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- Permanent Secretary, Chief Technical Officer, Technical Personnel, Senior Administrative Officer, Administrative Officers (Accounts, Personnel), staff of PIMU, the Registry, and other officers of the Ministry of Communication, Works and Transportation (MCWT).
- Acting Permanent Secretary Ministry of Finance.
- The staff of the Project Coordination Unit.
- The Staff of the Department of Human Resources.
- Members of the Public Tenders Board (PTB)

Sincere appreciation is extended to the Audit Team and to all officers of the Audit Office who contributed to the achievement of the audit results.

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EXECUTIVE SUMMARY

The MCWT plays a vital role in developing and maintaining the public infrastructure of the country. During the past two years it has realised a strong demand for its services, which in turn has posed challenges to its ability to perform its duties in an efficient and effective manner.

During that period of time, and due to Hurricanes Ivan and Emily, the Ministry exercised an outstanding effort to recuperate and at the same time maintained as many roads and buildings as possible.

In the year 2005, four thousand one hundred and ninety three (4,193) contracts were awarded; twenty-four (24) were for buildings and the remainder for roads. Approximately EC 17.6 millions and EC 5.9 millions were expended on roads and buildings respectively within the said year.

Several observations were made as a result of the audit and instances where improvements could be implemented to correct and / or prevent inefficiencies or low performance were identified. Some of these are highlighted as follows:

Most of the contractors were selected through "sole sourcing" and some did not perform the job in an economical, competent and effective manner. There were instances where contractors were paid in full for specific tasks of the contract that were not completed.

It is the opinion of Audit that Regulations should be reviewed to make allowances for sole sourcing only when there is one supplier and to provide for emergency procurement. Likewise, contracts of service should be supervised and reviewed on a timely basis and the performance of officers on contract should be appraised before their contracts are renewed.

There is no database of contractors to assist in the selection process so a comprehensive database on contractors as well as proper selection criteria should be documented and adhered to by the Ministry.

The Finance and Store Rules governs the awarding of contracts. However, these Rules are not always adhered to. Also, the standard contract form provided for in the Finance and Store Rules, which is presently in use, is not adequate. The Ministry should follow the regulations and should update any supporting documents to ensure effective management control.

Feasibility Studies (FS) were not carried out for locally funded projects; neither were the needs assessments and analyses documented for most of the projects selected.
Audit encourages the Ministry to carry out FS to determine the cost benefit of the need identified and the suitability of the site so that informed decisions regarding implementation could be made. This should be done before drawings and bills of quantities are prepared so as to reduce unnecessary spending and risk.

The Ministry's budget for 2005 was impractical and inaccurate in some instances. As a result, there were overruns on some projects and no expenditure was incurred on others. In this regard, the Ministry’s budget should be realistic and prepared with due consideration to economy and efficiency.

The Ministry does not prepare financial reports showing the financial performance of all projects; reconcile its record against the monthly Summary of Capital Expenditure by Vote Report that is sent from the Ministry of Finance (MOF); nor always adhere to financial procedures and controls.

Audit encourages the Ministry to review and reconcile the monthly Capital Expenditure report, with the Estimates and respective vote book (s) so the financial reports would be a useful management tool for monitoring and control.

Performance reporting is not standardized. Officers report according to their liking or preference and even some basic reporting requirements are not being met. In this regard, the MCWT should establish standard reporting formats, which would capture all relevant information, for supervisors and subordinates.

Besides, all pertinent and important information on a project should be documented. The contract document for projects should be adhered to and contractors’ work should be monitored to ensure that the Government gets value for money.

The Government is paying high rental costs in order to house offices and residences for some projects that do not have an estimated start or completion date and for others that were not completed and / or started by the initial estimated date. The Ministry should state the duration of any project on the Scope of works and/or other contract document to ensure compliance and control over expenditure.

The organizational chart, which was presented to audit, did not reflect a true picture of the organization with regard to positions and accountability relationships. The organizational chart should be reviewed, finalized and properly adopted.

The Ministry does not have a proper preventive maintenance plan for roads and buildings. It also does not have a disposal policy for tools and equipment. A proper preventive maintenance plan for roads and buildings/structures should be prepared and utilised. Also proper records including the status of all tools and equipment should be readily available.
The Ministry does not always address complaints and concerns from users in relation to projects efficiently and effectively. Mechanisms should be developed to collect, document and address users’ complaints and concerns.

The Government may wish to consider different options for having its buildings properly insured including setting up its own insurance for its assets.

Management accepted the criteria used to perform the audit and most of the proposed observations and recommendations and is in the process of implementing the recommendations relating to the “contracting process”.

1.0 INTRODUCTION

The Office of the Director of Audit is devoted to upholding public accountability and transparency in all the entities under its jurisdiction / mandate as a means to encourage and provide better public service, good management, good performance, and achievement of results from the public entities on behalf of the people of the country.

Value for Money (VFM) auditing is a recent expansion in the scope of auditing in the public sector. The Office of the Director of Audit was traditionally concerned with regularity of expenditure and compliance with laws, rules and regulations. At present, the role of the Office is changing with a view to demonstrate whether management is paying due regard to matters of economy, efficiency and effectiveness in the management of resources entrusted to them.

VFM audit is defined as an examination of the way in which resources are allocated and utilized in conformity with applicable regulations, rules, and procedures. It is concerned with the interrelated concepts of economy; efficiency; and effectiveness.

This audit provides Government and Parliament with an assessment on the performance of its activities; with information, observations and recommendations designed to promote accountability in the government, an ethical and effective public service, good governance and sustainable development.

Further, this audit does not question the merits of the Ministry’s/ Government’s policies. Rather, it examines the Ministry’s/ Government’s management practices, controls, and reporting systems based on its own public administration policies and on best practices. The Office reports its findings, which may include areas that are working well and recommendations for improvement where required.

All observations and recommendations that arise from the audit have been discussed with senior management and/ or Department Heads to ensure that all concerned have prior knowledge of, and opportunities to challenge and respond. By formulating recommendations for improvement, and bringing those recommendations to the attention of those who can resolve the problems, the audit seeks to promote improvements in the Ministry’s policies and systems. In reality this type of audit involves a communication approach with the entity’s management.

The Office of the Director of Audit chose to audit the Project Management and Implementation Function of the Ministry as this involves supervising and managing the reconstruction and repairs of private and public infrastructure, ensuring that required standards are observed and maintained and value for money obtained. It also mainly involves contracting of a technical nature, which allows the Office of the Director of Audit to address the issues of economy, efficiency and effectiveness.
2.0 AUDIT MANDATE AND OBJECTIVES

Mandate

The primary duties and responsibilities of the Director of Audit are outlined in Chapter IV section 82 (1) to (6) of the Grenada Constitution Order 1973 and Section 1, 4 of the Finance and Store Rules.

One of the duties of the Director of Audit is to audit and report on the public accounts of Grenada and the accounts of all officers and authorities of the Government of Grenada. Another is to have authority or authorise anyone to have access to all books, records, returns, reports and other documents, which in his opinion relate to any of the accounts referred to in subsection (2) of section 82.

The effective functioning of the Office of the Director of Audit as an oversight and guardian of the public purse should not be underestimated. Over the years, the office has almost single handedly carried the torch for accountability, transparency and good governance (Mission of the Office) in the public service and exposed non-compliance with the existing regulations.

In as much as the responsibility of management is to manage the resources of the Ministry in an economic, efficient and effective manner, the Auditors' responsibility is to assess, evaluate and report on the extent to which this has been accomplished.

The issues identified in this Report are directed to the attention of the relevant managers who should seek to effect solutions where necessary. Recommendations have been made with the intention of assisting management. Implementation of corrective action remains the responsibility of management.

Audit Objectives

1) To assess the tendering and contracting practices and controls to determine whether contracts are awarded in accordance with the Finance and Store Rules, good management practices for the awarding of contracts and with due regard to economy and efficiency.

2) To determine whether the roads and buildings are built to specification and satisfy the stakeholders involved.

3) To determine whether proper systems and controls are in place for planning, coordinating and monitoring roads and building work performed by contractors so as to ensure that the goals of the Ministry are achieved with due regard to economy, efficiency and effectiveness.
4) To undertake an independent assessment of the strength and effectiveness of these systems and controls and to consider ways in which improvements could be made.

5) To determine compliance with the donor agency’s policies, procedures and agreements.

6) To report the results in order to enhance accountability.
3.0 SCOPE OF THE AUDIT

The examination covered the activities and operations executed during the one-year period ending in April 2006. The audit was performed in accordance with the International Standards on Auditing issued by the International Organization of Supreme Audit Institutions (INTOSAI).

Interviews were conducted with top personnel in the Ministry to elicit any specific concerns they had with respect to the operations and results of the Ministry and to determine matters of potential significance for audit purposes.

A survey was conducted in order to assess whether stakeholders were satisfied with the quality of works and services provided.

Physical verification was performed on selected roads and buildings constructed within the aforementioned period.

During the survey stage the following areas were identified as relevant and significant to an assessment of the extent to which the project management and implementation function was being managed with due regard to economy, efficiency, effectiveness and compliance.

1. Capital planning
2. Human resource planning and development
3. Selection and tendering process
4. Financial management and control
5. Capital expenditure control
6. Project performance reporting
7. Post contractual process and controls
8. User Satisfaction

All of the above areas were selected for detailed examination except for 4 and 5, which were combined as “Financial Management and Capital Expenditure Control”.

A number of projects / contracts, which ranged from under $10,000.00 to over $100,000.00, were selected from among roads and buildings for the detailed examination.

The contracts and selected areas for the audit were examined against a number of suitable criteria or good management practices, which were presented and agreed to by the Ministry’s management.

The detailed examination included reviewing contracting procedures; project files; supporting documentation; Estimates of Revenue and Expenditure 2005; payments
made; and testimonial evidence gathered. Analyses were based on an examination of the records, which included project reports; and monthly expenditure reports, as well as interviews held with senior Ministry officials. In addition, site visits were made to projects and interviews held with Project Managers and site clerks.
4.0 PROJECT MANAGEMENT AND IMPLEMENTATION

Project management and implementation is a combination and application of techniques, skills, procedures, people, and systems focused on the successful completion of a project. Successful usually means completion of a project within the time frame, budget (and other resources) and scope defined. It is also a discipline that will support the planning, tracking, and control of projects.

The broad mandate of the Ministry of Communication, Works and Transport is to supervise and manage projects oriented to the reconstruction and repair of private and public infrastructure (roads, buildings, bridges, etc.), ensuring that required standards are observed and maintained and value for money obtained.

The Ministry carries out its mandate through eight functional areas of responsibility at the following locations:

- Headquarters, located in the Ministerial Complex Botanical Gardens, St. Georges.
- Western Main Road Division located in Beausejour, St. George’s with road offices situated at Gouyave, Victoria and Sauteurs.
- Eastern Main Road Division situated in Pearls, St. Andrew with a road office situated at St. David.

With the passage of Hurricane Ivan in 2004 the country’s infrastructure was devastated. There has since been a great demand for reconstruction such that approximately 93% ($70,212,780.00) of the Ministry’s total budgeted expenditure for 2005 ($75,458,271.00) was allocated to capital projects under two programmes: Administration and Project Implementation and Management Unit (PIMU) with $9,612,050.00 allotted to Administration and $60,600,730.00 to PIMU.

Nevertheless, PIMU is not functioning as a separate unit although it is shown as such in the Estimates. There is a PIMU section that deals with the preparation and the recording of contract and payment certificates. In light of this, the audit looked at the project management and implementation function rather than the unit.

There are two programmes, which directly relate to the function, namely Building Construction and Maintenance; and Roads and Bridges Construction and Maintenance.

**Under Building Construction and Maintenance** there is one broad project: *Construction, Refurbishment & Extension of Government Buildings*, which is ongoing. During the two recent disasters a number of important Government buildings were damaged as such relevant works had to be performed on these buildings.
Examples:
- Customs.
- The Ministerial Complex.
- Magistrate courts.
- Police stations.
- Princess Alice Hospital.
- The Prime Minister’s Official Residence.

Under Roads and Bridges Construction and Maintenance, there are two broad projects: Road Improvement & Maintenance Programme which is ongoing and is responsible for debushing and drainage cleaning works; pothole repairs; base preparation and hot mixed asphalt overlay.

This project is realised through many small contracts which are awarded to a number of contractors with preference given to those located in the area in which the works are to be carried out. The contract amounts in most cases are under ten thousand dollars ($10,000.00) and therefore require the approval of just the Permanent Secretary (PS) and not of any of the Tender’s Boards. They are usually labour contracts, with the Ministry providing materials and equipment.

The second project is People’s Republic of China/ Government of Grenada Multi Project which is ongoing and is responsible for the construction of secondary concrete roads, including the construction of concrete drains; cross culvert; retaining walls; kerb walls and concrete crossings. Under this project the contractors provide not only labour but also material and equipment. During the year 2005 approximately EC 3 millions were expended on this project.

As mentioned earlier, the major part of the Ministry’s capital expenditure is utilized on projects that are executed via contracts. The main steps followed by management in implementing the contractual process are:

- Identify the project.
- Invite tenders (notices are posted on the notice board at the Ministry and/or the road offices and sometimes in the newspapers).
- Technical person prepares scope of works and Bill of Quantities without price.
- Technical person sometimes meets with the prospective contractors on site to brief them on the project.
- Prospective contractors insert the prices on the Bill of Quantities and complete the tender documents.
- Contractors submit tenders to the Tenders Board (It is important to note that contracts under $10,000.00 do not go through the tendering process but are awarded by the PS).
The Tenders Board meets, discusses and reports. Contracts over $10,000.00 but under $100,000.00 go to the Departmental Tenders Board and contracts over $100,000.00 go to the Public Tenders Board.

A valuation is done by the respective tenders board and the contract is awarded (The Public Tenders Board has to obtain a "no objection" statement from the funding agency for an externally funded contract before the contract is awarded).

A submission is sent to Cabinet for contracts over $100,000.00 so as to obtain approval for the expenditure of the project.

The contractor who was awarded the contract is informed and he or she signs the same.

A clearance certificate is prepared and signed by the designated technical personnel.

The clearance certificate and the contract are passed to the PS who then signs the contract.

The contract is then passed on to the clerk, who gives it a number and enters it in the Contract Register.

Contractors commence work.

Engineers, Architects Road officers and /or site clerks monitor work done by the contractor for quality and compliance with the scope of works / Bill of Quantities.

Work is assessed and the payment certificate prepared and signed by the supervisor and the designated senior technical personnel/ consulting firm.

Payment certificate then goes to the accounts division to process payment (Generally the contractor is paid periodically for work done until the project is completed).

The Ministry does an assessment of the work after a minimum of three months and if satisfied the retention fee is released (For contracts over $100,000.00 the defects liability period is one year).

It is imperative to note that the aforementioned process is not always followed: there was no competitive bidding for the majority of contracts that were awarded during the period under audit.. While this may seem justifiable given the situation after the passage of the two hurricanes, this is not in accordance with Regulations in force.

The auditors approached the detailed examination with the three stages of contracting in mind and considered the selected areas for audit under the contracting stages:

Pre-contracting (pre)
Contracting
Post-contracting (post)

1. Capital planning (pre)
2. Human resource planning and development (pre, contracting , post)
3. Selecting and tendering process (pre)
4. Financial management and capital expenditure control (pre, contracting, post)
5. Project performance reporting (contracting, post)
6. Post-contractual process (post)
7. User Satisfaction (pre, contracting, post)
The Three Stages in Contracting

Pre-Contracting
- Identification and documentation
- Verification, Assessment and Evaluation
- Feasibility Studies
- Technical Evaluation & Design
- Options-Alternatives, Cost/Benefit Analysis
- Bid Solicitation-Invitation to Tender, Receipt and Opening, Evaluation
- Selection & Award of contract

Contracting
- Contract Administration
- Monitoring, Controlling, & Reporting, Site Meetings
- Payments, Variations

Post-Contracting
- Performance Evaluation, Reports, Disposal
- In-Service Management
- Inventory Control
- Storage & Distribution
- Efficient Utilization
- Maintenance & Physical Control
- Disposal
OBSERVATIONS AND RECOMMENDATIONS

5.0 Capital Planning

5.1 Capital Planning is the deciding on and arranging in advance of detailed proposals geared towards achieving concrete results. Feasibility studies (FS), needs identification and analysis, gathering and analysing statistical data and prioritisation are of utmost importance in this process. It includes the budgeting and allocating of resources, stakeholders’ and users’ involvement. These studies and analyses should be an essential part of the planning process so as to reduce unnecessary spending and risk.

5.2 A Feasibility Study is the foundation for any project since it is defined as an evaluation or analysis of the potential impact of a proposed project or program. It should determine what is most feasible, and all its attributes should assure maximum success. It is an important tool for making the right decisions as mistakes at this early stage can permanently handicap the project’s performance.

5.3 The need for the proposed project must be investigated, estimated, documented and supported, so that the MCWT can be assured that the proposal is justified. This can also facilitate the planning process.

Observation(s)

No feasibility studies for locally funded projects

5.4 In spite of their importance, Feasibility Studies were not carried out and utilized in support of the decision-making process for locally funded projects, as the MCWT did not have the capability to carry them out. These Studies were carried out only for projects funded by foreign donors through consultants or consulting firms.

5.5 Needs assessment and analysis for most of the projects selected were not documented.

Lack of feasibility studies prevent the economical execution of projects

5.6 Due mainly to the lack of a feasibility study, the Government incurred expenditure of $70,741.77 on the Sauteurs Police Station (project cost $239,917.70). The project was scheduled to be completed in June 2005 but is presently on hold.

a. The contractor started to frame the roof when he discovered deflection vibration and the absence of stirrups. As a result the upper floor had to
be demolished. The site has since been demobilized and a new contract/scope of work/bill of quantity will be prepared as reinforcement for the upper floor is necessary.

5.7 No FS was carried out for the Beausejour Road Office project and a substantial increase in expenditure (of almost the original estimated cost) is now needed to complete the project.

5.8 Again, no FS was done for Red Mud Road Project. Up to April 2006, there has been an increase of $17,216.52 in the cost, due to variations.

5.9 The Union Road Project (St. Mark’s) is on hold following some excavation work. The delay is due to problems encountered with land ownership.

5.10 Although these studies were considered vital, MCWT was not convinced that it was responsible for conducting them. The Ministry does not have the necessary resources needed to carry out FS.

5.11 The urgency with which some projects are undertaken does not allow sufficient time to carry out these studies.

5.12 The lack of FS and structural analysis could lead to difficulties in the early stage of the project, possible damages to property and personnel, incorrect decisions being made, and could impact negatively on the budgeted finances in the form of cost and time overrun, variations and poor utilization of resources.

**Recommendation(s)**

5.13 Feasibility Studies should be carried out to determine the cost benefit of the need identified, the suitability of the site, and whether to renovate/rehabilitate or demolish. They should be done before drawings and bill of quantities are prepared so as to reduce unnecessary spending and risk.

5.14 The extent of the study should depend on the nature and size of the project.

5.15 The services of competent, technical personnel within the Public Service or consultants who are capable of conducting feasibility studies should be sought.

The Ministry may wish to consider training personnel in the preparation of feasibility studies and invest in the necessary equipment to conduct the studies.
5.16 FS should be an essential part of the planning process to support decisions made.

5.17 The planning process should allow sufficient time between identification and implementation of projects to enable FS to be carried out.

5.18 There should be adequate details to support and justify the need for a project.

5.19 The needs identified should be verified, evaluated, and recommended by technical staff.

5.20 Standard forms should be used for assessing and analyzing needs.
6.0 Human Resource Planning and Development

6.1 Human Resource Planning and Development involves the hiring and enhancement of personnel and, by extension, having the right number of people with the necessary skills, placed in appropriate positions and effectively managed. This can be achieved through the process of selecting, training, and allocating human resources and through a well-defined structural organisational composition.

6.2 In light of the above, personnel should be properly allocated to ensure that efficiency and effectiveness are not compromised. Hence, hiring must be done in a timely manner to avoid any structural and technical setbacks.

Observation(s)

6.3 The Administrative Officer Personnel (AOP-Works) is not always informed on a timely basis of all persons working with the Ministry. For example, two Site Clerks and the Market Manager in Carriacou experienced delays in receiving salary.

6.4 The Ministry operates on a quarterly budget and once this is prepared and submitted to the Ministry of Finance, it is very difficult to honour extra payments as in the case of the site clerks and market manager.

Recommendation(s)

6.5 New employees should be communicated to and/or introduced to the AOP.

6.6 All personnel matters should be communicated to the AOP.

Observation(s)

There is no formal orientation / introduction procedure in place.

6.7 Orientation/ introduction of personnel to the Ministry and on project sites are not always done in a proper manner. An Architect, Engineer and Site Clerks attested to this to the extent that the Engineer was unaware of the Financial and Store Rules. Additionally, Site Clerks were ignored and found it difficult to obtain information from contractors and workers on site.

6.8 If senior management / project managers / division heads do not consider orientation/ introduction of personnel as a priority, staff may not be familiar with regulations, rules and policies relating to their specific duties that govern
the operations of the Ministry and Public Service. Also problems such as those mentioned above would continue to occur.

6.9 In addition, tension and uneasiness within the working environment can develop.

**Recommendation(s)**

6.10 Management should develop and adhere to formal introduction and orientation procedures.

6.11 The AOP should be closely involved in the introduction and orientation of staff.

6.12 Site Clerks should be introduced in a timely manner to the contractor and other persons working on the project site and should be issued with identification cards.

6.13 Management should promote an environment to enhance communication within the Ministry.

**Observation(s)**

**Employment of persons not following hiring standards**

6.14 In some instances the employment of persons on contracts are not in harmony with good hiring standards. For instance:

- No job analysis is done.

- Not all persons hired were interviewed.

- No certificates were seen for some staff to substantiate qualifications listed on their Curriculum Vitae.

6.15 There is no policy to deal with the hiring of persons on contract within the Ministry. Thus the possibility exists where the best persons may not be recruited for the job. Also, without validation and verification of the credentials of officers, one is not assured of person’s credibility and academic achievement.

6.16 Conflicts arise with regard to granting of leave, payment of salary, addressing complaints, and other human resource issues when procedures are not followed. For example, this was experienced with Site Clerks in Carriacou and the Market Manager.
Recommendation(s)

6.17 The AOP should be more involved in the hiring process.

6.18 The Ministry should have a well-defined hiring policy, which should be adhered to when hiring people.

Observation(s)

The Telecommunication Office (TO) has not functioned for a period of over five (5) years.

6.19 The Government is spending $52,872.00 per annum on salaries with no substantial returns from the Telecommunication Office. However, in the Estimates of 2006, the Post of Telecommunication Officer has been removed, but the officer is still employed and is receiving a salary. The removal of the post in this manner could result in further financial implications for the Government when one considers section 84 (8) of the Constitution of Grenada.

Recommendation(s)

6.20 The present function of the Telecommunication Office should be reviewed in order to determine the need for such an office.

6.21 Should the Ministry see the need for such an office, a monthly performance report should be produced in order to monitor the operations.

Observation(s)

MCWT does not carry out and utilize the Performance Appraisals

6.22 Performance Appraisals were not always done in accordance with procedures and there was no evidence of these being used to assist in the planning of training and development programmes for staff.

6.23 Some persons are not appraised because of the transfer of staff to various divisions on short notice and negligence on the part of supervisors to conduct performance appraisals.

6.24 The operations of the Ministry could be affected as officers would continue to perform at the same level or make the same mistakes if they are not aware of their strengths and weaknesses and the opportunities and threats that exist.
The MCWT does not have a training and development plan for staff.

6.25 Training, which is of paramount importance, should be adequately budgeted for. Once effectively done, it can be a means of sourcing and developing the human resources of the Ministry. In the Estimates of 2005 and 2006, five thousand dollars ($5,000.00) is allocated for training under Administration and PIMU but none was utilised as at 30 April 2006.

6.26 Audit is of the view that there is still insufficient staffing, which creates cumulative problems with regard to workload and strain on resources. In recent times, certain senior positions have been constantly rotated, thus compounding the problem.

6.27 The MCWT did not consider a training and development plan as a priority. Added to this, the constant rotation and transfers of staff hindered the process. The reality is that needs were not identified and training was not done.

6.28 Some contracts were not reviewed before renewal. Thus, the MCWT might renew a contract for someone who has performed poorly and does not give value for money.

Recommendation(s)

6.29 Performance Appraisals should be done for all established workers according to procedures.

6.30 Officers on contract should be appraised before contracts are renewed.

6.31 The MCWT should use performance appraisals to assist in the formulation of a training and development plan.

Observation(s)

Lack of proper supervision on Projects

6.32 There were cases where some projects were not properly supervised and managed and this was noticeable with officers who had over 10 projects to manage/supervise.

6.33 Some senior officers who are involved in the management process have to supervise and manage projects and due to the recent disasters their workload has increased.

6.34 This created a situation whereby the technical staffs together with the site clerks were insufficient to effectively supervise projects.
Recommendation(s)

6.35 There should be continuous training of Site Clerks so as to effectively assist in the supervision of projects.

6.36 The Ministry should have sufficient technical staff to effectively supervise and manage projects.

6.37 An assessment should be made as to the number of projects each officer can effectively manage.

Observation(s)

Inconsistent contract renewal practices

6.38 The performances of some persons on contracts were not reviewed before their contracts were renewed.

6.39 In some cases contracts were not renewed on a timely basis.

6.40 Persons worked without receiving a salary over a period of time before contracts were renewed. Where there are bureaucratic delays the process can be further delayed.

Recommendation(s)

6.41 Contracts should be monitored and reviewed on a timely basis to ensure that all stipulated agreements are met and for consideration of renewal.

6.42 The performance of officers on contract should be appraised before their contracts are renewed.
7.0 Selection and Tendering Process

7.1 The tendering process involves the Ministry’s invitation to the selected contractors to submit their tenders with respect to the proposed project, the meeting of the Tender’s Board to evaluate the tenders received, and the awarding of the contract.

7.2 There are two Tenders Boards: one within the Ministry, which is known as the Departmental Tenders Board and the second, the Public Tenders Board. The Financial and Store Rules make provisions for the awarding of contracts.

7.3 Where the amount of the works is less that $10,000.00, the P.S in the Ministry may sign such contracts without reference to Cabinet and/or the Public Tenders Board.

7.4 Where the amount of works is more than $10,000.00 but less than $100,000.00, contracts for the execution of the works shall be awarded by the Departmental Tenders Board, which shall consist of three persons appointed by the Minister of Finance from within the Ministry of Communications and Works.

7.5 Where the amount of the works is more than $100,000.00 the Public Tender Board shall award the contract.

7.6 The Public Tenders Board has to obtain a “no objection” statement from the funding agency, for example, CDB and World Bank, for externally funded contracts before the awarding of contracts.

7.7.1 Although there is a legal procedure in place for the awarding of contracts, this is not followed by the Ministry as contracts have been awarded extensively without competitive bidding.

7.8 Sole Sourcing should be used in cases of emergency and in the true sense of the word, when there is only one source available for the supply of goods and services.

Observation(s)

There is no database on contractors to assist in the selection process.

7.9 In some cases the selection of contractors was not based on experience, competency and financial capability.
7.10 After Hurricane Ivan, the data on contractors was lost and to date there is no database on contractors at the Ministry to assist in determining contractors: technical competence, financial capability, experience, commitment and track record.

7.11 The importance of a database cannot be overemphasized as it facilitates management by providing vital information and continuity especially with the frequent rotation of staff. Also, once contractors are aware that there is a database that captures their performance, they would try to improve on their work / services provided to the government.

**Recommendation(s)**

7.12 The Ministry should have a comprehensive database on contractors to assist in the selection process, which can also be used by other Ministries / Departments.

7.13 There should be a designated officer responsible for compiling and updating the database, which should be easily retrievable.

**Observation(s)**

There are no guidelines in place to assist in the selecting and evaluating of contractors and in the awarding of contracts for locally funded projects.

7.14 Due to the extensive use of the "sole sourcing" method of contracting by government officials, the Ministry does not see the need to develop and apply such guidelines.

7.15 Selection of incompetent contractors on a constant basis creates a bad image in the eyes of the public, users and the contracting industry.

7.16 Sub-standard work by contractors can lead to uneconomical, inefficient and ineffective execution of contracts, including: cost over runs, delays and user dissatisfaction.

**Recommendations**

7.17 Guidelines to assist the Ministry should be developed, implemented and adhered to.

7.18 Well defined evaluating criteria should be developed and utilized in the evaluation of tenders.

7.19 A more comprehensive selection method should be implemented based on the technical competence and financial capabilities of the contractors.
7.20 The Ministry should ensure that contractors have the ability to deliver the specified quality and level of work and to comply with the contract conditions throughout the entire contract period.

**Observation(s)**

**Some contracts were not awarded in keeping with the regulations.**

7.21 Most contracts under $100,000.00 and over $100,000.00 were not sent to the Departmental and Public Tenders Board respectively, they were "sole sourced".

7.22 Contractors were "sole sourced" because of the need for emergency works after hurricanes Ivan and Emily and this practice has continued to date.

7.23 In some instances where contractors were selected through "sole sourcing", audit observed that they did not perform the job in an economical, competent and effective manner. Examples are the contractors for Beausejour Road Office and the Prime Minister’s Official Residence projects.

7.24 Some contractors were not familiar with the contract documents and lacked experience in managing projects of that nature. Some were not willing to take advice from the project manager and were unable to perform more than one activity at a time (multi-task).

7.25 In many instances, Government Ministers and Parliamentary Representatives selected contractors and Cabinet then approved these together with the contract amounts. This is inconsistent with the regulation governing contracts.

**Recommendation(s)**

7.26 The regulations with regard to contracting should be adhered to.

7.27 Sole sourcing should be used when there is only one source available for the supply of services.

7.28 In cases of emergency the best available contractor from the database should be considered for selection.

7.29 The Ministry should ensure that the contractors fully understand the terms and conditions of the contract.

7.30 The contractor database should be used to assist in the selection of all contractors.
Observation(s)

Avoidance of the Public Tenders Board

7.31 A number of contracts under $100,000.00 were awarded to the same contractor for the same project, thereby avoiding the Public Tenders Board (PTB). Example, Melrose Road Project. The total cost of the project exceeded $100,000.00.

7.32 Management is not confident with the managerial ability of contractors in handling large projects.

7.33 Large payments (advances) made at any one time may create a financial constraint on the Ministry’s budget / Government’s funds.

7.34 The avoidance of the Public Tenders Board reduces appropriate screening and scrutiny of tenders.

Recommendation(s)

7.35 Projects at a total cost of over $100,000.00 should go through the Public Tenders Board as required by law.

Observation(s)

The standard contract form provided for in the Financial and Store Rules (FR), which is presently in use, is not adequate.

7.36 The form does not provide for all relevant information such as: duration of projects, liquidated damages, defect liability period, insurance, bid security and performance bonds. Therefore there remains doubt as to what extent the contractor is liable.

7.37 There is no control over the contractor relating to the duration of the project, which results in unnecessary delays and inconvenience to users.

Recommendation(s)

7.38 The standard contract form should be reviewed with the intention of including all relevant clauses.

7.39 With regard to paragraph 7.35 above the Ministry should seek legal advice.

7.40 The regulations should be reviewed to make allowances for sole sourcing in specified circumstances.
7.41 In the meantime, the duration of the contract should be stated on the present form.
8.0 Financial Management and Capital Expenditure Control

8.1 Financial Management includes all planned and organized activities that involve proper budgeting, and the correct collection, allocation, and/or disbursement of monies. It includes all measures to ensure the economic and efficient use of funds, appropriate record systems, and an accountability framework with clear job descriptions and responsibilities and an adequate segregation of functions.

8.2 Figure 1 portrays a comprehensive model of effective financial management. The picture of a house is used to depict a foundational philosophy (primary drivers) upon which the key pillars (guiding principles) stand, supporting the roof (effective financial management).

![Figure 1](image_url)

8.3 For audit purposes, financial management and capital expenditure control was broken down into the following areas: budgeting, financial procedures and controls; project duration; variations; payments; and financial Reporting

**Budgeting**

8.4 Budgeting and financial management have been at the core of economic reform programs in most nations around the world. These have also been the principle instruments of transformation and restructuring of the public sector in several countries. With the growing challenges of budgetary crises and fiscal shocks, the need for enhanced budget processes and innovative financial
management techniques are being increasingly felt in developing countries and transition economies.

8.5 A good budget process is characterised by several essential features:

- Incorporating a long-term perspective,
- Establishing linkages to broad organizational goals,
- Focusing budget decisions on results and outcomes,
- Involving and promoting effective communication with stakeholders,
- Providing incentives to government, management and employees.

8.6 It is evident from these key characteristics of good budgeting that the budget process is not simply an exercise in balancing revenues and expenditures one year at a time, but is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals. A good budget process moves beyond the traditional concept of line item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

Observation(s)

The Ministry’s budget for 2005 was impractical and inaccurate in some instances and did not provide for economy and efficiency.

8.7 Lack of the required preparatory work, shifts in emphasis and priorities of projects, and the Government’s financial constraints resulted in no disbursements being made for a number of projects that were budgeted for the year.

8.8 For 2005, Audit found eleven (11) projects (out of 29) to the tune of $10,880,730.00 for which no disbursements were made. These figures represent 38% of the total number of projects and 15.6% of the total capital expenditure for 2005.

8.9 There was therefore a waste of planning resources for these projects.

8.10 There were budgets overrun of over fifty percent (50%) for a number of projects: and in one instance over (1000%). This was due to unrealistic budgeting and arbitrary budget cuts by the Ministry of Finance that were not communicated to MCWT prior to approval. The budget therefore could not be use to effectively monitor and control the financial execution of the following projects.
### Projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Estimates for 2005 ($)</th>
<th>Total Disbursement for 2005 ($)</th>
<th>Variance ($)</th>
<th>Percentage Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support to Roads and Buildings</td>
<td>100,000.00</td>
<td>154,340.92</td>
<td>-54,340.92</td>
<td>-54.34%</td>
</tr>
<tr>
<td>PRC/ GOG Multi-Projects</td>
<td>2,000,000.00</td>
<td>3,001,450.64</td>
<td>-1,001,450.64</td>
<td>-50.07%</td>
</tr>
<tr>
<td>Road Improvements and Maintenance Programme</td>
<td>4,000,000.00</td>
<td>17,594,567.09</td>
<td>-13,594,567.09</td>
<td>-339.86%</td>
</tr>
<tr>
<td>Greater St. George's &amp; Grenville Sewerage Project</td>
<td>100,000.00</td>
<td>1,031,402.12</td>
<td>-931,402.12</td>
<td>-1,031%</td>
</tr>
<tr>
<td>National Stadium (preparatory works)</td>
<td>1,850,000.00</td>
<td>2,939,675.52</td>
<td>-1,089,675.52</td>
<td>-58.90%</td>
</tr>
</tbody>
</table>

8.11 A few “projects” of a recurrent nature are included in the capital budget, for example, road maintenance is classified under the Road Improvement and Maintenance Programme and maintenance of government buildings is classified under Refurbishment and Extension of Government Buildings.

8.12 Audit was unable to determine the actual amount that was expended for road and building maintenance as opposed to road improvement and building refurbishment and extension.

8.13 This means therefore that capital expenditure was overstated while recurrent expenditure was understated.

8.14 In addition, the “total project cost” listed in the Estimates is less than the amount budgeted for the year for the Construction, Refurbishment and Extension of Government Buildings Project. The “total project cost” listed was $2,000,000, but $4,000,000 was budgeted in 2005.

8.15 This information will be misleading as the “total project cost” should always be greater than or equal to the projected cost for a particular year.

8.16 The Ministry does not have the capacity to effectively monitor all the projects that are budgeted for. Physical verification of some projects revealed that
they were not properly monitored, for example, the Beausejour Road Office Project where substandard work was done and poor quality material used in some instances.

8.17 The Scope of Works/ Bill of Quantities of projects from other Ministries are not always reviewed before they are incorporated into the MCWT budget due to late submission and limited technical staff.

8.18 Failure to review scopes / quantities sent from other Ministries could lead to significant modifications that may impede management’s ability to exercise appropriate control, for example the St. Patrick’s RC School project.

**Recommendation(s)**

8.19 The Ministry’s budget should be realistic and prepared with due regard for economy and efficiency.

8.20 MCWT should ensure that all necessary preparatory work is carried out and/or the projects can commence during the budgeted period before incorporating it into the budget.

8.21 The Ministry should only budget for projects that they can effectively monitor and control within the financial year.

8.22 MCWT should prioritize projects and should have sufficient supporting information to justify projects.

8.23 It is suggested that all maintenance of roads and buildings/ structure be classified under recurrent expenditure.

8.24 MCWT should impose a deadline for other Ministries to submit their Scope of Works/ Bill of Quantities for all projects to be incorporated in its budget so as to allow it sufficient time to review them.

8.25 Bills of Quantities should be prepared by Quantity Surveyors or other competent qualified technical persons so as to minimize variances between the estimated and actual costs of projects.

**Financial controls and procedures**

8.26 Financial controls are methods and procedures used to:
- Produce reliable financial information;
- Promote effectiveness and efficiency of operations;
- Ensure compliance with applicable regulations and Government policies; and
- Safeguard Government assets (minimize financial and abuse risk)
8.27 Control procedures should observe the following principles:

- **Authorization limitation:** A limit should be set on the number of authorizers within any given department. Any delegation of authority should be documented.
- **Segregation of duties:** At least two persons should examine a transaction. No one person should have the ability to initiate, approve, record, review and physically control a transaction.
- **Review of financial statements:** Financial statements must be reviewed on a timely basis. The individual reviewing the account must have knowledge of the transactions and a clear line of authority and responsibility for the account.
- **Record retention:** The department must maintain adequate documents and records.
- **Physical controls:** The department must maintain proper physical control over its assets and records.
- The cost of implementing and maintaining controls whether measured in terms of cash output or staff time and effort, should not exceed the expected benefits.

**Observation(s)**

In some instances there was non-adherence to financial procedures and controls.

8.28 Auditors were informed that contractors were only paid based on the value of work done with the exception of an advance payment in some instances. However, there were instances where the value of work certified was recorded on the payment certificate but no supporting documentation to substantiate the valuation was available. This made it difficult to ascertain whether contractors were paid only for work completed. The following are examples:

<table>
<thead>
<tr>
<th>Contract #</th>
<th>Project</th>
<th>Payment Cert. #</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>158/05</td>
<td>Renovation of Beausejou Road Office</td>
<td>8</td>
<td>96,718.23</td>
</tr>
<tr>
<td>664/05</td>
<td>Sauteurs Police Station</td>
<td>2</td>
<td>46,750.00</td>
</tr>
<tr>
<td>461/05</td>
<td>Passport/ Immigration &amp; Government Printery</td>
<td>1</td>
<td>93,536.25</td>
</tr>
<tr>
<td>158/05</td>
<td>Renovation of Beausejou Road Office</td>
<td>3</td>
<td>85,000.00</td>
</tr>
</tbody>
</table>
8.29 Also in one instance (Melrose Road Project) the contractor was paid in full, with the exception of his retention, but the work to be done under the particular contract was not yet completed.

8.30 Furthermore, in the Renovation of the Prime Minister’s Official Residence Project, payment certificate # 8 showed a 100% completion for the purchase and installation of Mineral Asphaltic Felt, which was valued at $10,264.00. The materials purchased were not, however, installed and the contractor was paid in full.

8.31 A physical verification of the Passport/ Immigration and Government Printery Project on 16 March 2006 revealed that the two layers of Bituminous Felt, as outlined in the Bill of Quantities, were not fully installed. However, full payment ($9,600.00) was made to the contractor as part of payment certificate # 1 dated 5 May 2005.

8.32 The Government may not receive value for money when contractors are paid for work not completed especially if the contract is terminated.

8.33 Auditors were informed that to initiate the payment process, the contractor should submit a valuation of work done. However, in a number of instances the claim and supporting valuation did not bear the signature of the contractor.

The contractor can therefore dispute the value of work certified and this can lead to unnecessary delays. A case in point is the St. David’s Police Station Project.

8.34 Technical personnel and site clerks of the Ministry visit projects regularly to monitor the progress of projects.

8.35 However, the level of monitoring is questionable in some projects. For example, in the Renovation of the Beausejour Road Office and the Legal Affairs Building projects there were signs of substandard work. The former also showed signs of some poor quality materials being used. In spite of these problems, technical officers certified the work and the contractors were paid.

8.36 The contract for the Renovation of the Beausejour Road Office was for labour and equipment. Audit was informed that the contractor used the Ministry’s equipment but no money was deducted for the usage. Audit reviewed the payment certificates and confirmed that no deductions were made for the use of equipment resulting in loss of revenue to the Government.

8.37 Auditors were informed that detailed Bill of Quantities/ Scope of Works is prepared for each project before commencement. However, because of the
premature commencement of the Beausejour project, work began before the detailed Bill of Quantities/Scope of Works was prepared. This resulted in underestimation of the project cost, delays, and a hold on the project as additional funds have to be sourced.

8.38 There were instances where the year to date expenditure on the monthly Summary of Capital Expenditure by Vote Report which is sent from the MOF to the MCWT was higher than the estimated amount plus warrants.

Amounts were approved by provisional warrants to be expended on projects in 2005, however these amounts were not incorporated in the Estimates for 2005. As a result actual expenditure on some projects appeared to be unauthorized. The following are examples:

<table>
<thead>
<tr>
<th>Projects</th>
<th>Estimates and Warrants</th>
<th>YTD Expenditure as at 30 November 2005</th>
<th>Amount over the Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melville Street Reconstruction</td>
<td>3,000,000.00</td>
<td>3,658,148.27</td>
<td>658,148.27</td>
</tr>
<tr>
<td>National Stadium (Preparatory Works)</td>
<td>2,150,000.00</td>
<td>2,878,573.37</td>
<td>728,573.37</td>
</tr>
<tr>
<td>Greater St. George’s &amp; Grenville Sewerage Project</td>
<td>961,710.00</td>
<td>1,031,402.12</td>
<td>69,692.12</td>
</tr>
</tbody>
</table>

**Recommendation(s)**

8.39 A proper valuation of work done should be prepared for each payment. The contractor should sign this valuation.

8.40 The Ministry should give contractors a template or format to assist them in the preparation of the valuation.

8.41 The relevant officer certifying the work should ensure that it was done according to required standards and specifications.

8.42 Payments should only be made after the work done has been inspected and certified with the exception of the advance payment.

8.43 All projects should be adequately monitored and supervised by the Ministry so as to ensure that the Government obtains value for money.

8.44 A detailed Bill of Quantities and specifications should be prepared before the commencement of each project.
8.45 When contracts are for labour and equipment, the use of Government equipment should be paid for according to the standard rate.

8.46 The Provisional General Warrant should form part of the annual appropriations (Financial Rules 14 (4a) refers).

**Project Duration**

8.47 Project duration is the measure of elapsed time in which a project is completed. A major challenge facing project managers is to estimate project completion times. Duration estimation is a critical task in project planning. It requires the ability to predict how long it will take to perform a certain operation. However, a potential bias in time estimation prevails.

In the psychology literature this bias is known as the planning fallacy, i.e., the tendency to underestimate the amount of time needed to complete a given project or overestimate the amount of work that can be completed within a given time frame. Technical experts claim that planning fallacy occurs because individuals focus primarily on the future, i.e., how they will perform the task, and ignore past experiences when making predictions about future outcomes.

**Observation(s)**

8.48 In some instances the estimated duration of projects did not form part of the contract documents. This is partly because the standard contract form is inadequate for medium and large projects and does not provide for all aspects of contractual arrangements. To this end, the Ministry may not be able to effectively control and supervise such projects. The following are examples:

<table>
<thead>
<tr>
<th>Contract #</th>
<th>Project Description</th>
<th>Project Cost $</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0283/05</td>
<td>Rehabilitation of Mt. Gazo Road, St. David’s</td>
<td>89,715.00</td>
<td></td>
</tr>
<tr>
<td>578/05</td>
<td>Construct 195’ of river bank Stabilization wall at Victoria</td>
<td>155,770.00</td>
<td></td>
</tr>
<tr>
<td>366/05</td>
<td>Rehabilitation of La Borie/ Hope Vale Centre Road</td>
<td>91,200.00</td>
<td></td>
</tr>
<tr>
<td>162/05</td>
<td>Reconstruction of the Grand Etang Welcome Centre and Restaurant</td>
<td>113,000.00</td>
<td></td>
</tr>
</tbody>
</table>
8.49 It was difficult to determine the actual start date for a number of projects as this information was not always available on the contract documents and the Status Report only showed the estimated start date in some instances.

For example, in the Reconstruction of the Prime Minister’s Official Residence Project, the contractor asserted that he started the project in July 2005. On the contrary, the project manager indicated that the project started in early June while the Status Report dated 22 November 2005 showed that the project started on 2 May 2005.

As a result the Ministry will not be able to determine the exact time overrun, if any, by the contractor for such projects.

8.50 There were a number of projects that were not completed and some that were not even started by the initial estimated completion date. This was due to many reasons including: late commencement, variations, hiring of incompetent contractors, scarcity of materials, late payments to the contractors etc. The following are examples:

<table>
<thead>
<tr>
<th>Projects</th>
<th>Initial Estimated completion date</th>
<th>Revised Estimated completion date</th>
<th>Time extension</th>
<th>Initial Cost ($)</th>
<th>Revised Cost ($)</th>
<th>Status as at 6/4/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministerial Complex Building</td>
<td>26/09/2005</td>
<td>31/03/2006</td>
<td>6 months</td>
<td>1,495,965.74</td>
<td>2,744,300.04</td>
<td>In progress</td>
</tr>
<tr>
<td>St. Davids Police Station</td>
<td>05/07/2005</td>
<td>31/03/2006</td>
<td>8 months</td>
<td>464,642.72</td>
<td>464,642.72</td>
<td>On hold</td>
</tr>
<tr>
<td>Grenada National Council of the Disabled</td>
<td>23/06/2005</td>
<td>01/02/2006</td>
<td>6 months</td>
<td>231,458.00</td>
<td>281,458.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Gouyave Police Station &amp; Magistrate Court</td>
<td>14/06/2005</td>
<td>01/02/2006</td>
<td>7 months</td>
<td>262,088.30</td>
<td>262,088.30</td>
<td>In progress</td>
</tr>
<tr>
<td>Projects</td>
<td>Initial Estimated completion date</td>
<td>Revised Estimated completion date</td>
<td>Time extension</td>
<td>Initial Cost</td>
<td>Revised Cost</td>
<td>Status as at 6/4/06</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------</td>
<td>----------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>St. Patrick's R.C School - Phase 1</td>
<td>18/09/2005</td>
<td>31/03/2006</td>
<td>6 months</td>
<td>71,797.70</td>
<td>71,797.70</td>
<td></td>
</tr>
<tr>
<td>Beausejour Road Office</td>
<td>30/06/2005</td>
<td>30/06/2006</td>
<td>12 months</td>
<td>450,000.00</td>
<td>879,000.00</td>
<td>On hold</td>
</tr>
<tr>
<td>Audit Department</td>
<td>31/08/2005</td>
<td>30/06/2006</td>
<td>10 months</td>
<td>441,252.75</td>
<td>625,000.00</td>
<td>Not started</td>
</tr>
<tr>
<td>Immigration Phase II</td>
<td>June 05</td>
<td>30/05/06</td>
<td>11 months</td>
<td>355,000.00</td>
<td>355,000.00</td>
<td>Not started</td>
</tr>
<tr>
<td>Sauteurs Police Station</td>
<td>30/09/05</td>
<td>30/06/06</td>
<td>9 months</td>
<td>239,917.70</td>
<td>770,000.00</td>
<td>On hold</td>
</tr>
<tr>
<td>Renovation of the Prime Minister Official Residence</td>
<td>30/12/05</td>
<td>30/12/06</td>
<td>12 months</td>
<td>800,000.00</td>
<td>800,000.00</td>
<td>On hold</td>
</tr>
<tr>
<td>St. George's Market Square</td>
<td>July 2004</td>
<td>Not available</td>
<td>Not available</td>
<td>2,632,542.95</td>
<td>5,000,000.00</td>
<td>In progress</td>
</tr>
</tbody>
</table>

8.51 There is an additional cost to Government when they are paying rent to accommodate the occupants of the buildings on due for construction/renovation if the projects are not completed or, worst yet, not even started by the estimated completion date. The following are examples:
There were a number of projects without estimated start or completion dates for which the Government is presently renting buildings to house the offices and/or residences resulting in high rental cost for an indefinite length of time. The following are examples:

<table>
<thead>
<tr>
<th>Projects</th>
<th>Rent per month</th>
<th>Total Rent paid in 2005 to March 06</th>
<th>Status of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor General Residence</td>
<td>Governor General Residence $7,500.00</td>
<td>$206,104.83</td>
<td>Not Started</td>
</tr>
<tr>
<td></td>
<td>Housing for Police and maids $2,750.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government House Archives $3,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total $13,250.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>York House</td>
<td>Base on the usage of the Trade Centre by Parliament or the Supreme Court. Rental charges can be as high as $12,113.90 for one day</td>
<td>$119,420.75</td>
<td>Not Started</td>
</tr>
<tr>
<td>Grenville Magistrate Court</td>
<td>$3,000.00</td>
<td>$21,000.00</td>
<td>Second Phase pending</td>
</tr>
<tr>
<td>phase II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CID Building</td>
<td>CID $6,000.00</td>
<td>$95,000.00</td>
<td>Not Started</td>
</tr>
<tr>
<td></td>
<td>Criminal Records Office $5,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total $11,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

One of the projects that have to be completed in time for the 2007 Cricket World Cup has not started as scheduled because all the necessary prerequisites for the commencement were not completed. This can negatively affect the materialization of the Cricket World Cup in Grenada, which will result in a tremendous loss of revenue and prestige if our island is expunged from the list of World Cup destinations. Example:
<table>
<thead>
<tr>
<th>Projects</th>
<th>Planned Start Date</th>
<th>Planned Finished Date</th>
<th>Status as at 18/03/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of Beausejour Bridge</td>
<td>01/02/06</td>
<td>01/08/06</td>
<td>Not started</td>
</tr>
</tbody>
</table>

**Recommendation(s)**

8.54 The Ministry should state the duration of the project on the Scope of works or other contract document when the standard contract form in the Financial and Store Rules is used.

8.55 The notice to proceed should be completed and signed by the relevant persons when the International Federation of Consulting Engineers (FIDIC) contract is used.

8.56 The contractor should start the project only after the necessary legal documents are signed and the directive to proceed is given by the project manager/authorized officer. Special arrangements should be made in cases of emergency.

8.57 The actual date on which the contractor started the project should be included in the Status Report.

8.58 Exceptions can be made for emergency works, for example, the clearing of a landslide on a main road.

8.59 The Ministry should ensure that the contractors adhere to the contract document as it relates to the formulation and compliance with the work program submitted by them.

8.60 The Ministry should adhere to the contract document as it relates to advance payments.

8.61 A financial analysis should be done to determine the financial implications for the government when projects are not undertaken and when completion is delayed.

8.62 The Ministry should ensure that all structures are in place so that the projects, which are imperative for the 2007 Cricket World Cup, can commence as soon as possible and be completed within a reasonable time frame so that the World Cup will be a reality in Grenada.
Variations

8.63 Variation is a charge for an item not included in the building tender and therefore in the contract. One of the risks when building is incurring excessive variations during construction. Good documentation, proper feasibility studies, professional building tenders and sound advice should minimize these risks. However, an allowance should always be made in the budget for unforeseen circumstances during construction. It is very rare for any new project to be undertaken without incurring some variation even if only minor.

8.64 Ideally all variations should be quoted prior to any work commencement and signed for by the owner. Where the exact cost of the variation is not known until the task is completed (e.g. replacing termite damaged timbers) the Ministry should be supplied with a copy of the docket for any materials purchased and charged the labour rates set out in the contract plus the contractor percentage for variations listed in the contract.

Observation(s)

8.65 There was an instance (the Beausejour Road Office Project) where the additional sum required to finish the project was almost eight times more than the value of the variation. This was because a detailed bill of quantities and specifications were not drawn up before the project commenced resulting in the formulation of an unrealistic estimated project cost. The following are the details:

8.66 The original contract sum was for $450,000.00. Variations in terms of additional work were valued at fifty six thousand eighty one dollars and seventy five cents ($56,081.75). However the additional sum required to complete the project was four hundred and twenty nine thousand, nine hundred and fifty five dollars and ninety three cents ($429,955.93); almost 100% of the initial contract price.

8.67 The project’s estimated completion time was therefore extended by one year causing inconvenience to end users as some officers who were relocated were housed in very limited office space.

Recommendation(s)

8.68 A detailed Bill of Quantities and specifications should be prepared before an estimated cost is arrived at.

8.69 The Ministry should ensure that the estimated cost is realistic and that the project can be completed according to proper specifications with the required quality.
8.70 The Ministry should allocate a percentage of the project cost for contingencies.

8.71 Contractors should be properly monitored and supervised to ensure that the Government gets value for money on all projects.

8.72 The value of the variation should correlate with the additional sum required to complete a project.

Payments

8.73 Undue delays by owners in processing payments or in making timely payments impose hardships and improper financial burdens on the contractors and suppliers who await payment, which can amount to extensions of credit by the contractor and suppliers to their respective higher tiers.

8.74 In order to avoid such problems, all payments should be made promptly on all contracts. This should include payment for all labour, services and materials stored on the job site or other approved storage sites as of the closing date of requisitions. This applies to both progress payments and final payments.

8.75 As a rule of thumb, after a contractor submits an invoice to the owner of a project, he should allow for approximately five (5) days for the owner’s representatives to review the invoice and certify the payment and another five (5) days for the owner to process the payment. This process is illustrated in Figure 2.

![Prompt Payment Cycle](image-url)
Observation(s)

8.76 Some contractors indicated that there were problems with the timeliness of payments resulting in delays in the execution of some projects and causing inconveniences to all parties involved.

8.77 Audit performed a walk through of the payment process using 10 different payments and determined that the average time for the payment process to be completed can be approximately ten (10) working days. However, three (3) payments took over one month each to process. Two of the payments were delayed in the process leading up to the preparation of the claim and one was delayed in the Treasury.

8.78 The Administrative Officer Finance (AOF-Works) revealed that late payments mainly occur due to late submission of payment certificates to her division from the “PIMU”. This happens because supervising officers submit bills of quantities / payment documents to PIMU long after they have approved the value of work done.

8.79 Also, in some instances her division would know of a payment only when a first payment was due for which no provision was made in the quarterly budget.

8.80 In some cases payments become due but all the required legal documents were not fully completed and signed causing delays in the payment process.

Recommendation(s)

8.81 Approved valuations and other supporting payment documents should be furnished to the finance section in MCWT promptly after preparation.

8.82 The AOF in MCWT should be furnished in a timely manner with information on the commencement of projects so that provisions can be made in the quarterly budget.

8.83 The MCWT should follow-up on claims submitted to the Treasury on a regular basis.

8.84 All the required legal documents for each project should be completed and signed before work is commenced so as to prevent delays in the payment process.
Financial Reporting

8.85 Management in the Ministry should be provided with financial report to assist them in decision making and in their managerial control function.

In order for financial reporting to be useful for decision making it should have the following characteristics:

- Relevance: helps users to predict outcomes of past, present and future events and correct prior expectations.

- Timeliness: information should be available to managers before it loses its capacity to influence decision making.

- Reliability: information reported must represent what it purports to represent.

- Comparability: information gains greater value if it can be compared with similar information about other projects.

Observation(s)

8.86 The Ministry of Communication, Works and Transport does not prepare financial reports showing the financial performance of all projects. To this end, pertinent information on the amount expended for each project is not readily available which can impede management in making proper financial decisions.

8.87 A Project Status report is prepared periodically for Rehabilitation of Government Buildings that shows some financial information such as the project cost and amount disbursed. However in some instances this information was inaccurate thus misleading the users of the report.

A monthly Summary of Capital Expenditure by Vote Report is sent from the MOF to the MCWT. A review of the November 2005 report revealed the following inaccuracies:

8.88 In the following instances the “Original Estimates” amount on the report differs from the Approved Estimates of 2005.
The percentage expenditure versus the estimate takes into consideration Warrants and Supplements. Audit is of the opinion that “Warrants and Supplements” should not be included in the figure used to calculate the % expenditure vs. estimate. It means therefore, that the percentage shown will mislead users as it is not an accurate reflection of the amount disbursed compared to the original budget. The following are examples:

<table>
<thead>
<tr>
<th>Projects</th>
<th>Original Estimates $</th>
<th>Warrants and Supplements $</th>
<th>YTD Expenditure $</th>
<th>% Exp. Vs. Estimates in report</th>
<th>Correct % Exp. Vs. Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministerial Complex Remedial Works</td>
<td>2,200,000.00</td>
<td>1,248,334.30</td>
<td>2,648,246.72</td>
<td>76.80%</td>
<td>120.37%</td>
</tr>
<tr>
<td>ROC /GOG Multi Project</td>
<td>2,000,000.00</td>
<td>2,700,000.00</td>
<td>2,721,627.48</td>
<td>57.91%</td>
<td>136.08%</td>
</tr>
<tr>
<td>Road Improvement &amp; Maintenance Programme</td>
<td>4,000,000.00</td>
<td>10,075,200.00</td>
<td>13,689,036.08</td>
<td>97.26%</td>
<td>342.23%</td>
</tr>
<tr>
<td>Construction, Refurbishment &amp; Ext. Govt. Buildings</td>
<td>4,000,000.00</td>
<td>5,500,000.00</td>
<td>4,456,219.06</td>
<td>46.91%</td>
<td>111.41%</td>
</tr>
</tbody>
</table>
8.90 Furthermore the report did not show any disbursement for the BRIMP Project. Audit was unable to determine the total expenditure to date for the said project because the project accountant was on leave.

8.91 There was therefore no evidence that the expenditure reports from MOF are reconciled by MCWT so as to highlight any errors or inconsistencies.

**Recommendation(s)**

8.92 The MCWT should prepare its own financial reports to capture and analyse relevant information to assist management in controlling and monitoring the financial execution of projects. Such information includes the project name, original project sum, financial variation, prior year's disbursements of current projects, current year to date disbursement and available balance.

8.93 In addition, there should be a break down of expenditure to date for each sub-project, which falls under projects such as Bridge and Road Improvement & Maintenance Programme; PRC/ GOG Multi Project and Road Improvement & Maintenance Programme.

8.94 The monthly Capital Expenditure report should be reviewed and reconciled with the Estimates and respective vote book (s) by the MCWT.

8.95 All errors/ omissions seen on the report should be promptly communicated to the Ministry of Finance.
9.0 Project Performance Reporting

9.1 Project performance reporting entails giving written or spoken accounts to management and get managements feedback, regarding project status and progress. In light of this, there should be an accountability relationship to facilitate the reporting process. The reports produced should: satisfy the accountability framework; procedures should be in place and adhered to so that the progress of each project is fully captured and reported on a timely basis; and projects should be thoroughly evaluated and coordinated.

9.2 It is also expected that clearly outlined procedures are in place for reporting on operations and results, to account for changes that may have been made or are anticipated in the project work plan or methodology. Reports should take into consideration performance reporting inputs, outputs, tools and techniques to successfully monitor and control the projects. Procedures or mechanisms to record work accomplishment in both quantitative and qualitative terms should be used, and all reports should be dated, signed and properly utilized and filed.

9.3 A Summary of Capital Expenditure by Vote (SIGFIS) report is produced monthly by the Accounts Division of the Ministry of Finance and is forwarded to the MCWT. The Accounts Section in the MCWT is responsible for verifying the accuracy of the information provided.

9.4 A Project Status Report for Rehabilitation of Government Buildings is produced by the Senior Architect and forwarded to the Chief Technical Officer (CTO). The report captures projects, work description, resource personnel, contractors, start date, finish date, project cost, amount disbursed, project status and percentage completed.

9.5 The Senior Engineer who is responsible for the Road Improvement & Maintenance Programme reports verbally and/or in writing via management and technical meetings. He also reports to the PS and CTO on a one on one basis.

9.6 The other heads (Western and Eastern Main Roads, Project Coordinator, Quantitative Surveyor) report to the Chief Technical Officer (CTO).

9.7 Generally subordinates report to their supervisors from time to time who in turn report to the CTO.
Observation(s)

9.8 The organizational chart, which was presented to auditors, did not reflect all positions and the true accountability relationships of officers. For example, the Structural Engineer reports both to the CTO and Senior Engineer or Architect Building. However the chart reflects the position as reporting only to the Senior Engineer or Architect Building.

9.9 The Electrical Inspectorate, Project Coordinator, Telecommunication Officer and Building Superintendent posts are not reflected on the chart.

9.10 One of the posts stated on the chart (Senior Engineer or Architect Building) does not correspond with the post of the person doing the job.

9.11 Changes were made to the accountability of some officers (Road Engineers, Survey Team, Architects, and Structural Engineers) but these changes were not reflected in the chart.

9.12 The effectiveness of the CTO in executing his responsibilities and duties is reduced as more than ten (10) positions report directly to him.

Recommendation(s)

9.13 Management should review, finalize and properly adopt the organizational chart.

9.14 Positions directly accountable to the CTO should be reduced so as to increase the effectiveness of this post.

9.15 The Ministry must ensure that positions of staff are regularized.

Observation(s)

9.16 Project performance reporting by officers of the Ministry is not standardized; officers report according to their own style and liking.

9.17 Some “reports” are not addressed to anyone, not signed and dated by the person who prepares them, and are not stamped as received. This gives the impression that reports are not thoroughly scrutinized.

9.18 In addition to reporting to their seniors, some subordinates also report directly to the CTO.
Recommendation(s)

9.19 Standard reporting formats, which capture all relevant information, should be established for supervisors and subordinates.

9.20 Reports should be signed, accompanied with a cover letter, and submitted on a timely basis.

9.21 Reports should be factual and properly completed.

9.22 Officers should have a well defined job description, which states to whom they are responsible.

Observation(s)

9.23 Audit found that some information on the Revised Status Report on Government Buildings as of 30 December 2005 was incorrect or incomplete for some of the projects e.g. Beausejour Road Office (resource person, contractor, start date, finish date, percentage completed) and Sauteurs Police Station (project status and percentage completed columns are blank).

9.24 Information submitted was not verified for accuracy.

Recommendation(s)

9.25 Senior supervisors should ensure that the information on the status report is accurate before submitting the same to the CTO or relevant persons.

9.26 Senior supervisors should hold meetings with subordinates at least once a month to be updated on project progress.

9.27 Dialogues among the senior supervisor, subordinates and contractors related to the progress of the project should be held on an ongoing basis.

9.28 Senior supervisors should visit projects as often as possible to assess their progress.

Observation(s)

9.29 Important information (such as contractor’s creditors, minutes of meeting held to discuss project status dated 01 November 2005, agreement between the Government and the contractor dated the 8 December 2005) that was revealed by one of the Ministry’s Engineers attached to the Beausejour Road...
Office project during an interview was not seen on the files kept by the Ministry.

9.30 Work on the project commenced 9 March 2005 and the first correspondence seen on the Ministry’s file was dated 5 October 2005.

9.31 Another officer and not the project manager signed most of the documents related to the Beausejour Road Office Project. The project manager’s signature was seen on only one document dated 5 October 2005.

9.32 In the event of a change of supervisor, the continuation of effective monitoring of the project might be hindered due to lack of information

**Recommendation(s)**

9.33 All, important information relating to projects should be properly filed.

9.34 Management should develop and follow proper filing procedures.

9.35 Contract documents should be adhered to in all respects.
10.0 Post Contractual Process and Control

10.1 The post-contractual process relates to the stage after the contractual work has been completed. It involves performance evaluation, reporting, and in-service management, that is, inventory control, storage and distribution, economical and efficient utilization, maintenance and physical control. There is also the disposal stage, which should yield maximum benefits to the Government.

Observation(s)

10.2 Most of the Government buildings and the stadium that were damaged during the past disasters were not insured resulting in heavy financial constraints for the country since restoration costs would exceed one hundred million dollars.

10.3 The Ministry does not have a proper preventive maintenance plan for roads and buildings/structures resulting in higher maintenance costs for the Government and discomfort for end users.

10.4 There is no system in place to capture all the relevant data needed to prepare a proper preventive maintenance plan.

10.5 Audit requested a list of tools and equipment of the MCWT but this was not obtained. As a result it could not be ascertained whether or not all the tools and equipment are intact.

10.6 MCWT does not have a disposal policy in place. The Government therefore loses revenue as some tools and equipment are left to deteriorate instead of arrangements being made to sell them.

10.7 A portion of the contract sum is usually retained after the completion of the contract. This amount is normally released after an assessment has confirmed satisfactory completion of the work. However, the retention fee was released to the contractor of the Passport/Immigration and Government Printery Project but the bituminous felt was not installed as outlined in the Bill of Quantities.

10.8 A proper assessment was therefore not done for the aforementioned project before the retention was released. As a result the Government may not receive value for money.
10.9 There is no evidence that contractors are evaluated after the completion of each project. As a result the Ministry runs the risk of rehiring incompetent contractors. A case in point is the contractor used on the Gouyave Police Station Project who had performed poorly on the said building previously and was rehired and once more performed inadequately.

**Recommendation(s)**

10.10 The Government may wish to consider different options for properly insuring its buildings, including setting up its own insurance for its assets.

10.11 Proper mechanisms should be in place to gather all the relevant data needed for the preparation of the preventive maintenance plan.

10.12 A proper preventive maintenance plan for roads and buildings/structures should be prepared and utilized.

10.13 Proper records including the status of all tools and equipment belonging to the MCWT should be readily available.

10.14 The Ministry should have a proper disposal policy so as to identify and notify the Ministry of Finance in a timely manner of the need to sell tools and equipment used for specific projects but presently having no economic value to MCWT.

10.15 A proper assessment should be done for all finished projects to ensure that they were carried out according to specifications and with the required quality before the retention is released.

10.16 Mechanisms should be put in place to evaluate and record the performance of contractors at the end of each project.
11.0 User Satisfaction/External Complaints

11.1 It is important that the involvement and input of users and stakeholders be obtained, as their participation can be very useful in ensuring that projects are completed according to their satisfaction. User satisfaction can be defined as a personal emotional reaction to a service or product. It consists of the customers’ satisfaction or dissatisfaction with a particular project or their overall satisfaction or dissatisfaction with the organization based on encounters and experiences with it. The collective experiences of many persons create an organization’s reputation for service quality.

11.2 Evaluation of user satisfaction aims to discover what people think and feel about a project in order to assess the perceived quality of use. Knowing what users expect from and really think of the service or project is a foundation for whatever approach to performance management is taken since the user is a critical judge of the impact of the project. By involving users at an early stage in a development project, the possibility of succeeding in developing a user-friendly and cost-effective product considerably increases.

11.3 There is an informal procedure at the Ministry to obtain users’ inputs, concerns and complaints through public consultations, telephone calls and occasionally in writing. There is also a Coordinator who is responsible for addressing citizens’ complaints.

11.4 The Coordinator facilitated public consultations, held dialogues with affected residents and businesspersons alike and visited sites. He then brought the concerns and complaints obtained to the attention of the CTO, PS and technical staff of the Ministry. However, attending to complaints and concerns appeared to be a major problem of the Ministry.

Observation(s)

11.5 Complaints and concerns from users were not always documented and addressed efficiently and effectively.

11.6 There is no mechanism in place to evaluate user satisfaction or dissatisfaction.

11.7 Surveys designed to elicit feedback were not done.

11.8 There were some inputs from users obtained through consultations, which were reflected in drawings prepared, but not otherwise documented.
11.9 Complaints and concerns were received by various officers of the MCWT and not channeled to a single unit or particular person or office.

11.10 There was no formal mechanism in place to collect, document and address complaints and concerns.

11.11 There are dissatisfied and disgruntled users due to problems with drainage, unfinished gaps and access to driveways on the Springs/Woburn Road Project.

11.12 Although gaps have been repaired, there are problems with water running from the road on to people’s property. Adjustments and readjustments have to be done to existing work thus creating additional expenditure and delays.

11.13 This will also cause further inconvenience to the users and by extension to the public, thus creating hostility.

11.14 In the event that these adjustments are not done, the completed project, which would be delivered, will not be to the satisfaction of the users.

11.15 Without surveys being done, the Ministry would not be able to properly assess the level of satisfaction or dissatisfaction of users.

**Recommendation(s)**

11.16 A suggestion/complaints box should be placed in a prominent location to collect complaints and concerns from users.

11.17 All complaints and concerns should be received at a central point and channeled through the Coordinator.

11.18 Consultation with users should be done on a continuous basis during the execution of the project up to its end so as to obtain their inputs.

11.19 Mechanisms should be developed to promptly and efficiently document and address users’ complaints and concerns.
12.0 Conclusions

12.1 The MCWT plays a vital role in developing and maintaining the public infrastructure of the country.

12.2 During the past two years, there has been a strong demand for the Ministry’s services, posing a challenge to its ability to perform its duties in an efficient and effective manner.

12.3 Audit found instances where improvements could be implemented to correct and / or prevent inefficiencies or low performance and summarized them as follows:

- The Financial and Store Rules are not adhered to with regard to the awarding of contracts. The method, which is presently used extensively by the Ministry, is not in keeping with the regulations and in many instances does not provide for economy and efficiency.

- Roads and buildings selected were not in all cases built to specification and there were variations, delays and substandard work in evidence.

- Systems in place for planning, coordinating and monitoring work performed by contractors on roads and buildings, need to be reviewed, improved and adhered to so as to ensure that the goals of the Ministry are achieved with due regard to economy, efficiency and effectiveness.

- There are systems and controls in place but they are not fully adhered to. In this regard the following areas need to be improved:
  - The use of feasibility studies;
  - Documentation of needs assessments;
  - Communication and coordination amongst personnel;
  - Selecting of contractors and awarding of contracts;
  - Contractor’s database;
  - Financial management;
  - Monitoring and supervision of work;
  - Project performance reporting;
  - Post-contractual assessment and handing over of completed projects; and
  - Timeliness in addressing users’ complaints/concerns

12.4 It is commendable that the Ministry is in the process of implementing some of the recommendations made during the audit.
Appendices

Site Visits

Beausejour Road Office Project (poor quality material)

Beausejour Road Office Project (substandard work)
Beausejour Road Office Project (construction on hold)

Sauteurs Police Station & Magistracy
Red Mud Road Project

Mt. Nesbit Road Project
Immigration Building (bituminous felt not fully installed)

Melrose Road under construction
Grenville Magistrate Court (verifying bill of quantities)

St. David’s DRO, Magistrate Court, Police Station
Audit Criteria

Capital Planning

Feasibility studies should be conducted for projects to ensure maximum benefits to the government

- The need for the proposed development should be investigated, estimated, documented and supported so that the proposal is justified.

- FS should determine what is most feasible and all its attributes should assure maximum success.

- The study should be an essential part of the planning process to reduce the element of uncertainty and risk.

Human Resource Planning and Development

The Administrative Officer Personnel (AOP) should have an updated database of persons working in the Ministry which should be reviewed periodically to allow her to perform her duties in an efficient and effective manner.

The MCWT should have orientation procedures in place to introduce new personnel to existing staff and to the working environment.

There should be a system in place to monitor and control all areas of operations.

The MCWT should have a policy in place to deal with the hiring of persons on contract with due regard to the efficient and effective function and operation of the Ministry.

Performance Appraisals should be done according to procedures and utilized so as to assist in the training and development of staff as well as staff recognition and promotion.

The Ministry should have sufficient qualified personnel to supervise and manage the contracting process, ensuring that the required standards are observed and maintained and value for money obtained.
Selecting and Tendering Process

The Ministry should fully understand the legal requirements and adhere to them.

There should be a database of contractors to assist in the selection process.

- Procedures should exist for the compilation and subsequent amendment of the approved database and frequency of overall review.
- There should be a designated officer responsible for compiling and maintaining the database.
- The database should contain information on the technical competence, qualification and experience of staff, local and regional experience, financial capability, and commitments.
- There should be information available on the past and present performances of the contractor.
- All Ministries and Departments involved in contracting should have access to the Data Base.

There should be predetermined guidelines in place for the Public and Departmental Tenders Board and the P.S. to follow in the awarding of contracts to local contractors.

- The procedures in place should ensure that the best contractors are pre-selected and invited.
- Tenders should be evaluated based on technical competence and financial capability of the tenderer’s proposals.
- The reasons for recommending the acceptance of a specific tender should be clearly stated.
- All evaluators should understand the evaluation process and should operate independently.
- A detailed report on the evaluation and comparison of tenders, setting forth the specific reasons on which the determination of the lowest evaluated bid is based, should be prepared by the evaluators.

The Ministry should ensure that it has the authority to sole source contractors.

The Ministry should ensure that the selection of contractors through the sole sourcing process warrants that the contractor selected is capable of performing the job in an economical and efficient manner.
Financial Management & Capital Expenditure Control

The Ministry’s budget should be prepared with due regard to economy and efficiency and should be able to be used to effectively monitor and control the financial execution of projects.

There should be mechanisms in place to properly estimate the cost and duration of projects.

- MCWT should produce detailed financial reports periodically which should aid in evaluating the financial performance of projects, and assist management in the decision-making process.

- The MCWT should have well documented and valid reasons to justify the need for additional funds to complete the project and these should be in the Government’s interest.

- Contracts should be administered in accordance with the law, government financial policies, procedures and accepted financial control practices.

- There should be proper financial procedures in place to expeditiously process payments.

Project Performance Reporting

Officers should have well defined job descriptions, which should include to whom they are responsible.

Officers should know who have to report to them.

There should be a standard format for reporting and also a stipulated time/date for the submission of reports.

There should be mechanisms in place to verify information in the report for accuracy, reliability and completeness.

- All reports must be dated and signed by the author of same and must state the period of reporting.

- The “date received” should be stamped or written on reports.
Post Contractual Process and Control

There should be proper mechanisms in place to ensure that projects were constructed according to specifications and with the required quality before the responsibility for corrective actions is relinquished from the contractor.

Government assets should be properly insured and secured so as to minimize the cost of restoration / reconstruction.

The Ministry should have a proper preventive maintenance plan for roads and buildings so as to minimize the maintenance cost to government while maximizing the useful life of the assets.

There should be formal procedures for handing over completed buildings/structures.

The Ministry should have a policy for the disposal of assets so as to maximize the benefits from the disposal of tools and equipments used in specific projects.

Users Satisfaction / External Complaints

Mechanism should be in place to collect and address end users’ concerns and complaints efficiently and effectively.