

Conclusions and recommendations of the National Audit Office

Implementation of joint procurements

The value of products and services purchased under the framework agreements of Hansel Oy (Hansel) amounted to more than EUR 900 million in 2019. The volumes of joint procurements have increased significantly during the past 15 years, and the use of framework agreements is nowadays a well-established practice in central government. Government agencies have largely complied with the joint procurement obligation in their procurements. Framework arrangements are also utilized to a great extent in the procurement of products and services that are not subject to the joint procurement obligation. However, based on the audit, the obligation has still an impact. The rapidly changing operating environment and technological development cause constant changes to the needs of procurement units and pressures to specify or redefine the content of the joint procurement obligation.

Whether central government procurement units can utilize joint procurements also depends on the way the procurements are implemented. Hansel has amended the terms and conditions of participation in framework agreements because of the changed decision-making practice of the Supreme Administrative Court. Based on the audit, the amendment of the terms and conditions of participation has weakened the opportunities of central government procurement units to utilize framework agreements.

The conditions of steering procurement have improved

As the use of framework agreements has increased in central government procurement units, the focus of steering centralized procurement and the joint procurement obligation has changed in the Ministry of Finance. Recently, steering measures have aimed at promoting systematic planning and cost-effectiveness of procurements and at ensuring that procurement units can manage procurements. The audit found that the conditions for this had improved along with the knowledge base of steering.

As a result of an ownership change and transaction conducted in the autumn of 2019, Hansel is now in the joint ownership of the state and the Association of Finnish Municipalities. In future, this may affect the steering opportunities and operating procedures of the Ministry of Finance as Hansel's ownership steering unit. This may also have an impact on the implementation of the joint procurement obligation. At present, the joint procurement obligation does not apply to a major part of joint procurements by Hansel, as the procurements of municipalities are not subject to the obligation.

Compliance with the joint procurement obligation is good, but non-compliance has been inadequately documented

Government agencies and institutions have complied with the joint procurement obligation well. The audit found only individual cases of non-compliance with the joint procurement obligation. However, the audit found deficiencies in the documentation of non-compliance.

The procurements that are subject to the joint procurement obligation have been defined in rather general terms in the decision of the Ministry of Finance. The audit found that even the Ministry of Finance or Hansel do

not have an unambiguous picture of the products and services falling within the scope of the joint procurement obligation.

The group-level services of central government were found to have a key role in assessing compliance with the obligation particularly in the case of purchases of office supplies and IT equipment.

It is difficult to monitor purchases subject to the joint procurement obligation in the Handi system

The Handi system does not support the automation of financial administration in joint procurements. Government agencies' joint procurements are processed in the system in the same way as other purchases. Purchases subject to the joint procurement obligation are not registered separately in Handi, which makes it difficult for the procurement units to monitor them.

Through joint purchasing Hansel strives to promote the policy objectives related to sustainability

When planning framework agreements, Hansel has observed the goals for environmental, economic, and social responsibility. So far, Hansel has not conducted actual sustainability audits with its preferred suppliers.

Hansel's framework agreements meet its customers' needs best in the case of conventional high-volume procurements. With high-volume joint procurements, in particular, it is also possible to gain price benefits. However, joint purchases are rarely suitable for making innovative purchases, and it is therefore difficult to use them to promote policy objectives related to innovativeness.

Recommendations of the National Audit Office

On the basis of the audit, the National Audit Office recommends that

1. the Ministry of Finance should assess whether it should specify its decision on the products and services falling within the scope of the joint procurement obligation and their contents,
2. the procurement units should pay attention to the documentation of the special reason for non-compliance with the joint procurement obligation in procurement decisions,
3. the service centre Palkeet should develop the monitoring of joint procurements and the reporting on actual volumes in Handi,
4. Hansel should examine the opportunities to audit its suppliers.