

2022 PROCUREMENT AUDIT REPORT ON THE AFRICA
CENTRE OF EXCELLENCE-TRANSPORTATION RESEARCH
AND EDUCATION CENTRE KUMASI (TRECK)



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

TRANSMITTAL LETTER

Dear Sir,

PROCUREMENT AUDIT REPORT
TRANSPORTATION RESEARCH AND EDUCATION CENTRE KUMASI- 2022

Please find attached our procurement audit report on Transportation Research and Education Centre Kumasi (TRECK) for the 2022 financial year.

We are available to provide any other information you may require on this report.

Yours faithfully,

Managing Partner

Donaldy Associates

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1.0 INTRODUCTION

The Government of Ghana through the Ministry of Finance (MOF) signed a financing agreement with the International Development Authority (IDA) for the implementation of the project “the first Africa Higher Education Centre 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 address regional challenges and strengthen the capacities of these Universities to deliver quality training and applied research.

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

As part of implementing the project, funds are released for the procurement of some deliverables. This covers the procurement of Goods, Works and Services (Consulting and Non-Consulting). Section 14 sub-section (1d) of the Public Procurement Act, 2003 (Act 663), as amended, applies to the procurement of Goods, Works and Services with funds or loans taken or guaranteed by the State and Foreign Aid funds. Section 5.1 of the Performance and Funding Contract under the Agreement requires third-party verification by external reviewers and Performance Audit Reports as a tool for Monitoring and Evaluation.

It is noted, the procurement processes of the TRECK Centre are implemented on their behalf by the Procurement Unit of the College of Engineering (CoE) and the University’s Procurement Directorate, in line with the provisions of the University’s Procurement Policy.

Hence, this report presents the findings and recommendations of the Procurement Audit on the procurement activities of the TRECK Project for the financial year ending, 31st December, 2022.

1.1 OBJECTIVES OF THE AUDIT

The objectives of the Audit are;

1. To ascertain the appropriateness of the procurement structures mandated to undertake the Project's procurement activities as provided in the Public Procurement Act, 2003 (Act 663) as amended, the University's Policy and other Legislations;
2. To ascertain the compliance level of the Centre with regard to the statutory requirements and provisions in the Public Procurement Act, 2003 (Act 663) as amended;
3. To ascertain the various internal control measures in place to regulate the procurement activities of the Centre to achieve Value for Money;
4. To ascertain the proper documentation and management of the Centre's records on its procurement activities; and
5. To identify the challenges of the Centre's procurement processes and recommend best practices and sustainable measures for continuous improvement.

1.2 ACKNOWLEDGEMENT

The Audit Team wishes to extend our appreciation to the management and staff of the Centre for their immense support and cooperation during the audit period. We are also grateful to the staff of the University's Main Procurement Directorate and the Procurement Unit of the College of Engineering.

2.0 METHODOLOGY OF THE AUDIT REPORT

Two main approaches were employed during the audit:

2.1 Data Collection Approach

The data collection stage of the Audit sought to ascertain all documentary evidence related to the procurement activities of TRECK. Data Collection Sheets were used to collect data on procurement transactions from initiation to completion. The interpretation of the data collected in relation to each of the Key Performance Indicators (KPI) adopted has been detailed below under findings and discussions.

2.2 Interviews

Officers who were involved in the implementation of the Project's deliverables were interviewed. The approach was a face-to-face interview to seek clarification on the documents examined. The details of the staff interviewed are attached in Appendix I of this audit report.

3.0 SCOPE OF THE AUDIT REPORT

The audit was conducted on the procurement activities of the Regional Transport Research and Education Centre Kumasi (TRECK) for the procurement of Goods, Works and Services (Consulting and Non-Consulting) for the 2022 financial year. The Audit was conducted under four (4) Key Performance Criteria (KPC):

1. Management Systems
2. Monitoring and Control Systems
3. Procurement Process
4. Contract Management

3.1 DETAILS OF FINDINGS AND RECOMMENDATIONS

3.1.1 MANAGEMENT SYSTEMS

The appropriate procurement structures including Procurement Unit, Entity Tender Committee, Tender Opening Panel, and Evaluation Panel were put in place by the University as prescribed in Part Two of the Public Procurement Act, 2003 (Act 663) as amended. The College of Engineering (CoE) and the main procurement directorate had functional Procurement Units, managed by Procurement Officers with the requisite professional background.

Section 7.4 of the University's Policy gives authority to the various Colleges of the University to conduct procurement processes through the Procurement Units established at the College level. The Policy goes further to stipulate in Section 7.8.1 (d), that, the

procurement of Goods, Works and Services with a threshold of Twenty Thousand Ghana Cedis (GH¢20,000) should be handled at the College level, while procurements above that threshold are to be referred to the University's Procurement Directorate for the implementation of the procurement processes. There was evidence to that effect during the audit.

3.1.2 MONITORING AND INTERNAL CONTROL SYSTEMS

Part two of the Public Procurement Act, 2003 (Act 663) as amended mandates the Entity Head and the Entity Tender Committee to have a supervisory role in the procurement activities of the Entity. Section 11 of the University's Policy also provides guidelines, measures and internal control procedures to monitor the procurement activities of the University at all levels. The Policy also makes provisions for the reporting structures of the Procurement Unit at the College level. Documentary evidence showed that the right structures were in place in that regard.

3.1.3 PROCUREMENT PROCESS

Procurement Planning

The Project Office duly prepared the 2022 annual procurement plan based on the approved budget and submitted it to the Procurement Directorate to be included in the annual procurement plan of the University for approval. It was published on the Public Procurement Authority's (PPA) website in accordance with Sections 21(2) and 21(3) of Act 663 as amended. All the transactions examined were captured in the annual procurement plan.

The Centre and the Procurement Directorate complied with the use of the Standard Procurement Planning Template issued by the Public Procurement Authority (PPA).

Sourcing and Tendering Procedures

Parts four (4) and five (5) of the Public Procurement Act, 2003 (Act 663) are to be applied in respect of each of the procurement methods for all the three (3) categories of procurement, i.e. Goods, Works and Services.

Also, Parts Four (4) and Five (5) of the Public Procurement Act, 2003 (Act 663) are to be applied in respect of each of the procurement methods for all the three (3) categories of procurement, i.e., Goods, Works and Services.

The following sourcing methods were applied:

(i) Request for Quotation (RFQ) Procurement

Section 42 of the Public Procurement Act, 2003 (Act 663) as amended stipulates the statutory requirements under the Request for Quotation Procurement Method. All the evidence of the procurement proceedings undertaken for Request for Quotation were satisfactorily available. These included the Standard Request for Quotation Document, the Letters of Invitation, the Award Notification Letters and Letters to Unsuccessful Tenderers. They were in their right standard forms, in terms of the appropriate signatories of approvals, tender specifications, evaluation criteria set out in the tender documents, Goods Received Vouchers, and Goods Received Inspection Reports. (Find details in Appendixes III, IV and V)

(ii) Single Source Procurement

Part four (4) of the Public Procurement Act, 2003 (Act 663) as amended stipulates the procedures under the Single Source Procurement Method. One procurement activity was executed through the application of an **approved** Single Source Procurement Method (Find details in Appendixes VI and VII). Documentary evidence such as the Request Letter to PPA for Single Source Approval, the Approval Letter from PPA, the Award Notification Letter, Contract Agreement, Advance Mobilization and Payment Guarantee and all related documents were properly placed on the transaction files. The building project was 53% complete as of 10th May, 2023 according to management, though it was initially planned to be fully completed by 10th May, 2023.

(iii) Pro-Forma Invoice Purchases

Two (2) transactions were made using pro-forma invoices from suppliers (See Appendix II for details).

Standard Evaluation of Tenders

Documents examined had evaluation reports which were of standard to the guidelines of Section 59 (1), (2), (5), and (6) of Act 663 as amended. They were subjected to the criteria set out in the Tender Invitations and Tender Documents. Approved evaluation reports with the justification of the award of the contracts to the selected suppliers were present.

3.1.4 CONTRACT MANAGEMENT

Contract management of the Centre's procurement activities was generally good. Contract agreement documents were duly endorsed and witnessed by the parties involved. Progress Monitoring Reports, Site Meeting Reports/Minutes and Contract Agreements were properly filed on the Single-Sourced transaction on the construction of the Two-Storey building for the Centre.

Physical verification of supplied goods and completed works were done by inspection teams, with written reports on their activities and endorsed by the Internal Auditor. Stock control procedures were adhered to as evidenced by the availability of the appropriate stock control books.

Payment

Payment forms an essential part of the contract management process and the procurement process as a whole. Hence, the Purchaser must fulfill payment obligations to the supplier after contract execution. Verification of payment vouchers carried out at the Centre provided evidence of all payments made in fulfillment of executed contracts in line with the agreed terms and conditions.

Record Keeping of Procurement Activities

Record keeping provides evidence and traces of procurement activities. Record keeping at the Procurement Directorate was satisfactory and in accordance with Section 28 of the Public Procurement Act, 2003 (Act 663) as amended. Transactions had dedicated files per each contract from initiation to completion, except for copies of payment vouchers and receipts of payments. There was ease in retrieving information from each transaction/contract file. At the CoE procurement unit there were no individual files for each transaction.

4.0 CONCLUSION

In conclusion, the overall procurement performance of the ACE-TRECK project in the year 2022 was satisfactory. However, the following conclusions are made relating to:

- a) Usage of Pro-Forma Invoices instead of Standard Tender Documents;
- b) Good Record Keeping including having a dedicated file for each transaction/procurement at the CoE Procurement Unit;
- c) Supervision and monitoring of all procurement activities at the Centre by the Procurement Directorate;
- d) The Centre providing copies of payment vouchers and receipts to the procurement units for filing.

5.0 RECOMMENDATIONS

The following recommendations are being made to assist in improving the overall procurement performance of the Project Centre:

1. The College Procurement Unit must use Standard Tender Document (STD) issued by the Public Procurement Authority for the Centre's procurement instead of using three pro-forma invoices from suppliers. In this regard, the Standard Form for Minor Procurement developed by the Public Procurement Authority, which has a threshold value of GH¢30,000 for Goods, Works and Services, is recommended for use by the Procurement Unit of the CoE. Copies can be obtained via the website (www.ppa.gov.gh) of PPA;

2. Record keeping at the procurement unit of the College of Engineering must be in compliance with Section 28 of the Public Procurement Act. Each transaction should have a dedicated file, with only documents related to that contract, from initiation to completion to enhance the ease of retrieving data and information;
3. The main Procurement Directorate of the University is advised to supervise and monitor all procurements activities of the Centre;
4. The Centre must serve copies of payment vouchers and receipts to the Procurement Units for their attention and filing.
5. Procurement-related training programs should be organized occasionally for the management of the Centre to improve their capacity.

APPENDIX I
RECORDINGS ON INTERVIEWED PERSONS FOR PROCUREMENT AUDIT AT THE REGIONAL
TRANSPORTATION RESEARCH CENTRE (TRECK), KNUST

NO.	NAME OF STAFF	DESIGNATION
1.	Mr. Ato Eghan	Project Accountant, ACE-TRECK Project
2.	Mr. Kwame Adu-Gyamfi	Ag. Director Of Procurement, Procurement Directorate
3.	Mrs. Bernice Adomako Barfi	Head, Tendering Section-Procurement Directorate
4.	Mr. Kofi Akraasi Sey	Snr. Procurement Assistant, Procurement Unit-College Of Engineering

APPENDIX II
DATA ON PRO-FORMA INVOICES AND GOODS RECEIVED VOUCHERS OF PURCHASES MADE-TRECK, 2022

NO.	NAME OF CONTRACT	NAME OF SUPPLIER	G.R.V. NO.	DATE	L.P.O. AVAILABLE? YES/NO?	L.P.O. DATE	CONTRACT AMOUNT GH¢	PV. DATE/MEMO FOR PAYMENT	APPROVAL FOR PAYMENT? YES/NO	PRO-FORMA INVOICES AVAILABLE? YES/NO? & NUMBER	G.R.V. VERIFIED BY INTERNAL AUDITOR?
1.	Supply of 1No. Glass Door to TRECK	Perfect Aluminium Ent.	0008886	16/5/22	No	N/A	9,556.62	23/6/22	Yes	Yes Three (3)	Yes
2.	Supply of Various Lab Equipment to TRECK	Black Tree Trading Enterprise	0008883	19/4/22	No	N/A	29,189.00	5/6/22	Yes	Yes Three (3)	Yes

**APPENDIX III
DATA SHEET ON FINDINGS ON THE STAGES IN THE PROCUREMENT PROCESS (SHEET 1)**

PROCUREMENT METHOD: REQUEST FOR QUOTATION – TRECK (2022)

NO	CONTRACT NAME & PACKAGE NUMBER	NAME OF SUPPLIER	PROCUREMENT CATEGORY	STAGES IN THE PROCUREMENT PROCESS				SOURCING			
				PLANNING				Letter s of Invitation sent out	Standard Tender Document used	Date of Tender Invitation	Date of Tender Submission/Opening
1.	Procurement of 1No. Apple 27” IMAC Retina 5K Display all-in-one Desktop Computer; and 2No. Dell Inspiron Desktop Computers for TRECK, KNUST-Lot 2 AS/KNUST/GD/0012/2022	Technics Engineering & Consultancy Services	Goods	Yes	Yes	Yes	Yes	Yes	Yes	31/1/2022	8/2/2022
2.	Procurement of 1No. Macbook (MYDCLL/A) Laptop Computer for TRECK	PC Origin Enterprise	Goods	Yes	Yes	Yes	Yes	Yes	Yes	19/5/2022	26/5/2022

**APPENDIX IV
DATA SHEET ON FINDINGS ON THE STAGES IN THE PROCUREMENT PROCESS (SHEET 2)**

PROCUREMENT METHOD: REQUEST FOR QUOTATION – TRECK (2022)

TENDERING PROCESS						EVALUATION			
Was tender opened publicly? Yes/No?	Number of Suppliers invited	Number of quotations received	Number of Responsive Tenders	Availability of Tender Opening minutes And Records sheet Yes/No?	Tenders evaluated By an evaluation Committee? Yes/No?	Evaluation Committee duly constituted Yes/No?	Availability of Standard Evaluation report Yes/No?	Evaluation reports Approved by the appropriate Approving Authority Yes/No?	
Yes	6	3	3	Yes	Yes	Yes	Yes	Yes	
Yes	8	4	4	Yes	Yes	Yes	Yes	Yes	

APPENDIX V

DATA SHEET ON FINDINGS ON THE STAGES IN THE PROCUREMENT PROCESS (SHEET 3)

PROCUREMENT METHOD: REQUEST FOR QUOTATION – TRECK (2022)

CONTRACT AWARD AND AGREEMENT		CONTRACT MANAGEMENT			EXECUTION		AND		PAYMENT
Availability of Notification of award of Contract Letter/L.P.O	Date of Notification of award of Contract Letter / L.P.O	Contract Amount GH¢	Actual Contract Amount GH¢	Availability of formal Contract Agreement signed by parties	Unsuccessful Tenderers notified of Tender outcomes	Have all the Goods been delivered	Documentation on delivery and inspection of goods (GRV/SRV/ etc.) available GRV No.	Have the goods been paid?	Were payments properly approved?
Yes/No?	Yes/No?	Yes/No?	Yes/No?	Yes/No?	Yes/No?	Yes/No?	Yes/No?	Yes/No?	Yes/No?
Yes	23/2/2022	57,914.48	56,243.87	Yes	Yes	Yes	Yes (000881)	Yes	Yes
Yes	6/6/2022	13,000.00	12,625.00	Yes	Yes	Yes	Yes (0000891)	Yes	Yes

APPENDIX VI

DATA SHEET ON FINDINGS ON THE STAGES IN THE PROCUREMENT PROCESS (SHEET 1)

PROCUREMENT METHOD: SINGLE SOURCE – TRECK (2022)

NO.	CONTRACT NAME & PACKAGE NUMBER	NAME OF CONTRACTOR	PROCUREMENT CATEGORY	STAGES IN THE PROCUREMENT PROCESS					
				PLANNING			REQUEST & APPROVAL DETAILS		
				Availability of procurement plan for 2022 Yes/No?	Contract package included in Plan Yes/No?	Letter of Request for Approval from PPA Available? Yes/No?	Date of Request From Entity to PPA	Evidence of Approval from PPA Available? Yes/No?	Date of Approval of Request from PPA
1.	Construction of Two-Storey Africa Centre of Excellence – TRECK for College of Engineering, KNUST-Kumasi	Antartic Limited	Works	Yes	Yes	Yes	22/2/2022	Yes	25/3/2022

APPENDIX VII

DATA SHEET ON FINDINGS ON THE STAGES IN THE PROCUREMENT PROCESS (SHEET 2)

PROCUREMENT METHOD: SINGLE SOURCE – TRECK (2022)

CONTRACT AWARD AND AGREEMENT		CONTRACT MANAGEMENT			EXECUTION AND		PAYMENT		
Availability of Notification of award of Contract Letter? Yes/No?	Date of Notification of award of Contract	Contract Amount Signed GH¢	Actual Contract Amount GH¢	Availability of formal Contract Agreement signed by parties	Any Advance Mobilization ? Amount Paid GH¢	Was Advance Mobilization Guaranteed? Yes/No? & Date of Payment & PV No.	No. of Invoices Paid	Has the Project been Completed with Acceptable Performance? Yes/No?	Were payments properly approved? Yes/No?
Yes	31/3/2022	6,383,656.68	Ongoing	Yes	Yes 957,548.50	Yes 16/6/2022 PV No.: 445529	2	No Project is ongoing at 53% completion as at 10 th May, 2023	Yes