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TRANSPARENCY IN HEALTH ENGAGEMENT PROJECT

RED FLAGS ALGORITHM – AN INSTRUMENT FOR TRANSPARENCY AND
ANTI-CORRUPTION

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Diagnosing Corruption in Public Procurement

A Guidebook to Identify Red Flags on Public Procurements in the Health Sector

Preface

Corruption profile:

- What is corruption?
- Corruption is a misuse of trusted power for private gain. (Definition of Transparency International). This may appear in the public or private sector.

Which are the most sensitive areas?

- Capital Investments
- Purchase of goods and services
- Production Industry
- Granting of licenses and permits
- Customs
- Inspectorates

Which people are most likely to be affected by corruption?

- Request unit
- Commission for bid's evaluation
- Contract managers and
- People that accept goods, services

Shall the corruption cases in public procurements be reported in media?

- In principle the media should be notified on all cases suspected for corruption
- There are times when publication in the media may damage the investigation and sometimes it is better to wait before publicating the facts

Introduction to procurement monitoring reports

1. Research report
2. Case study
3. Short Analyzes of Tenders and Policies
4. Research media articles

Planning (Red Flags)

- The project has no justification, it is in favor of the individual or group close to the institutional leaders;
- Procurement of innovative products (patented products);
- Technical specifications and criteria are unclear;
- Technical specifications are tailored to a small group of businesses or one;
- Negotiated, emergency or restricted procedure is unnecessarily applied;
- Defines a product brand;
- Applications for access to official documents are refused.

Planning (Red Flags)

- Ignoring requests for clarification of the tender dossier;
- Explanations that do not help companies or do not answer the question (for example, “refer to tender dossier”);
- No notice is published for contract;
- Bidders withdraw the offer to clear the way for another operator;
- Delay in submitting the tender dossier or clarifying answers;
- Accept bids after the submission deadline;
- Part of the bid is lost, the dossier is opened before the specified date for opening and evaluating bids or specific documents are lost.

Tender Evaluation (Red Flags)

- Committee members are not competent to evaluate tender bids;
- Any of the members of the commission has a conflict of interest;
- A generalized bids evaluation report is compiled without specifying the exact reasons for the elimination of non-responsive operators and the reasons for the contract award of the winning operator;
- The number of companies that tendered is very small (one or two bids);
- Eliminated as unacceptable to the cheapest bidder;
- A large number of operators have been eliminated from the process.

Tender Evaluation (Red Flags)

- Cheaper bids are withdrawn from the tender, or refuse to sign the contract;
- Delays in bid evaluation;
- Failure to respect the criteria of the tender dossier in the evaluation of the bids;
- Similarity of bids, prices, bank guarantees, tender insurance and others that show that they may be the same bidders;
- The evaluation report has been amended, or the procurement officer does not accept the recommendation of the Bid Evaluation Commission;
- The bid winner has a subcontracting with persons close to the officials.

Contract Management (Red Flags)

- Payment inconsistent with the level of performance;
- The company refuses to perform certain parts of the contract;
- Supervisors or contract managers are not professional or have conflict of interest;
- Low quality of products;
- Delay in payments for operators;
- Unjustified penalties for companies;
- Very short deadlines for contract;
- Contract for additional work for the winner without reasonable cause;
- Amendment of contract after being signed by the parties;
- Goods purchased are not used, remain in the warehouse.

Analysis for Monitoring Tender Selection

- The project has a high value and importance for the community;
- Sectors that have the greatest potential to be affected by corruption should be monitored;
- Monitor sectors for which the organization is focused;
- Monitor tenders for which there have been complaints.

Documents to be reviewed

1. Contract Notice
2. Contract Award Notice
3. Notification of contract signing
4. Procurement plan
5. Tender dossier
6. Minutes of Bid Opening
7. The economic operator's offers (this includes all participants in the procurement activity)

Documents to be reviewed

- Bid evaluation report
- Complaints in several health institutions (for example Public Health Organization)
- Contract implementation reports
- Payment bills