
**AFRICA CENTRES OF EXCELLENCE PROJECT ON
REGIONAL TRANSPORT RESEARCH AND
EDUCATION CENTRE KUMASI (TRECK-KNUST)**

PROCUREMENT REPORT

2021

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Donaldy Associates
Chartered Accountants
House of Excellence Annex
Adum –Kumasi

22nd June, 2022

The Centre Leader
Africa Centres of Excellence
Regional Transportation Research and Education Centre, Kumasi (TRECK)
KNUST

Dear Sir,

PROCUREMENT AUDIT REPORT – 2021

We have completed the procurement audit of the Africa Centres of Excellence Project on Regional Transportation Research and Education Centre, Kumasi (TRECK) for the year ended 31st December, 2021.

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 to expressing an opinion on the project's procurement activities. Our comments, therefore, do not include all the possible improvements in internal controls that 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 parties 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 cooperation extended to us during the audit.

Yours faithfully,


Donaldy Associates

1. INTRODUCTION

The Government of Ghana through the Ministry of Finance (M.O.F.) signed a financing agreement with the International Development Authority (IDA) for the implementation of a project “The First Africa Higher Education Centres of Excellence for Development Impact Project”.

The objective 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.

The Africa Centre of Excellence – Regional Transportation Research and Education Centre, Kumasi (TRECK) of the College of Engineering - KNUST was selected as one of the Centres for the research and education in transportation sector.

Carrying out this task involved the procurement of Goods, Works and Services. As prescribed in Section 14 Sub-Section (1)(d) 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 Third Party verification through External Reviewers and Performance Audit reports as one of the tools for Monitoring and Evaluation. Hence, this report presents the findings and recommendations of the Procurement Audit on the procurement activities undertaken under TRECK in terms of compliance with statutory and project requirements for the financial year ended 31st December, 2021.

2. OBJECTIVES OF THE AUDIT

The procurement audit was carried out solely on the procurement activities of TRECK under the College of Engineering to establish compliance with procurement law and the project agreement for the following audit objectives:

- To establish whether the Centre has put in place the necessary procurement structures to be able to carry out procurement activities and whether those structures are functioning in compliance with Public Procurement Act 2003 (Act 663) as amended and other legal framework of Public Procurement Authority (PPA), the University procurement policies and guidelines, project agreement and other legislations;
- To ascertain the level of internal controls, role conflicts, monitoring, or supervisory are in place to regulate procurement and to attain efficiency, competition, and Value for Money;
- To ascertain whether proper procurement records and documentations are kept by the Centre in compliance with Section 28 of the Public Procurement Act 2003, (Act 663) as amended;
- To identify best practices and challenges with the procurement processes and recommend appropriate and sustainable measures for improvement relating to the project agreement.

3. ACKNOWLEDGEMENT

We wish to express our appreciation to management and staff of TRECK and the Procurement and Works Directorates of the KNUST for the cooperation during the procurement audit exercise for 2021.

4. SCOPE OF THE AUDIT REPORT

The audit covered the procurement activities of the Regional Transport Research and Education Centre, Kumasi (TRECK) on goods, works, consulting, and technical services for the financial year ended 31st December, 2021 under four (4) main areas:

- Procurement Structures
- Management Systems
- Procurement Process
- Contract Management

5. METHODOLOGY OF THE AUDIT

The two main evidence-based data collection tools were applied during the audit and it included the following:

- **Data collection**

Documents on the procurement process such as tender invitation letters, tender advertisements, procurement requisition forms, pro-forma invoices, payment vouchers, goods receipt vouchers, (etc.) were examined at TRECK office and main Procurement and Works Directorates of the University.

- **Interviews**

Key procurement and project management Staff who were directly involved in the procurement process were interviewed to seek clarifications in the processes and documentations.

6. DETAILS OF FINDINGS AND RECOMMENDATIONS

6.1 PROCUREMENT STRUCTURES

Appropriate procurement structures such as Procurement Unit, Entity Tender Committee (ETC), Tender Opening Panel, and Evaluation Panel were put in place as prescribed by Public Procurement Act 2003 (Act 663) as amended. However, Section 7.2 of the University policy and procedures on procurement prescribed that procurement of goods, works and services with a threshold up to Ten Thousand Ghana Cedis (GH¢10,000.00) should be handled at the College's level headed by the Provost to reduce bureaucracy. For the period of the audit, the procurement activities undertaken were partly handled by the College's Procurement Unit and the main University Procurement Directorate depending on the threshold as indicated above.

The Centre uses the College Procurement Unit for its procurement transactions up to the threshold of GH¢10,000. The College used permanent committees for both tender opening and tender evaluation. This was contrary to using ad-hoc committees for tender openings and tender evaluations.

6.2 SUPERVISION AND MONITORING OF INTERNAL CONTROL SYSTEMS

6.2 SUPERVISION AND MONITORING OF 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. These systems also mandate management to effectively monitor and institute controls on the procurement activities of the Centre.

The audit revealed that the main Procurement Directorate has no monitoring system in place to oversee the procurement activities of the Centre which is undertaken by the college's procurement unit. The

college's procurement unit should be made to report and be responsible to the main procurement directorate in order for the main unit to supervise the unit.

6.3 QUARTERLY UPDATE OF THE PROCUREMENT ACTIVITIES

Section 21 (1) (3) 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. That, the procurement plan should be updated every quarter. Section 20 (b) mandates the Entity Tender Committee (ETC) to review and approve annual procurement plan and its quarterly updates in order to ensure it supports the objectives of the entity. The Centre submitted a reviewed procurement plan during the audit. However, there was no evidence of approval of the review of the procurement plan in the Centre's minutes. The Entity Tender Committee reneged on this mandate to raise query on the non-updates of the procurement plan during their meetings.

6.4 BULK BREAKING

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 application of the procedures for public procurement under this Act. It is expected that, procurement entities aggregate requirements and procure in bulk.

The audit identified procurement infractions on bulk breaking and limited competition of the Centre's procurement activities to only few suppliers. Bulk breaking of procurements results in high cost, delays and deprive the Centre of quantity discount. Details are given below:

Table 1: Bulk Breaking Activities at the Centre's Procurement Unit

No.	Details	Date of Contract Award	Supplier	Contract Amount (GH¢)
1	Supply of five (5) Vehicle Tyres.	05-03-21	Shepherd Fold Enterprise	7,725.00
2	Supply of curtain blinds	05-03-21	Sparks Designs	8,250.00
3	Supply of curtain blinds	10-05-21	Sparks Designs	5,304.00
4	Supply of five (5) Vehicle Tyres.	08-07-20	Charlarel Limited	9,942.40

All vehicle tyres should have been grouped together and procured as one package.

All curtain blinds should have been grouped together and procured together as one package.

6.5 STANDARD EVALUATION OF TENDERS

Section 59 (1), (2), (5), and (6) of Act 663 as amended stipulates that, the procurement entity shall evaluate and compare the tenders that have been received to evaluate the successful tender in accordance with the procedures and criteria set out in the tender invitation letter and the tender document. No criterion shall be used other than the one set out in the invitation documents.

Evidence gathered during the audit, indicated that evaluation was conducted with the College Procurement Unit's own evaluation form and recommendation for contract award made. Unfortunately, the Centre did not conduct evaluation for all the items procured and it did not also use the tender evaluation template issued by the Public Procurement Authority for the purposes of the evaluation (Refer to Schedule 1).

6.6 PROCUREMENT DOCUMENTATION AND RECORD KEEPING

Section 28 of the Public Procurement Act, 2003 (Act 663) as amended gives details of the management of procurement records. Chapter 1.10.3 of the Public Procurement Manual, 2007 also provide details of the records that every procurement file must contain involving pre- to post-procurement activities.

For contracts that were handled by the College Procurement Unit on behalf of the Centre, it failed to keep separate files for each contract awarded as prescribed by the Public Procurement Act. The only source of procurement documentation and records available for the Centre were the accounting records for contract awards, store receipt vouchers, and three proforma invoices from suppliers attached to payment vouchers.

However, records on the contracts handled by the main University Procurement Unit were kept intact with individual records on all procurements including tender invitation letters, tender documents, evaluation reports, award notifications and store receipt vouchers.

Failure to document the procurement process for each contract does not facilitate the effective management of procurement and contract management activities as well as to ease audit verification, transparency and accountability.

7. CONCLUSION

In conclusion, the overall procurement performance of the project in the year 2021 was satisfactory. However, challenges relating to ineffective functioning of the procurement unit at the Centre, limited competition, bulk breaking and non-updating of procurement plan affect compliance and must be addressed. The main Procurement Directorate has no supervisory, monitoring and controlling role over

the College's procurement unit. If these issues are addressed, the Centre's compliance level with the Public Procurement Act 2003, (Act 663) as amended will greatly be improved.

8. RECOMMENDATIONS

The following recommendations are made to assist the TRECK to improve the overall conduct of its procurement activities:

1. The College's Procurement Unit must keep procurement records in compliance with the Section 28 of the Public Procurement Act 2003, Act 663 as amended at the procurement unit for auditing, procurement assessment and future references.
2. The College's Procurement Unit must publish notices of contracts awarded on the Public Procurement Authority website and write to Unsuccessful Tenderers about Tender outcomes to enhance transparency.
3. Contract values beyond GH¢100,000 for goods and GH¢200,000 for works handled by the Procurement Directorate must be posted on Public Procurement Authority to ensure transparency.
4. The College's Procurement Unit must use Standard Tender Document (STD) issued by Public Procurement Authority (PPA) for the Centre's procurement instead of using three proforma invoices (refer to as 3-Quatations) from suppliers.
5. The Centre must ensure that revisions made in the procurement plan is tracked and presented at the Centre's meetings for approval to serve as documentary evidence for future references and inspection.
6. Tender opening and recording must be conducted for all tenders and evaluation of tenders must be conducted in compliance of the law using appropriate evaluation template from Public Procurement Authority for the Centre.

7. The main Procurement Directorate of the University must supervise and monitor procurement activities of the College's Procurement Unit to ensure absolute compliance with procurement rules and procedures.
8. The entity must incorporate specific procurement training in the annual training plan to build the capacity of its procurement staff in new procurement policies and guidelines to assist them to ensure compliance.

9. SCHEDULE 1

CONTRACT DATA SHEET ON SAMPLED PROCUREMENTS UNDERTAKEN (TRECK-2021)

NO.	CONTRACT NAME & PACKAGE NUMBER	NAME OF SUPPLIER/ CONTRACTOR/ CONSULTANT	PROCUREMENT CATEGORY	PROC. METHOD USED	STAGES OF THE PROCUREMENT PROCESS	TENDERING PROCESS			
						PLANNING	Was tender Advertised /Letters of Invitation sent out? (Yes/No)	Standard Tender Document used (Yes/No)	Number of tenders received
					Availability of approved procurement plan for 2021 (Yes/No)	Contract package included in approved Plan (Yes/No)	YES	YES	3
1.	Supply of 30-seater bus to TRECK	Vesterline Company Limited	Goods	National Competitive Tendering	YES	YES	YES	YES	3
2.	Supply of 4X4 cross country	Vesterline Company	Goods	National Competitive	YES	YES	YES	YES	3

	station wagon vehicle	Limited		Tendering						
3.	Supply of 1No. 65 Television set to TRECK	Synbiz Technology	Goods	National Competitive Tendering	YES	YES	YES	YES	YES	3
4.	Supply of 1No. Fibre optic to TRECK	Aftech Solutions and IT Services	Works	National Competitive Tendering	YES	YES	YES	YES	YES	3
5.	Supply of 5No. Vehicle Tyres	Shepherd Fold Enterprise.	Goods	Price Quotation	YES	YES	YES	YES	NO	3
6.	Supply of Blinds, curtains to TRECK classroom	Sparks Designs	Goods	Price Quotation	YES	YES	YES	YES	NO	3
7.	Supply of Blinds, curtains to TRECK classroom	Sparks Designs	Goods	Price Quotation	YES	YES	YES	YES	NO	3
8.	Supply of	Charlarel	Goods	Price	YES	YES	YES	YES	NO	3

	5No. car tyres to treck	Limited		Quotation					
9.	Supply of INo. Mac Book PRO 2020 for Mary Kagbo	Danny-Vee Ventures	Goods	Price Quotation	YES	YES	YES	NO	3
10.	Supply of Air conditioners	Xpert Vision Computers	Goods	Price Quotation	YES	YES	YES	NO	3
11.	Consultancy for GAP workplan	Prof. Samuel P Owusu-Ofori	Consultancy Service	Price Quotation	YES	YES	YES	YES	3
12.	Supply of food items for TRECK team		Goods	Price Quotation	YES	YES	YES	NO	3
13.	Supply of 1. No. LaserJet colour printer		Goods	Price Quotation	YES	YES	YES	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)		
YES	YES	YES	15/09/21	YES	519,112	YES	YES	YES	YES	YES		
YES	YES	YES	8/11/21	YES	460,300	YES	YES	YES	YES	YES		
YES	YES	YES	13/09/21	YES	13,830,96	YES	YES	YES	YES	YES		
YES	YES	YES	-	YES	8,977.50	YES	YES	YES	YES	YES		
YES	YES	YES	5/03/21	YES	7,725	YES	YES	YES	YES	YES		
YES	YES	YES	5/03/21	YES	28,497.50	YES	YES	YES	YES	YES		

YES	YES	YES	10/03/21	YES	5,304	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES	8/07/21	YES	9,942.40	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES	-	YES	9,960	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES	-	YES	9,838.39	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES	-	YES	133,380	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES	17/12/21	YES	10,963.68	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES		YES	4,108	YES	YES	YES	YES	YES	YES	YES	YES