

# Management Verifications in Interreg INTERACT SEMINAR

**Public procurement – Irregularities  
Case Studies**

***13 - 14 July 2023  
Thessaloniki***

## Management costs (1)

**CASE 1:** Procurement of the “Project management” via open tender to natural persons.

*The selected person for this deliverable signed a service contract. At some stage, this person resigned. The beneficiary replaced this person by someone else who had an outsourcing contract for another project without new procurement.*

**The procedure is irregular:** The expenditure paid to the second person to carry out “project management” is not eligible.

## Management costs (2)

**CASE 2:** “Project management” is approved for a budget of 12,000€.

*It is contracted to a natural person through a tender procedure.*

*Then, the beneficiary signs a supplementary contract for 21,000€ with the same person.*

**The procedure of increase of budget is irregular** (not approved – not justified).

**Result:** The expenditure paid for the supplementary contract is **not eligible!**

# Public Procurement – Services (1)

**CASE 1**: Open tender - Services Contract - Procurement of publicity, two seminars on business orientation, printing of educational material, open invitation to start-up companies.

## **Three economic operators submitted interest/offers:**

Company A. Economic offer without reference to VAT

Company B. Economic offer including VAT

Company C. Economic offer including VAT

# Public Procurement – Services (1)

## (continued)

*The beneficiary compared the offer of company A without VAT with the offers of the other two companies including VAT. The beneficiary contracted the first economic operator on the grounds that he provided the most economical offer.*

**Irregularity:** Comparison of different values of economic offers.

**Result:** The total amount of the contract is **not eligible!**

## Public Procurement – Services (2)

### CASE 2: Services Contract Procurement - ON/OFF Criteria.

#### **Requirement** of previous experience:

- *Environmental projects/Energy conservation in public buildings.*
- *The candidate economic operator must have completed “A similar project in a given Municipality located in a given Greek location/island”.*

## Public Procurement - Services (2) (continued)

**Type of irregularity: Case 10, European Commission Decision C(2019) 3452 final/14.5.2019 - Use of criteria for exclusion, selection that are discriminatory.**

- Cases in which operators could have been deterred from tendering because of exclusion, selection criteria that include **unjustified national, regional or local preferences**.

**Rate of financial correction: 25%**

## Public Procurement – Services (3)

**CASE 3**: Open tender for external expertise services including several CPVs.

*The tender stated that offers are only accepted for all deliverables.*

**Type of irregularity**: No acceptance of offers in “lots”.

➤ **Irregularity case 3 of EC Decision**: “Lack of justification for not subdividing a contract into lots”.

**Rate of financial correction: 5%**

## Public Procurement – Physical Object (4)

**CASE 4**: Construction of a building for general public purposes and servicing passengers.

*The building is partly completed (no heating/cooling system is installed) and is not accessible to the public for use because the surrounding area is fenced.*

**Conclusion**: Building not operational – not functional

## Public Procurement – Physical Object (4) (continued)

According to Reg.(EU) 1303/2013, art. 71: “*an operation comprising **investment in infrastructure shall repay the contribution from ESI funds** if within 5 years of the final payment to the beneficiary is subject to cessation of activity, change of ownership or substantial change affecting its nature, objectives and implementation conditions*”.

**Result**: Total cost of investment is **not eligible!**

# Public Procurement - Supplies

**CASE**: A supply procurement for the installation of stations monitoring the quality parameters (physicochemical and hydraulic) of water in lakes in Northern Greece took place during the programming period.

*The stations and accompanied scientific equipment and apparatuses were installed and according to Beneficiary's declaration were functional.*

## Public Procurement - Supplies (continued)

However:

- On the day of on-the-spot verification by FLC, there was no station
- Beneficiary declared that it was swept away and sank

**Conclusion:** The investment was not operational and/or functional

**Result:** According to Reg.(EU)1303/2013, the **total cost of the investment is not eligible!**



## UNIT C' - "VERIFICATION OF EXPENDITURES" MANAGING AUTHORITY OF INTERREG 2021-2027 PROGRAMMES

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