

## **Preface**

Since 2004, the Government of the Republic of Rwanda has decided to decentralize public procurement activities. It is in this regard that, from 20 February 2011 all responsibilities and activities regarding contract awarding, signing and contract management were transferred to public procuring entities and Rwanda Public Procurement Authority-RPPA remained with the responsibility of being a procurement oversight body having the mission geared towards regulations, capacity building and control.

It is in this regard that in 2010, RPPA published the procurement control and audit manual to help procuring entities to always make self-assessment their compliance with the existing procurement law and regulations in order to achieve the value for money through competitive, transparent, efficient and fair procurement. Since then, RPPA auditors have identified some issues that necessitated the revision of the manual. It is in this regard, RPPA prepared the second edition of the internal procurement control and audit manual.

This manual also sets guidelines for procurement audits carried out by RPPA and helps procuring entities to understand this process.

All corrections to the first edition of procurement control and audit manual are compiled in this revised second edition. This manual is an important contribution to better understanding and increased awareness about public procurement law and regulations.

In addition to what was provided for in the first edition of this manual, the second edition provides checklist items for self-assessment of the compliance with procurement regulations and best practices before any outside procurement audit. A number of questions have been prepared for each and every step taken in public procurement cycle, from the procurement planning until the procurement need is met.

To simplify the existing format for the monthly progress report showing how procurement plan is being implemented, the new format was prepared and included in this second edition of procurement control and audit manual.

In order for officials involved in public procurement to enhance their compliance with public procurement procedures, it is required to make this manual a handbook that will be consulted before moving ahead in any procurement award process.

**SEMINEGA Augustus,**

Director General of Rwanda Public Procurement authority

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## **PART I: INTERNAL CONTROL**

### **INTRODUCTION**

“In order to prevent bad practices in public procurement and contract management and take corrective measures if they happen, the Chief Budget Manager should ensure that the internal control system is in place and communicated to all concerned with public procurement operations” (art.3, Ministerial Order N° 002/09/10/GPIA of 12/02/2009).

The following are some definitions of internal control:

- The Dictionary of accounting defines it as a plan of organization and all the methods and measures used by a business to monitor assets, prevent fraud, minimize errors, verify the correctness and reliability of accounting data, promote operational efficiency, and ensure that established managerial policies are followed.
- The Dictionary of Finance and Investment Terms defines it as method, procedure, or system designed to promote efficiency, assure the implementation of policy, and safeguard assets.
- « Larousse définit le contrôle interne comme étant un ensemble des dispositifs qui contribuent à l’assurance raisonnable de la maîtrise permanente de l’activité ».

The key personnel to be involved in this control are: The Chief Budget Manager, the Procurement Officer, the supervising official/”fonctionnaire dirigeant” and the internal auditor. Others who may be involved in the control are: members of the tender committee, the budget Officer, the Director of Administration and Finance (DAF), members of the Board of Directors, members of the Districts and Kigali City Council as well as the Minister. They have a duty to control whether expenses related to awarded tenders are executed following the contractual provisions and in compliance with the public procurement law and regulations.

The internal control system in place should ensure the balance between quick decision making and risk control. It should also provide updated information on the respect of standards in order to take appropriate measures.

The Chief Budget Manager and the procurement officer must ensure that all procurement operations are executed in conformity with the law N° 12/2007 of 27/03/2007 on public procurement and the Ministerial order N° 001/08/10/MIN of 15/01/2008 establishing regulations on public procurement and standard bidding documents.

The supervising official/ “fonctionnaire dirigeant” is officially appointed for each project and must regularly inform the Chief Budget Manager on all possible problems which can hinder the performance of the project. The appointment letter should specify the reporting periodicity to be respected.

The internal auditor carries out the post review of all activities related to public procurement, produces his/her findings and makes recommendations on a quarterly basis to the procuring entity.

Members of the tender committee must take care of the following 1) that the quorum is respected before any operation, ii) bids should be open in public in conformity with the regulation, iii) original bids are initialled, iv) bids opening minutes is taken v) bids

evaluation should be finished and the evaluation report should be available within the regulatory period, vi) confidentiality.

The DAF and accountant must make sure that payment is done in conformity with regulatory procedures.

The Board of Directors, the District/ Kigali City Council and the Minister have to check whether in every entity an effective and efficient internal control system exists. They also have to verify whether i) the procurement planning ii) the procurement operations and iii) contracts management are done in conformity with current regulations.

**STEPS TO FOLLOW:**

**CHECKLIST FOR SELF AUDIT AND MONITORING**

N°	Item	Public procurement law, regulations and procedures requirements	Check list Item	Comments and advice
1	<b>Public Procurement planning</b>	<p>The procuring entity must make sure that the yearly procurement plan is well prepared during the period it is preparing the budget and it is submitted to MINECOFIN with the first draft of annual budget.</p> <p>This Procurement Plan shall be finalized after budget approval and transmitted to Rwanda Public Procurement Authority (RPPA) not later than the end of the 1<sup>st</sup> month of annual budget (art 2, Ministerial Order N° 001/08/10/MIN of 15/01/2008).</p> <p>Financially autonomous agencies should submit their procurement plans with the budgets to the Boards of Directors</p>	<p>Has the requirements from the end-user been received?</p> <p>Are the funds available and sufficient to meet the procurement cost and payment?</p> <p>Has the requirements been Incorporated in the Procurement Plan?</p> <p>Has procurement method been defined?</p> <p>If it is non-open competitive Procurement, is the planned procurement method authorized by the procurement law? If not, has PE's management been consulted?</p>	<p><u>Advice:</u> The Chief Budget Manager should verify the proper implementation of the yearly procurement plan in conformity with the provisions. It will be better to carry out the evaluation on quarterly basis.</p> <p><b><u>Controller and periodicity:</u></b></p> <p>- Management meeting: During the time of annual budget preparation and in the first month of the financial year for its preparation, and quarterly for its execution</p>

				- Internal auditor: quarterly.
2	<b>The used Procurement methods</b>	The procuring entity verifies if the method used is appropriate according to the provisions of the law N°12/2007 of 27/03/2007 (see chapter III). Except in some options defined by the law, the open tendering method should be used.	<p>Is the used procurement method as the one planned? If not why? Is this method authorized by the procurement law?</p> <hr/> <p>If non competitive procurement has been used have the reasons been documented?</p>	<p><u>Advice:</u></p> <p>At least 80% (in numbers and value) of tenders must be awarded by open competitive method.</p> <p><b><u>Controller and periodicity :</u></b></p> <p>- Procurement Officer: during the preparation of procurement plan and tender document/request for proposal or the request for quotation</p> <p>- Tender committee during the evaluation process</p>

				<ul style="list-style-type: none"> <li>- Internal auditor: quarterly control</li> <li>- Chief Budget Manager: before signing any tender notice/invitation letter or request for quotation.</li> </ul>
3	<b>Tender document/ request proposals for</b>	<p>The procuring entity should verify if the standard bidding document has been used according to the Ministerial Order N°001/08/10/MIN of 15/01/2008.</p> <p>The evaluation criteria and technical specifications should be well discussed and agreed upon before tender publication.</p> <p>The technical specifications should also be reasonable.</p> <p>The bills of quantities should be well verified and approved before tender publication.</p> <p>For tender of works, the procuring entity must ensure that a preliminary study has been done (see circular letter of RPPA N° 010/2007-1758 of 08/09/2007) (visit the website of RPPA- click on circular).</p>	<p>Have open competitive tendering procedures been followed?</p> <p>Has the tender number been allocated prior to advertisement?</p> <p>Have the specifications/BoQ/Drawings/T oR been defined and accordance to the packaging?</p> <p>Does the tender document provide all the information necessary to enable potential bidders to prepare appropriate submissions</p> <p>Have the evaluation criteria been developed and discussed</p>	<p><b><u>Controller and periodicity:</u></b></p> <ul style="list-style-type: none"> <li>- Internal auditor: quarterly control</li> <li>- Chief budget Manager: before signing any tender notice/invitation letter or request for quotation</li> <li>-Internal tender committee before advertising tender</li> </ul>

		The technical specification should not over-specify the procuring entity needs	with the internal tender committee before issuing invitations?	
			Is a clear distinction made between mandatory and desirable criteria?	
			If Non Open Competitive procurement has been used have the reasons been documented?	
			Has the tender number been Allocated prior to advertising?	
			For tenders for works, Has the tender for study been awarded, contract signed, implemented and the study approved?	
4	<b>Advertisement and inviting bidders</b>	According to the law, the open advertisement should respect the duration : <b>30</b> calendar days for local tenders and <b>45-90</b> days for international tenders as indicated in the law N°12/2007 on Public Procurement (art.29 & 47)	Is the advertisement placed in the newspapers of the wide national circulation and foreign or international publications or trade journals in the case of international tendering?	<b><u>Controller and periodicity:</u></b>  - Procurement Officer: during the preparation of procurement plan and tender document/request for

		<p>This period is counted from the date of publication of the newspaper.</p> <p>All open tenders should be advertised in the news papers of wide circulation.</p> <p>For short listed tenders, the letters of invitation should be addressed to at least 3 bidders and the duration is the same as the open competitive.</p> <p>However, this period can be reduced up to 21 days for international restricted bidding and 14 days for national restricted bidding (art 59). This period is counted from the date of reception of invitation letter by the last among the invitees.</p> <p>As for request for quotation method, the procuring entity should respect all provisions of the law (art 54&amp;59 of the law N° 12/2007 and art.17 of MO N°001/08/10/MIN).</p>	<p>Is the Time allowed for bid preparation sufficient?</p> <hr/> <p>Were enquires, questions and clarification about the tendering answered and in accordance with the procurement regulations?</p>	<p>proposal or the request for quotation</p> <ul style="list-style-type: none"> <li>- Internal auditor: Quarterly control</li> <li>- Chief Budget Manager: before signing any tender notice/invitation letter /invitation letter for request for quotation.</li> </ul>
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5	<b>Bid Opening</b>	<p>The bid opening takes place on the date, time, and place prescribed in the tender notice or in the letter of invitation.</p>	<p>Are bids received in a secure place and bid opening took place on the date, time and place prescribed in the tender notice?</p>	<p><b><u>Controller and periodicity:</u></b></p> <ul style="list-style-type: none"> <li>- Procurement Officer: Always before leaving the bid opening conference</li> <li>- Internal auditor : quarterly control</li> </ul>
		<p>The opening session takes place not later than one hour after the closing time of bid submission.</p>	<p>Are the bids opened only after the closing time?</p>	
		<p>The opening session members should all put their initials on all original bids.</p>	<p>Are the bids opened in accordance with the procedures specified in the tender document?</p>	
		<p>The opening committee must write and sign the report and this report should respect the format provided by RPPA on its website.</p>	<p>Are the bids details recorded on a tender opening summary sheet (Opening Minutes)?</p>	
		<p>For tenders of consultant services, opening sessions are done in two phases.</p>	<p>Are the original bids and Summary sheet (minutes) kept securely</p>	
		<p>All important information should be read out loudly during opening session, and this information should be contained in the opening report.</p> <p>The important information to be read out is:</p>		

		<ul style="list-style-type: none"> <li>- the name and country of the bidder,</li> <li>- a brief description of the goods or services,</li> <li>- the currency of the bid,</li> <li>- the total bid price,</li> <li>- any discounts offered,</li> <li>- the presence or absence of any required bid security.</li> </ul>		
<b>6</b>	<b>Evaluation report</b>	The evaluation is done by at least 3/5 of official nominated members of tender committee.	Are the officers evaluating the tenders authorized to do so?	<b><u>Controller and periodicity:</u></b> <ul style="list-style-type: none"> <li>- Chief budget manager: at the reception of each evaluation report</li> <li>- Internal auditor: quarterly control</li> </ul>
		It should respect the evaluation criteria provided by the tender document.	For goods, works and non consultancy services, are the	
		The following evaluation steps should be followed: <ul style="list-style-type: none"> <li>- Administrative evaluation,</li> <li>- technical evaluation and</li> <li>- financial evaluation for tender of works and supplies and other services.</li> </ul>	Evaluations performed by a panel of three or more people from the Tender Committee?	
		The successful bidder shall be the lowest responsive bidder (art 39, law N°12/2007).	For consultancy services, are the evaluations done based on QCBS selection? If this selection method is not used; are the reasons justified?	
		For tenders of consultant services, the evaluation is conducted in two phases: technical evaluation and financial evaluation.	Are the tenders evaluated in accordance with the criteria set	

		<p>For small tenders using request for quotation method, only the prices are compared.</p> <p>The evaluation report is signed by all members of evaluation committee.</p> <p>The evaluation report should respect the format provided by RPPA on its website.</p> <p><u>N.B:</u> Before bid opening, the procuring entity should have an estimate of the tender cost according to MINECOFIN's instructions (Letter N°1814/09/10/MIN of 20/03/2009- visit RPPA website- click circular).</p> <p>The evaluation report should have been submitted to the Chief Budget Manager in the period not exceeding 21 days after bid opening (art.8 of Ministerial Order N°001/08/10/MIN).</p>	<p>in tender document?</p> <p>Are all tasks, calculations, deliberations during evaluation documented?</p>	
<b>7</b>	<b>Notification</b>	After evaluation, the procuring entity should send a provisional notification to successful and	Are unsuccessful bidders notified accordingly?	<b><u>Controller and periodicity</u></b>

		<p>unsuccessful bidders (art 43, law n°12/2007).</p> <p>For tender of service, the notification is done in two phases (art 26, Ministerial Order N°001/08/10/MIN).</p>	<p>Was the reason for non award decision communicated to unsuccessful bidders in the provisional notification letter?</p> <p>For tender for consultancy services, were technical scores obtained by each firm communicated to all firms that responded to the invitation letter before financial proposals opening?</p>	<p>- Chief budget manager: before signing the provisional notification letters</p> <p>- Internal auditor: quarterly control</p>
<b>8</b>	<b>Contract negotiation and contract signing</b>	<p>For all awarded tenders, contract should be signed between two parties.</p> <p>For tenders of supplies less than five million (5,000,000 Frw), a purchase order may be issued. The signed contract must be in the same model as in the tender document/ request for proposal.</p> <p>The performance guarantee should be submitted for tender of works, supply and other services whose amount is greater than five million Rwanda francs before contract signing.</p> <p>This guarantee must be in the range of 5-10% of the total bid amount (art. 75 of the law n°12/2007) and must be valid until the final</p>	<p>Was the Negotiation Committee Appointed</p> <p>Were the results clearly agreed upon by both parties to the negotiations</p> <p>Were the negotiations adequately recorded and signed by both parties?</p> <p>Did the Lawyer review the Contract?</p>	<p><b>Controller and periodicity:</b></p> <p>- Chief budget manager: always before contract signing</p> <p>- Internal auditor: quarterly control</p>

		handover of works/supplies.	Has the necessary performance guarantee and insurance guarantees and certificates obtained from the contractor?	
			Has the contract been signed by someone with duty authorized?	
			Has the role and responsibilities of each and every officials involved in contract execution and administration been well defined?	
<b>9</b>	<b>Contract management</b>	<p>The procuring entity should regularly verify the implementation of the contract. If the tender is not implemented according to the terms agreed in the contract, the procuring entity should react in appropriate time. Payment and penalties should also respect the contract terms.</p> <p><u>Advance payment:</u> (art 87, 88 &amp; 89 of law No12/2007)</p> <p>The advance payment cannot exceed 20% of</p>	<p>Has the end user been involved in the review of contract performance?</p> <p>Have the contract details been entered into Contract Register?</p> <p>Are progress payments appropriately approved</p> <p>Are progress payments backed up with an evaluation of performance, stage of</p>	<p><b><u>Controller and periodicity:</u></b></p> <ul style="list-style-type: none"> <li>- Chief budget manager: before approval of advance payment</li> <li>- Internal auditor.</li> </ul>

		<p>the tender price and can only be paid when the successful bidder has got the advance payment guarantee.</p>	<p>completion etc?</p>	
		<p>For tender of supplies: it is necessary to control the respect of delivery and payment period, the ordered quantity and the conformity of supplies with technical specifications. In case of delay, the delay penalties must be applied.</p> <p>For tender of works: the availability of key personnel and equipments should be well verified, the periodical site meetings: at least twice a month (see letter from RPPA N° 010/2007-1758 of 08/09/2007- visit a website of RPPA – click on circular), the respect of work planning, the quality of materials (reception of materials before being used and approved by the supervisor/ supervising firm) and the respect of payment period. In case of delay, it is necessary to control the delay penalties application.</p> <p>For tender of services: control the presence of key personnel, the respect of planning of</p>	<p>Are progress payments paid on time</p>	<p><b><u>Controller and periodicity:</u></b></p> <ul style="list-style-type: none"> <li>- Supervising official: at least twice a month</li> <li>- Procurement officer: monthly</li> <li>- Internal auditor: quarterly control</li> <li>- Chief budget manager: monthly</li> </ul> <p>Controller and periodicity:</p> <p>The supervising official/Fonctionnaire Dirigeant: at the end of planed period for the step under way</p> <ul style="list-style-type: none"> <li>- Procurement officer: monthly</li> <li>- Internal auditor: quarterly</li> <li>- Chief budget manager: at the</li> </ul>
			<p>Does the entity hold the appropriate retention from payments in accordance with the contract?</p>	
			<p>Have the processes, data used and conclusions of contract performance been fully documented?</p>	
			<p>Does the entity hold the appropriate retention from payments in accordance with the contract?</p>	
			<p>Has the performance security been appropriate released when the contractor has been paid all moneys excluding retention?</p>	

		services, the existence of reports according to contractual steps, existence of minutes of approval of results at each step, the respect of payment steps.	Have retention moneys as specified in the specific conditions of contracts, been deducted from payments to the contractor?	end of planed period for the step under way
10	<b>Contract amendment</b>	Any modification to the contract involves a formal addendum which must be signed by two contracting parties. When the modifications to the contract are over 20% of the initial value of the tender, this becomes a new tender (art. 74 of the law n°12/2007).	Were there any variations in the contract?	<b><u>Controller and periodicity:</u></b> - The supervising official /"Fonctionnaire Dirigeant": at the moment of the contractor's request or according to the supervising firm/engineer's report - Internal auditor: quarterly - Chief budget manager: before signing the addendum
			If there were variations in the contract, were they approved by the Chief Budget Manager?	
11	<b>Filing of procurement documents</b>	Procuring entity should make sure that all procurement documents are well filed (art 8 of the law n°12/2007 of 27/03/2007).	Are all procurement related documents filed together?	<b><u>Controller and periodicity:</u></b> - Procurement officer: at the end of each step in procurement and general checking every month - Internal auditor: quarterly - Director in charge of administration: quarterly

12	<b>Implementation of recommendations from internal auditor</b>	The procuring entity should hold a meeting on observations from the internal audit carried out with all staff concerned with procurement operations in the time not exceeding 15 working days after reception of his report and find out solutions on some problems that may arise from misuse of tender procedures or bad contract management. The Chief Budget Manager shall be obliged to fully implement the actions agreed between him/her and the auditor within the agreed timeframe ( art 24 &25 Ministerial Order N° 002/09/10/GPIA of 12/02/2009).		<b>Controller and periodicity:</b> <ul style="list-style-type: none"> <li>- Chief Budget Manager: before approval of each recommendation's implementation</li> <li>- Internal auditor : quarterly</li> </ul>
13	<b>Implementation of recommendations from RPPA auditors</b>	The procuring entity should verify regularly the implementation of audit recommendations from RPPA auditors. The recommendations from RPPA's auditors must be implemented in the time not exceeding two months after reception of final audit report.		<b><u>Controller and periodicity:</u></b> <ul style="list-style-type: none"> <li>- Procurement officer: Monthly</li> <li>- Internal auditor: quarterly</li> <li>- Chief Budget Manager: at each action related to audit recommendation</li> </ul>
14	<b>Report</b>	Each procuring entity submits a detailed monthly report to RPPA (art 10 of Ministerial order N° 01/08/10/MIN of 15/01/2008) (see the format on annex 1). The report must reach RPPA not later than 15 <sup>th</sup> of the month following the report's month.		Controller and periodicity: <ul style="list-style-type: none"> <li>- Procurement officer: the 10<sup>th</sup> of each month</li> <li>- Internal auditor: quarterly</li> <li>- Chief Budget Manager: the 15<sup>th</sup> of each month</li> </ul>

15	<b>Publication of results for tenders award and the decisions of Independent Review Panels</b>	<p>The procuring entity should publish the results of tender award, immediately after the contract signing between two parties (art 9 of MO N° 01/08/10/MIN of 15/01/2008).</p> <p>The results of tender award and the decisions of independent review panels must be published on the website of procuring entity, website of RPPA and on the notice board of the procuring entity (art 9 and 43 of MO N° 01/08/10/MIN of 15/01/2008).</p>		<p><b><u>Controller and periodicity:</u></b></p> <ul style="list-style-type: none"> <li>- Procurement officer: not more than 3 days, after contract signing</li> <li>- Internal auditor: Quarterly</li> <li>- Chief Budget Manager: Quarterly.</li> </ul>
16	<b>Public Procurement capacity building</b>	<p>The chief budget manager must ensure that each member of tender committee, independent review panel (for Districts), the procurement officer and the internal auditor are sufficiently informed on the provisions related to public procurement.</p> <p>They normally have to acquire training on procedures, principles, operations, law and regulations and the process of public procurement.</p>		<p><u>Advice</u> : establish a training program for those who are cited in the previous paragraph so that every body among them acquire a training in a time not exceeding six months after their nomination.</p> <p>Controller and periodicity:</p> <ul style="list-style-type: none"> <li>- Director of human resource unit: semester control</li> <li>- Internal auditor: Quarterly</li> <li>- Chief Budget Manager: semester</li> </ul>

## **PART II: AUDIT CARRIED OUT BY RPPA**

### **2.1: Audit Planning and Preparations**

As above indicated, all responsibilities and capacities regarding contract awarding, signing and management were transferred to public procuring entities and Rwanda Public Procurement Authority-RPPA remains with the responsibility of being a procurement oversight body having a mission orientated towards regulation, capacity building and control and audit of procuring entities for the tenders they award.

In this regard, all procuring entities are requested to transmit at the end of financial year and monthly procurement progress report on implementation of procurement plan of the current fiscal year , to RPPA the list of all tenders that had been awarded as to facilitate the planning audit activity during that year.

In July of the current fiscal year, RPPA shall inform in writing all the entities to be audited during that year and at the same time send them a list of documents to be prepared for that purpose. In at least two weeks before the audit begins, each procuring entity to be audited should be sent a specific letter stating the exact date on which the audit should begin.

Before any field visit, auditors have first and foremost to collect all the information about public procurement available or communicated to RPPA by the institution to be audited. In this regard, the following documents should be carefully read and analyzed: the reports of the previous audits, the general and specific procurement plans, the annual and monthly reports of the awarded tenders as well as the budget of that institution.

Note: All the information possessed by the auditor before the audit must be found in the introduction of the audit report.

### **2.2: Field data collection**

#### **A. Introduction meeting**

On the first day of the audit, an introduction meeting with the authorities, the members of the tender committee as well as the internal auditor of the procuring entity to be audited is organized, in order:

- i) To introduce the auditors and explain the goal and objectives of the audit;
- ii) To announce the duration of the audit in order to get maximum participation and collaboration of all concerned people for the success of the assignment;
- iii) To request the availability of facilitators, of documents to be audited and a ready work room;

**Note:** RPPA prefers that the meeting should be chaired by the Chief Budget Manager

## **Sampling**

The data collection stage lasts at most two weeks. Experience has proved the period not to be sufficient to conduct an audit of all tenders awarded by a given institution. Hence only a sample of the awarded tenders shall be audited.

Rwanda Public Procurement Authority (RPPA) has adopted a sampling method developed by the University of Florida, which has been exploited and found to be appropriate to enable the task. The empirical formula developed by the research center of the University of Florida is the following:  $n=N/(1+N(e)^2)$

Where:

**n**: the size of the sample to be determined

**N**: total number of the awarded tenders

**e**: confidence interval

RPPA has adopted a confidence interval of 10 and a 95 % confidence level to be used to sample tenders to be audited.

To determine the numbers of tenders to be audited, auditors have first to request the list of all awarded tenders, ranked in descending order according to the value of each contract. If the number of the awarded tenders is below 33, all of them must be audited. Depending on the total number of the awarded tenders, annex 5 provides an indication of number of tenders to be taken in a sample and the method of selecting it. In addition, the following tenders will be included in the sample:

- All tenders that RPPA receives complaint from bidders about its awarding decision and which the appeal against this decision was not lodged before independent review panel
- All tenders for which appeal was introduced to the Independent review panel and the letter reject the appeal due to appeal procedures irregularity
- All tenders awarded during the last months of the fiscal year preceding the audit for the sampled procuring entities plus all tenders awarded during the last months of the current fiscal year in which the audit takes place but not exceeding 6 months.

At this level, the auditor, firstly verify the coherence between the budget execution report and the received awarded tenders list.

### **Note:**

In case the auditor is not given the full and complete list of all awarded tenders, he (she) is unable to begin the audit. He (she) makes a statement to the concerned entity and to RPPA. This must be included in the letter to be written to the procuring entity to be audited.

## **B. Documents checking**

- a) Choose tenders on which to conduct the audit according to the sampling method and put together all the related documents;
- b) Then verify the compliance with the procurement law and regulations, of the procedures used in the contracts award and management

The task is done on all the following steps of procurement process from planning to final acceptance including payments:

**Note:**

- The auditor uses the sheet on attachment (annex 2);

**B.1 Planning**

In this category auditors check whether:

- General and specific procurement plans exist and whether they are well prepared according to the format of RPPA;
- The plan has been transmitted to RPPA on time according to the regulations;
- All the awarded tenders are found on the procurement plans for the fiscal year audited;
- Plan has been executed as it was planned.

From the findings, auditors make conclusions and recommendations on this point.

**B.2 Bidding document / Request for proposals**

Auditors verify whether:

- Bidding documents/ Request for proposals exist and are well prepared according to the current regulations;
- Technical specifications/ Terms of Reference are specific, accurate and according to the purpose of the tender. For supply tenders, the auditor should check whether the technical specifications are neutral and do not refer to any brand;
- Evaluation criteria exist and are objective and realistic in relation with the purpose of the tender;

**B.3 Used Methods**

Auditor shall verify whether the methods used in awarding the contract are appropriate and comply with the current public procurement law and regulations.

**B.4 Publication**

- The auditor shall verifies whether the publication of the tender has respected the duration and regulatory provisions depending on the used method ;
- The auditor verify again whether tender notice / invitation letter contains all the necessary elements as provided by the current regulations;

**B.5 Bids Opening**

The auditor shall verify whether:

- The opening date is the same as the one specified in the tender notice/ invitation letter or an addendum if any;
- Minutes for the bids opening session has been taken;
- The minutes are prepared according to the format provided by the regulations and that has been signed by all the members of the bids opening committee.

## **B.6 Bids evaluation**

The auditor verifies whether:

- The evaluation has been done following the criteria set for by the bidding document;
- The tender has been awarded to a technically qualified and lowest evaluated bidder;
- All the evaluation steps have been respected (evaluation of the administrative documents, technical evaluation and comparison of bids);
- There is proof of an arithmetic verification done when bids were being compared;
- During the evaluation, bidders have been requested to provide clarifications if it was necessary to request them;
- How their responses (clarifications) have been analyzed by the bids evaluation committee;
- The evaluation report is written according to the format provided by regulations;
- Comments and recommendations in the report are detailed and clear.

## **B.7 Notification**

The auditor verifies whether:

- Provisional and final notification have been done according to the regulations in force,
- All unsuccessful bidders have been notified,
- The content of the notification letters is in accordance with the current law and regulations.

For tenders of consultancy services:

Provisional notification is done in two phases (first for the technical and then for the financial evaluation). Final notification should invite the consultant for contract negotiation (no indication on the price of the contract).

## **B.8 Contract signing**

- Auditor verifies whether the contract or purchasing order (depending on value) for all awarded tenders exist;
- The contract must conform to the contract model in the bidding document;
- For supply tenders, the auditor must check whether the purchasing order conform to the contract if both exist.

## **B.9 Contract management**

The auditor verifies:

- If contract has been well managed ;
- If quality, execution period and financial (payments) controls have been well conducted;
- The existence and state of structures, equipments or/and materials
- If the site meeting (for works tenders) have been conducted in at least twice a month (see letter No 010/2007-1758/NTB of 07/11/2007);
- If for the delayed tenders penalties have been imposed.

**N.B: Basic documents:**

- i) for works tenders:
  - a) report of the supervising engineer and of “fonctionnaire dirigeant”,
  - b) minutes of site meetings held for the concerned tender;
  - c) evidence of payment,
  - d) minutes if both provisional and final reception of works.
  
- ii) for supply tenders and other services
  - a) delivery notes
  - b) goods’ reception voucher or minutes
  - c) evidence of payment
  
- iii) for consultancy services tenders
  - a) approved provisional and final reports
  - b) evidence of payment

**B.10 Procurement documents filing**

The auditor checks whether procurement documents are well filed to ease the task of the auditor and safely keep record of procurement information.

**B.11 Meeting at the end of data collection**

At the end of data collection, the auditor should hold a meeting to communicate to authorities, the tender committee as well as the internal auditor, about the findings of the audit.

In that meeting, some important deviations or non found files are communicated to the meeting’s participants.

**N.B:** RPPA prefers that the meeting be presided over by the Chief Budget Manager.

**B.12 Meeting with the internal auditor**

The auditor should meet the internal auditor in order to share information and critical issues that need a special attention. In the meeting, the auditor gets information about the entity’s control system.

**N.B:** The RPPA auditor consults the internal auditor’s reports before doing the audit.

## **2.3: Provisional report drafting and meeting on findings**

### **1. Drafting the provisional report**

- The auditor has a maximum of five working days to draft the provisional report. However, after an evidence based explanation, the auditor can be allowed to use a fixed period from 6 to 10 working days to do the task;
- The report is only sent to the procuring entity for comments within period not exceed 15 working days according to the date of the reception of provisional report (see art 24 of the Ministerial Order N° 002/09/10/GPIA of 12/02/2009). The transmitting letter gives as well the exact date of the meeting for discussion about the report.

In the same letter, the concerned entity is requested to let RPPA know strategies that are going to be put in place to find a solution to the found deficiencies, if any.

### **2. Report discussion meeting**

A meeting bringing together the two stakeholders is organized in order to have discussions and a consensus to the report. Its outcomes should be taken into account in writing the final report.

Provisional report should have the following main parts:

- i. Cover page
- ii. Table of contents
- iii. Executive summary
- iv. Introduction
- v. Filled data collection form (one for each tender chosen for the sample) following the template on annex 2
- vi. Summary table of all the collected data
- vii. Data analysis
- viii. Implementation of recommendations of the preceding audits
- ix. Conclusion and
- x. Recommendations

**N.B:** In writing the report, the auditor should not forget to comment on the level of the publications of both the procurement results and of the decisions of the Independent Review Panel.

## **2.4: Entity performance assessment**

The entity performance is assessed by making a comparison between the achieved results against the fixed performance indicators (see annex 3), that use standards of the best international practices in public procurement.

## **2.5: Final report**

After going through the comments and outcomes of the provisional report discussion meeting, the auditor writes the final report in a period not exceeding a week, from the date

on which the meeting was held. After finalizing the final audit report the auditor should as well fill the template summarizing the collected data (annex 4).

The report is transmitted to the Ministry in charge of public procurement with a copy to the procuring entity audited. For Districts, Provinces and the City of Kigali, a copy is forwarded to the Ministry of Local Government for information.

**Note:**

The final and provisional reports have the same template.

**ANNEXES**

Annex 1 : Monthly progress report format

Annex 2 : Tender data collection sheet

Annex 3: Summary of General Findings

Annex 4 : [Performance indicators sheet](#)

Annex 5: Determining sample size

**FORMAT OF THE MONTHLY PROGRESS REPORT FOR THE EXECUTION OF THE PROCUREMENT PLAN**

**( art.10 of the Ministerial Order N° 001/08/10/MIN)**

Name of the procuring entity [Insert the name]

Month [Insert the month]

S/ N°	Tender reference n°	Title of the tender	Type of the tender (goods, consulta ncy services, work)	Estima ted budget	Status (preparati on, tendering , execution )	Planned Procure ment method	Procureme nt method used(ICB, NCB, SS, RT, RFQ, Communit y Approach)	Source of funding	Actual date for public ation	Actual date for starting contrac t executi on	Contract amount	Contract period	Executio n progress in estimated %	Date of provisional acceptance of works, goods inspection & acceptance, consultancy service final report approval
①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫	⑬	⑭	⑮


N.B: The report must contain all tenders from the month of July to the month being reported on.

**Key:**

- ICB:** International Competitive Bidding
- NCB:** National Competitive Bidding
- SS:** Single Sourcing
- RT:** Restricted Tendering
- RFQ:** Request for quotations

***How to complete this form?***

Column ① : put a chronological number based on date of tender award

Column ② : write the number of the tender as it appears on the first page of the contract/tender notice

Column ③ : write the title of the tender i.e. summary description of the tender

Column ④ : write either goods, works or consultancy services according to the tender type

Column ⑤ : write the estimated budget found in the procurement plan

Column ⑥ : put either preparation, tendering or execution according to the real status of the tender

Column ⑦ : write the method that was planned to be used as it appears in the procurement plan (ICB, NCB, SS, RT, RFQ, and Community approach)

Column ⑧ : write one of the procurement methods used among those given in this column i.e.: ICB, NCB, SS, RT, RFQ, or Community approach. Note that consultant selection methods such as QCBS, QBS are not procurement methods to be written in this column.

Column ⑨ : write either ordinary budget, donors or autonomous according to the source of funding.

Column ⑩ : write the date of publication corresponding to the newspaper apparition date

Column ⑪ : write the effective date of the contract (date of commencement of the contract) as specified in the contract

Column ⑫ : write contract amount; only filled after the contract has been signed, otherwise it is left blank

Column ⑬ : write time period within which the contract is to be performed

Column ⑭ : write the estimated % of already executed works, delivered goods or realized services calculated in comparison with the contract amount

Column ⑮ : write the actual date on which the procuring entity received the delivered goods (inspection and acceptance date), works were completed (provisional acceptance date) or approved the final report on undertaken consultancy assignment.

**REPORT ON THE CONTRACT AMENDMENT**

Name of the procuring entity [Insert the name]

S/N°	Tender reference n°	Title of the tender	Successful bidder	Amendment if applicable	Total amount of tender	Reason for amendments	Penalties of delay in execution if applicable

**REPORT ON THE TERMINATED CONTRACT**

S/N°	Tender reference n°	Title of the tender	Successful bidder	Contract amount	Reason for termination	Kind of guarantee : Advance Security & Bid Security & Performance Security	Total amount of guarantee	Garant/ Bank/any authorized Financial Institution	Date of the seizure of guarantee	Date of payment	Reason of not seizing payment guarantee	Comments

N.B: The report must contain all concerned tenders (contract amendment/ terminated contract) during the budget year from the month of July to the months being reported on.

**FORMAT FOR THE PUBLICATION OF TENDER AWARDED** (Art.9 of the Ministerial Order N° 001/08/10/MIN)

S/N°	Tender reference n°	Title of tender	Number of bidders	Name of bidders	Prices proposed by each bidder at the bids opening	Successful bidder	Contract amount	Execution or Delivery period

## **Annex 2: DATA COLLECTION SHEET**

### **FORMAT OF SPECIFIC FINDINGS ON EACH AND EVERY TENDER (Format for tender of supply)**

1. Title of tender	
2. Client	
3. Successful bidder	
4. Financing	
5. Procurement Method	
6. Contract amount	
7. Estimate amount on the procurement plan	
7. Date of contract signature /purchase order	
8. Contractual period	
9. Number of bidders	
10. Provisional completion date	
11. Real completion date	

<b>Evaluation criteria</b>	<b>Comments and observations</b>
Procurement documentation (filing) with complete records	
Is this tender in the agreed procurement plan?	
The existence of tender document and its quality	
Is this procurement method used appropriate?	
Advertising	
Time allowed for bid preparation	
Bid opening and bid opening report quality	
Quality of bid evaluation procedure,	

bid evaluation report and transparency (verify also existence of bids, names of bidders, eligibility)	
Pre-qualification done?	
Bid validity extension	
Provisional Notification	
Final notification	
Validity of performance security	
Quality of contract document (same as contract model form in the tender document as well as successful bid)	
Additional contract (amendment made)	
Respect of contractual period or delivery time /extension of contractual completion date or delivery time extension	
Contract payment same as contract?	
Delay penalties application	
Litigious case	
Delivery receipt	
Coherence between the procurement plan and the budget execution	

**FORMAT OF SPECIFIC FINDINGS ON EACH AND EVERY TENDER (Format for tender FOR works)**

1. Title of tender	
2. Client	
3. Successful bidder	
4. Financing	
5. Procurement Method	
6. Contract amount	
7. Estimate amount on the procurement plan	
7. Date of contract signature	
8. Contractual period	
9. Number of bidders	
10. Provisional completion date	
11. Real completion date	

<b>Evaluation criteria</b>	<b>Comments and observations</b>
Procurement documentation (filing) with complete records	
Is this tender in the agreed procurement plan?	
The existence of tender document and its quality	
Is this procurement method used appropriate?	
Advertising	
Time allowed for bid preparation	
Bid opening and bid opening report	
Quality of bid evaluation procedure, bid evaluation report and transparency (verify also existence of bids, names of bidders, eligibility)	
Pre-qualification done?	

Bid validity extension	
Provisional Notification	
Final notification	
Validity of performance security	
Quality of contract document (same as contract model form in the tender document as well as successful bid)	
Existence of supplementary works	
Respect of the planning	
Contract payment same as contract?	
Delay penalties application	
Litigious case	
Provisional acceptance and final handover	
Coherence between the procurement plan and the budget execution	

**FORMAT OF SPECIFIC FINDINGS ON EACH AND EVERY TENDER (Format for tender for consultancy services)**

1. Title of tender	
2. Client	
3. Successful bidder	
4. Financing	
5. Procurement Method	
6. Contract amount	
7. Estimate amount on the procurement plan	
7. Date of contract signature /purchase order	
8. Contractual period	
9. Number of bidders	
10. Provisional completion date of the final report approval	
11. Real completion date	

<b>Evaluation criteria</b>	<b>Comments and observations</b>
Procurement documentation (filing) with complete records	
Is this tender in the agreed procurement plan?	
The existence of tender document and its quality	
Is this procurement method used appropriate?	
Advertising	
Time allowed for bid preparation	
Bid opening and bid opening report	
Quality of bid evaluation procedure, bid evaluation report and transparency (verify also existence of bids, names of	

bidders, eligibility)	
Pre-qualification done?	
Bid validity extension	
Provisional Notification	
Final notification	
Quality of contract document (same as contract model form in the tender document as well as successful bid)	
Additional contract (amendment made)	
Respect of contractual period or delivery time /extension of contractual completion date or delivery time extension	
Contract payment same as contract?	
Delay penalties application	
Litigious case	
Approval of the final report	
Coherence between the procurement plan and the budget execution	

### ANNEX 3: Summary of General Findings

The general findings cover the procurement environment and the procurement cycles. The general findings are also generated to address recommendations that enable the shortcomings and exceptions in Medium and low risks to be simultaneously addressed.

Procurement methods	Number of procurement		Total procurement value	
	number	%	Amount (Rwf)	%
Tenders awarded through authorized methods of procurement in accordance with the limits of application				
Tenders awarded through the National Competitive Bidding (NCB)				
Tenders awarded through the International Competitive Bidding (ICB)				
Tenders awarded through the National Restricted Tendering (NRT)				
Tenders awarded through the International Restricted Tendering (IRT)				
Tenders awarded through Request for Quotations (RFQ)				
Tenders awarded through Direct Procurement (DP)				
Tenders awarded through Community Participation (CP)				
Tenders awarded through method that cannot be known due to lack of necessary procurement documents				
Type of tenders	Number of tenders		Total procurement value	
	number	%	Amount (Rwf)	%
Tenders for works				
Tenders for supplies				
Tenders of services				
Tender for non consultancy services				

Compliance indicators		Number of procurement awarded tenders:		Score
		N <sup>o</sup>	Percentage	
<b>Procurement plan</b>	Awarded tenders that were planned			
	Awarded Tenders that were not planned			
<b>Tender approved by internal tender committee</b>	Awarded tenders that were approved by internal tender committee			
<b>Preparation of the tender document</b>	Tenders that required the preparation of tender documents			
	Tender documents prepared and available			
	Available tender documents/ RFP that did conform to the standard tender documents			
<b>Advertisement of tender opportunities</b>	Number of open bidding procedures publicly advertised			
	Awarded tenders that required time for bid preparation. i.e. tenders awarded through other method than direct procurement			
	Awarded tenders complying with the stipulated time in the procurement law for bid preparation			
	No information on the period of publication			

<b>Bids opening reports</b>	Number of tenders that required opening reports i.e. tenders awarded through other method than direct procurement			
	Number of tenders that had opening reports			
	Tenders whose opening reports did conform to the national standard forms			
<b>Evaluation report</b>	Tenders that had evaluation reports			
	Number of tenders that award was based on criteria in the tenders documents			
	Evaluation reports that did conform to the national standard formats			
	Tenders whose evaluations were poorly done			
<b>Notification and contract signing</b>	Number of awarded tenders that unsuccessful bidders were notified			
	Tenders that final notifications letters were sent to the bidders			
	Number of awarded tenders that required performance security			
	Number of awarded tenders that had performance security as			

	required			
	Tenders whose purchase orders (for tenders ≤ 5 Million Rwandan francs) and contract (for tender > 5 million Rwandan francs ) between two parties was signed			
<b>Publication of awards</b>	Number of contract awards disclosed to the public			
<b>Contract management</b>	Number of tender for which advance payment was paid to the contractor			
	Number of tenders for which advance payment was guaranteed			
	Number of tenders for supplies that had goods delivery reports			
	Number of tenders for supplies for which goods receiving notes were available			
	Tenders for which reports on provisional acceptance of works were available			
	Tender for consultancy service for which reports on their approval were available			
	Tenders completed within the contracted period			
	Tenders paid as specified in the contract			

<b>Coherence between the procurement plan and the budget execution</b>	Estimated budget on the procurement plan			
	The contracted amount			
<b>Filing of documents on public procurement</b>	Number of awarded tenders with complete records			
<b>Monthly progress reports</b>	Number of the monthly progress reports transmitted to the RPPA in accordance with the proposed schedule at the latest on the 15th of the month following the one of the report	?/12		

**Explanatory Notes:** (not to be included in audit report)

When assigning compliance scores, the review team has to consider the extent to which compliance procedures were in place for each aspect of the law and regulations. Whole numbers for each item are used:

- 3 indicates full compliance with the stated requirement;
- 2 is for cases in which the system exhibits less than full compliance and needs some improvements in the area being assessed;
- 1 is for those areas where substantive work is needed to bring them into compliance; and
- 0 is the residual indicating a complete failure to comply with the proposed standard.

**Refer to the previous audit reports where you used to indicate PE performance**

The scores obtained for each performance indicator will then be added to arrive at the total score, which will then be shown as a percentage of the maximum possible score

#### **Annex 4: PERFORMANCE INDICATORS**

<b>N°</b>	<b>Principles</b>	<b>Dimensions of Performance</b>	<b>Data to be Collected, and type of analysis</b>	<b>Targets</b>	<b>Achievement</b>	<b>Score</b>
1.	Economy		% of work tenders whose value is greater than 10.000.000 FRW were subjected to prior studies, estimated costs and a tender document elaborated by the procuring entity.	100%		
2.	Transparency and Accountability		% of contracts awarded for competitive and non competitive all procurement methods according to the provisions of the procurement Law	100%		
3.	Competition and Economy	Competition Level	% of invitations to bid for which the number of bidders is at least 3	>= 95%		
4.	Equity	Evaluation process	% of bids evaluated based on the criteria included to the tender document (DAO)	100%		
5.	Economy	Evaluation process	% of contracts of works, goods, and services other than consultants awarded based on the lowest evaluated bid	100%		

N°	Principles	Dimensions of Performance	Data to be Collected, and type of analysis	Targets	Achievement	Score
6.	Integrity		% of consultant services contracts awarded on the basis on QCBS method	>=95%		
7.	Economy and Efficiency	Payment process	Payments made within specified contract terms	>=80%		
8.	Economy and Efficiency	Payment process	Payments made within specified contract terms	No delays by more than 2 months in more than 10% of the sample of reviewed cases		
9.	Economy and Efficiency	Payment process	% payments made after 45 days	<10%		
10.	Economy and Integrity	Contract variations	Contracts which are amended within 3 months of contract signature (there could be cases with justifiable reasons)	Not more than 10% of the sample of reviewed cases for unforeseeable reasons		
11.	Economy and Integrity	Contract prices	Contracts whose final cost exceeded the original contract price by 15% or more (many could be for justified reasons)	Not more than 10% of the sample of reviewed cases for unclear reasons		
12.	Economy, Efficiency and Integrity	Contract execution time	Contracts execution delayed by more than 25% of the original timetable for unacceptable reasons	Not more than 10% of the sample of reviewed cases		

N°	Principles	Dimensions of Performance	Data to be Collected, and type of analysis	Targets	Achievement	Score
13.	Transparency, Fairness and Integrity	Extent of complaints	Number of complaints	Not less than 5% or more than 50% of annual awards challenged		
14.	Effectiveness	Specifications Compliance	Inspection reports to determine whether goods, equipment or works meet technical specifications/design	≥90%		
15.	Accountability	Filing	Percentage of tenders for which the preserved files are complete	100%		
	TOTAL					

**ANNEX 5: DETERMINING SAMPLE SIZE**