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1.0 Introduction

Social Security and Housing Finance Corporation (SSHFC) was established by an Act of Parliament in 1981. The purpose of the Fund is to provide some measure of protection for members against interruption or loss of earning power as a result of specified contingencies: Old age, premature retirement, retirement on grounds of marriage (Female Only), invalidity, death and now redundancy. The Act also mandates the Corporation to finance, develop and administer housing projects either alone or in partnership with other agencies.

In keeping with its mandate to provide affordable mass housing for the general populace of The Gambia, the SSHFC has to-date successfully executed four major housing projects since its inception. However, the demand for decent shelter still remain very high due to population growth and rural urban migration.

Object of Audit

SSHFC entered into contract with Gai Enterprises on 13 March 2013 to construct roads and culverts at Brikama Jamisa and Tujereng housing projects to be completed in five and four months' time respectively.

2.0 Scope of Audit

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs)The audit accordingly included such tests of accounting records, internal controls and other procedures as were considered necessary for the due performance of this audit. The audit is limited to the construction of roads and culverts for both Brikama Jamisa and Tujereng and not any other activity undertaken by the Corporation

Our audit focused on the Construction of Roads and Culverts at Brikama, Jamisa and Tujereng during the period 13 March 2013 to 29 February 2016 and was designed and performed to achieve the following objectives:

- Assess whether the process leading to the award of contract was free, fair and transparent
- Establish whether payments were based on work done and the certificate of payment from the consultant
- Examine whether proper monitoring and supervision was done to ensure that works were executed according to plan and within the timeframe
- Identify any outstanding work to be done as per contract agreement, and
- Check whether the contract agreement contained sufficient indemnity clauses that fairly safeguard the interest of both parties.

3.0 Risk Ranking

Detailed findings are presented below. These have been given priority ranking of **high, medium or low**. This grading represents the estimated level of risk resulting

from the issues identified. A summary of the ranking of these findings is provided in the table below:

| Priority | Number of Findings |
|-----------------|---------------------------|
| High | 6 |
| Medium | Nil |
| Low | Nil |

Where the risk is ranked high, it is imperative that immediate action is taken to address the matter. Delay or failure to address the matter may result to the SSHFC being exposed to significant weakness, material misstatement or loss.

Where the risk identified is ranked medium, corrective action should be taken on the matter as soon as possible; in any case within the financial year that the risk is reported.

Where the risk identified is ranked low, it is desirable that corrective action be taken as it will result in enhancing control or improving efficiency.

4.0 Management Response

We have included a section for management responses under each finding. This section is for the Corporation to give feedback on the matter. In particular we require details of the action which will be taken, the officers responsible for the remedial action and the date by which the situation will be regularised.

The table below provides a tabular format of our expectation.

| | |
|---|--|
| Management Response | |
| Action to be taken | |
| Officer responsible for remedial action | |
| Date when situation will be regularized | |

5.0 Executive Summary

5.1 Contract Committees Meetings

There was no evidence that regular meetings were held to monitor the progress of work done by the contractor through the consultant by the committee, so that in the event of failure to meet contractual obligations timely actions could be taken to settle the matter.

5.2 Purchase of Basalt

We noted that the consultant did not verify the quantity of Basalt needed for the works as required by Article 17 of the contract agreement before a refund was made.

5.3 Withholding Tax

We noted that an amount of D2, 698,135.82 was refunded to the Contractor for withholding tax that was previously deducted from payments made to him. This contravenes Article 36 of the contract document which states that "The Contractor is liable for all taxes in accordance with the laws of The Gambia".

5.4 Liquidated Damages

The Contractor shall pay liquidated damage to the Procuring Organization at the rate 0.05% per day as stated in the Contract Data for each day the Completion Date is later than required. There is no evidence that this clause in the contract document was enforced. The purpose of the clause is to ensure that the works are completed within the timeframe.

5.5 Assessment of work done

We carried out an independent evaluation of the work carried out so far as well as the remaining work to be done in order to determine whether there was a correlation between the work carried out and payments made to the contractor. We noted that at Brikama Jamisa, only 41% of work was done, while that of Tujereng was only 60 %.

5.6 Recruitment of Consultant

A consultant was given a contract to supervise the construction works at Brikama Jamisa and Tujereng to the tune of seven hundred thousand dalasis. However, there was no evidence to show that the selection of a consultant was openly advertised.

6.0 Detailed Findings

6.1 Minutes of the Contract Committee's Meetings

Our attempts to review minutes of Contract Committee's meetings were not successful as such reports were not prepared, and also there was no evidence that meetings were held on regular basis to monitor the progress of work at the sites. Minutes of the Contract Committee's meeting should give detailed information on the progress of work done, highlighting consensus reached during such meetings and challenges while drawing attention to areas that need urgent attention in order to meet the time frame for the completion of work. Regular meetings will avail the contract committee the opportunity to focus on key deliverables in the contractual agreement, and at the same time enable them to mitigate any risks that may arise on a timely manner.

Implication

In the absence of regular meetings to discuss and document the progress of work and delays in the construction, there is a risk that the contract would not be completed within the time frame, and in the event of any unforeseen circumstances that may impede the work, it will be difficult for timely action to be taken to minimise such risks.

Ranking

High

Recommendation

In order to ensure that a contract of such nature is executed according to contractual agreement, there is a great need for the committee to meet regularly to assess the progress of work done while paying attention to things that may delay the work, so that corrective measures can be taken to mitigate such delays in good time.

Management Response

The contracts committee does not monitor or manage projects. The projects are managed by a project management team headed by the Project Manager. Therefore, opinions based on the minutes of the contracts committee will not reflect the monitoring process.

The Project Management team has been meeting and discussing the progress of the works for the two projects since the inception of the projects. Site meetings were held on regular basis to closely monitor the operations and make on the spot rectifications on the ground. The projects experienced some delays due to the shortage of Basalt and other unforeseen circumstances such as the prudent change from double seal to triple seal of the roads. The observation was made on the grounds and it was agreed on site that even though the roads are not highways but

heavy trucks with sand and stones will be plying the roads at the early stages of the development of the new community in the estate as they are expected to carry out building projects for residential purposes.

All the above were not envisaged when the contract was prepared and therefore was not factored in the timing and costs of the original contracts. The Project Management team had to revisit the works and re-negotiate in detail with the contractor for more time to be given to carry out the enhancement of the road works but without additional cost to the corporation and also proposed solutions to minimize delay.

A meeting with the consultant followed a week after and minutes of that meeting is herewith attached. After the detailed negotiation, it was agreed that the completion date be extended to 30th April 2016 and a letter to that effect was written to the contractor granting him extension of time. Since the recommencement of the works in October 2015, the Consultant has been submitting monthly progress reports in connection with the two contracts. The Project Management Committee, the Consultant and the Contractor are conducting regular site inspection/meetings every fortnight since November 2015. Reports on the last three site meetings are herewith attached. These site meetings shall continue up to the completion of the contracts. The progress of works are also assessed continuously and corrective measures are taken when the need arises in order to keep the works on track to meet the deadline of 30.04.2016 all things being equal.

Auditor's Comment

The documents provided to the audit after the draft report was submitted were in respect of meetings held long after the expiry of the contract period. The Project Manager provided minutes of meetings held on 1st October and 5th October 2015 and site visit reports dated 25th February 2016 and 10th March 2016 respectively. It is evident from those minutes that site visits and regular meetings were not held before these dates. The opportunity to assess the progress of the construction works in order to address issues that may have an impact on the progress of works was missed.

6.2 Purchase of Basalt D18,800,000.00

Article 17.1 of the contract document states that "The contractor shall inform the Project Manager at the earliest opportunity of specific likely future events or circumstances that may adversely affect the quality of the work, increase the Contract Price or delay the execution of the work. The Project Manager may require the contractor to provide an estimate of the expected effect of the future event or circumstances on the Contract Price and Completion Date". Article 22.2 states that The Project Manger shall check the contractor's executed work and certify the amount to be paid to the contractor.

During review of payments made to the contractor (GAI Enterprise) in respect of construction of roads and culverts at Brikama Jamisa and Tujereng, we noted that a payment of D18, 800,000.00 (Eighteen million eight hundred thousand dalasis) was

made to the contractor on 7 May 2014 as refund for basalt stock said to have been purchased and deposited at the sites, approximately one year after the contracts should have been completed. We could not understand the reason why this refund was made to the contractor, since basalt needed for both works were factored in the cost of the contract.

According to Management this came as a result of difficulties encountered by the contractor with regards to the purchase of Basalt. Clearly, this is not accurate as the basalt was already purchased and deposited at the sites according to the invoice from the contractor.

Implication

The terms of the contract was breached. Therefore the payment was illegal.

Ranking

High

Recommendation

All payments including purchase of materials for the contractor should be based on the contract agreement.

Management Response

The money paid to the contractor for the purchase of the Basalt for the works was deemed necessary by the Project Management Committee at that time, as the cost of basalt was escalating and it would have reached a point where the contractor would not have been able to purchase the material without resulting to serious costs variations and implications. The contractor bought the basalt from Senegal and stockpiled it at his site in Essau. However, it was not possible to transport the basalt across the river to the project sites due to the serious inadequate ferry services at the time. In fact, the MD (SSHFC) had to intervene by having discussions with the management of GPA (DMD) and the contractor for them to allow the contractor to hire the ferry on a daily basis to transport the basalt.

An agreement was reached whereby GPA allowed the contractor to transport/ferry only two round trips per week for a relatively high price. This was how the stock of Basalt was gradually transported from Essau to the various project sites and since the works resumed in October 2015 all the Basalt the contractor stockpiled at Essau was transported to the sites and most of it has now been utilized for the roads in Tujereng. It is also important to state that there is still a substantial quantity of Basalt stockpiled at the Tujereng site sufficient enough to complete the sealing of the roads at Tujereng.

The payment for the basalt was made based on mutual agreement between the contractor and the employer to properly manage the situation so as to achieve the ultimate goal of successful completion without cost variations.

All the payments made to the contractor were from the original cost of the contract sum as it forms part of the overall costs. All payments were made in accordance with **Article 22.1c** that states "The percentage of the invoice value of listed Materials and Plant delivered by the contractor on the site for incorporation in the permanent works but not incorporated in such works". The payment was legal and did not breach the contract terms. Please note that the basalt purchased accounted for the total basalt required for the two projects and not the amount envisage in the advance payment.

Auditor's Comment

Article 17.1 is very clear about the circumstances in which the procuring organisation could intervene. This money was paid to the contractor on 7 May 2014, approximately one year after the contract should have been completed and attempts to facilitate the transportation of basalt by management did not begin until 5 May 2015 as evidenced in letter referenced SSHFC.HF/36F/VOL.III (179) and dated 5 May 2015. The purpose of 40 % advance payment was for the contractor to deliver to the site construction equipment and/ or materials for the initiating works as stipulated in Article 30.1 and Article 30.2 further states that "The contractor is to use the advance payment only to pay for materials and other expenses required specifically for carrying out the works" Therefore, the contractor should have purchased basalt from the advance payment made to him, and not to claim for such expenses.

6.3 Assessment of work done

Article 22 The contractor shall submit to the Project Manager at the end of each month a statement, in such form as is approved by the Procuring Organization, showing the amount to which the contractor considers himself entitled up to the month in respect of:

- a) The value of permanent works executed.
- b) The value of work executed shall be determined by the Project Manager
- c) The value of work executed shall comprise the value of quantities of the items in the Bill of Quantities completed.
- d) The Project Manager shall check the contractor's executed work and certify the amount to be paid to the contractor.

We carried out an independent evaluation of the work carried out so far as well as the remaining work to be done in order to determine whether there was a correlation between the work carried out and payments made to the contractor on 17 February 2016. We noted that at Brikama Jamisa, only 41% of work was done, in monetary value the payment should have been D9,772,663.50 (Nine million seven hundred and seventy-two thousand, six hundred and sixty-three dalasis and fifty bututs) instead of the D20,843,984.58 (Twenty million eight hundred and thirty-four thousand nine hundred and eighty-four dalasis and fifty eight bututs) representing 87% which was paid to the contractor, and for Tujereng the value for work carried out was 60%, which is equivalent to D26,164,215.00 (Twenty six million one hundred and sixty-four thousand, two hundred and fifteen dalasis), instead of the D38,657,934.50 (Thirty-

eight million six hundred and fifty-seven thousand, nine hundred and thirty-four dalasis and fifty bututs), representing 89% which was paid to the contractor.

The Performance Bonds for Brikama Jamisa and Tujereng which are to be used as security for the Corporation to serve as cushion in the event that the contractor failed to complete its obligation under the contract are D1,165,705.79 (One million one hundred and sixty five thousand, seven hundred and five dalasis and seventy nine bututs) and D1,590,389.75 (One million five hundred ninety thousand, three hundred and eighty nine dalasis and seventy five bututs) respectively provided by Trust Bank Ltd and covered the period 23 April 2015 to 23 April 2016,

However, the value of the remaining works are far more than the value of the Performance Bonds, and in the event that the contractor did not complete the works, the Performance Bonds would not be enough to settle the contractor's liabilities. This implies that proper assessment of work done was not carried out with a view to linking it with payments to the contractor. Detailed below are the analysis of what should have been paid and actual payments made.

| Project Site | Contract Amount | Actual Payments made | Payments which should have been made according to work carried out | Difference |
|---------------------|------------------------|-----------------------------|---|----------------------|
| Brikama Jamisa | 23,964,545.50 | 20,834,984.58 | 9,772,663.50 | 11,062,321.08 |
| Tujereng | 43,488,850.00 | 38,657,934.50 | 26,164,215.00 | 12,493,719.50 |
| Total | 67,453,395.50 | 59,492,919.08 | 35,936,878.50 | 23,556,040.58 |

As can be seen from the analysis above, 88% of the contract sum have already been paid when the combined works was only 50% completed. If we include the retention fee of 10% equivalent D6, 745,339.55 the balance due to the contract will only amount to D1, 215,136.87. Note that the retention fee clause is included in the contract to cater for general defects and damages to the works during a specified period.

The following is a detailed valuation of works executed at Brikama Jamisa.

| Item No. | DESCRIPTION | Amount (GMD) | Amount (GMD) | PERCENTAGES AS PER SIGNED CONTACT |
|-----------------|-------------------------------------|----------------------|---------------------|--|
| | <u>FINALSUMMARY</u> | | | |
| 1 | PRELIMIARIES AND GENERAL COST ITEMS | 2,097,500.00 | 0.00 | Not valued due to lack of information |
| 2 | PHASE 1 | 7,219,548.00 | 1,854,516.00 | 26% |
| 3 | PHASE 2 | 14,647,497.50 | 7,918,147.50 | 54% |
| | TOTAL | 23,964,545.50 | 9,772,663.50 | 41% |

BRIKAMA-JAMISA

Earthworks

The earthworks for the project has been completed.

Priming

Two roads were being primed already and rest of the roads yet to be done.

Surfacing

As shown in the itemized Bill of Quantity (BOQ) none of the roads have been surfaced within the project area.

Culvert

The percentage completion for the construction of culvert is 75% as three out of four culverts was constructed.





Below is a detailed valuation of works executed at Tujereng.

| Item No. | DESCRIPTION | Amount (GMD) | Amount (GMD) | PERCENTAGES AS PER SIGNED CONTACT |
|-------------------------------|--------------------------------------|----------------------|----------------------|---------------------------------------|
| <u>GENERAL SUMMARY</u> | | | | |
| 1 | PRELIMINARIES AND GENERAL COST ITEMS | 2,097,500.00 | 0.00 | Not valued due to lack of information |
| 2 | ROAD WORKS (ORIGINAL) | 30,201,425.00 | 19,559,190.00 | 65% |
| 3 | ROAD WORKS (ADDITIONAL) - | 11,189,925.00 | 6,605,025.00 | 59% |
| TOTAL | | 43,488,850.00 | 26,164,215.00 | 60% |

TUJERENG

Earthworks

The earthworks for the project have been completed except for intersections where the earthworks should be extended 6m beyond the intersection points (intersection of RD 05 and TE 1).

Priming

All the roads have been primed and as can be seen on site some roads have been primed some weeks ago. However, these roads will need re-priming before sealing.

Surfacing

As shown within the itemised BOQ a number of roads have been completed as per the contract.

Material

The contractor has provided basalt of different grade for the completion of sealing however, the team was unable to quantify the exact amount on site.



Implication

There is a potential risk that if payments are not strongly linked to the work carried out, the corporation will find it difficult to recover their money from the contractor if he failed to execute the work, since the Performance Bonds will not be adequate to cover the remaining work not carried out.

Ranking

High

Recommendation

The corporation should formulate an effective supervision mechanism to enable a close supervision of the contractor's activities, as well as ensuring that payments are done according to work done.

Management Response

Article 22 of the General Conditions of Contract is dealing with payment certificates. At the end of every month the contractor may submit a request for payment based on works executed. The request for payment is verified by the Consultant and approved by the Project Manager and processed for payment.

The contractor requested for interim payments only three times for Tujereng and once for Brikama Jamisa. Therefore, no interim payments have been processed because of the payment made for the basalt. The payment is in the form of an advance and will be recovered by the time works are completed.

As at now the total value of works completed for Tujereng is **D31,133,255.50 (Thirty-one million, One hundred and thirty three thousand two hundred and fifty five dalasi fifty bututs)** and the total payments made to date is **D37,554,952.50(Thirty-seven million, five hundred and fifty four thousand, nine hundred and fifty two dalasi fifty bututs)**. It is important to note that these payments included the Advance payment of which **D12,453,302.00 (twelve million, four hundred and fifty three thousand, three hundred and two dalasis)** has been recovered from the Contractor's Interim Payments. It is also important to note that out of the total payments the contractor has completed 83% of the works paid for and the works are still progressing.

Similarly, the total value of works completed for Brikama Jamisa is **D10,452,331,00 (Ten Million, four hundred and fifty two thousand, three hundred and thirty one dalasi)** and the total payments made to date is **D20,307,487.58 (Twenty Million, three hundred and seven thousand, four hundred and eighty seven dalasis and fifty eight bututs)**. It is also pertinent to note that these payments included the Advance Payment of which, **D2,177,335,00 (Two Million, one hundred and seventy seven thousand, three hundred and thirty five dalasis)** has been recovered from the Contractor's Interim Payments. In this case, the contractor has completed 51% of the works paid for and the works are still ongoing. The next payment would be due when the current payments are fully utilized by the contractor. A scenario of valuation of the final accounts at practical completion of works is herewith attached

The table on page 8 of your letter does not reflect the true picture as to how a project is managed. It would have been useful if the contract was frustrated. A specified amount is paid to the contractor to cover certain works within a stated period and as long as the works are still ongoing and the stated period has not expired it would be incorrect to state that the amount that should have been paid is the amount equal to the completed works. Similarly the table on page 11 does not reflect what the reality on the ground is. As stated earlier, the project is closely monitored on the grounds and the expected date of completion is 30-04-2016 all things being equal.

The Performance Bonds provided by the Contractor is an extension to the original bonds that expired whilst the works are not completed. The amount of the Performance Bond is 10% of the outstanding contract sum. This is an ongoing contract and it is not expected for the bonds to be called up from the bank.

The bond that is provided for should cover 10% of the outstanding works which is reducing on a constant basis as the works continue.

Auditor's Comment

An independent evaluation carried out by road engineers on behalf of the National Audit Office as of 17 February 2016, showed that payments made to the contractor

were more than the actual works carried out. It is also important to note than the Performance bond should be 10 % of the Contract Sum, as stated in Contract Data 24, and not the outstanding contract balance.

6.4 Refund Of Withholding Tax

Article 36 of the contract document states that “The Contractor is liable for all taxes in accordance with the Laws of The Gambia. However, the Project Manager shall adjust the contract Price if taxes, duties and other levies are changed between the 28 days before the submission of the Contract and the date of the last completion certificate”.

During our review of payments to the contractor, we noted that a refund of D2, 689,135.82 was paid to the contractor on 14 May 2013 in respect of withholding tax that was previously deducted from the contractor. This contravenes the above regulation.

Implication

This contravenes section 89 (3) of income and value added Tax Act of 2012.

Ranking

High

Recommendation

Withholding tax that was refunded to the contractor should be paid back to the Commissioner General of Gambia Revenue Authority.

Management Response

Withholding tax was not factored in the contract price which was due to an oversight. However, at the end of the contract the cost of contract would be varied to the extent of the withholding tax and that would be paid immediately.

Article 36 of the General conditions of the contract stated that "The Contractor is liable for all taxes in accordance with the Laws of the Gambia. However, the Project Manager shall adjust the Contract Price if taxes, duties and other levies are changed between the 28 days before submission of bids for the contract and the date of the last completion certificate. The adjustment shall be the change in the amount of tax payable by the Contractor, provided such charges are not already reflected in the Contract Price".

Auditor’s Comment

Withholding tax was factored into the contract price, as it was deducted from all the payments made to the contractor. The refund was in respect of a withholding tax that

was deducted from the payment made to the contractor. The contractor should therefore, pay back to the Commissioner General of Gambia Revenue Authority the amount refunded to him in respect of withholding tax, and evidence of payment should be furnished to our office for verification.

6.5 Liquidated Damages

Item 18 of the Contract Data stipulates that the contractor shall pay liquidated damages to the Procuring Organization at the rate of 0.05% per day for each day that the Completion Date is later than the required Date and item 19 stipulates that the maximum amount of liquidated damages for the whole of the works is 5% of the final contract price.

During our review of the contract documents, we noted that the contracts were signed on the 6 March 2013 for both Brikama Jamisa and Tujereng, and they were supposed to be completed within five and four months respectively (31 June 2013 and 31 July 2013). However, after almost three years both construction works are not completed, and there was no evidence that the penalty clause in the contract had been invoked as required by the above Article, to serve as a deterrent for unnecessary delays to the contract. According to the Management, delay was caused by transporting Basalt to the Project site, which was reported after the completion dates of both works, as evident in their purchase of Basalt for the contractor. We are concerned that the protracted delay of the work may result to sub-standard or non- completion of work.

Detailed below are the Liquidated Damages that should have been charged.

| Date of contract | Name of Site | Contract Amount | 5 % Liquidated Damage |
|------------------|----------------|-----------------|-----------------------------|
| 6 March 2013 | Brikama Jamisa | 23,000,000.00 | 1,150,000.00 |
| 6 March 2013 | Tujereng | 43,000,000.00 | 2,150,000.00 |
| Total | | | 3,300,000.00 |

Implication

If the penalty clause is not enforced, there is a tendency that works will continue to be delayed, which can have serious impact on the quality of work.

Ranking

High

Recommendation

In order to ensure that the contract is completed within the stated time frame, there is a great need to enforce the penalty clause to serve as a deterrent for future delays.

Management Response

The liquidated damages clause is applied under circumstances where the Employer has stopped extending the time frame of the contract and in that case, the Contractor will be issued a final deadline after which liquidated damages will be charged on the number of days after the deadline until the completion of the works. These charges cannot exceed 5% of the contract sum. The contracts in question have not reached a point where the Liquidated damages clause maybe invoked. Your concern about the standard of the works should have been positive because one of the reasons why more time is given to the contractor is to ensure that quality of the works is not compromised.

Auditor's Comments

The contract was only extended in October 2015 vide letter referenced SSH/G/36G/VOL.3(209) dated 5th October 2015 approximately two and half years when the contracts should have been completed.

6.6 Selection of Consultant

Financial Instruction 309 states that:

“Procurement of goods and services shall be guided by the procurement rules outlined by the Gambia Public Procurement Authority (GPPA) from time to time. Care should be taken to ensure that value for money is ensured during the procurement process.”

Gambia Public Procurement Regulation) 12 dealing with thresholds for procurement transactions has set the threshold for the procurement of goods and services at D10,000.00 and D30,000.00 respectively.

Gambia Public Procurement Act 44, (2) stipulates that *“Local request for quotation proceedings shall be used when desired goods, works or services are ordinarily available from three or more sources in The Gambia at competitive prices and conditions.”*

A consultant was given a contract to supervise the construction works at Brikama Jamisa and Tujereng to the tune of D700, 000.00 (seven hundred thousand dalasis). However, there was no evidence to show that the selection of a consultant was openly advertised and the selection process assessed the relative merits at each stage of selection like short listing, interviewing and evaluation with the intention of selecting the most suitable person for the job. As a result, the audit could not confirm whether the consultant given the job is the most suitable person who could deliver to the expectations of the Corporation by ensuring that works are executed according to the contract agreement.

Implication

As the consultancy service was not advertised openly and there was no evidence of rigorous selection process, there is increased risk that unqualified person could be given the consultancy services.

Risk Ranking

High

Recommendation

Consultancy services of this magnitude should be openly advertised and applicants should be assessed on their qualification, experience and suitability for the job.

Management Response

The Employer's consultant is not engaged or recruited as a consulting firm or company. He was engaged as an experience Technician on road construction works to work together with our supervision team from the overall supervision of the contracts. He has been supervising all the Employer's projects in house since the year 2009 and the latter has never recruited a consultant firm as it will cost the Corporation substantial amount of money to design and supervise each project. The amount **D700,000.00 (seven hundred thousand dalasis)** paid to the Consultant was agreed as honorarium and despite that, the consultant has been operating fully with his team in the supervision of the works and Employer has been satisfied with his services. It is also important to mention that these two contracts would have cost the Corporation a minimum of **D5,396,271.34 (five Million, three hundred and ninety six thousand, two hundred and seventy one dalasis and thirty four bututs)** for design and supervision. This is equivalent to 8% of the total contract sums. However, this particular Consultant carried out the complete design of all the roads, culverts and kerbs for the two contracts for only **D700,000.00 (Seven Hundred thousand dalasis)**.

It is interesting to note that this consultant was recruited by my predecessor Tumble K. Danso in 2008 to design and supervise the road works under review. He supervised the then contractor (Tetrax) for the same works until the contractor frustrated the contract and abandoned the sites. Again that contractor was appointed by the same person in the name of Tumble K. Danso who failed to restore the continuation of the roads. As a result of this failure and abandonment of the project, the current management contracted Gai Enterprise for the works and extended the services of the consultant for continuity purposes.

Auditor's Comment

Looking at the contract prices, there is a need for the selection process to be opened and transparent so that the firm/consultant selected will closely monitor the progress of work and give professional advice to Management on issues that may have negative impact on the quality and completion date of works. Therefore, the selection process should not be based on historical relationship, but rather on vigorous selection process with a view to ensuring that the best firm/consultant is selected for the job, which is also in line with the dictates of GPPA regulations.

Conclusion

The Director of Housing serves as the Project Manager responsible for the project management among others. I would like to emphasize that flexibility in the management of such projects is prudent as it minimizes the possibility of incurring unnecessary cost variation and compromise in the quality of works. The sole aim herein is to achieve the overall objective of the project which is, a successful completion of the project in a sustainable manner, as opposed to a frustrated contract with negative consequences.

Furthermore, apart from Guy Enterprise, there is no other roads contractor in the country with the required capacity to execute such works. This makes it very important for a careful management of the situation to avoid frustration of the contract as experienced by my predecessor Tumble K. Danso.

Similarly, Management is trying to mitigate the loss that was caused by Tumbul K. Danso by using funds for this project up to the tune of D30,000,000 (thirty million dalasis) to buy land in Makumbaya despite the prudent financial advice that was given by the then Director of Finance not to proceed with such a purchase. The reasons behind that advice were that the Corporation is allocated with free land from The Gambia Government all over the country and more so the funds were budgeted for the utilisation of the Tujereng, Jabang and Brikama Jamisa projects.

The unfortunate experience in ignoring the timely advice was that the Makumbaya land was encumbered and the corporation lost both the land and the D30,000,000 (Thirty Million dalasis) meant for the Tujereng, Jabang and Brikama Jamisa. In fact, an Executive Directive was received by the Corporation to recover the full amount but up to the time of this reply neither the land nor the money had been recovered. As an auditor, you can imagine the extent of loss of both the principal and the return on such amount over the period 2009-2016. It also caused further loss because we had to resort to a bank loan to finance the project as the D30,000,000 was diverted to a loss course.

Understandably, such an important factor was not included in the scope of audit because the person requesting for the audit was responsible for the negligence and would therefore not call your attention to such.

Going forward, Management is determined to do all it takes to see this project to its successful logical completion.

Thank you and God bless.

Auditor's Comment

Whilst it is our professional duty to incorporate all comments provided by our clients in the interest of transparency and fairness, we wish to state that the above conclusion have no relevance to the queries we raised.