



**REPORT OF THE AUDITOR
GENERAL**

ON

**PROCUREMENT, STORAGE AND
DISTRIBUTION OF COVID-19 SUPPLIES**

PERFORMANCE AUDIT



The Auditor General is the external auditor of the public accounts of Guyana, and is responsible for conducting Financial and Compliance, Performance and Value-for-Money and Forensic Audits with respect to the Consolidated Financial Statements, the accounts of all budget agencies, local government bodies, all bodies and entities in which the State has controlling interest, and the account of all projects funded by way of loans or grants by any foreign State or organization.

In conducting Performance and Value-for-Money Audits, the Auditor General examines the extent to which a public entity is applying its resources and carrying out its activities economically, efficiently and effectively with due regard to ensuring effective internal management control.

This report has been prepared in accordance with Part V Section 24 (1) (b) of the Audit Act 2004. In conducting this Performance Audit, we followed the Code of Ethics and Standards and Guidelines for Performance Auditing of the International Organization of Supreme Audit Institutions (INTOSAI), of which the Audit Office of Guyana is a member.

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PERFORMANCE AUDIT

Procurement, Storage and Distribution of COVID-19 Supplies



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EXECUTIVE SUMMARY

Why we did this audit

The Ministry of Public Health and the Civil Defence Commission spent over \$1 billion to buy equipment, food, drugs, and medical supplies to fight the coronavirus disease or COVID-19. As well, donations were received from organizations to help in the fight. An audit conducted for the period March to August 2020 focused on how both agencies procured, stored, and distributed the items.

Key messages

The agencies worked quickly to procure the items but key details were missing from the contracts with suppliers. This caused the agencies to wait on the suppliers for the items and delayed the distribution to vulnerable persons. Further, how they chose persons to distribute hampers was unclear, and the wrong persons might have received the hampers. The main findings of the audit are stated below.

What we found

Contracts were lacking key details. The Ministry had no protection against late suppliers because the contracts did not have start and end dates and penalty clauses. Suppliers delivered close to \$400M in supplies a month late, but the Ministry could not act against them. The Ministry lost money by not inserting penalty clauses in contracts, and vulnerable persons waited for supplies.

Hampers may not be reaching intended recipients. The Civil Defence Commission did not explain how it chose the recipients for more than 6,000 food hampers, valued at over \$124M. The hampers may have gone to ineligible persons and organizations. Further, the hampers were left at the entrance of homes, risking theft.

Hampers were stored for months. More than 100 food hampers were in the Civil Defence Commission stores for over three months awaiting distribution. This delay denied citizens much needed assistance during the pandemic.

Donations were not always tracked. The agencies did not always keep track of donations received in kind. Such poor practice could have resulted in the misuse of the items and citizens not receiving needed items.

Way forward

We have made six recommendations to management to improve the way items are procured, stored, and distributed. Action by the Permanent Secretary of the Ministry of Public Health and the Director General of the Civil Defence Commission is critical to ensure this and future projects will be better managed.

Introduction

1. This audit focuses on the procurement, storage, and distribution of COVID-19 supplies by the Ministry of Public Health and the Civil Defence Commission and covers the period 1 March 2020 to 31 August 2020.

2. The mission of the Ministry of Public Health is to promote, protect, and advocate for optimal public health of all Guyanese through consistent quality services. On the other hand, the Civil Defence Commission, a department under the Guyana Defence Force, provides financial support and other benefits to eligible citizens.

Reasons for undertaking the audit

3. The Ministry of Public Health and the Civil Defence Commission procured equipment, food, drugs, and medical supplies to fight the coronavirus disease or COVID-19. In addition, the Government received donations or in-kind gifts from organizations to help in the fight. The items procured and the donations received were then distributed to citizens by the Ministry of Public Health and the Civil Defence Commission.

4. In the print media, citizens expressed their dissatisfaction about how the entities were managing the distribution process. As a result, we conducted an audit of the process to determine how efficient the entities were in procuring, storing, and distributing the COVID-19 supplies.

Audit objective

5. The objective of the audit was to determine whether the Ministry of Public Health and the Civil Defence Commission procured, stored, and distributed COVID-19 supplies in an efficient manner and in compliance with all relevant laws and guidelines. Specifically, the audit sought to established whether COVID-19 supplies were:

- Procured in keeping with the Procurement Act 2003.
- Accounted for in accordance with the Stores Regulations 1993.
- Distributed in keeping with established guidelines or criteria.

Audit criteria

6. Audit criteria are reasonable standards against which management practices, control, and reporting systems can be assessed. The audit criteria and their sources are at the back of this report.

Roles and responsibility of key personnel

7. A National Coronavirus Disease Task Force, chaired by the Prime Minister, was established on 16 March 2020 to help prevent and control the spread of the disease. A Chief Executive Officer was appointed on 26 April 2020 to overlook the functions of the Task Force. The officer is responsible for: -

- (a) implementing logistics measures necessary to prevent the virus from spreading further;
- (b) ensuring rapid responses to unexpected and emergency incidents;
- (c) communicating with Governments Agencies and stakeholders; and
- (d) disseminating accurate information to the public.

8. The Permanent Secretary who is the accounting officer for the Ministry of Public Health, is responsible for monitoring, evaluating services delivered, and assessing the staff of the medical facilities used to provide COVID-19 services.

9. A Director General heads the Civil Defence Commission. This officer is responsible for monitoring and evaluating the delivery of services, assessing the conditions of storage facilities, and ensuring timely distribution of COVID-19 supplies.

10. Heading the National Procurement and Tender Administration Board is a Chairman. As laid down in the Procurement Act 2003, this Board is responsible for establishing jurisdiction over all tenders where the values are greater than the amount prescribed by the Procurement Regulations.

Report structure

11. This report consists of the following chapters, which cover the Lines of Enquiry considered by the audit: -

Chapter 1 - Procurement of COVID-19 Supplies.

Chapter 2 - Storage of COVID-19 Supplies.

Chapter 3 - Distribution of COVID-19 Supplies.

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Chapter 1

Procurement of COVID-19 Supplies

Funding and expenditure for COVID-19 supplies

12. For the period March to August 2020, the government did not allocate a specific amount to meet COVID-19 expenditure. The Ministry of Public Health and the Civil Defence Commission met such expenditure from monthly releases under the line items. As stated earlier, the Ministry of Public Health and the Guyana Defence Force spent over \$1 billion to acquire COVID-19 supplies. In addition to the amount expended, both agencies received a significant amount of donations or gifts from local and international organizations. The table below provides a breakdown of the amounts expended by the agencies under the line items.

Description	Amounts Expended by MOPH \$'000	Amounts Expended by GDF \$'000	Total Expended \$'000
Drugs and Medical Supplies	963,516	-	963,516
Dietary	-	130,150	130,150
Medical Equipment	162,227	-	162,227
Janitorial and Cleaning Supplies	84,274	33,093	117,367
Office Furniture and Equipment	13,862	-	13,862
Others	-	1,807	1,807
Equipment Maintenance	-	1,599	1,599
Refreshment & Meals	-	1,310	1,310
Cleaning and Extermination Service	-	306	306
Local Travelling & Subsistence	-	106	106
Print and Non-Print Materials	-	38	38
Total	1,223,879	168,409	1,392,288

Table 1: Amounts expended under line items

Source: IFMIS account analysis

13. The Civil Defence Commission received cash donations totaling \$45M for the period 1 March 2020 to 31 August 2020. The amounts received were deposited into the Commission's bank account held at a commercial bank. The Commission utilized \$28M to purchase COVID-19 supplies and to conduct public awareness campaigns.

Contracts lacked key details

14. A contract, described as a legal agreement existing between two parties, must have five essential elements. An offer is one of the essential elements of any contract. An offer will include the terms and conditions that the parties to the contract agree to be bound by. One such term and condition is the start and end dates of the contract. By including such dates in a contract, the parties are clear as to when the contract is effective.

15. We expected the Ministry of Public Health and the Civil Defence Commission to follow the guidelines of the National Procurement and Tender Administration Board when preparing contracts. As part of the terms and conditions, we expected the entities to include the duration in all contracts.

16. We found that nine contracts prepared by the Civil Defence Commission did not have definite terms as to the start and end dates for delivery of the items. The failure on the part of the Civil Defence Commission to legally bind suppliers to a stipulated delivery period resulted in delays on the part of suppliers when supplying the items.

Recommendation: *The Audit Office recommends that the Director General of the Civil Defence Commission should ensure that all contracts include start and end dates to protect the Commission against defaulting suppliers.*

Management's Response: CDC acknowledge the shortcoming and is committed to rectifying same in future transactions.

17. A penalty clause serves as a deterrent to prevent parties from breaching the terms and conditions of a contract. We expected all contracts to have this clause to protect the Ministry and the Civil Defence Commission against late suppliers. We found that the Ministry had no protection against late suppliers because many of the contracts did not have penalty clauses.

18. We noted that the Ministry of Public Health and the Civil Defence Commission worked quickly to procure items and spent over \$1 billion to buy equipment, food, drugs, and medical supplies to fight the coronavirus disease or COVID-19.

19. We noted that suppliers delivered close to \$400M in supplies a month late. The Ministry could not act against them and had to wait on the suppliers for the items. This delayed the distribution of the items to vulnerable persons. As a result of not inserting penalty clauses in contracts, the Ministry lost money and vulnerable persons had to wait for much needed supplies.

20. Conversely, in one instance where the clause was included, the Ministry did not deduct penalty fees of close to \$5M. This saving could have been used to purchase additional supplies to help fight the disease.

Recommendation: *The Audit Office recommends that the Permanent Secretary of the Ministry of Public Health and Director General of the Civil Defence Commission include a penalty clause in each contract and enforce the clause against delinquent suppliers.*

Management's Response: The Director General of the Civil Defence Commission explained that the items were delayed due to shipping challenges. However, all items have since been received and can be inspected at the Government Accounts Department at Base Camp Ayanganna or the Sub-Treasury.

Agencies worked quickly to procure COVID-19 supplies

21. Entities wishing to procure goods and services are guided by the Procurement Act 2003. The Act clearly states that public tendering is mandatory. However, there is no provision in the Act for emergency public procurement when it is not practicable to publicly tender for the good or service. As a recourse to avoid any delay in acquiring the goods or services, an entity can engage in single-source procurement.

22. The process used by an entity to award a contract using the single-source method of procurement is shown in Figure 1 below.

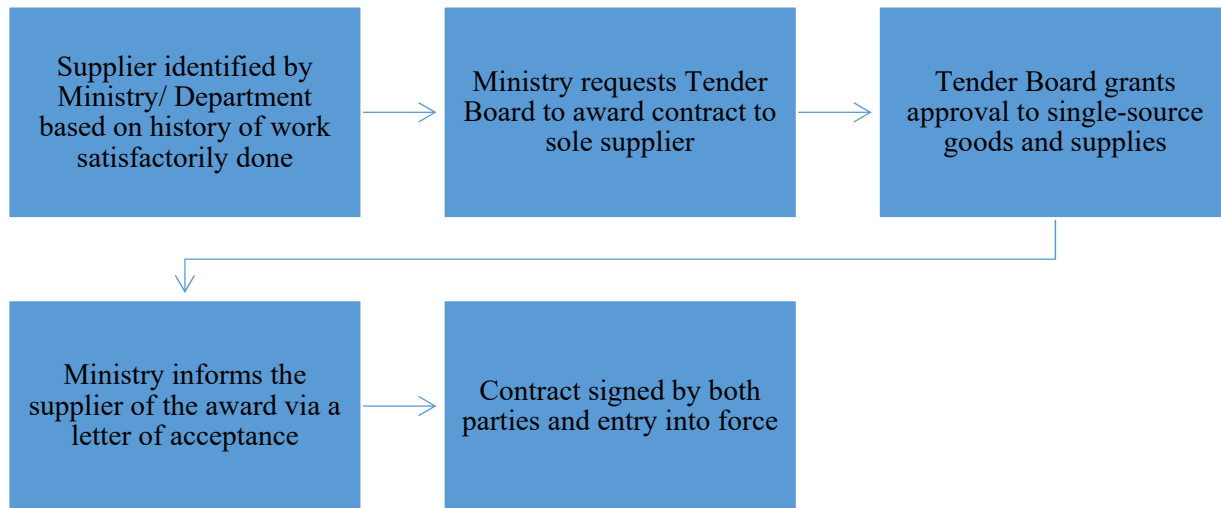


Fig. 1 – Process to single-source supplies
Source: Interviews of entity personnel

23. As shown in the figure above, a tender board approves the single sourcing of goods and supplies before contracts are entered into with suppliers. We expected the Ministry of Public Health and the Civil Defence Commission to comply with the above requirement before entering into binding agreements with suppliers.

24. The Ministry of Public Health and the Civil Defence Commission worked quickly to procure COVID-19 supplies. A total of eighteen contracts valued at over \$424M were awarded before approval was received from the National Procurement and Tender Administration Board. The details of the contracts are provided in Table 2 below.

No	Date Contract Signed	Date Awarded by NPTAB	Description	Contract Sum \$'000
Ministry of Public Health				
1	30/03/2020	14/04/2020	On-Call Plus Test Strips	8,750
2	02/04/2020	23/06/2020	Isolation Gowns	3,281
3	04/04/2020	17/04/2020	N95 Mask Aura, Prestige Infrared Thermometers	1,290
4	04/04/2020	04/07/2020	Safety Pak	5,823
5	23/04/2020	21/05/2020	Medical Infrared Thermometers	44,057
6	30/04/2020	14/05/2020	KN95 Masks	750
7	30/04/2020	05/06/2020	KN95 Masks	653
8	05/05/2020	04/06/2020	On-Call Plus Blood Glucose Test Strips	12,031
9	11/05/2020	12/06/2020	Reagents for PCR/RNA Testing	158,063
10	12/05/2020	10/06/2020	Latex Gloves	5,480
11	15/05/2020	12/06/2020	Facial Masks	14,893
12	19/05/2020	21/05/2020	KN95 Masks	1,450
13	25/05/2020	12/06/2020	KN95 Masks	7,500
14	30/05/2020	05/06/2020	PPE Complete	43,785
Sub-Total				307,806
Civil Defence Commission				
1	13/03/2020	31/03/2020	Food Hampers	81,832
2	26/03/2020	08/04/2020	Personal Protective Equipment	23,443
3	20/04/2020	29/04/2020	Hygiene Items	5,224
4	22/04/2020	29/04/2020	Hygiene Items	5,614
Sub-Total				116,113
Total				423,919

Table 2: Contracts awarded before approval
Source: Contracts & NPTAB award letters

Recommendation: *The Audit Office recommends that the Permanent Secretary of the Ministry of Public Health and the Director General of the Civil Defence Commission should engage the Minister of Legal Affairs and other stakeholders to have the Procurement Act 2003 amended to include emergency procurement policies and procedures.*

Management's Response: The Permanent of the Ministry of Health explained that with reports of the Coronavirus being contracted in human beings and spreading rapidly from China to other neighboring Caribbean countries at a fast rate, Guyana was put on point to be in a state of readiness in the event that the Coronavirus impacts Guyana in the coming future. Subsequent to a meeting held in this regard, a list of equipment and medical supplies were put together to be procured immediately for the Georgetown Public Hospital in order for them to be prepared for such case. As such, the Ministry had its Procurement Department carry out a procurement process in order to ascertain which suppliers had these items readily available on ground to be delivered immediately. As such, the contract was signed before the award was sent from NPTAB in order for the Ministry to be able to secure these items and have them in place.

In addition, with the country confirming its first case in March 2020, a task force was set up and an Emergency Operation Centre was set up in order to efficiently manage the distribution of medical supplies, sanitizing agent, etc., but most importantly the Emergency Operation Centre was responsible for contact tracing and creating a database in order to capture the data of those infected person and persons suspected on a daily basis. Data gathering cannot be done without Information and Communication Technology components and these needed to be specific since Pan America Health Organization was providing a software to assist with this data capturing.

Management’s Response: The Civil Defence Commission would appreciate any guidance which can be given on the procurement of emergency supplies which may be needed within a short timeframe which does not allow for the requesting of relevant approvals.

CDC is committed to observing all regulation and sought to expedite the procurement to provide urgent COVID-19 relief to affected households in keeping with a task assigned to the Commission by the National COVID-19 Task Force.

Purchase Orders were prepared after items were received

25. The Stores Regulations 1993 give guidance to entities when purchasing and accounting for supplies. Specifically, Sections 14 to 17 of the Regulations outline the procedures entities are expected to follow. We expected the entities would have followed the procedures as outlined in Figure 2 below.

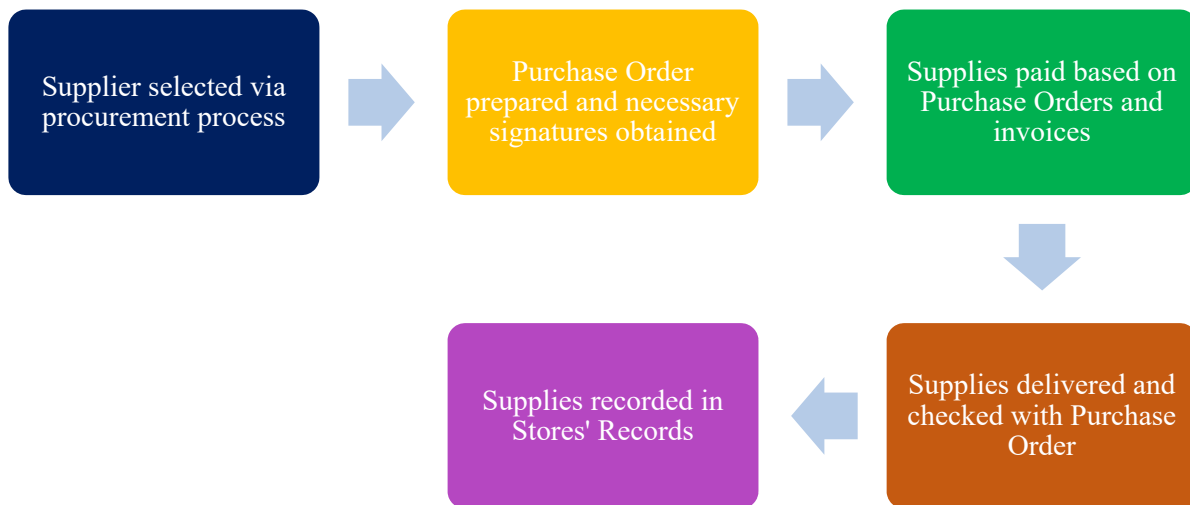


Fig. 2 - Purchase and receipt of supplies
Source: Stores Regulations 1993

26. As shown in the figure above, once a supplier is selected, an entity must prepare and approve a Purchase Order before payment is made to the supplier. As a form of control, the Regulations mandates that all orders must be pre-numbered and pre-printed. We expected the Ministry of Public Health and the Civil Defence Commission to comply with these requirements.

27. We conducted interviews with personnel of the entities to determine whether there was compliance with the Regulations. We found that the Ministry of Public Health and the Civil Defence Commission did not comply with the Regulations to have Purchase Orders prepared after suppliers were selected but before payments were made. We noted that the Ministry prepared six (6) Purchase Orders after receiving items such as, Fiocchetti cold storage refrigerators, Xerox copier and pavilion laptop. Similarly, the Civil Defence Commission also prepared thirteen (13) Purchase Orders after food hampers and cleaning supplies were received.

28. The failure of the Ministry of Public Health and the Civil Defence Commission to pay suppliers before raising a Purchase Order represents a breakdown in the system of internal control in the entities.

Recommendation: *The Audit Office recommends that the Permanent Secretary of the Ministry of Public Health and the Director General of the Civil Defence Commission comply with the Stores Regulations 1993 and desist from making payments to suppliers before approval is received to make the purchase.*

Management's Response: The Permanent Secretary of the Ministry of Public Health explained that the Purchase Order was written to facilitate the payment and not purchase. These items were procured from directives given from the Head of Procurement at that time in mention, following another high level meeting for the preparedness of the main hospital in the instance there was a confirmed case. In addition, these cold storage refrigerators would have been used to store vaccines, insulin, reagents or any sort of medical supplies required to be stored at a certain temperature that the health officials believed would be helpful to the situation. The medical equipment as well were required to be procured for immediate delivery and since the supplier had these in their warehouse, they made the delivery ahead of signing the contract.

Management's Response: The Civil Defence Commission will engage the Guyana Defence Force to ensure more oversight to avoid future reoccurrence. In addition, every effort will be made to confirm to the statutory regulations and the Civil Defence Commission is committed to correcting the shortcoming in the future.

Conclusion

29. The Ministry of Public Health and the Civil Defence Commission did not procure COVID-19 supplies in an efficient manner. There was no monitoring of the performance of contracts, which resulted in millions of dollars of supplies being delivered close to a month after the delivery dates had expired. In addition, the entities prepared Purchase Orders after receiving supplies. These findings made us conclude that the entities did not procure COVID-19 supplies in an efficient manner.

Chapter 2

Storage of COVID-19 Supplies

Donations or gifts were not always tracked

30. We expected that all donations or gifts were subjected to stores accounting procedures as laid out in the Stores Regulations 1993. The figure below shows the accounting treatment for gifts received in accordance with Sections 16 to 19 of the Stores Regulations 1993.



Fig. 3 - Stores accounting procedures for gifts
Source: Stores Regulations 1993

31. To account for the donations or gifts received during the period, we expected each entity to keep a register of the donations or gifts received. However, we noted that the agencies did not always keep track of the in-kind donations received.

32. We noted that donations were received by the Ministry at its main office, the Materials Management Unit and the Kingston Bond. The Ministry's main office was the only non-compliant unit that did not keep a gift register. Rather, bin cards were used to account for the items received. At the Kingston Bond, we found that there were delays in updating the gift register. We noted that the register at the Materials Management Unit was last updated on 2 January 2019.

33. Similar observations relating to the accountability for donations or gifts were noted at the Civil Defence Commission. The Commission failed to keep a gift register but recorded the items in Stores Ledgers and the Goods Received Book.

34. Such poor practice of keeping track of donations could have resulted in the misuse of the items and citizens not receiving needed items.

Value of donations or gifts were unknown

35. Donations or gifts are required to be valued. It is therefore, the responsibility of the Permanent Secretary or head of department to take steps to have each valued and the amount brought to account in the country's public accounts. The Stores Regulations 1993 mandates each Permanent Secretary to provide the Finance Secretary, Accountant General, and the Auditor General with information relating to donations or gifts received.

36. We found no evidence that the Ministry of Public Health and the Civil Defence Commission valued donations or gifts and forward the information to the above recipients. The failure of the Ministry and the Civil Defence Commission to properly account for the items received resulted in us being unable to determine the true value of gifts received during the period.

Recommendation: *The Audit Office recommends that the Permanent Secretary of the Ministry of Public Health and Director General of the Civil Defence Commission put in place gift registers to account for donations or gifts received.*

Management's Response: The Civil Defence Commission acknowledges the validity of the concern and has taken steps to implement this record.

Bin Cards were not maintained

37. The headquarters of the Civil Defence Commission located in Thomas Lands, Georgetown, was one of the two locations used as a storage area for items purchased. However, the storage space at this location was inadequate, so some items were stored at the Gymnasium on Mandela Avenue. Regardless of the location, we expected accountability for each item in keeping with the Stores Regulations 1993.

38. The Stores Regulations 1993 require a storekeeper to bring to account the goods on bin cards immediately upon receipt of the goods. As a form of checks and balances and to strengthen the internal control over the goods, the Accounting Division of an entity is required to maintain Stores Ledgers.

39. The Civil Defence Commission breached the requirements of the Stores Regulations 1993. We found that storekeepers did not keep Bins Cards at the two storage locations. Instead, the goods were brought to account only in Stores Ledgers kept by the Accounts Department. Therefore, there was a breakdown in the system of internal control over the accounting for goods stored. Figure 4 below shows goods stored at the Gymnasium.



Fig. 4: Supplies stored at Gymnasium located on Mandela Avenue
Photo taken on 26 August 2020

Ledger quantities were different from physical count

40. To test the accuracy levels of items on hand, we conducted stock counts on 26 August 2020 at the Gymnasium. We selected all of the items on hand for testing. We found that in sixteen instances, the physical count balances were greater than the Stores Ledger balances. Conversely, nineteen items had a lower physical quantity or negative variances when compared to the ledger balances. The results of our count are reflected in Table 3 below.

№	Item	Stores Ledger	Physical Count	Difference
1	Tooth Brush	4,206	4,229	23
2	Buckets	1,226	1,296	70
3	Marvex Bleach (1 gal)	1,789	1,817	28
4	Trincloro Bleach	1,998	2,010	22
5	Breeze Soap Powder	1,000	1,048	48
6	Garbage Bags	967	1,000	33
7	Sugar (5 kg)	1,990	2,716	726
8	Flour (1 kg)	5,960	6,050	90
9	Macaroni	2,170	2,848	678
10	Chowmein	4,075	6,158	2,083
11	Curry Powder	1,996	2,112	116
12	Black pepper (2g)	200	317	117
13	Split Peas	2,127	2,167	40
14	Biscuits	1,975	2,560	585
15	Corn (Tin)	1,962	2,217	255
16	Sanitizing Cleaners	1,850	2,330	480
17	All Purpose Seasoning (Pack)	2,976	2,079	-897
18	Ration Hampers	2,471	1,871	-600
19	Matches	3,918	1,389	-549
20	Mask Protective	3,730	3,550	-180
21	Flour (2 kg)	1,850	1,709	-141
22	Nut Butter (Box)	2,451	2,323	-128
23	Salt (Pack)	2,090	1,992	-98
24	Diapers	1,942	1,849	-93
25	Hand Soap (1 gal)	200	125	-75
26	Dishwashing Liquid (1 gal)	476	426	-50
27	Shaving Cream	112	76	-36
28	Trincloro Bleach	1,988	1,952	-36
29	Ozon Disinfectant	317	288	-29
30	Milo	1,974	1,947	-27
31	Rice (4 kg)	3,853	3,827	-26
32	Petroleum Jelly	58	35	-23
33	Tooth Paste	2,852	3,833	-19
34	Tomato paste (170g)	200	181	-19
35	Clothes Pins	121	108	-13

Table 3: Physical count against ledger balances

Source: AOG analysis

Conclusion

41. There was a breakdown in the system of internal control over the accounting for goods stored at the headquarters of the Civil Defence Commission and at the Gymnasium. Bin cards were not kept by the storekeeper to account for goods in the stores. Further, there were differences between the ledger quantities and the physical quantities of the goods on hand. Similar observations were made on accounting for donations or gifts received. The agencies did not always keep track of the items received. As a result, we concluded that the Ministry of Public Health and the Civil Defence Commission did not properly account for COVID-19 supplies.

Chapter 3

Distribution of COVID-19 Supplies

42. The National Coronavirus Disease Task Force was responsible for the distribution of COVID-19 supplies and hampers to vulnerable persons within communities. From our interviews of entity personnel and the examination of documents, we noted that the Task Force developed indicators to aid in selecting communities for the distribution of food hampers. The indicators which were developed are shown in Figure 5 below.

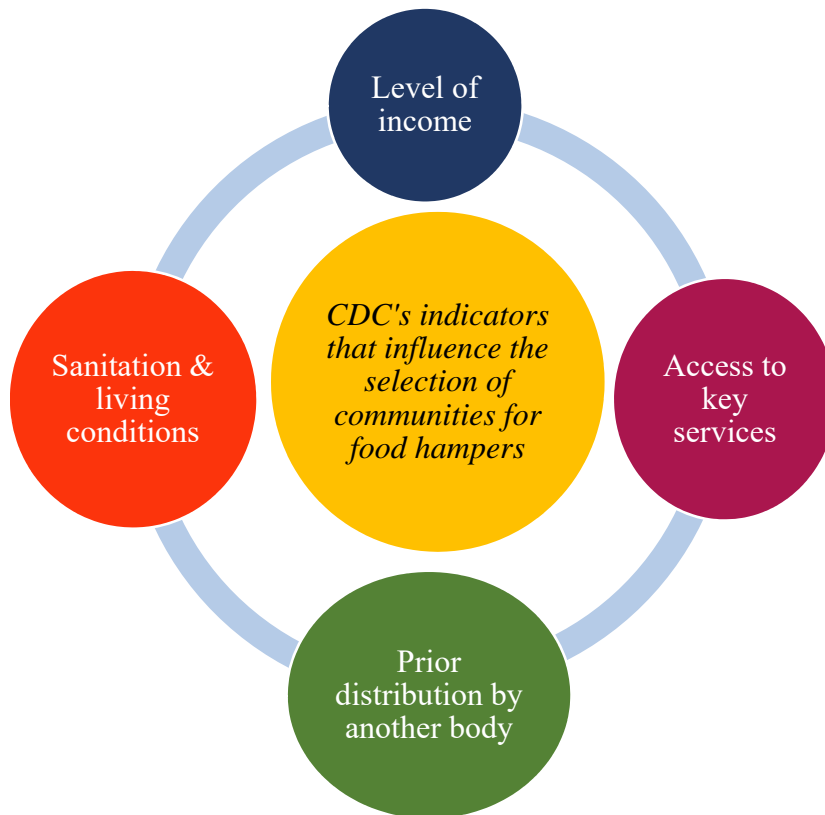


Fig. 5 – Indicators to select communities for hampers
Source: Task Force

Hampers may not be reaching intended recipients

43. We expected that the National Coronavirus Disease Task Force would use the above indicators to select the eligible communities to distribute the food hampers. We further expected the Task Force to provide a list of the eligible communities which received hampers from the Civil Defence Commission.

44. The Task Force presented us with Issue Vouchers in support of hampers distributed during the period. Our examination of the vouchers indicated that over 6,000 hampers with a dollar value of \$124M were distributed to individuals and organizations in seven of the ten administrative Regions of Guyana. However, the Civil Defence Commission did not explain how they chose the recipients for the hampers. We concluded that the hampers may have gone to ineligible persons and organisations. The total hampers distributed according to Regions, Ministries, and individuals is shown in Table 4 and Figure 6 below.

Distribution	No of Agencies	Quantity Issued
Regions	7	1,824
Government Ministry	4	3,034
Individuals/Organizations	27	1,185
Total		6,043

Table 4: Total hampers distributed
Source: Issue vouchers

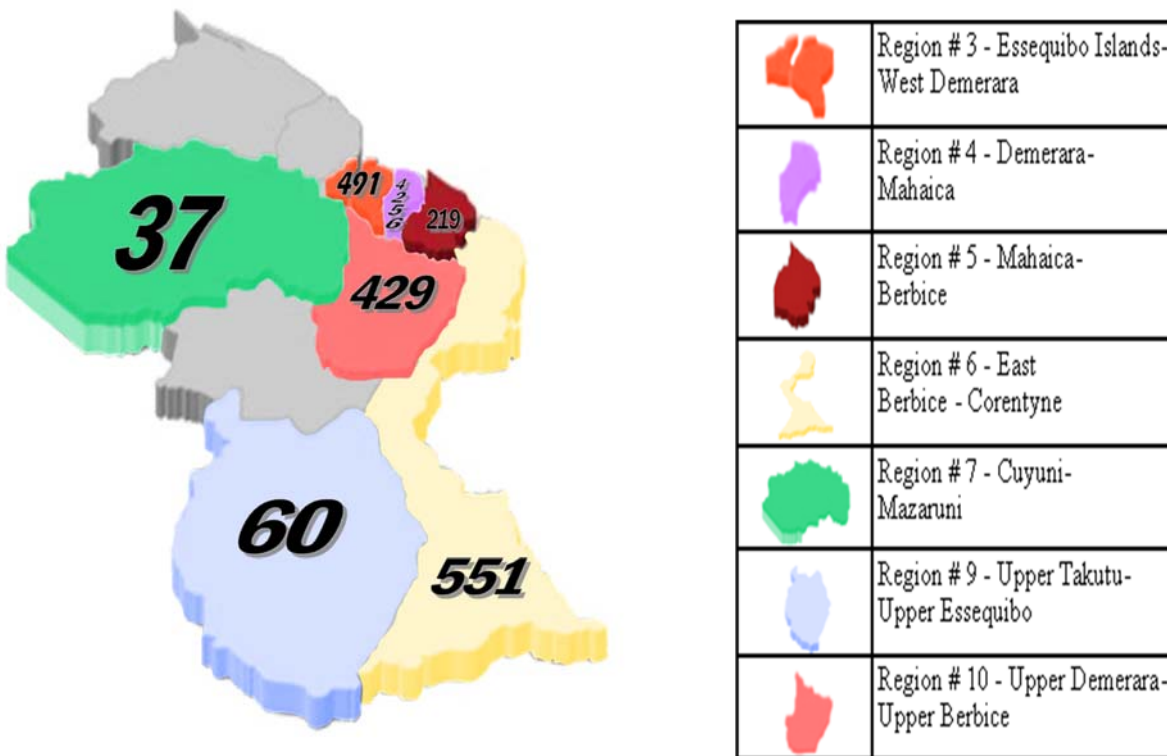


Fig. 6 – Hampers distributed according to Regions
Source: AOG analysis

Hampers were stored for months

45. Entity personnel indicated during the interview that there was an urgent need for many of the items procured. Consequently, a decision was taken to secure and have the items in place before seeking approval from the National Procurement and Tender Administration Board. We expected the entities to have taken steps to ensure that hampers were distributed without delay to eligible communities, given the urgent need for the items.

46. A visit to the Gymnasium on 26 August 2020 revealed more than 100 hampers were in the stores for over three months awaiting distribution. The reasons why the hampers were not promptly distributed to communities were unknown. Figure 7 below shows some hampers awaiting distribution.



Fig. 7: Hampers for distribution at Gymnasium, Mandela Avenue
Photo taken on 26 August 2020

Lack of accountability for hampers distributed

47. There was a lack of accountability for the more than 6,000 hampers distributed. There was no evidence of acknowledgement from the recipients of the hampers. The Director General of the Civil Defence Commission explained that hampers were left at the entrance of homes to avoid close contact with persons. The act of leaving the hampers at the entrance of homes left them open to theft and the wrong persons might have received the hampers. Notwithstanding the explanation of the Director General, the Commission could have taken steps to have pictures taken of recipients removing the hampers from the entrances.

48. As it relates to Government Ministries and Regions, the hampers were delivered to senior officials. We were unable to determine whether the distribution process was transparent and only eligible persons received the hampers.

Recommendation: *The Audit Office recommends that the Director General of the Civil Defence Commission ensure that there is accountability and transparency for hampers distributed.*

Management's Response:

- The Civil Defence Commission acknowledges that the discrepancy may have been as a result of an error in accounting and is looking to have this rectified.
- During the initial phase of the Civil Defence Commission COVID-19 response, high skepticisms were raised by staff, volunteers and partners about the level of contact and possible transmission of the virus which could have occurred if all individuals were required to sign upon receipt of a hamper. As such, a decision was taken that the community distributions would be done under strict safety guidelines which included minimal contact with recipients by foregoing signature. The team leader for the distribution operations would have signed as receiving the hampers from the stores to be distributed to communities. Going forward, the appropriate measure will be applied to ensure adherence to the Regulation.
- Bulk distributions to the Ministry, Regional Officials and organizations were signed for upon receipt.
- The Civil Defence Commission assumed a primarily virtual operation as far as possible in keeping with COVID-19 restrictions and guideline; this result in transaction of authorisation for issuances of hampers primarily through telephone contact. Store personnel, however, were informed that only three (3) individuals were authorised to approve the distribution of food hamper and all relevant authorising documentation were completed by the respective officer.

Conclusion

49. There were delays in the distribution of food hampers. The Civil Defence Commission did not explain how they chose persons for hampers and hampers may have gone to ineligible persons. Further, there was a lack of accountability for hampers distributed. This led us to conclude that COVID-19 supplies were not distributed in an efficient and transparent manner.

About the Audit

The Audit Office reviewed whether the Ministry of Public Health and the Civil Defence Commission procured, stored, and distributed COVID-19 supplies in an efficient manner and in compliance with relevant laws, regulations, and international best practice.

Scope and Approach

The audit covered the period 1 March 2020 to 31 August 2020. Audit work was conducted on the procurement process, the storage and accounting for items purchased and gifts received, and the distribution of hampers. This was to determine whether the activities were done in compliance with relevant laws, regulations, and guidelines.

Audit Methodology

The Audit Office undertook the following methodological approaches: -

- (a) Interviews were conducted with staff of the Ministry of Public Health's Materials Management Units and the Emergency Health Operation Centre. In addition, interviews were conducted with staff of the accounts and stores departments of the Civil Defence Commission to understand their roles and responsibilities.
- (b) Reviews of the Procurement Act, Stores Regulations, accounting records, stores records, guidelines of the National Coronavirus Disease Task Force guidelines, contracts, accounting records, stores records and other key documents to gain a comprehensive understanding and to gather sufficient and appropriate audit evidence.
- (c) Reviews were done of keys systems of internal control to gain an understanding of the operation of systems and controls.
- (d) Physical verification was conducted on items on hand to determine whether the quantities matched the stores records.

Audit Criteria and Sources

The main criteria that were used to conduct this audit and their sources are as follows: -

Criteria	Sources
The Ministry of Public Health and the Civil Defence Commission award contracts in accordance with relevant laws and regulations.	Procurement Act 2003
The Ministry of Public Health and the Civil Defence Commission efficiently manage all contracts in accordance with relevant laws and regulations.	Procurement Act 2003
The Ministry of Public Health and the Civil Defence Commission account for goods received in accordance with the relevant regulations.	Stores Regulations 1993
The Ministry of Public Health and the Civil Defence Commission account for donations or gifts received in accordance with the relevant regulations.	Stores Regulations 1993
The Civil Defence Commission distribute COVID-19 supplies using established guidelines and procedures.	National Coronavirus Disease Task Force Guidelines

CIVIL DEFENCE COMMISSION



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October 27, 2020

Mr. Marlon Leitch
Audit Manager (ag)
Audit Office of Guyana
63 High Street
Kingston
Georgetown.

Dear Mr. Leitch,

**RE: PERFORMANCE AUDIT ON THE MANAGEMENT OF COVID-19
PROCUREMENT AND DISTRIBUTION OF SUPPLIES
FOR THE PERIOD 01 JANUARY 2020 TO 31 AUGUST 2020**


The Civil Defence Commission (CDC) acknowledges receipt of your letter on the above subject and corresponding attachment, dated 13 October 2020.

The CDC has reviewed the draft report of the audit and wishes to commend the Audit team for the conduct of a comprehensive analysis and report. Further, the CDC will endeavour to take on board the recommendations which have been posited in a bid to enhance systems at the Commission.

The CDC wishes to submit its response to the findings of the audit for inclusion in the final report, as was requested; please find the CDC's response enclosed with this correspondence.

The CDC remains committed to building Guyana's disaster risk management capabilities through stakeholder engagement.

With highest regards,


Kester Craig
Lieutenant Colonel
Director General



OCT 27 2020

CC: Brigadier (Ret'd) Mark Phillips — Prime Minister, Office of the Prime Minister Brigadier Godfrey Bess — Chief of Staff (ag), Guyana Defence Force

One people. Prepared. Protected.

Civil Defence Commission

Response to Draft Report of Performance Audit on the Management of COVID-19 Procurement and Distribution of Supplies for the Period 01 January to 31 August 2020

Introduction

The Civil Defence Commission (CDC), the agency tasked with ensuring Disaster Risk Management (DRM) throughout Guyana, was and continues to be intrinsically involved in the National response to COVID-19, primarily through coordination of stakeholders and the procurement, receipt and distribution of relief hampers and other forms of aid.

As an agency that is committed to efficiency, the CDC welcomed the opportunity presented by the Audit Office of Guyana to examine whether COVID-19 supplies and services procured by the agency were done so in an efficient manner and in accordance with regulations. Based on the draft report shared with the Commission by the Audit Office, the CDC has noted that there were some oversights. Many of these stemmed from the CDC's desire to secure items for an effective response amidst increased demand and shortages of supplies, which were experienced during the emergency response to the impact of COVID-19 in Guyana. Notwithstanding, the CDC is committed to implementing more stringent and practical mechanisms within the organisation to ensure a strengthened procurement and accounting regime.

After a thorough review of the draft audit report, the CDC wishes to offer responses to bring clarity and/or provide further information to some of the findings specifically named in the report.

CDC's Responses on the Contents of the Draft Audit Report

Funding for COVID-19

In response to **Section 11** of the draft report, a Gifts Ledger be implemented and maintained.

Section 12 references the provision of 2% deductions from the contract sums to be remitted to the Guyana Revenue Authority (GRA). The 2% deduction was not applicable in this case; please see attached Annex 1 for Notice from GRA in this regard.

The items referenced in Section 13 were delayed due to shipping challenges; however, all items have since been received. Records to this see Annex 2. The remaining items (which were not yet received at effect can be inspected at the Government Accounts Department at Base Camp Ayanganna or the Sub-Treasury.

Because of the urgency of the situation at the time, the CDC, through the GDF sought to expedite the purchases referenced at **Section 14**. Every effort will be made to confirm to the statutory regulations.

Key Findings and Recommendations

- Emergency Relief Imprest

Section 17 of the draft report indicated that the expenditure vouchers for the emergency relief imprest were not presented during the audit. As the CDC's imprest was a sub-imprest of the GDF at the time of the audit, all original receipts and expenditure vouchers were submitted to and held by the GDF. All documents related to this transaction can be inspected at the Government Account Department at Camp Ayanganna, which is the custodian of the imprest.

- Payment without Approval from Relevant Tender Boards

The CDC acknowledges the shortcoming referenced at **Section 20** and is committed to rectifying same in future transactions.

The CDC would, however, appreciate any guidance which can be given on the procurement of emergency supplies which may be needed within a short timeframe which does not allow for the requesting of relevant approvals.

In response to **Section 21**, the CDC is committed to observing all regulations. In the named instance, the CDC sought to expedite the procurement to provide urgent COVID-19 relief to impacted households in keeping with a task assigned to the Commission by the National COVID-19 Task Force.

- Janitorial and Cleaning Supplies

The contract referenced at **Section 22** was terminated; due to a change in strategic direction communicated to the CDC by the National COVID-19 Task Force and newly projected figures, the quantity of the items needed was drastically reduced from the initial quantity stated in the contract. The referenced \$65.503M remained in the account.

The CDC acknowledges the shortcoming referenced at **Section 23** and is committed to correcting this in the future.

- Contract Signed before Receiving Approval from NPTAB

In response to the findings at **Section 24**, as a matter of urgency, the CDC sought to expedite the purchase of these items to meet the need for PPE, which arose due to the COVID-19 pandemic. CDC recognises the need to pay strict adherence to all statutory regulations. The items referenced were by the CDC from GDF on August 11 and September 3, 2020; see Annex 2 for the receipt vouchers in this regard.

- Delivery were made prior to raising of local purchase order and signing of contract

The contracts referenced at **Section 26** are held at the GDF Government Accounts Department and can be inspected by the auditors; see copies of the contracts attached at Annex 3. The 2% clause is not applicable to the transactions referenced at **Section 27**, contrary to what is stipulated in the contract.

See Annex 4 for copy of the contract referenced at **Section 28**. The need to expedite this purchase was driven by the need of affected individuals due to the COVID-19 pandemic. Every effort will be made to correct this anomaly.

- Distribution of Hampers

In response to the discrepancy highlighted at **Section 29**, the CDC would have rechecked its stock ledgers and issue vouchers and have found that a total of six thousand and forty-three (6,043) food hampers were distributed during the period of March to August 22, 2020 (time of the audit). The CDC acknowledges that the discrepancy may have been as a result of an error in accounting and is looking to have this rectified. The breakdown of food hampers distributed is as in the following table:

Description	No. of Agencies	No. of Hampers
Regions	5	1,759
Government Ministries	4	3,049
Organisations/ Individuals	18 orgs, 440 individuals	1,235
Total		6,043

During the initial phases of the CDC's COVID-19 response, high skepticisms were raised by staff, volunteers and partners about the level of contact and possible transmission of the virus which could have occurred if all individuals were required to sign upon receipt of a hamper. As such, a decision was taken that the community distributions would be done under strict safety guidelines which included minimal contact with recipients by foregoing signatures. The team leader for the distribution operations would have signed as receiving the hampers from the stores to be distributed to communities (see Annex 5). Bulk distributions to Ministries, Regional Officials and organisations were signed for upon receipt (see Annex 6 for samples of the issue vouchers in this regard).

Moreover, the CDC assumed a primarily virtual operation as far as possible in keeping with COVID-19 restrictions and guidelines; this resulted in transmission of authorisation for issuances of hampers primarily through telephone contact. Stores personnel, however, were informed that only three (3) individuals were authorised to approve the distribution of food hampers, and all relevant authorising documentation were completed by the respective officers. Annex 7 shows samples of the relevant issue vouchers with corresponding authorising signatures. The three (3) authorising officers are as follows:

1. Lt. Col. Kester Craig — Director General
2. Maj. Loring Benons — Deputy Director General
3. Capt. Michael Andrews — Logistics Manager

- Bin Cards and Store Ledgers not Maintained

The CDC acknowledges the misstep sited in **Section 30** and is taking steps to implement these records as required by statute.

- Stock Count

The discrepancies highlighted at **Section 31** arose out of a failure to update records in a timely manner due to the hybrid of activities and the lack of adequate personnel. The CDC has since been able to get two (2) additional Stores personnel. The CDC wishes to clarify that the warehouse in Timehri referenced at **Section 31** is the Commission's facility. The Warehouse is located within the GDF's Timehri base, however it is solely managed and operated by the CDC.

- Gifts received not brought to account in in gift register

As mentioned in the response to **Section 11**, steps are being taken by the CDC to implement and maintain a gift/donation register.

- Lack of Documentation for Gifts Received

The CDC acknowledges the validity of the concern in **Section 35** and will take steps towards the creation of a gifts/donation register.

Conclusion

CDC's COVID-19 response is largely geared towards providing public assistance to vulnerable and affected communities and households in a timely manner and through a process that would safeguard the health and safety of all persons involved, in addition to providing support to partners in various technical and non-technical areas as required. The findings and recommendations of this audit have allowed the agency to recognise several strengths in the processes employed for procurement and accounting of resources. Moreover, the Commission also recognises the existence of some gaps in its procedures and commits to implementing all applicable recommendations to improve the agency's procurement and accounting regimes.

Notably, the CDC has recognised that facilitating urgent procurement and provision of relief supplies in an emergency in keeping with the National regulatory framework and timelines remains one of the agency's biggest challenges. In this regard, the CDC wishes to request further dialogue with the Audit Office of Guyana, and all other relevant stakeholders, in a bid to develop a feasible and thorough framework that facilitates efficient response while maintaining transparency.

The CDC wishes to express its gratitude to the Audit Office of Guyana on the conduct of a comprehensive audit on the agency's ongoing COVID-19 responses.

