
**AFRICA CENTRES OF EXCELLENCE – REGIONAL
WATER AND ENVIRONMENTAL SANITATION
CENTRE - KNUST (RWESCK)**

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 Water and Environmental Sanitation Centre - KNUST (RWESCK)
KNUST

Dear Sir,

PROCUREMENT REPORT - 2020

We have completed the procurement audit of Africa Centres of Excellence Project on Regional Water and Environmental Sanitation Centre - KNUST (RWESCK) 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 to 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 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 co-operation extended to us during the audit.

Yours faithfully,

Donaldy Associates

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1.0 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 of 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.

The Africa Centre of Excellence - Regional Water and Environmental Sanitation Centre (ACE-RWESCK) of The College of Engineering - KNUST was selected as one of the centres for the research into Water and Environmental Sanitation.

Carrying out 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 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 the RWSECK 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 will transcend 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 Water and Environmental Sanitation Centre and of the Procurement Directorate of the University for their cooperation during the audit period.

2.0 SCOPE OF THE AUDIT REPORT

The audit covered the procurement activities of the Regional Water and Environmental Sanitation Centre (RWSECK) 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 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, standard tender documents, tender evaluation report, contract award letters and agreement, memos, pro-forma invoices, payment vouchers, and Goods Receipt Vouchers were examined at the RWESCK office and the main University's Procurement Directorate.

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 1.

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 two of the Public Procurement Act 2003 (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 Water and Environmental Sanitation Centre who implements the project is not an entity on its own but rather a unit within an entity which is the University. As a result of this, it is expected that the Centre operates using these procurement structures established by the University.

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

Findings

For the period of the audit, the documents we reviewed provided evidence that, part of the procurements (two contracts) were undertaken at the Centre where another part (one contract) was undertaken at the main University's Procurement Directorate. This was in response to the University policies and procedures on procurement prescribed under section 7.2 of the University policy document which indicates that procurement of Goods, Works and Services within a threshold of Ten Thousand Ghana Cedis (**GH¢ 10,000.00**) should be handled at the College level whereas procurements above such value should be forwarded to the Main University Procurement Directorate for action.

In this regard, it was expected that, the office makes use of the procurement structures prescribed by Act 663 as amended in undertaking procurement activities.

The University complied with this provision and had a functional Procurement Unit, well-staffed with qualified procurement professionals who handled the procurement of Goods and Services of the Centre for the year under review.

Again, The University had in place an Entity Tender Committee in accordance with the requirement prescribed in schedule 1B3, Category C (Tertiary institutions) of the Public Procurement Act 2003, (Act 663) as amended. The Entity Tender Committee executed its mandate as the oversight body by ensuring every stage of the procurement activity and procedures

prescribed in the Public Procurement Act 2003, (Act 663). It also exercised sound judgement in making procurement decisions.

Notices of meetings and Minutes of meetings of the committee on approvals for procurements undertaken by the Centre and contract values within the approved threshold of the committee were sighted.

Other ad-hoc structures such as the Tender Opening Panel and Tender Evaluation Panel were used as and when the need arises by the main University. Notices of meetings and Minutes of meetings of such committees were also sighted.

However, on the part of the Centre, a permanent committee was used for Tender opening and Tender evaluation.

Defects

A permanent committee was used for Tender opening and Tender evaluation.

Effect

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

4.2 Monitoring and Internal Control Systems

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

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

Criteria (Reference to the Act, Manual, 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. This has been put in place. There were evidences of segregation of duties in the procurement process such as initiation of request, approval for purchase, sourcing for quotations, evaluation of quotations and award of contract.

However, the audit identified some defects which can weaken internal controls and will deprive the centre for achieving value for money as detailed below:

- Non verification of Goods Receipt Vouchers by Internal auditors:

All the Goods Receipt Vouchers audited (G.R.V.) had not been verified/certified by an Internal Auditor contrary to sec. 7.3(8) of the University procedure for taking delivery of goods procured. It only bears the signature of the Stores officer. This does not provide enough evidence that the goods were received into stores.

Defects

Goods Received Voucher (GRV's) on contracts awarded by the Centre did not have the verification signature and stamp of the Internal Auditor at the time of payment.

Effect

The non-verification of Stores documentation at the time when goods were received creates a gap that weakens internal controls.

4.3 Procurement Process

The audit under procurement process examined the entire procurement cycle from initiation to completion. The handling of each stage of the procurement cycle is of utmost importance to the success or otherwise of any procurement transaction of the project. The audit therefore examined documents covering each of the stages of the entire procurement cycle of sampled contracts on Goods to assess that all required procedures have been complied with in accordance with the Public Procurement Act 2003, (Act 663) as amended.

For each of the sampled contract, the following stages were examined; Planning, Sourcing, Tendering process, Evaluation, Contracting and Contract Agreement and Payments.

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 (2) in addition, prescribes that a procurement entity shall submit to its tender committee not later than one month to the end of the financial year the procurement plan for the following year for approval.

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. The plan was on Goods and Works. However, during the period under review, only the Goods Procurement plan was implemented. Activities on works were put on hold due to lack of funding.

All the contract packages reviewed were all captured in the plan. The procurement plan was updated in the year.

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 whether 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.

Sections 42 and 43 of the public procurement 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 and at the Centre, there were no evidence of a submission register signed by suppliers who submitted quotations.

Tender opening was done publicly and signed minutes of tender opening was available.

However, on the invitation of price quotations at the Centre, even though the University's Supplier database was used, it was identified that the invitations for the supply of certain goods such as computers and accessories (laptops) were mostly limited to the same suppliers.

Defects

Limited competition in the procurement process.

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 entity.

Breaking of bulk

Criteria (Reference to the Act and manual)

Section 21(6) of Act 663 as amended states 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.

Findings

The audit revealed there were breaking of bulk as purchases of similar items such as laptops and tablet for use at the centre which could have been aggregated together as a package and procured in bulk were done on piecemeal repeatedly within short interval period.

TABLE 1: DETAILS OF PROCUREMENT OF LAPTOPS AND TABLET

NO.	ITEM DESCRIPTION	QUANTITY	DATE OF CONTRACT AWARD	AMOUNT (GH¢)
1.	Laptop computer	1 no.	20-07-2020	7,800
2.	Laptop computer	1 no.	17-09-2020	7,864
3.	Laptop computer (Lenovo)	1 no.	07-10-2020	7,864
4.	Tablet	1 no.	17-11-2020	3,358

Defects

Breaking of bulk to avoid the use of appropriate procurement method and approval authority.

Effects

Breaking of bulk by dividing a procurement order to procure in piecemeal to avoid the application of the procedures for public procurement is in contravention of section 21(6) of Act 663 as amended. In addition, it increases administrative cost and prevents the project of making savings through bulk purchases.

4.3.4 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 indicated that, evaluations were conducted with available evaluation spread sheets and recommendation of contract award.

However, the centre made use of a permanent procurement committee instead of adhoc-procurement committee for all evaluations.

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.

4.2.5 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.

4.3.6 Contract Management

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

Section 5.18 of the Public Procurement manual states that, effective management of contracts 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 were evidences of formal contracts awarded and agreements signed with the suppliers.

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. Delayed deliveries were recorded on some contracts for the project handled by the Main Procurement Unit. But no formal documentation of follow ups on the delivery were available.

Effect

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

4.3.7 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

Records on the contract undertaken by the Main University Procurement Unit was satisfactory. It represented the procurement processes from initiation to completion.

However, files were not kept for each procurement process and per each contract package.

Defects

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

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.

5.0 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, updating of procurement plan and others were identified which needs correction to enable the Centre to improve on its compliance with statutory requirements with the Public Procurement Act 2003, (Act 663) as amended in the conduct of the procurement activities and to achieve value-for-money.

6.0 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 which does not enhance transparency.
2. Supplier invitation should be increased for all categories of procurement to enhance competition and transparency.
3. Tender submission by suppliers should be recorded and signed in a Submission Register.
4. Specific delivery period should be indicated in the notification of award and contract agreement for timely delivery of goods.

5. There should be an independent verification of goods received voucher by the internal audit immediately goods are received to confirm receipt and not at the point of payment which does not enhance transparency.
6. Records on the procurement processes at the centre must be per each contract package.

7.0 APPENDIX

APPENDIX 1

LIST OF INTERVIEWED STAFF (RWSECK)

NO.	NAME OF STAFF	DESIGNATION
1.	Kwabena Ampong	Accountant
2.	Bright Frimpong	Procurement Officer (College of Engineering)
3.	Bernice Baafi Adomako	Procurement Officer (Main University Procurement Unit)
4.	Paul Agyei Serbeh	Contract Administrator (Main University Procurement Unit)

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

NO.	CONTRACT NAME & PACKAGE NUMBER	NAME OF SUPPLIER/ CONTRACTOR / CONSULTANT	PROCUREMENT CATEGORY	PROCUREMENT 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 2020 (Yes/No)	Contract package included in approved Plan (Yes/No)			
1.	Supply of Reagents to the Centre	Daniemma Medichem Ventures	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
2.	Supply of Sanitation and Hygiene materials to the Centre	Reflection Moments Ventures	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3

3.	Supply of office stationery to the centre	Flodeks prestige	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
4.	Supply Of 1 No. Laptop for The Centre	Xpert vision computers	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
5.	Supply Of 1 No. Laptop for The Civil Engineering Dept.	Xpert vision computers	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
6.	Supply Of 1 No. Lenovo Laptop for The Civil Engineering Dept.	Xpert vision computers	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
7.	Supply of 66 no. Lab coat	Daniemma Medicchem ventures	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
8.	Procurement and installation of water supply at (RWESCK)	Wagtech Ghana Limited	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3

9.	Supply and installation of 1 no. evo @ MAIS Scanning Electron Microscope (SEM) with EDX and 3 Detectors at the Africa centre of excellence (RWESCK)	Wagtech Ghana Limited	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3
10.	Procurement of additional components for the atomic absorption spectrophotometer equipment for the Africa Centre of Excellence (RWESCK)	Wagtech Ghana Limited	Goods	Price Quotation	YES	YES	YES (LoI)	YES	3

YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
YES	YES	YES	YES	YES	YES	GH¢7,864	YES	YES	YES	YES	YES	YES
YES	YES	YES	YES	YES	YES	GH¢4,079	YES	YES	YES	YES	YES	YES
YES	YES	YES	YES	YES	YES	GH¢507,456	YES	25-07-18	YES	YES	YES	YES
YES	YES	YES	YES	YES	YES	GH¢3,271,020	YES	25-07-18	YES	YES	YES	YES
YES	YES	YES	YES	YES	YES	GH¢560,665	YES		YES	YES	YES	YES