

# Split responsibilities for preparation and awarding phases

## Summary

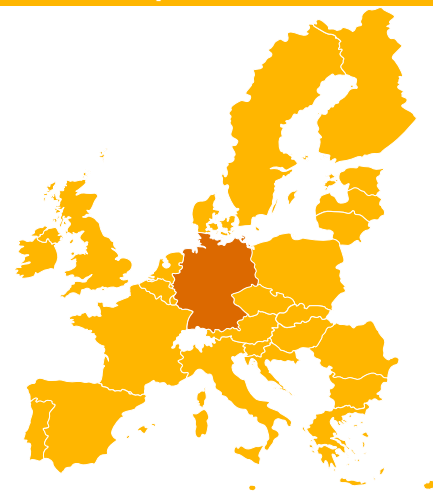
Splitting responsibilities for preparing and awarding public procurement contracts is the concept of having different entities perform the tasks associated with these two phases of the procurement process. The main purpose is to prevent errors, conflict of interest and fraud or corruption, as well as to ensure effective checks and balances while strengthening accountability of key players in the procurement process.

Segregation of duties is therefore one way to reduce the cost of fraud and increase confidence in the integrity of public procurement. Common issues that this practice addresses in particular include: claims of unfair or unethical behaviour, inability to achieve desired benefits and an overall higher cost of procurement.

Different procedures and tools can be deployed to implement this separation of duties for preparing and awarding public procurement contracts. Some examples include clearly-defined and formally accepted delegation of authority over different processes and an ethical code including points on independence of different authorities.

## Good Practice Examples

- ✓ Germany



## Input

### Cost – €

- Low set-up and operation cost



### Time – 6 to 12 months



### Complexity – Low

- Organisational set-up – potential new governance is needed (separating functions, creating functions or empowering existing entities with new tasks)
- Legal set-up – potential regulatory changes are needed (laws or policies for the allocation of roles and responsibilities for tender preparation and award)



## Impact

### Strengthen anti-corruption efforts



The separation of responsibilities in procurement hinders attempted corruption and abuse.

## Related Good Practices

National database of public procurement audit errors and irregularities

## Key success factors and potential pitfalls

### Facilitate communication

Separation of duties must ensure the swift flow of information between the entities responsible for the different procurement process phases in order to strengthen coordination and limit fragmentation.

### Ensure efficient set-up

The organisational set-up chosen when splitting responsibilities for tender preparation and awarding should be realistic and include a cost-benefit assessment to guarantee that procedures do not become lengthier or more burdensome.

### Limited applicability for small contracting authorities

Smaller contracting authorities will not always have the capacity to split the tender preparation and awarding functions among different staff members, in which case, this practice may not be suitable.

### May not be possible for very complex projects

When applying the award criteria to complex works contracts, sound knowledge and expertise related to the project specifications is needed, which is often owned by the team involved in project design and preparation. In such cases, the cost of splitting of duties may exceed the benefits.

### Germany – Separation of tender phases

In Germany, the Federal Government adopted its latest Directive concerning the prevention of corruption in the federal administration in 2004, introducing separation of duties in the different phases of the procurement process.<sup>1</sup> The Directive contains a code of conduct for federal employees and guidelines for supervisors and executives. Ad hoc recommendations, memos or administrative regulations are drawn up on specific topics and issues as well. The Ministry of Interior's Rules on Integrity from 2014 combine the provisions of the Directive with other key rules for preventing and fighting corruption in government, in a concise and clear summary of the most important guidance on integrity of government staff members.<sup>2</sup> The rules re-state the separation of demand and planning, purchasing and settlement phases in public procurement as a basic principle for procurement at federal level. Specifically, they stipulate that "when public contracts are awarded, the planning and description of requirements shall in principle be kept separate in organisational terms from both the implementation of the award process and, as far as possible, from the subsequent settlement of accounts."<sup>3</sup> In practice, purchasing is carried out by a separate entity from the entity that raises the demand for the contract. The 'four-eyes principle' and regular rotation of personnel have been implemented as well.<sup>4</sup>



#### Contact

Ministry of Interior, **Germany**

<http://www.bmi.bund.de>

+49 30 18 681 0

[poststelle@bmi.bund.de](mailto:poststelle@bmi.bund.de)

<sup>1</sup> German Federal Ministry of the Interior, "Federal Government Directive Concerning the Prevention of Corruption in the Federal Administration" (2004), see: [https://www.unodc.org/pdf/corruption/best\\_practice\\_ger\\_directive%20.pdf](https://www.unodc.org/pdf/corruption/best_practice_ger_directive%20.pdf)

<sup>2</sup> See <http://www.bmi.bund.de/SharedDocs/Downloads/EN/Broschueren/2014/rules-on-integrity.html>

<sup>3</sup> *Ibid*

<sup>4</sup> See <http://www.kdb.bund.de/>