

Audit of tenders awarded during the COVID-19 pandemic: COVID-19 laboratory tests Procurement of protective masks Construction of a new ward (ICU) in Nicosia General Hospital

Compliance audit

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[FULL REPORT \(EL\)](#)



[SUMMARY \(EN\)](#)



What we assessed and why

PCR tests

By the time of the audit, the Ministry of Health's (MoH) Purchasing and Procurement Directorate (PPD) had conducted 16 negotiated tender procedures for the procurement of COVID-19 molecular tests, owing to the urgency of the situation.

By the end of the audit, a total of 96 287 laboratory tests, with a total value of €7 506 933, had been contracted under the above procedures with 12 laboratories. By 15 September 2020, 140 012 laboratory tests had been carried out and the total value had increased to €8 871 537.

Masks

The PPD obtained nine million disposable protective masks at a total cost of €4 680 000, plus VAT.

New ICU

The State Health Services Organisation (SHSO) issued a call for tenders for the construction of a new ICU in Nicosia General Hospital.

What we found

PCR tests

We found that the PPD largely implemented the procedures applicable in such exceptional circumstances in accordance with the relevant public procurement legislation.

However, in two cases a contract was awarded directly to a company in which a former Minister had a personal interest. The Minister issued his own instructions and defined almost all aspects of the procedure, for which his approval was subsequently sought and granted.

The main issue is that of the formation of the prices of the tests in question, and the approximately 55 % fall in price in just two months (April to June 2020), i.e. from €110 per test to €50 per test. This was followed by a further reduction, and by the time our report was published the price had stabilised at around €40 to €43 per test, due to competition. This decrease was observed in the

prices of a private laboratory that had carried out 69 % of all tests, most of which were charged at a price higher than the eventual price range.

Masks

We found that the PPD's procurement of nine million disposable protective masks at a total cost of €4 680 000, plus VAT, did not comply fully with either public procurement procedures or the principles of transparency and equal treatment of all economic operators.

These issues impeded competition. The procurement procedures did not call for an objective cost estimate based on the conditions prevailing at the time, hence there was no way of judging the reasonableness of the prices.

New ICU

The SHSO hired an architect to draw up the study and supervise the works, without conducting a tender procedure. It also hired a contractor to construct the project after seeking tenders from just three contracting companies. This did not guarantee even a basic level of competition.

The public procurement legislation was not complied with in either case, and the SHSO's Board of Directors, the body legally responsible, was bypassed completely. The general principles of administrative law were also breached.

An essential condition of the tender, imposing an extremely high penalty in the event that the project was delayed, was removed after the tenders had been submitted and before the contract was signed. The price obtained seems excessively high and cannot be justified simply by the extraordinary pandemic situation.

What we concluded

PCR tests

Neither the urgency of the matter nor the extraordinary situation negates the authorities' obligation to follow due process and respect the principles of transparency and equal treatment of all economic operators. Both public procurement law and its principles should be applied, even in extraordinary circumstances, to ensure equal treatment of economic operators, and transparency.

Masks

Public procurement rules should be faithfully applied in all cases, even during pandemics, to ensure equal treatment of economic operators and transparency in the public interest.

New ICU

The SHSO did not consider all possible options for constructing a new ICU, or all possible alternative means of implementing the project, such as an open call for design-and-build tenders based on the Public Works Department's specifications.

The architect and contractor were selected in the absence of any legal procedure, in violation of the principles of good administration, and with no guarantee as to the cost or quality of the services provided.