



**GOVERNMENT OF
THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE**

**REVIEW OF PROCUREMENT SYSTEM FOR THE MINISTRY OF
FINANCE**

July 2012

Review of Procurement in the Ministry of Education for the period 1
January 2009 to 30 June 2011

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1. Executive Summary

1.1 Background

Historically the Ministry of Finance (MoF), through the agency of the Central Procurement Unit, was responsible for the planning and management of major contracts. This was changed in February 2010 with the enacting of Decree Law 1/2010 that vested this responsibility in the Procurement Technical Secretariat (STA) of the Vice Prime Minister's Office. This was part of a Government initiative to decentralise procurement to the Ministries but proved unsuccessful due to capacity constraints in the STA. The STA was abolished and replaced by temporary measures until the National Procurement Commission was established under Decree Law 14/2011 in February 2011.

The National Procurement Commission remains in existence but has been bolstered considerably through further Decree Laws and the establishment of chartered agencies to oversee specific areas of procurement. To complement this approach the MoF developed Best Practice Guidelines in an effort to improve and clarify procurement processes across all Ministries in the Government. As the process of decentralisation continues there is a need to specifically examine the effectiveness of the procurement reform agenda and the processes that have been adopted by Ministries in the Government.

The purpose of this examination is to assist the Government in gaining an understanding of the procurement systems and processes in place throughout the various Ministries within the Government. By extension this examination will also focus on the alignment and conformity of the existing system with the requirements of the Decree Law and the Best Practice Guidelines that have been promulgated by the Government to support these efforts. This specific review will focus on the processes and procedures that exist in the Ministry of Education

1.2 Scope and Objectives

The Ministry of Finance requested that we:

- Examine procurement procedures and internal controls for the Ministry of Education
- Inspect Ministry of Education's compliance with Decree Law and Best Practice Guideline procedures through examination of procurement supporting documentation on a sample basis for the period ended 1 January 2009 to 30 June 2011
- Prepare a report of findings and recommendations

1.3 Approach to engagement

The approach to this engagement primarily entailed examination of procurement documentation and interviewing key stakeholders to obtain their perspectives on the procurement process. The objective being to critically analyse procurement procedures and internal controls in the Ministry of Education both to assess their effectiveness as well as their compliance with Decree Laws and the Best Practice Guides.

The framework for the analysis was to examine the elements of organisational architecture that support the procurement process – notably structure, systems and people. The following diagram provides an overview of what those components are and how they fit together:

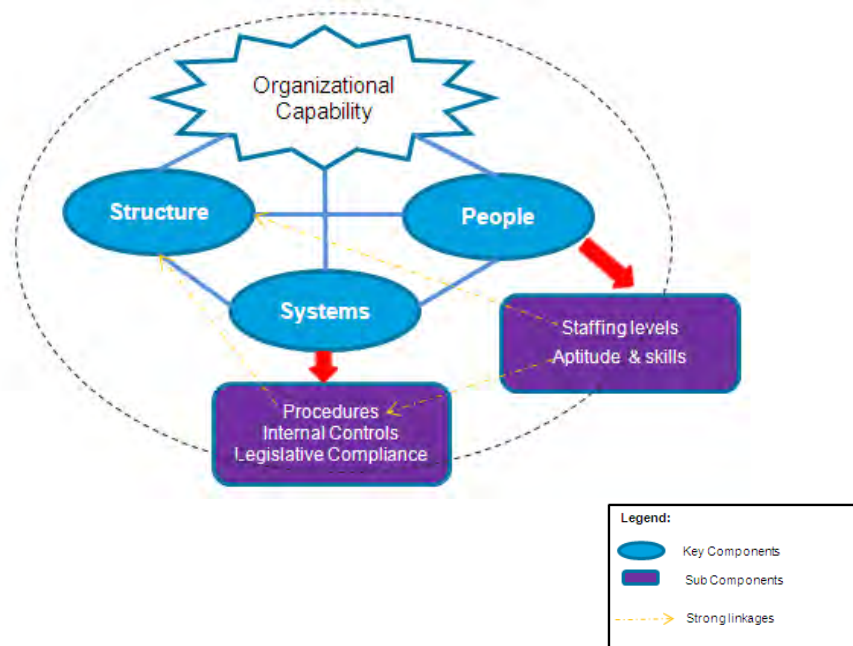


Figure 1. Organisational capability testing framework

The elements of the procurement environment are complementary and need to align for the procurement system to function correctly. For example, if the structure and systems are in place but the staff lacks the appropriate aptitude, skills and knowledge of the procurement system to fully utilise its capability, the system will be dysfunctional.

1.4 Key Findings and Recommendations

There are a number of key issues affecting the performance of the Procurement Department in the Ministry of Education. The detailed findings and recommendations are included in Section 2. The key findings and recommendations are:

1.4.1 Systems

1.4.1.1 Procurement procedures & internal controls

There are a number of deficiencies in the procurement procedures and internal controls including instances where:

- There was missing supporting documentation
- The widespread and inappropriate use of the “Commitment Only” process has resulted in the standard approvals process being avoided and large volumes of goods and services being directly awarded without sufficient authorization.
- The use of expired central procurement contracts has resulted in the Ministry relying upon expired contracts with an incorrect counterparty. This has also contributed to the direct awarding of purchased goods and services
- The quality of contracts is as poor with wide ranging issues including missing or inadequate terms, conditions and annexures
- There is no established and effective contract management
- Procurement Conduct Checklists were not used in the procurement process
- The controls in the operation for the fuel vouchers post their issue is considered weak and susceptible to misappropriation and abuse.
- There were numerous payments made to individuals for construction.
- There was an instance where an incorrect amount on Notification of Intent to Award

Recommendation

The Procurement Department of the Ministry of Education should implement standard operating procedures that regulate procurement processes at the functional level.

While some direction is provided by the Decree Law and the Best Practice Guides in providing a strategic overview, specific directives on the procedures to be followed are not available in the Procurement Department of the Ministry of Education.

1.4.1.2 Non Compliance with Decree Law

The Procurement Department of the Ministry of Education did not comply with the Decree Law in the following instances:

- There was no Supplier Registry prepared in accordance with Decree Law
- There is no notification available to confirm that the accreditation process for the Ministry required in the Decree Law and the complementary Best Practice 10: Decentralisation and Accreditation has been followed
- There was no Procurement Plan prepared in accordance with Decree Law
- There was no formal process for managing procurement performance
- Tenders were not published in accordance with the Decree Law

Recommendation

There are a number of steps that can be taken by the Procurement Department of the Ministry of Education to resolve issues of non-compliance with Decree Law and the Best Practice Guides. These actions include:

- Create and maintain a Suppliers Registry.
- The Procurement Department should access the registry administered by the National Director of Registry and Notary in the Ministry of Justice to reduce the risk that when assessing quotes or tenders there is beneficial ownership by one party in separate supplier submissions.
- The Ministry should request the level of accreditation appropriate for the respective needs from the MoF.
- The Procurement Department should provide the Procurement Plan required by the Ministry of Finance as mandated by Decree Law 10/2005.
- The Procurement Department should provide the Compliance Report to the Ministry of Finance as required as part of the Annual Procurement Report submission.
- An extension of the above is to create a more effective performance management system based on the SMART criteria (specific, measurable, achievable, relevant and time-bound). The performance management system should be designed to ensure predictable goal achievement. It should possess the three essential features:
 1. The goals against which performance is measured
 2. The ability to measure performance
 3. The ability to correct deviations.

Commonly used approaches include the Balanced Scorecard encompassing financial, internal business, customer and innovation and learning measures.

- The tender requirements articulated within the Decree Law must be abided by.

1.4.1.3 Other issues

There are several recommendations in relation to other compliance issues. These include:

- The Procurement Department should use official government email accounts.
- The Procurement Department should access or create standardised documentation to support their procurement activities. There is some standardised documentation but this should be reconciled against the objectives of the Procurement Department to ensure that it is both effective and complete.
- Significant items bought in volume by line ministries such as vehicle, fuel and travel should be procured centrally to exploit the advantages of volume discounts available.

1.4.2 Organizational Structure

1.4.2.1 Roles & responsibilities

The organisational structure of the procurement department appears appropriate to the task. However, it is recommended that each position have a position description created for it and these be appropriately designed to achieve the objectives of the department.

1.4.3 People Management

1.4.3.1 Staffing levels

Deloitte's examination of the level of transactional activity and staffing levels indicate that there appears to be sufficient staff to meet the demands of the department.

1.4.3.2 Aptitude & training

The level of experience of the Procurement staff appears to be comparable with the levels of experience noted in other line ministries. A more suitable assessment would have been to compare the existing requirements within each Position Description for each member of staff to the remuneration levels attained, qualifications and experience. However, no position descriptions exist and this could not be performed.

Furthermore, it was noted that no succession planning appears to be in place in the event of the departure of key procurement staff.

There are several recommendations in relation to training that should be adopted. These include:

- Instituting more effective training tailored to the requirements of the Procurement Department. Procurement staff complains that insufficient training programs are delivered by the MoF.
- Improving the training development process for staff to ensure that individual staff members are monitored and the training required is delivered.
- The commissioning of a better accreditation system to complement the above and provide a formal basis for continuing professional development of staff.
- Adopting a people management strategy that focuses on productivity and embraces, amongst other elements, selection based on current skills and knowledge.

1.5 Follow up on recommendations

Due to the critical importance of procurement to both the delivery of government services and the development of Timor-Leste, a process should be implemented to monitor the progress that the Procurement Department of the Ministry of Education has made against these recommendations.

1.6 Acknowledgement

We would like to take this opportunity to thank the management and staff of the Ministry of Education and the Ministry of Finance for their co-operation and assistance during the course of this examination.



Deloitte Touche Tohmatsu

July 2012

2. Detailed Findings and Observations

2.1 Procurement procedures & internal controls

2.1.1 Purchase Order Preparation

2.1.1.1 Missing supporting documentation

Several samples were examined where no supporting documentation could be provided to us by the Procurement Department. These transactions were as follow:

Year	CPV No.	Vendor	Type of Procurement	Amount
2009	95593	AITULA FUELS LTD	Request for Quotation	\$59,277
2009	95594	ESPERANCA TIMOR OAN	Request for Quotation	\$59,277
2009	94365	MORIS FURAK UNIPESSOAL, LDA	Tender	\$223,242
2011	1114157	Commitment Only	Tender	\$156,723

Table 1. Samples with missing supporting documentation

Furthermore, there were numerous instances of incomplete information provided by the Ministry despite the provision of detailed instructions and documentation to support our requirements. This is highlighted as an issue because it reflects possible inadequate document management practices in the Ministry. This is referred to at section 2.1.2.2.

The retention of critical procurement information is essential for the proper functioning of procurement controls. An absence of this information means that there is no mechanism to verify that the correct procedures are being applied or assess the reasonableness of the payment. The potential outcome of failing to apply these principles is fraud or error. Refer to Appendix 5 for the process followed in order to obtain FY2009 documentation.

Recommendation

The procurement department should obtain or create and retain all the necessary procurement documentation. This should be adhered to rigorously.

2.1.1.2 Specific missing supporting documentation

Examination of documentation revealed missing supporting documents for several transactions selected for testing. The Procurement Department could not provide the specified supporting documentation for transactions listed below:

Year	CPV No.	Vendor	Documents Not Supplied	Amount
2009	93422	FHILTER UNIPessoal	<ul style="list-style-type: none"> Tender Documentation 	100,000
2009	94366	DELTA PLAZA UNIPessoal	<ul style="list-style-type: none"> Tender Documentation 	228,800
2010	10005258	LOSLA MOTOR UNIPessoal	<ul style="list-style-type: none"> Receiving and Inspection report 	405,000
2010	10002568	SAO JUNIOR S. UNIPessoal	<ul style="list-style-type: none"> Receiving and Inspection report Invoice CPV Purchase order 	386,054
2010	10003656	East Gas Co Lda	<ul style="list-style-type: none"> Tender Documentation 	359,700
2010	10001444	ADOLFO DE JESUS FREI	<ul style="list-style-type: none"> Receiving and Inspection report Invoice Purchase order Request for Quotation Three Quotations 	17,000
2010	10001519	ESTANISLAU M.QUINTAS	<ul style="list-style-type: none"> Receiving and Inspection report Invoice Purchase order Request for Quotation Three Quotations 	17,000
2010	10004005	MILAGRE UNIPessoal	<ul style="list-style-type: none"> Tender Documentation 	373,761
2010	10004003	MUKUM TIMOR DIAK	<ul style="list-style-type: none"> Tender Documentation Payment Request 	400,000
2011	11002146	GHESS AUTO LDA	<ul style="list-style-type: none"> Tender Documentation Payment Request 	245,000

Table 2. Samples with specific missing supporting documentation

The retention of critical procurement information is essential for the proper functioning of procurement controls and the provision of an audit trail. An absence of this information means that there is no mechanism to verify that the correct procedures are being applied or assess the reasonableness of the payment. The potential outcome of failing to apply these principles is fraud or error.

Recommendation

There is a requirement to obtain or create and retain all the necessary procurement documentation. This should be adhered to rigorously.

2.1.2 Other purchasing issues

2.1.2.1 Use of the Commitment Only purchasing mechanism

The use of the “Commitment Only” procurement approach is common in the procurement process for the Ministry of Education. The table below illustrates the extent of the practice through providing the volume of transactions undertaken through both “Commitment Only” and the prescribed procurement methodology in the Decree Law and Best Practice Guides (“Standard Procurement”) in the FY2010.

No. of Transactions Process	Grouping			Grand Total
	Goods & Services	Minor Capital	Capital & Development	
Commitment Only	1503	1	0	1504
Standard Procurement	227	84	94	405
Grand Total	1730	85	94	1909

Table 3. Number of transactions performed using the Standard and “Commitment Only” processes

Most of the “Commitment Only” disbursements are related to salaries, Per Diems and petty cash payments. These will be paid by the Finance Officer to the intended parties after Treasury has approved the preceding CPV and payment request.

There are systems for both payroll disbursements and procurement that are being underutilised or avoided. This avoidance may be for reasons of expediency, a lack of knowledge or confidence in the procurement or payroll systems or to take advantage of a weakness in the current systems. Table and Graph A2-3 of Appendix 2 detail the extent of these “Commitment Only” purchases.

The issues arise through the misuse of the “Commitment Only” approach are as follows:

1. There is no purchase order created for the purchase of goods and services. This means that the approval process for these acquisitions has been avoided.
2. These items are being direct awarded. For purchases in excess of \$5,000 there is a need to adopt a competitive process by the mechanisms provided for in the Decree Law and included at Appendix 3 to this review.
3. The large volumes of cash payments (\$4,541,401 in total for FY2010 for both petty cash and cash advances) indicate that this approach is potentially being overused. There does not appear to be an effective acquittal process for these payments as the Commitment and Obligation Report records these payments simply as cash payments. As a result no vendors are recorded and the process for vendor selection cannot be readily understood. As a result there is a high potential for misappropriation given the extent to which cash is being handled.
4. There are substantial manual payments made through the “Commitment Only” process. This approach is a substantially less controlled payment option than the system that pays directly into a bank account. The manual system should only be used where access to banks is limited such as the districts. The manual approach has the potential for misappropriation given the difficulties associated with administering such a system.
5. The approach is a violation of the Decree Law due both to the direct award nature of the procurement and avoidance of the Ministry of Education’s obligations to undertake procurement in accordance with the Decree Law.

Recommendation

The practice of using the “Commitment Only” approach for the purchase of goods and services and the disbursement of payroll related monies should cease. In limited cases the payment of per diems and salaries may be appropriately handled through this mechanism but under conditions of strict control.

2.1.2.2 Contract Quality

There are notable issues with the contracts observed during the examination of procurement documentation for the Ministry of Education. The contract reviewed as part of this examination was a contract between the Ministry and Gness Unipessoal LDA for the supply of Trucks (Contract No. RDTL-004-MoE-03-2011). The standard of this contract was poor with a lack of details (no pricing information, no quality requirements or details of supply expectations), incomplete referencing and what appeared to be incorrect information.

The need to have adequate contracts is essential in order to ensure that the price, quality and surety of supply of the desired goods and services are maintained. Without these it is difficult to adequately ensure value for money.

Recommendation

The standard of contracting should be improved to provide understandable terms and conditions for contracts and adequately protect the interests of the government in their contractual arrangements. The adoption of the Commercial Principles in Best Practice Guide 6: Establishing Contracts would assist the Ministry to improve the standard of contracting presently being undertaken.

2.1.2.3 Contract Management

There are no established procedures, allocation of tasks or dedicated personnel to manage contracts.

The framing of contracts should deliver the platform for the effective delivery of goods and services but it must be managed or those anticipated benefits will not be achieved. Best Practice Guide 7: Managing Contracts provides comprehensive guidance on all aspects of contract management and administration.

Recommendation

There is a need to have contract management processes and dedicated personnel allocated to the task of managing contracts. The Best Practice Guide 7: Managing Contracts provides extensive guidance on the requirements for management process and this should be overseen by adequately trained and experienced staff.

2.1.2.4 Procurement Conduct Checklists

The Best Practice Guide 3: Tender Processes & Documents recommends that Procurement Departments use the Procurement Conduct Checklists in conduct of all tenders. An examination of documentation indicates that the checklists are not being used.

The Procurement Conduct Checklist itemises each person and issue that will be relevant in the tender process and in doing so is a valuable tool in ensuring that the process is conducted properly.

Recommendation

The Procurement Department of the Ministry of Education should use the Procurement Conduct Checklist in the development of all tenders.

2.1.2.5 Fuel Voucher Controls

The fuel voucher system in operation for the Ministry of Education is considered sufficiently robust up to the point purchasing the voucher coupons books. However, the controls surrounding the subsequent issue and use in purchasing of fuel using the coupons is considered weak. Some of the issues identified include:

- Coupon books being issued to Director Generals and above with no reconciliation process;
- There is no sign off by the vendor (fuel station) to ensure that the receiving vehicle is the authorised recipient;
- There is no statement provided by the vendor and subsequent reconciliation performed against the fuel usage; and
- There are no log books maintained to check mileage performed by the vehicles and ensuring this agrees with the amount of fuel that would reasonably have been consumed.

The outcome of this process is that there are opportunities to misuse this system and misappropriate fuel.

Recommendation

The controls surrounding the management of the purchasing of fuel using coupons requires improvement.

2.1.2.6 Numerous payments made to individuals for construction

During analysis of the commitment/obligation report there were numerous payments identified that were made to individuals for the reconstruction of three classrooms.

An extract of the details of these payments is displayed in the table below:

Vendor Name	Translated Description of Supply	Type of Supply	Amount
AMANDIO SOARES	Payment for reconstruction of a temporary construction buildings of three classrooms EP	Construction	20,000.00
ANTONIO PINTO DA SIL	Payment for construction of a reconstruction of buildings of three classrooms EP961 Nahas	Construction	20,000.00
APOLINARIO NUNES	Payment for construction of a reconstruction of buildings of three classrooms EP66M	Construction	20,000.00
CUSTODIO DO REGO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00

Table 4. Extract of payments to individuals for construction (Refer to Appendix 4 for full schedule)

Payments were made to individuals for construction and there were no evidence available to indicate that these payments were then paid to vendors. The total amount of funds advanced to individuals under these circumstances amounted to \$897,964. (Refer to Appendix 4 for details).

Two of the construction payments to individuals noted in Appendix 4 (CPV numbers 10001444 & 10001519 for \$ 17,000 each) were selected as part of our sample, but the Ministry of Education could not provide any supporting documentation as noted under section 2.1.1.2.

Upon further enquiry and review of documents obtained from the National Directorate of Treasury, it was identified that these payments were made to Chiefs of Suco in selected districts as part of the Education Sector Support Project - Infrastructure Facilities Unit (ESSP/ iFU). Contracts were made with the individuals and payment procedures were followed (CPV, PO, Progress Cert, etc.). Attached to the payment batch were progress payment valuations that indicated, for the selected sample, that all deliverables are 100% complete and authorised by a representative of the Cabinet of the Ministry of Infrastructure for Education and the Minister of Education. These valuations are done by the Ministry of Infrastructure and are evidence of delivery.

There are a number of implications:

1. The lack of procurement documentation may indicate a misappropriation of funds as proper procurement procedures were not followed;
2. Suppliers not proving the appropriate skills to undertake construction projects through a company profile may be selected resulting in poor project outcomes; and
3. There is a requirement that all vendors be registered businesses for the purpose of company regulation and tax purposes. A failure to do so may result to a loss of tax revenues and contributes to a lack of transparency in the contracting of third parties

Recommendation

The procurement department should follow the established procedures for all items procured and obtain or create and retain all the necessary documentation. This should be adhered to rigorously. Deloitte recommends that this issue be addressed at the earliest possible opportunity.

Furthermore, an investigation should be considered to ascertain the extent of these practices and whether misappropriation has occurred.

2.1.2.7 Inaccurate amount on Notification of Intent to Award document

During our review we identified a transaction where the “Contract Amount” on the Notification of Intent to Award is different from the actual contract amount.

The transaction selected is as follows:

Related Year	Contract Number	Vendor Name	Amount (USDS) per actual contract	Amount (USDS) per Notification*
2010	RDTL - 94396	Modena Technic Unipessoal	\$458,364	\$452,606
Note: *Notification = Notification of Intent to Award with reference to RDTL-NCB-1006-MF-ED-05-09				

Table 5. Inaccurate amount on the notification of intent to award

The Notification dated 07 September 2009 States that “in accordance with Procurement Legal Regime Decree Law 10/2005 Article 96 clause 1, participating firms may exercise their right to appeal within five days of publication of this notification...”. The Notification also states that the Basis of Award is the lowest evaluated price. For this to be effective there needs to be an accurate rendition of the true contract value in the Notification.

This issue may have the following implications:

- The appeals process is undermined if inaccuracies on the Notification discourage participating suppliers to exercise their right to appeal. Companies who tendered for an amount higher than \$452,606 but lower than \$458,364 will incorrectly conclude that the lowest bid was the winner, where in fact it may not have been, if participants bid between the values of \$458,364 and \$452,606.
- The error may have been an oversight indicating that the bid documentation was not adequately reviewed for accuracy.

Recommendation

All the tender documentation should be reviewed to ensure that they are accurate and not misleading in any way.

2.2 Compliance with Decree Law & Best Practice Guide Procedures

2.2.1 Non-compliance with Decree Law

2.2.1.1 Suppliers Registry

The Decree Law 10/2005 requires that adequate supplier records be maintained for Government bodies involved in procurement. In the practical application of this requirement, the Procurement Department of the Ministry of Education has not adopted any form of supplier registry.

The adoption of a Supplier Registry is critical to maintaining control over suppliers. In an absence of this control there is scope for companies to fraudulently misrepresent themselves in the procurement process or conceal participants that may have a conflict of interest.

Furthermore, it was noted that the Procurement Department does not have access to a Directors and Shareholders registry that would commonly be available through a corporate regulator in other jurisdictions. This creates the potential for suppliers to create a number of corporate entities in which to bid (thereby satisfying the requirement for three quotes for purchases less than \$100K) but in reality being one provider.

Recommendation

The Procurement Department should institute a Supplier Registry as soon as is practicable.

2.2.1.2 Accreditation Procedures Not Followed

Decree Law 24/2008 required that the each Ministry, as part of the decentralisation process, undergo a process of accreditation. In this process each Ministry and their related entities was required to request the Ministry of Finance for a level of accreditation appropriate to their needs. This is supported by Best Practice Guide 10: Decentralisation and Accreditation.

The initial change was for the Ministry of Finance to allow procurement to level 2 (\$250,000) across all line Ministries. However, the discontinuing of the Procurement Technical Secretariat (STA) prompted the Council of Ministers to amend (by Decree Law) that line ministries would be permitted to procure to their budget. Subsequent changes in the Decree Law resulted in the creation of the National Procurement Commission that controls expenditure in excess of \$1M.

The Ministry of Education has not complied with the accreditation requirements of the Decree Law and complementary Best Practice Guide 10. The numerous changes in Decree Law may have resulted in some confusion.

Recommendation

The Ministry should request the level of accreditation appropriate for the respective needs from the MoF.

2.2.1.3 Mandated Procurement Plan Requirements

The Decree Law 10/2005 Article 24 requires that an Annual Procurement Plan be prepared and submitted to the Ministry of Finance. The Best Practice Guide 1: Procurement Planning provides advice on how this is to be approached including the planned expenditure ranges that are required to be reported on. These ranges are:

- \$1 - \$50,000
- \$50,000 - \$100,000
- \$100,000 - \$250,000

- \$250,000 - \$500,000
- \$500,000 - \$1,000,000
- \$1,000,000 +

However, the Procurement Department has interpreted this to mean they are required to submit an annual budget. This submission is provided for the total planned spend only and not by the procurement ranges required by the Best Practice Guide.

Recommendation

The Procurement Department should prepare a procurement plan in accordance with the planned expenditure ranges detailed in Best Practice Guide 1.

2.2.1.4 Procurement performance management system

There is no formal process for reporting procurement performance against the governing legislative instruments. Furthermore, there are no procedures or reporting for the identification of non-compliance in the procurement system.

The Annual Procurement Report required under the Decree Law states that a Compliance Report be included in the submission to the Ministry of Finance. This has not been performed.

The absence of a performance review process limits the effectiveness of the procurement process. Diagnostic systems measure and monitor Key Performance Indicators (KPI) on the procurement system. Based on discussions with the MoF, there is an intention to remedy this situation through the development of a report “Establishing Performance and Compliance Indicators in Public Procurement in Timor-Leste” under the auspices of a World Bank IDF grant. Furthermore, Deloitte understands that the World Bank will provide comments and the MoF will then roll out the performance system to line ministries. The development of this approach will significantly address this existing shortfall.

The non-issue of the Compliance Report within the annual procurement reporting framework is a violation of the Decree Law.

Recommendation

There are two recommendations relating to the performance reviews and non-compliance reporting:

- A performance monitoring system requires implementation. This system requires KPIs to be developed that benchmark against acceptable outcomes. This system needs to report monthly and the consolidated annual results from part of the Compliance Report within the Annual Procurement Report. The KPI reporting can be used for performance assessment of procurement officers.
- The Compliance Statement needs to be completed and included in the submission of the Annual Procurement Report in accordance with the Decree Law.

2.2.1.5 Tenders not published in accordance with Decree Law – no evidence of publication in the media

There were a number of tender documents observed in the course of the examination. The Decree Law (and further explained in Best Practice Guide 3) requires that national public tenders be publicised in the media, either in Tetum or Portuguese and international public tenders in English as well as Tetum or Portuguese. There was no evidence that the following tenders were published in any newspaper or media:

For National Public Tenders:

Related Year	CPV No.	Vendor Name	Amount
2009	94396	MODENA TECHNIC UNIPessoal	\$458,364
2010	10003255	DIRBAJUDI CO.LTD	\$320,000

Table 6. National Public Tenders where no evidence of media publication was provided.

For International Public Tenders:

Related Year	CPV No.	Vendor Name	Amount
2010	10002568	SAO JUNIOR S. UNIPessoal	\$386,054
2010	10005258	LOSLA MOTOR UNIPessoal	\$405,000

Table 7. International Public Tenders where no evidence of media publication was provided.

The failure to publish these tenders in the media has several consequences:

1. The action violates Decree law 10/2005 Article 61
2. The lack of dissemination will likely limit the field of potential bidders and opportunity to gain value for money
3. There is potential for stakeholders to influence (in this case restrict) the field of bidders by not adopting the correct publishing requirements.

Recommendation

The tenders require publication in accordance with the Decree Law. The following are the requirements for both National and International Public Tenders:

- **National Public Tenders:** According to the Decree Law 10/2005, Section II, Article 38 and 61, an announcement for national public tenders should be published in the press and in at least one nation-wide distribution newspaper in Portuguese or Tetum.
- **International Public Tenders:** According to the Decree Law 10/2005, Section II, Article 39 and 61, an announcement for International public tenders should be published in the press and in at least one nation-wide distribution newspaper in Portuguese or Tetum and in at least two international distribution newspapers (in English and other foreign language used in international business).

2.2.1.6 Tenders not published in accordance with Decree Law – Incorrect process

As per the Decree Law 10/2005 Article 61, it is compulsory to follow the international public tender process where the purchase of goods or technical services exceeds USD\$250,000.

However, the following case was found where a National Public Tender (NPT) process was followed instead of an International Public Tender process:

Related Year	CPV No.	Vendor Name	Amount
2010	10002568	SAO JUNIOR S. UNIPESSOAL	\$386,054
2010	10005258	LOSLA MOTOR UNIPESSOAL	\$405,000

Table 8. Tender that exceeded threshold for ITB process but followed the NPT process

This is a breach of the Decree Law 10/2005 Article 61.

Recommendation

As per the Decree Law 10/2005 Article 61, an International Public Tender process should be followed by the Ministry when the purchase of goods or technical services exceeds USD\$250,000.

2.3 Other compliance issues

2.3.1.1 Government Procurement Contact Details

The contact details of a number of Procurement Officers in each Ministry under examination were supplied. In all cases (no government email addresses were provided) either a yahoo, Gmail or hotmail account was provided. Furthermore, two of the contact details provided were not correct.

The provision of inaccurate or incomplete information will hinder the delivery of important information to the procuring entity. Furthermore, the use of publically accessed email services does not provide adequate security particularly in the transmission of 'commercial-in-confidence' information.

Recommendation

All procurement team members should be provided with a Government email account. This should be used to disseminate information to the Procurement teams and be one of the mediums for reporting back to Central Procurement. With the launch of the e-procurement system it is essential that all procurement officers are online.

The Government should ensure that only Government email addresses are used for business purposes.

2.3.1.2 Internet Accessibility

The internet and intranet services for the Ministry of Education are slow and unreliable. As a consequence most of the staff does not have access to the Government server during these periods of poor service performance. This issue will affect access to the e-Portal system.

It was also noted that most senior officials utilise internet services provided by Timor Telecom that is separate from the intranet service commented on above.

Recommendation

The Director General of State Finances is currently sponsoring a Management Information Strategy (MIS) Report that comments extensively on this issue. For the purposes of this report the comments above are for information only and more detailed commentary can be gained from the MIS Report.

2.4 Organizational Architecture

2.4.1 Organizational structure

The organizational structure for the Procurement Department of the Ministry of Education is provided in the organizational chart that follows:

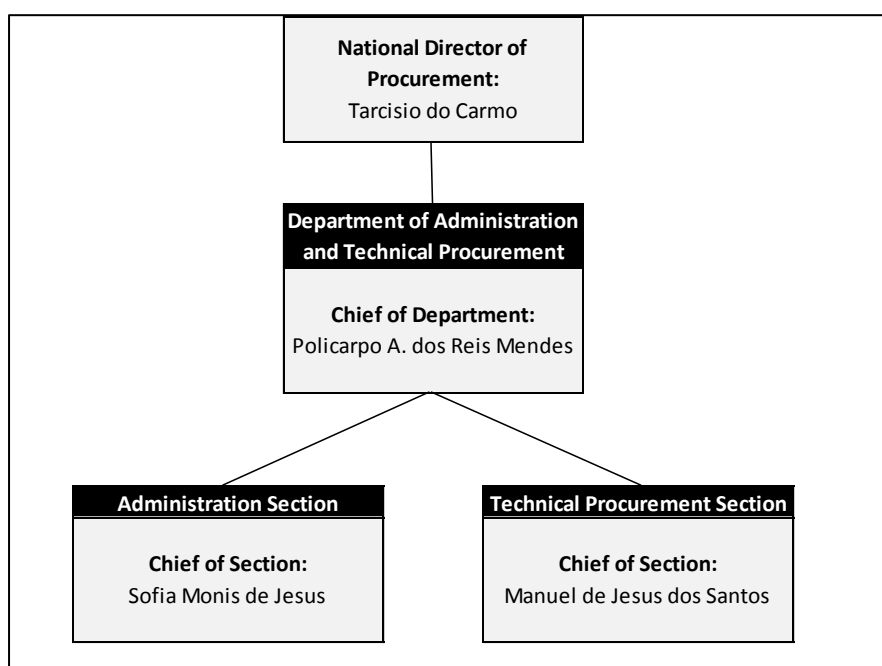


Figure 2. Organizational chart for the Procurement Department of the Ministry of Education

The organizational chart establishes limits of authority and responsibility. The structure appears reasonable given the number of people employed and lines of authority that have been constructed.

What requires clarification is whether the structure meets the objectives of the Procurement Department by adequately providing the expertise in the correct areas. Arguably, this is better examined in the roles and responsibilities section provided below.

2.4.2 Roles & responsibilities

There are no defined roles and responsibilities assigned in the Procurement Department of the Ministry of Education. At the minimum the expectation would be that Position Descriptions exist for all positions in the Procurement Department providing information including:

- Brief description of role
- Minimum competencies
- Responsible manager
- Qualifications required
- Pay level

This provides a minimum level of information to manage personnel from a human resources perspective. This assists in recruitment, succession planning and training of staff (note the connection between structure and human resources issues in this case).

This information also provides the basis for reconciling the roles and responsibilities of the department with the objectives they are attempting to achieve. Observation of the structure and titles indicates a degree of complexity in the procurement process that may not actually exist. Overall, what function specific people perform and what outcomes are required is unclear.

The outcome of establishing adequate roles and responsibilities may be that the organizational structure requires revising.

Recommendation

It is recommended that each position have a position description created for it. Furthermore, this needs to be reconciled across the scheme of complement to ensure that the objectives of the department are being met.

2.5 People Management

2.5.1 Staffing Levels

Examination of the documentation for the complete FY2010 in the Ministry of Education's Procurement Department indicates that there were 405 payments made to suppliers following the procurement processes stipulated in the Decree Law and Best Practice Guides (this excludes 1504 commitment only payments processed by the Finance Officer) for the period. The details of this can be viewed in Table 3 attached to paragraph 2.1.2.1.

Presently the Procurement Department has four staff. Based on the current activity, the number of personnel appears to be adequate for the level of activity experienced by the Procurement Department.

Recommendation

The levels of staffing appear adequate to the volume of transaction being processed in the Procurement Department.

There is potential for efficiency gains through the use of standardised documentation, the development of improved standard operating procedures and strict adherence to the Best Practice Guides.

2.5.2 Aptitude & Skills

2.5.2.1 Existing Capability

The following are the qualifications and experience of the personnel in the Procurement Department of the Ministry of Education:

Name	Position	Qualifications	Experience
Tarcisio do Carmo	National Director of Procurement	Bachelor in Government Sciences	3 Years in Procurement
Policarpo A. dos Reis Mendes	Chief of Department of Administration and Technical Procurement	Bachelor in Information Technology	1 Year in Procurement
Manuel de Jesus dos Santos	Head of Technical Procurement Section	SMA*	1 Year in Procurement
Sofia Monis de Jesus	Head of Administration Section	SMA*	1 Year in Procurement

Note:
* SMA is Sekolah Menengah Atas (Senior Secondary School)

Table 9. The Ministry of Education procurement staff particulars.

The qualifications and experience appear adequate for the tasks required in the Procurement Department. A more suitable assessment would have been to compare the existing requirements within each Position Description for each member of staff to the levels attained. However, no position descriptions exist and this could not be performed.

There was no apparent succession planning in place.

Recommendation

There are no immediate requirements to action any inadequacies in the existing capability. However, there is a need to have some succession planning in place including attention to training needs (addressed further below) and candidate selection.

Formal Position Descriptions should be created for each position in the procurement department of the Ministry of Education.

2.5.2.2 Training

Discussions with the Procurement staff in the Ministry of Education indicate that the procurement team was able to attend both the Procurement Cycle 21 Day training and the E-procurement training at the Ministry of Finance. However, no certificates of these training sessions were provided. The detail of attendance at training is as follows:

Name	Position	Training	
		MoF Financial Process	E- Procurement
Tarcisio do Carmo	National Director of Procurement	Yes	Yes
Policarpo A. dos Reis Mendes	Chief of Department of Administration and Technical Procurement	Yes	Yes
Manuel de Jesus dos Santos	Head of Technical Procurement Section	Yes	Yes
Sofia Monis de Jesus	Head of Administration Section	Yes	Yes

Table 10. The Ministry of Education staff training attendance.

Although the Procurement Team at the Ministry of Education have indicated that they have attended all of the training on offer, no certificates were provided to verify how many days of training they attended. Beyond this the National Director of Procurement has provided certificates of additional training done in Jakarta, Indonesia. Topics covered in these training sessions include the following:

- Project Procurement and Contract Administration
- Preparing Invitation to Tenders
- Effective Budgeting and Cost Control

The institution of a formal training regime is essential to the effective operation of the procurement system. Training is the linkage that aligns the people (both in terms of capability and motivation) to the systems and organisational structure in operation. The issue appears to be the provision of job specific training that meets the training needs of procurement staff in performing routine procurement activities, as supposed to the high level training of Decree Law and Best Practise Guides provided in the 21 day procurement training.

Recommendation

There is a need to provide more comprehensive training that supports the achievement of clear objectives. Specifically, the training must support the routine activities of the procurement department. Furthermore, there is a need to manage this so that the training development needs of individual staff are monitored and the training required is delivered. To ensure that this occurs adequate training support and accreditation should exist.

Appendix 1: Budget & Actual Expenditure for FY 2010

Category/Item	2010	2010	Variance
	Budget	Actual	
Ministry of Education and Culture			
Salaries and Wages	34,910,060	34,627,414	282,646
Goods and Services	17,808,381	16,721,290	1,087,091
Minor Capital	4,519,807	4,170,219	349,588
Capital and Development	7,535,000	6,968,888	566,112
Transfers	5,847,000	5,842,826	4,174
	70,620,248	68,330,637	2,289,611
Directorates:			
Office of the Minister of Education			
Salaries and Wages	62,000	58,757	3,243
Goods and Services	46,000	43,709	2,291
	108,000	102,466	5,534
Vice Minister of Education			
Salaries and Wages	53,000	52,729	271
Goods and Services	36,000	35,975	25
	89,000	88,704	296
Office of the Inspector-General			
Salaries and Wages	40,992	38,523	2,469
Goods and Services	28,000	19,202	8,798
Minor Capital	7,000	6,900	100
	75,992	64,625	11,367
General Director			
Salaries and Wages	81,204	81,074	130
Goods and Services	73,000	43,430	29,570
	154,204	124,504	29,700
Education Admin and Finances			
Salaries and Wages	331,728	330,989	739
Goods and Services	1,110,520	1,081,926	28,594
Minor Capital	2,005,130	1,967,633	37,497
	3,447,378	3,380,548	66,830
Director Policy, Planning, and Development			
Salaries and Wages	134,028	133,366	662.00
Goods and Services	42,000	40,185	1,815
Minor Capital	33,000	0	33,000
	209,028	173,551	35,477
Director of Technical Higher Education			
Salaries and Wages	97,968	97,218	750
Goods and Services	411,000	387,841	23,159
Minor Capital	30,000	30,000	0
Transfers	5,847,000	5,842,826	4,174
	6,385,968	6,357,885	28,083

National University of Timor Leste			
Salaries and Wages	2,103,204	1,937,261	165,943
Goods and Services	1,008,611	959,912	48,699
Minor Capital	801,777	796,496	5,281
	3,913,592	3,693,669	219,923
Director Accreditation School Adm			
Salaries and Wages	29,880,036	29,872,638	7,398
Goods and Services	4,474,850	4,250,981	223,869
Minor Capital	368,200	252,403	115,797
	34,723,086	34,376,022	347,064
Infrastructure Unit			
Capital and Development	7,535,000	6,968,888	566,112
	7,535,000	6,968,888	566,112
Legal Office			
Salaries and Wages	2,196	2,142	54
	2,196	2,142	54
Director Adult Education			
Salaries and Wages	187,428	186,879	549
Goods and Services	3,671,900	3,491,756	180,144
Minor Capital	974,100	882,898	91,202
	4,833,428	4,561,533	271,895
Director of Vocational Training			
Salaries and Wages	78,024	77,125	899
Goods and Services	2,032,000	1,825,762	206,238
Minor Capital	70,000	70,000	-
	2,180,024	1,972,887	207,137
Int National Professional Information			
Salaries and Wages	132,012	131,051	961
Goods and Services	605,500	594,552	10,948
Minor Capital	130,000	69,589	60,411
	867,512	795,192	72,320
National Library			
Salaries and Wages	5,100	0	5,100
	5,100	0	5,100
Office Protocol/Media			
Salaries and Wages	58,644	54,121	4,523
Goods and Services	157,000	133,786	23,214
Minor Capital	1,600	0	1,600
	217,244	187,907	29,337
Director of School Curricular and Assessment			
Salaries and Wages	47,580	43,242	4,338
Goods and Services	1,879,284	1,643,929	235,355
	1,926,864	1,687,171	239,693

Regional Directorate - I			
Salaries and Wages	374,640	373,678	962
Goods and Services	542,800	507,996	34,804
Minor Capital	11,000	10,915	85
	928,440	892,589	35,851
Regional Directorate - II			
Salaries and Wages	291,084	290,794	290
Goods and Services	338,920	336,015	2,905
Minor Capital	10,500	9,934	566
	640,504	636,743	3,761
Regional Directorate - III			
Salaries and Wages	282,864	282,320	544
Goods and Services	374,996	367,316	7,680
Minor Capital	23,500	23,005	495
	681,360	672,641	8,719
Regional Directorate - IV			
Salaries and Wages	327,876	326,938	938
Goods and Services	386,000	377,139	8,861
Minor Capital	2,500	1,500	1,000
	716,376	705,577	10,799
Regional Directorate - Oecussi			
Salaries and Wages	143,064	142,349	715
Goods and Services	184,000	173,934	10,066.00
Minor Capital	32,500	30,040	2,460.00
	359,564	346,323	13,241
DN Human Resources			
Salaries and Wages	22,980	0	22,980
	22,980	0	22,980
Secretary of State for Culture			
Salaries and Wages	46,000	45,900	100
Goods and Services	18,000	17,944	56
	64,000	63,844	156
Direction of Culture			
Salaries and Wages	126,408	68,320	58,088
Goods and Services	388,000	388,000	0
Minor Capital	19,000	18,907	93
	533,408	475,227	58,181
Total Expenditure	70,620,248	68,330,637	2,289,611

Table Graph A1-1. The Ministry of Education Budget & Actual Expenditure for FY 2010.

(Source: Democratic Republic of Timor Leste Annual Consolidated Financial Statement for the Fiscal Year 2010)

Appendix 2: Major Suppliers

The following table reflects the largest suppliers in US Dollar terms for the FY 2010:

Vendor	Supply	YTD Actual	%
Commitment Only	Commitment Only	12,163,479.34	43%
SAKURA STATIONERY	Office Supplies	666,930.05	2%
JOAQUIM DA SILVA MOR	Educational Supplies	542,967.70	2%
EMPAT SAUDARA UNIPES	Construction	416,898.00	1%
MUKUM TIMOR DIAK/JOA	Construction	414,660.28	1%
LOSLA MOTOR UNIPESSO	Vehicles	405,000.00	1%
SAO JUNIOR S. UNIPES	Office Supplies	386,054.00	1%
MILAGRE,UNIPESSOAL L	Construction	373,760.99	1%
GRAFICA NACIONAL	Educational Supplies	367,628.45	1%
HOVEN COMPANY,LDA	Office Supplies	360,356.00	1%
J-N GRAFICA,UNIPESSO	Educational Supplies	356,252.40	1%
BEM-VINDO UNIPESSOAL	Construction	327,008.14	1%
DIRBAJUDI CO.LTD	Construction	320,000.00	1%
SAM CONSTRUCTION & D	Construction	318,662.53	1%
MAR VERMELHO LDA	Construction	309,819.00	1%
NOVA MARINE UNIPESSO	Construction	299,075.64	1%
MITA CONSTRUCTION UN	Construction	288,244.00	1%
STAT GROUP	Other	259,120.00	1%
BOA VENTURA	Office Supplies	255,595.02	1%
AUTO VISION, UNIPES	Vehicles	250,650.00	1%
RIVIO CONSTRUCTION U	Construction	247,174.33	1%
AITULA FUELS LTD	Fuel	245,211.84	1%
FITUN DIAK UNIPESSOA	Construction	239,759.01	1%
DINO PTY.LTD	Construction	236,784.98	1%
LIFAU INDAH UNIPESSO	Construction	234,652.00	1%
SORTI,LDA	Vehicles	234,000.00	1%
MY FRIEND, LDA	Construction	228,776.01	1%
ESPERANCA TIMOR OAN	Fuel	227,961.84	1%
MAUN ALIN SUAI UNIP.	Construction	223,408.00	1%
CANARE UNIPESSOAL LD	Construction	223,171.61	1%
WAIBATE LDA	Construction	223,119.65	1%
RAMAYANA MOTOR LDA	Vehicles	222,800.00	1%
CAMANASA CONSTRUCTIO	Construction	211,253.00	1%
DENILS CARPINTARIA U	Office Supplies	210,975.50	1%
CARPINTARIA UAIMORI	Office Supplies	194,088.63	1%
CITY AUTO LDA	Vehicles	192,000.00	1%
RENURA UNIPESSOAL LD	Office Supplies	192,000.00	1%
CAMBOTA LDA	Construction	190,077.00	1%
HAKSOLOK JAVA MOTOR/	Vehicles	189,700.00	1%
BRITAS UNIPESSOAL LD	Office Supplies	186,031.20	1%

Table & Graph A2-1. List of suppliers to President of the Republic in FY2010.

This represents the actual purchases for FY10 including the uncategorised commitment only payments.

Source: MoF Commitment & Obligation Report from MoF Accountability System.

Total Suppliers (including uncategorised “Commitment Only”):

Category	Total
Commitment Only	12,163,479
Construction	7,277,967
Office Supplies	3,752,759
Vehicles	1,737,367
Educational Supplies	1,693,851
Other	1,236,972
Fuel	473,174
Grand Total	28,335,568

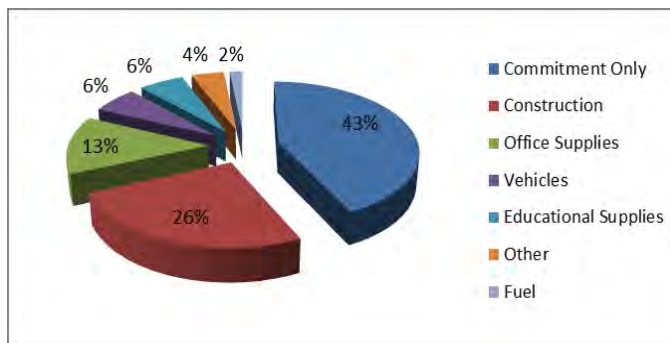


Table & Graph A2-2. List of suppliers to the Ministry of Education in FY2010.

This represents the actual purchases for FY10 including the uncategorised commitment only payments.

“Commitment Only” Supplies:

Category	Total
Salaries	3,681,133
Petty Cash	3,321,890
Office Supplies	3,135,411
Transfers	1,219,511
Other	593,355
Vehicles	212,179
Grand Total	12,163,479

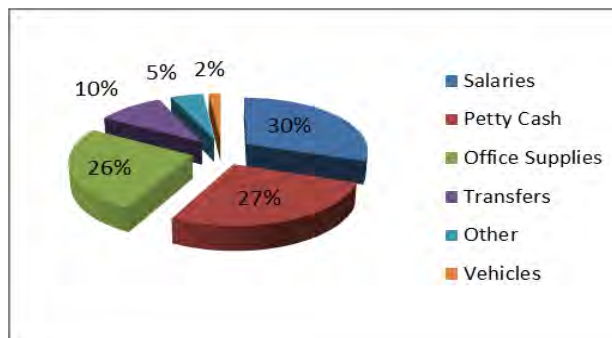


Table & Graph A2-3. Commitment only suppliers for FY2010.

Total Supplies by Category (including categorised “Commitment Only”):

Category	Total
Construction	7,277,967
Office Supplies	6,888,169
Salaries	3,681,133
Petty Cash	3,321,890
Other	2,303,501
Vehicles	1,949,546
Educational Supplies	1,693,851
Transfers	1,219,511
Grand Total	28,335,568

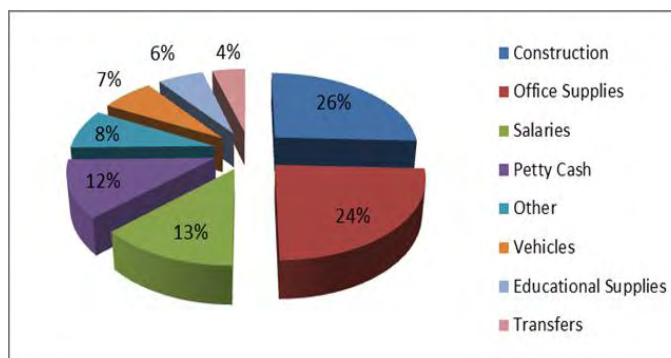


Table & Graph A2-4. Total payments to suppliers and others for FY2010.

This represents the actual purchases for FY10 including the categorised commitment only payments.

Source: MoF FreeBalance Accountability System

Appendix 3: Expenditure thresholds under Decree Law & Best Practice

	Decree Law	Best Practice Guide
0 - \$5K	Simplified Procedures - DL 24/2008 Article 45 & 95	
\$5K - < \$100K	Request for Quotation (RFQ) - 3 Quotes DL 24/2008 Article 43	Request for Quotation (RFQ) - 3 Quotes
\$100K +	National Public Tender DL 24/2008 s2 Article 38 & 61 DL 24/2008 Article 37	National Public Tender
	International Public Tender Goods & Services: >\$250K Public Works: >\$1M DL 24/2008 s2 Article 39 & 61	International Public Tender Goods & Services: >\$250K Public Works: >\$1M

Competence to sign & approve Decree Law 1/2010 Article 15		
<\$1M USD	\$1M - \$3M USD	>\$3M USD
Holders of organs of sovereignty Ministers & Secretaries of State All other public bodies subject to Government Budget Discipline	The Prime Minister - can delegate	The Council of Ministers

Appendix 4: Payments made to Individuals for construction

Vendor Name	Translated Description of Supply	Type of Supply	Amount
AMANDIO SOARES	Payment for reconstruction of a temporary construction buildings of three classrooms EP	Construction	20,000.00
ANTONIO PINTO DA SIL	Payment for construction of a reconstruction of buildings of three classrooms EP961 Nahas	Construction	20,000.00
APOLINARIO NUNES	Payment for construction of a reconstruction of buildings of three classrooms EP66M	Construction	20,000.00
CUSTODIO DO REGO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
DOMINGOS DA COSTA GU	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
DOMINGOS FLAVIO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
JOAO GUTERRES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
JOAQUINA DA COSTA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
JULIO SACADURA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
MARIA JULIETA FREITA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
MARIANO LOPES FERNAN	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
RAIMUNDO SOARES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
RUI CAERO FERNANDES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	20,000.00
ABEL DE JESUS SARMEN	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
CAITANO FRANCISCO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
DOMINGOS DOS SANTOS	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
FRANCISCO BOU LOROK	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
FRANCISCO SOARES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
JOAO MARTINS DE JESU	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
MARTINHO PEREIRA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
SALOMAO DA CRUZ	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	18,000.00
AFONSO PEREIRA LEMOS	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,964.00
ADAO MENDONCA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
ADOLFO DE JESUS FREI	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
AGOSTINHO ANTONIO GU	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
AUGUSTO BOAVIDA DE A	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
CARDOSO SARMENTO FRE	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
CARLOS DA CONCEICAO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
DINIS CRISTOVAO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
DOMINGOS DE JESUS SO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
ERSILIO SOARES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
ESTANISLAU M.QUINTAS	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
GRACIANO ABILIO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
HELDER MARIA DA SILV	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
HENRIQUE J.F.LOBO CA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
HERMENEGILDO RANGEL	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
JAIMITO SOARES MISSA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
JOSE DA COSTA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
JOSE GONCALVES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
LEOPOLDO DA CONCEICA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
MARCAL DE JESUS	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
MARIANUS SAMA LETO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
MARTINHO DA CRUZ	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
MATEUS TILMAN	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
MOISES MENDONCA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
PAULO DA SILVA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
PAULO DO REGO	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
PAULO GOMES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
PEDRO SALSINHA	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
SILVERIO GONCALVES	Payment for reconstruction of a temporary construction buildings of three rooms EP classes	Construction	17,000.00
Total payments to individuals for construction			897,964.00

Source: MoF FreeBalance Accountability – Commitment/Obligation Report

Appendix 5: Process followed to obtain the FY 2009 documentation

The following process was followed in order to try and obtain the 2009 documentation:

- The documentation was requested from the appropriate ministry with sufficient lead time to allow the relevant agencies time to prepare. The request extended across all relevant documentation required for testing including the FY2009 documentation. However, no ministries could provide DTT with the 2009 documentation as the procurement were done centrally at Ministry of Finance (Central Procurement). This situation is considered reasonable as procurement was centrally controlled prior to 26 February 2010 and the promulgation of Decree Law 1/2010. However, what is problematic is that neither the relevant Ministry (nor the Ministry of Finance) could access the relevant documents in a timely fashion.
- DTT was directed to the National Procurement Commission (NPC) presumably as they represented a legacy component of the former Central Procurement. DTT specifically spoke to Mr. Aniceto do Rosario and Hermingardo 'Ardo' A Soares at the National Procurement Commission but they were unable to assist as the NPC was only established on 27 April 2011 and the NPC's charter is to assist in procurement over \$1 000 000 normally involving the procurement for the Infrastructure Fund.
- The representatives at NPC directed DTT to speak to Central Procurement Department in the Ministry of Finance. Specifically, DTT spoke with Luciano Henri Ques Andrade (Ms Evangelina Gutierrez was not available) who made it clear that the mandate of the department was to provide procurement training and not procurement. DTT was directed to Corporate Services in the Ministry of Finance for further investigation.
- DTT then spoke to Ms Santana (DG) at Corporate Services where it was made clear that they only procure for the Ministry of Finance and no central procurement was done at Corporate Services on behalf of any line ministries. It was then noted that the documents could be obtained from the former Head of Central procurement, Mr. Manuel Montiero.
- DTT then spoke to Mr. Manuel Montiero the current National Director of Autonomous Public Authority. He said that he could only provide us with documents for after June 2009. We requested all the relevant 2009 documents but only received a few document batches from him. These batches were found to be incomplete. .
- DTT did not go further in trying to get the 2009 documentation as Central procurement no longer exists and there was no concern or responsibility taken for whereabouts of this documentation. The outcome was DTT making the observation in this procurement report that documents for 2009 could not be provided by the ministry.

Contact us

Deloitte
Level 11
24 Mitchell Street NT 0800
GPO Box 4296
Darwin NT 0801 Australia

Tel: +61 (0) 8 8980 3000
Fax: +61 (0) 8 8980 3002
www.deloitte.com.au