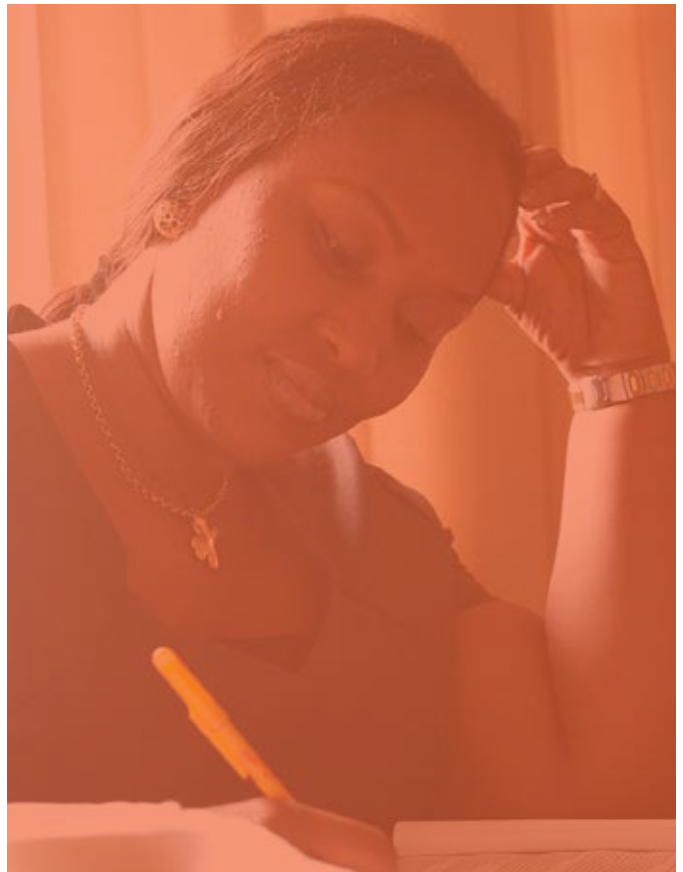


RULE OF LAW AND ANTI-CORRUPTION IN NIGERIA

**How to increase
transparency in
procurement:
Deploy a Public
Procurement
Audit Template**



WHAT IS THE ROLAC 'HOW TO' SERIES?

The guide is part of a series of products developed by ROLAC to communicate lessons learned from projects and pilots, to provide stakeholders with guidance on how to adapt and replicate the initiative in their own context.

The full series can be downloaded from www.justice-security.ng

WHO IS THIS 'HOW TO' GUIDE FOR?

Influencers, state and non-state stakeholders in the public procurement system (public procurement regulatory bodies, procuring entities, public procurement personnel, vendors, and civil society).

THE PROBLEM

- Public sector corruption has contributed to a lack of development in Nigeria.
- Compliance with procurement laws and subsidiary instruments by procuring entities in Nigeria is low, leading to high public sector corruption. Between 60 per cent and 75 per cent of corruption cases against public officials in Nigeria are alleged to be procurement related.¹
- This amounts to stealing and misappropriation of scarce public resources by public officials and loss of confidence in the public sector procurement processes.

BACKGROUND

- Public procurement² laws, both at federal and sub-national levels, empower procurement regulatory bodies to conduct audit exercises on the activities of procuring entities.³
- Public procurement audit exercises are pro-active and holistic reviews of⁴ procurement activities using sample projects to determine the level of compliance to legislation and subsidiary instruments. The audits also work to identify gaps and challenges in the procurement system with recommendations for strengthening it.
- A RoLAC assessment revealed that a key factor impeding compliance with procurement standards by public procuring entities, especially at sub-national level, was the lack of a comprehensive and adaptable Procurement Audit Template for audit exercises.
- The absence of a template has led to:
 - Poor mapping and scoping of gaps and challenges, thus impeding effective oversight of procurement implementation,
 - Poor implementation and enforcement of recommendations, and
 - Increased opacity and corruption in sub-national procurement actions.

WHAT YOU CAN DO

- Raise awareness amongst key procurement stakeholders of the benefits of deploying a standard public procurement audit template to improve compliance with procurement laws and subsidiary instruments.
- Build the capacity of public procurement personnel, and other stakeholders on how to adapt the template to suit different types of procurement activities. Empower them with the skills to review reports to maximise the benefits of the template.
- Build strategic relationships and a strong stakeholder base to engage relevant federal and state authorities to secure political will and resources for the conduct of periodic procurement audit exercises and deploying the template. This will also ensure that the reports of the exercise are made public, and the audit recommendations are implemented.

“ ...the Lagos State Public Procurement Agency has been using the Procurement Audit Template developed by RoLAC since 2019. The reports generated have been very helpful in exposing inadequate documentation for post-review expenditures. ”

Fatai Idowu Onafowote, Director General, Lagos State Public Procurement Authority

¹ <https://guardian.ng/issue/weak-public-procurement-breeds-corruption>; <https://www.vanguardngr.com/2016/11/60-of-corruption-cases-in-nigeria-are-procurement-related-icpc/>

² Public procurement is the acquisition by any means of goods, works or services by the government (Section 60 Public Procurement Act, 2007)

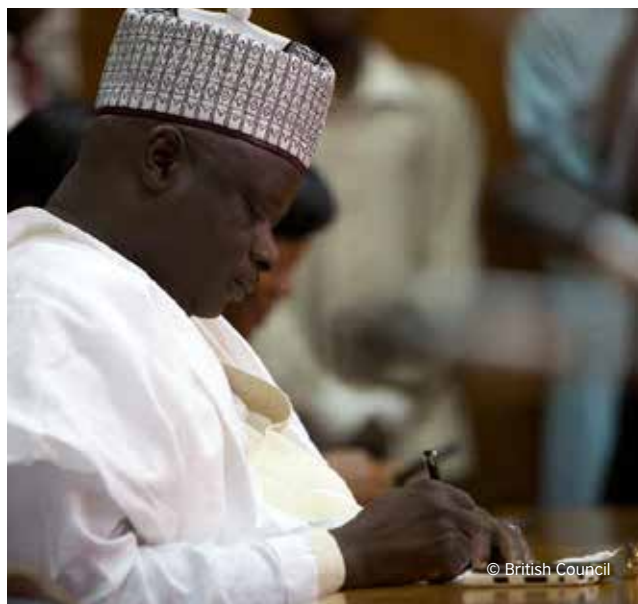
³ Sections 5(p) Public Procurement Act 2007; 18(1)(k) Lagos State Public Procurement Law 2021; 7(a) Adamawa State Public Procurement (Amendment) Law 2020

⁴ Procuring entities: Any public body engaged in procurement, including a ministry, extra-ministerial office, government agency, parastatal, or corporation.



The support to the Edo State Public Procurement Agency towards the development of a standard procurement audit template, capacity building, and the deployment of the template has enhanced the compliance of procuring entities to the laws and subsidiary tools. ”

Henry Idogun, Managing Director, Edo State Public Procurement Authority



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WHAT YOU CAN ACHIEVE

The development of a standard procurement audit template and building the capacities of relevant personnel for its deployment will:

- Enhance the capacity of procurement personnel to carry out their duties uniformly and provide a reference tool for compliance by procuring entities
- Mitigate corruption vulnerabilities in target agencies' procurement systems by pro-actively identifying the weak links in the system
- Increase compliance of procuring entities to public procurement legislations and subsidiary instruments
- Engender the confidence of state and non-state stakeholders in the public procurement system; and engender competitive bidding amongst vendors
- Ultimately enhance the effective utilisation of scarce public resources.



The deployment of the audit (review) template developed by RoLAC has been beneficial to our procurement process review. It has helped us to articulate critical review factors and make useful conclusions. ”

Subair Akintunde M., Head of Monitoring, Evaluation and Compliance, Lagos State Public Procurement Agency



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HOW TO DEVELOP AND DEPLOY A PROCUREMENT AUDIT TEMPLATE

You can follow these steps to develop and deploy a procurement audit template in your state

STEP 1 Initiation of the Procurement Audit Template Development Services

The public procurement regulatory bodies should initiate the development of the template by including its development in the annual work plan if it possesses in-house expertise, or where an external consultant is to be engaged, capture it in its procurement plan for the year.

STEP 2 Review and understand the public procurement legislation, and subsidiary instruments and extant processes

The developers of an audit template should study and understand the provisions of existing procurement laws and subsidiary instruments including regulations, manuals, standard bidding documents, evaluation templates, and directives.

STEP 3 Engagement with critical stakeholders to understand prevailing procurement practices and processes

The developers should engage stakeholders to obtain clarity on extant procurement practices and processes. Anecdotal evidence has proven that there are practices and procedures which though not captured in legislation and subsidiary instruments do not contravene them and have become the norm. Stakeholders to be engaged include personnel of the regulatory bodies, procurement personnel drawn from the procuring entities, and other relevant stakeholders recommended by the regulatory bodies or deemed necessary by the developers depending on the particular circumstances of the state.

STEP 4 Development of the first draft of the template

The first draft should be developed as a generic template which can be adapted to suit all forms and types of procurement, and should capture the procurement cycle and all activities. Clarifications should be sought from stakeholders by the developers.

STEP 5 Technical review and validation of the first draft

A review of the first draft may be done in a classroom-like style where the regulatory body nominates technical personnel for a section-to-section review with the developing team. Alternatively, the team should review the draft and send comments and inputs to the developing team for revision. The key outcome of this review is the validation of the draft document subject to revisions agreed.

STEP 6 Revision of the first draft version and development of the final draft template

The draft version should then be revised to incorporate all modifications to the first draft agreed during the technical review stage. The outcome of this stage is the development of a standard audit template, which captures the full procurement cycle and all activities sequenced in order of implementation, to be delivered to the procurement regulatory body.

STEP 7 Approval by the governing councils/ boards of the regulatory bodies

The regulatory bodies have supervisory and policy making bodies. The regulatory body should forward the final draft template to the approval body, which adopts it as an official tool upon approval.

STEP 8 Sensitisation and capacity building exercises to prepare for deployment

This is the last stage prior to deployment. Massive sensitisation and enlightenment of key state procurement stakeholders, especially personnel of the regulatory bodies, accounting officers of procuring entities and other personnel undertaking procurement functions in procuring entities. The purpose is to secure buy-in and ownership of the tool for a successful audit exercise deploying the template.

STEP 9 Deployment of the audit template

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The identification of procuring entities for the deployment of the audit template may be guided by the historical antecedents of the different procuring entities, their past reports, complaints received, and the need to keep all procuring entities alive to the need for compliance at all times. The team of assessors may include external consultants for the initial deployment exercise and to handhold the agencies' in-house personnel through the learning process.



IMPLEMENTING PARTNERS AND THEIR ROLES

The Governing Board

The Governing Board of the procurement regulatory agency gives approval for the conduct of the exercise, which is critical for the release of necessary funds.

The Public Procurement Agency/Bureau

It determines the target procuring entities for the exercise, constitutes the audit team, reviews and adapts the template as may be necessary, manages the entire deployment process, and reviews the report.

The State House of Assembly

It receives and reviews the audit report and approves the implementation of recommendations.

The Procuring Entity/MDA

It cooperate with the audit team, and at the end of the exercise receives the report and implements corrective actions from the audit report.



¹ Sections 5(a) Lagos State Public Procurement Law 2021 & 7(a) Kano State Public Procurement Law 2021

LESSONS LEARNED

Regular deployment of the audit template is imperative.

Field deployment of the audit template has led to the discovery of far-reaching systemic weaknesses that contribute to poor compliance with procurement standards, including poor staffing and organisational structures. This underscores the need for a periodic deployment of the audit template beyond the initial occasion.

Political will and buy-in of key stakeholders maximises the benefits of the tools.

The mention of audit is sensitive and generates a lot of anxiety amongst major state and non-state actors. There may be significant opposition to this very important exercise. Actions on recommendations flowing from the deployment of the tool will be implemented by accounting officers of procuring entities such as Permanent Secretaries, Directors General and other officials. It is important to build strategic linkages and a

strong stakeholder base that can influence political will to implement the recommendations and overcoming any opposition. It is also important to engage different stakeholders on the enduring benefits of the exercise for it to be fairly accommodated and sustained.

Qualified and committed staff help achieve better outcomes.

From the deployment of the audit template, it was observed that MDAs with committed and qualified staff achieve better outcomes. It is therefore imperative that MDAs ensure the recruitment of qualified personnel to carry out procurement functions.



EVALUATION

- The focus of evaluation of the development and deployment of an audit template should be to determine how the procuring entities have managed issues raised in the previous deployment of the template. It should also seek to track how the MDA have innovated and/or undertaken reform(s) towards institutionalising the periodic deployment of the template.
- The evaluation of the tool and its impact on the procurement system - particularly the procuring entities - should be a joint task of the procurement regulatory bodies and civil society organisations with expertise in public procurement issues.

IMPROVEMENTS

- In Lagos state, leakages observed during the deployment of the templates have been blocked.
- In Edo state, the deployment of the template is helping the State Public Procurement Agency to build a data of compliance for each year, and rank procuring entities by their levels of compliance.

- In Edo state, the template aids the detection of contraventions and breaches of the law and its implementation tools.

POLICY DEVELOPMENT

- Regulatory bodies in Lagos and Edo states have stipulated timelines for the conduct of the procurement audit exercises, and deploy the tools twice a year.

RESOURCE REQUIREMENTS

- Costs for the development of an audit template substantially differ when an external consulting team is engaged compared to deploying in-house technical personnel to develop it.
- The costs for an external consulting team, aside from professional fees, include costs of accommodation, travel, per diem, local movement, and other incidentals when not resident in the state. If resident in the state, this is limited to the cost of local movements.
- Where in-house technical personnel are given the task, provisions for allowances may be made for them.

- Regulatory bodies should make provisions for engagement sessions (e.g., travel and accommodation (where applicable)), for the technical review sessions, capacity building sessions, and other incidentals necessary for the delivery of the assignment.

A typical cost for the development and deployment of a Procurement Audit Template includes:

- Engagement with critical stakeholders to understand prevailing procurement practices and processes: N100,000
- Consultancy for the development of the first draft of the template: N4
- Technical review roundtable for the validation of the draft and final document: N4m
- Printing of Procurement Audit Template (may not be necessary as soft copy could be shared): N200,000
- Separate training of Bureau for Public Procurement (BPP) staff and other procurement personnel from the MDAs on the deployment of the template: N2m
- Sensitisation and capacity building for contractors and CSOs for deployment: N5m

- Pilot deployment of the audit template in key MDAs: N1m

Total estimated cost for the development and deployment of a Procurement Audit Template by a state is N16.3m. This cost can be much lower where in-house personnel are engaged (as opposed to external consultants).

“

Leakages observed in the system during the procurement audit exercises deploying the RoLAC supported template have been exposed and largely blocked.”

Fatai Idowu Onafowote, Director General, Lagos State Public Procurement Authority



Find out more
Rule of Law and Anti-Corruption
(RoLAC) Programme
RoLAC@ng.britishcouncil.org
www.justice-security.ng

The Rule of Law and Anti-Corruption (RoLAC) Programme is working to strengthen the application of law and curb corruption. We work at the federal level and in five focal states: Adamawa, Anambra, Edo, Kano and Lagos.

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