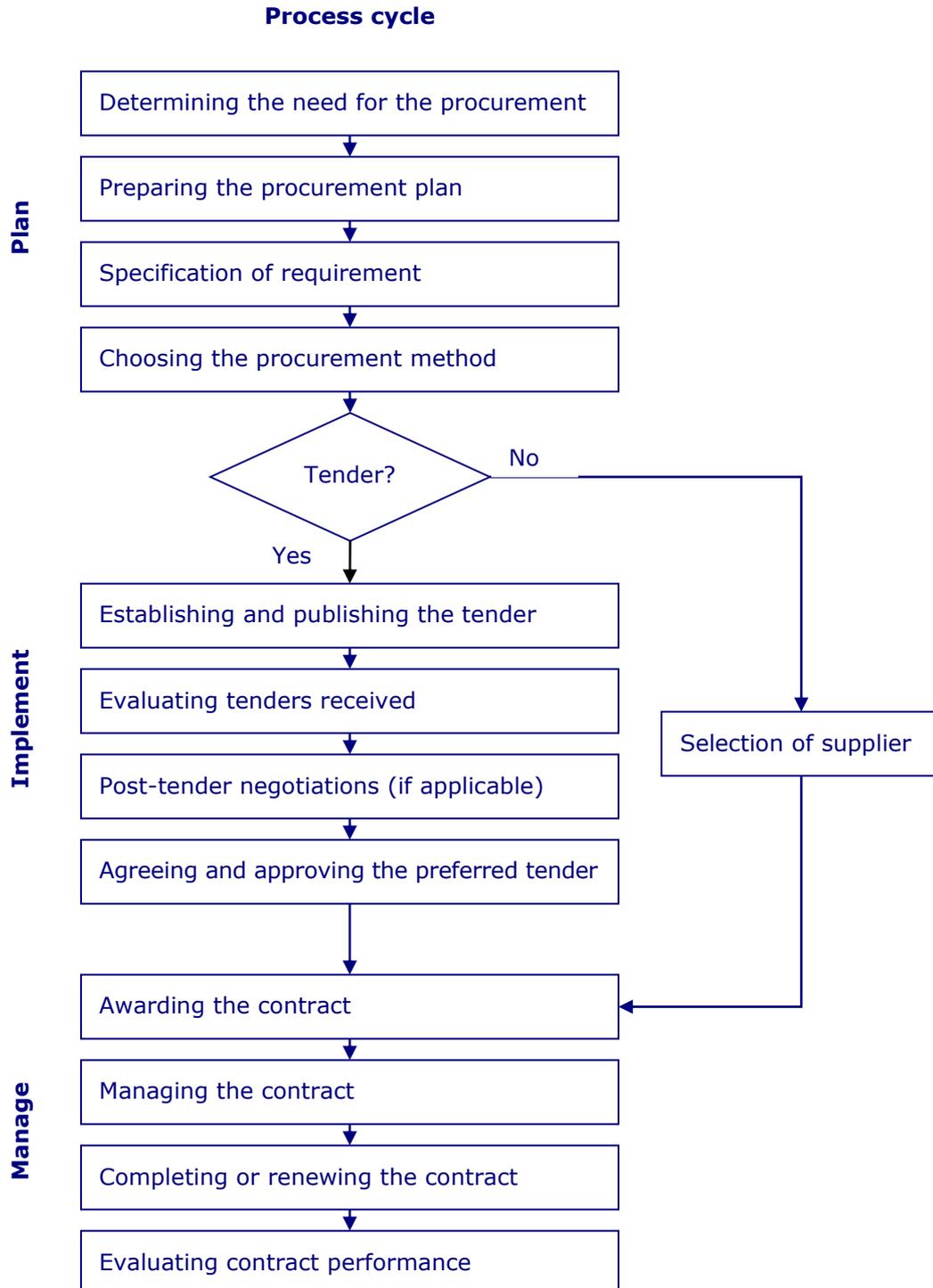
Guidance

- Public Procurement-Guidance for practitioners, European Union, 2018
(http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)
- Getting value for money from procurement / How auditors can help? – UK National Audit Office / Office of Government Commerce
- Improving procurement, UK National Audit Office, 2004
- Procurement guidance for public entities, OAG, New Zealand, 2008
(<https://www.oag.govt.nz/2008/procurement-guide/docs/procurement-guide.pdf>)

16. Is the procurement project efficiently managed?

Why is this important?

The different steps of the supply process have to be executed with sufficient care. The following process cycle intends to show the different stages to be considered. Three main categories (plan, implement and manage) can be defined within the process cycle.



Questions

- Are the right skills, experience and competencies present in the acquisition workgroup and are the necessary outside specialists involved in the process?
- Does the procurement unit have sound commercial awareness and knowledge of suppliers and the market?
- Do procurement staff, supplier and end user communicate properly?
- Is confidentiality guaranteed during the whole process?

Process cycle:

Plan:

- Is it calculated whether aggregated procurement could be more cost-efficient?
- Is an appropriate degree of standardisation of goods and services respected?
- Is the budget compared with similar projects or procurements yet realised (historical standards)?
- Is a cost/benefit analysis, a cost/effectiveness or a financial analysis considering life-cycle costs performed and is the funding of the procurement guaranteed?
- Is a risk evaluation performed?
- Is the appropriate procurement approach being chosen (considering for example the possibility of contracting out work or procuring low value items through a specific low cost procuring system)?
- Are incentives to deliver on time and in quantity properly specified?

Implement:

- Are there written rules on requirements for the specific quote and tender used in the transaction and are they applied?
- Are there complementary rules to be used and are they applied? (e.g. emergency)
- Is the opportunity properly published?
- Is there time waste during tendering?
- Are information technology resources (e-procurement) used to reduce costs?
- Is the tender clearly and properly specified, including evaluation criteria and knowing about the market and therefore not over-prescriptive and receptive to innovation?
- Are prequalification criteria of suppliers (size of company, track record and experience of the company with government bodies, capacity for suppliers to take on risk from the contracting body, price, environmental criteria) properly defined and applied?
- Are tenders who do not comply with the requirements specified in the request for tenders rejected?
- Is evaluation of tenders objective and transparent and based solely on the published criteria?
- Is the contract awarded to the tender who best meets the relevant criteria?

Manage:

- Is the chosen supplier part of the department's database? Is it a key supplier?
- Does the contract meet criteria of completeness and consistency?
- Are unsuccessful companies informed why their tender failed?
- Does the contract include performance-based clauses?
- In the case of time-and-material and labour-hour contracts, do the surveillance give an adequate and reasonable assurance that the contractor is using efficient methods and effective cost controls?
- Are review meeting organised during contract execution and do they meet demand?

- Are contract changes after awarding properly justified and executed?
- Are internal control mechanisms performed before payments?
- Are the established budget and timetable (milestones) respected?
- Are there late payment interests to be paid and could they have been avoided?
- Are there any complaints from the suppliers and/or end-users?

Guidance

- Framework for assessing the acquisition function at federal agencies, US GAO, 2005
(<https://www.gao.gov/assets/80/76901.pdf>)
- Getting value for money from procurement / How auditors can help? – UK National Audit Office / Office of Government Commerce
- Procurement guidance for public entities, OAG, New Zealand, 2008
(<https://www.oag.govt.nz/2008/procurement-guide/docs/procurement-guide.pdf>)
- Public Procurement-Guidance for practitioners, European Union, 2018
(http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)
- European Directives on Public Procurement 2014/23, 24 and 25/EU
- Checklists for the financial and compliance audit of public procurement

17. Are there appropriate controls in place to ensure that the procurement project complies with relevant legislation?

Why is this important?

Public procurement legislation contains rules concerning the process of acquiring goods, works and services by public sector entities. The primary purpose of such legislation is often to encourage economy and efficiency in the use of public funds - to give value for money. The essence of public procurement legislation is to define and implement the procedures that are most likely to produce an economic and efficient result, while respecting the public nature of the process, free competition and the duty of fairness to the suppliers.

Questions

- Is there a legal authority for the procurement project?
- Does the procurement project comply with European Union's regulations and rules?
- Do appropriate controls ensure that procurement decisions are not biased by conflicts of interest or corruption?

Guidance

- Framework for assessing the acquisition function at federal agencies, US GAO, 2005 (<https://www.gao.gov/assets/80/76901.pdf>)
- Getting value for money from procurement / How auditors can help? – UK National Audit Office / Office of Government Commerce
- Procurement guidance for public entities, OAG, New Zealand, 2008 (<https://www.oag.govt.nz/2008/procurement-guide/docs/procurement-guide.pdf>)
- Public Procurement-Guidance for practitioners, European Union, 2018 (http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)
- European Directives on Public Procurement 2014/23,24 and 25/EU
- Report on the parallel audit of analysis of (types of) errors in EU and national public procurement within the Structural Funds programmes, https://www.eca.europa.eu/sites/cc/Lists/CCDocuments/Final%20report%202015/Final_report_2015_EN.pdf
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