



AUTORITÀ
NAZIONALE
ANTICORRUZIONE

TAIEX Expert Mission on European experience in control over procurement
16 – 19 November 2020

Experience of Italy in developing and applying risk-oriented approach for procurement control

Sonja Levstik



Public procurement

**Process by which governments,
regional and local public
authorities purchase products,
services and public works**

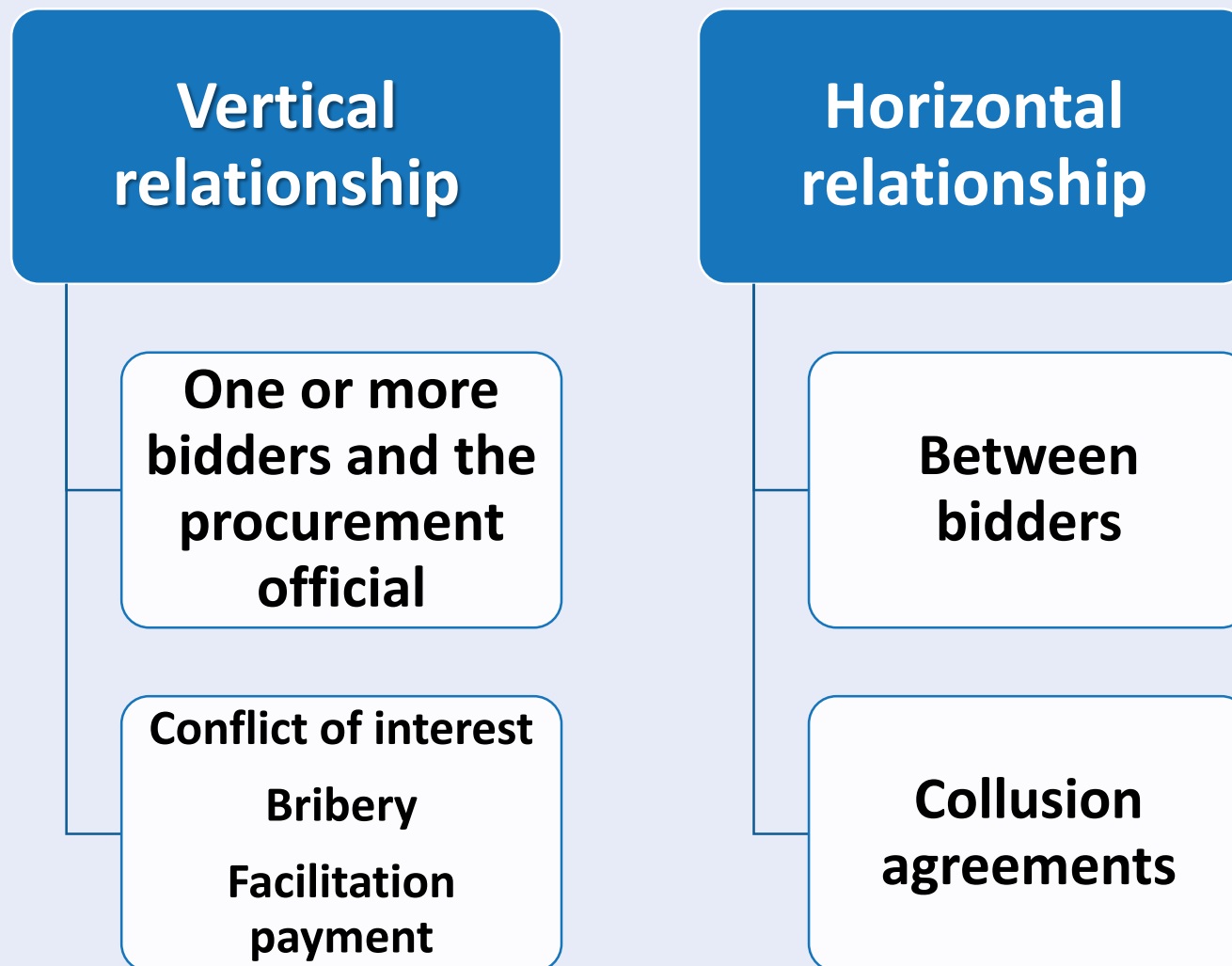
Corruption

- **Abuse of power for private
gain**

Vertical and Horizontal Corruption



ANAC AUTORITÀ
NAZIONALE
ANTICORRUZIONE






Risk Indicators

**Corruption in
public procurement
occurs within an
opportunity
structure**

**Opportunities for
corruption can
emerge in all stages
of the procurement
process**

**Identifying
corruption
opportunities is key
to estimating the
overall risk of
corruption at a
procurement level**



- Literature on corruption and procurement focuses on the risk indicators or red flags that point to corruption



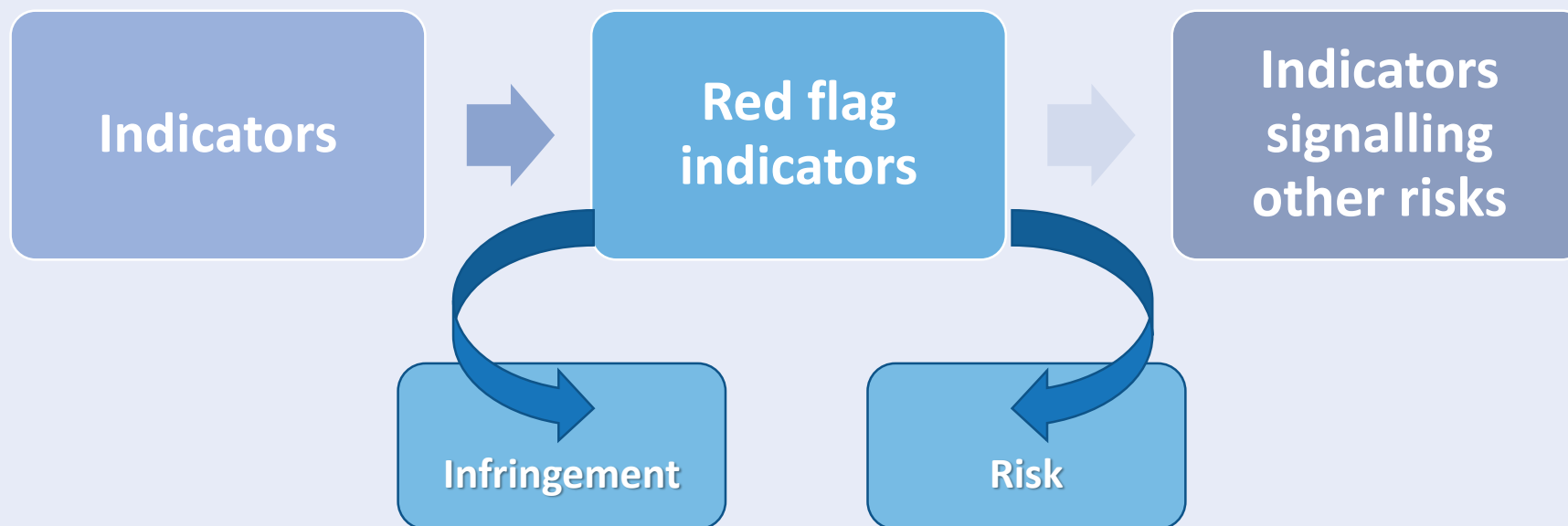
- Not all red flags or indicators are proof of corruption



- Red flags indicate a *chance* of corruption

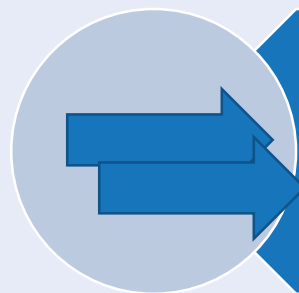


Grouping of indicators

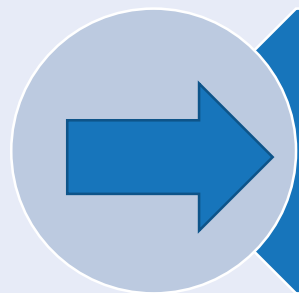




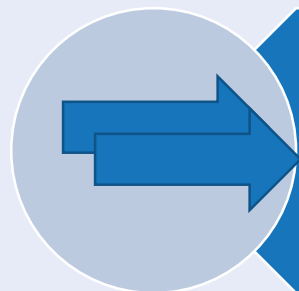
PROCUREMENT PROCESS



Pre-contracting



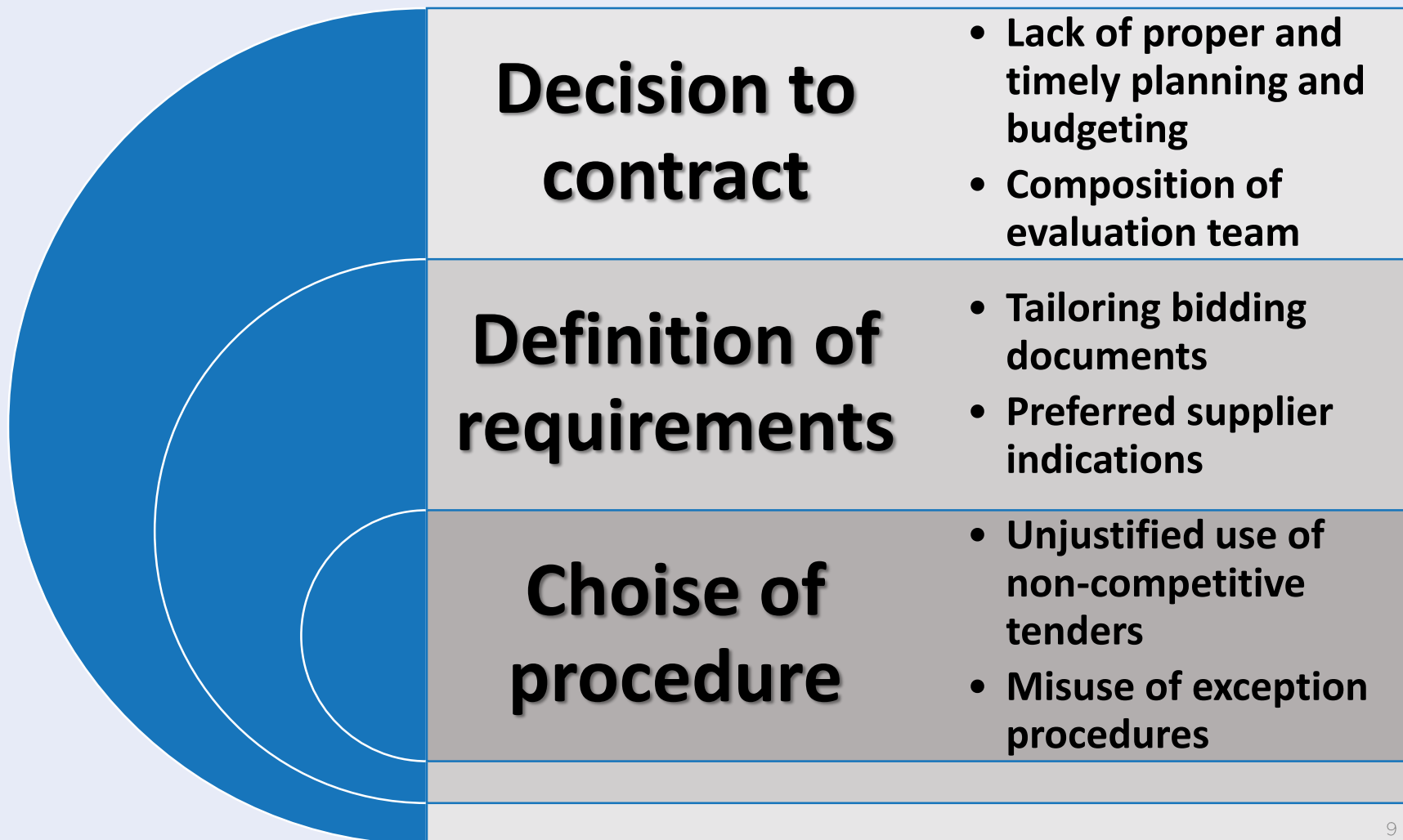
Contracting process



Post-award



Pre-contracting Red Flags





Contracting process Red Flags

Invitation to tender

- Invitation to bid is advertised on a restricted basis
- Shortened time span for bidding process

Evaluation of bids

- Few offers received
- Strong similarities between bids
- Inaccurate assessment of bidders' qualification

Award

- Weighting factors altered during examination of offers
- Criteria used to select bidders altered
- Failure to verify certificates submitted



Post-award Red Flags

Contract management

- Substantial changes to allow more time and/or higher prices
- Product substitution or sub-standard work or service
- Non-sanctioning of economic operator

Order payment

- Lack of controls of works, services or supplies
- Unauthorized advance payments
- Approval of false or inexistent claims



Description and analysis of some indicators

Contracting authority has been convicted by final judgement, or has bad reputation

The use of accelerated procedure

**High estimated value
(contract of outstanding value)**

Successful procedure without contracting

**Contract can be renewed
(several times, or for a long time)**

Duration of evaluation (long)



ANAC

AUTORITÀ
NAZIONALE
ANTICORRUZIONE

Reference price



Price overspending



Red flag





What is a reference price?

- ✓ A sort of “fair” value in the context of public purchases
- ✓ An efficient price calculated through a survey
- ✓ Regulatory effect depends on sectors (ex. Health)





ANAC AUTORITÀ
NAZIONALE
ANTICORRUZIONE

Why ANAC is responsible of this calculation?

Prevention of corruption in public administration and in public procurement



*“ANAC [...] in order to promote the economic efficiency of public contracts and the transparency of purchasing conditions, [...] provides to prepare **reference prices** for goods and services [...] under the most efficient conditions, among those with the greatest impact in terms of cost to the public administration”.*



How do we calculate reference prices?

- ✓ Survey
- ✓ Data Collection
- ✓ Statistical Analysis
- ✓ Reference Prices
- ✓ Regulation

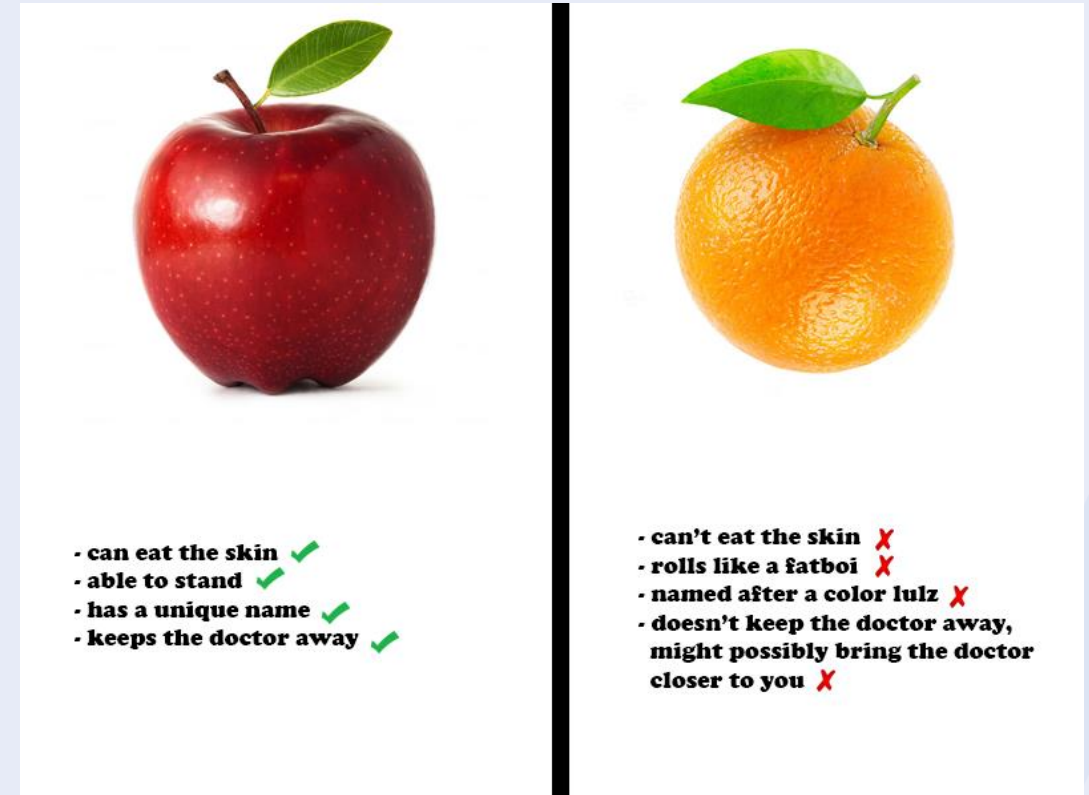
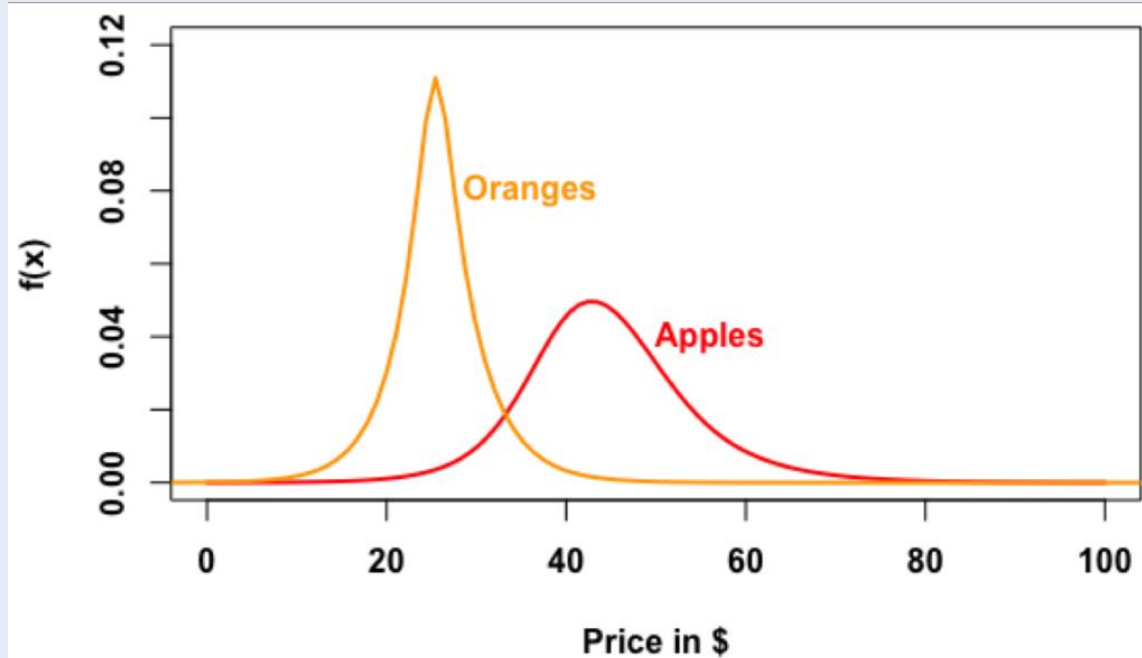


Reference price: on goods with a certain degree of **homogeneity**



ANAC AUTORITÀ
NAZIONALE
ANTICORRUZIONE

- It is necessary to identify **comparable** goods/services
- The comparison of prices of completely different goods would lead to completely **misleading** results



Reference Prices - Standardization



ANAC AUTORITÀ
NAZIONALE
ANTICORRUZIONE

Standardization:

The process of "construction" of goods / services **comparable** to each other



Ex-ante Standardization → **before** data collection

Ex-post Standardization → **after** data collection
using regression based methods

Reference Prices - Standardization



ANAC AUTORITÀ
NAZIONALE
ANTICORRUZIONE

Example: cleaning services in the health sector

Ex-post Standardization



In conclusion, reference prices:



ANAC AUTORITÀ
NAZIONALE
ANTICORRUZIONE

- Can be considered a “**smart**” spending review tool
- Directly **reduce** the economic over-income (incentive for corruption)
- summarize a multitude of **information**, promoting transparency and accountability of public administration purchases
- Allow for the construction of **overspending indicators**, which, together with other indicators, are capable of signalling potential anomalies (especially in cases where **different indicators** converge in the same direction)



AUTORITÀ
NAZIONALE
ANTICORRUZIONE

