



NATIONAL AUDIT OFFICE

Management Letter

Audit of Procurement and Financial Transactions for the Construction of Eco- Tourism Camps/Lodges

Kanifing Institutional Layout, Bertil Harding Highway, Kanifing, The Republic of The Gambia

Email: info@nao.gm Tel : +220 4382489 / +220 4382535 / Fax : +220 4382506

Contents

1.0	Introduction.....	4
1.1	Audit objectives.....	4
1.2	Methodology.....	4
1.3	Audit Scope.....	5
1.4	Priority ranking.....	5
1.5	Management response.....	5
1.6	Appreciation	6
1.7	Overall conclusion.....	6
2.0	Executive Summary	7
2.1	The Bidding document not meeting the requirements of the Eco-Tourism Project	7
2.2	Specifications omitted from the bid documents	7
2.3	Absence of a penalty clause.....	7
2.4	Short public notice to submit bids	7
2.5	Failure to adhere to the requirements on the advertisement post.....	7
2.6	Public Notice not presented.....	8
2.7	Absence of engineering and legal personnel in the contract committee	8
2.8	Deviation from contract agreement	8
2.9	The Evaluation and Scoring Sheet.....	8
2.10	Potential conflict of interest between Consultant and the selected bidder.....	8
2.11	Award of contract to company with no experience in constructing Eco Lodges	8
2.12	Failure to meet completion timeline.....	8
2.13	Selection of a consultant.....	9
2.14	Departure from the project concept of using less cement and steel to preserve the Eco-system.....	9
2.15	Cost of Variation not included in initial contract/budget	9
2.16	Deviations from the use of Brick works.....	9
2.17	Poor Feasibility Study.....	9
2.18	Change of design from Eco-lodge to a Hotel.....	9
2.19	Insufficient funds available to finance the Eco lodge project.....	10
2.20	Inappropriate payment of design and supervision fees to the Project Consultant hired by the Contractor.....	10

3.0	Detailed findings	11
3.1	The Bidding document not meeting the requirements of the Eco-Tourism Project	11
3.2	Specifications omitted from the Bid Document.....	14
3.3	Absence of a penalty clause.....	16
3.4	Short public notice to submit bids	18
3.5	Failure to adhere to the requirements on the advertisement post.....	20
3.6	Public Notice not presented.....	23
3.7	Absence of engineering and legal personnel in the contract committee	25
3.8	Deviation from contract agreement	28
3.9	The Evaluation and Scoring Sheet.....	31
3.10	Potential conflict of interest between the Consultant and the selected Bidder	33
3.11	Award of contract to company with no experience in constructing Eco Lodges	35
3.12	Failure to meet completion timeline.....	38
3.13	Selection of a consultant.....	42
3.14	Deviation from the Project concept of using less cement and steel to preserve the Eco-system.....	45
3.15	Cost of Variation not included in initial Contract/Budget	48
3.16	Deviations from the use of Brick works.....	51
3.17	Poor Feasibility Study	54
3.18	Change of design from an Eco-lodge to a hotel	56
3.19	Insufficient funds available to finance the Eco lodge project.....	60
3.20	Inappropriate payment of design and supervision fees to the Project Consultant hired by the Contractor.....	63

1.0 Introduction

The Constitution requires The Auditor General to satisfy himself or herself that money charged on the Consolidated Fund or other public fund, or appropriated by an Act of the National Assembly, and expended, has been applied for the purpose for which it was so charged or appropriated, and that expenditure conforms to the authority that governs it.

1.1 Audit objectives

The objectives of this audit was to gain reasonable assurance that:

- To assess whether awarding of the contract for the construction of Eco-Tourism camps/Lodges complied with all relevant laws and regulations and assess whether fair opportunity is even to all suppliers.
- To assess whether the contract was executed in line with contract document and relevant laws and regulations.
- To assess whether due processes and procedures were followed during the procurement process and assess whether the procurement process was transparent and made efficient use of public funds.
- To assess whether adequate controls were in-place to prevention of fraud, corruption and other malpractices in public procurement.

1.2 Methodology

We conducted this audit in accordance with the International Standards of Supreme Audit Institutions, ISSAI 4000, issued by the International Organization of Supreme Audit Institutions (INTOSAI). An audit includes examination, on a test basis of evidence relevant to a compliance audit.

These standards require us to plan and perform the audit so as to obtain all the information and explanations which we consider necessary in order to obtain reasonable assurance that the Eco-lodge contract was awarded and executed in accordance with relevant laws and regulatins, and whether the procurement process was transparent and made efficient use of public funds.

The audit involved performing procedures to obtain audit evidence relating to compliance with applicable laws, regulations and controls governing the award and execution of public procurement.

1.3 Audit Scope

The audit focused on activities in the planning, awarding and execution processes and procedures for the construction of Eco-Lodge Camps and Lodges under the administration of the Gambia Tourism board (GT Board) covering the period 1 January 2018 to 30 June 2021.

1.4 Priority ranking

Detailed audit findings have been given a 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	20
Medium	0
Low	0

Where the risk is identified as **high**, it is imperative that immediate action is taken to address the matter. Failure to address the matter may result to significant weakness, material misstatement or loss.

Where the risk identified is ranked as **medium**, it implies that corrective action should be taken on the matter as soon as possible, at least within the financial year in which the risk is reported.

Where the risk identified is ranked as **low**, it is desirable that corrective action be taken, as it will result in enhancing controls and improve efficiency.

1.5 Management response

We have also included a section for management comments under each finding. This section is for the management of GTBoard to give feedback on the audit findings. We propose that you provide your responses in the following format:

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

1.6 Appreciation

We would like to take this opportunity to express our gratitude to the staff of the Gambia Tourism board (GT Board) for their cooperation and assistance during the audit exercise.

1.7 Overall conclusion

here are material non-compliance and internal control deficiencies in the planning, awarding and execution of the Eco-tourism Camps and Lodges by the GT Board. There is a need for significant improvement in key internal control over awarding and execution of public procurement.

We noted lapses in the procurement process leading to the award of the Contract to Lerr Group. The non-adherence to the requirements of the advertisement post, omission of specifications from the bid document coupled with the short public notice for the submission of bids; meant that enough information and time was not available to many interested companies to prepare and submit bids thus eliminating them from the procurement process.

The delay in the completion of the project is indicative of weak supervision of the construction process leading to potential cost escalation and sufficient funds might not be available to meet such cost increases.

Deviation from the eco-tourism concept in the use of eco-friendly materials and art work and changing one of the ecotourism camps to a hotel further diminished the natural artefact of the camps that might not be attractive to tourism thus reducing the high revenue generating potential of the camps.

Due to these deviations and lapses identified in this report, the objective of the construction of the eco-tourism camps will not be achieved as value for money is lost and it may not serve as good destination site for visiting tourists.

2.0 Executive Summary

2.1 The Bidding document not meeting the requirements of the Eco-Tourism Project

We reviewed the bidding document of the Eco-lodge project and noted that the technical specifications on the bid form were generic and were not tailored to meet the needs of an Eco-Tourism project such as conserving the environment, preserving nature, using Eco-friendly materials were not indicated in the bid and contract document, despite the foundation of Eco-Tourism. **[Ref: 3.1]**

2.2 Specifications omitted from the bid document

A review of the bidding documents revealed that information such as specification and quantity indicated in the advertisement post for procurement split into lots and bidders required to bid for only one lot was completely omitted from the bidding document. **[Ref: 3.2]**

2.3 Absence of a penalty clause

We noted that there is no penalty clause for possible breach of contract in the contract signed between GT Board and Lerr Group in contravention to the GPPA regulation. **[Ref: 3.3]**

2.4 Short public notice to submit bids

We reviewed the advertisement documents and noted that pre-bidding was supposed to be held on 25th January 2019 while the deadline for submission for bids was scheduled to 13 February 2019. The period between the pre-bidding date and deadline for the submission of bids was less than 30 days in contravention of the GPPA regulations. **[Ref: 3.4]**

2.5 Failure to adhere to the requirements on the advertisement post

From the review of letter dated 21 December 2018 referenced GPPA/GTB/TR 2/18 revealed an advice to GT Board to divide the construction of the five Eco lodges into lots and restrict each lot to one contractor for timely completion. **[Ref: 3.5]**

2.6 Public Notice not presented

Review of the letter referenced AWH 22/445/01(19) and dated 12th November 2019 revealed that the Eco-Lodge project was awarded to Lerr Group for the construction of five (5) Eco-lodges to the tune of **D22,338,105.00** each including VAT.

The Audit team made several requests to the GT Board to provide evidence of Public notice of contract award but none was provided up to the time of writing this draft management letter. As such, we could not confirm if publication of notice of contract award was made. **[Ref: 3.6]**

2.7 Absence of engineering and legal personnel in the contract committee

The Bill of Quantity (BOQ prepared by a non-engineer has resulted to an additional cost in hiring a consultant in the midst of finalising the contract to negotiate the price and come up with new estimates of the project **[Ref: 3.7]**

2.8 Deviation from contract agreement

Review of the progress report prepared by the contractor (Lerr Group) against the contract agreement revealed variation leading to additional cost of **D111, 816,954.00** in the construction of ecolodges in Barra, Kunkiling and Sotuma . **[Ref: 3.8]**

2.9 The Evaluation and Scoring Sheet

During the audit we noted that, the evaluation and scoring sheet was generic and did not specifically respond to the needs of the construction of Eco-Tourism Camps and Lodges. **[Ref: 3.9]**

2.10 Potential conflict of interest between Consultant and the selected bidder

Mahfous Engineering Company Ltd was hired by Lerr Group to serve as a price negotiator between GT Board and Lerr-Group when the contract was awarded to Lerr-Group at a Bid price of D26 m million dalasi. The same company was hired as a private consultant by the contractor (Lerr Group) to report on the progress of the project. There is an increased risk that of overlooking deficiencies in the of Lerr **[Ref: 3.10]**

2.11 Award of contract to company with no experience in constructing Eco Lodges

Review of evaluation score sheet revealed that Lerr group was ranked highest in evaluation scores despite not having past experience in Eco-tourism project. In addition, the machines quoted by Lerr group were not relevant to the Eco-Lodge project as these heavy machines were used in the site preparation and did not preserve the eco-system. **[Ref: 3.11]**

2.12 Failure to meet completion timeline

During our review of the contract documents, we noted that the contracts for the construction of 5 Eco-Lodges across five regions in the country were signed on the 24th

March 2020. These constructions were supposed to be completed within Seventeen months from the date of commencement. However, after almost Eighteen months (18) not a single Eco-Lodge was completed. There is no written document from the project manager authorizing any stoppage of work. **[Ref: 3.12]**

2.13 Selection of a consultant

A review of payment voucher PL17-1332 dated 19/08/2019 revealed payments amounting to **D175, 450.75** made to Mahfous Engineering Consultants for contract prices negotiation between GTBoard and Lerr-Group (award-winner). There was no evidence to show that selection of this consultant was openly advertised. **[Ref: 3.13]**

2.14 Departure from the project concept of using less cement and steel to preserve eco system

During our verification of the project site at Kunkilling, we noted that Lerr-Group has used bull-dozers for land clearing. This is contrary to the Eco-lodge objective of avoiding use of heavy machines and environmental conservation. **[Ref: 3.14]**

2.15 Cost of Variation not included in initial contract/budget

Review of the contractor's progress report dated 11/02/2021 revealed variations amounting to **D111, 816,954** for the construction of eco-lodges in Barra, Sotouma and Kunkilling respectively. **[Ref: 3.15]**

2.16 Deviations from the use of Brick works

During the site verification, the audit team had discussion with regional officer of GT Board stationed at the LRR. This discussion revealed that the machine used to produce the locking earth by LERR Group was hired from the nephew of the consultant. This potentially constitute conflict of interest and may endanger the effective and efficient execution of work. **[Ref: 3.16]**

2.17 Poor Feasibility Study

During our site visit, we observed that at Barra, some of the facilities (Storey Building) are being built on a runoff water passage into the sea. It was noted that the buildings were flooded with water bringing the construction to a halt. **[Ref: 3.17]**

2.18 Change of design from an Eco-lodge to a hotel

The audit team noted that the designed of the construction of eco-lodge in Barra was change to a hotel. There was no evidence provided to show addendum to the change in plan nor was approval granted by the contracting authority(GT Board) to change the design structure to a hotel. **[Ref: 3.18]**

2.19 Insufficient funds available to finance the Eco lodge project

Our review of the bank statement shows a transfer totaling **D 44,676,210.00** to Lerr Group being payment representing 40% of the total contract price for the construction of five Eco Lodges across the regions, leaving a balance of only **D 28, 266, 721. 60** in the account which would be insufficient to cover the outstanding balance to be paid to the contractor (**D67,014,315.00**) at the time of writing this report. **[Ref: 3.19]**

2.20 Inappropriate payment of design and supervision fees to the Project

Consultant hired by the contractor.

We noted that two tranche of payment transfers totaling D4, 683,283.00 was made to the Contractor Lerr Group for onward for onward payment to the consultant in respect of design and supervision fees of the project. **[Ref: 3.20]**

3.0 Detailed finding

3.1 The Bidding document not meeting the requirements of the Eco-Tourism Project

Finding

Section 25 (1) of GPPA act states *“The technical specifications for goods, works, consultancy services and services shall clearly describe a procuring organisation’s requirements with respect to quality, performance, safety, dimensions, symbols, terminology, packaging, marking and labelling and requirements relating to conformity assessment procedures.*

(2) In preparing the bidding and pre-qualification documents (a) any specifications, plans, drawings and designs setting out the technical or quality characteristics of the goods, works or services to be procured”.

We reviewed the bidding document of the Eco-lodge project and noted that the technical specifications on the bid form were generic and was not tailored to meet the needs of an Eco-Tourism project such as conserving the environment, preserving nature, using Eco-friendly materials were not indicated in the bid and contract document, despite being the foundation of Eco-Tourism.

In addition, the above non-compliance was not flagged by GPPA even though the procurement was reviewed and approved by the authority

Implication

- There is a risk that the bidding documents were not reviewed by management before they tenders were issued out.
- The above non-compliance makes it difficult to hold contractor accountable for any defects or deviations from Eco-Tourism project since these specifications are not included in the bidding document.
- The Bid form not tailored to respond to the needs of an Eco-Tourism Camps and Lodges can result to poor work during the execution phase of the project.

Priority

High

Recommendation

- We request explanation from management for the omission of key clauses from the bidding documents such as conserving the environment, preserving nature and the use of Eco-friendly materials in the construction of Eco lodges.
- Management should give explanations why the Eco- friendly construction and other specification were not clearly indicated in the bidding document despite being in the reason why funds were secured (approved GPPA plan) and required by the above section of the GPPA act.
- The GPPA should give explanations as to why the above non-compliance was overlooked by the authority.
- The GT Board should adhere to all sections and requirement of GPPA at all times.

Management Responses

Response	<p>The Bid and Contract documents of the Eco-Tourism Camps was accurately prepared and approved by GPPA being the regulatory authority as far as procurement of goods and services are concerned.</p> <p>Furthermore, the Bidding document contains all relevant information's such as the Bill of Quantities, Drawings and Design that serves as the guide to the Bidders on the nature of the construction of the Eco-Camps.</p> <p>During the Pre-Bidding conference held on 25th January 2019 for all bidders, there were no such queries from any bidder regarding the technical specification for the said construction works.</p> <p>Thus your view on "The Bid form not tailored to respond to the needs of a construction of Eco-Tourism Camps and Lodges can result to poor work done on the implementation part" is totally out of context in this situation.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment

Contrary to management response, there is no mention of Eco tourism and the preservation of the ecosystem anywhere in the bidding document. This is a very key consideration in the design of the concept document prepared by the Department of Product Development, Investment and Culture(DPIC) . Therefore, the finding remains unresolved.

3.2 Specifications omitted from the bid document

Finding

2003 GPPA Regulations 42(1) (b) states, "The invitation to tender shall contain, at a minimum, the following information; (b) the detailed specification and quantity, and the place of delivery of the goods to be supplied.

A review of the bidding documents revealed that information such as specification and quantity indicated in the advertisement post for procurement split into lots and bidders required to bid for only one lot was completely omitted from the bidding document.

We noted a correspondence from GPPA referenced GPPA/GTB/TR 2/18 and dated 21st December 2018 which advised GT Board to divide the construction of the five eco-lodges into lots and restrict each lot to only one contractor for the timely construction of the lodges.

Further discussions with GPPA officials revealed that the advertisement post is supposed to be an excerpt from the bidding document.

Implication

- Misinforming the potential bidders about the terms and conditions of the bidding process is a violation of GPPA rules and regulations.
- There is a risk that certain bidders may be favored to opt for the actual bidding proceedings and not follow the information stated on the advertisement post.

Priority

High

Recommendation

- The GPPA and GT Board should provide explanation for as to why the specifications were omitted from the bidding document contrary to the above GPPA Regulation.
- We recommend that a thorough investigation be carried out to establish the complete facts for awarding the entire lots to one bidder contrary to the letter from GPPA quoted above.

Management Responses

Response	Despite the adverts restricting Bidders to only one lot, however all the Bidders bided for 5 lots as per the revised Bidding documents approved by the GPPA dated 09 th January 2019. The issue of dividing the procurement into lots as advised by GPPA dated 21 st December 2018 was not captured in the amended version submitted to GPPA dated 4 th January 2019.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Contrary to management's response, none of the bidders bided for all five lots, instead some bidders sent bids for only one lot while others did not specify. Details of the bids received are as follows as shown below

Bidder's Name	Comment on Bidding Details
1. BB Electrical and Construction Company Ltd.	Bided for Lot 2
2. Santa Yaala	Santa Yaala did not specify
3. Peace Enterprise Construction and Supplier	Peace Enterprise bided for Lot 1
4. Lamin Jatta Farm's Eco-Lodge Construction	Bided for Bambali
5. Mendura Construction	Did not specify
6. Lerr Group	Bided for Kunkiling

Furthermore, even if the revised bid documents stated that bidders are entitled to bid for more than one lot, this was not reflected in the advertisement post. A fresh advertisement should have been made to reflect the change. Therefore, the finding remained unresolved.

3.3 Absence of a penalty clause

Finding

A penalty clause is a contractual clause that imposes liquidated damages that are unreasonably high and represent a punishment for breach, rather than a reasonable forecast of damages for the harm that is caused by the breach.

The GPPA 2003 Regulation 130 states, *“The procurement contract shall specify remedies available to the procuring organisation in the event of breach of the procurement contract by the supplier. Those remedies include, but are not limited to: (a) Rejection of defective performance; (b) Prompt removal and replacement of defective goods; (c) Liquidated damages for delay, in accordance with a rate set for each week or other unit of time, or part thereof, of delay; (d) Termination of the contract for default and purchase of replacement performance, at the expense of the defaulting party; and (e) Such other remedies as may be available pursuant to the contract or to applicable Act”.*

The 2019 GPPA Regulation 130 states, *“The procurement contract shall specify remedies available to the procuring organisation in the event of breach of the procurement contract by the supplier. Which includes (a) Rejection of defective performance; (b) Prompt removal and replacement of defective items; (c) Liquidated damages for delay, in accordance with a rate set for each week or other unit of time, or part thereof, of delay; (d) Termination of the contract for default and purchase of replacement performance, at the expense of the defaulting party; (e) enforce the performance bond under the contract and (f) Such other remedies as may be available pursuant to the contract or to applicable Act”.*

We noted that there is no penalty clause for possible breach of contract in the contract signed between GT Board and Lerr Group in March 2019 and as well as the amendments made in march 2020 in contravention to the GPPA regulation.

Implications

There is a risk that the contract agreement lacks sufficient indemnity clauses that fairly safeguard the interest of GT Board.

In the absence of a penalty clause, there is risk that the contractor cannot be held liable for any defective performance or obliged to provide compensation for any default.

Priority

High

Recommendation

The management of GT Board should provide explanation for the above non-compliance.

The GPPA act and regulation should be adhered to at all times.

Management Responses

Response	We will adhere to the recommendation of the Auditors to ensure that a penalty clause is always included in our future contract especially now that we have A Legal team in our Management set-up who review and advise on all GT-Board contract engagements.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Management's response is noted.

3.4 Short public notice to submit bids

Finding

2003 GPPA Regulations 42 (2) requires, “Public notice shall be by publication of the invitation for pre-qualification, and shall be published in the local press, and, in the case of international tendering, also in accordance with Regulation 29(2), at least thirty days prior to the deadline for submission of evidence of qualification requirements”.

We reviewed the advertisement documents and noted that pre-bidding was scheduled to be held on 25th January 2019 while the deadline for submission for bids was scheduled for the 13 February 2019. The period between pre-bidding date and deadline for the submission of bids was less than 30 days in contravention of the GPPA regulations.

Implication

- This is a violation of the above section of the GPPA Act and Regulations.
- There is a risk that interested bidders with better offers are denied the opportunity to submit bids due to short notice period given to prospective bidders. They would be disadvantaged as they would have limited time to prepare and submit bids.
- There is an increased risk of deliberate attempt to limit the number of potential bidders so as to increase the chance of selected bidders who might have some form relationship with management staff resulting to the stifling of fair competition.

Priority

High

Recommendation

- GT Board management should give explanation for the above violation of the GPPA act and regulation
- The GPPA requirements should be adhered to at all times.

Management Responses

Response	<p>We did not quite agree with the Auditors in this particular query high-lighted above. Advertisement was placed with three media houses, namely, the Point Newspaper, Foroyaa and Daily news respectively. Thus the first advisements were published on the 16th January 2019 which is within the 30days period as required by the GPPA acts.</p> <p>We provided documentary evidence of the first advertisement was provided to your review team for further verification.</p>
Action to be taken	Evidence provided to the Audit review team
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

We were not provided with any evidence to suggest that the advertisement was indeed placed on the 16th January 2019 as claimed by management. The evidence provided as claimed in the management's response did not indicate information such as the name of the new paper and the date of publication.

Therefore, the finding remains unresolved.

3.5 Failure to adhere to the requirements on the advertisement post

Finding

2003 GPPA Regulations 42 (1)(b) of the GPPA Regulation requires *the invitation to tender to include at a minimum, the detailed specifications and qualification, and place of delivery of the goods to be supplied, (c) The nature and location of the works to be effected.*

The Advert published by GT Board in respect of invitation to tender for the construction of the Eco-Lodges required and stated;

1. *“The Gambia Tourism Board has secured funding for the construction five (5) Eco – lodge in all the regions of the Gambia except Kanifing Municipality. However only two (2) lodges will be constructed in 2019”.*
2. *Eligible business entities are invited to submit sealed bids for the above procurement*
3. *Procurement will be done in lots and bidder will be eligible to bid for only 1 lot per business entity”.*

From the review of letter dated 21 December 2018 referenced GPPA/GTB/TR 2/18 revealed an advice to GT Board to divide the construction of the five Eco lodges into lots and restrict each lot to one contractor for timely completion.

Further review of Bid submitted by bidders, revealed that most bidders bided for one lot. However, award of contract was not done as per requirements of the advertisement post as all lots were awarded to Lerr Group. Details are stated below:

Bidder's Name	Bidding Details
1. BB Electrical and Construction Company Ltd.	Bided for Lot 2
2. Santa Yaala	Santa Yaala did not specify
3. Peace Enterprise Construction and Supplier	Peace Enterprise bided for Lot 1
4. Lamin Jatta Farm's Eco-Lodge Construction	Bided for Bambali
5. Mendura Construction	Did not specify
6. Lerr Group	Bided for Kunkiling

Implication

- There is a risk that the timeline for the Eco-Lodge project will not be achieved since all five lodges are given to one bidder.
- There is a risk that the contracts committee was biased in the award process.
- Failure of GT Board to adhere to the advice of GPPA to restrict each lot to one contractor implies that there was no transparency in the whole process leading to the signing of the contract.
- The lack of transparency in the award of this contract suggests that contract is being awarded to favoured service provider.
- The objectivity of the contract committee is being questioned as a result of the above.

Priority

High

Recommendation

- GT Board should provide explanation for not adhering to GPPA Regulations.
- We recommend that a thorough investigation be carried out to establish the complete facts of the contract and establish who is responsible for the colossal disregard to the advice of the GPPA.
- We recommend that a thorough investigation be carried out to establish the complete facts of the entire awarding of this contract, to establish the officials responsible for this gross negligent and caution to avoid future recurrence.
- GT Board should provide plausible explanation for awarding all the lots to one contractor contrary to the advice of the GPPA.

Management Response

Response	<p>Our records indicated that the Bidding documents sold to the Bidders categorically stated construction of five Eco-Lodges. Besides that, the advertisement clearly indicated the construction of 5 Eco-Lodges but only two to be built in the year 2019.</p> <p>Lerr Group emerged the winner as the most responsive bidder after thorough evaluation was done by the contracts committee. It was done transparently free from favourism as one may perceived. Equally the process was transparent and reason for GPPA approval.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

The quotation above is the exact requirement stated in the advertisement post. There is no justification provided to award the entire five lodges to Lerr group when the company has only submitted bid for one lot (Eco lodge Kunkiling) as stated in advertisement post.

Furthermore, review of letter dated 21 December 2018 referenced GPPA/GTB/TR 2/18 revealed that an advice was sent to GT Board to divide the construction of the five Eco lodges into lots and restrict each lot to one contractor for timely completion which was not implemented. One of the reasons for the extended delay in the completion of the project might be attributed to the award of the entire 5 lots to only one bidder. The finding remains unresolved.

3.6 Public Notice not presented Finding

GPPA ACT 2014 Section 34(1) states *“A procuring organisation shall promptly publish a notice of procurement contract awards when the price of the contract exceeds the level set by the Regulations.”*

GPPA ACT 2014 Section 34 (3) states *“The notice, which shall indicate the contract price and the name and address of the successful bidder, shall be published in the local media and by such other means as provided in the Regulations”.*

GPPA ACT 2014 Section 35 (1) states *“A procuring organisation shall maintain a record and preserve documentations of the procurement proceedings.*

Review of the letter referenced AWH 22/445/01(19) and dated 12th November 2019 revealed that the Eco-Lodge project was awarded to Lerr Group for the construction of five (5) Eco-lodges to the tune **of D22,338,105.00** each including VAT.

The Audit team made several requests to the GT Board to provide evidence of Public notice of contract award but none was provided up to the time of writing this draft management letter. As such, we could not confirm if publication of notice of contract award was made.

Priority

High

Implication

- In the absence of publication of notice of award suggest that the award process was not entirely transparent thus stifling fair competition.
- The non-publication of notice of award is a violation of the above section of GPPA Act.

Recommendation

We recommend management to provide details of publications to the audit team without delay.

Management Response

Response	<p>Management totally agreed with the audit query that there was no public notification made to the public as required by the GPPA Act. However, notification was sent to both successful and unsuccessful bidders as per the GPPA Act which states that both parties should be notify on the outcome of the tender process. The-same decision has been communicated to the GPPA being the regulating authority on all public procurement related matters.</p> <p>Henceforth we will ensure that public notice is presented for public view.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's comment

Management's response is noted.

3.7 Absence of engineering and legal personnel in the contract committee Finding

GPPA ACT 2014 Section 30(1) of the GPPA Act states, “A procuring organisation is responsible for the administration of procurement contracts into which it enters and shall establish procedures for contract administration and provide the necessary material and human resources for their implementation”.

2003 GPPA Regulations section 121(1) states, *“Procuring organisations shall establish and provide the staffing necessary for the operations involved in contract administration as described in the Instructions. Those include, but are not necessarily limited to, the following:*

- (a) Engineering and design services, providing design and monitoring functions for preparation and implementation of procurement contracts;*
- (b) Financial control and payment services;*
- (c) Management information systems for co-ordinated processing and communication of and access to relevant information by all parties involved in contract administration, including document control services, for establishing and maintaining filing systems for correspondence and other paperwork and records relating to procurement contracts; and*
- (d) Legal services.”*

The Bill of Quantity (B.O.Q) is required to be prepared at the initial stage of the contract preferably by an expert in order to give a standard budget and to also serve as a buffer when selecting and scoring bidders.

The audit team noted that the following;

- The BOQ used by GT Board for the budget allocation, evaluation and scoring of bidders for the Eco-Lodges project was not prepared by an engineer contrary to the above section of the GPPA. An engineer was hired only at the price negotiation stage and did not take part during the evaluation process. In addition, the BOQ was generic and did not include specification of the eco-lodge concept.
- Furthermore, there was no legal personnel in the contract committee to advise on legal matters even though GTBoard has an in house legal officer which suggest that the contract document was not subjected to legal scrutiny.

The BOQ prepared by a non-engineer has resulted to an additional cost **D175, 450.75** in hiring a consultant in the midst of finalising the contract to negotiate the price and establish new estimates of the project

Implication

- There is an increased risk of wrong cost estimates of the contract which can result to sub -standard work as well as delay in the completion of the project especially when the cost is understated
- Appropriate selection of the bidders will be difficult if the estimated cost of the project is inaccurate
- An absence of a legal person within the contracts committee can lead to inadequate scrutiny of the content of the contract resulting to adverse legal implication and potential financial loss in the event of dispute.

Priority

High

Recommendation

- GT Board management should ensure that GPPA Act and Regulations are fully adhered to at all times in ensuring that the BOQ is prepared by an expert.
- We recommend that a representative from the legal department of GT Board be part of evaluation team of future contract. This will help ensure that the content of any contract document is thoroughly scrutinized. This will also be useful for the contracts committee to prepare a standard BOQ as well as a realistic budget for the overall project.

Management Responses

Response	<ol style="list-style-type: none">I. We always ensure that the GPPA procurements Rules and Procedures are followed at all times and we always seek prior advice from them on complex procurement related matters.II. We agree with the query where you mention the absence of a legal office and an engineer in the Contract Committee. However, the then Director of product development had a vast knowledge on Eco- tourism and sustainable tourism and the reason for the department taking the lead on the project. Several meetings were also conducted between the independent engineer (Mahfous Engineering) and the contracts committee wherein evidence of minutes of the meeting was provided to the audit team during the audit review exercise.
-----------------	---

	III. We will ensure the service of our legal team is required in our future contracts undertakings before concluding a binding contract.
Action to be taken	Done, we now have a Legal unit
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Mahfous Engineering was only hired at the price negotiation stage and did take part in the initial evaluation conducted by the contracts committee. The finding was not addressed and therefore remains unresolved.

3.8 Deviation from contract agreement

Finding

Article 38 of the bidding document requires, “Any modification to the contract shall be set out in an amendment, which shall be drawn up before execution of the modification is begun, and signed by both parties”.

GPPA regulation 2019 section 131 states *Variations shall be approved by the Contracts Committee and the Authority depending on the given threshold*

Review of the progress report prepared by Lerr Group showed an additional cost of **D111,816,954.00** equivalent to 167% of the total contract amount due to variation of works in Barra, Kunkiling and Sotuma.

No evidence was provided to indicate that the variations were submitted to the contract committee and GPPA for approval as required by the above section of GPPA regulation.

Eco lodge	Initial Cost (as per contract)	Deviation	Additional cost after variation	% variation
	GMD		GMD	GMD
Barra	22,338,105.00	From a lodge to a 3star hotel	94,316,954.00	422%
Sotouma	22,338,105.00	Changes to structural design, layout, soft landscaping, car parking and jetty construction. Water and power supply and distribution around the lodge. Supply and install fencing	8,750,000.00	39%
Kunkiling	22,338,105.00	Changes to structural design, layout, soft landscaping, car parking and jetty construction. Water and power supply and distribution around the lodge. Supply and install fencing	8,750,000.00	39%
TOTAL	67,014,315.00		111,816,954.00	167%

Implication

- This is a violation of the above section of the GPPA regulation and requirement in the bidding document
- There is risk that the additional cost incurred due to variation is not budgeted for.
- The variation is a deviation from the initial contract and might not have been approved by the board.
- There is a risk that GT Board is at a disadvantage to the contractors if it allows for additional modifications that a not signed for.

Priority

High

Recommendation

- The contractor should cease the process of modification unless the approval is given by the management of the GT board.
- GT Board should provide genuine explanation for the above variation and confirm whether or not the variations were approved.
- The GT Board management should ensure the contractor strictly adheres to the dictates of the bidding and contract documents and any deviation are appropriately approved.

Management Responses

Response	<p>The GT-Board management will like to clearly state that there was no deviation in Barra, Sotuma and Kunkiling that has been approved and implemented.</p> <p>However, we can confirm that the Contractor was advised to suspend works at the three sites to enable GT-Board liaise with its line Ministry so as to secure additional funding to upgrade them. This pronouncement is null and void and the contractor was advised to stick to the original design as per the contract agreement.</p> <p>We can further attest that the office has not disbursed any funds with regards to variations mentioned in the report.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

We can confirm during our physical verification from the site in Barra that indeed there was deviation from the original concept of an Eco lodge to a three-Star Hotel based on the structures found on the ground. There was no evidence that approval had been granted for the change in the design.

Even though there is no disbursement was made to the contractor in respect of variation as yet, this may be charged by the contractor at the end of the project.

3.9 The Evaluation and Scoring Sheet

Finding

The contracts committee is responsible to grade the bidders based on the set criteria as stated on the evaluation and scoring sheet. These criteria are supposed to respond to the needs of the construction of Eco-Tourism Camps/Lodges in grading the most responsive bidder.

During the audit, we noted that the evaluation and scoring sheet was generic and did not specifically respond to the needs of the construction of Eco-Tourism Camps and Lodges.

As a result, the contracts committee awarded the construction of Eco-Camps and Lodges to a contractor who does not have any experience in the construction of Eco-Lodges.

Further discussions with GPPA experts highlighted that where bidders do not meet the required experience the procuring organization are expected to re-advertise the procurement.

Implication

- There is a risk that the award winner does not have prior experience in the construction of an Eco-Lodge thereby compromising the concept and quality.
- Evaluating bidders based on certain criteria that do not correspond to the needs of Eco-Tourism Camps/Lodges is a deviation from the whole concept.
- Awarding contracts to an unqualified bidder can cause major conflicts between the contracts committee members or the bidders.

Priority

High

Recommendation

- Management should give explanations as to why the award winner was given the contract without having any prior experience in the construction of Eco-Lodges.
- The GPPA authority should give explanation for approving the award of the contract to a contract with no prior experience in Eco-tourism project.

Management Responses

Response	<p>We totally disagreed with the Auditors view on the above query being that:</p> <ul style="list-style-type: none"> i. The Bidding document does not indicate any limitation to the experience in building Eco-Camps. ii. Furthermore section 8.2 of the qualification criteria in the bidding document clearly listed the minimum qualifications for award of contract and there was no mention of restriction limiting to experience in Eco-camps construction. iii. Looking at the individual scoring sheet, it can be argued that Lerr Group was more exposed to the construction industry than others in terms of past experience which was a key criteria set in the bidding document.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

We noted with concern that the entire contracts committee did not consider any past experience in the construction of eco-tourism camps before it committed millions of tax payer's monies to a contractor with no past experience in constructing an eco-lodge. As a result, the natural artefact expected in such construction work was lost and the camps might not serve as good destinations site for tourists.

3.10 Potential conflict of interest between Consultant and the selected bidder Finding

A conflict of interest is a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity. It can be a situation when a person's or entity's vested interests raise a question of whether their actions, judgment, and/or decision-making can be unbiased.

The GPPA 2019 regulations 97(1), *“Consultants shall provide professional, objective, and impartial advice and at all times hold the client’s interests paramount, without any consideration for future work”*.(2) *Consultants shall strictly avoid conflicts with other assignments or their own corporate interests* (3) *Consultants shall not be hired for any assignment that would, by its nature be in conflict with their prior or current obligations to the government of the Gambia or any client, or place them in a position of not being able to carry out the assignment in the best interest of a procuring organization”*

Mahfous Engineering was hired as a private consultant to serve as a price negotiator between GTBoard and Lerr-Group when the contract was awarded to Lerr-Group at a Bid price of D26million dalasi.

The audit team also noted that the same consultant Mahfous Engineering was hired by the Contractor (Lerr Group) as a consultant to monitor and supervise the services delivered by Lerr Group. This is supported by an invoice dated 18th August 2020 and 26th January 2021 from the contractor to GT Board claiming payment amounting to **D3, 243,345.00** and **D 1, 439, 938. 00** respectively due the consultant. This payments was eventually transferred to the contractor.

This has defeated the purpose of an independent consultant who should have been hired by the GT-Board as the procuring organization to monitor and supervise the service delivered by the contractor and receive feedbacks on the progress of the work and report on any deviations observed.

Implication

- The consultant being hired by Lerr group on behalf of GT Board poses a threat to the objectivity of the consultant.
- This is a clear conflict of interest which if not addressed will have a negative effect on the quality of works.
- As a result of the above, the GT Board had compromised major procurement rules in the hiring of this consultant.

- There is a risk that the consultant might not provide an independent assessment of the project or act in the interest of the GT Board.

Priority

High

Recommendation

We strongly recommend GT-Board to refrain from dealing with Mahfous Engineering who was hired by Lerr- Group as a consultant for the Eco-Lodge project, and instead hire an independent consultant who will report directly to them and monitor the progress of the overall Eco-Tourism project the most effective and efficient manner. and GT-Board.

Management Response

Response	We did not engaged the service of the consultant for supervision works at the Eco-Camps but was rather engaged by the contractor which was an over-sight on the side of GT-Board as far as GPPA procedures are concerned. However, we will ensure that the situation is corrected.
Action to be taken	Done
Officer Responsible	HOD, PDIC
Date when situation will be regularised	Regularized being that the contractor was taken to court for breach of contract agreement

Auditor's comment

Management's response is noted.

3.11 Award of contract to company with no experience in constructing Eco Lodges

Finding

GPPA Act 2014 Section 22 (2) states, "In order to enter into a procurement contract, a bidder shall demonstrate, and the procuring organisation shall positively determine that the bidder qualifies for the award of the procurement contract by having the necessary technical, financial and ethical capacity".

Review of bid documents submitted by bidders together with minutes of contract committee held on Monday 4th March 2019 revealed that Lerr Group and all shortlisted bidders had no past experience in undertaking an Eco Tourism project in the past.

Further review of the contract committee minutes, we noted that the evaluation team awarded 80 percentage points (20 scores out of 25) for possessing key personnel and having past experience of conducting this type of project. However, there is no evidence provided to show that the company has successfully carried out similar projects in the past.

In addition, the comments from contract committee member noted the following:

"Despite Lerr group got the highest score I cannot justify the bidding price of 24 million against 15 million. This is the same procedure that is followed during the scoring that bought vehicles. In the same vein all shortlisted companies have not shown any past experience in ecotourism project".

Review of evaluation score sheet revealed that Lerr group was ranked highest despite its lack of experience in construction of Eco-tourism camps or lodges. In addition, the use of heavy machines by Lerr Group for site clearing did not preserve the eco-system and no in line with eco-tourism, a key consideration in the concept document of the project. See details of score sheet below:

Criteria	Scores
Conformance to specification	25
Key Personnel's/Past experience	25
Appropriate Equipment's	10
Audited Financial statement(Financial Performance/Capacity)	20
Price	20
TOTAL Score	100%

Contract Committee Evaluation	BB Electricals	Peace Enterprise	Lerr Group
Fatou Beyai			
Key Personnel's/Past experience	10	12	20
Appropriate Equipment's	8	7	10
Ousainou Senghore			
Key Personnel's/Past experience	10	5	25
Appropriate Equipment's	5	5	10
Adama Njie			
Key Personnel's/Past experience	10	10	10
Appropriate Equipment's	4	3	5
Abubacarr S. Camara			
Key Personnel's/Past experience	4	6	25
Appropriate Equipment's	6	8	10

Implication

- Lack of experience in Eco-tourism by Lerr group poses a high risk of the contractor not implementing the requirement of Eco-tourism.
- There is a risk of bias against other bidders and contract committee awarded the contract to Lerr Group based on personal relationship even though it does not possess the requisite experience in executing this type of project thus stifling fair competition.
- There is a risk that the objectivity of the contract committee members is impaired.

Priority

High

Recommendation

- The GT Board management should adhere to the dictates of the GPPA act at all times.
- The contract committee members should give explanations for awarding a higher score to Lerr Group even though it has not conducted this type of project in the past.

Management Response

Response	<p>We totally disagreed with the Auditors view on the above query being that:</p> <ol style="list-style-type: none"> The Bidding document does not indicate any limitation to the experience in building Eco-Camps. Furthermore section 8.2 of the qualification criteria in the bidding document clearly listed the minimum qualifications for award of contract and there was no mention of restriction limiting to experience in Eco-camps construction. The contracts committee comprises of Directors of the Office which included the then Director of Product Development who had a strong back ground in Eco tourism and in which the Eco camp concept originated from as well as the SPU who all have vast experience in tourism and all of them have undergone GPPA trainings on procurement related activities. They have independently reviewed and evaluated the Bidding documents of the Bidders. Thus Lerr Group emerged as the winner of the bid after having the highest score points in the evaluation process which was approved by the GPPA.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

We maintain our position that past experience in the construction of Eco- friendly tourism project should have been a key consideration in the final award of contract to prospective bidders.

Even though Lerr group was scored 25 out of maximum possible score on past experience when there was no evidence that this contractor has successfully carried out projects of similar nature in the past.

3.12 Failure to meet completion timeline Finding

Article 2: 2.1 of the amended contract states that, “the contract shall be delivered within seventeen (17) months after signing of the contract”.

Article 39 of the bid and contract document states: Termination

Fundamental breach of contract include the contractor stops work for 15 days when no stoppage of work is shown on the current programme and the stoppage has not been authorized by the project manager.

During our review of the contract documents, we noted that the contracts for the construction of 5 Eco-Lodges across five regions in the country were signed on the 24th March 2020. These constructions were supposed to be completed within Seventeen months from the date of commencement. However, after almost Eighteen months (18) into the construction project, not a single Eco-Lodge was completed. There is no written document from the project manager authorizing any stoppage of work.

According to the contractor, delay was caused by a breakdown of brick making machine as evident in their purchase of a new machine which is yet to be assemble as well as a delay in the submission of a design from the consultant.

Discussions with Director General(DG) of Gambia Tourism(GT) Board who double as a committee member of the contracts committee at the time of signing this contract refutes the above claim by the contractor that the delay was caused by late submission of the design by the consultant.

The design, according to the DG was completed well before the signing of the contract and that the consultant was hired by the contractor contrary to the claim by the contractor that the consultant was an employee of GT Board. Further discussions with the DG revealed that the consultant was only hired by GT Board to negotiate a price with the contractor and not for a design as stated by the contractor.

During our verification of construction sites in Barra, Sotuma Samba Koi and Kunkiling Forest Park, we noted that work is still at an early stage. Details of the statues of work done are shown in the table below:

Location	Status of work done	Remarks
Barra	<ul style="list-style-type: none">• We observed that only 2 huts house was roofed.• Three (3) huts erected at superstructure stage.• Two (2) are at a substructure (is that part of a building or other	<ul style="list-style-type: none">• We observed that at Barra some of the facilities (Storey Building) are being built on the path of runoff water. This will block the water way and can cause flooding.• Our phone conversation with the contractor revealed that they are reverting back to the original design

Location	Status of work done	Remarks
	structure which is below the ground).	<p>(Eco Lodge) from the new design (three star hotel) since the contracting authority could not finance it. This will no doubt further delay the completion of this site.</p> <ul style="list-style-type: none"> It was also noted that three (3) other rooms are yet to be started by the contractor.
Kunkiling Forest Park	<ul style="list-style-type: none"> All 13 structures at a substructure stage (foundation stage). We observed that there are no bricks on the site for the construction of the structures. 	<ul style="list-style-type: none"> We observed the grass used for roofing is left in the open partially covered with plastic cover. Giving the stage of the work , the grasses will likely be exposed for a long time as well as absorbing too much water affecting their quality.
Sotuma Samba Koi	<ul style="list-style-type: none"> We observed that 10 huts houses are at superstructure stage (Lenten). A shop and a restaurant at Substructure stage (foundation stage). 	<ul style="list-style-type: none"> We noted that the houses constructed are not fully a round huts. This may be due to the type of bricks (Compressed interlocking) used by the contractor.

Implications

- There is a risk that the objective of the whole concept of Eco tourism in the local communities will be defeated as there seems to be breakdown of communication and mistrust between the contracting authority (GTB) and the contractor.
- There is a risk that the contractor is overwhelmed due to lack of experience in building Eco lodges resulting to poor supervision and monitoring of work.

Priority

High

Recommendation

- We recommend GT Board being the contracting authority engage the contractor to address the slow progress of works without delay.
- We recommend that the contract be amended to include a penalty clause that will require the contractor compensate the contracting authority for any further delay of the completion of the construction of these Eco-Lodges.
- In order to ensure that the contract is completed within the stated time frame, there is a great need to have a penalty clause in the contract to serve as a deterrent for future delays as well as monitor and supervise the overall project.

Management Response

Response	We will enforce your recommendation regarding the amendment of contract to include the penalty clause on it. We refute the claim by the contractor with regards to the delay of works on the sites. We still maintained the reason advance by the management and the contracts committee.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's comment

Management's response is noted.

3.13 Selection of a consultant

Finding

GPPA ACT 2014 Section 43 (2) states, “ *Local requests for quotation proceedings shall be used when the desired goods, works, consultancy services or services are ordinarily available from three or more sources in The Gambia at competitive prices and conditions*” These are for amounts greater than GMD 10,000 but less than GMD 500,000”.

GPPA ACT 2014 Section 44 states,” (1) *Conditions for use of single-source procurement*
(1) *The single-source procurement method may be used only in the following circumstances - (a) where the estimated value of the procurement does not exceed the amount set in the Regulations; (b) where only one supplier has the technical capability or capacity to fulfill the procurement requirement, or the exclusive right to manufacture the goods, carry out the works, or perform the services to be procured, and no suitable alternative exists;*”

Section 45 of the GPPA Act states, “*Grounds for choice of procurement method used to be noted in record of proceedings Where a procuring organisation uses a method of procurement other than open tender or, in the case of procurement of consultants’ services, a method other than request for proposals, it shall note in the record of the procurement proceedings, the grounds for the choice of the procurement method used*”.

A review of payment voucher PL17-1332 dated 19/08/2019 revealed payment amounting to **D175, 450.75** made to Mahfous Engineering Consultants for contract prices negotiation between GTBoard and Lerr-Group (award-winner). There was no evidence to show that selection of this consultant was openly advertised.

In addition, the audit team requested for a written agreement between GT Board and Mahfous Engineering to verify the consultant’s obligations but none was provided up to the time of writing this draft management letter.

Implication

- There is a risk that value for money was compromised since the selection and hiring of the consultant did not follow GPPA regulations.
- There is a risk that the consultant was hired based on favoritism.
- The GPPA regulation is violated.
- The objectivity of the GT Board management is impaired.

Priority

High

Recommendation

- The GT Board should provide explanation with accompanying supporting evidence for the above non-compliance.
- Management should ensure that consultancy services of this magnitude are openly advertised and applicants are assessed based on their qualification, experience and suitability for the job.
- The GPPA regulations should be adhered to at all times.

Management Response

Response	<p>The threshold for request for quotation (RFQ) is when the procurement is less than D500,000.00 (Five Hundred Thousand Dalasi) wherein the sourcing of a consultant should be on the Request For Quotation in order to create competition in the market so as to help the GT-Board acquire the service at a very competitive price.</p> <p>However, the reason for single sourcing the service was due to the urgency for the need to hire a consultant and Mahfous Engineering being one of the best Engineering consultants available in the Country was contacted by the then Director General to review the bids relating to the Eco-Tourism Project cost so as to help negotiate on behalf of the Contracts committee to arrive at a reasonable amount.</p> <p>Nonetheless, we will ensure that the GPPA requirement is adhered to in such circumstances that may arise in future.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Despite its urgency, GPPA approval should have been sought to justify the use of single sourcing in the selection of the consultant. The finding remains unresolved.

3.14 Deviation from the project concept of using less cement and steel to preserve eco system

Finding

Eco-tourism has a strong focus on environmental preservation. Its ambition is to prove that it is possible to settle in a territory without altering its environment, but also by setting up initiatives to ensure that tourist activity preserves the surrounding fauna and flora.

A review of the progress report on the state of development of the eco lodges prepared by the Department of Product Investment and Culture Unit (DPIC) highlighted among other things considerations that should be factored to preserve the eco system during the construction of the lodges. This involves using construction processes that are labour intensive and avoid using heavy machinery and concrete steel.

During our verification of the project site at Kunkilling, we noted that Lerr-Group has used bull-dozers for land clearing. This is contrary to the Eco-lodge objective of avoiding use of heavy machines and environmental conservation.

Details of pictures can be seen below;



Implication

- Using heavy machinery is a total deviation from the Eco-lodge objective of conserving nature and environment.
- The needs of the GT Board as stated in the project debriefing report are compromised by the above deviation.

Priority

High

Recommendation

- We recommend management to strictly supervise the contractor to ensure that the original concept of Eco-Lodge is implemented in order to preserve the Eco-system, and demand payment of liquidated damages where deviations are highlighted.
- GT Board management should stick to the concept of an Eco-lodge as indicated in the bidding documents as well as and preserve the Eco-System itself in its entirety.

Management Response

Response	<p>As far as the office is concerned, there was no formal project concept notes prepared for the construction of the Eco-Lodges. Details of the construction of the Eco-Lodges were captured in the BOQ submitted to the GPPA.</p> <p>Furthermore, the issue of using heavy machinery cannot be avoided as far as clearing a busy land for a start-up construction is concerned. These processes obviously require the use of heavy machine as opposed to man power as one may perceive in this situation.</p> <p>The GT-Board is sticking to the original project concept of an Eco –lodge friendly without any deviation while also taken into consideration of environmental preservation.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment

A review of the progress report on the state of development of the eco lodges prepared by the Department of Product Development Investment and Culture Unit(DPIC) highlighted the need to preserve the eco system during the construction of the lodges as well as labour intensive and avoid the need to use heavy machinery. This recommendation was not adhered to as evident during our physical verification of the project sites.

3.15 Cost of Variation not included in initial contract/budget Finding

Article 38 of the bid and contract document requires, “Any modification to the contract shall be set out in an amendment, which shall be drawn up before execution of the modification is begun, and signed by both parties”.

Article 3: 3.1 of the contract states, “The prices for the works are specified in the Schedule of Prices. The total value of each eco lodge is D22,338,105 (Twenty Two Million Three Hundred & Thirty Eight Thousand one Hundred & Five Dalasi) including VAT & the total cost for each eco lodge without VAT is D19, 424,440 (Nineteen Million Four Hundred & Twenty Four Thousand Four Hundred & Forty Dalasi)”.

Article 3: 3.2 of the contract states “The cumulative price for 5(five) eco lodges is D111, 690,525 (One Hundred & Eleven Million, Six Hundred and Ninety Thousand, Five Hundred & Twenty Five Dalasi) including VAT hereinafter referred to as the “**Contract Price**”.

Review of the contractor’s progress report dated 11/02/2021 revealed variations amounting to **D111, 816,954** for Barra, Sotouma and Kunkilling respectively.

This additional cost was not budgeted for as at the time of signing the contract nor was it signed by both parties in violation of the dictates of the bidding document.

Eco lodge	Initial Cost (as per contract)	Additional cost after variation
	GMD	GMD
Barra	22,338,105	94, 316,954
Sotouma	22,338,105	8,750,000
Kunkilling	22,338,105	8,750,000

Implications

- This is a violation of the above requirement of the bidding document and the additional cost after variation can lead to the extended delay in the completion of the project or putting the project to a halt.
- There is a risk that GT Board will be worse off at the expense of the contractor if it accept the additional modifications that were not agreed upon by both parties.

- The additional cost incurred was not budgeted and could result in GT Board not meeting the payment timeline. The additional variation might affect the timeline for the completion of the project.

Priority

High

Recommendation

The GT Board should ensure that changes into the contract is agreed upon and signed by both parties.

Management Response

Response	<p>Management clarifies that there was no variation in Barra, Sotuma and Kunkiling that has been approved and implemented.</p> <p>The contract Addendum prepared between GT-Board and the Contractor which indicates for variations was not signed for implementation. The contractor was advised to stick to the original design as per the contract agreement.</p> <p>We can further attest that the office has not disbursed any funds with regards to variations mentioned in your query.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Although no documentary evidence was provided by GT Board to explain or justify the deviation, we can confirm during our physical verification from the site in Barra that the construction was changed from the original concept of an Eco lodge to a three Star Hotel as evident on the structures found on the ground. This variation has attracted additional cost of **D111, 816,954** as indicated in the contractor's progress report. The failure to pay additional fees resulting from this variation might lead to the contractor instituting legal proceedings against GT Board.

3.16 Deviations from the use of Brick works

Finding

Article 38 of the bid and contract document states, “Any modification to the contract shall be set out in an amendment, which shall be drawn up before the execution of the modification is begun and signed by both parties”.

The review of the initial BOQ sent to GPPA and negotiated BOQ both specify the use of Compress laterite blocks 240X300X100mm (compressed earth bricks).

A review of the progress report by the contractor revealed that the consultant design makes use of interlocking compressed bricks which differs from the original specification that identifies the use of standard compressed earth blocks laid in mortar.

Our site verification further confirmed that the contractor had used interlocking compressed bricks instead of the original specification which identifies the use of a standard compressed earth blocks laid in mortar.

Our discussion with Senior Regional Tourism Officer of GT Board, a senior officer at the product development who was actively involved during the development of the initial concept and identification of the proposed eco camp construction sites revealed that interlocking compressed earth blocks laid on mortar are made from the mixture of laterite soil, lime and small amount of cement. This is desirable for use in Eco construction as they are environmentally friendly due to their cooler internal temperatures and are more durable than cement bricks. This engagement further revealed;

- *Both interlocking compressed earth and the original standard compressed earth blocks laid on mortar are made from a mixture of laterite soil, lime (lasso) and small amount of cement and both are used in eco construction for they are environmentally friendly due to their cooler internal temperatures and they are also more durable than cement bricks. . Of course, their compactness, density and strength will depend on the mixture and machine used. However, research shows that the interlocking type had many defects compared to the ordinary (non-interlocking type). Common amongst the defects are:*
- *Since there is no plasterwork provided, rain water might get into the lines making it a hostage for insects and other undesired things.*
- *Due to the action of weather, disintegration of the bricks might also occur (especially in the corners).*
- *The colour of the brick changes if the rain water enters through the gaps.*
- *Can only be used in building rectangular or square building and not round buildings.*

Therefore, it was apparent that the blocks used have deviated from the original BOQ which will affect the design and concept of eco-lodges. This deviation were not agreed and signed by both parties contrary to article 38 above.

Implications

- There is a risk that the huts will not take the desired shape without the use of cement which will affect the design of the Eco-lodges.
- The use of interlocking bricks will increase risk of insect host and other disadvantages as highlighted by the regional officers. This will compromise the quality of the Eco-lodges being constructed.
- The Contractor changing from the standard compressed earth brick to interlocking earth brick without the prior consent or authorization of GT Board is a violation of article 38 above.
- Claims from the progress report indicating that the changes were sanctioned by the consultant is not enough as the contract signed by GT Board clearly stated that construction should conform to the specifications of the Bid document.

Priority

High

Recommendation

- We request management to provide explanation for allowing the above deviations.
- We recommend Management of GT Board to ensure the construction of these Eco-lodges conforms to the dictates of the contract and bid document. Any deviations that were not previously authorized should be rejected by GT Board and penalties claimed for such damages accordingly.

Management Response

Response	We will engage the Contractor as to the reason for deviating from the use of standard compress earth blocks as stated in the bid document. Any given reason obtained from the contractor will communicated to you at the earliest.
Action to be taken	PDIC unit to engage with the contractor
Officer Responsible	HOD- PDIC
Date when situation will be regularised	Matter now in court

Auditor's Comment:

Management's assertion that it will engage the contractor to justify the use of interlocking bricks as opposed to standard compress earth blocks included in the specification is indicative of weak supervision and monitoring over the work of the contractor.

3.17 Poor Feasibility Study Finding

Feasibility study is an assessment of the practicality of a proposed plan. It plays a crucial role in the **construction** project management process and helps companies map out the road ahead and determine whether desired outcomes are in line with reality.

During our visit at Barra construction site, we noted that some of the facilities (Storey Building) are being built on the runoff water way path from Barra that empties into the sea. It was noted that the buildings were inundated with water causing the construction to a stand-still.

See Picture below;



Implications

- Poor construction choices can lead to damage of property within a very short course
- There is a risk of flood since the building is situated along the waterway.
- There is a risk of incurring additional unforeseeable cost for maintenance and renovations.
- Such construction could block the water way and cause flooding at the site causing flood especially during the rainy season.

- There is a risk that no Environment Impact Assessment was carried out at the sites before construction takes place which can lead to floods and other environmental hazards.

Priority

High

Recommendation

- Management should explanation with accompany supporting documents to prove that a proper feasibility study was performed before the commencement of the works at Barra.
- We recommend in future a proper feasibility study of sites perform before selecting a particular location to be constructed. This will prevent all uncertainties that will come along in poorly selecting sites for construction.

Management Response

Response	We can confirm that feasibility study was carried-out by the Department of Product Development, Investment and Culture which led to the 5 sites being identified and recommended for construction of the Eco-Tourism camps.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Confirmation during our verification exercise suggests that there was poor feasibility study in the identification of site in Barra for the construction of Eco-lodges as evident in the above picture.

3.18 Change of design from an Eco-lodge to a hotel

Finding

Article 38 of the bid and contract document states, “Any modification to the contract shall be set out in an amendment, which shall be drawn up before the execution of the modification is begun and signed by both parties”.

According to the bid tender document, the GT Board has allocated funds from GT Board generated revenue towards the cost of 5 Eco Lodges across five regions in the country.

During our physical verification at Barra, we noted that the propose eco-lodge was change to a three star hotel contrary to both the bidding document and the contract.

Further discussions with officials at Gambia Tourism Board (GTB) revealed that the Board has never instructed the contractor (Lerr Group) to change the concept and design from an Eco -lodge to a hotel.

Our phone conversation with the contractor revealed that the company was instructed by the consultant to change the concept to a hotel who is an employee of GTB.

Arising out of the discussion above, we noted that the contractor changed the concept without any contractual agreement or an addendum to the already existing contract with the contracting authority (GTBoard).



Implications

- This is a serious breach of the contract agreement signed between GT Board and the contractor for the construction of an Eco -lodge contrary to what obtains on the ground.
- The change of concept from an Eco-Lodge to a Hotel in Barra will undoubtedly lead to variation with potential cost escalation. GTBoard might not be able to meet the additional financial cost leading to possible litigation by the contractor.

Priority

High

Recommendation

- Management of GT Board should ensure that any variations price above the GPPA threshold of 5% of the original contract price should be subjected to GPPA approval.
- We recommend that the GT-Board to separate the construction of hotels or suites from the Eco-Lodges project.

Management Response

Response	Management clarifies that there was no contractual agreement between GT-Board and the Contractor to divert the initial plan which was to build an Eco-Camp in Barra as stated in the bidding document. The GT-Board advised the Contractor to stick to the initial design that was provided to all bidders to bid for the said construction. Besides that, the Contract Addendum prepared between GT-Board and the Contractor which indicates for variations was not signed to ascertain for its implementation.
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularised	Done

Auditor's Comment:

Review of the consultant's report and our verification visit to the site in Barra further confirmed that the structure very much deviated from the approved design or the original concept of eco-lodge to a hotel structure even though no documentary evidence was provided by GT Board to approve the deviation.

3.19 Insufficient funds available to finance the Eco lodge project

Finding

Discussions with officials at the Gambia Tourism Board revealed that the GT Board had cabinet approval to utilize revenues generated from the Tourism Development Levy (TDL) account for tourism related infrastructure development, although the cabinet paper was not provided for our confirmation up to the of writing this report.

Further discussion with the officials confirmed that the construction of the proposed Eco tourism camps will be financed from the same funds.

Our review of the bank statement showed a transfer of payments totaling **D 44,676,210.00** made to Lerr Goup representing 40% of the total contract price for the construction of five Eco Lodges across the regions, leaving a balance of only **D28, 266, 721.60** in the account which would be insufficient to cover the outstanding balance to be paid to the contractor (**D67,014,315.00**) at the time of writing this report.

This figure excludes the cost variation in Barra, Sotuma Samba Koi and Kunkiling forest.

Details of payment to Lerr Group:

Contract price	Payment to Lerr	Outstanding payment
GMD	GMD	GMD
111,690,525	44,676,210.00	67,014,315.00

Account balance as at 6/9/2021

Account Name	Account number	Currency	USD	Conversion rate	GMD
TDA Development Levy	6010202833	Dalasi	-	-	3,020,886.35
TDA Development Levy	4070201564	US Dollars	489,925.00	51.53	25,245,835.25
Total					28,266,721.60

Implications

- There is risk of litigation as GT Board might fail to make outstanding payments. The government might be forced step in and make unbudgeted payments.
- Other potential tourism infrastructure development might be affected since nearly the entire revenue generated from the Tourism Development Levy is directed towards financing the Eco lodge project

Recommendation

The GT Board should seek for alternative ways of funding the Eco tourism camp to avoid potential litigation.

Management Response

Response	<p>Every year GT-Board prepared a budget covering its activities to be carry-out during the period and that includes all TDA projects. There is in place TDA accounts maintained whereby funds generated from TDA lands allocations are deposited to and these funds are utilize for TDA related development activities as indicated in our yearly budget in which Eco-Lodges are part of.</p> <p>TDA land applications and allocations is an ongoing processes where investors are still making application for TDA lands and we are having quite of number of applications to be allocated which the anticipated funds to be receive will far exceed the budget of this Eco-Lodges project. Therefore it does not necessary mean to say that the balance of funds in the accounts as 6th September 2021 (the Account Statement provided during the audit) will remain the actual balance to be utilize for the Eco-Lodges contract payment. Funds come into this account as and when TDA allocation is done.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularized	Done

Auditor's Comment:

The funds available in the TDA account are not only meant for the construction of Eco lodges but for other tourism related infrastructural development. There is no certainty that the anticipated funds will come through. Furthermore, there is no assurance that GTBoard will meet its financial obligation under the project leading to delays in the completion of the project.

3.20 Inappropriate payment of design and supervision fees to the Project Consultant hired by the contractor

Finding

We noted that two tranche of payment transfers totalling D4,683,283.00 was made to the Contractor Lerr Group for onward for onward payment to the consultant in respect of design and supervision fees of the project.

This consultant was hired by the Contractor Lerr Group as oppose to the contracting organisation (GTBoard) to monitor and supervise the work performed by the Contractor contrary to the provisions of the GPPA regulations¹.

It is not uncommon in construction contracts where consultants are hired by procuring organisation to supervise and report on the progress of work performed by the contractor which serve as quality checks for the procuring organisation.

In such circumstances, the procuring organisation is responsible for any fees and charges associated with supervision and monitoring carried out by the consultant.

We are concerned about the independence and objectivity of the consultant in this contract who was supposedly hired by the contractor as opposed to the procuring organisation.

As a result, payment of any fees by GTBoard towards the supervision and monitoring of works by the consultant is considered illegal as he is under the control and direction of the contractor(Lerr Group) who should is obliged to settle any liabilities arising from defects reported or identified by the consultant.

Details of payment as shown below:

Date	Payment Type	Name of Beneficiary	Amount (D)	Remark
1/09/2020	Bank transfer	Lerr Group Ltd	3,243,345.00	Payment to consultant for supervision & monitoring of construction works of eco-lodges
12/02/2021	Bank transfer	Lerr Group Ltd	1,439,938.00	Payment to consultant for supervision & monitoring of construction works of eco-lodges
Total			4,683,283.00	

Implication

- There is a risk of deficiencies in the construction work that could go unreported as the consultant might not be obliged to report defects to the procuring organisation.
- There is a risk that the consultant might not provide an independent assessment of the project or act in the interest of the GT Board as he is not hired by the institution.
- There is an increased risk kickbacks received by officials that authorised and approve the payment of design and supervision fees of the consultant.

Priority

High

Recommendation

- We request management to provide explanation to justify the basis of payment to Lerr Group for the payment of consultant's fees when he was not hired by the institution.
- We also request management to recover the full sum of **D4,683,283.00** paid to Lerr Group for onward payment of the consultant fees.
- Management should sanction officers that authorised and approved this payment.

Management Response

Response	<p>We have noted the auditor's observation in this situation. However, we want to clarify that:</p> <p>The consultant was not hired by the contractor but rather the consultant was engaged by the GT-Board management in the first instance to design the project concepts for the five (5) identified Eco-Lodges to be built. This service was successfully carried out by the consultant but due to some reasons the consultant was not paid for his service, as it happened during the peak period of Covid-19 when almost all staff were asked to stay at home.</p> <p>The contractor upon receipt of the 40% advance contract sum could not begin work on the sites as the Consultant was holding on to the designs because GT-Board failed to pay for his services. Thus in order to avoid further delay as the foundation was laid earlier and time was running against the contract that was signed, the contractor decided to pay for consultant and obtained the designs from him.</p> <p>Therefore the two payments made to the contractor Lerr Group totaling D4, 683, 283.00 were actually payments in respect of the designs work done by the consultant.</p> <p>Be informed that we intend to regularize the situation at the initial stage as advised by the visiting Audit team in November 2021 but the office felt the need to fully terminate the contract and sue the contractor to Court for failing to adhere to the contract agreement.</p>
Action to be taken	Done
Officer Responsible	Done
Date when situation will be regularized	Done

Auditor's Comment:

The GT Board has not provided any documentary evidence to suggest that the consultant was indeed hired/engaged by them. The transfer of D4, 683, 283.00 to Lerr Group for onward payment to the consultant suggest that the consultant was hired by the contractor contrary to the claims made by GT Board.

Unless evidence is provided to show the contractual relationship between GT Board and the consultant, we maintain our position that the consultant is contracted or engaged by the contractor and GT Board has no obligation to make any payment for consultancy services.

As a result, we request for the recovery of the full sum of **D4, 683,283.00** paid to Lerr Group for onward payment of the consultant and evidence of details of recovery furnished to this office for verification.