

## Tool: Corruption risks associated with the different phases of the procurement cycle

### Description

Phase		Corruption risks
Risks of the pre-tendering phase	Needs assessment	<ul style="list-style-type: none"> <li>• Lack of adequate needs assessment</li> <li>• Influence of external actors on officials decisions</li> <li>• Informal agreement on contract</li> </ul>
	Planning and budgeting	<ul style="list-style-type: none"> <li>• Poor procurement planning</li> <li>• Procurement not aligned with overall investment decision-making process</li> <li>• Failure to budget realistically or deficiency in the budget</li> </ul>
	Development of specifications/ requirements	<ul style="list-style-type: none"> <li>• Technical specifications are tailored for a specific company</li> <li>• Selection criteria is not objectively defined and no established in advance</li> <li>• Requesting samples of goods and services that can influence</li> <li>• Buying information on the project specifications.</li> </ul>
Risks of the tendering phase	Choice of procurement procedure	<ul style="list-style-type: none"> <li>• Lack of procurement integrity for the use of non-competitive procedures</li> <li>• Abuse of non-competitive procedures on the basis of legal exceptions: contract splitting, abuse of extreme urgency, non-supported modifications</li> </ul>
	Request for proposal/bid	<ul style="list-style-type: none"> <li>• Absence of public notice for the invitation to bid</li> <li>• Evaluation and award criteria are not announced</li> <li>• Procurement information is disclose and made public</li> </ul>
	Bid submission	<ul style="list-style-type: none"> <li>• Lack of competition or cases of collusive bidding: <ul style="list-style-type: none"> <li>○ cover bidding</li> <li>○ bid suppression</li> <li>○ bid rotation</li> <li>○ market allocation</li> </ul> </li> </ul>
	Bid evaluation	<ul style="list-style-type: none"> <li>• Conflict of interest and corruption in the evaluation process through: <ul style="list-style-type: none"> <li>○ familiarity with bidders over time</li> <li>○ personal interests such as gifts or future/additional employment</li> <li>○ no effective implementation of the “four eyes-principle”</li> </ul> </li> </ul>
	Contract award	<ul style="list-style-type: none"> <li>• Vendors fail to disclose accurate cost or pricing data in their price proposals, resulting in an increased contract price (i.e. invoice mark-ups, channel stuffing)</li> <li>• Conflict of interest and corruption in the approval process (i.e. no effective separation of financial, contractual and project authorities)</li> <li>• Lack access to records on the procedure</li> </ul>

Source: OECD (2016). [Towards Efficient Public Procurement in Colombia: Making the Difference](#), OECD Public Governance Reviews, OECD Publishing, Paris.

Phase		Corruption risks
Risks of the post-award phase	Contract management/ performance	<ul style="list-style-type: none"> <li>• Abuses of the supplier in performing the contract, in particular in relation to its quality, price and timing:</li> <li>• Substantial change in contract conditions to allow more time and/ or higher prices for the bidder</li> <li>• Product substitution or sub-standard work or service not meeting contract specifications</li> <li>• Theft of new assets before delivery to end-user or before being recorded</li> <li>• Deficient supervision from public officials and/or collusion between contractors and supervising officials</li> <li>• Subcontractors and partners chosen in an on-transparent way or not kept accountable</li> </ul>
	Order and payment	<ul style="list-style-type: none"> <li>• Deficient separation of financial duties and/or lack of supervision of public officials leading to:</li> <li>• False accounting and cost misallocation or cost migration between contracts</li> <li>• Late payments of invoices</li> <li>• False or duplicate invoicing for good and services not supplied and for interim payment in advance entitlement</li> </ul>

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