

## **PROBLEM AREAS IN THE MANAGEMENT OF PUBLIC CONTRACTS AND IMPLEMENTATION OF MUNICIPAL PROJECTS**

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A major responsibility for the municipal authorities is to address problems of local nature by implementing policies for local region development. A key tool in achieving this is to attract EU funds made available to Bulgaria after its accession to the European Community. These are the Structural and Cohesion Funds, the European Agricultural Fund, allotted to help develop rural regions and the European Fisheries Fund<sup>1</sup>. During the present programming period, local municipalities are among the major beneficiaries of the Operational Program (OP) 'Regional Development', Operational Program 'Environment', Operational Program for 'Administrative Capacity' (OPAC) and last but not least, the Rural Development Program.<sup>2</sup>

One of the main problems in absorbing euro funds is the beneficiaries' administrative capacity which is directly related to the drawing up and submission of project ideas and pulling the expert capacity of the beneficiary, which have a strong bearing on the execution of the financed projects. More importantly, successful implementation of the project is in direct relationship with the quality of project ideas thereof it highly depends on the capacity of team members to manage the project and on the administrative capacity of the beneficiary. An important step towards successful project fulfilment and effective absorption of financial funds is carrying out due procedures to appoint a project contractor. Procurement of public contracts is looked upon as a key element in project implementation as the beneficiary bears upon himself great responsibility which increases the risk of making mistakes.

The purpose of the present article is to study problem areas in the management of public contracts and implementation of municipality projects which are financed by European funds and identify remedial procedures in order to overcome existing problems and deficiencies and enhance the capacity of the beneficiary's administration. This can be achieved by performing the following tasks:

- elicit the main stages in the public procurement cycle;
- conduct a systematic analysis on irregularities during public procurement;
- identify problem areas in procurement of public contracts and projects receiving EU funds.

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<sup>1</sup> For the purposes of this article, the Structural funds (the European fund for regional development and the European social fund), the Cohesion fund, the European Agricultural fund for rural development and the European Fisheries Fund, will be called 'European funds' or simply euro funds, whereas projects being fully or partially financed by these funds will be referred to as European projects or Euro projects.

<sup>2</sup> <http://eufunds.bg> – Information Portal of EU Structural Funds.

### Key stages in the public procurement cycle and management

Since January 1, 2007 Bulgaria has had access to all EU financial instruments as a full-fledged member state of the European Union. During the 2007 – 2013 programming period Bulgaria received a considerable financial resource. The total amount of financial help received for the quoted period is over €9 billion: €6,674 billion from the Structural and Cohesion funds, and €2,682 billion from the European Agricultural fund for rural development and the European Fisheries Fund<sup>3</sup>.

The government and local authorities respectively are in a position to use this huge financial resource to help develop the national and regional economies and catch up with the rest of EU member countries by absorbing the funds through EU-funded projects which aim to improve local infrastructure, create job opportunities, provide training and expertise and increase the country's competitiveness through new technologies and innovations.

According to specialized sources, the project cycle usually goes through six interrelated stages : the programming stage (setting targets and priorities for development), identification stage (discussing ideas for future projects), formulation stage (developing good ideas into project proposals), the stage of financing (considering calls for proposals by donor organizations and on approval, concluding grant contracts), implementation and monitoring (project implementation stage) and project appraisal (evaluation of project progress and results achieved)<sup>4</sup>.

Procurement of public contracts is seen as part of the fifth "Implementation and monitoring" stage of the project cycle. Under the signed contract, the beneficiary is obliged to act towards project fulfilment by adhering strictly to all activities outlined in the project proposal within the set timeframe and budget.

Applicable sector legislation<sup>5</sup> lays down all obligatory rules, principles and procedures involved in public procurement. In this line, the management cycle of public procurement and the project cycle accordingly, can be seen as activities in a logical sequence starting by planning of orders, initiation of procedures to appoint a subcontractor until the final stage of contract fulfilment with dates of deliveries, services or construction (see fig.1) .

<sup>3</sup> National Strategic Referential Framework 2007-2013, p. 110, <http://www.eufunds.bg/bg/page/66>

<sup>4</sup> Penchev R. Project management, New Bulgarian University, Sofia, 2003, Project Cycle Management. Training Handbook, ITAD, 1999, ISFOL, Benni, V., Puel, M., Project Cycle Management, Intervento a "Percorso formativo sul Project Cycle Management.", 2006. Isfol OA: <<http://isfoloa.isfol.it/handle/123456789/59>>

<sup>5</sup> The current law was put into force on October 1, 2004 and subsequently revised in the State Gazette (SG), issue 82, dated 26 October 2012, to ensure correspondence with existing European Directives. It was followed by a number of bylaws laying down the legislative framework in the area of public contracts. The complete set of regulations which comprise current legislation (national and European) in the area of public contracts was published on the site of PPA. [www.aop.bg](http://www.aop.bg).



**Fig. 1. Public Procurement Management Cycle**

**The first stage** of the management cycle of public procurement is not regulated by the current legislation thereby its content becomes subject to the internal rules of contractors or beneficiaries. Planning of public procurement involves coordinated efforts on the part of the beneficiary's administration and project team members. Traditionally, public procurement planning comprises the following steps:

- ✓ identification of objective needs by the Contractor;
- ✓ prioritizing said needs;
- ✓ defining procedures to be applied;
- ✓ setting and approval of an annual timeframe for public procurement;
- ✓ setting a timescale at the onset of each procedure.

Despite the fact that this stage in the public procurement management cycle is not binding or compulsory, it should nonetheless be placed in the focus of the beneficiary's administrative staff and their efforts as it is considered a reliable tool in the distribution and management of the limited financial resource available to public authorities. Moreover, if annual planning is not carried out properly, certain irregularities may occur such as for example, the splitting of public contracts, which is in violation of the Public Procurement Act (PPA).

The main procedures for awarding public contracts in accordance with PPA<sup>6</sup> in Bulgaria are as follows: open procedure, restricted procedure, negotiated procedure, competitive dialogue procedure and tender. Depending on the type of procedure, the preparation and call for tenders to award public contracts is recognized as the **second stage in the management cycle** which can be broken down into the following sub-stages:

- ✓ preparing the tender documentation and giving notice of the procurement (decision of contracting authority to approve the Notice (Call) for procurement and documentation for the procedure in accordance with PPL);
- ✓ decision and notice (call) are sent for publication in the State Gazette and subsequent entry in the registry of PPA for public contracts is made ;
- ✓ receipt of offers submitted by tenderers to be considered by an appointed commission;
- ✓ on request by a candidate, discussions about submitted tender documentation must be held, within a minimum set time period;
- ✓ appointment of a Committee to conduct procedure for the award of order (procurement of public contracts);
- ✓ preparation of a list of candidates and received bids;
- ✓ consideration and evaluation of submitted bids (offers) by the Commission and shortlisting candidates;

<sup>6</sup> Public Procurement Act, in force since 30.10.2012.

- ✓ appointment of a contracting authority designated as Contractor to be awarded the public contract, based on the Committee's formal decision;
- ✓ notifying unsuccessful bidders of the contract award decision.

In view of the above sub-stages, certain discrepancies may occur, arising from the type of selected procedure, namely in terms of timescale and provisions made for documentation, responsibilities and functions of the commissions.

**The third stage** in the management cycle of public contracts ends by concluding a public contract or by a decision to terminate the procedure. Termination of the procedure is possible only before the actual signing of contract whereby the contractor is obliged to reimburse the tender fee or guarantee. As a rule, the contract is awarded to the successful bidder appointed by the Committee. Contracting authorities must allow at least 14 days between the date of dispatch of the notice of award and the date on which it proposes to enter into the contract. This stage can be subdivided into the following:

- ✓ unsuccessful bidders have the right to appeal the decision of contracting authority before the Prosecutor's Office and Anti-competitive Practices Committee;
- ✓ the successful bidder is obliged to prepare a set of documents and present them to the contracting authority before signing of contract;
- ✓ signing of contract for execution;
- ✓ notifying the Public Procurement Agency on the contract awarded.

The process of public contracts will not end on signing contracts with subcontractors for construction, delivery or services. **The fourth stage** is paramount in the procurement of public contracts as it starts with contract performance and ends in paying off for delivered goods, services done or construction works, if any. The last stage relates to the actual execution of signed contract and can be subdivided into the following stages:

- ✓ coordination of activities during contract execution;
- ✓ acceptance or rejection of contract performance;
- ✓ payments to the party responsible for the contract execution;
- ✓ sending information to the Public Procurement Agency on completion of contract;
- ✓ other relationships with contractor party (for example maintenance under the guarantee period);
- ✓ remission of fee against contract failure.

Alongside execution of signed contracts, the contracting authorities have the duty to conduct internal inspection on the delivery of goods, services procured or construction works. Object of inspection can be the physical contract performance, from a qualitative and quantitative point of view, timescale of contract, financial parameters, etc. Internal inspection of contract performance is seen as one of the key elements in the management cycle of public procurement. In addition, internal inspection ensures contract fulfilment and adequate spending of public funds in accordance with statutory requirements and adherence to the principles of good financial management.

One of the main objectives in contract regulation and management (of goods and services procured or construction done) is effective spending of public funds. It is important to note that quality contract execution largely depends on what had preceded contract signature. Good planning of orders and procedures is among the main factors which determine efficient contract fulfilment.

In summary of the above, we can conclude that given the cyclic character of public procurement, strict observation of regulations and procedures is paramount for the execution of each of the stages outlined in public procurement and management. Failure to comply with rules and procedures may affect fulfilment of projects financed by European funds and hinder successful contract performance.

### **Common violations in the procurement of public contracts**

EU funded projects and projects that are fully or partially based on grant financial aid are subject to monitoring and control (ongoing or subsequent) performed by the respective authorities: managing authority<sup>7</sup>, certifying authority<sup>8</sup>, auditing authority<sup>9</sup>, European Commission authorities, etc. Basically, these inspections aim to check project execution and whether progress is going according to schedule for project activities; they also aim to check archiving and document flowcharts, including technical and financial progress; further on, inspections aim to establish compliance with the requirements for transparency of information and accountability and verify the systems for financial management and control. Public procurement procedures also fall within the scope of said inspections.

Under EU funded projects, the beneficiaries sign contracts with subcontractors, natural or legal entities to secure proper execution of project related activities. The appointment of a contractor is done in accordance with existing national legislature. Municipalities can act as contracting authorities under the provision of Article 7 and Article 14, par. 4 and 5 of PPA<sup>10</sup> which state that the choice of contractors should be done in conformity to PPL and relevant bylaws or secondary legislation.

The Public Financial Inspection Agency (PFIA) is one of the inspection authorities which exercises a subsequent control over the procurement of public contracts<sup>11</sup>.

<sup>7</sup> Managing Authority – national, regional or local public body, responsible for the efficiency and legality of running and implementation of a given operational programme. Each operational programme (OP) has its managing authority appointed.

<sup>8</sup> Certifying authority – responsible for the certification (verification) of the declarations for expenses, received by the Managing Authority and preparation and submission of payment orders to the EU Commission. The certifying authority in Bulgaria, accountable for EU Structural and Cohesion Funds is the 'National Fund' Directorate with the Ministry of Finance.

<sup>9</sup> Auditing authority. Performs audit in accordance with internationally accepted auditing standards and provides an independent and unbiased evaluation on the effectiveness of systems for financial management and control and accuracy of statements of expenses submitted to EU Commission. The Auditing authority in Bulgaria which is accountable for the EU Structural and Cohesion Funds is the Executive Agency 'Audit of EU Funds' under the Finance Minister.

<sup>10</sup> Public Procurement Law, Promulgated in SG, No. 28 as of 06.04.2004, effective as of October 1st, 2004, subsequently revised and amended.

<sup>11</sup> Public Financial Inspection Agency (PFIA) is an administration under the Ministry of Finance, created in 2006 following a reform in the area of State Internal Financial Control. The main objective of PFIA is to protect public financial interests by conducting ex-post financial inspections on the observance of statutory acts, regulating the budget, economic or accounting activities of organizations and entities under Article 4. It shall exercise ex-post control for legitimacy over the assignment and implementation of public procurement. It shall analyze the reasons and conditions for the violations of financial discipline affecting the financial interests of EU countries. [www.adfi.minfin.bg](http://www.adfi.minfin.bg)

Over the period January 2009 – December 2011<sup>12</sup> a total of 689 inspections have been conducted, detecting a series of violations, of which 280 under PHARE and SAPARD programs, 387 in spending funds of the Structural and Cohesion Funds (OP “Regional Development”, OP “HR Development”, OP “Transport”, OP “Environment”, OP “Administrative Capacity”) and 7 under the European Agricultural Fund for rural development (OP “Rural region development”).

**Table 1**

**Administrative irregularities identified by inspections carried out by PFIA (Public Financial Inspection Agency) over the period January 2009 - December 2011, on spending of European funds**

| Legislative Act                                                               | All inspected entities |                 | Municipalities       |                 |
|-------------------------------------------------------------------------------|------------------------|-----------------|----------------------|-----------------|
|                                                                               | Number of violations   | Relative share  | Number of violations | Relative share  |
| Public Procurement Law (PPL)                                                  | 232                    | 33,65 %         | 160                  | 27,92 %         |
| Ordinance for the award of small public procurement contracts) <sup>13</sup>  | 389                    | 56,46 %         | 369                  | 64,40 %         |
| Regulations on implementation of PPA                                          | 44                     | 6,39 %          | 36                   | 6,46 %          |
| Accounting Law                                                                | 7                      | 1,01 %          | 7                    | 1,22 %          |
| Ordinance of the Council of Ministers № 55 dated March 12, 2007 <sup>14</sup> | 17                     | 2,47 %          | -                    | -               |
| <b>Total</b>                                                                  | <b>689</b>             | <b>100,00 %</b> | <b>573</b>           | <b>100,00 %</b> |

**Source:** www.aop.bg

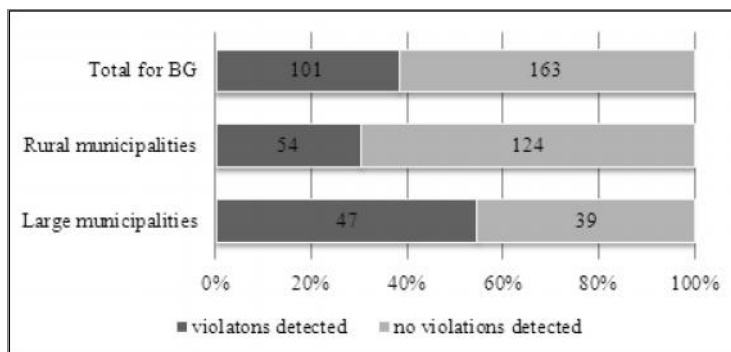
**Table 1** summarizes data on administrative irregularities in violation of Regulations and penalty acts that were established over the period January 2009 - December 2011.

<sup>12</sup> Under Article. 19, par. 2 item. 26 of PPA (new - SG, No 94 in 2008, entered into force on January 1, 2009) the executive director of the Public Procurement Agency keeps a file of persons or entities with a record of violations in spending EU funds and EU financed projects. The Regulations has been repealed with a subsequent amendment of the PPL, SG No. 93 from 2011, entering into force on 25.01.2012. Information on recorded cases of violations in public spending by PFIA has been published on the official site of PPA covering the period January 2009 - December 2011.

<sup>13</sup> Ordinance for the award of small public procurement contracts – promulgated in State Gazette., issue 84, dated 27.09.2004., effective as of the date of coming into force 01.10.2004, amended and supplemented, repealed under § 2 of Ordinance № 38 dated 23 February 2012 discussing amendment and supplement of statutory acts of the Council of Ministers - SG, No. 17 of 28 February 2011, effective as of 26.02.2012, except for the provisions of Article 34, par. 6, which was annulled on April 1, 2012.

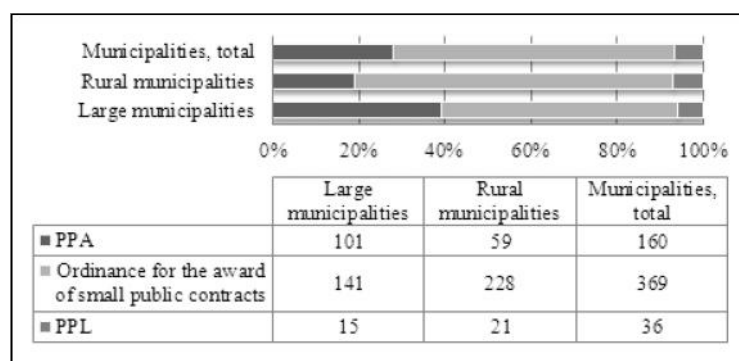
<sup>14</sup> Ordinance № 55 of the Council of Ministers, dated 2007, regulates the terms and conditions for the appointment of contractors by recipients of EU grant financial aid through EU Structural and Cohesion Funds, and the Joint Operational Program for trans-border cooperation ‘Cherno More’ 2007-2013 and the financial mechanism of the European economic area. Promulgated in SG, No. 24, 2007, being effective as of 20.03.2007, with subsequent amendment and supplement, repealed by Ordinance of the Council of Ministers No. 69 dated 11.03.2013.

Inspections carried out by PFIA cover a total of 125 beneficiaries, out of which only 16 are not municipalities. Official statistics show that 101 municipalities, accounting for 38, 26% of all municipalities, have allowed at least one project violation of EU funded projects (see Fig.2). With rural municipalities<sup>15</sup>, the share of beneficiaries having more than one violation is considerably lower (30, 34%) as compared to large municipalities (60, 26%).



**Fig. 2. Municipalities – beneficiaries of EU funded projects with established irregularities during PFIA inspections for the period January 2009 – December 2011**

It is worth highlighting the number and relative share of beneficiaries i.e. municipalities for which irregularities were found, as compared to the average rate of violations per beneficiary. Fig. 3 shows that a total of 308 violations have been detected for 54 beneficiaries – mainly rural municipalities, which gives an average of 6 violations per municipality. With large municipalities, the ratio is slightly over 5 violations per beneficiary.



**Fig. 3. Municipalities – beneficiaries of EU funded projects with established irregularities in spending EU funds during PFIA inspections for the period January 2009 – December 2011**

<sup>15</sup> Dividing municipalities into 'rural' and 'large' is done against criteria applied by OP 'Regional Development' 2007-2013. The group 'large municipalities' is comprising municipalities within the territorial domain of agglomerations (86 in total), and those outside the agglomeration area comprise the group of 'rural municipalities' (178 in total).

Data from PFIA conducted inspections on contracting authorities under public procurement gives us reasons to draw the following conclusions:

1. Public procurement has been perceived as an area where there is a high chance of irregularities and mistakes in the implementation of EU funded projects.

2. The share of irregularities in the area of public contracts won by municipalities can reach as high as 99 %.

3. Nearly s of the violations detected in public procurement, where the beneficiaries are rural municipalities, are violations of procedures regulated by the *Ordinance for the award of small public procurement contracts*.

4. With large municipalities, the share of violations of the Public Procurement Act tends to increase, although small public procurement contracts can also be in the focus of concern.

5. Taking into account both large and rural municipalities with at least one irregularity in the implementation of European projects, we arrive at an average of 6 violations of PPA, which means that their capacity for awarding public orders is almost the same.

On closer inspection of the above findings, it becomes possible to outline the most common irregularities or violations in the area of public procurement.

**a) Violations of procedures awarded under PPA are as follows:**

- Under the provisions of Art. 25, par. 2, 5 and 7 (26 violations have been detected) – announced public procurement has failed to contain minimum required information; included are terms and conditions favouring one of the tenderers and/or restricting unreasonably the number of tenderers; the evaluation of tenders is not done exactly as per notified criteria;
- Art. 42, par. 1, item 2 and 3 (26 violations detected) – on signing the public contract, the chosen contracting authority has failed to submit documents presenting evidence for fulfilment of stipulated conditions under Art. 47 of PPA or a guarantee for contract performance;
- Art. 43, par. 1 (21 violations detected) – contract signed with contractor has been modified in breach of statutory requirements;
- Art. 44, par. 1 (33 violations detected) – the contractor failed to send information on contract to the Public Procurement Agency within the required term;
- Art. 69, par. 1, item 1 & 3 (69 violations detected) – the Committee has accepted tenders which do not conform to requirements and/or the credentials of bidders are not matched or verified with the notified criteria.

**6) Violations of procedures under the Ordinance for the award of small public procurement contracts are as follows:**

- Art. 21, par. 1 (82 irregularities) – the Committee has accepted offers which do not conform to statutory requirements or to criteria for tender submission and documentation;
- Art. 28 (33 irregularities) – the performance guarantee clause is not stipulated by the contractor or is outside validity period;
- Art. 32 (46 irregularities) – on signing the public contract, the appointed contracting authority has failed to submit documents presenting evidence on fulfilment of stipulated conditions under Art. 47 of PPA or a guarantee for contract performance;

- Art. 34, par. 1 (31 irregularities) - the contractor has failed to send information to the Public Procurement Agency on contract awarded or fulfilled within validity period;
- Art. 38, par. 3 & 10 (33 irregularities) – the signatures of at least three Committee members on the “Bid offers” envelopes are missing and so are the proposals to be evaluated by the Committee (or other competent authority) according to the published criteria; the envelope with the bidder price was not opened upon evaluation of all offers against stipulated criteria and attested by the signatures of Commission members on the written statement.

Based on the data submitted by the Public Procurement Agency and the cycles in the public procurement management, the following irregularities in the awarding of public contracts and selection of contractors can be identified:

1. Irregularities associated with the preparation and opening of bidding documents in the public procurement, resulting from inappropriate procedures, failure to submit accurate tender information, unduly restrictive or relaxed criteria, etc.

2. Irregularities in carrying out of procedures in public procurement such as failure to meet validity periods and rules; the Commission has accepted a bid in breach of contractor's requirements, etc.

3. Irregularities with contract execution such as delay or failure to send information to the PPA on awarded public contract; signing of contract without obtaining performance guarantee, etc.

4. Other irregularities in public procurement contracts such as inclusion of annexes which are in violation of PPL; failure to conform to contract terms and conditions; delays in sending information to PPA; restricting performance guarantees, etc.

Any violation of the national and/or community legislation in the area of public procurement which tends to incur financial losses should be treated as irregularity<sup>16</sup>, subject to financial penalties<sup>17</sup>. The extent of said penalties<sup>18</sup>, depending on the degree of violation or financial damage can vary within a range of 2% to 100% of the value of contract signed with the contracting party. It should be noted that apart from violations

<sup>16</sup> Under Art.1, paragraph 2 of Council Regulation № 2988/95, ‘irregularity’ is defined as “any infringement of provision of community law resulting from an act or omission by an economic operator, which has or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources, collected directly on behalf of the Communities, or by an unjustified item of expenditure.” In the Convention on protection of European Communities financial interests ‘fraud’ is defined as - generally any intentional act or omission of such, incurring financial losses to the Community. The terms ‘irregularity’ and ‘fraud’ differ only by the degree of intentional act.

<sup>17</sup> Financial correction – The purpose of ‘financial corrections’ is to restore a situation where 100% of the expenditure declared for co-financing from the Structural Funds or EU funds is in line with the applicable national and EU rules and regulations. The amount of financial correction will be assessed where possible on the basis of the amount wrongly charged to the Funds in the cases concerned, including EU funds. Irrespective of the nature of irregularity – intentional or unintentional, the expenditure in question shall be deducted from community funding.

<sup>18</sup> Financial correction involves the application of two methods – differential and proportional. The second finds a wider scope as it allows for the calculation of the amount to be corrected on the basis of extrapolation or at flat rates.

explicitly stated in the Methodology, financial penalties may ensue from any violation of PPL, as a result of non-compliance with the basic principles of awarding public procurement. For instance, the most severe financial penalty is imposed in the case of public procurement procedure, where the contract was awarded without complying with the advertising requirements, which is a flagrant disregard of the principles for *openness* and *transparency*. In the case of infringement of the other two principles of public procurement – *free and fair competition* and *lack of discrimination*, where the amount of financial correction can be 25, 10, 5 or 2% of contract value.

In view of the above, it is clear that spending of EU funds should not only be based on the three principles of financial management, i.e. effectiveness, efficiency and cost saving, but above all, it should be based on statutory regulations and comply with the rules and procedures for public procurement.

### Conclusion

Common irregularities associated with violations committed by beneficiaries of EU funded projects and appointment of contracting authorities give us grounds to draw the following conclusions:

1. Poor knowledge of rules and regulations associated with public procurement and inadequate management of the process of awarding public contracts.
2. Lack of required administrative capacity on the part of beneficiary and team members to exercise adequate project management in terms of procurement, awarding and execution of public contracts for construction, delivery and services.

Successful project fulfilment is at hand only when no financial corrections have been imposed which means that no faults or deficiencies have been detected to be classified as irregularities. Therefore, in order to reduce the amount of irregularities in the area of public procurement and ensure that similar concerns will be addressed effectively, we shall offer the following recommendations to all parties involved in the process of project management:

1. First, it is important to enhance the administrative capacity for project management by providing specialized training to persons managing public funds and administrative staff involved in public procurement.
2. Improve professional competences and knowledge of municipalities and their administrative staff in the area of public procurement to guarantee procedures that are in compliance with the rules and regulations of PPA, towards effective absorption and spending of EU funds.
3. More active utilization of resources to enhance the capacity of potential beneficiaries – municipalities within the framework of OP ‘Administrative Capacity’ and the ‘Technical Assistance’ axis, providing support for different operational programs.
4. Drawing up guidelines for selection of commission members who are to examine, assess and shortlist tender offers, so that only competent and qualified individuals in the area of public procurement sit on these commissions.
5. Development of general guidelines for the beneficiaries which aim to improve own systems for internal control and prevent possible irregularities in the area of public procurement.

6. Development of a mechanism for the adoption and promulgation of good practices with regard to tender documentation – technical specifications, selection criteria, assessment indices, etc.

The outlined deficiencies in the beneficiaries administrations – central, regional and local administrations and project management teams in the implementation of public procurement tend to affect in a negative way the effective absorption of EU funds and lower the quality in the provision of public services and spending of public funds. Arguably, a very important factor in achieving effective management of projects is the recruitment of experts and competent and experienced staff. In order to strengthen the successful completion of EU financed projects and degree of absorption of EU funds, it is vital to create conditions to maintain and develop the beneficiaries' administrative capacity.

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##### **Abstract**

In the article there are studied some principal issues of the management of public procurement by municipalities with respect to the realization of projects financed from European Funds, and on that basis there are pointed out possibilities for their overcoming with a view to assisting the administration of the beneficiaries in order to raise its capacity. There are clarified the main phases of the cycle of procurement, there are systematized the main violations in awarding procurement contracts and are outlined some possibilities for overcoming the existing problems in public procurement for projects financed from EU Funds.

**Keywords:** *cycle of the management of public procurement, violations in awarding procurement contracts, administrative capacity.*