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**IN THE THIRD SESSION OF THE SIXTH PARLIAMENT
OF THE FOURTH REPUBLIC OF GHANA**

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE**

ON THE

**PERFORMANCE AUDIT REPORT OF
THE AUDITOR-GENERAL**

ON THE

**CONSTRUCTION OF THE ACHIMOTA-
OFANKOR ROAD PROJECT**

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1.0 INTRODUCTION

The Performance Audit Report of the Auditor-General on the Construction of Achimota-Ofankor Road Project was laid in Parliament on Tuesday, 26th November 2013 in accordance with article 187(2) and (5) of the 1992 Constitution of the Republic of Ghana.

Pursuant to Order 165(2) of the Standing Orders of Parliament, the Report was referred to the Public Accounts Committee by the Rt. Hon. Speaker for consideration and report.

2.0 PROCEDURE

2.1 To consider the Report, the Committee invited representatives of the under-listed organisations to appear before it as witnesses to testify on behalf of their respective organisations regarding the issues raised in the Auditor-General's Report and ancillary matters.

- i. The Ministry of Roads and Highways.
- ii. Ghana Highway Authority.
- iii. Ministry of Finance.
- iv. TABCON Consult.
- v. China Railway Wuju (Group) Corporation.
- vi. Central Tender Review Board.

- 2.2 On appearing before the Committee, the witnesses took an oath and answered questions relating to the issues and queries raised in the Auditor-General's Report, the object and functions of their respective organisations and on issues of general public interest.
- 2.3 The Deputy Auditor-General, Mr. Yaw Agyei Sifah and a Technical Team from the Audit Service were also present at the Committee's sitting to assist in its deliberations.

3.0 **ACKNOWLEDGMENT**

The Committee is grateful to the Hon. Minister for Roads and Highways and all other witnesses who appeared before the Committee to assist in its deliberations. The Committee also expresses its profound appreciation to the Deputy Auditor-General and the Technical team from the Audit Service for the immense assistance rendered to the Committee throughout the deliberations on the Report.

The Committee further extends its appreciation to STAR-Ghana for supporting its activities and the media for broadcasting the proceedings of the Committee.

4.0 **REFERENCE DOCUMENTS**

The Committee was guided by the following documents during its deliberations:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the Parliament of Ghana.

- iii. The Financial Administration Act, 2003 (Act 654).
- iv. The Public Procurement Act, 2003 (Act 663).
- v. The Ghana Highway Authority Act, 1997 (Act 540).
- vi. The Audit Service Act, 2000 (Act 584).
- vii. The Internal Audit Agency Act, 2003 (Act 658).
- viii. The Financial Administration Regulations, 2004 (L.I. 1802).

5.0 BACKGROUND

The Achimota to Ofankor Road project forms part of the major development works component of the Road Sector Development Programme (RSDP). It is part of the Accra – Kumasi trunk road which had been a single-lane prior to November 2006. Being a single lane, that stretch of road could not contain the increased volume of traffic of about 15,000 vehicles per day. As a result, commuters spent hours on end to cover the 5.7 kilometre road. To ease the traffic congestion and also improve transport services on the road, the Government of Ghana acting through the Ministry of Roads and Highways and the Ghana Highway Authority commenced the Project in 2006 to upgrade the 5.7kilometre stretch of road from a single lane to a dual carriageway.

The Project, which was wholly funded by the Government of Ghana, was awarded to Messrs China Railway Wuju (Group) Corporation at an estimated cost of GH¢40.4 million. Works on the Project started on the 15th of November 2006 and was scheduled to be completed on the 14th November, 2009.

As at December 2011, the project had exceeded the expected completion date by 25 months and the works was about 88% completed. The estimated cost had also shot up to GH¢128 million representing an increase of about 217%.

6.0 PURPOSE AND SCOPE OF THE AUDIT

The audit was carried out by the Auditor-General to determine whether Ghana Highway Authority (GHA) ensured that the Achimota to Ofankor Road Project was designed and implemented to meet specifications, delivered on time and at the estimated cost. Thus the audit focused on two lines of enquiry:

- a. The planning phase (from feasibility to contract award).
- b. Implementation phase (implementation of the road project with respect to scope, quality and cost controls).

The audit which commenced in June 2012 and was completed in October 2012 covered the period of May 2004 to December 2011.

7.0 FUNDING FOR THE ACHIMOTA-OFANKOR ROAD PROJECT

The Achimota-Ofankor road project was financed from the Consolidated Fund with annual budgetary allocations. In the year 2007, payments were not made in respect of the project although there was a budget allocation whilst in 2009, payments were made even though a budget was not provided.

The Annual budgetary allocations and actual expenditure on the project from November 2006 to December 2011 is shown in the table below:

Budget and Expenditure on the Achimota-Ofankor Road Project
from November 2006 to December 2011

Year	Budgeted Amount (GH¢)	Actual Expenditure (GH¢)
2006	159,600.00	7,187,917.00
2007	2,805,024.00	-
2008	4,055,908.00	13,133,220.00
2009	-	11,557,368.00
2010	10,448,011.00	21,840,735.00
2011	521,241.00	34,812,089.00
TOTAL	17,989,784.00	88,531,329.00

Source: *The Performance Audit Report of the Auditor-General credited to the MRH MTEF Budget Estimates for 2006 to 2011 and the Achimota-Ofankor Project Progress Report No. 33.*

8.0 KEY PLAYERS AND THEIR RESPONSIBILITIES ON THE PROJECT

Organisations that bore key responsibilities for the construction of the Achimota-Ofankor road project were the Ministry of Roads and Highways (MRH), the Ghana Highway Authority (GHA), the Ministry of Finance (MoF) and the China Railway (Wuju) Group Corporation (CRWGC).

The Ministry of Roads and Highways (MRH) was the employer or the project owner acting on behalf of the Government of Ghana. The Ministry was responsible for reporting to Cabinet, progress of works on the project, approving Interim Payment Certificates (IPCs) before they are submitted to the Ministry of Finance for payment as well as reviewing major changes made by GHA before it is forwarded to the Ministry of Finance for approval.

The GHA, a body under the MRH, was responsible for the planning, developing and administering of the Achimota-Ofankor road project. The GHA was also responsible for the appointment of the Resident Engineer, approving changes suggested by the Resident Engineer as well as issuing variation orders and IPCs.

The Ministry of Finance provided the budget for the project. It disbursed funds to settle IPCs submitted by GHA on behalf of the Contractor.

China Railway (WUJU) Group Corporation (CRWGC) was the Contractor responsible for the construction of the Achimota-Ofankor road project. CRWGC was required to execute the contract according to the drawings and specifications. It was responsible for maintaining the project site, conducting tests on materials and components and forwarding the results to the Resident Engineer for approval.

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 Contractor selection did not meet the full requirements of the Public Procurement Law

Section 45 (2)(c) of the Public Procurement Act, 2003 (Act 663) provides that tenderers should be allowed at least six weeks for the submission of their tenders (either pre-qualification or the actual tender). This provision is to allow sufficient time for the invitation to reach the tenderers to enable them prepare their tenders based on information that is clear and understandable.

The Committee noted that the GHA advertised the sale of pre-qualification dossiers in the two national dailies (Ghanaian Times and the Daily Graphic). Eleven (11) international firms purchased the pre-qualification dossiers. However, seven (7) submitted their applications to the GHA. Out of the seven (7), GHA pre-qualified three (3) firms. GHA thereafter forwarded tender documents without all drawings and a Bill of Quantities (BOQ) to the three (3) firms. As a result, the three (3) firms submitted fifty-seven (57) queries to the GHA for clarification. GHA met with the firms and discussed the queries. Thereafter, two of the tenderers made requests for extension of time to enable them submit their tenders but their requests were turned down, leaving only one firm, Messrs China Railway (WUJU) Group Corporation (CRWGC) qualifying to be evaluated and awarded the contract.

Interrogating the issue, it came to the fore that the GHA used two weeks for the pre-qualification process after which the GHA gave the pre-qualified tenderers five weeks to submit their tenders. Due

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to the tenderers inability to meet the five weeks deadline and upon their request, the GHA extended the period by two weeks.

The Committee was however of the view that considering the processes that the tender went through, GHA should have given the tenderers sufficient time to enable them meet the criteria set in the Instructions to Tenderers for both the prequalification and actual tendering. At the pre-qualification stage for instance, four (4) tenderers could not provide detailed pre-qualification documents even though they are reputable competent contractors.

The Committee is of the view that competition thrives on more participating contestants and therefore recommends that the Ministry of Roads and Highways should ensure that for future projects, ample time and space is allowed tenderers to enable them prepare and submit tenders to enhance competition and to ensure that the best price and value for money is achieved.

9.2 **Cost Overruns and Variations**

The Committee observed that the total estimated cost of the project was originally GH¢40.4 million. However, as at the time of the Committee's sitting, the project cost had increased to GH¢128 million representing an increase of about 217%.

The Committee was informed by officials of the GHA that the cost overruns were occasioned by changes in the project design. The original scope of works for the contract was the construction of a three-lane dual carriageway with three interchanges and service roads. The interchanges were to be two (2) 80metre four-span

bridges (fly-overs) at Mile 7 and Ofankor and an underpass at Tantra Hill. Four (4) cable-stayed pedestrian footbridges were also to be constructed at various locations between Neoplan Junction and Ofankor. The revised project design concept was for the construction of four lanes for the highway, with two breakdown lanes and two service lanes from Neoplan to Ofankor. Other major changes to the project design were as follows:

- i. Mile 7 and Ofankor bridges were redesigned from 4-span to 19-span.
- ii. Tantra Hill bridge was changed from 3-span bridge of 1,495m³ reinforced concrete to 2,674m³ reinforced concrete box underpass.
- iii. The retaining walls were also increased from a length of 750m to 12,000m.
- iv. The footbridges were changed from cable-stayed bridge to simply supported reinforced concrete deck slab on cylindrical columns.

The Committee noted that the GHA implemented the new designs without seeking approval from the MRH and the Central Tender Review Board (CTRB). It only sought approval from the CTRB after it had been queried by the CTRB.

The Committee could not understand why the GHA decided not to seek approval for the implementation of the new design taking into consideration its related cost. As per clause 51 (1) of the Conditions of Contract, the Engineer could increase the scope of

works by up to a maximum of 15% of the contract sum beyond which approval must be sought. Schedule 3 of the threshold for Procurement Entities in the Procurement Act (Act 663) also requires that procurement of works above GH¢15million is to be approved by the CTRB.

Deliberating on the issue, it came to the fore that the project went on tender with drawings from preliminary designs prepared by TABCON Consult which could not be implemented. As a result, the Resident Engineer had to submit a new set of drawings which changed the original concept. It was averred by officials of the GHA that the MRH gave the GHA three (3) months non-negotiable time instead of the usual four (4) year within which to deliver and procure a contractor. Under the circumstance, the best option for the GHA was to procure a contractor and produce a detailed design as the project progresses.

From the foregoing, it is evident that the Ministry of Finance was unaware of the full extent of the financial obligation under the contract. As a result, the Ministry of Finance was unable to pay the contractor on time thereby resulting in an extra cost of GH¢4.40 million from payment of interest.

In the opinion of the Committee, officials of GHA had the capacity to assess the cost implication of the redesign but they failed to do so. It was necessary for the Ministry of Finance to be informed of the major cost implications to enable the Ministry put measures in place to meet the additional cost.

The Committee reiterates the Auditor-General's recommendation that the MRH should engage an independent cost consultant to assess the cost of the completed project to determine the reasonableness of the total cost of the project. The Committee further urges the MRH to ensure that in future, the GHA should seek approval from the MRH and the CTRB before implementing major changes in design which will result in more than 15% increase in the contract sum.

9.3 **Interest on Delayed Payment of Interim Payment Certificates (IPC) – GH¢4.40 million**

Clause 60(8) of the Conditions of Particular Application of the Contract Agreement between the Government of Ghana and CRWGC stipulates that IPCs are to be paid within 56 days after certification by the Resident Engineer. Where payment is delayed beyond this period, the contractor is entitled to interest on the unpaid debt at the Bank of Ghana prime rate in addition to 2% (cedi component) and the London Inter-Bank on-lending rate plus 1% (for dollar component) each day the debt remains unpaid.

The Committee noted that from January 2007 to December 2011, thirty-six (36) IPCs were issued by the contractor and certified by the Resident Engineer for payment. Payment for the IPCs went through an elaborate procedure of fourteen (14) steps commencing from the Resident Engineer through the Regional Coordinating Council, the GHA, the MRH and finally to the Ministry of Finance and the Controller and Accountant General Department before payments were made. The period of delay ranged from 48 to 384

the BMW saloon vehicle, the then Hon. Minister for Roads and Highways realised that it was inappropriate for his use thus the vehicle was sent to the Presidency for an appropriate replacement.

In the opinion of the Committee, utilising project funds for activities not directly related to the project has the tendency of increasing the project cost unnecessarily. Again, such situations do not give a clear indication of the actual cost of projects. The Committee therefore recommends that the MRH should ensure that activities not directly related to projects are not provided budget lines by the GHA in future projects.

9.5 **Project Implementation**

The Committee noted that works on the project was substantially completed in September 2012. The defect liability period should have ended by September 2013 but the final completion date was extended to 31st March 2014 because some aspects of the project such as the Taifa Foot Bridge and other link roads were not fully completed. GHA officials informed the Committee that the contractor is awaiting the payment for his IPC to enable him return to site and complete the outstanding works.

The Committee also noted that GHA ensured that the works on the project were delivered to the required specifications in the contract. In addition to the Resident Engineer, GHA had 12 Engineers and other staff who assisted in the day-to-day on-site supervision of the project. The team comprised a Materials Engineer, a Quantity Surveyor, a Surveyor, five Works Inspectors, two Survey Assistants,

and two Laboratory Technicians. A Material Laboratory was established on site to test the quality of materials and components used for the project.

Major concrete works such as the retaining walls, bridge foundations and piers, kerb foundations had cube test results undertaken on site. Independent review of concrete test reports conducted by representatives of the Auditor-General confirmed that the concrete used for the project exceeded the minimum strength required by the contract specifications. Again, compaction test for gravel base proved that they were consistently done and also exceeded the 96% density allowable in the contract specifications.

Furthermore, the Auditor-General's representatives verification of the asphalt bitumen laid on the road surface proved that it conformed to the thickness of 60mm for service road and 80mm for main carriageway as stated in the drawings.

The Committee nonetheless recommends that the GHA should ensure that defects that are identified are quickly brought to the attention of the contractor for rectification before the project is handed over to the MRH.

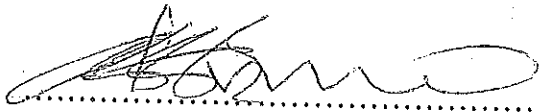
10.0 CONCLUSION

Notwithstanding the fact that the Achimota-Ofankor Road Project exceeded its initial estimated cost and was not delivered on time, the Committee is of the view that the Project was designed and

implemented to quality specifications as pertains in the project contract.

In the light of the above, the Committee recommends to the House to adopt its Report on the Performance Audit Report of the Auditor-General on the Construction of Achimota-Ofankor Road Project.

Respectfully submitted.



**HON. KWAKU AGYEMAN-MANU
(CHAIRMAN, PUBLIC ACCOUNTS
COMMITTEE)**

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**ABIGAIL ABA ANSO
(CLERK TO THE COMMITTEE)**

FEBRUARY, 2015