

The United Nations Convention against Corruption  
**Safeguarding against Corruption**  
in Major Public Events

**LESSON 11: Mitigating the risk of corruption in  
the procurement process**

Because of the scale of the procurement process involved in staging a major event and the short length of time available, there is a very serious risk of corruption occurring within that process.

# What is procurement?

- Procurement is the acquisition of goods, services or works from an outside external source.
- A processes intended to promote fair and open competition among potential suppliers of goods and services while minimizing exposure to fraud, collusion and corruption.

## Group discussion



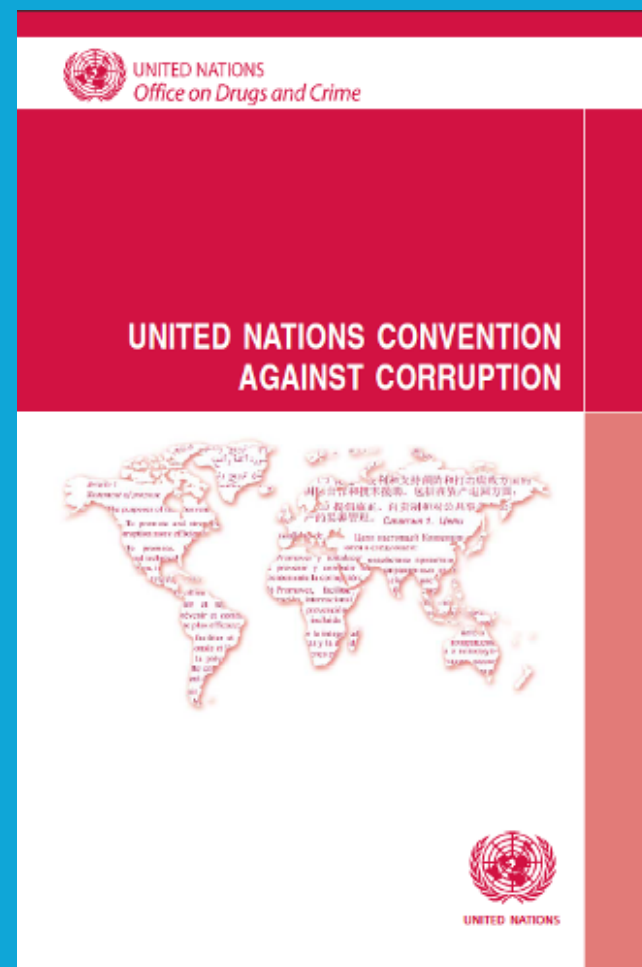
What, in your view, are the basic principles or goals that should guide procurement in the public sector?

## The three central goals of the procurement process

- When establishing a solid procurement system it is necessary to integrate three main complementary goals: competition, transparency and integrity.
- By achieving all three goals the procurement process is much more likely to achieve **best value** in procurement and to maintain political legitimacy.

## Article 9 of UNCAC requires

- (a) the establishment of a sound procurement system;
- (b) transparency in procurement;
- (c) objective decision-making in procurement;
- (d) domestic review (or bid challenge) systems;
- (e) integrity of public officials; and
- (f) soundness of public records and finance.





## In the remainder of this lesson, we will review various risk mitigation strategies to prevent corruption in the procurement process

1. Adopting effective procurement policies to achieve value for money and prevent corruption
2. Building the Authority's procurement capacity
3. Adopting effective procurement practices
4. Adopting and practicing sound contracting practices and procedures
5. Ensuring the close supervision of every stage of the procurement process
6. Keeping complete, accurate and transparent records of procurement
7. Adopting measures to reduce corruption in the supply chain

## The Authority needs procurement systems that

- ✓ are based on transparency, competition and integrity;
- ✓ use objective criteria in decision-making;
- ✓ are effective and efficient;
- ✓ achieve best value.



## Group discussion



- What are the laws and policies governing public procurement in your country?
- In your view are existing systems and policies sufficient to ensure protect the integrity of the process while ensuring that it is efficient, competitive, transparent and achieving value for money (effectiveness)?

## Adopting effective procurement policies to achieve value for money and prevent corruption

- What are the Authority's own procurement policies?
- Do they relate to or comply with government policies for public procurement?
- See section 4.1 of the Corruption Prevention Checklist.

## Building the Authority's procurement capacity

- The authority must have its own effective procurement capacity.
- The Authority must follow effective and efficient procedures and process to ensure the timely acquisition of goods and services while achieving value for money.
- The Authority must ensure the integrity of its procurement process.
- See section 4.2 of the Corruption Prevention Checklist.

## Adopting effective procurement practices (see section 4.2 of the Corruption Prevention Checklist)

1. Establishing a transparent and fair tendering process.
2. Transparent process for pre-qualifying or pre-selecting potential suppliers and contractors.
3. Qualifications of potential contractors and suppliers.
4. Fair procedures for communicating with potential contractors and suppliers, or potential bidders.
5. Adopting clear criteria for the evaluation of proposals, making them public and ensuring a fair evaluation of all proposals against these criteria.
6. Establishing an effective mechanisms for potential contractors and suppliers who participated in the procurement proceedings to challenge the process.



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## 1 - Establishing a transparent and fair tendering process and publishing solicitations of proposals and notices of procurement

- There are different types of process.
- The choice of the procurement method can have an impact on corruption in public procurement.
- Single-source procurement brings a greater risk of corruption.
- One must remain attentive to any sign that the bidding process has been compromised.



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## 2 - Having in place a well-defined and transparent process for pre-qualifying or pre-selecting potential suppliers and contractors

- Procedures designed to ensure that potential suppliers and contractors meet certain ethical standards, are solvent, and have the capacity to deliver what they offer.
- Procedures that allow the exclusion of potential suppliers and contractors when there is evidence of a conflict of interest, or of corrupt or unethical conduct on their part.



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### 3- Verifying the qualifications of potential contractors and suppliers and disqualifying those that do not meet pre-established criteria

- Pre-selection procedures to verify the qualifications of potential contractors or suppliers, including professional and technical qualifications, managerial capacity, financial resources, and the legal capacity to enter into a procurement contract.
- Fair and transparent system in place to ensure that certain potential suppliers or contractors can be excluded from the procurement process when there is a conflict of interest, evidence of corruption or of an unfair competitive advantage.

## 4 - Setting in place fair procedures for communicating with potential contractors and suppliers, or potential bidders

- Communications with potential contractors and suppliers must be handled fairly so as to avoid giving or appearing to give an undue advantage to any potential bidder.
- All communications should be fully documented and available for future reference.
- Confidentiality must be observed by all parties, especially where negotiations are involved.





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## 5 - Establishing in advance the criteria for the evaluation of proposals, making the criteria public and ensuring a fair evaluation of all proposals against these criteria

- Procurement criteria must be set in advance, be fair, and be publicly available.
- The evaluation procedure should be made public and the evaluation process must be transparent.
- The integrity of the evaluation process must be protected at every stage.
- Those who evaluate submissions by potential suppliers or contractors must act fairly, impartially, and cannot be in a real or perceived conflict of interest.

## 6 - Establishing effective mechanisms or procedures for potential contractors and suppliers who participated in the procurement proceedings to challenge the procurement process

Fair and open mechanisms and procedures in place for potential contractors and suppliers who participated in the procurement proceedings to:

- challenge the procurement process;
- bring any alleged non-compliance with applicable laws, policies and procedures to the attention of the Authority;
- apply for reconsideration of a procurement decision that has been made.

## Adopting and practicing sound contracting practices and procedures

See section 4.3 of the Corruption Prevention Checklist

- Effective contracting policies and practices
- Diligent contract monitoring, supervision, and enforcement.
- Addressing the need for a flexible contracting strategy capable of addressing changing requirements, correctly allocating risk to the parties who can manage it most effectively, and controlling costs.
- Proactive management of risks, including the risk of corruption in contracting activities.
- Monitoring significant contractors and suppliers, their performance and their financial situation.
- Termination of contractual arrangements in the event of corruption, conflict of interest, or non compliance with contract terms.
- Information about contract to be made public.
- Scrutiny of contract renegotiation.

## Ensuring the close supervision of every stage of the procurement process

See section 4.4 of the Corruption Prevention Checklist

- The procurement process necessarily involves discretionary decision-making on behalf of an organization.
- The individuals entrusted with that discretionary authority fall within the high-risk group of persons vulnerable to corruption.
- The procurement function therefore requires a higher level of assurance against abuse and its specific vulnerabilities need to be identified and addressed.
- Proactive measures are necessary to support and supervise employees performing these functions.

## Keeping complete, accurate and transparent records of procurement

See section 4.4 of the Corruption  
Prevention Checklist

- Records of procurement proceedings must be maintained in order to ensure transparency and accountability.
- Documentation to include all aspects of the contracting, the contract monitoring and enforcement process.
- Documentation on contractors' performance.
- Documentation to be kept available for review, for a fixed and adequately long period after the major event (or length of time required by law).
- In e-procurement systems, permanent and safe records of all transactions must be kept
- Useful to review procurement records for suspicious patterns.

## Adopting measures to reduce corruption in the supply chain

See section 4.6 of the Corruption Prevention Checklist

- An assessment of the risk of corruption in the supply chain should be part of a more general assessment of corruption risks and part of the Authority's comprehensive risk management process.
- The Authority can establish a control and monitoring framework for contracted and sub-contracted suppliers to reduce the risk of corruption in its own supply chain.
- Contractors can be encouraged or required to do the same for their own supply chain.

## Key points to remember

- ✓ The scale of goods and services procurement involved for a major event and the short time period involved increases the risk of corruption.
- ✓ Measures to protect the integrity of the procurement process are required.
- ✓ The Authority should develop, as early as possible, its own internal policies and procedures in line with the objectives and requirements of the event.
- ✓ The Authority must implement a transparent and fair tendering process.
- ✓ Procurement activities need to be supported by effective contracting policies and practices, as well as diligent contract monitoring, supervision, and enforcement.
- ✓ The procurement process necessarily involves discretionary decision-making on behalf of an organization. Those involved in such decisions fall within the high-risk group of persons vulnerable to corruption.
- ✓ All aspects of all procurement proceedings must be properly documented and available for review.