
**AFRICA CENTRES OF EXCELLENCE – KNUST
ENGINEERING EDUCATION PROJECT
(KEEP)**

PROCUREMENT AUDIT REPORT

31 DECEMBER 2020

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Donaldy Associates
Chartered Accountants
House of Excellence Annex
Adum – Kumasi

26th July, 2021

The Centre Leader
Africa Centres of Excellence
KNUST Engineering Education Project
KNUST

Dear Sir,

PROCUREMENT REPORT

We have completed the procurement audit of Africa Centres of Excellence – KNUST Engineering Education Project (KEEP) 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

1.0 INTRODUCTION

The College of Engineering of the Kwame Nkrumah University of Science and Technology (KNUST) under the KNUST Engineering Education Project (KEEP) was selected as one of the Centres for research for the implementation of the project “the First Africa Higher Education Centres of Excellence for Development Impact Project” with the objective 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 was an outcome of a financing agreement. The Government of Ghana through the Ministry of Finance (M.O.F.) signed with the International Development Authority (IDA) for the implementation of “the First Africa Higher Education Centres of Excellence for Development Impact Project”.

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) as amended, provisions of the Public Procurement Act apply to procurement with funds or loans taken or guaranteed by the State and Foreign Aid Funds. 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.

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. This report presents the findings and recommendations of the Procurement audit on the procurement activities undertaken under the KEEP 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 the 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 under the KEEP Project 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 KNUST Engineering Education Project (**KEEP**) 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 during 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 i.e. documentary evidence. Documents (Memos, pro-forma invoices, Payment Vouchers, Goods Receipt Vouchers, etc.) were examined at the KEEP Project 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 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 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 College of Engineering 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 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 made use of them in its procurement activities and (iii) whether properly 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 action.

For the period of the audit, the procurements undertaken were 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.

The Centre and the Main Procurement Unit has professionally qualified Procurement officers who coordinated and managed the procurement process. Other committees were also used.

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 the systems put in place by management to supervise and ensure that the right procedures are followed as prescribed by statutory requirements concerning procurements 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, and the University policy)

Part two of the Public Procurement Act 663 as amended prescribes the required procurement structures that must be in place in every Public Procurement Entity. Sec. 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 the particulars of the goods on a Goods Received Voucher (GRV) after satisfying oneself that the quality, weight and quantity are correct and agree with the purchase order and invoice. Secondly, the goods received shall be verified by the Internal Audit Unit.

Findings

The review of the procurement 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 few persons to be involved in the procurement process.

The audit revealed that there were procurement structures were in place. Also, there were documentary evidence of approvals of request before it went through the procurement process and approvals for contract award and agreement.

Again, on Delivery of goods and services, items procured were routed through stores for inspection, receipt and documentation before they were issued to the user departments.

However, verification and certification of goods received vouchers by the Internal Auditors were not done.

Defect

Non-verification and certification of Goods Received Voucher by the Internal Auditor.

Effects

The non-verification of stores documentation by the Internal Auditors at the time the goods were received creates a gap that defeats 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 a 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 the 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 of the plan where necessary. Secondly, 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 make adjustments in the plans so as to give a complete picture of 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 our examination.

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

However, the plan had challenges in the selection method for Consultancy services. Price quotations were indicated in the plan instead of the right methods such as Quality Based Selection (QBS), Quality and Cost Based Selection (QCBS), etc though these right methods were used during the implementation of the contract.

Processing Steps and Times (specific dates) for activities to be undertaken on the procurement process were also not indicated in the plan.

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

Defects

The procurement plan on the project was not well defined in terms of Procurement methods, Approving Authorities and Processing Steps and Times on the procurement process.

The project did not comply with the requirement of Section 21 (3) of the Public Procurement Act 2003, (Act 663), as amended on the quarterly update of procurement plan.

Effect

The plan could not achieve the purpose as a guide for following the procurement processes of invitation of tenders through to contracts awarded. Monitoring of performance to identify major discrepancies may be difficult 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 the procurement activities were also examined on the basis 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 was made formally using the required standard documents.

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

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 of 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 evidence that the request for quotations were made formally. Letters of invitations to the suppliers and standard request for quotation document 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.

However, on the invitation of price quotations used by the College procurement unit for the Centre, even though the University's Supplier Database was used, it was identified that the invitations were limited to few suppliers for the supply of I.T related Equipment and Stationery.

Defects

Limited competition in the procurement process was undertaken at the Centre.

Effects

Limitation of invitation to tenders to few suppliers does not encourage competition but may rather result in a collusion among the suppliers which in effect may affect the pricing of items to the disadvantage of the Centre.

4.3.3 Tender Evaluation

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

Findings

Section 59 (1) and (2) of the Procurement 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 that has not been set out in the invitation documents.

The audit sought to find out how tenders are compared and selected for the award of contract. In view of this the availability of evaluation report was requested for a review. Evidence gathered indicated that an evaluation was conducted with available evaluation spread sheet and recommendation of the contract award. However, the centre made use of a permanent procurement committee at the College of Engineering 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.

4.3.4 Contracting and Contract Agreement

The conclusion on evaluation of tenders for the procurement of goods, works or services is for the determination of 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 the Procurement 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 agreements signed with the Suppliers and Consultants were 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 maintained 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 they 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 agreements did not indicate specific delivery periods. This had effect on the monitoring of delivery schedules to ensure that goods are delivered on time. Delayed deliveries were recorded on some contracts for the project handled by the Main Procurement Unit. But no formal documentations 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.

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 or 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 it obtains, retains 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 provides details of the records of procurement proceedings and Section 1.10.3 of the Public Procurement Manual, 2003 also provides 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 the specific contract file.

Findings

Procurement and Accounting files were available for our 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.

Record Keeping on the contracts undertaken by the Main University Procurement unit were satisfactorily. 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 contract package does not help the effective management of procurement activities and 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, non-updating of procurement plan, non-verification and certification of goods received 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 their procurement activities. Adhoc committees for Tender opening and Tender evaluation should be constituted and use on a case-by-case basis when the need arises 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. The scope for supplier invitation should be widen for all categories of procurement to enhance competition and transparency.
4. Tender submission by suppliers to the Centre should be recorded and signed in a submission register.
5. Specific delivery period should be indicated in the Notification of Award and Contract Agreement for effective expediting on delivery of goods.
6. Records on the procurement processes at the Centre must be enhanced as per each package separately.

APPENDIX 1**INTERVIEW LIST OF STAFF INTERVIEWED DURING THE AUDIT EXERCISE**

NO.	NAME OF STAFF	DESIGNATION
1.	Abraham Yenu Lambon	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 (KEEP-2020)

NO.	CONTRACT NAME & PACKAGE NUMBER	NAME OF SUPPLIER/ CONTRACTOR / CONSULTANT	PROCUREMENT CATEGORY	PROC. METHO D 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 Invitatio n sent out? (Yes/No)	Standard Tender Docume nt used (Yes/No)	Number of tenders received
1.	Website design, Flier printing and Brand collaterals	Dream Brander Network	Goods	PQ	YES	YES	YES	NO	NO	3
2.	Structural drawings and printing of College of Engineering	Home Style Design and Constructio n Ltd	Works	PQ	YES	YES	YES	NO	NO	3

	Postgraduate Building											
3.	Supply of Printing and Stationery items	Denny-Vee Ventures	Goods	PQ		YES	YES	YES (LoI)	YES		3	
4.	Supply of Office Stationaries	Xpert Vision Computers	Goods	PQ		YES	YES	YES (LoI)	YES		3	
5.	Website Design	Tuttifruite concepts	Technical Services	PQ		YES	YES	YES (LoI)	YES		3	
6.	Supply of Food items(X'mas package)	Continental Supermarket	Goods	PQ		NO	NO	NO	YES		1	
7.	Supply of Voice Recorder, Pointer and Hard Drive for KEEP Project office.	Xpert Vision Computers	Goods	PQ		YES	YES	YES (LoI)	YES		3	

8.	Purchase of x'mas hampers for KEEP Sectorial and Advisory Board Members.	Vivid Konsult	Goods	PQ	NO	NO	YES	YES	3
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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	6,000.00	YES	YES	YES	YES	YES		

NO	NO	YES	-	NO	6,460.00	YES	YES	YES	YES	YES	YES
YES	YES	YES	12-05-20	YES	1,699.50	YES	YES	YES	YES	YES	YES
YES	YES	YES	17-09-20	YES	5,763.00	YES	YES	YES	YES	YES	YES
YES	YES	YES	01-09-20	YES	4,902.19	YES	YES	YES	YES	YES	YES
NO	NO	YES	-	NO	870.00	YES	YES	YES	YES	YES	YES
NO	NO	YES	-	NO	6,400.00	YES	YES	YES	YES	YES	YES