



Procurement Policy and Quality Assurance Directorate

Procurement Policy Note #32

Title: Direct Orders below the Local Threshold – Direct Orders Office

Date Issued: 19.06.2017

Date Reviewed: 06.01.2026

1 Purpose

MFIN Circular no. 03/2013, dated 10th June 2013, was issued with the intent to limit the use of the Direct Order Procedure to the barest minimum and concurrently highlight the circumstances when this procedure may be used. These circumstances are being conveniently reproduced below:

- a) *When no tenders or no suitable tenders or no applications have been submitted in response to an open procedure;*
- b) *When for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the services may be provided only by a particular economic operator;*
- c) *Where the contract concerned is awarded subsequent to a design contest and must be awarded to the successful candidate or to one of the successful candidates;*
- d) *In so far as is strictly necessary, when the time-limits for open, restricted or negotiated procedures referred to in the Public Procurement Regulations cannot be respected for reasons of extreme urgency occasioned by unforeseeable events. The circumstances invoked to justify urgency must not be attributable to the contracting authority;*
- e) *In so far as is strictly necessary, for additional supplies, services and/or works not included in the project initially considered or in the contract first concluded but which have, through unforeseen circumstances, become necessary for the performance of the service or works or supplies described therein, on condition that the award is made to the economic operator executing the contract.*

This Procurement Policy Note seeks to clarify further the above-mentioned circumstances, and to repeal PPN #17 dated 11.08.2015, as the thresholds (values) established therein are no longer applicable.

2 Organisational Scope

This is a Government-wide policy.

It shall apply to all Contracting Authorities falling under Schedules 2 and 16¹ of the Public Procurement Regulations S.L. 601.03.

3 Definitions

Regulation 103 of the Public Procurement Regulations S.L. 601.03 states that *'Supplies, works or services valued in excess of ten thousand euro (€10,000) may, in exceptional cases, be procured through a direct contract by any contracting authority upon obtaining the prior written approval of the Minister [responsible for Finance] who may delegate his authority in writing to the Permanent Secretary or any other senior official in his Ministry'*.

The Local Direct Contract Threshold within the remit of the Direct Orders Office² is more than €10,000 excluding VAT but is less than €140,000 excluding VAT³.

4 Policy Content and Guidelines

In exceptional circumstances, following the prior written approval of the Minister responsible for Finance, who may delegate his authority in writing to the Permanent Secretary or any other senior official in his Ministry, a Direct Contract may be issued by the Direct Orders Office, for the Direct Procurement of Public Works/Services/Supplies with an Estimated Procurement Value exceeding €10,000 and up to €139,999.99.

All requests for Direct Order approval are to be raised exclusive of VAT and in the Euro currency.

Direct Orders are Non-Cumulative and Non-Renewable. There is no case for Variations/Modifications on Direct Orders.

A Direct Order is very specific; it is for the procurement of Works/Services/Supplies for a Specific Period and a Specific Value. A Direct Contract has a beginning and an end. Therefore, for each and every Direct Order Request, as soon as the envisaged value of procurement exceeds the approved value, a fresh Direct Order approval shall be sought from the Direct Orders Office.

5 Effective

Immediate

¹ Contracting Authorities categorised as Schedule 3 shall obtain the prior approval of the Minister responsible for that Contracting Authority who may delegate his authority in writing to the Permanent Secretary, any senior official in his Ministry or to the Head of the Contracting Authority instead of the Minister.

² The Direct Orders Office forms part of the Ministry responsible for Finance.

³ The Minister responsible for Finance, from time to time, determines the relevant Local Thresholds which shall be equal to, and categorised in the same manner, as the European Union Financial Thresholds established pursuant to the relevant European Union Directives as published from time to time in the Official Journal of the European Union.

6 Applicability

This PPN applies to any Procurement having an Estimated Value exceeding €10,000 excluding VAT but less than €140,000 excluding VAT.

7 Legislative Compliance

Subsidiary Legislation 601.03 - Public Procurement Regulations

8 References

MFIN Circular 03/2013 dated 10.06.2013.

9 Appendices

Nil

10 Other related Policy Notes Published

Nil
