

STRENGTHENING PROCUREMENT AUDIT PRACTICES & COMPLIANCE IN THE CARIBBEAN

**Compendium Report
of
Collaborative Procurement Audits
Undertaken in Select Caribbean Countries**

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OVERVIEW

About CAROSAI

The Caribbean Organization of Supreme Audit Institutions (CAROSAI), an INTOSAI regional organization, comprises twenty-three (23) Supreme Audit Institutions (SAIs).

Core Mission

CAROSAI's core mission is to build stronger SAIs in the Caribbean.

Strategic Mandate

- 1)** To support the management and reporting in SAIs
- 2)** To support the implementation of International Standards of Supreme Audit Institutions (ISSAI's) for high quality audits
- 3)** To support enhanced SAI-stakeholder engagement for greater audit impact

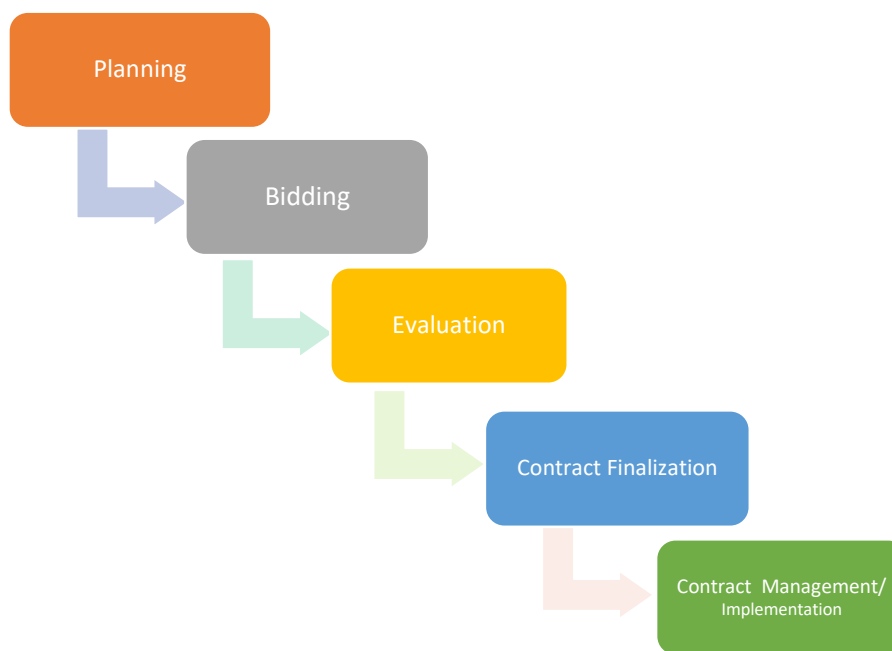
Project Rationale

In July 2016, CAROSAI conducted a survey to determine the mandate, needs and priorities of all its members. The adoption and implementation of ISSAI was identified as a critical capacity building need for most SAIs. In pursuit of addressing this need the CAROSAI Secretariat, through the joint support of the World Bank and the Inter-American Development Bank (IDB), spearheaded an initiative for collaborative audits on procurement. The programme of activities commenced with a workshop in Jamaica from 29th May 2017 to 2nd June 2017. Arising from the workshop selected SAIs were tasked to conduct a collaborative procurement audit in their respective countries.

The focus of the collaborative audit was on Public Procurement, defined as the delivery of goods and services to the Public Sector which are derived from external sources. These goods and services must be procured at the best possible cost to meet the needs of the government in terms of quality, quantity and time, while complying with the applicable laws.

THE PROCUREMENT PROCESS

The **Procurement Process** involved the five (5) important phases listed below:



The procurement processes are intended to promote transparent, fair and open competition while minimizing exposure to risks, fraud, and collusion.

Project Results

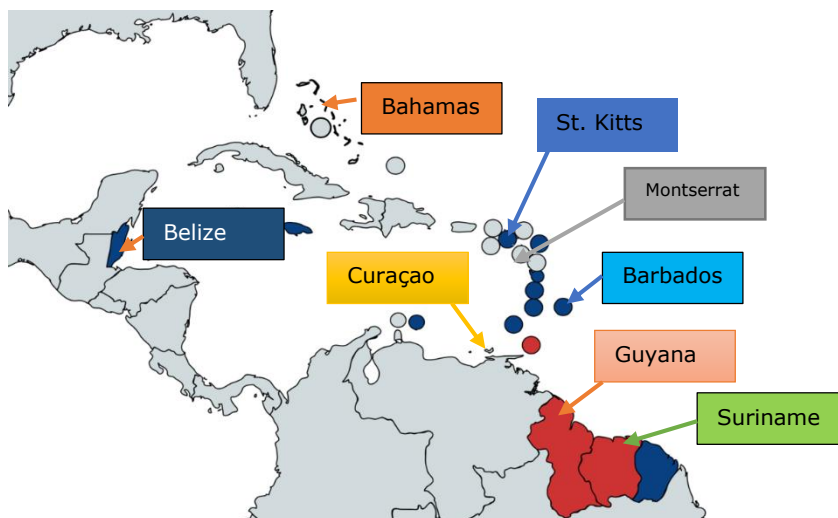
The results of the collaborative procurement audit undertaken simultaneously by selected SAIs in their respective jurisdictions are herein compiled as a compendium report. The report highlights commonalities across eight (8) SAIs and aims to share audit methodologies and approaches, with a view to utilising the best and most up-to-date and appropriate practices. Additionally, it is intended to serve as a tool for knowledge-sharing and a baseline for procurement audit in the Caribbean providing insights on government's engagement and compliance with procurement rules and recommendations for enhanced procurement practices.

The anticipated users of the report are:

- Government entities
- Internal audit office of Government Ministries and Departments
- Supreme Audit Institutions (SAIs)

CARIBBEAN COUNTRIES SELECTED FOR AUDIT

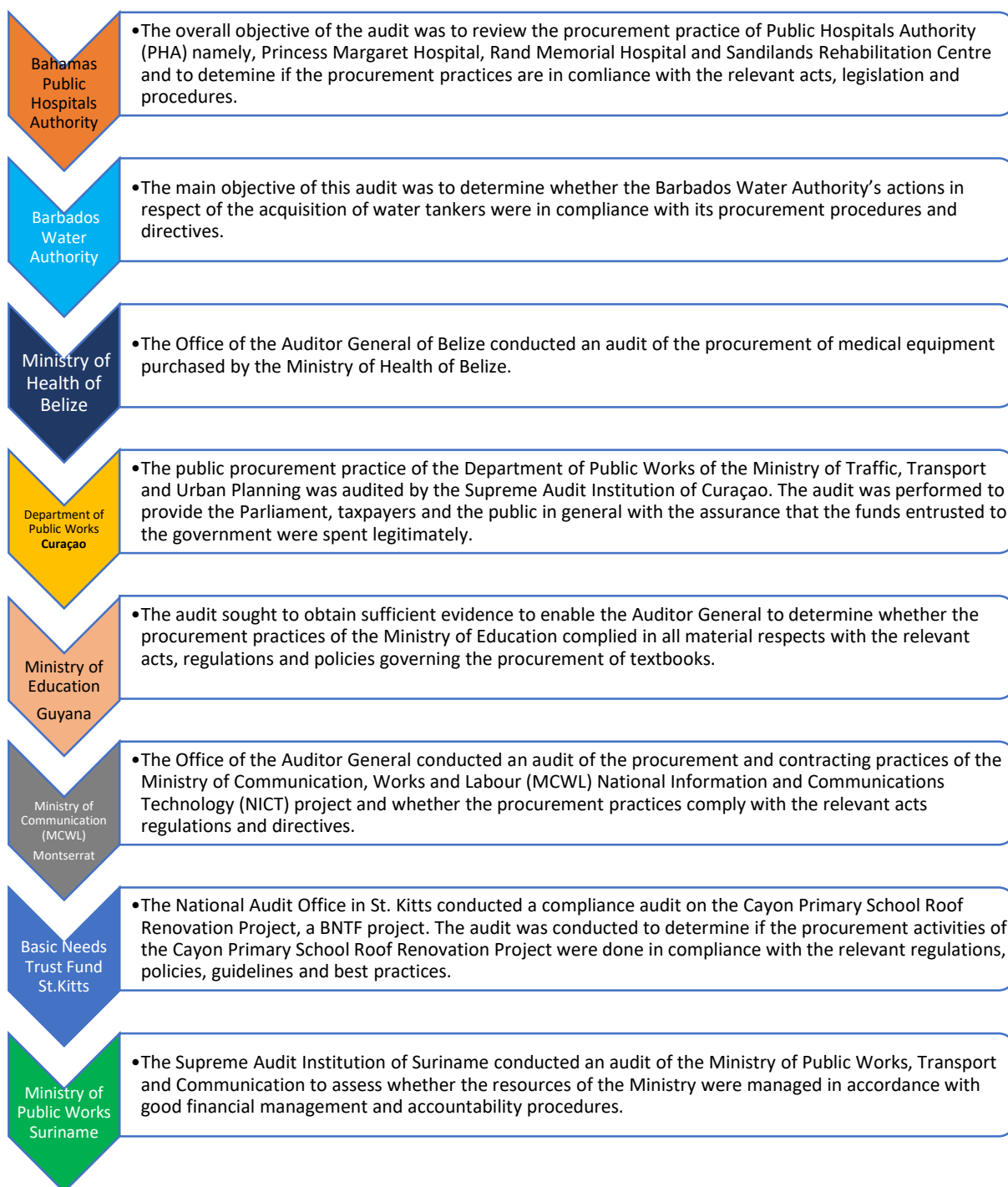
This report highlights the findings from the following eight member states of CAROSAI that conducted collaborative procurement audits:



Each participating SAI chose a department or ministry from their respective country to conduct a procurement audit. The audits were conducted simultaneously as part of a knowledge-sharing approach in reviewing procurement activities. The purpose of these audits was to assess the general adequacy of procurement practices across the region.

The summary of the audits - scope, findings, recommendations and conclusions - conducted are set out below.

AUDIT SCOPE SUMMARIES



AUDIT METHODOLOGY SUMMARY

Testing of appropriate controls and substantive procedures are necessary in achieving audit objectives. The commonalities in audit methodology utilized by the participating SAIs are outlined below and can serve as best practice within the SAIs across the region:

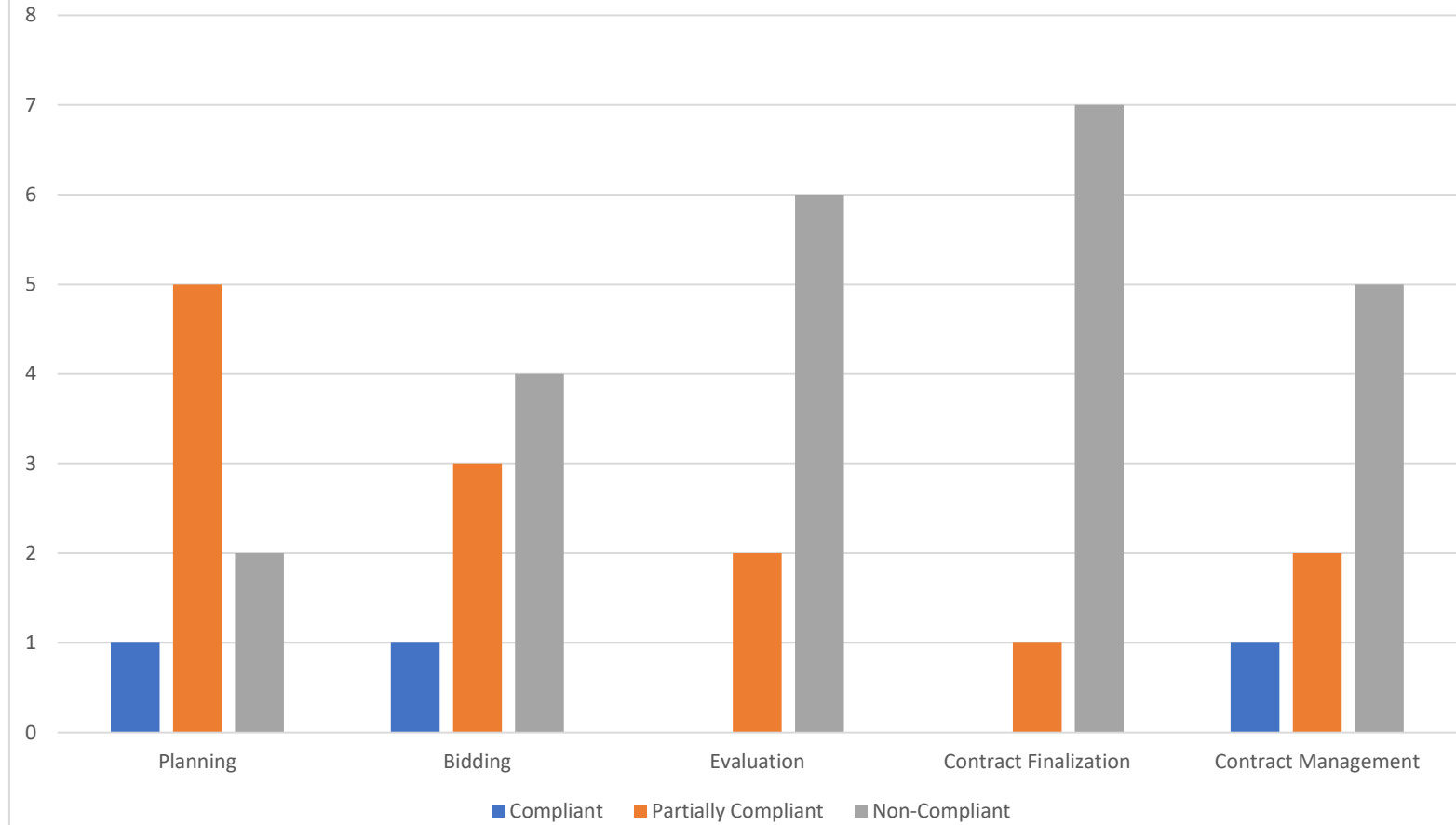
- Audit conducted in accordance with the International Standards of Supreme Audit Institutions.
- Assessment of the control environments to ensure that the review process examined all the relevant controls and procedures.
- Examination of files and documents pertaining to the procurement systems and processes.
- Interviews with key persons involved in the procurement and other processes (management, legal division, and other Senior Officials) and a thorough review of the relevant procurement contracts to gain an understanding of the entity and evaluate its procurement processes (planning, sourcing and contract management) for compliance with the relevant laws and regulations.
- Review of the applicable guidelines, policies and procedures governing procurement by the entity to assess compliance.

SUMMARY FINDINGS

	Planning	Bidding	Evaluation	Contract Finalization	Contract Management
Bahamas	P	P	P	P	P
Barbados	P	N	N	N	P
Belize	P	N	N	N	N
Curaçao	P	P	P	N	C
Guyana	N	N	N	N	N
Montserrat	P	P	N	N	N
St. Kitts	C	C	N	N	N
Suriname	N	N	N	N	N
Key to Grid	C = Compliant P = Partially Compliant N = Non-Compliant				

Note: Grid Compiled Based on Direct and Indirect Statements Made in the respective Procurement Audit Reports

Compliance Chart



ANALYSIS AND SUMMARY CONCLUSIONS

Overall, only 1 out of 8 or 12.5% of the countries audited was compliant in the Planning Phase; 1 or 12.5% in the Bidding Phase; none in the Evaluation Phase; none in the Contract Finalization Phase and 1 or 12.5% in the Contract Management Phase of the projects undertaken.

This means that non-compliance and partial compliance was recorded at an average of 92.5% across the procurement process, with non-compliance as a single metric reaching as high as 87.5% during the Contract Finalization phase. If these statistics are representative of the public procurement process across Caribbean States, then this is a major cause for concern. The statistics suggest that the recommendations made by the auditors need to be urgently adopted within these territories in order to increase effectiveness and efficiency in the public procurement of goods and services.

Best Practice Tool

The Bahamas audit identified the use of the **Online Tender Management System** as a useful tool for managing the procurement process. Despite challenges with the implementation of this system, it still represents the best opportunity for the effective management of projects. Once the inefficiencies found in the electronic submission system are identified and corrected, this tool should be adopted as a BEST PRACTICE across the Region in the procurement of public goods and services.

SUMMARY RECOMMENDATIONS

Recommendations

The cross-cutting recommendations from the collaborative audits are set out below and serve as a guide to strengthening procurement audit best practices across the SAIs. The recommendations also provide a baseline for procurement practices in the Caribbean towards greater efficiency and transparency.

RECOMMENDATIONS (Planning Phase)	RECOMMENDATIONS (Bidding, Evaluation & Contract Finalisation Phase)	RECOMMENDATIONS (Contract Management Phase)
<ul style="list-style-type: none">• Proper inventory of goods and/or equipment to be procured• Declaration of conflicts of interest• Register of all contracts approved by a tendering committee• Clear roles and responsibilities of those involved in managing projects	<ul style="list-style-type: none">• Formal approval of project plans and implementation schedules• Creation of clear evaluation criteria and recording bid scores• Publicizing awards of contracts• Review of contracts by an Attorney-at-Law before signing• Online Tender Management System• Adherence to Tender Rules and Tender Requirements• Transparency in the opening of Bids• Board and Ministry approval of major contracts required• Formal approval for changes in scope to projects is required.• Debar listing (record of all vendors excluded from bidding) should be established	<ul style="list-style-type: none">• Projects must be managed in accordance with procurement regulations• Stronger internal controls• Implement sanctions for non-performance and non-compliance with regulations• Effective documentation and maintenance of records• Effective and ongoing monitoring and reporting on all areas of the procurement process• Payments should be made in accordance with agreed guidelines and procedures• Reporting obligations with the relevant supporting documentation need to be enforced• Formulation of timely policies governing projects• Development of Risk Identification and Mitigation measures• Formal approval of project plans and implementation schedules

A project of the CAROSAI Secretariat, with joint support from the World Bank and the Inter-American Development Bank (IDB).

