



AUDIT REPORT

**ON PROCUREMENT
RELATING TO COVID-19
DISASTER RELIEF FUND
BY THE MINISTRY OF
HEALTH AND MEDICAL
SERVICES**



Ministry of Health & Medical
Services-protect yourself,
protect others form
coronavirus/Picture

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RELATING TO COVID-19
DISASTER RELIEF FUND
BY THE MINISTRY OF
HEALTH AND MEDICAL
SERVICES

For the period
1 April to 31 December 2020

Reported by:
Office of the Auditor-General
P O Box G18, Honiara
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Auditor Generals Overview

The use of disaster relief funds is critical to the Solomon Islands Government response to State of Public Emergency (SOPE) COVID response plan.

The Government reallocated existing Ministries budgets towards enabling funding of the Governments emergency preparedness and response plan.

My report provides an independent view on the manner and level of compliance of the Ministry of Health and Medical Services (MHMS) demonstrated during the period following the declaration of SOPE.

In collaboration with Pacific Association of Supreme Auditors (PASAI) and INTOSAI Development Initiative (IDI), we also looked at key specific dimensions namely transparency, accountability and inclusiveness (TAI) to identify potential gaps and recommend possible solutions to address these. These dimensions were selected based on international experience of best practice needs during an emergency situation. This audit was initiated by my predecessor in February 2021 however the Ministry did not grant access until mid-2022.

It is important to acknowledge the extraordinary circumstances in which this pandemic created which heightened the inherent risk for expediting procurements and delivery of services at the expense of following established procedures. It is my view however that the existence of an urgent requirement should mean that controls are applied with urgency, and not discarded.

My audit team found that a lack of transparency and required documentation, even in a bid waiver situation, left the Government open to a significant risk of loss or waste or being unable to provide effective services.

The lack of transparency in sourcing of suppliers and the inability to provide my office with full documentation to review transactions indicates a major failure of accountability and is an area the Ministry needs to address.

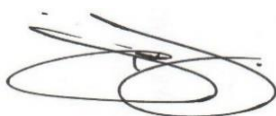
I do note however the engagement by the senior team including the Permanent Secretary and her Heads of Departments during our exit meeting and their subsequent responses which is appreciated.

In my view the findings of this audit highlight areas of noncompliance, potential fraud and lack of accountability which together impact efficient emergency procurements to deliver required and effective health services. It is my hope that our recommendations will assist the Ministry to strengthen their procurement processes both in emergency and normal operations.

I intend to do a follow up of findings and commitments made in future audits of the Ministry.

My thanks to my audit team including Department of Foreign Affairs and Trade (DFAT), PASAI and IDI for their assistance in this audit. I would also like to thank all the staff from MHMS for their dedication during COVID and for their engagement during our audit.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'David Teika Dennis', with a stylized flourish at the end.

David Teika Dennis
Auditor General

Abbreviations

COVID-19	<i>Corona virus</i>
CTB	<i>Central Tender Board</i>
DFAT	<i>Department of Foreign Affairs and Trade, department of the Australian federal government</i>
FIs	<i>Financial Instructions</i>
IDI	<i>INTOSAI Development Initiative</i>
INTOSAI	<i>International Organization of Supreme Audit Institutions</i>
ISSAI	<i>International Standard of Supreme Audit Institutions</i>
MECDMM	<i>Ministry of Environment, Climate Change, Disaster Management and Meteorology</i>
MFAT	<i>Ministry of Foreign Affairs and Trade, Ministry of the New Zealand Government</i>
MHMS	<i>Ministry of Health and Medical Services</i>
MID	<i>Ministry of Infrastructure Development</i>
MoFT	<i>Ministry of Finance and Treasury</i>
MTB	<i>Ministerial Tender Board</i>
NDMO	<i>National Disaster Management Office</i>
OAG	<i>Office of the Auditor General</i>
PASAI	<i>Pacific Association of Supreme Auditors</i>
PCAM	<i>Procurement & Contract Administration Manual 2013</i>
PFMA	<i>Public Financial Management Act 2013</i>
PFMR 2021	<i>Public Financial Management (Procurement) Regulations (2021) (PFMR 2021)</i>
PR	<i>Payments Requisition</i>
PRP	<i>Preparedness and Responsive Plan</i>
SIG	<i>Solomon Island Government</i>
SoPE	<i>State of Public Emergency</i>

<i>TAI</i>	<i>Transparency, Accountability, & Inclusiveness</i>
<i>TEC</i>	<i>Tender Evaluation Committee</i>
<i>WHO</i>	<i>World Health Organisation</i>

1.Introduction

- 1.1 After the World Health Organisation (WHO) declared the COVID19 as a pandemic, the Solomon Islands Government took steps to protect the country and deal with the crisis. The SoPE was declared on 25 March 2020. The Government developed a COVID-19 Preparedness and Response plan and introduced border controls and established quarantine facilities for incoming travellers. To support its actions in protecting and dealing with the pandemic, the Government rechannelled funds towards the Ministries responsible for implementing the plan. The budget of most Government Ministries was reduced, and these funds were redirected towards the COVID-19 frontline ministries.
- 1.2 A multi-agency Oversight Committee was established, chaired by the Secretary to Cabinet and a total of \$167,328,248 was identified to implement the COVID-19 N-DOC Preparedness and Response Plan for the whole of government approach. The Ministry of Health and Medical Services (the Ministry) is a frontline Ministry with responsibility for coordinating and facilitating measures in place to control the spread of COVID19 into the community.
- 1.3 As part of the Solomon Islands Government's response to the international COVID 19 pandemic, the Ministry of Health and Medical Services (MHMS) was allocated \$26,765,440 for procurement in its role in the implementation of Solomon Islands Government Covid-19 Preparedness and Response Plan (PRP) making the Ministry one of the major implementing ministries for COVID19 funds. This amount went towards health sector coordination, resourcing, improvement of facilities and other requirements under the State of Public Emergency (SoPE).
- 1.4 The Office of the Auditor General (OAG) as the primary external oversight body on government spending, plays a critical role in ensuring transparency, accountability, and inclusiveness in the use of emergency funding, such as COVID-19 funds, and has the mandate to examine public accounts and records.

2. What we looked at

- 2.1 This audit has reviewed whether the MHMS' procurement activities for disaster relief complied with applicable Acts and Regulations and has also assessed the transparency, accountability and inclusiveness (TAI) of the SIG compliance framework in public procurement and procedures.
- 2.2 The OAG conducted this audit in accordance with International Standards for Supreme Audit Institutions (ISSAI) namely the ISSAI 400: *Compliance Audit Principles* and ISSAI 4000: *Compliance Audit Standard* issued by the International Organisation of Supreme Audit Institutions (INTOSAI).
- 2.3 The objective of the audit was also to assess whether the Ministry's procurement for disaster relief complied with required procedures, and in accordance with the principles of transparency, accountability and inclusiveness. These procedures included the Public Financial Management Act (PFMA), the Financial Instructions (FIs) and the Solomon Islands Government Procurement and Contract Manual 2013 (PCAM).

- 2.4 The urgent requirement to provide a response to COVID-19 meant that there was pressure to accelerate normal procurement processes. When this happens, there is an inherent risk that funds are not spent in the most systematic, productive, and fair way. Spending these funds under emergency circumstances heightens the risk of misallocation, irregularity, misappropriation, wastage, and corruption. Even during a national emergency, public funds should be protected and a requirement to conduct business more quickly does not mean that internal control may be discarded.

3. Summary results

Transparency

- 3.1 The Solomon Islands Government public procurement guidelines were found to be accessible in the Ministry during the SoPE. There were no new Regulations issued relating to procurement but there were orders and memos from the MoFT to limit spending on non-essential goods or services. During the SoPE, significant procurement procedures including procurement specifications or evaluation requirements were curtailed. Generally, an officer in the Ministry selected a supplier and asserted that supplier had the technical and financial capacity to provide for items or do refurbishment work, a single quote was obtained and significant procurement documentation was only prepared after work already done. There was no advertising process and no announcement of which vendors were engaged for major procurements. There was no documentation explaining the selection of particular vendors. There was often insufficient documentation or information regarding the justification for a bid waiver which added to the lack of transparency in decision making.

Accountability

- 3.2 In the sample tested, OAG identified transactions that did not comply with financial requirements in the tendering and awarding for contracts including not implementing the required competitive quotation/tendering process without an appropriate waiver, awarding contracts to businesses which did not have a valid or current business registration and failing to maintain adequate supporting documentation for transactions. Many procurement activities took place before the necessary authorisations and approvals were signed, which meant internal controls were not complied with, which creates a lack of accountability.
- 3.3 The identification of these deficiencies in a relatively small sample indicates that internal controls cannot be relied upon to ensure that procurement will achieve best value for money or eliminate the possibility of conflict of interest and misuse or misappropriation of public funds.
- 3.4 OAG also found that the Ministry was unable to provide records associated with procurement transactions, particularly in relation to the decision-making process around what to procure, how to procure and who to procure it from, but also basic transactional documentation such as purchase requisitions, delivery dockets and evaluations reports. Compliance checklists which are used to ensure that all controls have been implemented, were also not available for all transactions.
- 3.5 Excessive use of imprest accounts by the Ministry was convenient for rapid purchasing but meant that key internal controls to ensure value for money and integrity were not fully effective.

Inclusiveness

- 3.6 Guidance suggests that marginalised or minority groups should not be discriminated against but written responses from the Ministry highlighted that existing procurement guidelines do not have special provision for groups that are categorised as vulnerable, marginalised or any

minority group. When reviewing samples there were no transactions where inclusiveness appeared to play a role in any of the key decisions in the procurement process.

4. Recommendations

Finding 1

- 4.1 The frequent use of bid waivers meant there was a significant increase in sole source procurement but the Ministry provided no guidance to its staff on managing the risks associated with this.

Recommendation 1

- 4.2 MHMS should provide detailed guidance to its officers highlighting the extra risks associated with sole-source procurement and introduce measures to ensure those risks are managed, including requiring that no action is taken to engage with suppliers in a sole source situation until a bid waiver has been approved by the appropriate authority and that the reasons for selecting a specific vendor are fully documented.

Ministry Comment

- 4.3 The ministry highlighted that the context of this occurrence, the pandemic, their roles, resource allocation or mobilization including legislative guidelines in protecting the country is limited, challenging and with many gaps. Since this is the first in the Solomon Islands history, the ministry acknowledges their resort to mobilising resources through available or existing procurement guidelines as per the PCAM for a Bid Waiver request.
- 4.4 Moreover, the ministry is under pressure in providing goods and services needed. the management also acknowledge the limited institutional guidance so have to sole source to accommodate the procurement needs to timely delivery of goods and services.
- 4.5 The ministry suggested that the following practices will required in implementing the recommendation:
- All accountable officers to access to the new SIG PCAM 2022 and PFM regulations 2021
 - The ministry will issue a circular on the importance of procurement processes and the risks of single sourcing and prearrangement of suppliers
 - Ensure that appropriated authority endorsed bid waiver through MTB before any procurement needs implemented
 - Organised in house training for relevant staff to understand procurement and the associated risks
 - Clear roles and segregation of duties for PS and relevant accountable officers during pandemic

Finding 2

- 4.6 The use of bid waivers meant that processes which would normally be applied in a tender situation were not, reducing transparency and increasing the risk of loss or waste.

Recommendation 2

- 4.7 MHMS should ensure that in a bid waiver situation, all other controls that would normally be applied in a tender situation are implemented including drafting a comprehensive specification, requiring decision makers to complete a conflict-of-interest declaration and only placing contracts with registered businesses.

Ministry Comment

- 4.8 Management has agreed to implement the recommendations by doing the following:

- All procurement proposal to have detailed specification
- All account or procurement officer to ensure specifications are documented and communicated to relevant authority or requirement for feed back
- Ensure conflict of interest declaration completed for all technical evaluation committee
- Ensure companies or suppliers are registered before engaging them with government contracts
- Seek guidance from MoFT and explore available instruments for future pandemic

Finding 3

- 4.9 The audit found many instances where necessary approvals and key documents were obtained or prepared after the fact, leading to a greater risk of loss or fraud.

Recommendation 3

- 4.10 MHMS should implement performance management components, from training and supervision up to disciplinary action, to ensure that relevant approvals and documentation for procurement are completed prior to commencing actions that rely on those approvals and documentation. For example, specification before PR, PR before purchase order, contract before commencement of work and so on.

Ministry Comment

- 4.11 The ministry has agreed to the recommendation but has argued that the declaration of SOPE has put pressure on every mechanisms and controls. The priority during the SOPE is to deliver goods or services on time. However, they acknowledged that proper documentation is overlooked.
- 4.12 Further the ministry proposed to do the following to implement recommendations:
- In house training for procurement and financial processes as per incorporated in the new MHMS National strategic plan 2022 in key priority area
 - Establish a disciplinary committee
 - Organise refresher workshop for its HODs and new staff focusing on procurement processes and proper documentation

Finding 4

- 4.13 Documentation surrounding key decisions such as bid waiver justification or vendor selection was inadequate or not prepared, reducing accountability.

Recommendation 4

- 4.14 MHMS should ensure that officers prepare accountability documentation for procurements to an appropriate standard including justification for bid waiver applications, reasons for selecting particular vendors, requirements specifications and evidence of full provision of goods or services.

Ministry Comment

- 4.15 The Ministry has agreed to the recommendation and has proposed to do the following:
- The ministry will include the preparation of bid waiver in its training, coaching and mentoring in house training session.
 - The ministry will improve the link between the officer requesting the service and the procurement officer in improving the quality of the accountability documents.
 - We will improve on the way we write justifications for bid waiver and reasons for selecting a particular vendor. Making sure that the vendor is registered.
 - We will make sure that the copies of the procurement manual and its regulation is available to officers.

Finding 5

- 4.16 Documentation management was inconsistent with some documents not able to be found, signatures of authorising officers varying from document to document and handwritten changes to documents after signature.

Recommendation 5

- 4.17 Where significant errors are made in documentation MHMS should ensure that documentation should be recreated and reauthorised rather than being changed by hand and copies of all key documents which support payments are maintained in the Ministry. MMHS should ensure that key signatures have been verified before documentation is sent to MoFT for payment.

Ministry Comment

- 4.18 The management has agreed to the recommendations and has proposed to do the following:
- The MHMS will comply by taking a sample of all key signatures of the accountable officers in the ministry.
 - The ministry will through the offices of the HODs, Accounts and Procurement, will address this. Where major errors are noted, the request will be cancelled and instruction will be given to recreate and re submit proposal.
 - The ministry through workshops and conferences and supervisory tours and on a one to one basis with officers will remind officers of this recommendation.

Finding 6

- 4.19 Major purchases were made from standing imprest accounts, even above the tender threshold, which resulted in significantly reduced accountability and transparency.

Recommendation 6

- 4.20 MHMS should ensure that standing imprest accounts are only used for small, frequent purchases as specified in the Financial Instructions and not used for larger procurements particularly those which would normally go to tender.

Ministry Comment

- 4.21 The ministry has agreed to the recommendation and has proposed to do the following:
- The ministry will ensure stringent check on payments through the office of the Financial Controller and Imprest Officer.
 - Any payments that would normally go through tender will have to go to tender following the procurement process relating to it.
- 4.22 The responsible authorising ministries must ensure updated controls and compliance check for use of imprest account is clearly articulated.

Finding 7

- 4.23 Although one of the stated principles in the use of public resources is defined as being to support the acquisition of goods or services or both to advance community equality and provide economic opportunities for Solomon Islanders, including women, youth and people with disabilities, OAG found no evidence of any effort to engage with these minorities.

Recommendation 7

- 4.24 MHMS build consideration of inclusiveness into its procurement processes, seeking to provide supply opportunities to minorities where possible

Ministry Comment:

- 4.25 The ministry commented that they have been a major advocator for the vulnerable or minority in their programs and activities. Further confirm that tender processes is gender neutral and open for all Solomon islanders. In moving forward to implement the recommendation they prosed to ensure processes and decisions are transparent and inclusive. They also indicated that distribution of resources addresses the minority needs where emergency arises.

5. Conclusion

- 5.1 OAG has acknowledged the ministry's effort during the pandemic and recommends that the ministry devise action plans to properly implement their agreed actions including timeframes and who is accountable.
- 5.2 The ministry will also need to liaise with MOFT to amend areas in the procurement processes to accommodate some of the agreed actions. Proper documentations in selecting, contracting and negotiation with available suppliers is also needed.

- 5.3 OAG observes that MHMS has been made generally compliant with the requirements of the Financial Instructions and the PCAM but in some cases only after the procurement has been finalised.
- 5.4 There appear to be no regulations or instructions issued that allowed it to ignore proper procurement practices, but rather than look for ways to accelerate processes, MHMS seem to discard them when not convenient, completing them as a paperwork exercise so as to facilitate payment for work that had been commissioned and completed well before this paperwork was done.
- 5.5 Under the law, an action that is not properly authorised at the time it is carried out is not made legitimate by retroactive authorisation. MHMS should endeavour to work in compliance with required procedures, even where those procedures are made more onerous by the prevailing environment.
- 5.6 The extensive use of the imprest account for larger purchases is also a concern as this facility has fewer controls and safeguards than normal procurement.

6. Audit scope and methodology

- 6.1 The audit scope included all expenditure incurred in the period of April to December 2020 by the Ministry. These expenditures involved the procurement of works, goods and services, maintenance and consulting services.
- 6.2 This was a compliance audit with testing focussed towards high-risk transactions and areas of non-compliance. The criteria used in the audit were sourced from Chapter 7 of the interim Financial Instructions, 2014 and the PCAM and include:
- A procurement plan must be developed for large or complex purchases;
 - Agencies must ensure that there is a genuine need to procure which cannot be met by existing resources;
 - Procurement specifications should be identified and purchase requisition must be raised and approved for every procurement;
 - Procurement must be conducted in accordance with quotation/ tendering procedures including, where appropriate, procedures for waiving the competitive process;
 - Contracts must be managed to ensure that goods/services are received and are as contracted and fit for purpose;
 - All records associated with procurement transactions are securely maintained and made available for audit as required
- 6.3 The audit was undertaken using a risk-based approach, identifying areas and activities which represented a higher level of risk and methodologies included:
- interviews with key personnel;
 - review of relevant documentation;
 - quantitative and qualitative analysis of data and sample testing; and
 - conducting asset inspections to ensure the existence of assets and verify their condition.
- 6.4 The audit was conducted in accordance with the International Standard of Supreme Audit Institutions for Compliance Auditing [ISSAI 4000].

7. Detailed Audit Findings

The Covid 19 Preparedness and Response Plan could have been made public

- 7.1 Procurement rules are set out in the Financial Instructions, the Procurement and Contract Manual and in various Memos issued by MoFT. The PRP, which was not made publicly available, broadly indicated what procurement needed to be undertaken in advance of procurement commencing, however this did not show the detail of precisely what was to be procured. The PRP did indicate a wide range of procurement actions by the Ministry at a macro level, from improvement to health facilities and quarantine sites to refurbishment of the upgrade of the Intensive Care Wing at the National Referral Hospital and if it had been made public would have provide greater transparency and reassurance to the people of the Solomon Islands.
- 7.2 ***If the PRP had been made public, vendors would have been aware of potential supply opportunities and the public more aware of the Government's plans to deal with the pandemic.***

There is transparency around procurement rules but individual decisions were not made public

- 7.3 Government procurement guidelines are available at every Ministry. Interested parties can easily access these guidelines from government procurement departments. These guidelines also provide some provisions relating to procurement during a state of emergency by advising of the potential for bid waivers to be approved. However, under the SoPE there is no published information relating to waiving of other normal procurement procedures and there is lack of information provided regarding procurement rules that should apply during the SoPE. There was also no additional guidance issued about how Ministries should manage the additional risks associated with a much higher number of sole-source procurements.
- 7.4 All significant COVID-19 related procurement procedures were subjected to the bid waiver process and so there was no tendering. Because there was no tendering process there was also generally no advertisement of supply opportunities as the Ministry enquired directly with chosen suppliers.
- 7.5 OAG found that the Ministry did issue a Standard Operating Procedure (SOP) for accessing funding support for proposed projects related to COVID 19. This SOP focusses on information about the need to procure and confirming funds availability, but does not provide information on what constitutes adequate justification for a bid waiver or vendor selection or additional documentation requirements around the selection decision.
- 7.6 The use of the bid waiver means there was no publication of tender documents so the public was not aware of what major procurement was being actioned, what the specifications were for that procurement or which suppliers were awarded contracts.
- 7.7 For example, the refurbishment of the Multipurpose Hall into an Isolation Ward was contracted at a cost of \$4.7 million but there was no documentation supporting the selection of the specific vendor chosen to do the refurbishment. The first documentation available for this project was a letter from the vendor on 5 October advising a contract price and also indicating that work was well underway. This means that work was started even before a contract price was established. Three weeks later on 26 October 2020, PS MHMS indicated to the Oversight Committee that this refurbishment work was 95% complete, but a Purchase Requisition was not signed until 20 November 2020. Neither the availability of this contract nor its award was publicly advertised.
- 7.8 The procedure used to select vendors in non-competitive procurement is also not documented and neither is the reasoning for individual selection decisions.

The widespread reliance on bid waiver submissions weakened internal control

- 7.9 Section 2.7 of the PCAM and FIs Ch 7(P7 7) stated that a bid waiver may be available under the SoPE and if approved this means competitive procurement procedures are not required. The bid waiver application must be supported by valid reasons and justification with appropriate authorisation by an accountable officer.
- 7.10 The PCAM provides clear instructions and sets out internal controls for procurement over the tender threshold, including the use of tender evaluation committees. The PCAM does

allow for the bypassing of competitive procurement practices through the use of a bid waiver application if a public emergency is declared.

- 7.11 Competitive procurement practices automatically initiate a range of key control activities including the creation of a detailed requirements specification, advertising to the public that a particular procurement is to occur, identification of potential suppliers, detailed analysis of the capacity of bidders to fulfil that requirement and the ability to compare what is delivered to a detailed specification.
- 7.12 *COVID related procurement by the Ministry was not observable to the general public and could not be called transparent.***

Risks resulting from the availability of a bid waiver were not well managed

- 7.13 The majority of PRP related procurement transactions tested relied upon bid waiver applications, but some went ahead without an application or prior appropriate authorisation. For instance, for payments between \$10,000 to \$100,000, of the seven transactions examined, five of them did not go through the Accountant General (AG) as required and only two went through the CTB. One did not have a bid waiver because it was initiated in 2019 before the SoPE. In other cases where a bid waiver application was submitted, procurement went ahead before the waiver was granted.
- 7.14 OAG noted that neither MoFT nor the Ministry issued any implementing guidelines regarding the process around granting of a bid waiver and just relied upon the general statement in the PCAM that requests for a bid waiver application should be justified. Some information regarding use of bid waiver can be found in the PCAM and FIs Chapter 7 as well as circulars and memos from MoFT, but there is no detailed description of what might justify a bid waiver. This means that “Because of SoPE” may have been all that was required to support a bid waiver when officers should have been required to describe why it was not possible to seek bids or go to tender in each instance. The urgency of some requirements may have required a bid waiver but in less urgent cases there may have been time to go through a normal procurement process.
- 7.15 In order to achieve effective internal control, there is a requirement to process documentation in accordance with the documented procurement timeline. OAG has found that the Ministry commissioned businesses to start work on Ministry projects with no competitive bidding process and before bid waivers had been approved. Ministry staff maintained that this was due to the urgency of work under the SoPE.
- 7.16 *The existence of an urgent requirement should mean that controls are applied with urgency, not discarded.***

The use of bid waivers meant other key controls were often not applied

- 7.17 Other significant documents that are required, irrespective of whether a bid waiver has been approved, include a requirements specification, Procurement Requisition, a contract (where applicable), a bill of quantities, an invoice, certification that work has been completed to the required standard, a compliance check from MID (where applicable) and MoFT, and a Payment Voucher (PV). In many cases these documents were produced long after the date work had been completed as shown on the certificate of completion or the goods had been delivered. In some cases, the Ministry was unable to provide required documentation. For

example, 16 contracts were issued for the refurbishment of the isolation ward at the NRH in March 2020. The certificate of completion for this work was issued on 10 April 2020. The Purchase Requisition or these procurements was signed in 16 June 2020, as was the bid waiver. If required authorisations and approvals are not obtained before work has been done or goods have been accepted, the Government has no choice but to pay the vendor, so applying the internal controls at that point does not have any meaning.

- 7.18 The Ministry stated that these activities were requested to be completed in a given time frame to and therefore most of the documentation was completed at a later date. OAG notes that internal controls do not just apply when it is convenient. The appropriate response to the urgent situation was to put more effort and, if necessary, resources into completing control activities in the correct order, not to discard them until after the procurement was complete. Also, in the case of the isolation ward refurbishment, the Bid Waiver for 15 procurements totalling \$2.4 million was approved by the PS MHMS even though this authority rests with the Central Tender Board.
- 7.19 The failure to implement controls prior to undertaking procurement is a significant breakdown of internal control and the Ministry should take steps to ensure that it does not happen again. The processing of documents after goods have been delivered, services provided or work done means documentation is not a reliable indicator of what actually happened and does not provide transparency in decision making.

Detailed requirements were generally not prepared

- 7.20 The use of bid waivers during the emergency period meant that no bidding document was prepared to provide tenderers with a detailed requirement and there was no detailed evaluation process of potential offers. OAG have not sighted any tender evaluation reports while examining the sample procurement documentation and MTB minutes. This has also resulted in reduced accountability because the absence of a formal bidding process means that it is not generally possible to identify who made key procurement decisions.
- 7.21 OAG have found after reviewing sample documentation that specifications as well as scope of duties as per the BOQ were general. The absence of more detailed specifications and bidding process does not allow officers to make comprehensive analysis for the quality and value for money of the goods, service or works requested. The procurement team advised that before selecting the preferred supplier, they called the supplier before going to the selected supplier for a single quote to support the procurement.
- 7.22 MHMS's largest procurement was the refurbishment of the Multi-purpose Hall discussed above. The National Infrastructure Manager provided the costed Scope of Works to the PS MHMS for approval on 6 October 2020, the day after the contractor advised that it had its construction team 'working 16 hours a day.' The Scope of Works appears general rather than detailed and does not appear to include technical or performance standards. There also appears to be no contract for this work to provide detailed specifications to protect the Ministry's interests.
- 7.23 The PCAM provides that 'it is then necessary to prepare specifications for the required goods/service. A specification is a clear, complete and accurate statement of the particular technical needs or essential characteristics of goods/works/services that SIG requires.'

- 7.24** *OAG emphasises failing to develop a detailed specification and appropriate evaluation criteria, even in a bid waiver situation, leaves the Government open to a significant risk of loss or waste or being unable to provide effective services.*

There was no additional guidance to provide regarding the risks associated with single sourced procurement

- 7.25 The application of a bid waiver removes the requirement to provide three quotes or tenders and competitive bidding for all levels of thresholds and a preferred supplier approach was used so the tender was either restricted or closed except to selected suppliers that the Ministry considers have the facility, financial or technical capacity or stock. Further, there is no requirement that requires officers or vendors to provide the information or documentation to support this decision making.
- 7.26 The internal control implications for using a bid waiver include:
- There is a risk of not being transparent on decision making where supporting documentation is not provided
 - A failure to develop detailed specifications so the nature or quality of goods, services or works may not be what is expected and there may be an inability to assess whether they meet the requirement
 - Error in judgement or analysis may not be picked up before the procurement decision is made because of lack of supporting documentation.
 - An absence of audit trails around decisions which may involve corrupt practices means these will go undetected.
- 7.27** *The declaration of an SoPE resulted in a much larger number of sole source procurements than would normally happen and MoFT and/or the Ministry should have provided guidance to compensate for these potential internal control weaknesses.*

Supplier selection decisions were not documented.

- 7.28 OAG could not verify if suppliers were selected because they have established accounts with them as described in the PCAM, or for some other reason. Ministry responses and information in bid waiver applications indicate that officers have asserted that suppliers or contractors have the technical and financial capacity to carry out required task in the short period of time, but the OAG was not provided with any supporting documentation to justify this assessment, or analysis of their financial and technical capacity. In many cases, vendors appeared to be selected by a single officer with no documentation of the reason for the decision. There was generally no supporting documentation provided to know if the Ministry had enquired with other suppliers or contractors before picking the preferred one.
- 7.29 In the case of properties rented for quarantine accommodation there is a lack of supporting documentation to verify why particular properties had been selected as quarantine centres which met the 'liveable condition' requirement as designated by the WHO.
- 7.30 The Ministry also advised that procurement related to COVID19 activities was informed by the procurement guidelines issued by MoFT and that financial matters are informed by the PFMA and the Financial Instructions. Instead of a competitive selection process, the key control in the procurement process became consideration of the bid waiver application by

CTB. Other controls are the authorities and delegation of duties to the PS, Accountant General and other accounting officers that are involved in the process. OAG notes that in many cases these authorities and delegations were exercised after the fact of the procurement.

- 7.31 *The failure to document reasons for selecting a single supplier meant that decision-making before work started or goods were delivered was invisible, so one-one may be held accountable for those decisions.***

Suppliers did not have to be registered

- 7.32 The PCAM, S4.8, provides that to be considered in a tender process, vendors must be registered with the Companies Haus. There are three classifications of registration: Business, Companies and Foreign Investments. This provides some protection the Government in that business must have some sort of formal structure and are less likely to quickly disappear if something goes wrong with procurement. Also, in order to remain active, the registered companies or businesses needs to schedule annual return filings. The Financial Instructions require that procurements over \$200,000 must go to tender. This means that in the normal course of events, all vendors for procurements over \$200,000 will be registered.
- 7.33 As there were no tender process involved in these procurements, there was no specific requirement for chosen suppliers to be registered under S4.8 but the intent of the provision is that business providing goods and services to the Government should be registered. OAG found that six of the fourteen businesses which were engaged to provide goods and services through normal procurement system were not registered with the Company Haus. Although the OAG did not test the registration of the businesses paid through the imprest system, there was no evidence that the Ministry checked to see if a business paid using imprest was registered.
- 7.34 This issue has been addressed by the new Financial Management (Procurement) Regulations 2021 which provide that any suppliers of goods and services must be registered with the Companies Haus.

Conflict of Interest Declarations were not provided by procurement officers

- 7.35 S94 of the Constitution provides that public officers should avoid actual or perceived conflicts of interest. The PCAM provides that members of Tender Evaluation Committee must sign a Declaration of Impartiality and Confidentiality to indicate they have no such conflicts. The Financial Instructions provide that *'no Purchase Requisition can be prepared that will benefit the officer who certifies or authorises the Payment Request form.'*
- 7.36 Existing guidelines for public procurement do not require officials involved in the procurement process to disclose their assets and financial interests unless they are a member of a Tender Evaluation Committee. The Ministry confirmed that only the Tender Evaluation Committee are required to sign a Declaration of Impartiality and Confidentiality before tender evaluation as per PCAM section 4.7. The use of bid waivers meant that there were no Tender Evaluation Committees and therefore officers involved in the millions of dollars of procurement were not required to declare they had no conflict of interest. In many cases it is not even possible to identify who made the key decision to engage a particular supplier, because the decision-making process is not documented. OAG has not sighted any declaration form in relation to any of the transactions tested.

- 7.37 Generally, under the SoPE there was no additional requirement that public officers disclose their assets or personal relationships that might give rise to a conflict on all procurement procedures. OAG could not assess whether officers had a conflict of interest because there is no formal requirement to address this. This raises the risk of a lack of transparency in the decision making and may create a perception of cronyism or corruption.
- 7.38 This lack of controls to identify conflict of interest means;
- there is a risk that undisclosed conflict information not been revealed and entered in the system
 - any officers involved in the public procurement process may have conflict of interest
 - waste of resources for goods, services or works if there is corruption by public officers
 - there is lack accountability as officers do not declare a relationship to the vendor during the decision-making process
- 7.39 The PCAM does not envisage a situation where a large number of significant procurements could be done without tendering. However, when the SoPE was declared, either MoFT or the Ministry should have recognised this control weakness and introduced a requirement for officers making these important decisions to declare they had no conflict of interest. Responsible authorities should ensure that public officers disclose their interests, asset or relations when involved in the public procurement processes.
- 7.40 *A sound general principle to prevent even a perception of impropriety is that all officers involved in a procurement should declare that they do not have a conflict of interest. This includes not just members of formal committees such as the MTB, CTB and TEC, but anyone who makes a decision regarding whether public money should be spent, what should be procured and who it should be procured from.***

Lack of control over the pace of expenditure risks cash flow difficulties

- 7.41 The Budget Unit confirmed that there were no rules or regulations to authorise any budget changes, specific ceilings or budgets caps for related COVID19 activities. In the Budget development process for 2020, commitment ceilings were based on Contractual Commitments, Government/Donor Commitments, Supporting Contract documents and Government plans. However, since COVID19 was not envisaged within these ceilings, the PRP was developed with commitments allocated for various COVID19 activities and responsibilities. Changes in any of these commitments on the PRP came from authorities including the PS Finance or the Oversight Committees.
- 7.42 In the 2020 Supplementary Appropriation Bill 2020 (No.4 of 2020) funds were diverted to frontline Ministries and to the Economic Stimulus Program, balanced by cuts in the Budgets of non-frontline Ministries. The emergency funds provided to the Ministry were included in the 2020 Supplementary Appropriation Bill passed in September 2020, although \$19 million was provided to MHMS via Advance and Contingency Warrants before that date. There appeared to be no constraints on spending all of these funds quickly, so there was a danger that the Government may not have sufficient cashflow to pay the vendors in a timely manner. Many vendors approached the media in the second half of 2020 to complain about slow payment of their accounts by the Government. MoFT issued circulars in August 2020 and again in October 2020 advising of severe cash flows shortages and advising that non-essential expenditure was prohibited.

- 7.43 The best way to manage the pace of expenditure is for either MoFT or the Ministry to phase the release of funds which would mean that the most urgent things will be done first and less urgent procurement will be undertaken when more funds are made available.
- 7.44 OAG is aware that even in normal circumstances, the slow processing of payments is an ongoing issue which results in payments being placed in queue for payment awaiting availability of cashflow. OAG considers that phasing of expenditure and management of cashflow are a whole of Government issue best addressed with the MoFT but Ministries need to manage their own cashflow to ensure that they have enough funds available to operate effectively to the end of the financial year.

The widespread use of imprest accounts weakened internal control

- 7.45 Standing Imprest accounts are accounts which, according to the Financial Instructions are for a specific, but on-going reason and are used to make *'small, frequent payments that it is not practical or convenient to pay through Treasury'*. A Special Imprest account is a personal advance to the account holder for a specific purpose and must only be used for that purpose and be outstanding for the shortest possible time. A Standing Imprest must be retired at the end of the year whereas it is the responsibility of a Special Imprest holder to account for and retire the Imprest by a date agreed when the Imprest is issued.
- 7.46 The Ministry has established a Standing Imprest to make Covid-related payments more easily, however the imprest holder is not a real person but is recorded as the Emergency
- 7.47 Response Fund Standing Imprest, so responsibility for retiring the imprest is not vested in a specific individual. One of the key internal controls around imprest accounts is the ability to hold the imprest holder accountable for the funds advanced. The Financial Instructions provide that when the Standing Imprest holder does not fully account for and retire their Standing Imprest, the unpaid part of the Advance against the Standing Imprest holder in the SIG accounts will be recovered by salary deduction.
- 7.48 This Standing Imprest was also used to establish many Special Imprest accounts where cash was advanced for various projects but because these Special Imprests are not controlled by MOFT it is not clear whether the requirements of the Financial Instructions relating to Special Imprests have been applied. For example, P7 69 requires that *'a Sub-accountant must have formal approval from the PSF before any Special Imprest can be issued.'* but it is not clear if MHMS has received this approval in each case.
- 7.49 The PCAM advises that payments made via imprest accounts are outside of the scope of the Manual. They are therefore not subject to the normal procurement controls outlined in that Manual. The Financial Instructions provide that payments made from imprest accounts do not need to be supported by a Purchase Requisition but must be supported by an official receipt for the goods or services acquired. The term 'official receipt' is not defined anywhere so the imprest holder is left to determine what constitutes an official receipt.
- 7.50 At the first meeting of the Oversight Committee when members of the Committee were considering what action may be necessary to speed up the procurement process one member offered that *"using standing imprest is easy and fast for payments"*. (26 March 2020). This is indicative of what appears to be a widespread view.
- 7.51 ***An imprest account is not supposed to just be a way of getting around inconvenient internal controls for procurement of any value.***

- 7.52 MHMS spent over \$11 million of its Covid 19 related expenditure through imprest accounts. This enabled the Ministry to ignore even basic controls over procurement. One example demonstrates the risks associated with avoiding the usual internal controls.

Imprest Case 1

On 25 May 2020, Company A provided an Invoice for \$99,500 to the National Referral Hospital. The invoice was for 200 Pillows with Mactinosh material at \$400 each and 150 blankets at \$130 each. Macintosh pillow cases are a pillow case designed for re-use in health settings. They are made of a breathable PVC-fabric material as used in Macintosh raincoats. They are available from health service suppliers in Australia for \$AUD5-6 or around \$30 SBD. They are not a PPE item, just normal hospital equipment. OAG noted that in a transaction reviewed while auditing NDMO, another supplier provided pillows at supplier to NDMO for quarantine sites at \$35 each. Even assuming a 100% freight charge for importing the Macintosh pillow cases into the Honiara, the total cost of a pillow with a case made of Macintosh material should be less than \$100, not \$400. Another business provided blankets for quarantine sites at \$87 each, so the blankets provided to MHMS in this case were 50% more expensive.

The audit trail for the transaction does not provide evidence of robust control. Following receipt of the Invoice/Statement from Company A, on 16 June a letter was sent by a single officer requesting Pillows and Blankets for the NRH 50 bed Isolation facility and Triage facilities as well as for 45 beds in Honiara City Council's 9 clinics. This letter was accompanied by the Company A's invoice/statement. There is no explanation as to why Company A had been selected at this stage and no analysis of the bid or the prices to be paid. This letter has been endorsed by the Hospital Secretary and the Incident Controller, both on 18 June 2020.

MHMS has introduced an SOP for access funds for Covid 19 operations. This required a Request Proposal Template to be completed. This template only seeks information about the requirement (name of activity, MHMS output, goal, objective, key area, location, scope, expected output, timeframe). The SOP does not require information about specifications or supplier selection. The completed Proposal Template in this case was endorsed by the Incident Controller, N-DOC on 24 June 2020 and the PS of MHMS on 2 July 2020.

The accompanying letter to the PS MHMS asserts that Company A is the only supplier providing hospital standard items. The items being provided are not restricted in any way and any company importing general goods in Honiara would have been able to source these items. It is possible to buy them over the internet. Company A does not seem to be in the business of providing medical supplies so it is not known how it just happened to have 200 Macintosh fabric pillow covers lying around waiting to be purchased. There was no indication that any other supplier was approached to see if they could source these items at a less exorbitant price. At no stage did anyone in the process seem to notice that paying \$400 for a simple pillow with a PVC-material cover was excessive.

It is also noted that Payment Voucher was **checked by Individual A** for MHMS on 9 July 2020.

Individual A was also named on the original Statement/quotation from Company A as the **preparer of that document**. **Individual A** also signed the Company A receipt for the funds which included the Company A Company Seal. **Individual A** appears to **work for both Company A and MHMS**. MHMS advised that **Individual A** worked as a **casual driver** for the Emergency Department so it is not clear why he would be checking Payment Vouchers. It was also noted that no additional invoice was received from Company A after the initial statement/invoice on 29 May and there was no delivery docket to show the items had been delivered.

Imprest Case 2

Company B was engaged to provide security services at Guadalcanal Beach Resort from 24 March 2020. The first month's payment was made via imprest account and the second month's payment was included in OAG's test sample. The payment for 24 April to 24 May was for \$90,000. A letter in the transaction documentation indicated that the Camp Management Committee had entered into a contract with Company B from 24 May 2020. There is no documentation to indicate that any form of competitive process was used to engage Company B or that any contract existed before 24 May 2020. There is a bid waiver request dated 15 June and approved by the PS MHMS on 16 June, but not by the Accountant General as required by Finance Memo 479/5/1 of 26 February 2016.

There is no evidence of a competitive process for this engagement nor does any sort of due diligence appear to have been carried out regarding Company B. This contract transitioned into a longer-term engagement and MHMS paid another \$185,000 for the next two months of services through the MoFT payments system without further competitive tendering.

When the MOFT Financial Controller received an invoice from Company B for the services provided up to 24 May 2020, he had to query Camp Management if they had actually provided these services. A Purchase Requisition was eventually signed for the April-May services on 29 June 2020 and the account was paid from the Imprest Account on the same day.

There is no documentation on the original decision to engage Company B. There were no approvals of any kind in advance of the engagement. There is no evidence of any due diligence regarding Company B. There is no documentation of the services they provided - no time sheets, no guards names; no sign off sheets by camp supervisors.

By the time the PS MHMS approved the Bid Waiver, the deal had been done, the services had apparently been provided and the account had to be paid.

7.53 Over the course of 2020, MHMS made payments of over \$11 million through Standing Imprest accounts and almost \$10 million of this was paid through the Emergency Response Fund Standing Imprest. The largest payment was for \$255,900 which would not seem to meet the imprest definition of "small, frequent payments". The largest Special Imprest established from this Standing Imprest Account was \$97,394.

7.54 Documentation was not available for all imprest transactions but what was available indicated there was almost no internal control over these transactions and using the imprest account meant that there was no scrutiny by MoFT either. To reiterate the Financial Instructions, imprest accounts are meant to be for small, frequent transactions. Many of the imprest transactions paid for by MHMS, and reimbursed by MoFT, do not meet this description and the risk of loss, waste or impropriety around these transactions has increased dramatically as a result.

7.55 *The frequent use by the Ministry of imprest accounts to make larger payments is not in accordance with the Financial Instructions and avoids key controls in the procurement process.*

7.56 Also, MHMS appeared to have issued several Special Imprests from the Standing Imprest Account. It does not appear that PSF has approved the issue of these Special Imprests. For example, a form was completed for the issue of a Special Imprest of \$15,000 to pay allowances for a tracking survey in the Ngella Islands and there is no evidence that this was approved by PSF but the imprest was issued. Such approval is mandatory under the

Financial Instructions so on each occasion that this was done, MHMS is in contravention of the Financial Instructions.

Procurement Documentation

- 7.57 Procurement documentation was not consistently maintained and did not ensure compliance with internal controls.

Manual correction on forms and other significant documents

- 7.58 OAG verified that all approved payments made through the normal payment system have gone through the required procedures, however in some cases amounts in the payment vouchers were manually changed and not resigned or reprinted. Where such changes were initialled, it was not always clear if the Accountable Officer was responsible.
- 7.59 Where there is a change to the amount on a key document, there is no requirement to test whether the changes reflect the total value proposed by the contractor or approved by the relevant Ministry staff. There also no monitoring mechanism aside from the compliance check from MoFT and no penalty for non-compliance. This existing compliance check involves manually reviewing of all paperwork and supporting documentation but such things may be easily created. In a time of emergency, manual changes to documents increases the risk of loss or waste.
- 7.60 The Financial Instructions provide that minor corrections to Purchase Requisitions may be made by ruling through the incorrect entry neatly, so that the original entry can still be read, and the correct entry inserted neatly above, and the correction initialled by the AO or his delegate. Corrections to Payment Vouchers must be by treated in a similar way and initialled by the Ministry Accountable Officer. Where the change is significant, particularly if the correction is to the vendor name or bank account or is a significant change to the amount, the most secure response is to prepare a new form with the correct data and have it signed by the appropriate authorities.

Incomplete and missing original procurement documentation

- 7.61 Procurement regulations were not amended during the SoPE, so controls still applied with regard to such documents as EFT forms authorisation, bid waiver forms, CTB/MTB approval documents, work schedules and contract agreements. However, some of this significant documentation was not provided for the transactions tested.
- 7.62 For one contract for \$4,654,750 for the refurbishment of the Multipurpose Hall as an isolation ward, MoFT was not able to locate the original documentation for the payment. OAG obtained some transaction documentation held by MHMS but this was not complete. There was no compliance check list and no funds transfer advice. The Scope Of Works Schedule provided held by the Ministry was an illegible copy but did seem brief for a complex refit project. OAG was not provided with any documentation related to a bid waiver submission. Urgency of work was mentioned on the request letter there was no other supporting documentation and no approved bid waiver. A memorandum dated 6th October 2020 was sighted that mentioned specifications, drawing, scope of works, and costing, but the Ministry was not able to provide these documents.
- 7.63 Another payment was a total value of \$1,190,000 for motor vehicles was also missing original documentation from MoFT. There was no justification for the number of vehicles.

The Bid Waiver, PR and Payment Voucher referred to eight vehicles but this was reduced by the Accountant General to four. There is no clarification or supporting documentation for either initial number of vehicles or the reasoning for reducing the number of vehicles. Although the bid waiver application was completed, significant controls such as compliance checklist has not been completed by MoFT. No contract agreement or award letter was provided.

- 7.64 The decisions around these procurements were significant. Inadequate documentation of decisions and missing original documents is a failure by the Ministry to secure original documentation and maintain evidence of the implementation of internal controls.
- 7.65 *Inability to provide the OAG with full documentation to review transactions also indicates a major failure of accountability.***

Failure of signature verification controls

- 7.66 Authorisation of significant documentations by relevant officers as per PCAM and FIs in PV, PR, Bid Waiver Form, MTB Memo or contract etc has to be done in accordance with relevant delegations. S16 of the PFMA requires that delegation from an accounting officer must be in writing. In one transaction the contract agreement was signed by an officer other than the accounting officer with no supporting documentation to confirm that the officer had received a delegation as required by the PFMA.
- 7.67 It is important that approvals and authorisation only by signed by accounting officers with the appropriate delegation and that the system of checks and balances identify when an approval is signed by someone without the necessary delegation. For some of the transactions reviewed, the signature of the accounting officer appeared to vary from one document to another indicating the official authority to incur expenditure may not have been signed by the authorised officer (PS) in every case. Signatures should be verified against those on file and where they appear to be different the authorised officer should be queried to ensure he or she has signed the document.
- 7.68 Officers in both MHMS and MoFT should have gone back to the PS to ensure that she had signed each of the documents where the signature appeared to be different to her official signature. This was not done and places in question the validity of all such documents. This further implies that controls to monitor and verify authorised signatures are ineffective and increase the risk of misuse or loss of public money.
- 7.69 OAG's review of imprest expenditure was limited because documentation could not be found for most of the payments. Documentation goes to the Imprest Unit in MoFT for replenishment but that unit could not provide the documentation for the first six replenishments of the Emergency Response Fund Standing Imprest and the Ministry was also unable to supply this documentation.

Incorrect reporting of a transaction

- 7.70 OAG also discovered there is one payment not covered by the PRP, as it was a procurement done in 2019 for \$98,500 with CTB approval dated 30th May 2019, but was paid from disaster relief funds in August 2020. This payment involved purchase of outboard motors for various health stations in Isabel Province. This was not paid in 2019 because Isabel Provincial

Health did not have sufficient funds. MHMS had no 'disaster relief' funds in 2019, so when the transaction was initiated, it could not have been expected to be for 'disaster relief'.

- 7.71 MHMS took the opportunity to pay it from disaster relief funds in 2020 which meant that it was paid from funds appropriated for COVID 19 related activities, something that should not have occurred and the Ministry is in contravention of the Public Financial Management Act. If the Ministry wished to use disaster relief funds for non-disaster relief activity, a virement signed by the Minister to transfer funds from disaster relief to the account under which this expenditure occurred was required.

7.72 *Short-cutting of appropriation related procedures subjugates appropriation decisions made by the elected Government.*

- 7.73 The other significant concerns here are that Isabel Provincial Health purchased something it did not have the funds to pay for, and MHMS took 16 months to pay a vendor who supplied these outboard motors in good faith.

Inclusiveness is a guiding principle but this is not evidenced in practice

- 7.74 One of the 'Central Principles for the Use of Public Resources' outlined in the PCAM is 'Equity', defined as being to 'support the acquisition of goods or services or both to advance community equality and provide economic opportunities for Solomon Islanders, including women, youth and people with disabilities.
- 7.75 At the planning level, there is no provision to include identified vulnerable groups in Government procurement. Likewise, the function of tender board members is clearly stated in the PCAM and FIs Ch7 and there is no requirement that they include vulnerable in the public procurement process. Requested tenderers must have minimum requirements and must meet the government requirements to provide goods, services or works. OAG could not assess the evaluation and awarding process because all procurements in the sample tested were only sought from prominent businesses or preferred suppliers.
- 7.76 OAG's review of transactions did not identify instances where specific measures were taken to provide supply opportunities for women, youth or people with disabilities, but also did not identify any barriers created to prevent these groups taking advantage of the available opportunities. In the transactions reviewed, there was no evidence that women, youth and people with disabilities were the focus of specific consideration in Ministry procurement activities. During our testing of procurement documentation, the audit team did not find any transactions that involved vulnerable groups. Quarantine facilities, or medical support may benefit these groups but this has not been specifically identified in the transactions reviewed. The Ministry's planned COVID19 activities outlined do not specifically involve in any of these groups.
- 7.77 The written responses from the Ministry advised that Government procurement guidelines do not have special provisions for groups that are categorised as vulnerable or marginalised. The Ministry also said that MOFT has the responsibility for amending procurement guidelines in order to provide provisions targeting vulnerable groups. Since there is no provision for such identified groups in the procurement system, there is no mechanism available that monitors procured goods, services or works procured for vulnerable groups.
- 7.78 The involvement of vulnerable groups in procurement has not been made a priority and there is no evidence of equity and equality in the acquisition of goods, services or works as

per the stated principle in the PCAM. In the case of COVID19 activities there was no provision provided to advance community equality and provide economic opportunities for Solomon islanders including woman, youth and people with disabilities.

- 7.79 Studies in other countries have shown that actively promoting diversity in procurement has significant benefits for the economy, reducing the need for those groups to rely on the Government and others for support.



Office of the Auditor-General
P O Box G18, Honiara
Solomon Islands

Telephone: +677 28886
Email: admin@oag.gov.sb
Website: www.oag.gov.sb