



## PROCUREMENT OF GOODS, WORKS AND SERVICES IN THE MINISTRY OF DEFENCE OF THE SLOVAK REPUBLIC

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### ABSTRACT

Each weapons system used in the armed forces consists of many parts – groups, subgroups – items. To maintain operability of such a system requires storage of a necessary number of spare parts. As a result, the bases and other logistics units within the Slovak Armed Forces store thousands of items – plenty of which have the same technical and functional properties but different identification marking. The codification system seeks to eliminate the risk of duplication by the systematic and coordinated maintenance of all identification data on individual items. It creates a database of weapons, ammunition, equipment and spare parts that are used for national defense. Furthermore, it makes this extensive database available to all entities, involved in development, production, delivery and storage of military technologies

**Keywords:** Procurement, Ministry Of Defense, The Acquisition Agency.

### 1 PUBLIC PROCUREMENT BODIES AT THE MINISTRY OF DEFENCE OF THE SLOVAK REPUBLIC

Public procurement at the ministry is delegated to:

- a) *the Acquisition Agency*
- b) *offices and facilities supporting the Ministry, Military Police, bases, units, offices and facilities of the Armed Forces of the Slovak Republic.*

If the Ministry considers central procurement as ineffective in a particular calendar year and the total of expected value of contracts for a particular product, service or construction work does not exceed the financial limit in accordance to Section 9, Par. 9 of the Act, the head of the Department of Methodology on Public Procurement and EU Funds may allow procurement done by other public procurer, based on the proposal formulated by the submitter.

Other public procurers shall acquire the contract in accordance to Section 9, Par. 9 of the acts within the defined extent, whereby financial limits defined in Section 4 of the act apply to all sections of the ministry. Procurement of contracts done by other public procurers depends on the total of accepted values of contracts. If the total of these contracts exceeds the financial limit defined in Section 9, Par. 9 of the act, the contract shall be acquired by the Acquisition Agency.

#### Acquisition Agency:

- a) coordinates, manages and assesses the public procurement process,
- b) performs public procurement on the basis of the request for contract subject acquisition and approved plan of contracts acquisition,
- c) suggests procedures of public procurement pursuant to the act,
- d) ensures fulfillment of the obligation to notify the Public Procurement Office and the European Union,
- e) cooperates with the Department of Methodology on Public Procurement and EU Funds (hereinafter referred to as “department“) and submits each public procurement to this department for analysis before it is announced (concerning especially specification of public procurement procedures, a call for tenders, launching invitation to tender, tender documents).

### 2 THE OFFICE OF CENTRAL LOGISTICS AND ITS RESPONSIBILITIES

The Office of Central Logistics (OCL) is the Ministry’s organizational section that carries out activities and tasks related to logistic management of weapons and ammunition systems, land and air technologies, engineering and air services, military health services, general material, food supplies, fuels and lubricants as well as personal equipment and services. The OCL develops and updates concepts associated with development of routine and standard operation, maintenance and renovation of the state movable assets, supplies and services within the Ministry of Defense.

Furthermore, the OCL directs planning of material and financial resources and administers the Ministry’s budget as the second-level budget manager in the area of logistics, besides communication and information systems, infrastructure of the state movable assets and development projects.

The OCL manages supply of material resources necessary for the Ministry’s activities in a crisis situation in peace, when national

security is threatened or in a state of war. It manages preparation and placement of contracts for supply of goods and services in cooperation with the Ministry’s Acquisition Agency. Moreover, the OCL participates in development of the procurement plan and manages processing and submission of requests beyond the procurement plan. It also verifies the purposefulness, necessity and efficiency of submitted requests.

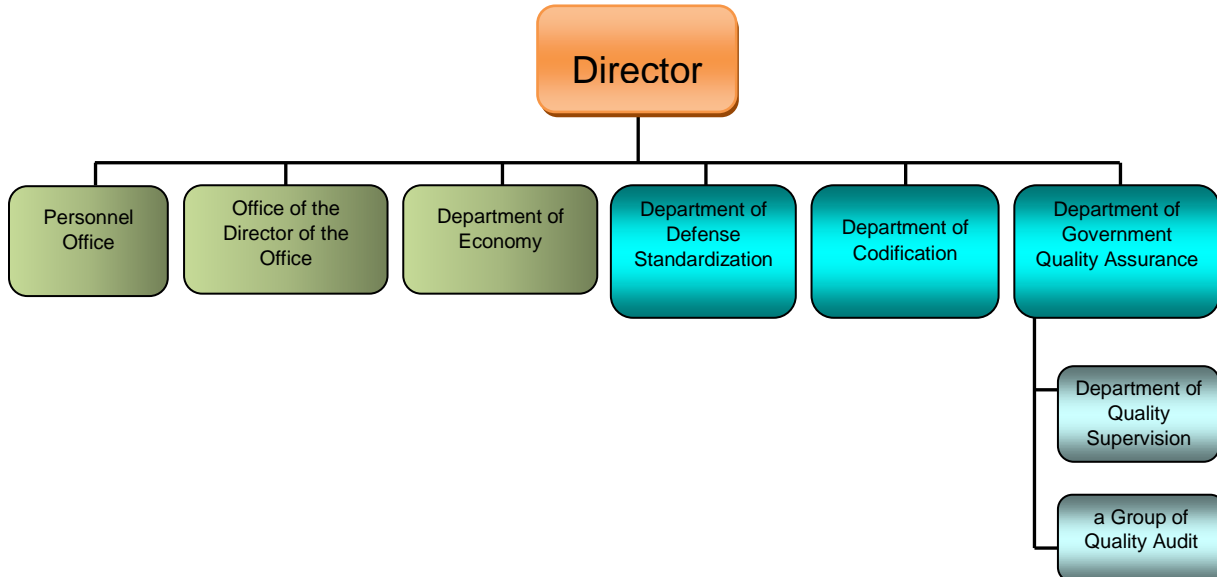
The OCL sets standards and limits for operation of technologies and material supplies in coordination with the Armed Forces of the Slovak Republic and it manages and evaluates the operation and repairs of equipment in its scope, except repairs done by military personnel within individual units. More over, the OCL specifies the principles for planning of armaments and equipment. It sets standards for the treatment techniques, corrective and annual operating standards as well as standards for fuels and lubricants of armaments and equipment. The Office evaluates the state of stocks of movable state assets in its jurisdiction.

It manages the collection and processing of proposals for unneeded state property and its transfer to the Agency of Property Management in its jurisdiction. It manages and controls the fulfillment of contractual relationships in the field of movable state assets and provision of services and adherence to specified procedures associated with taking the delivered goods and services within its scope of responsibilities.

### 3 OFFICE OF DEFENCE STANDARDIZATION, CODIFICATION AND GOVERNMENT QUALITY ASSURANCE

The Office is a state administrative body with nation-wide scope in Defense Standardization, Codification and Government Quality Assurance to the extent provided by law. The Office is a budget organization, whose income and expenditure are linked to the state budget through the budget of the Ministry of Defense of the Slovak Republic. The organizational structure consists of (Picture 5):

Pict. 5 The structure of the Office of Defense Standardization, Codification and Government Quality Assurance

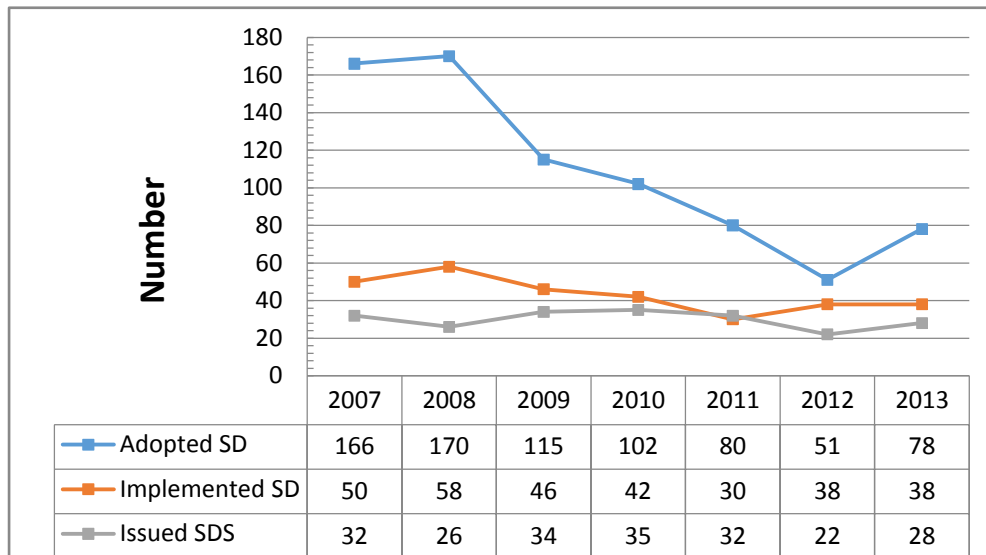


In the process of defense standardization, the Office provides the support of interoperability among the NATO members in operational, procedural, material, technical and administrative areas. The office cooperates with the ministries, the central government authorities, with public authorities and legal and physical entities. The office also cooperates with the NATO authorities and NATO member states.

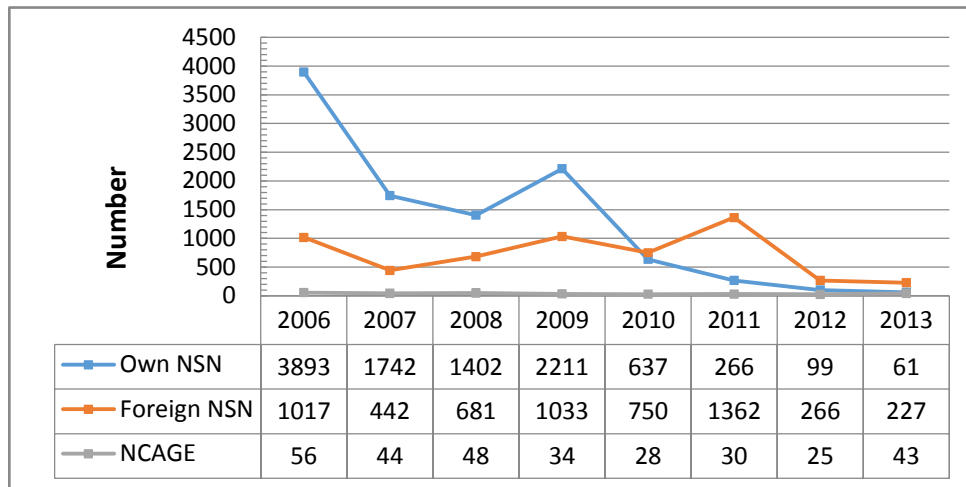
Active participation of the Director of the Department of Defense Standardization in the NATO Committee for Standardization and active participation of the department’s employees in the Committee’s five working groups enabled the Slovak Republic to participate in the development of new standardization structure, new standards or their supplements. Furthermore, this participation allowed the Slovak Republic the acquisition of the most current scientific information and their application at national environment. As a result, fulfillment of the objectives of the Armed Forces of the Slovak Republic and achievement of the required level of interoperability were accelerated.

The participation in the working group called Material Standardization and Harmonization Team of the European Defense Agency provides necessary information associated with harmonization of standardization between NATO and the EU in connection with Defense Industry.

In the codification process, the Office acts as the central authority of the state responsible for implementation and maintenance of the NATO Codification System.



Pict. 6 The overview of the number of adopted and implemented standardization documents (SD) and issued Slovak Defense Standards (SDS) for the years 2006 to 2013.



Pict. 7 The overview of the number of Slovakia's own and foreign NATO Stock Numbers (NSN) and allocated NATO Commercial and Governmental Entity Code (NCAGE) for the years 2006-2013.

The codification process includes extensive work tasks and it requires permanent and flexible coordination and close cooperation of the staff with all parties involved in the process of codification.

At the end of this process, a decision is to be taken on the international importance of approval/disapproval of item data and allocation/not allocation of NATO Stock Number (NSN) to the item (product) in favor of NATO.

For the creation of documents and discussion of professional issues within NATO and the European Defense Agency, the office delegates representatives of the Slovak Republic and the Ministry of Defense, to work in working groups of standardization authorities.

#### 4 BASIC STEPS OF SUPPLIERS IN THE PROCESS OF CODIFICATION OF PRODUCTS INTENDED FOR DEFENCE PURPOSES

If the supplier, either the manufacturer or provider of services, wants to deliver or provide products for defense purposes, for example for the Armed Forces of the Slovak Republic, he must meet the conditions related to public procurement, which also include commitment that with the product supplied he also delivers proposal of codification data on the product.

Pursuant to the Act No. 11/2004 on the Defense Standardization, Codification and Government Quality Assurance of the Slovak National Council, only those applicants who agree with codification of the product that is not included in the Codification System of the Slovak Republic can supply products intended for defense purposes. This prerequisite must be stated in the contract.

The subject matter of the contract signed between the procurer and supplier on delivery of products for defense purposes includes the delivery of the proposed codification data. This means that the supplier, in addition to the physical delivery of products, agrees with the delivery of the proposed codification data, which are subject to codification in the period specified in the contract.

Pursuant to Section 13, Par. 2 of the act, the contractor informs the office that the Ministry of Defense has signed the contract for the supply of the product intended for defense purposes. The information also indicates whether the procurer in the concluded contract requires delivery of the proposed codification data or whether the user has announced that the procured product is not included in the codification system of the Slovak Republic.

If the procurer in the contract with the supplier asks for a delivery of proposed codification data for products the supplier purchases from another manufacturer / supplier, according to NATO Manual on Codification ACodP STS-1, the contractor in the contract with the supplier enforces a demand for their codification. It is important to apply this requirement, particularly for products the contractor purchases from some NATO member states, or from another country that uses the NATO Codification System (NCS hereinafter).

If the supplier purchases the delivered product from the manufacturer in a country that does not apply the NCS, it is recommended that the contractor in the concluding agreement with a manufacturer enforce requirement for the supply of product data, which are necessary for description of its identification.

The contractor who supplies products purchased from a foreign manufacturer / supplier from the countries that apply NATO Codification System is obliged to notify the Department of Codification with the following:

- a) number of the contract the supplier signed with the procurer, including request for codification of the products,
- b) the product name and reference number of the product specified in the contract with the procurer,
- c) the number of the contract signed with his foreign supplier, indicating whether any requirements concerning the codification were made,
- d) foreign supplier's organization name, address and contact telephone, fax, mail and www,
- e) the name of the product used by foreign suppliers in English or in the language of the supplier and the reference number that the supplier uses to describe his product, if they are different from the reference numbers specified in the contract with the supplier's procurer.

In order to process the proposed codification data on the basis of contracts concluded with the procurer, the supplier has the possibility to approach and select an agency for codification, which has a valid certificate of competence to process proposals of codification data for products. They will make a contract for processing proposed codification data for products, which require codification.

In order to create sufficient time for processing of the proposal for codification data, it is appropriate that the contractor knows, whether the products to be supplied or provided, are or are not codified in a country that uses the NATO Codification System. If they are already codified, he needs to know what NSN they have been assigned with and whether or not these products are included in the codification system of the Slovak Republic.

While processing the proposed codification data, the agency for codification will:

- a) Search - check whether a product is included in the codification system of the Slovak Republic in the SKMCRL database, which is part of SK - code. Check whether the product is not yet codified within the alliance published in the NMCRL database.
- b) It processes the file "Contract Fulfillment" in which for each codified item with RN, NCAGE and name it will state the DIC processed application type, DCN application (the number under which the application for the codification of items was processed) and indicate the image name provided with the item.

The codification agency will process different types of applications according to the requirements of the codification department and hands them over in an agreed manner to the contractor on the agreed date.

The contractor shall submit the proposed codification data in the time and manner specified in the contract at the office address along with three copies of the delivery order.

A codification department employee will check the basic data and compare the list of products subject to codifications under the contract with a list of products for which proposed codification data were supplied. Subsequently, he will carry out import of proposed applications and import of contract fulfillment file. If the imports are without shortcomings, he confirms the delivery orders - enters the proposed data delivery, puts the seal of the office and his signature. One copy shall be submitted to the contractor, one is sent to the procurer referred to in the contract, and one is filed with the contract at the codification department.

If the contractor does not supply the codification data proposal by the date specified as the date of delivery, the codification department shall notify the procurer upon demand with this fact.

If no mistakes are found with the imports, the executive of the codification department will project the LNC request to the SR codification system, which will generate the so-called temporary NSN. In case an error message appears, he will refuse the proposal of the application and forward it to the codification agency for reprocessing (deadline for elimination of errors is usually 10 days). The agency sends the edited draft back to the department of codification under the original DCN number. In the event that the agency does not correct errors by the deadline, the codification department will send a complaint proposal to the procurer concerning the incorrect proposed codification data.

If the request is projected to the codification system without errors, the executive of the codification department shall perform revision of

the proposal by segments. In the event that he does not find any shortcomings, he will approve the proposal, which will generate a permanent NSN. If he finds some reasons why the proposal should not be approved, he shall refuse the approval and state the reason for rejection into the protocol. The reason for refusal shall be sent by means of the application processing protocol to the competent agency for codification. If it is necessary to process a new proposal, he shall state the date by which he asks the codification agency to process or correct this proposal. The agency will send the corrected draft back to the department of codification under the original DCN number.

If the proposed codification data meet the requirements of the Slovak codification system and comply with the applicable guidelines established by the codification department for assessment of the competence of the applicant or agency:

a) The codification department assigns the individual products, to which the LNC transaction has been processed, with a NATO Stock Number - NSN, and includes them in the codification system of SR and sends data to the NAMSA Agency on their inclusion in the alliance database NMCRL.

## CONCLUSION

Codification - meaning the whole system of services for ensuring the identification, classification and allocation of numbers inventories held NATO countries, in order to establish a common language for marking-value stocks, which lies in the concept - one item - one number. NATO Codification maintenance of existing registers with records and generate updated information to all States that are registered as users of the relevant items.

The structure of the Armed forces in the past was based on static logistics, which was established to create large stocks of materials and techniques. Due to the development and modernization of the Armed forces, the current logistics transformed into a dynamic, where the main mission and goal is a more efficient use of allocated resources.

Approximation to the principle of "just in time" has resulted in a substantial reduction in the capital of the armed forces in the stockpiling of materials and techniques. Neither these provisions do not exclude the existence of a material amount of inventory in stock. On the contrary, deepening dependence on the supply of materials from outside, or supply system "just in time", which increases the demand for resistance producers, suppliers as well as logistics or transport units. civilian carriers and logistics team makes considerably vulnerable to potential fatal impact on the operational capability of the armed forces organized units.

Codification and standardization of a uniform system of NATO is an essential step towards the implementation of the uniform implementation and marking material for suppliers from the external environment with the emphasis on civilian contractors.

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