
**AFRICA CENTRES OF EXCELLENCE –
REGIONAL TRANSPORT RESEARCH AND
EDUCATION CENTRE KUMASI (TRECK)**

PROCUREMENT AUDIT REPORT

31 DECEMBER 2020



Donaldy Associates
Chartered Accountants
House of Excellence Annex
Adum – Kumasi

26th July, 2021

The Centre Leader
Africa Centres of Excellence
Regional Transport Research and Education Centre, Kumasi
KNUST

Dear Sir,

PROCUREMENT REPORT

We have completed the procurement audit of Africa Centres of Excellence – Regional Transport Research and Education Centre, Kumasi (TRECK) for the year ended 31st December, 2020. In accordance with our firm’s practice, we are reporting on the matters which arose during our audit and you will appreciate that our audit procedures are designed primarily with the view of expressing an opinion on the project’s procurement activities and its internal control. Our comments therefore, do not include all the possible improvements in internal controls which a special review might develop.

This report has been prepared for your information only and we accept no responsibility for any reliance that might be placed on it by third party to whom it should not be shown without our prior written consent. Should such a third party obtain a copy without our prior written consent, we would not accept any responsibility for any claim that might be raised on it.

Finally, we wish to express our gratitude to the project management team for the co-operation extended to us during the audit.

Yours faithfully,


Donaldy Associates

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1.0 INTRODUCTION

The Africa Centre of Excellence – Transportation Research and Education Centre (ACE-TRECK) of The College of Engineering - KNUST was selected as one of the Centers for the research and education in transportation systems for the implementation of “the First Africa Higher Education Centres of Excellence for Development Impact Project”.

The project is to support the Republic of Ghana to promote regional specialization among African Participating Universities in areas that addresses regional challenges and strengthen the capacities of these Universities to deliver quality training and applied research. This resulted in a financing agreement between the Government of Ghana through the Ministry of Finance (M.O.F.) and the International Development Authority (IDA) for the implementation of “the First Africa Higher Education Centres of Excellence for Development Impact Project”.

Implementing this task involved the procurement of Goods, Works and Services. As prescribed in Section 14 Sub-Section (1d) of the Public Procurement Act 2003, (Act 663), provisions of the Public Procurement Act apply to procurement with funds or loans taken or guaranteed by the State and Foreign Aid Funds. In this regard, the Centre is obliged to comply with the procurement processes as enshrined in the Public Procurement Act 2003, (Act 663) as amended.

Additionally, Section 5.1 of the Performance and Funding Contract under the Agreement indicates that third party verification through External Reviewers and Performance Audits as tools for Monitoring and Evaluation. Hence, this audit reviews and presents the findings and recommendations of the procurement activities undertaken under the TRECK Project in terms of compliance with statutory requirements for the financial year ended 31st December, 2020.

1.1 OBJECTIVES OF THE AUDIT

The objectives of the audit were:

1. To ascertain whether the centre has the requisite procurement structures in place to be able to undertake procurement activities in the performance of its mandate conferred on them by the University and any other relevant legislation;
2. To ascertain the level of internal controls in place to regulate activities and to help achieve the overall procurement objective of Value for Money.
3. To ascertain whether the procurement procedures of the centre are in compliance with statutory requirements as enshrined in the Public Procurement Act 2003, (Act 663) as amended, which transcends into the achievement of savings and value-for-money in the use of public funds;
4. To ascertain if proper records are maintained in respect of its procurement activities; and
5. To identify best practices and challenges with the procurement processes and recommend appropriate and sustainable measures for continuous improvement.

1.2 ACKNOWLEDGEMENT

The team wishes to express its profound gratitude to Management and Staff of the Regional Transport Research and Educational Centre for their cooperation during the audit period.

2.0 SCOPE OF THE AUDIT REPORT

The audit covered the procurement activities of the Regional Transport Research and Education Centre, (**TRECK**) on Goods, Works and Services (Consulting and Non-Consulting) for the financial year ended 31st December, 2020 under five (5) main areas:

1. Procurement Structures
2. Monitoring and Control systems
3. Procurement Process
4. Contract Management
5. Record Keeping on the Procurement Activities

See Appendix 2 for selected procurement activities that were reviewed during the year.

3.0 METHODOLOGY OF THE AUDIT

The approach employed in the audit had a direct impact on the outcomes and it included the following:

- Data collection
- Interviews

3.1 Data Collection Approach

The data collection approach was evidence-based and was collected at both the Centre and the main University's Procurement Directorate. Documents on the procurement process such as Invitation Letters, Memos, Pro-Forma Invoices, Payment Vouchers, Goods Receipt Vouchers, etc.) were examined at the TRECK office.

Contract data sheets were used to collect quantitative data on procurement transactions from initiation to completion. Each of these areas has Key Performance Criteria (KPC) which was used

to capture the relevant performance data relating to each of these four main areas. The performance of the entity as relates to each key performance criterion is detailed below under findings and discussions.

3.2 Interviews

Staff who were involved in the procurement process and other staff whose work are related to procurement were interviewed to seek clarifications on the processes and documentations. The details of staff interviewed is attached as Appendix I.

4.0 DETAILS OF FINDINGS AND RECOMMENDATIONS

4.1 Procurement Structures

We ascertained the availability of the prescribed procurement structures in accordance with the Public Procurement Act 2003 (Act 663) as amended, the extent of support provided by management of the entity in the establishment of the required structures to ensure proper handling of procurement activities of the project.

Criteria (Reference to the Act)

Part II of the Public Procurement Act 663 as amended prescribes the required procurement structures that must be put in place in every Public Procurement Entity. These include:

- The Head of Entity
- Functional Procurement Unit
- The Entity Tender Committee
- Tender Opening Panel (Ad-hoc)
- Tender Evaluation Panel (Ad-hoc)

The Regional Transport Research and Education Centre who implements the project is not an entity on its own but rather a unit within an entity which is the University. As result of this, it is expected that the Centre operates using procurement structures established by the University.

The review therefore sought to find out; (i) if these prescribed structures were in accordance with the Public Procurement Act 2003 (Act 663) as amended are in place at the University, (ii) if the Centre makes use of them in its procurement activities and (iii) whether qualified human resource are engaged in handling the procurement activities.

Findings

The University policy and procedures on procurement prescribed under Section 7.2 of the University policy document indicates that procurement of goods, works and services within a threshold of **Ten thousand Ghana cedis (¢10,000.00)** should be handled at the College. Whereas procurements above such values should be forwarded to the main University Procurement directorate for further action.

For the period of the audit, the procurement activities undertaken were partly handled by the centre and the main University Procurement Unit. In this regard, it was expected that, both offices make use of the procurement structures prescribed by Act 663 as amended to undertake their activities.

Both the Centre and the Main Procurement Unit have professionally qualified procurement officers who coordinate and manage the procurement process. Other committees were also used.

However, the centre made use of a permanent procurement committee for the opening and evaluation of tenders instead of constituting adhoc committees on a case-by-case basis.

Defect

The use of a permanent procurement committee for the opening and evaluation of tenders instead of constituting adhoc committees on a case-by-case basis.

Effect

The use of permanent procurement committee for opening and evaluation does not enhance transparency.

4.2 Monitoring and Internal Control systems

This relates to systems put in place by management to supervise and ensure that the right procedures are followed as prescribed by the Public Procurement Act (2003), Act 663 as amended, and that, people become responsible for their actions and inactions.

These systems also help to safeguard assets and secure as much as possible the completeness and accuracy of records.

Criteria (Reference to the Act, University policy)

Part two of the Public Procurement Act 663 as amended prescribes the required procurement structures that must be put in place in every Public Procurement Entity. Section 7.3(4) and (7) of the University policy on the procedure for taking delivery of goods procured indicates that, the receiving officer shall enter particulars of the goods on a Goods Received Voucher (GRV) after satisfying himself that the quality, weight and quantity are correct and agree with the purchase order and invoice, and all goods received shall be verified by the internal audit.

Findings

The review of documents sought to find out if there were systems in place to effectively monitor and institute controls on the procurement activities. One of the main tools for effective monitoring and control is the availability of procurement structures which enables the segregation of duties and avoid one or only few persons involved in the procurement process.

The audit revealed that there were procurement structures in place. Also, there were documentary evidence of approvals of request before going through the procurement process and approvals for contract awards and agreements.

On Delivery of goods and services, items procured were routed through stores for inspection, and documented before they were issued to the departments.

However, verification and certification of goods received vouchers by internal auditors were not done.

Defect

- Failure by an independent officer, the Internal Auditor to verify and certify Goods Received Vouchers when goods were delivered.

Effects

- The non-verification of stores documentation by an independent officer (Internal Auditor) at the time the goods were received creates a gap that defeats internal controls.

4.3 Procurement Process

4.3.1 Procurement Planning

Criteria (Reference to the Act)

Section 21 (1) of the Public Procurement Act 2003, (Act 663) as amended, mandates entities to prepare a procurement plan to support its approved programme and the plan shall indicate Contract Packages, Estimated Cost for Each Package, the Procurement Method and Processing Steps and Times.

Section 21 (3) of the Public Procurement Act 2003, (Act 663), as amended required that after budget approval and at quarterly intervals an entity shall submit an update of the procurement plan to the Tender Committee and the Public Procurement Authority.

During project execution, the original procurement plan should be regularly monitored and updated. The essence is to see how actual performance compares with the planned activities and to make changes in the plan if necessary. The purpose of monitoring is to complete the details of what has actually been executed, to note whether there are major discrepancies with what was anticipated, and to make adjustments in the plans so as to give a complete picture of the procurement performance.

Findings

The project complied with the requirement of preparing a procurement plan linked to the budget. Hard copies of the procurement plan for the year 2020 was provided for examination.

All the procurement activities carried out in the period were from the approved procurement plan.

However, the procurement plan for the project at the centre was not well defined because the Standard Procurement Plan Template was not used. Due to that, key components such as contract package numbers, approving authority, contract award and delivery dates were not captured.

Again, there were no updates of the procurement plan for the entire year.

Defects

- Failure to use the standard procurement planning template as required and,
- Failure to update the procurement plan for the year as prescribed by Section 21 (3) of the Public Procurement Act 2003, (Act 663), as amended on the quarterly update of procurement plan.

Effects

The plan could not completely achieve its purpose as a guide for following the procurement processes. Monitoring of performance to identify major discrepancies was not done due to the non-update of the plan to capture actual implementation and revisions.

Also, the plan does not give a complete picture of procurement performance for future decision making.

4.3.2 Sourcing and Tendering Process:

Sourcing for suppliers, contractors and consultants for its procurement activities were also examined in terms of the availability of a supplier's database. Whether the project made use of the database for the shortlisting of suppliers for quotations and was the request for quotation were made formally using the required standard documents.

The tendering process of submission of tenders and opening of tenders were also examined.

In accordance with Section 21 (6) of Public Procurement Act 2003, Act 663 as amended prescribes that, a Procurement Entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement under this Act. It is expected that, procurement entities aggregate requirements and procure in bulk.

Criteria (Reference to the Act and manual)

Findings

Sections 42 and 43 of the Public Procurement 2003 (Act 663) as amended and section 4.5.3 of the Public Procurement Manual, 2003 prescribes the procedure for Request for Quotations and the format for Standard Request for Quotation for the procurement of goods of smaller values as stated in the fifth schedule (thresholds for procurement methods).

During the audit, there were evidences that the request for quotations were made formally. Letters of invitations to the suppliers and standard request for quotation documents were sighted.

On tender submission at the Centre, there was no evidence of Submission Register which records the signatures of suppliers who submitted their quotations.

Tender openings were done publicly and signed minutes of tender openings were available.

On the other hand, the audit identified some defects, if not corrected can deprive the Centre for achieving value for money as detailed below:

- Breaking of Bulk:
- Limited Competition

However, on the invitation of price quotations used by the College procurement unit for the Centre, even though the University's Supplier Database were used, it was identified that the invitations for

the supply of some certain goods such as computers and accessories and air conditioners were mostly limited to the same suppliers.

On the breaking of bulk, documents reviewed gave evidence of procurements which could have been aggregated together and procured once, but was divided and procured separately. This results in incurring additional administrative cost and delays. Details are shown in the Table 1 below;

Table 1: Data on Sampled Procurement Contracts on Bulk Breaking

NO.	NAME OF CONTRACT	CONTRACT VALUE GH¢	NAME OF SUPPLIER	DATE OF CONTRACT AWARD
1.	Production of Gold dust on white Mable Commission plaque	2,953.13	Pabnoble Ventures Ghana Limited	12-08-20
2.	Production of Gold dust on white Mable Commission plaque	2,953.13	Pabnoble Ventures Ghana Limited	12-08-20
3.	Supply of carpentry items for polishing of doors	3,605.00	Emmbeat plus enterprise	15-06-20
4.	Supply of 60 no. pair of drawers	9,857.10	Emmbeat plus enterprise	28-08-20
4.	Labour cost for the installation of 60 no. pair of Drawers at TRECK Lab.	3,307.50	Emmbeat plus enterprise	16-11-20

From above, the centre went through the procurement process separately to procure each of the them.

Defects:

- Limited competition in the sourcing for suppliers for the procurement undertaken at the Centre.
- Bulk breaking in contravention of section 21 (6) of Public Procurement Act 663 as amended.

Effects

Limitation of tender invitation to few suppliers does not encourage competition but rather collusion among the suppliers which could affect the pricing of items to the disadvantage of the Centre.

Bulk breaking of procurements results in high cost, delays and deprive the centre from benefiting from discount associated with bulk purchases.

4.3.3 Tender Evaluation

Criteria (Reference to the Act & Manual, etc.)

Findings

Section 59 (1) and (2) of Act 663 as amended stipulates that, the procurement entity shall evaluate and compare the tenders that have been accepted to ascertain the successful tender in accordance with the procedures and criteria set out in the invitation documents.

Section 59 (5) and (6) as amended stipulates that, a procurement entity shall use only the criteria and procedures in the tender documents and shall apply criteria and procedures in the manner disclosed in the tender documents. No criterion shall be used other than the one set out in the invitation documents.

The audit sought to find out how tenders were compared and selected for award of contract. In view of this the availability of evaluation report was sought. Evidence gathered that indicated evaluation were conducted with available evaluation spread sheets and recommendation of contract award. However, the Centre made use of a permanent procurement committee fat the College of Engineering for all evaluations instead of adhoc-procurement committee.

Effects

The use of a permanent procurement committee at the centre for evaluation of tenders instead of on a case-by-case basis does not enhance transparency.

4.3.4 Contracting and Contract Agreement

The conclusion on evaluation of tenders for the procurement of goods, works or services is to determine the “Lowest Evaluated Responsive Tender”. After which, the Procurement entity should formally award the contract and sign an agreement with the successful tenderer.

Criteria (Reference to the Act/Manual, etc.):

Section 65(1) of Act 663 as amended states that, a tender that has been ascertained to be the successful one in accordance with this act shall be accepted and notice of acceptance of the tender shall be given within 30 days of the acceptance of the tender to the supplier or contractor submitting the tender.

The Standard Tender Document (STD) (Section 1 of Instructions to Tender (ITT) 40.1) for the Procurement of Goods specifies that the purchaser shall award the contract to the Tenderer whose offer has been determined to be the lowest evaluated Tender and is substantially responsive to the Tender documents, provided the Tenderer is qualified to perform the contract satisfactorily.

Findings

Documentary evidence of Notification of awards and contract agreement signed with Suppliers and Consultants were available for contracts awarded by both the centre and the Main Procurement unit.

5.0 CONTRACT MANAGEMENT

Criteria (Reference to the Act/Manual, etc.)

Section 5.18 of the Public Procurement manual states that, effective management of contract is essential to ensure the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract.

The Procurement Unit or the Technical Department concerned must ensure that routine monitoring of all current contracts is done so that swift remedial measures can be taken when problems arise, or preventative action taken when problems are foreseen.

Findings

Under Contract Management, our review focused on how the centre and the main procurement unit followed through the execution of the contracts that were awarded under the project. There was evidence of Formal contracts awarded and contract agreement signed with suppliers and consultants.

Defects

Notification of award letters and contract agreement did not indicate specific delivery periods. This had effect on the monitoring of delivery schedules to ensure that goods were delivered on time.

Effect

This is very critical as it has a great impact on achieving efficiency in the procurement process.

6.0 RECORD KEEPING ON PROCUREMENT ACTIVITIES

Record keeping on the Procurement Activities includes the following:

- Keeping of separate files for each contract package
- Files containing information on each of the processes from initiation to the end
- Retrieving of information from files

Documentary records both in print and electronic format are essential for efficient and effective management of activities, provide evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness.

In view of this the project office must ensure they obtain, retain and maintain appropriate documentations supporting activities for which they are responsible.

Criteria (Reference to the Act & Manual):

Section 28 of the Public Procurement Act 2003, (Act 663) as amended gives details of the record of procurement proceedings and Section 1.10.3 of the Public Procurement Manual, 2003 also provide details of the records that every procurement file must contain from initiation to the end.

Thus, all the documents related to the contract must be on a specific contract file.

Findings

Procurement files and Accounting files were available for review. Minutes files, contract files, Evaluation spread sheets, were available on separate files. Invoices from suppliers attached to memos for payment and payment vouchers were also available on accounting files.

Records on the contract undertaken by the main university procurement unit was satisfactory. It represented the procurement processes from initiation to completion.

However, record keeping at the College procurement unit was not done chronologically as per the contract package.

Defects

Failure to keep files on the procurement processes as per each contract package as planned by the Centre.

Effect

Failure to document the procurement processes as per each contract package does not encourage the effective management of procurement activities and to aid audit trail for verification of transparency, accountability and effectiveness.

7.0 CONCLUSION

In conclusion, the overall procurement performance of the project in the year 2020 was satisfactory. However, some challenges relating to limited competition, bulk breaking, non-updating of procurement plan and the use of permanent committee which were identified needs to be corrected. Transparency, fairness, competition and value for money will be enhanced when these challenges are corrected. This will also improve on the Centre's compliance with the Public Procurement Act 2003, (Act 663) as amended in the conduct of procurement activities.

8.0 RECOMMENDATIONS:

1. The Project office must adhere to the use of the procurement structures for the procurement activities. Adhoc committees for tender opening and tender evaluation should be constituted

and used on a case-by-case basis instead of the permanent procurement committee to enhance transparency.

2. The office should collaborate with the University's Procurement Unit to prepare a well-defined procurement plan on the annual requirements of the project and the plan must be regularly updated to give a complete picture of procurement performance.
3. Requirements should be consolidated in bulk and procurement done to reduce cost associated with piecemeal purchases.
4. The scope for supplier invitation should be widened for all categories of procurement to enhance competition and transparency.
5. Tender submission by suppliers at the Centre should be recorded and signed in a Submission Register.
6. Specific delivery period should be indicated in the Notification of Award and Contract Agreement for effective expediting on delivery of goods.
7. Records on the procurement processes at the centre must be improved as per each package separately.

9.0 APPENDIX 1

LIST OF STAFF INTERVIEWED DURING THE AUDIT EXERCISE

NO.	NAME OF STAFF	DESIGNATION
1.	Amos Ato Eghan	Accountant
2.	Bright Frimpong	Procurement Officer (College of Engineering)
3.	Bernice Baafi Adomako	Procurement Officer (Main University Procurement Unit)

10.0 APPENDIX 2

CONTRACT DATA SHEET ON SAMPLED PROCUREMENTS UNDERTAKEN (TRECK-2020)

No.	CONTRACT NAME & PACKAGE NUMBER	NAME OF SUPPLIER/ CONTRACTOR/ CONSULTANT	PROCUREMENT CATEGORY	PROC. METHOD USED	STAGES OF THE PROCUREMENT PROCESS	TENDERING PROCESS			
						PLANNING			
					Availability of approved procurement plan for 2020 (Yes/No)	Contract package included in approved Plan (Yes/No)	Was tender Advert-ised /Letters of Invitation sent out? (Yes/No)	Standard Tender Document used (Yes/No)	Number of tenders received
1.	Painting of RTEP building	Fondjo Images	Goods	PQ	YES	YES	NO	NO	3
2.	Cleaning of RTEP Building	Elizalores Cleaning Services	Goods	PQ	YES	YES	YES(LoI)	NO	3

3.	Production of gold dust	Pap Noble Ventures	Goods	PQ	YES	YES	YES(Lol)	YES	3
4.	Supply of 2 no. 2.5HP Air conditioners	Denny-Vee Ventures	Goods	PQ	YES	YES	YES(Lol)	YES	3
5.	Supply of Computer networking for TRECK project	Focus Computer Enterprise	Goods	PQ	YES	YES	YES(Lol)	YES	3
6.	Supply of 3 no. 1.5HP Air conditioners	AB-JOY Ventures	Goods	PQ	YES	YES	YES(Lol)	YES	3
7.	Supply of 2.5HP Air conditioners	Denny-Vee Ventures	Goods	PQ	YES	YES	YES(Lol)	YES	3
8.	Production of Gold Dust Cast on White Mable Commission Plague	Pap noble ventures	Goods	PQ	YES	YES	YES(Lol)	YES	3
9.	Tiling of work benches at	Aquafield Construction	Works	PQ	YES	YES	YES(Lol)	YES	3

	the RTEP Building												
10.	Supply of 60 no. pair of Drawers to TRECK LAB.	Emmbeat Plus	Goods		PQ	YES	YES	YES	YES(Lol)	YES		3	
11.	Labour cost to Emmbeat plus for the installation of 60 no. pair of Drawers at the Treck Lab.	Emmbeat Plus	Technical Service		PQ	YES	YES	YES	YES(Lol)	YES		3	
12.	Supply of carpentry items for polishing of doors	Emmbeat Plus	Goods		PQ	YES	YES	YES	YES(Lol)	YES		3	
13.	Labour for polishing of doors	Emmbeat Plus	Technical service		PQ	YES	YES	YES	YES(Lol)	YES		3	

TENDER EVALUATION			CONTRACT FINALIZATION				CONTRACT MANAGEMENT				PAYMENT	
Tender Form completed, correctly signed and authorised (Yes/No)	Availability of Tender Evaluation Report (Yes/No)	Approval granted by Final Authority (Yes/No)	Date of Contract Award	Contract Agreement Signed	Contract Amount GH¢	Have all the Goods been delivered? (Yes/No)	Availability of inspection and acceptance reports for goods received (Yes/No)	Contract completed with acceptable performance (Yes/No)	Were payments properly approved? (Yes/No)	Payments made within the agreed period of payment (Yes/No)		
NO	NO	YES	-	NO	38,382.75	YES	NO	YES	YES	YES		
YES	YES	YES	13/08/20	NO	4,843.13	YES	YES	YES	YES	YES		
YES	YES	YES		YES								
YES	YES	YES	17-08-20	YES	8,218.47	YES	YES	YES	YES	YES		
YES	YES	YES	14-08-20	YES	6,988.55	YES	YES	YES	YES	YES		
YES	YES	YES	30-07-20	YES	8,696.97	YES	YES	YES	YES	YES		
YES	YES	YES	06-07-20	YES	8,218.47	YES	YES	YES	YES	YES		

