



Audit Conclusion from Audit No.

15/10

Funds spent on the National Infrastructure for Electronic Public Procurement (NIEPP) and its utilisation for purchase of selected commodities

The audit was included in the audit plan of the Supreme Audit Office (“SAO”) for 2015 under number 15/10. The audit was managed and the audit conclusion drawn up by SAO member Ing. Karel Sehoř.

The **audit objective** was to examine whether the funds earmarked for National Infrastructure for Electronic Public Procurement (“NIEPP”), especially the *National Electronic Tool* (“NET”), were expended economically and efficiently and whether the procurement of commodities through NIEPP was efficient.

Audited entity:

Ministry of Regional Development (the “MoRD”).

The audit was conducted at the audited entity between 8 April 2015 and 20 November 2015.

The audited period was 2011 to 2014; where relevant, the preceding and subsequent periods were also scrutinised.

Objections lodged against the audit protocol by the MoRD were dealt with by the head of audit team by means of decisions on objections. The MoRD’s appeals against decisions on objections were dealt with by a resolution of the SAO Board.

At its third session held on 7 March 2016, the **SAO Board** issued Resolution No. 8/III/2016 **approving** the **audit conclusion** in the following wording:

The Supreme Audit Office assessed the following at the Ministry of Regional Development:

- The efficiency of the funds expended on NIEPP, i.e., chiefly whether the ministry had designed and executed NIEPP in line with strategic and project objectives
- The economy of the funds expended on the respective projects and public contracts of NIEPP, including examination of compliance with valid legal regulations on the conditions for the award of subsidies
- The effectiveness of the funds expended on NET in connection with its utilisation.

Based on the facts ascertained by the audit, the Supreme Audit office states the following:

- The MoRD developed e-procurement infrastructure, of which the e-procurement tool, i.e., NET, is a part. Certain objectives of the *E-Procurement Strategy for 2011-02015* (the “E-Procurement Strategy”) have not been fulfilled, however.
- In the case of the audited projects, the MoRD violated legal regulations and the conditions under which the respective funds were provided. It also did not meet the target values of the monitored indicators and allowed a substantial change of contractual rights and obligations under when implementing the public contract pertaining to the development of NET.
- The delayed development of NET at a cost of more than CZK 230 million together with its operation that the MoRD pays CZK 4 million per month for constitutes a significant risk that the funds are being expended ineffectively, especially in the situation where its use was not mandatory and various tools are being used at the same time. The MoRD launched the live operation of NET 2.5 years later than originally planned. In the audited period, the NET failed to produce the anticipated annual savings of CZK 5 billion due to its minimal use for public procurement.

The Supreme Audit Office recommends that the Ministry of Regional Development

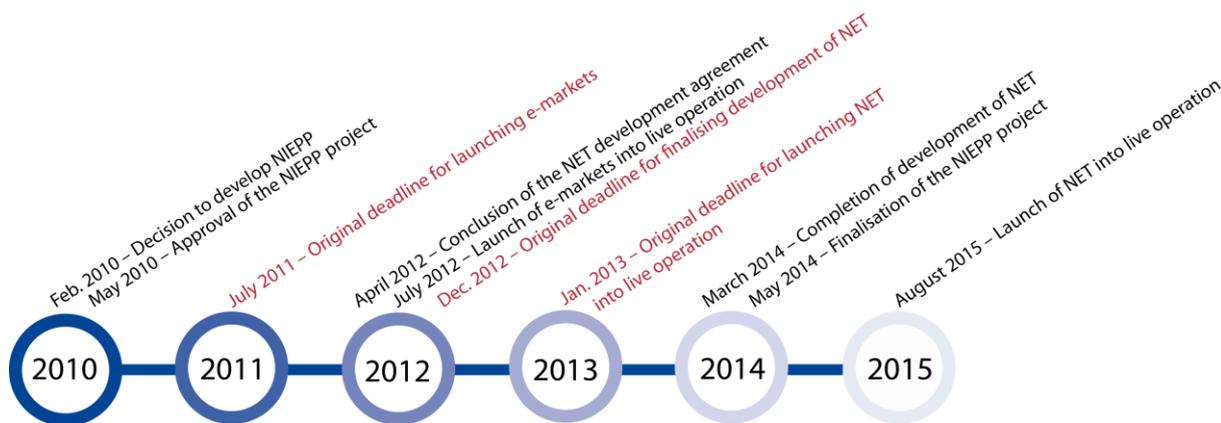
- initiate the introduction of the statutory obligation to use certified electronic tools that support comprehensive public procurement procedures for all kinds of procurement procedures for public procurement and ensure that NET is used on such a level that corresponds to the effective use of funds for its development and operation
- define for the functionality of such electronic tool common standards that will allow contracting authorities to objectively decide on the selection of the most advantageous certified tool
- intensify communication with contracting authorities and contractors with the aim of increasing the number of entities registered in NET, also in relation to the need to promote the greater involvement of cross-border contractors in public contracts with the aim of improving competition conditions
- agree to process *enterprise architecture*¹, which is the basic prerequisite for the further coordinated and effective development of NIEPP in connection with the transition to comprehensive electronic public procurement, including the implementation of e-invoicing, as ensues from the SAO’s findings set out in point II hereof

¹ A tool for planning, managing and developing the organisation not only in the area of ICT infrastructure. Includes all fundamental aspects of the organisation – business (strategies, procedures), information (meta data, data models), software (application software, interfaces, interconnection thereof) and technology (hardware, application and database servers, networks). A comprehensive approach to *enterprise architecture* substantially increases the efficiency and performance of the organisation.

- adopt technical and administrative measures that in the interests of transparency increases the quality and reliability of data and information in the various NIEPP information systems and promotes the effectiveness of public expenditure tied to public contracts.

Summary

Diagram No. 1 - Basic milestone for building NIEPP infrastructure



I. Fulfilment of strategic e-procurement objectives

The MoRD has transposed the tasks stipulated by European regulations into national strategic documents², in which it sets out the appropriate objectives. The MoRD fulfilled one of the main objectives of the E-Procurement Strategy: to provide all contracting authorities with an electronic procurement tool, i.e., NET. The execution of NIEPP was one of the measures of the E-Procurement Strategy under the second objective: attaining annual savings of CZK 50 billion from the public budgets. This objective was not and could not have been fulfilled by the MoRD. The MoRD failed to fulfil five out of eight objectives of the E-Procurement Strategy.

II. Fulfilment of NIEPP objectives, NIEPP architecture

The MoRD also stipulated financial savings achieved by electronic public procurement and concession in the CR as the primary objective of NIEPP and defined the sub-objectives (e.g., to significantly promote transparency or fulfil the objectives in the strategic documents). The MoRD, however, did not prepare a methodology for collecting data for calculating savings; it therefore could not monitor or assess the primary objective of NIEPP. The SAO had already called attention to this shortcoming in the audit conclusion from Audit 13/24.³ Furthermore, the MoRD is also not monitoring the fulfilment of the sub-objectives of NIEPP.

² Especially the *National E-Procurement Implementation Plan for 2006-2010*, and the *E-Procurement Strategy for 2011 – 2015*

³ Audit Conclusion from Audit No. 13/24 - *Financial resources expended on the National E-Procurement Infrastructure (NIEPP) project and the procurement of certain commodities via the e-markets* was published in Volume 2/2014 of the SAO Bulletin.

The SAO also discovered that the MoRD had not created or introduced *enterprise* architecture, which is a necessary condition for the effective construction of ICT systems, of which NIEPP is one.

III. Shortcomings on the level of audited projects

In connection with the *National E-Procurement Infrastructure* project (the “NIEPP project”) and the *Creation of Integration Components for Connecting NIEPP Information Systems to BRIS* project (the “NIEPP IC project”), which the MoRD financed from the *Integrated Operational Programme* (“IOP”), the SAO also concluded that the MoRD breached budgetary discipline in connection with the execution of these two projects and the contracts related to them. In a number of cases, the MoRD violated legal regulations and the conditions under which the respective funds were provided.

For example, in the case of the two projects, the MoRD did not fulfil the target values of the monitored indicators and did not comply with the notification duty stipulated by the conditions. In the case of the NIEPP project, the MoRD did not fulfil the stipulated objectives by the date of completion of the project, and the SAO discovered serious violations of the Public Procurement Act⁴ in terms of actions taken by the contracting authority (see point IV below). In the case of the NIEPP IC project, the MoRD executed a part of the project-related activities at variance with the call. The NIEPP integration component⁵ did not entirely fulfil its purpose, as the issue of the incongruity and inaccuracy of the data entered by the contracting authority remained unresolved even after it was launched.

IV. Contracts and concessions on NIEPP development and operation

When developing NET, the MoRD breached the Public Procurement Act a number of times. It failed, among other things, to stipulate the anticipated value of the public contract in line with the law; when assessing the bids of bidders, it did not proceed transparently; it used negotiated procedure without prior publication (NPWPP) without justification and allowed substantial changes in the rights and obligation under the contract, by which it breached the principle of equal treatment and prohibition of discrimination.

In the case of PPIS, the MoRD did not take any steps before the audit ended that would limit dependence on a single contractor and eliminate the “vendor lock-in effect”, with the aim of supporting effective competition.

V. Effectiveness of use of NET

NET development costs amounted to CZK 230 million. After completion of the development of NET and its acceptance as at 31 March 2014, the MoRD deferred its launch until 1 August 2015. In the interim period, a trial operation took place, during which NET was not used for actual public procurement. The MoRD paid over CZK 46 million in this period to operate the system and failed to sufficiently justify why it deferred the official launch of NET.

The monthly costs of operating NET amount to CZK 4 million. After launching NET into live operation, the MoRD allowed NET to be used on a voluntary basis and did not impose the

⁴ Act No. 137/2006 Coll., on public procurement.

⁵ NIEPP IC is an interface that is a technological component of PPIS; its purpose is to allow verification of the registration data of contracting authorities and contractors entered into the *Public Procurement Bulletin* against the reference data in the basic registers.

obligation to use NET even within its own department. There is a risk of ineffective spending on NET development and operation with regard to how little it is used.

Private entities took advantage of the long time that it took to develop NET and the delayed launch into live operation and developed their own electronic tools. The MoRD did not create technical specifications for these individual electronic tools (“IETs”). The non-existence of these specifications for IETs constitutes a significant limitation for the standardisation of electronic public procurement (“PP”).

VI. Corrective measures

During the audit, the SAO also focused on the corrective measures that had been adopted based on the findings of the previous Audit No. 13/24. The ascertained facts show that the majority of the measures were not effective, as the contract-related data continued to contain incomplete or incorrect values. The MoRD did not observe the obligation to procure mandatory commodities via the e-market, and the problem of duplicate user registration on one e-market⁶ persisted.

On 18 January 2016, the Government approved the *E-Procurement Strategy for 2016 - 2020, the Efficiency Assessment and Proposal for the Next Steps for Using Public Administration E-Markets and the Proposal for Using NET* (the “E-Procurement Strategy for 2016-2020”), in which the MoRD indicated that the e-markets would be terminated after 30 June 2017. The MoRD is proposing termination even despite the SAO calling attention to the risk that the funds utilised from the *European Regional Fund* would have to be returned for the reason of failure to observe the five-year project sustainability period.

VII. Transparency of public procurement information

The transparency of public procurement is supported by making the public procurement process electronic; nevertheless, its benefit is reduced by discrepancies in the data published. The SAO also discovered the difference between information that is published by contracting authorities on the *Public Procurement Bulletin* (the “PP Bulletin”) and the information stated in the PPIS forms. These differences are caused in connection with the transfer of data from the PP Bulletin to PPIS, as the MoRD had created the PP Bulletin and PPIS as two technologically separate systems although the PP Bulletin is one of the PPIS modules under the Public Procurement Act. Other discrepancies arise already at the moment when data is entered by the contracting authorities into the PP Bulletin, as control mechanisms are not in place to check the accuracy of the entered data.

The SAO also analysed public procurement data in the e-markets. The analysis identified the risk that the MoRD does not use the correct data for statistical needs, and the methodology used to assess the data from e-markets does not guarantee the reliability of information in the annual report.

⁶ According to the *Rules of the System of Using E-Markets by Public Administration Bodies when Procuring and Exchanging Specified Commodities* approved by Resolution of the Government of the Czech Republic No. 343 of 3 May 2016, as amended.

Detail information from the audit

Re I. Fulfilment of strategic e-procurement objectives

The e-procurement procedure was modified in European regulations⁷ and communications⁸ in 2004; the need to build and develop NIEPP, which is a modular set of information systems (“IS”) supporting electronic public procurement procedures (see Annex 1 for more details) also ensued from these. The MoRD carried out certain objectives, measures and tasks stipulated in European documents late, however. For example: according to the *Action Plan for Implementing the E-Procurement Legal Framework* [SEC (2004) 1693], electronic systems on the internal level should have been implemented fully by the end of 2007; or, according to the *Ministerial Declaration*⁹ of 24 November 2005, 100% of public procurement should have been electronic by 2010. Due to the legal nature of the documents, failure to meet these objectives does not carry any penalties. In 2014, new directives¹⁰ assuming mandatory transition to fully electronic public procurement as of Autumn 2018 and the establishment of e-invoicing in payments were issued.

To compare: in 2015 the European Court of Auditors (the “ECA”) conducted an extensive audit in a number of Member States (the Czech Republic included) aimed at public procurement in the area of Cohesion Policy. The result of this audit is Special Report No 10/2015: *Efforts to address problems with public procurement in EU cohesion expenditure should be intensified*. In connection with the comment that it is necessary to improve the efficiency of the management of public procurement by widening access to tenders and automating key procedures, the ECA also recommended that Member States make use of the opportunities provided by electronic public procurement. As part of its mission in Cyprus, the ECA discovered that over 500 out of 700 contracting authorities had registered to use electronic tools used for public procurement. In 2014, a bilingual help desk was set up for all users of the system, and the Cypriot authorities envisage full implementation of e-procurement by the end of June 2016.

As part of the transition to e-procurement, the MoRD drew up a number of analyses which showed that in 2009, only 18% of 1 334 addressed contracting authorities made use of electronically supported procurement procedures and only 0.54% used e-procurement fully.

⁷ Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 *coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors*, and Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.

⁸ Communications of the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, such as SEK (2004) 1693, SEK (2006) 511, COM (2010) 712, COM (2012) 179 and COM (2013) 453.

⁹ The Ministerial Declaration adopted unanimously on 24 November 2005 in Manchester, Great Britain; this concerned a meeting of ministers of the EU Member States, acceding states and candidate countries and the ministers of the European Free Trade Area (EFTA) responsible for e-Government policy.

¹⁰ Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 *on the award of concession contracts*, Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 *on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC*, Directive 2014/55/EU of the European Parliament and of the Council of 16 April 2014 on electronic invoicing in public procurement.

Due to efforts to resolve the low level of use of electronic instruments at the time, the lack of readiness of such instruments for comprehensive procurement and the general lack of infrastructure for e-procurement, the MoRD proposed NIEPP in early 2010. The MoRD transformed the findings from the analysis and the objectives of EU regulations into two main objectives of the national strategic document *E-Procurement Strategy for 2011 - 2015*.

- *“100% of contracting entities will have available an electronic tool/tools providing comprehensive support of the entire PP life cycle.”*
- *“The implementation of all E-procurement Strategy measures will achieve savings of CZK 50 billion from the public budgets.”*

On 1 August 2015, the MoRD launched NET into live operation, whereby it fulfilled the main objective of providing contracting authorities with an electronic tool allowing for comprehensive support of public procurement. The second primary objective was not and could not have been met because, according to the MoRD, the anticipated savings were dependent on the launch of NET, which had been in operation only a short time by the end of 2015. The SAO discovered that the MoRD has no methodology in place for calculating savings through NIEPP, nor does it monitor these savings.

In the E-procurement Strategy, the MoRD proposed eight sub-objectives¹¹ as well. Through NIEPP, the MoRD meets these objectives only in part. The objective of the automatic assessment method is met in the e-markets, as this method is used for 61% of awarded contracts. The objective of using e-auctions was not fulfilled, as the use of this method of procurement was well below the anticipated rate (only 0.07%). Either no effective legislation has been adopted for the fulfilment of the other objectives or the MoRD is not monitoring the objectives or assessing them due to the short period of time that NET has been in live operation.¹²

Re II. Fulfilment of NIEPP objectives, NIEPP architecture

NIEPP objectives

Based on the strategic objectives, the MoRD stipulated in the *Draft Model of the Functioning of the National E-procurement Infrastructure (NIEPP)* and in the document *Variant Feasibility Studies, including Zero, CBA and Definition of the Optional Solution* the main objective of NIEPP of *“achieving financial savings by introducing e-procurement and concession in the Czech Republic by reducing the prices of purchased commodities and reducing transaction*

¹¹ The objective of the E-Procurement Strategy: *“at least 20% of the total number of public contracts will make use of automatic assessment methods”; “at least 30% of the total number of public contracts will make use of electronic auctions”; “100% of the information on public contracts on the national level (PPIS US) will be published electronically”; “at least 60% of the total number of public contracts will be provided in electronic form only”; “at least 60% of the total number of public contacts will accept offers in electronic form only”; “at least 20% of public contracts will be concluded electronically”; “at least 50% of orders from concluded contracts will be issued electronically”; “at least 50% of invoices for the public contract concerned will be handed over electronically”.*

¹² The MoRD confirmed that other than the objective of using e-auctions, it did not fulfil the other four objectives regarding the publication of information about public contracts, the conclusion of contracts, orders from concluded contracts and invoicing. The MoRD did not submit sufficient data to allow for a clear assessment of the other two objectives regarding the provision of tendering documentation and acceptance of orders.

costs associated with PP processes for both contracting authorities and contractors” and seven other sub-objectives (see below). The MoRD calculated the total annual savings anticipated through NIEPP at CZK 12.574 billion.¹³ The primary objective could have been fulfilled by the NIEPP procurement information systems, i.e., NET and e-markets. The MoRD, however, neither monitored nor assessed this objective also due to there being no methodology in place for collecting data and calculating savings. It can generally be said, however, that through e-procurement, NIEPP does lead to financial savings. Nevertheless, with regard to the fact that NET is only beginning to be used, the use of e-auctions is well below the anticipated rate, and with regard to the lower degree of savings achieved through a reduction of purchase prices in the case of public contracts awarded through e-markets, the MoRD failed to fulfil the conditions for achieving the defined benefits (savings) through NIEPP.

By launching NET, the MoRD fulfilled one NIEPP sub-objective: *“to offer all categories of contracting authorities an electronic tool with an integrated functionality to support the public procurement procedure.”* The MoRD did not monitor or assess the other sub-objectives. The objective of *“achieving fulfilment of the objectives in strategic documents (both EU and national) regulating the implementation of modern information and communication technology in public procurement procedures”* is being met by the MoRD only in part (for more information see point I). Another NIEPP sub-objective was *“significantly reinforce the transparency of public procurement”*. The transparency of public procurement is supported by making the public procurement process electronic; nevertheless, its benefit is reduced by discrepancies in the published data (for more detailed information see point VII). The MoRD did not submit sufficient information to allow us to assess the other four sub-objectives: *“accelerate communication during the PP life cycle”, “make the environment among contracting authorities more competitive while maintaining the standards of reliability and quality of supplies”, “introduce more comprehensive PP records for the purpose of analytical and statistical evaluation”* and *“make it easier for SMEs to access public contracts”*.

Architecture and related risks

The MoRD did not include building *enterprise architecture* in its strategic document, nor did it define the corresponding roles or implement the pertinent procedures. The absence of *enterprise architecture* has led to a lack of contractual uniformity, to a duplication of data and other discrepancies in data as well as to a high number of interfaces, to fragmentation of technological infrastructure and to the use of cloud services to store data outside the CR, all of which has led to the following:

- PPIS and NET have been developed at the MoRD’s expense (national budget expenditure) based on a contract for works and are owned by the State. Other IS, such as the PP Bulletin and the e-markets, have been operated based on concession agreements, and their development was paid for indirectly as part of payments for services rendered and, as such, are not owned by the State. The varying contracts for

¹³ Savings of CZK 12.574 billion were stipulated still prior to the approval of the E-Procurement Strategy. Here savings of CZK 50 billion, related to the implementation of all measures under this strategy, was then stipulated, with NIEPP being part of such measures.

the development and operation of the various IS NIEPP also suggest the risk of difficulty of coordinating the various contractors.

- Data from the PP Bulletin, e-markets and NET is stored in duplicate in PPIS; discrepancies, however, were discovered during a review of the data (see point VII.).
- With the gradual development of NIEPP, the need to create a separate interface to ensure the transmission of data between the various NIEPP IS and external IS¹⁴ arose. Data transmission leads to a loss of the integrity of such data, however.
- When acquiring a new IS under NIEPP, the MoRD again has to address the purchase of HW and its placement in the data centre to ensure the operation of such IS.¹⁵
- The data of certain NIEPP IS are stored in clouds, which leads to a host of security risks (e.g., loss and deterioration of data as a result of its storage in a shared space) and the risks related to certain data being stored outside the Czech Republic or outside the EU, where different jurisdictions apply.

The MoRD only had designed architecture on the level of the various IS that comprise NIEPP (technological, application); this architecture could not, however, resolve the above shortcomings. The MoRD thus built and developed NIEPP ineffectively, which manifested itself in the higher costs of developing, operating and expanding the various IS under NIEPP, including related technological infrastructure.

Re III. Shortcomings on the level of audited projects

The objectives of the NIEPP project were set by the MoRD to match the objectives of the entire infrastructure (see the previous point II.). For assessing and monitoring the NIEPP project, the MoRD chose the monitoring indicator *“proportion of digitalised documents”* with a target value of 10%. The SAO already discovered in Audit No. 13/24 that an indicator chosen in this way has a minimal predictive value in relation to the stipulated objectives of the project and does not allow progress to be monitored. The monitoring indicator should be fulfilled by the awarding of public contracts through NET. As NET was still not in live operation at the time when the project ended on 31 May 201, the MoRD reported in the final monitoring report the fulfilment of the monitoring indicator based on two test contracts (thus no actual contracts awarded through NET were used). The SAO assessed this situation as one where the actual degree of fulfilment of the stipulated objectives in line with the binding IOP documents and conditions under which the funds were provided could not be quantified in this way. Thus, the MoRD did not fulfil the value of the monitored indicator as at the date that the project ended. As NET was not in live operation as at the date of conclusion of the project and, as such, was not used for actual public procurement, it could not have brought the planned savings. The MoRD thus did not even fulfil the stipulated project objectives.

In the case of the NIEPP IC project, the MoRD chose the monitoring indicator of *“number of non-editing agenda information systems connected to the basic registers”* with an initial value of 0 and a target value of 2. In the final monitoring report, the MoRD reported the fulfilment of the target value of the indicators through the connection of PPIS and the PP

¹⁴ For example, the data box information system, the basic register information system, CzechPoint.

¹⁵ The exception is IS operated on the basis of a concession agreements, where operation is the responsibility of the concessionaire.

Bulletin. The SAO discovered, however, that although the PP Bulletin was operated as a technologically different system, it is part of the PPIS under the Public Procurement Act and, as such, is not an independent agenda information system.¹⁶ The SAO assesses the connection of PPIS to the basic registries through the NIEPP IC project as uneconomical, as this connection had already existed before the execution of the project. The MoRD thus did not fulfil the target value of the monitoring indicator. The chosen indicator thus does not have a fully predictive value for the monitored objective of “*ensure current and uniform information about entities in the NIEPP systems affected,*” which contributed to the MoRD’s failure to monitor this project objective or assess the degree to which it was being met. In the case of both projects, the SAO made the assessment that failure to fulfil the values of the monitored indicators was a breach of the conditions under which the funds were provided, a breach of budgetary discipline and, at the same time, an irregularity in accordance with Article 2(7) Regulation (EC) No. 1083/2006.¹⁷

Moreover, in the case of the NIEPP project, the MoRD did not send a final assessment of the project by the stipulated deadline and cancelled the public contract without proper notification. In both cases, it thus breached the notification duty with regard to the intermediate body. Examples of violation of the Public Procurement Act are discussed in more detail in point IV.

Under the NIEPP IC project, the MoRD also undertook efforts that were at variance with the call, as it arranged to have change requests processed for the modification of the technical specifications of NET and the e-markets, which were not agenda information systems, and did not send the final assessment of the project by the stipulated deadline.

The SAO discovered a number of other cases which it assessed a breach of budgetary discipline up to the amount of CZK 267 619 282, as shown in the following table. In the case of resources co-financed from the *European Region Development Fund*, the breach of the conditions under which the funds were provided was assessed as an irregularity in accordance with Article 2(7) of Council Regulation (EC) No. 1083/2006.

¹⁶ Under Section 17(g) in conjunction with Section 157(2)(a) of Act No. 137/2006 Coll., the Bulletin is part of PPIS, the purpose of which is to disclose information about public contracts. The Bulletin, as part of PPIS, is also registered in the information system about public administration information systems under identification record no. 29.

¹⁷ Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999.

Table 1 - Breach of budgetary discipline

	Breach of budgetary discipline	Total in CZK
NIEPP project	<ul style="list-style-type: none"> • The MoRD did not fulfil the target value of the monitoring indicator. • When executing the public contract, the MoRD violated the Public Procurement Act. • The MoRD did not draw up a report for the final assessment of the project by the stipulated deadline. • The MoRD did not fulfil the primary or secondary project objectives. 	261 229 432
NIEPP IC project	<ul style="list-style-type: none"> • The MoRD spent a part of the financial resources without authorisation, as it reimbursed ineligible expenditure under the project. • Under the project, the MoRD linked PPIS to the basic register, an action that was unnecessary, as this link already existed. By doing so, the MoRD acted uneconomically. • The MoRD did not fulfil the target value of the monitoring indicator. • The MoRD did not draw up a report for the final assessment of the project by the stipulated deadline. 	5 559 950
Order No. 2649/2012-32	<ul style="list-style-type: none"> • The MoRD paid the invoice for fulfilment of an order that was at variance with its assignment; by doing so it acted uneconomically. 	600 000
Order No. 1537/2013-32	<ul style="list-style-type: none"> • The MoRD paid the invoice for a poor quality expert opinion and did not make use of the possibility to reduce the expert's fee; by doing so it acted uneconomically. 	229 900

Source: information from the SAO audit

Re IV. Contracts and concessions on NIEPP development and operation

NET

The subject of the public contract *Development of a National Electronic Tool (NET) - System Integrator* was the supply of NET as part of the execution of the NIEPP project according to the scope set out in the defined technical specification. The MoRD set the anticipated value without a right of first refusal in the case of the public contract at CZK 171 925 000, excl. VAT and the value of the right of first refusal at 30% of this amount, i.e., CZK 51 577 500, excl. VAT. The MoRD did not set the anticipated value of the public contact in connection with the exercise of the right of first refusal based on data from similar contracts or market survey; by doing so it breached the obligation under the Public Procurement Act.

For assessing offers, the MoRD chose as the assessment criterion the economic advantageousness of the offer with the secondary criteria of “bid price amount” (weighted at 55%) and “quality and technical level of proposed solution” (weighted at 45%) and various other sub-criteria. In the case of the secondary criterion of “bid price amount”, the MoRD set three sub-criteria, with it setting the weight of the sub-criterion¹⁸ of “price of execution of works” at 35%, despite this price comprising 89%-90% of the total bid price. As a result, a bid that the criterion “bid price amount” assessed as being the most advantageous was one

¹⁸ Sub-criteria: A. Price of execution of works; B. Price of provision of technical support over three years; C. Price per unit (1 man-day) of execution of the change request.

that was CZK 45 million more expensive. In the case of the criterion “*quality and technical level of proposed solution*”, the MoRD did not set up a rating scale with descriptors for the various assessment aspects. Furthermore, the evaluation committee did not assess the various qualitative aspects of the various offers that it should have assessed according to the tendering documentation. During the procurement procedure, the MoRD thus did not maintain an objective approach and its decision could not be reviewed retrospectively.

The related public contract *Implementation of changes ensuing from the current modifications of TS* was awarded by the MoRD in September in NPWPP. The justification for the use of NPWPP was to arrange for additional services to ensure performance as a result of objectively unforeseen circumstances,¹⁹ which according to the MoRD was the amendment of the Public Procurement Act.²⁰ The amendment of the Public Procurement Act was, however, sent to the interdepartmental consultation procedure through the eKLEP system on 1 April 2011, i.e., more than seven months prior to publication of the original NET development contract. The MoRD thus knew already at the time of commencement of the original tendering procedure (14 December 2011) of the existence of the circumstances that would lead to the need for additional services. The condition of objectively unforeseen circumstances was thus not fulfilled. The amendment took effect on 1 April 2012, i.e., still prior to the signing of the works contract for the development NET on 20 April 2012.

One of the substantial changes to the rights and obligations under the contract was the extension of the deadline for the development of NET. The course of the development work showed that the contractor was unable to provide the various prototypes for testing and acceptance by the stipulated deadlines. For example, the second prototype (Prototype B) of the six in total was not accepted by the MoRD until 17 December 2012, i.e., the date when the NET should have already been completed and in pilot operation and handed over to a proper operator. The set time schedule could thus not be observed, and the MoRD agreed to change it by concluding an addendum to the agreement on the development of NET (extension of the total execution period from eight months to almost two years). During the execution of the public contract, the MoRD carried out additional changes to the originally set conditions in the tendering documentation and concluded agreement. In addition to the mentioned changes to the time schedule, the MoRD also allowed a change to the subject of the works (extensive change in technology, where the offer contained a solution based on IBM platforms and products; however, the supplied solution is based on a Microsoft platform) and changes in the total price and itemised budget (an increase of CZK 14.5 million, incl. VAT). These changes could have had a substantial impact on the involvement of participants in tender procedures and selection of the most advantageous bid. The breach of the Public Procurement Act in connection with the development of NET was also assessed by the SAO as a breach of budgetary discipline and an irregularity (see point III).

The development of NET was completed on 31 March 2014, which is a delay of 15 months compared to the original deadline of 31 December 2012. The SAO discovered that the main reasons for this delay did not relate only to the MoRD’s indicated need to reflect the amendment of the Public Procurement Act, but also to the contractor’s inability to fulfil its

¹⁹ Section 23(7)(a) of the Public Procurement Act.

²⁰ Act No. 55/2012 Coll. and government bill - Parliamentary Document 1128/0 (technical amendment - Act No. 341/2013 Coll.).

obligation under the agreement on the MoRD's inability to manage the risks related to the development of NET.

After launching NET, the MoRD chose as its operator an association of companies, where one acted as the subcontractor in the development of NET and the other contributed to ensuring the temporary operation of NET. In this approach, the SAO sees the risk of dependence on a single supplier, as exists in the case of PPIS.

PPIS

Since the creation of PPIS in 2002, the MoRD has been arranging its modification, expansion and operation through contracts awarded to the same supplier. In 2002, the MoRD concluded an agreement with the supplier for the creation of PPIS²¹, in which it also undertook not to hand over programming software to third parties and not to allow third parties to use such software and design documentation without the contractor's consent. The MoRD called attention to this provision in the subsequent related procurement procedures, which were undertaken in the form of orders, small-scale public contracts or NPWPP [under Section 23(4)(a) of the Public Procurement Act], citing the contractor's exclusive rights. The MoRD never requested the contractor's written consent, however. Furthermore, in the case of contacts for the development and operation of NIEPP IC, the MoRD made use of orders and NPWPP, citing the agreement on creation of PPIS as the reason for this. The MoRD awarded contracts worth at least CZK 69 million, incl. VAT, out of the total CZK 76 million, incl. VAT, spent on PPIS (see Table 2) to a single supplier without a tender. By this approach, it became dependent on a single supplier. The SAO also discovered that the MoRD does not have available the technical specifications of PPIS containing the objectives and functionality thereof, despite this system having importance of permanent value.

Table 2 – Expenditure on PPIS expended under or in connection with the Agreement on Creation of PPIS (CES 2496)

Subject	Amount in CZK, incl. VAT
Creation of PPIS	6 290 100
Expansion and modification of PPIS	40 139 364
Operation of PPIS (2004-9/2005)	19 889 550
NIEPP IC	9 460 990
Total	75 780 004

Source: MoRD documentation.

NB: Expenditures based on public contracts that had been award through tenders until 2008 and have already been destroyed were specified under the agreements; the other amounts ensue from invoicing.

The MoRD justified its use of NPWPP by way of an expert opinion. This opinion, however, had significant shortcomings²² and, according to the SAO's findings, was drawn up at

²¹ At the time still as the public procurement information system.

²² The expert opinion mainly contained copies of documents without any sort of detailed description, and the expert did not provide any other information, other than his statement, that would support his findings. The expert opinion contained no analysis or explanation of the facts that the expert took into account in his assessment and based on which he arrived at his conclusion.

variance with Decree No. 37/1967 Coll.²³ The MoRD nevertheless paid the expert his fee of CZK 229 900, incl. VAT, in full for the expert opinion.

Public Procurement Bulletin

The *Public Procurement Bulletin* was executed by the MoRD without prior analysis of suitable methods of execution in the form of concession procedure for its development and subsequent operation over a five-year period. The MoRD chose concession procedure despite the fact the existence of the PP Bulletin as a publication subsystem of the PPIS is long-term and that after the expiration of the validity of the contract it will have to be developed again.

When assessing the offers under the concession procedure for the development and operation of the PP Bulletin, the MoRD made similar errors as in the case of NET. In the case of the secondary criterion of “*quality of the execution method*”, the MoRD did not create a rating scale with descriptors for each aspect of the evaluation. Moreover, the method of assessment of this criterion was not set until three months after the concession documentation was sent. The evaluation committee also did not comment on all aspects that should have been the subject of the evaluation, and its conclusion did not contain any verbal assessment that would justify the allocated number of points by each member of the evaluation committee. The MoRD thus did not proceed transparently when evaluation bids, thereby violating the Concession Act.²⁴

The SAO further discovered that the PPIS, PP Bulletin and NIEPP IC systems were not sufficiently managed. For example, the MoRD did not stipulate the responsibilities, obligations or meeting schedule of the management and executive structures. The project teams met irregularly and communication was often only operative and took place orally, by telephone or by e-mail without records being made.

Re V. Effectiveness of use of NET

The total costs of NET development, together with the costs of related technical supervision, training and SW and HW, amounted to CZK 230 435 451.30, incl. VAT, as at the date of its acceptance (i.e., 31 March 2014). After deducting CZK 665 500 for NET operation training courses and CZK 23 493 400 for HW, which according to Decree No. 410/2009 Coll. should not be included in the valuation of long-term intangible assets, the NET IS itself represents an asset with an acquisition value of CZK 206 276 551.30. The difference between the actual value of the NET IS and the value recorded by MoRD on account 013 - *Software*²⁵ amounts to CZK 169 389 051.30, however. Total expenditure on development and operation of NIEPP amounted to close to CZK 700 million²⁶, incl. VAT; the NET IS contributed 30% to this amount.

²³ Decree No. 37/1967 Coll., implementing the Act on Experts and Interpreters.

²⁴ Act No. 139/2006 Coll., on concession contracts and concession procedure (the Concession Act).

²⁵ MoRD on inventory cards of account 013 - Software reported NET assets with an acquisition price totalling CZK 36 887 500.

²⁶ The costs of developing and operating the various NIEPP information systems and the costs related to public contracts ascertained in Audit No. 15/10 and Audit No. 13/24 were included in total expenditure:

According to the original time schedule in the NET development agreement, NET development should have been completed on 31 December 2012, including its testing in pilot operations and handover to the operator. NET should have been transferred to live operation by 1 January 2013. After changes in the time schedule, which the MoRD approved by conclusion of the addendum to the agreement, the work was not completed and accepted by the MoRD until 31 March 2014. Then, however, NET was not launched into live operation as originally planned, but into trial operation²⁷, which took place until 31 July 2015. During the time that the trial operation was underway, NET was not intended for actual public procurement and concession according to the respective laws, and the MoRD declared that the purpose of the trial operation was to test the functioning of NET and allow contracting authorities to become acquainted with its functions. The MoRD paid a total of CZK 46 535 410.70, incl. VAT, for the trial operation. The MoRD justified the deferral of the launch of NET into live operation by testing the e-procurement process in the CR according to the tasks ensuing from the E-procurement Strategy. This testing, however, did not begin until the end of 2014, and according to the MoRD, did not end until April 2015. The MoRD did not explain the deferral by a quarter of year and did not launch NET into live operation until 1 August 2015, more than 2.5 years later than originally planned.

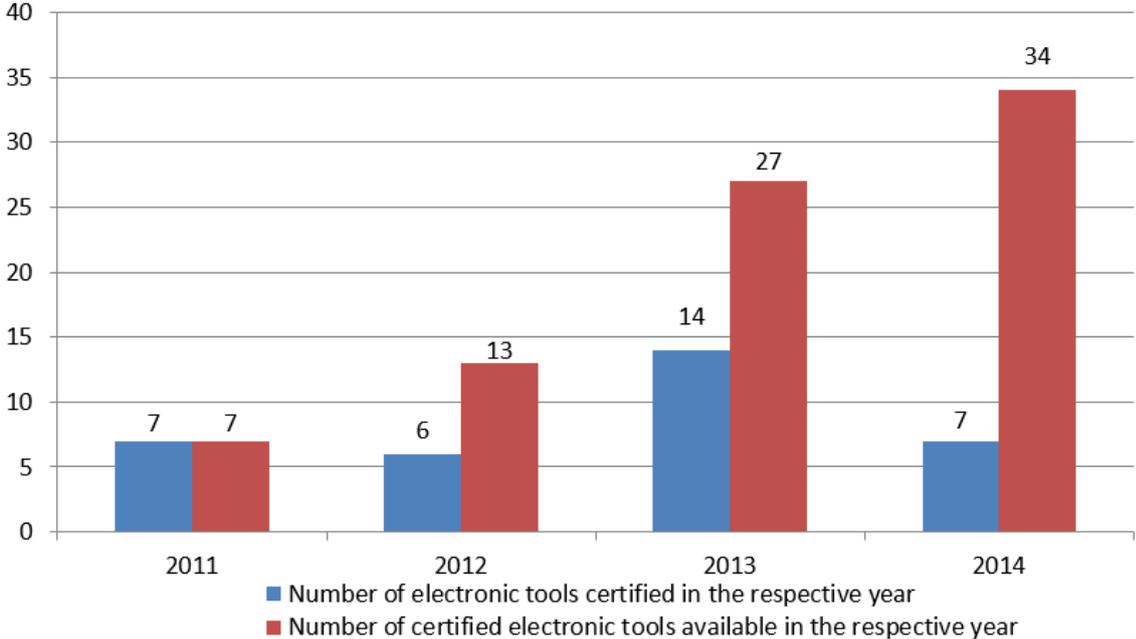
One of the reasons for the development of NET was the low percentage of use of electronic tools in connection with public procurement in the CR. Graph 1 shows that as at the end of 2011, when the MoRD published the public contract for the development of NET, the contracting authorities had seven certified electronic tools available. In the period 2013 - 2014, when NET should have been operating live, the number of electronic tools grew by 21 compared to 2012, an increase of more than 160%. The delay in the development of NET and the deferral of its launch into live operation by the MoRD thus contributed to the demand for certified electronic tools, and private entities in the interim responded to this demand by developing their own tools.

NET development, including the proposed solution and author supervision, temporary operation of NET and regular operation of NET totalling CZK 468 million, incl. VAT; creation and operation of NIEPP IC totalling CZK 9 million, incl. VAT; creation, operation and modification (as of 2005) of PPIS totalling CZK 66 million, incl. VAT; bid price of concession for development and operation of Bulletin totalling CZK 6 billion, incl. VAT; costs of operation of e-markets (from 1 July 2012 to 30 June 2015) totalling CZK 97 million, incl. VAT; related contracts (e.g., categorisation, training) totalling 32 million, including VAT; and advisory or legal services and expert opinions totalling CZK 23 million, incl. VAT.

²⁷ Trial operation took place in two phases:

- Closed trial operation from 1 April 2014 to 4 August 2014, with the MoRD and two other central public administration bodies - the Ministry of Labour and Social Affairs and the Ministry of Agriculture - also taking part;
- Open trial operation from 5 August 2014 for all contracting authorities in accordance with Section 2 of Act No. 137/2006 Coll. and Section 3 of Act No. 139/2006 Coll. and also in accordance with Resolution of the Government of Czech Republic No. 628 of 30 June 2014 on use of the national electronic tool under national e-procurement infrastructure, the purpose of which is to allow contracting authorities to test the functionality of NET in a trial environment.

Graph 1 - Development in the number of certified electronic tools for public procurement



Source: MoRD data published on the *Public Procurement and Concessions Portal* as at 6 November 2015.

The lack of clarity in the market with electronic tools, of which there is a great number, is reinforced by the fact that the MoRD has not created technical specifications for these tools although it already stated in the *National E-Procurement Implementation Plan for 2006 - 2010* that such specifications were a prerequisite to creating electronic tools and making e-procurement possible. The MoRD has repeatedly emphasised the importance of the technical specifications in the years to come. The requirements for electronic tools also consist in proving the fulfilment of the particulars stipulated by the Public Procurement Act.²⁸ The shortcoming of the existing system is that it is not clear what scope of functionality a specific electronic tool has. Moreover, the MoRD also does not have an overview of the IET market and its functionalities, with the exception of information about the number of issued certificates.

Under Decree No. 9/2011 Coll., the process of certification of conformity²⁹ of an electronic tool in relation to functionalities is being carried out to the extent of 15 groups. These groups are only general in nature, however (see Diagram 2), and it is not clear from them what scope of functionality the electronic tool has. The certification system does not provide contracting authorities and other electronic tool users with sufficient information, nor does it allow a comparison of the tools with each other or against NET.

²⁸ Expert opinion with limited validity or certificate of conformity under Decree No. 9/2011 Coll., laying down detailed conditions relating to electronic tools and acts executed electronically in connection with public procurement and particulars concerning the certificate of conformity.

²⁹ Certification of conformity of the electronic tool is a procedure to assess the functionality of the electronic tool and the environment where the electronic tool is operated.

Diagram 2 - Electronic tool certification

		<i>Procurement procedure</i>	<i>Special procedures</i>	<i>Design contest</i>
<i>Electronic tool ensuring communication without transmission and receipt of bids</i>	<i>Dispatch and receipt of data messages</i>	<i>Group 1</i>	<i>Group 6</i>	<i>Group 11</i>
	<i>Electronic operation without dispatch of data message</i>	<i>Group 2</i>	<i>Group 7</i>	<i>Group 12</i>
	<i>Online negotiations</i>	<i>Group 3</i>	<i>Group 8</i>	<i>Group 13</i>
	<i>Provision of documents in electronic form</i>	<i>Group 4</i>	<i>Group 9</i>	<i>Group 14</i>
<i>Electronic tool ensuring transmission and receipt of bids</i>		<i>Group 5</i>	<i>Group 10</i>	<i>Group 15</i>

Source: Annex to Decree No. 9/2011 Coll.

As at the date of launching NET into live operation, 165 contracting authorities and only 7 contractors were registered in NET. By the end of the audit, the number of contracting authorities grew to 187 and contractors to 69.

The MoRD is to pay a total of CZK 228 510 077, incl. VAT, over five years for the operation of NET. This amounts to approx. CZK 4 million, incl. VAT, per month. If the amount for the five-year operation of NET were included in the costs of its development, the average monthly costs would be in excess of CZK 7.5 million, incl. VAT. In order for the unit costs of a public contract awarded through NET to be comparable with the costs of the most expensive type of public contract in the e-market (CZK 3 061), it would be necessary to realise about 2 500 contracts in NET each month. In the audited period, only seven public contracts were published during the first two months of operation of NET, i.e., in the period from 1 August 2015 to 30 September 2015, of which five were published by the MoRD. As of 1 October 2015, NET began to be used by other public contracting authorities; nevertheless, in a number of cases they used it only for their profiles as contracting authorities, i.e., to publish PP information (e.g., they publish information here about already concluded contracts).

The primary objective of NET was (just like in the case of the whole of NIEPP) to achieve financial savings by making public procurement in the CR electronic. In the explanatory memorandum to Government Resolution No. 328/2014³⁰, the MoRD indicated that savings of CZK 5.1 billion are expected in 2015. This amount comprises two values: savings off the price of purchased commodities in the amount of CZK 3.1 billion and savings off transaction costs associated with public procurement in the amount of CZK 2 billion. The MoRD did not set up a methodology for calculating actual savings, nor did it stipulate the scope of information that the various contracting authorities have to provide the ministry with to ensure the savings achieved through NET. This fact makes it impossible for the MoRD to quantify and assess the attainment of planned revenues from the use of NET and, thus, the fulfilment of NET objectives. As NET is only beginning to be used, the MoRD could in reality not have achieved the planned savings.

The assumption of autonomous demand for NET, which should have ensued from the obligation to use it, was tied to the planned savings. Therefore, in its Resolution No. 628/2014, the Government tasked the Minister of Regional Development with submitting a

³⁰ Resolution of the Government of the Czech Republic No. 628 of 30 June 2014 *on use of the national electronic tool as part of national e-procurement infrastructure.*

structured proposal for the mandatory use of NET by 31 October 2014. The Minister for Regional Development, however, repeatedly asked for the respective deadline to be extended. By the time the audit ended, the MoRD continued to allow NET to be used on a voluntary basis; there is thus the risk that its use will continue to be low. This may result in the low effectiveness of the funds expended on the development and operation of NET and, as result of this, even of the outputs of the NIEPP project, in the framework of which NET was financed. The E-procurement Strategy for 2016-2020, which was approved by the Government on 18 January 2016, does not expect that the obligation to use NET will be imposed on central public administration authorities (CPAA) until 1 July 2017 and then on all contracting authorities under the Public Procurement Act until 31 December 2018. Contracting Authorities, however, will be able to request an exemption from the obligation to use NET.

Re VI. Corrective measures

Of the original five e-markets, only two of them were used for public procurement. The MoRD pays their operators a performance fee, i.e., for each contract awarded.³¹ The MoRD anticipated that the cost of using e-markets would amount to CZK 300 million for five years of their operation. As the MoRD paid “only” CZK 90 million over the last three years, their use is less than the MoRD anticipated despite the noticeable growth in the number of contracts executed through e-markets. One of the factors related to this state is the failure to implement the planned obligation on all public contracting authorities to use them.

The follow-up audit of this part of the project found that the number of recorded contracts compared to the first year of functioning of the e-market grew from 44 218 (from 1 July 2012 to 30 June 2013) to 160 792 (from 1 July 2012 to 30 June 2015). Of this number, 83% of the contracts were registered on only one of the five e-markets. Furthermore, on one of the e-markets, not a single contract was registered over a three-year period and another two e-markets suspended operations. At this time, only two e-markets are use for public procurement. Through an audit of the contracts awarded on the e-markets, the SAO found that approx. 33% were awarded directly, i.e., without a tender, and the number of contracts awarded based on an exemption to e-market rules³² grew from less than 1% to 6.45%. Furthermore, the limit for the tender procedure stipulated by the rules and the limit for below threshold contracts were exceeded.

The SAO further examined the effectiveness of the corrective measures. Based on the results of SAO Audit No. 13/27, the MoRD proposed only five corrective measures. The MoRD thus did not respond to the majority of the SAO findings. The implementation of measures to introduce a control and penalty mechanism for the area of observance of the rules for e-markets was deferred by the MoRD to April 2016 and the other four measures were found to be ineffective. The MoRD has still not assessed the performance indicators, i.e., adherence to accessibility and management of incidents on the e-markets, with respect to

³¹ An agreement was concluded between the contracting authority and the contractor.

³² This concerns contracts registered in the e-markets, not those tendered according to e-market rules. These are contracts awarded based on the application of the exemption under Section 18(1) to (4) of the Public Procurement Act. The possibility to use NPWPP in accordance with Section 34 of the Public Procurement Act applies to small-scale public contracts.

all functioning e-markets, as a result of which it did not fulfil the obligations arising under the Czech Property Act. The SAO also discovered that the MoRD did not observe the obligation to purchase mandatory commodities via the e-markets, and in 26 cases it discovered duplicate registrations of users on one e-market again, although in its standpoint to the audit conclusion from Audit No. 13/24 the MoRD stated that measures had been adopted to prevent such duplication. E-market contract data again contained incomplete or inaccurate values (e.g., a contractual price of CZK 0, an anticipated value of CZK 0, a VAT rate ranging from -100% to 1 959 800%), even after the requirements for technical specifications of e-markets were updated to prevent data from being entered that does not correspond to logical checks and set links between data.³³

Re VII. Transparency of public procurement information

According to the Public Procurement Act, the PP Bulletin is part of PPIS; technologically, however, it is implemented as a separate module with its own database and run by a different operator. The operator of the PP Bulletin has the obligation to pass published information into the PPIS database for its further use. Data that is recorded in the PPIS is provided by the MoRD as part of open data. The MoRD also modifies such data for statistical purposes. The MoRD does not have available the public procurement dataset corresponding to the data entered by the contracting authorities by publication in the PP Bulletin in its original form. The same data should thus be stored in duplicate in two information systems.

As mentioned above, the MoRD does not have the original public procurement dataset corresponding to the data in the PP Bulletin. For this reason, the SAO obtained data from 1 January 2012 to 30 September 2015 from PPIS only. This data is available in the *National Open Data Catalogue*.³⁴ By comparing the PPIS dataset and the information published on the website of the PP Bulletin, the SAO discovered that differences in the data exist and that such differences were caused when replaying such data. The discovered differences between the data in the PPIS and data in the PP Bulletin included erroneous values in the total final PP value (in a number of public contracts, there was a shift of two decimal places), but also different CPV codes, different currency etc. The MoRD has remedied some of the irregularities already during the audit. Some forms were recorded in PPIS again, which resulted in a change in the PPIS dataset. The MoRD did not inform open data users about this change, nor did it create updated statistics for 2014, and, e.g., in the E-procurement Strategy for 2016-2020, it used an analysis of data from the *2014 Annual Report on the State of Public Procurement in the Czech Republic*, despite being aware that this data is distorted due to the erroneous uploading of forms to the PPIS.

The discovered state increases the risk that information that contracting authorities publish in the PP Bulletin does not correspond in all cases to information in the PPIS based on which the MoRD generates PP statistics. Under the Public Procurement Act, the MoRD is responsible for the management of PPIS, and this responsibility includes the PP Bulletin and

³³ Binding minimum requirements for the technical specification of e-markets - Addendum No. 5 Technical Specifications.

³⁴ The public procurement dataset for all PPIS forms for the period from 1 January 2012 to 30 September 2015 is available in the National Catalogue of Open Data at <http://data.nku.cz/download/vystupy-z-kontrol/ka-15-10/dataset-udaju-o-verejnych-zakazkach.xlsx>.

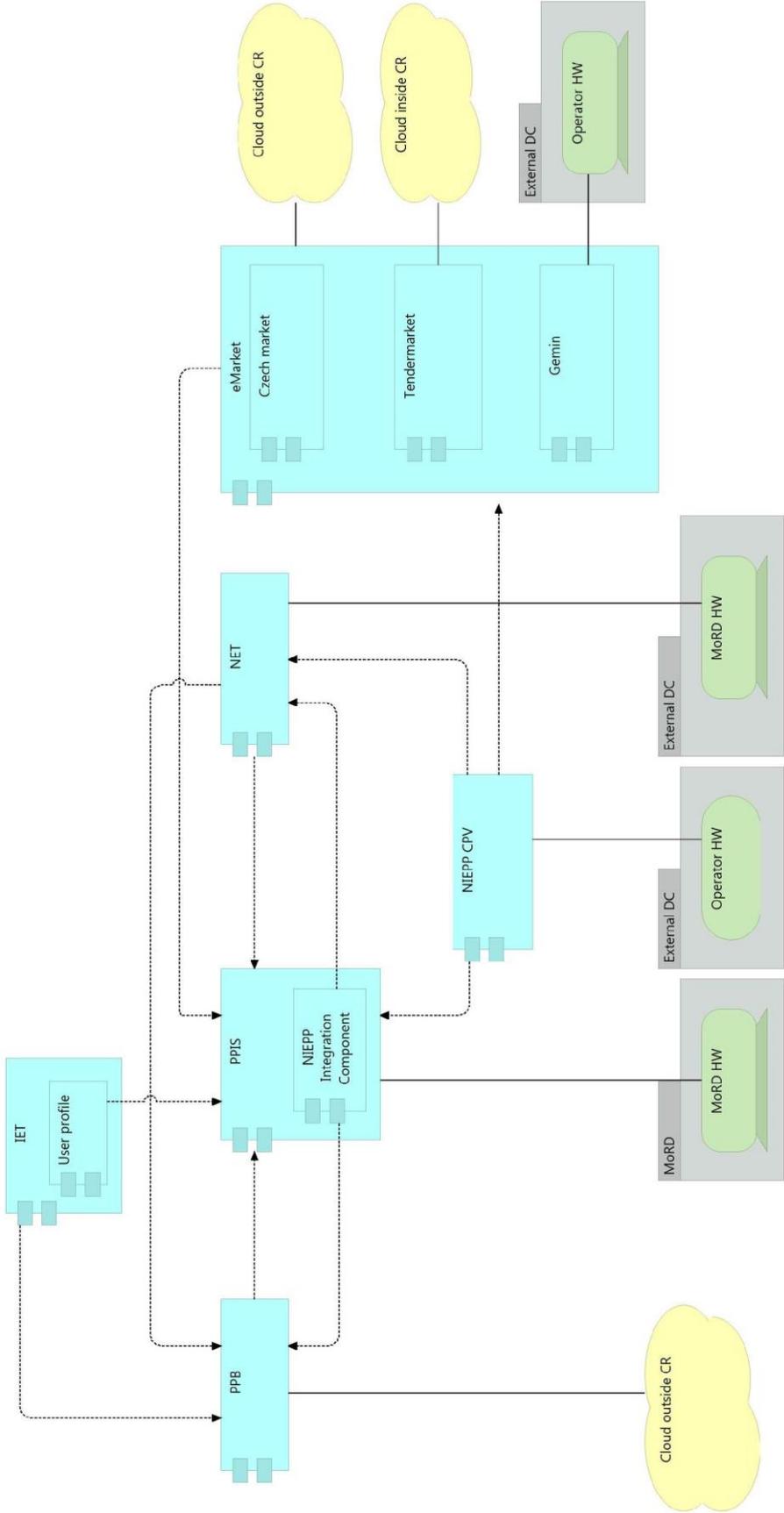
statistical outputs. Although the data about public contracts in PPIS is publicly available and used not only by the MoRD to process public procurement statistics, the MoRD did not ensure their reliability, and PPIS users have no information from the MoRD about changes to this publicly disclosed data.

Furthermore, the MoRD did not take specific steps to prevent contracting authorities from filling out forms incorrectly. The PP Bulletin has no automatic tools to check that the forms are being filled in correctly or to check the relationship between the various items in a form or between the forms themselves, even on the level of a warning to users before sending the form.

To eliminate irregularities in user and contracting authority registration data, the MoRD created NIEPP IC, the purpose of which is to make it possible to check such registration data entered into the PP Bulletin against data in the basic registers. NIEPP IC also allows registration data to be uploaded from the basic registers, instead of relying on users to enter such data. The MoRD did not, however, impose the obligation to use it. Therefore, the registration data entered by users into the PP Bulletin may not be verified, which may result in the entered data being erroneous. The SAO discovered discrepancies in the fields “official name of the contracting authority”, “municipality” and “Postal Code”; for example, in the case of CPAA, three various names were entered for the contracting authority in question. The NIEPP IC thus cannot truly fulfil its purpose.

The MoRD did not create a dataset of the public contracts established on the e-markets in the stipulated period based on information about the establishment of public contracts, the commencement of a procurement procedure or some other parameter, for the reason that, e.g., the date of commencement of the procurement procedure for all commenced public contracts is not recorded, even though information about the commencement of a public contact is stated. Furthermore, the MoRD did not register in the dataset only one column with the date when the procurement procedure commenced, when the contract was awarded or when the contact was cancelled. There is the risk that MoRD is not using the actual number of established/awarded/cancelled public contacts in the given period for statistical purposes, and the MoRD’s procedure for compiling statistics about public contracts awarded on the e-markets does not guarantee the reliability of the data in the annual report.

Annex 1 - NIEPP Architecture (individual information systems)



List of abbreviations

CPV	Common Procurement Vocabulary
CR	Czech Republic
eKLEP	electronic library for the interdepartmental exchange of legislative and certain non-legislative documents
E-invoicing	electronic invoicing
E-market	electronic public administration market
EU	European Union
ECA	European Court of Auditors
HW	hardware
ICT	information and communication technology
IET	individual electronic tool
NIEPP IC	NIEPP integration component
IOP	<i>Integrated Operational Programme</i>
IS	information system
BRIF	basic register information system
PPIS	<i>Public Procurement Information System</i>
PPIS DS	PPIS disclosure subsystem
NPWPP	negotiated procedure without prior publication
MoRD	Ministry of Regional Development
NET	<i>National Electronic Tool</i> module
NIEPP	National E-procurement Infrastructure
SAO	Supreme Audit Office
NIEPP IC project	<i>Creation of Integrated Components for Connecting NIEPP Information System to BRIS</i> project
NIEPP project	<i>National E-procurement Infrastructure</i> project
E-procurement Strategy	<i>E-procurement Strategy for 2011 - 2015</i>
E-procurement Strategy 2016-2020	<i>E-procurement Strategy for 2016 - 2020, Efficiency Assessment and Proposal for the Next Steps for Using Public Administration E-Markets and Proposal for Using NET</i>
SW	Software
TS	technical specifications
CPAA	central public administration authority
PP Bulletin	<i>Public Procurement Bulletin</i>
PC	public contract
SSPC	small-scale public contract