



PERFORMANCE AUDIT REPORT

ON

**THE SUPPLY OF TEACHING AND
LEARNING MATERIALS PROGRAMME**

IN THE

**MINISTRY OF EDUCATION, SCIENCE
AND TECHNOLOGY**

**National Audit Office
P.O Box 30045
Lilongwe 3**

10th March 2011

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National Audit Office
P.O Box 30045
Capital City
Lilongwe 3

10th February 2011

The Honorable Minister of Finance
Ministry of Finance
P.O Box 30049
Lilongwe 3
Malawi

Dear Sir,

Pursuant to the provision of Section 184(2) of the Constitution of the Republic of Malawi and the Public Audit Act, I have the honour to submit the first Performance Audit Report on the distribution of Teaching and Learning Materials in the Ministry of Education, Science and Technology for tabling in the National Assembly. Performance audit has recently been introduced in my office in line with current international trends in the auditing profession.

A performance audit is an audit of the economy, efficiency and effectiveness with which the audited entity uses its resources to achieve its goals. The prime aim of a performance audit is to ensure better use of resources, improved operations and better decision making in reaching policy objectives.

Yours faithfully,

R. A Kampanje
Auditor General

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ACRONYMS

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ATC	Authority to Collect
CDSS	Community Day Secondary School
CMS	Central Medical Stores
CO	Controlling Officer
DEM	District Education Manager
DN	Delivery Note
EMIS	Education Management Information Systems
GCC	General Conditions of Contract
GRN	Goods Received Note
IPC	Internal Procurement Committee
IST	Internal Stock Transfer
MoEST	Ministry of Education Science and Technology
ODPP	Office of the Director of Public Procurement
SPU	Special Procurement Unit
TDC	Teacher Development Centre

EXECUTIVE SUMMARY

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INTRODUCTION

The objective of the Supply of Teaching and Learning Materials Programme is to procure, store and distribute teaching and learning materials to schools in order to support free primary education. Funding for the supply of teaching and learning materials programme had increased over the years from MK 743 million in 2006/2007 to MK 1,222 million in 2008/2009.¹ The Ministry of Education Science and Technology (MoEST) has the overall responsibility for the programme, as well as the responsibility for planning and procurement of materials. The functions of warehouse management and distribution are vested on the Supplies Unit Directorate.

The objective of the audit was to ascertain whether the supply of teaching and learning materials to schools by the MoEST was being done in an economic and efficient manner.

To achieve the objective, the following audit questions were used:

- a) To what extent are the teaching and learning materials distributed on time and in the right quantities?
- b) To what extent are proper procedures of procurement established and adhered to in the programme?
- c) To what extent are proper warehouse management activities followed?
- d) To what extent is the programme monitored to ensure its objectives are achieved?

The audit covered the 2007 and 2008 academic years. Interviews, documentation reviews and physical observations were carried out to collect data for the audit. Interviews were held with representatives from the Ministry of Education and at various levels of the Supplies Unit Directorate. Data was collected from warehouses and sampled schools in all regions.

¹ Including ORT for the Supplies Unit, Procurement and logistics for the materials. Source: Supplies unitbudget.

FINDINGS AND RECOMMENDATIONS

A major finding of the audit was that several primary schools were not getting the procured materials. Between two and four percent of the materials delivered at Liwonde Warehouse did not reach the schools in the Southern Region. In the Central and Northern Regions, there were less problems of leakage. However, schools in about 150 zones in the Central Region did not get all the teaching and learning materials which they were supposed to receive in 2008. At the same time, several secondary schools in the Central Region received materials meant for primary schools.

In many schools Teaching and Learning materials were arriving after the school year had started. This was due to a number of factors including late awarding of contracts by the Ministry, delayed delivery of materials by suppliers, inefficient warehouse management and insufficient distribution capacity. The consequence was the shortage of teaching and learning materials in schools in the first and sometimes second term of the school year.

The audit also found a lot of weaknesses relating to uneconomic procurement of materials by the Ministry. There were instances of over awarding of contract quantities and procurement of poor quality materials. The warehouses did not have sample materials to compare with when receiving materials. Furthermore, although internal auditors were supposed to inspect the quantity and quality of materials received, they did not do that.

Efficient warehouse management seemed to be a major challenge in the programme. The audit found several weaknesses in the receipt of materials, record management and arrangement of stores in the warehouses. There was no standardized record keeping within the warehouses. These weaknesses show that the Supplies Unit Head Office had not done enough to ensure the efficient running of the warehouses. There seemed to be a lack of systematic monitoring and internal controls.

The Ministry has the overall responsibility for the results of the Teaching and learning materials programme. The audit showed that there were serious challenges of procurement, warehouse management and distribution of materials in the programme.

A general recommendation is that the Supplies Unit Directorate should develop better systems and procedures to ensure that teaching and learning materials reach the targeted schools in an economic and efficient way. When procuring materials, it is recommended that proper estimates should be established on the materials needed, better monitoring of the delivery time of materials and the quality and quantity of the received materials.

To improve warehouse management, it is recommended that the Supplies Unit should come up with standardized systems or guidelines on warehouse management, record keeping and storage. The Supplies Unit directorate should establish a system to ensure adequate monitoring and supervision of warehouse operations. The Supplies Unit should in this regard consider introducing an electronic system for warehouse logistics.

To address the problems of distribution, it is recommended that the logistical capacity as well as the monitoring is improved. The Ministry should consider involving the Division and District Education Managers Office (DEM) to monitor the distribution of materials and report to the Supplies Unit Directorate and the Ministry. Finally, it is recommended that the Ministry and the Supplies Unit Directorate should establish proper systems of reporting and follow up of results of the teaching and learning materials programme.

COMMENTS FROM THE MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

The auditee responded to the findings by stating that the auditor's observations were noted. The Ministry indicated that it has instituted a number of measures to address the anomalies. The master list for schools would be updated regularly to ensure that enough materials were available for distribution and all schools benefit from the program. Proper follow ups would be made on suppliers so that materials are delivered on time and with the right quality and quantities.

In order to ensure efficient warehouse management, proper training for warehouse staff and senior members of the Supplies Unit would be carried out. Standard Operating Procedures would also be developed to ensure that systems were the same in all warehouses.

District Education Managers and Education Division Managers will be involved in the distribution of teaching and learning materials to ensure the programme is properly monitored. The Ministry also stated that it would improve coordination within units responsible for the procurement and distribution of teaching and learning materials.

1 INTRODUCTION

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1.1 BACKGROUND

The objective of the Supply of Teaching and Learning Materials Programme is to procure, store and distribute teaching and learning materials to schools in order to support free primary education. The materials include notebooks, chalk, desks, pencils and pens. Funding for the supply of teaching and learning materials programme had increased over the years from MK 743 million in 2006/2007 to MK 1,222 million in 2008/2009.²

The Ministry of Education Science and Technology (MoEST) has the overall responsibility for the programme, as well as planning and procurement of materials. The functions of warehouse management and distribution are vested on the Supplies Unit Directorate. The directorate including the warehouses was supposed to have 52 members of staff for the period from 2006 to 2008. By the end of this period there were 50 filled positions, while 21 of these were non-established.

National Audit Office carried out the audit after several news reports showing shortage of teaching and learning materials in various schools in the country, although large amounts of funds had been invested in the programme.

1.2 AUDIT OBJECTIVE, SCOPE AND AUDIT QUESTIONS

The Objective of the audit was to ascertain whether the supply of teaching and learning materials to schools by the Supplies Unit and MoEST was being done in an economic and efficient manner. To achieve the objective, the following audit questions were used:

- a) To what extent are proper procedures of procurement established and adhered to in the programme?
- b) To what extent are proper warehouse management activities followed?

² Including ORT for the Supplies Unit, Procurement and logistics for the materials. Source: Supplies unit budget.

- c) To what extent are the teaching and learning materials distributed on time and in the right quantities?
- d) To what extent is the programme monitored to ensure its objectives are achieved?

The audit covered the 2007 and 2008 academic years.

2 METHODOLOGY

Interviews, documentation reviews and physical observations were carried out to collect evidence and data for the audit.

2.1 INTERVIEWS

Representatives for different units involved in the programme within the Ministry of Education, Science and Technology Headquarters were interviewed. At the Ministry headquarters in Lilongwe the following were interviewed: Controller of Human Resources, Director of Finance, Deputy Director of Basic Education, Director of Education Methods Advisory System, Special Procurement Unit Officers, Planning and Budget Section Officers and Planning EMIS Section Officers.

The objectives of the interviews were:

- To establish how needs assessment for schools was conducted and how distribution schedules were drawn
- To establish how procurement of materials was done
- To assess mechanisms put in place to monitor and evaluate the Teaching and Learning material programme.

The following representatives from the Supplies Unit Head Office in Blantyre were interviewed: the Director, Assistant Logistics Manager, Assistant Human Resources Management Officer, Principal Accountant, two Stores Supervisors for Chichiri and Liwonde Warehouses, three Stores Clerks and Loaders.

The objectives of the interviews were to establish:

- a) General management of the warehouses
- b) Internal controls in the programme
- c) Monitoring and communication within the programme

Interviews with headmasters at 49 schools³ were carried out to confirm whether teaching and learning materials had reached the intended primary schools. The schools were sampled based on geographical spread. Two divisions in the Southern and Central regions were visited. In the Northern region, one division was visited. Within each division, one district was sampled, and four zones in each district and two schools in each zone were sampled.

2.2 DOCUMENT REVIEW

In order to find out whether the procured materials reached the schools, the quantities of the materials received in the warehouses were compared to the quantities of materials distributed. Documents reviewed include: Distribution Schedules for beneficiary schools, Goods Received Notes, Stores Ledger, Authority to Collect (ATC) files, Internal Stock transfer files, Letters of Authority to Deliver files and schools' Stock Books. The quantity of the distributed materials was obtained by looking at the ATCs. If there was any variance of material not distributed, a sample of schools were visited to confirm this with the records and the headmaster.

The records of the warehouses were also used to assess whether there was proper warehouse management. In order to assess the extent as to whether proper procedures of

³ In the Southern region, Shire Highlands Education Division, the following schools were visited: Chindola, Masubi, Lauderdale, Chanunkha, Manyamba, Gambula, Chisawani and Thumbwe primary schools, and Muloza Community Day Secondary School. In the South Western Education Division, the following schools were visited: St Mathews, Nyamphota, Lengwe, Bereu, Namalindi and Dyeratu Primary Schools.

In the Central region, Central Western Education Division, the following schools were visited: Dombole, Mphepo zinai and Ntumba Primary Schools and Ganya Teachers Development Centre (TDC) in Ntcheu. In the Central Eastern Education Division the following schools were visited: Kaluluma CDSS, Mphomwa CDSS, Empundwini and Kamdidi primary schools, Kapelula CDSS, Ng'ombe and Katozi primary schools, Nyaza, Kaphirintiwa and Mndewe primary schools, Chang'ombe and Manyani primary schools.

In the Northern region, Kabowozga, Kawiruwiru, Kapija, Kafwefwe, Emthuzini, Champhoyo, Tonthowere and Mjinge primary schools.

procurement were established and adhered to in the programme, a list of suppliers and their contract agreements for deliveries in 2008 were analysed. Tender documentation was also analysed for the year 2008.

2.3 PHYSICAL OBSERVATION

The team conducted physical checks on the stock closing balances in the warehouses. These were compared with the records. Observations were also made at warehouses with the following objectives:

- a) To determine the extent of loss of materials through damages
- b) To assess the adequacy of the space in the warehouses
- c) To ascertain quality and condition of materials at warehouses
- d) To check the arrangement of materials in warehouses

2.4 DISCUSSIONS ON FINDINGS WITH THE AUDITEE

The findings of the audit were discussed on 21st April and 22nd December 2009 with management of the Ministry of Education where the Directorate of Supplies Unit was also present. The Ministry has given written responses to the findings, and the last one was given on 8th September 2010.

3 CRITERIA FOR ASSESSING THE PERFORMANCE OF THE PROGRAMME

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The main activities of the programme include identification of needs for schools, procurement of teaching and learning materials, receiving materials from suppliers, storage of materials in warehouses, distribution of materials to schools and monitoring of the materials distributed. The assessment criteria for the audit presented below is based on interviews with officials from the Ministry of Education, Science and Technology.

3.1 PLANNING

Planning of procurement of teaching and learning materials is done by the Planning Section of the Ministry of Education Science and Technology. The Planning Section acts as a data bank of the Ministry, and conduct surveys in schools where data is collected in relation to pupil enrolments and staff returns. The end product of this exercise is the Education Statistics Booklet which contains all the statistics required in the ministry.

The information in the booklet is used for drawing up a distribution schedule for teaching and learning materials by the Planning Section. The distribution schedule is forwarded to Supplies Unit to be used as a standard guide for distribution of teaching and learning materials in primary schools.

3.2 PROCUREMENT

Procurement is done by the Special Procurement Unit (SPU) of the Ministry of Education Science and Technology. It involves tendering, selection and awarding contracts to suppliers of teaching and learning materials.

The Planning Section, after having identified the needs for materials, sends the needs to the Special Procurement Unit where they are forwarded to the Internal Procurement Committee for approval. Once the approval is granted an advert is placed in the press.

Teaching and Learning Materials are procured using the National Competitive Bidding which runs for 28 days. After the bidding, an evaluation team is appointed to evaluate the

tenders and submits an evaluation report to the Internal Procurement Committee and to the Office of the Director of Public Procurement (ODPP). The contracts are awarded after a no objection is granted.

3.3 LOGISTICS

The Supplies Unit is responsible for the logistics of the programme: receipt, storage and distribution of materials.

3.3.1 Receipt of materials

After the Special Procurement Unit has awarded the contracts to the suppliers of materials, suppliers are supposed to obtain a document called “Authority to Deliver” from Supplies Unit headquarters in Blantyre. The authority to deliver indicates the name of the supplier, description of materials, quantity to be delivered, date of delivery and warehouse. This is drawn after verifying copies of contract agreements which the Special Procurement Unit sends to the Supplies Unit.

Materials are then delivered at the warehouse with a Delivery Note issued by the supplier. The warehouse officers verify the materials with the “Authority to Deliver” and the list of suppliers. A “Goods Received Note” is raised and details of the goods and delivery note are recorded in the Stores Ledger. Internal auditors verify the physical delivery of materials to the warehouses.

3.3.2 Storage of materials

Storehouses are arranged in such a way that stores and equipment of similar nature are stored in the same building. Where the materials are obtainable from a number of suppliers, a code number is allocated to it for the purpose of identification in the stores ledgers.⁴ To ensure good record management and control that contributes to efficient warehouse management, the following elements are required:

- a) Records should be relevant, sufficient, complete and reliable.

⁴ Treasury Instructions (stores) .

- b) Sufficient records of transactions done in all warehouses should be kept at the head office for control purposes.

3.3.3 Distribution of materials to schools

Distribution of teaching and learning materials should be done directly to the intended schools with quantities indicated in the distribution schedules. It is a requirement that materials should be distributed to schools at the beginning of each term in order to ensure that schools have sufficient materials when the school year starts. Materials in the distribution schedule are meant to cater for three terms of the school calendar. Materials may be distributed to schools every term in parts or at once at the beginning of the first term.

3.4 MONITORING

Monitoring of the materials distributed to schools is supposed to be done to ensure that the right type and quantity of materials are reaching the intended schools and bonafide beneficiaries. The responsibility of monitoring distribution of materials was vested in the management of the Supplies Unit Head Office.

Each Controlling Officer (CO) is responsible for ensuring that, in relation to his Ministry, all expenditure is incurred with due regard to economy, efficiency and effectiveness and the avoidance of waste. He is also responsible for taking all necessary precautions to safeguard public resources. The CO must also ensure that an effective system of internal control is developed and maintained.⁵

Performance management aims at providing management with a system, which can identify and monitor the efficiency and effectiveness of the Ministry or Department. One prerequisite of performance management is that the Ministry conducts a strategic planning process and identifies clear objectives. To ensure that the Ministry's business is effectively carried out, each Ministry should conduct periodic progress reviews showing what has been achieved; problems encountered and planned objectives for the future. The

⁵ Public Finance Management Act (No 7 of 2003, section 10h, i and p.

Principal Secretary can on a quarterly basis meet departmental or division heads for progress review sessions.⁶

⁶ Performance Management Handbook for the Civil Service, page 7-8.

4 FINDINGS

4.1 PROCUREMENT OF TEACHING AND LEARNING MATERIALS

4.1.1 Planning of procurement considering the pupil enrolment

The Planning Section of the MoEST should conduct surveys in schools where they collect data in relation to pupil enrolments and staff returns. This information should be used for drawing up a distribution schedule for teaching and learning materials by the Planning Section.

A review of relevant documents disclosed that the quantities of materials indicated in distribution schedules were inadequate to cater for three terms in relation to the pupils' enrolment and teachers' return. Materials procured were inadequate to cater for the three terms of the academic year for all government primary schools in Malawi.

MANAGEMENT COMMENT

We have noted the auditor's observation that the figures in the distribution schedule were inadequate to cater for three terms in relation to the pupils' enrollment and teachers return. We agree with the auditor's observation and recommendations and the following measures have been instituted to address the anomalies:

- a) Request for increased budgetary allocations for procurement of teaching and learning materials.*
- b) Endeavor provision of adequate resources for provision of teaching and learning materials.*

4.1.2 Planning of procurement considering the material balances in the warehouses

It is a requirement that material balances in the warehouse should be considered when placing new orders for procurement and that they should be brought forward to the next period of the transaction.

It was observed that the available balances in the warehouses were not taken into account when procuring new consignments of materials. This was due to the fact that information on the balances was not provided to the Supplies Unit Head Office, the Special Procurement Unit and the Planning Section.⁷ As a result the quantities expected to be procured did not take the material balances in the warehouses into account. Consequently materials procured and available in the warehouses were more than what was indicated in the distribution schedule.

MANAGEMENT COMMENT

We have noted the auditor's observation that the available balances were not taken into consideration when procuring new materials consignment. This was due to the fact that information on balances was not provided to Supplies Unit Head Office, the Special Procurement Unit and the Planning Section. We agree with the auditor's observation and have since instituted the following measures to address the anomalies:

- a) Inventory management system that is linked to the needs identification, procurement, storage, distribution and payment will be done.*
- b) Improve coordination within units responsible for the procurement and distribution of teaching and learning materials.*
- c) Having a demand driven system in identifying school needs.*
- d) Regular stock taking, i.e. quarterly reports as recommended by the task force.*

4.1.3 Approval from the ODPP when awarding contracts to suppliers

It is a requirement that teaching and learning materials procured should be in relation to the contract quantities approved by ODPP through a "No objection" letter. Contracts are supposed to be awarded to suppliers in the quantity that have been approved by the ODPP.

⁷ Interview with representatives of the Ministry of Education, Science and Technology and document review.

An examination of tender documents disclosed that⁸ most of the suppliers' contract quantities were over or under awarded without any supporting documents. Table 1 shows quantities shown for Liwonde and Lilongwe warehouses.

Table 1 Quantities over or under awarded

Warehouse and material	Quantity approved by ODPP	Quantity awarded	Quantity over or under awarded
Liwonde warehouse			
80 Page exercise books	4,400,000	5,600,000	1,200,000
40 Page exercise books	10,600,000	10,000,000	-600,000
Lilongwe warehouse			
80 Page exercise books	6,600,000	7,600,000	1,000,000
40 Page exercise books	14,000,000	16,200,000	2,200,000

The above table shows that, in total 2.2 Million 80 page exercise books and 1.6 Million 40 page text books were over awarded. In the tender there was one supplier⁹ who was not approved by ODPP, but was still awarded a contract to deliver to Lilongwe warehouse.

4.1.4 Delivery time by suppliers and contract enforcement by the Supplies Unit

Every contract has its expiry period. It is a requirement that suppliers deliver materials to the warehouses within the stipulated contract period according to General Conditions of Contract (GCC) clause 12 which states that *“The delivery of the goods and completion of the related services shall be in accordance with the delivery and completion schedule specified in the statement of requirement”*.¹⁰

⁸ Tender number 025/IPC/MoEST/01/07-08.

⁹ Universal Sales and Supplies

¹⁰ 025/IPC/MoEST/01/07-08 bid document.

Several suppliers delivered their materials after the contract period had elapsed. Table 2 depicts the list of late deliveries for the 2007-2008 tender.¹¹

Table 2 Average delay of delivery of materials to Lilongwe and Liwonde warehouses

Warehouse and material	Quantity	Average delay in days
Lilongwe		
40 page ex-books	8,600,000	60
80 page ex-books	1,400,000	74
Double seater desks	2,000	61
Pencils	1,200,000	97
Student chairs	400	122
Liwonde		
40 page ex-books	3,000,000	61
80 page ex-books	1,600,000	53
Single desks	3,750	98
Single double desks	2,000	62
Student chairs	900	89
Grand Total	15,809,050	78

Table 2 shows that the average delay for the materials was 78 days. There was no major variation in the delay between Lilongwe and Liwonde warehouse.

The suppliers were not given penalties for late deliveries although there is a clause for that in the contract.¹² Non enforcement of penalties is likely to have contributed to late

¹¹ NCB/025/IPC/MOEST/01/07-08

¹² Stipulated on GCC clause 33 (1a) (i) which states that “The procuring entity, without prejudice to any other remedy for breach of contract, by notice of default sent to the supplier, may terminate the contract in whole or in part: If the supplier fails to deliver any or all of the goods within the period specified in the contract, or within any extension thereof granted by the procuring entity pursuant to GCC clause 32” in the 025/IPC/MoEST/01/07-08 bid document.

deliveries. Late deliveries of materials by suppliers to warehouses could lead to the following implications:

- a) Commencement of schools without teaching and learning materials for teachers and pupils.
- b) Additional logistical costs which includes fuel, subsistence allowances, service and maintenance, since the same schools have to be visited more than the planned frequency.

MANAGEMENT COMMENT

We agree with the auditor's observation and have instituted the following measures in order to address the anomaly:

- a) Tight contract management will from now onwards be instituted that will check late deliveries by suppliers, late awarding of contracts and enforcement of penalty clauses.*
- b) Invoke penalty clauses stipulated in the contract.*

4.1.5 Quality and quantity of delivered materials

Suppliers are supposed to provide materials with the quality and quantity as agreed in the specifications. Out of 18 cartons of pencils sampled at random in Mzuzu warehouse, the quantity of pencils was 34 311 instead of 38 880 giving a shortage of 4549 pencils. This meant that on average each carton had 1907 pencils instead of 2160 pencils. Through physical observation it was also established that poor quality pencils were laid at the bottom of the cartons as the pencils were deliberately not packed in units.

It was also noted that some materials that were received were not in accordance to the specifications. For instance:

- a) Exercise books were packed in plastic bags which were easily torn causing spillage and damage to materials (see picture no. 1) contrary to packing specifications.
- b) Some pencils were triangular in shape, and were packed in bulk and not units.¹³

¹³ Provided by A and B Enterprise to Lilongwe warehouse



Picture 1 Exercise books packed in plastic bags which were easily torn when loading and offloading. Lilongwe Warehouse.



Picture 2 Pencils packed in bulk instead of unit. Lilongwe Warehouse.

It is a requirement that the Ministry must obtain samples from suppliers and the samples approved in relation to the successful bidder should, after being signed by the internal procurement committee, be kept by the procuring entity for the purpose of comparison with the delivered supplies.¹⁴ Since procurement is done by the Special Procurement Unit

¹⁴ Regulation no. 58(2) of Public Procurement Regulations

(SPU) at Ministry Headquarters, the samples and specifications must also be available at the warehouse where receipt of materials is done.

It was observed that Supplies Unit warehouses were not keeping material specifications and samples to be used for comparison with delivered materials. This was due to the fact that the specifications and samples were not sent to warehouses but were being kept at Supplies Unit Head office and Ministry Headquarters. As a result, proper inspection of materials was not done when receiving materials in the warehouses.

MANAGEMENT COMMENT

We have noted the auditor's observations that Supplies Unit warehouses were not keeping material specification and samples to be used for comparison with delivered materials. This was due to the fact that the specifications and samples were not sent to warehouses but were kept at Supplies Unit Head Office and Ministry Headquarters. We agree with the auditor's observation and that the following has been done in order to address the anomaly:

- a) A and B Enterprises will be written a letter to address the anomaly and failure to address the anomaly shall lead to seeking legal redress.*
- b) Encourage the units responsible for procurement and distribution of teaching and learning materials to establish and use proper communication channels within the system.*

4.1.6 Physical verification of delivery by internal auditors

In order to certify payments for procured material, internal auditors are required to cross check physically the actual quantity and quality of the delivered material by suppliers.

Both warehouse staff and internal auditors said during interviews that physical verification of the materials delivered at warehouses was not conducted by the internal auditors. Instead the internal auditors were cross checking the delivery notes and GRN's with the stores ledger. This was the case due to the following reasons:

- a) The internal auditors were being temporarily sourced from other departments within the Ministry of Education.

- b) Receipt of materials at warehouses and distribution of materials to schools was mostly done concurrently, making it difficult for the auditors to verify physical materials delivered.
- c) Lack of samples at the warehouse made it difficult for the internal auditors to verify compliance with specifications of materials.

In our view, the certification of payment basing on verification of records instead of physical materials delivered to the warehouse; increase the risk of payments made for materials not delivered or substandard quality materials.

4.2 WAREHOUSE MANAGEMENT

4.2.1 Receipt of materials in the warehouses

A supplier is supposed to have a letter of authority to deliver before delivering materials to warehouses. It was however noted that the system was not fully implemented as some suppliers were delivering materials to warehouses without letters of authority to deliver. Table 3 depicts the quantities of materials delivered without an Authority to deliver document for contracts awarded in October 2007.

Table 3 Quantities of materials delivered without an Authority to deliver document

Material	Supplier	Quantity
40 pg A5 exercise books	Computer System	400,000
	Design Printers	1,000,000
	H B Stationers	200,000
	Mulli Brothers	3,000,000
	World Wide Wholesalers	600,000
	Total	5,200,000
80 pg A5 exercise books	Export Trading	200,000
	Impression Printers	600,000

Material	Supplier	Quantity
	Mulli Brothers	2,200,000
	New City Centre	200,000
	Trade Sales and Supplies	600,000
	Universal Sales & Supplies	1,400,000
	Total	5,200,000
Boxes of coloured chalk	Export Trading	50,000
	Sealand Investments	80,000
	Total	130,000
Boxes of white chalk	Mulli Brothers	130,000
Grand total		10,660,000

Table 3 shows that 10.66 million quantities of various materials were delivered without letters of Authority to deliver in contracts awarded in October 2007. Further inquiries revealed that this was because some suppliers deliberately decided to deliver the materials without getting the letters of authority to deliver after they were awarded the contracts.

Efficient warehouse management becomes difficult when materials are delivered without an Authority to deliver, as materials may be delivered even when there is no space to store them.

MANAGEMENT COMMENTS

We have noted the observations made by the auditors that Supplies Unit Management introduced a system of providing letters of authority to deliver materials to the warehouses. The letters were issued to suppliers before delivering materials to the warehouses which ought to be adhered to consistently. However, the report observed that the system was not fully implemented as some suppliers delivered materials to the warehouses without letters of authority.

We agree with this observation that some Suppliers delivered materials without the Letters of Authority. Management has instituted the following measures to avoid the reoccurrence:

- a. Authority to deliver letters will now be issued by Specialized Procurement Unit unlike in the past when it was originating from Supplies Unit.*
- b. The Special Procurement Unit will ensure that such delivery procedures are incorporated in the terms and conditions of the contract for supply of teaching and learning materials which was not the case in previous contracts.*
- c. Penalty clauses will be included in the terms and conditions of the contract and ensure they are enforced.*
- d. Ensure good contract management.*
- e. Identify training in warehouse management for staff working in warehouses.*

4.2.2 Records management

To ensure good record management and control that contributes to efficient warehouse management, the records should be relevant, sufficient, complete and reliable. Interviews and observations at the visited warehouses showed that there were no standardized systems or guidelines of warehouse management and distribution systems in the Supplies Unit warehouses. The recording systems used in the warehouses differed from each other. Lilongwe warehouse did not use Authority to Collect (ATC) to DEM to show the total materials distributed in the district, while Liwonde and Mzuzu warehouses were using them. At Liwonde warehouse the transactions were not recorded in chronological order of dates.¹⁵

When materials arrive in the warehouse, a “Goods Received Note” (GRN) should be raised. The details of the goods and delivery note should be recorded in the Stores Ledger. Visits showed that updates to the ledger were not done immediately after the transactions. Some records were being updated during the visit of the audit team. There were instances where the quantities in the GRNs were not corresponding with that on the

¹⁵ Review of the stores ledger.

letters of authority to deliver for the suppliers. The Letters of authority to deliver would show that the supplier had a balance while the GRNs and the ledger would show that the supplier had completed his contract quantity. For instance messers Rebirth General Dealers, Kumsid and Kris offset had balances of 520,000; 52,000; and 340,000 forty page exercise books on their letters of authority to deliver respectively, yet the GRNs and the ledger showed that the contract quantities were delivered to the warehouse in full.

There were incidences of records of receipts and issues in the stores ledger that were altered resulting into quantity variances between ledger and physical balances. For instance on 23rd May 2008 an issue of 91 625 forty page exercise books was made from a balance of about 55 000 at Liwonde warehouse.

Alterations of ATC are not allowed as they are supposed to be treated as cheques. In the Southern Region there were alterations on 98 ATCs made on the same day (13 May 2008). The sample which was examined indicated that a total quantity of 2007 red pens was supposed to be delivered, but the ATCs showed that no pens were issued.

Lilongwe warehouse was unable to differentiate balances of white and coloured chalk. Observations also showed that the closing balances were not automatically used as opening balances in the warehouses. After 2008 material distribution, there were 13,125 dusters, 6,776 boxes of white chalk, 4,440 schemes of work books, 107,792 lead pencils, 67,644 blue pens and 21,247 boxes of coloured chalk remaining in the Liwonde Warehouse as closing balances. At Lilongwe Warehouse balances were: 760,965 eighty page exercise books, 540,895 forty page exercise books and 1,740 white chalks. These balances were not reflected as opening balances for the following year. This resulted in differences between the stores ledger and physical balances of materials.

The following issues are likely to have contributed to insufficient record keeping in the warehouses:

- a) Record keeping was done manually

- b) **No physical inspections by the internal auditors:** Great reliance was put on internal auditors to check validity and correctness of warehouse records. However, Supplies Unit did not have its own internal auditors. They relied on those from South West Education Division and Ministry Headquarters. These were outsourced just to verify deliveries on documents such as supplier delivery note, Goods Received Notes, Stores Ledger and thereafter authenticate suppliers' invoices for payment.
- c) **No segregation of duties:** there was no segregation of duties between the receiver and issuer of materials in the warehouses. Lack of segregation of duties created a risk of manipulating the figures of materials received at the warehouse and distributed to schools by the officers
- d) **Lack of capacity:** In Liwonde and Mzuzu warehouses there was only one person responsible for receiving and issuing of materials. This created work overload on the supervising officers. Warehouse supervisors were left with full responsibility of receiving materials and determining what, where and when to distribute materials.
- e) **Lack of qualified staff:** The important transactions such as issuing of authority to deliver to suppliers were being done by a junior member of staff who was not very experienced in such a field. One warehouse was being supervised by an officer of EO grade with insufficient training.

RECORDS IN THE SUPPLIES UNIT HEAD OFFICE

Sufficient records of transactions processed in all warehouses should be kept at the head office for control purposes. Examination of the records in the Supplies Unit head office showed that several records pertaining to the supply of Teaching and Learning materials were missing. This include ATCs, copies of contracts awarded in 2006/2007, internal audit reports, copies of Delivery Notes (DNs), GRNs and copies of suppliers' invoices that are sent to Ministry of Education Headquarters for payment.

MANAGEMENT COMMENTS

We have noted the observation made by the auditors that there were inefficiencies in record keeping such as incomplete recording of information, document alterations, dates

not recorded in chronological order, manipulation of records and not enough documents kept at Supplies Unit Office.

We agree with the observations and recommendations made and the following measures have been instituted in order to address the anomaly and prevent it from reoccurring:

- a. Initiated talks with the Canadian International Development Agency (CIDA) through the Grant to Support the Education Sector II Project to assist the MoEST in developing an inventory management system.*
- b. A task force has been established to look at the filling of post within the staff establishment.*
- c. Review the staff establishment within the parameters of the functional review.*
- d. Identified proper training programmes for warehouse staff and senior members of staff of Supplies Unit.*
- e. Quarterly stock taking as recommended by the task force. This will improve records and identify problems at an early stage.*
- f. Dedicated internal audit staff to be deployed to Supplies Unit*
- g. Redefining the functions of Supplies Unit and the Special Procurement Unit.*
- h. Development of Standard Operating Procedures to ensure that systems are the same in all warehouses.*

4.2.3 Arrangement of stores in the warehouse

Storehouses must be arranged so that stores and equipment of a like nature are stored in one place, cage or building. Where the materials are obtainable from a number of suppliers, a code number must be allocated to each type of material for the purpose of identification in the stores ledgers.¹⁶

It was observed that material arrangement in the warehouses was not properly and orderly done. Chemical materials were stored together with non chemical materials such as exercise books. The warehouses did not have pallets where cartons of materials could be placed to avoid damages. Some materials were placed on the floor without proper

¹⁶ Treasury Instructions (stores) number 5605(2).

packing leading to material damages (see picture no 3, 4 and 5). Coding system was also not being used for material identification.

Lack of a standardized systems or guidelines of warehouse management is likely to have contributed to poor storage of materials (see chapter 4.2.2). Interviews also showed that there was a shortage of trained members of staff and inadequate training for warehouse officers. Inadequate space in the warehouses also made it difficult for the warehouses to be demarcated properly.



Picture 3 Loose exercise books due to poor packaging. Mzuzu warehouse, 2008.



Picture 4 Materials laid on the floor without pallets. Liwonde warehouse, 2008.



Picture 5 Damaged coloured chalk. Warehouse. Liwonde warehouse, 2008.

It was observed that the warehouses were keeping materials which were not related to the supply of teaching and learning materials programme: furniture from guest houses and offices, a motor vehicle (see picture no 6), old syllabus books and damaged materials like burnt note books. There were also 175 Computer monitors, 169 Computer keyboards, 9 Processors and 2 laptops which were donated by Japanese International Cooperation Agency (JICA) in the year 1999. These materials had been in the warehouse since then without any guidance as to what to do with them. Materials not related to teaching and learning consumed a lot of space resulting in shortage of space in the warehouses.

Consequently, some teaching and learning materials were being kept outside the warehouse thereby exposing them to theft and damage (see picture no 7).



Picture 6 A personal vehicle in Liwonde Warehouse, 2008



Picture 7 Desks stored outside. Liwonde warehouse, 2008.

These materials were stored in the warehouses as the Ministry had given instructions for the warehouse to take custody of materials which were not related to the programme.¹⁷

¹⁷ Interview with management at the warehouses.

The following are likely effects of improper storage of materials:

- Material may be lost through damage due to moisture, dust, being tread upon, among others.
- Materials could be prone to theft.
- Use of space is not being maximized.

MANAGEMENT COMMENTS

1. *We have noted the observations made by the auditors that material arrangement in the warehouse was not properly and orderly done. Chemicals were stored together with non chemical materials such as exercise books. The warehouse did not have pallets where cartons of materials could be placed to avoid damages. Some materials were damped on the floor without proper packing leading to material damages and coding system was not being used for material identification.*

We also agree with the auditor's observation and have instituted the following in order to prevent such anomalies from reoccurring:

- a. *Liwonde warehouse to be relocated to a better warehouse in Blantyre. The warehouse has been identified and recommendations have already been submitted to Ministry of Lands*
- b. *Replaced Liwonde warehouse with Blantyre IDA Warehouse as Supplies Unit warehouse for receipt of teaching and learning materials.*
- c. *Pallets to be procured for the warehouses.*

2. *We have noted the observation made by the audit team that the warehouses were keeping materials which were not related to the supply of teaching and learning materials programme such as furniture from guest houses and offices, motor vehicle, old syllabus books and damaged materials like burnt books, 175 computer monitors, 169 computer keyboards, 9 processors and 2 laptops.*

We also agree with the observations and the following measures have since been done to address the anomaly and to avoid recurrence:

- a. Warehouse supervisors have been strongly advised not to keep materials not related to the supply of teaching and learning materials in the warehouses.*
- b. Personal materials like vehicle have since been removed from the warehouse.*
- c. A board of survey has been instituted to board off materials such as furniture, old syllabus books, damaged materials, 175 computer monitors 169 computer keyboards, 9 processors and 2 laptops.*

As for materials stored outside the warehouse management agrees with the auditor's observation and that such materials were being exposed to theft and damage.

In view of the above, management has done the following in order to address the situation:

- a. Eight additional seven tonne trucks have been purchased to assist with distribution of the teaching and learning materials. This will ensure that materials don't stay long at each distribution centre before they are distributed to schools.*
- b. Management has decided to treat materials such as desks which occupy a lot of space when being transported assembled should be procured in knock down condition and assembled at final destination. This will assist to reduce transportation costs.*
- c. Management has decided that Supplies Unit warehouses will from now be used as distribution centers where materials are not kept for long periods and where necessary materials should be kept in the warehouses and not outside.*

4.3 DISTRIBUTION OF MATERIALS TO PRIMARY SCHOOLS

4.3.1 Delivery of teaching and learning materials from warehouses to schools

The planning section in the Ministry prepares a distribution schedule which is the basis for procurement and onward distribution. A comparison of quantities of materials received at Liwonde Warehouse and distributed to the schools is presented in table 4.

Table 4 shows that between two and four percent of the materials delivered at Liwonde Warehouse did not reach the schools in the Southern region.

Table 4 Quantity received in the warehouse and the quantity variance of material not reaching the schools for the Southern region

Material	Total quantity received in the warehouse	Materials distributed	Variance of material not reaching the schools	
			Quantity	Percentage of total
40 page exercise books	10 000 036	9 669 436	330 600	3.3%
80 page exercise books	5 600 000	5 492 188	107 812	1.9%
Boxes of coloured chalk	49 883	47 873	2010	4.0%
Boxes of white chalk	50 000	48 940	1060	2.1%

Non receipt of these materials was confirmed by headmasters of sampled schools. In total, the undelivered procured material had a value of MK 7.14 Million. In the Central and Northern Regions, there were only minor variances.

A closer analysis of the warehouse documentation showed that this variance arose due to difference between the quantities stated on the Internal Stock Transfers (IST) and the Authorities to Collect (ATC).¹⁸ The quantity on the ATC(s) was either lower than the quantity of the IST or there were no corresponding ATC to the IST.

According to management in Lilongwe warehouse, schools in 150 zones that were on the distribution schedule in 2008 did not receive all the materials they were supposed to.

¹⁸ An Internal Stock Transfer (IST) document is raised when transferring materials from one warehouse to another and when a distribution officer moves materials out of the warehouse for distribution. The ATC shows the quantity of materials supplied to schools. The quantity on the IST should equal to the quantity of the corresponding ATCs.

Table 5 shows districts and the number of zones where primary schools did not receive the materials listed in the distribution schedule.

According to interviews, failure to deliver to schools on the distribution schedule was due to late delivery of materials to warehouses by suppliers (see chapter 4.1.4) and lack of efficient monitoring by top management on distribution of materials to schools.

Table 5 Districts where materials were not delivered to schools in 2008. Source: Management Interviews in Lilongwe warehouse

District	Material	No of affected zones
Kasungu	80 pgs ex. Bks	6
Kasungu	40 pgs ex. Bks	2
Kasungu	White chalk	9
Salima	Blue pens	7
Ntchisi	Red pens	8
Ntcheu	Schemes	14
Mchinji	Schemes	13
Ntchisi	Schemes	4
Kasungu	Schemes	10
Lilongwe	Dusters	15
Ntcheu	Dusters	14
Mchinji	Dusters	13
Nkhota kota	Dusters	11
Dedza	Dusters	16

District	Material	No of affected zones
Ntchisi	Dusters	8
Sum		150

Note: A zone contains at least ten schools on average.

Materials procured by the Ministry of Education are meant for government schools. However, in the sample examined in the Northern Region, 30 schools included in the distribution schedule were private schools that were not eligible to receive the materials. Table 6 shows the districts and the number of private schools included in the distribution list.

Table 6 Districts where private schools were included on the distribution schedule

District	No. of schools
Chitipa	1
Karonga	6
Mzimba	4
Mzuzu	14
Nkhata Bay	1
Rumphi	4
Total	30

Non delivery of materials to the schools could also be caused by the inclusion of secondary schools in the distribution schedule. In the sample examined in the Central region, material meant for primary schools were distributed to secondary schools. Table 7 shows that a total of 36 624 exercise books were distributed to secondary schools in the Central region.

Table 7 Districts where there were deliveries of material to secondary schools

District	80 pg ex bks	Coloured Chalk
Dowa	5320	86
Lilongwe	6440	125
Nkhota kota	7329	120
Ntchisi	6265	84
Salima	11 270	348
Total	36 624	763

MANAGEMENT COMMENTS

We have noted the auditors’ observations that some schools on the distribution schedules did not receive some materials despite suppliers completing their contract quantities. Management agrees with the auditors’ observation and the following has been instituted to address the anomalies:

- a. The master list for schools will be updated regularly*
- b. Ensure that enough materials are available for distribution*
- c. Monitoring of distribution of teaching and learning materials will be done through DEMs and EDMs.*
- d. Management will ensure that all suppliers awarded contracts to supply teaching and learning materials perform their contracts fully.*

We also agree with the observations made on the distribution to private schools and the following has been instituted in order to prevent the reoccurrence of the same:

- a) EMIS data where the list of schools originated has to be cleaned.*
- b) Director of Finance to issue a letter that would give direction as regards private schools.*

4.3.2 Distribution to Teachers Development Centres (TDC)

Distribution of teaching and learning materials ought to be done directly to the intended schools with quantities indicated in the distribution schedules. Table 8 shows whether materials were delivered directly to the school or to the nearest school or the TDC.

Table 8 shows that 80 % of primary schools, which were sampled in all the regions of Malawi, received materials through the nearest schools or Teachers Development Centres (TDCs). For all the sampled schools in the Northern region, the materials were delivered to the TDCs and not direct to the schools. According to the warehouse management interviewed, distribution to the TDCs instead of the schools was done in order to speed up the distribution process.

Table 8 Material delivered directly to the school or to the nearest school or the TDC

Region	Direct to school	Nearest school	TDC	Unknown	Total	No of schools in the sample
Central Region	17 %	37 %	43 %	3 %	100 %	35
Northern Region	0 %	0 %	100 %	0 %	100 %	10
Southern Region	28 %	26 %	38 %	8 %	100 %	39
Total	20 %	27 %	48 %	5 %	100 %	84

The limit of fifteen days of subsistence allowances for distribution set by the Ministry may also have contributed to distribution to TDCs instead of schools, as staff had to ensure they distribute within the fifteen days. There were also delays in processing of their subsistence allowances, which led to unwillingness of the drivers to spend more days in the fields.¹⁹

When materials are delivered at TDCs for onward distribution to various schools, this may result in for materials to be delivered at intended schools. Some schools would also receive fewer materials than they were entitled to. This was due to materials being dropped at the TDCs and then lost before they were collected.²⁰ For instance; the following schools in Kasungu did not receive all the materials they should have received:

¹⁹ Interview with distributors and account officers in the Finance section of the Supplies Unit directorate.

²⁰ According to the interviewed headmasters.

- d) Nyaza Primary School in 2007 a shortage of 4258 eighty page ex-books, 23 red pens and 7 blue pens.
- e) Kapirintiwa Primary School in 2007 a shortage of 13 red pens, 13 blue pens and 11 dusters, while 1477 eighty page ex-books were cancelled.
- f) Manyani Primary School in 2007, 19126 eighty page ex-books, 13185 forty page ex-books were replaced by 5385 eighty and forty page ex-books.

Furthermore, the delivery of materials at TDCs could result into exposing the materials to various risks such as damages, pilferage and theft.

MANAGEMENT COMMENTS

We agree with the auditor's observation that some materials were distributed through TDC. However the following recommendations have been instituted in order to prevent the reoccurrences of such anomalies:

- a. Teaching and Learning materials have to be distributed direct to schools and not through TDC where possible.*
- b. Adequate logistical support has to be provided to Supplies Unit to enable a smooth distribution exercise.*
- c. Initiate programmes that will ensure that all schools are accessible by road.*
- d. Eight more trucks have been procured and allocated to Supplies Unit to assist with distribution of teaching and learning materials.*

4.3.3 Timing and frequency of distribution

It is a requirement that materials should be distributed to schools at the beginning of each term in order to ensure that schools have sufficient materials when the school year starts. Materials in the distribution schedule are meant to cater for three terms of the school calendar. It was noted that materials were distributed to schools every term in parts or at once at the beginning of the first term.

Interview with management at the warehouses and document reviews showed that materials were being distributed to schools in the country once a year to cater for the three terms. A test check of distribution of materials disclosed that materials were

delivered once a year except for Mvunguti, Chimutu and Kaufulu Zones in Lilongwe urban which received materials twice in 2008.

Though distribution was done once a year, the materials distributed were not adequate for the whole year (see chapter 4.1.1) and the materials were distributed late into the academic year. The Supplies Unit had in total five trucks which were used for distribution of materials to schools. According to management, the vehicles were inadequate to cover all the schools in Malawi with regard to distribution before the opening of the terms of the school year. Though the Supplies Unit sometimes borrowed vehicles from other government departments to ensure timely distribution to all schools, the vehicles would sometimes be withdrawn while distribution was at its peak.

Late awarding of contracts by the Special Procurement Unit (SPU) to suppliers also contributed to late deliveries. Furthermore, there were inadequate funds for logistics which made it difficult for Supplies Unit to distribute materials three times a year. When materials are distributed once a year, it increased the risk for leakage and damage due to poor storage facilities at several schools.

MANAGEMENT COMMENTS

We have noted the auditor's observation that materials allocated in the distribution schedule were meant to cater for three terms of the school calendar. These could be distributed to schools every term in parts or at once at the beginning of the first term, however the following were noted:

- a. Materials were being distributed to schools once a year*
- b. Though distribution was done once a year, materials were distributed late within the academic year such as second term or third term.*

Management agrees with the auditor's observation and recommendations and the following have been instituted to address the anomalies:

- a. Teaching and learning materials should be purchased and distributed twice a year.*
- b. Ensure good contract management*

- c. *Management has procured eight additional trucks to assist with distribution of teaching and learning materials*

4.4 MONITORING AND COMMUNICATION BY THE MINISTRY

4.4.1 Monitoring of distributed materials

Monitoring of the materials distributed to schools is supposed to be done to ensure that the right type and quantity of materials have reached the intended schools and bonafide beneficiaries. The responsibility of monitoring distribution of materials is vested in the management of Supplies Unit. It would appear this task was never undertaken as no monitoring report of distribution of teaching and learning materials for any period was provided to the audit team.

MANAGEMENT COMMENTS

We have noted the auditor's observation that monitoring of distributed teaching and learning materials was invested in senior management of Supplies Unit and that such exercise was not done. We also agree with audit report that monitoring was not done. This was done to avoid conflict of interest as the same office is responsible for distribution.

However, Management has instituted the following in order to address the anomalies:

- a. *Instituted a task force to look at issues pertaining to supply of teaching and learning materials.*
- b. *Requested DEMs and EDMs to get fully involved with distribution of teaching and learning materials and produce reports regularly to management.*
- c. *Provision of adequate funding*
- d. *Inclusion of the activity on the budget to make sure that the activity is well taken care of.*
- e. *Deployment of adequate staff to conduct the monitoring exercise.*

4.4.2 Communication and coordination within the Ministry

Proper coordination is vital for the efficient operation of the programme. Management directions and communication within the system should be in written form. Where oral communication has been made, it should be supported in writing.

In several processes there was weak coordination between the major players within the programme:

- Samples were presented to the Special Procurement Unit and the Supplies Unit headquarters, but were not forwarded to Supplies Unit warehouses
- Further inquiries revealed indicated that figures on materials balances in the warehouses of Supplies Unit were not sent to Special Procurement Unit to be taken into account when making new procurements.
- General Instructions to warehouse and distribution officers were mostly done verbally.

This is likely to have been caused by a weak overall coordination and follow-up by top management of the Ministry. Furthermore it may have been caused by a lack of commitment by the involved players to seek information from other departments and put communication on general instructions in writing.

When there is weak coordination among major players, this may result in delayed supply of materials, procurement of wrong quantities of materials, weak enforcement of contract terms with suppliers. Furthermore, internal controls are weaker and provide loopholes for distribution officers to misappropriate materials by making alterations on delivery notes to schools without any written authority.

MANAGEMENT COMMENTS

We have noted the auditor's observations that there was inefficient coordination between the major players within the programme. Such instances included figures on distribution schedules produced by the Planning Section not tallying with quantities procured by Special Procurement Unit, Samples were presented to the SPU but not forwarded to

Supplies Unit warehouses, and figures on material balances in the warehouses of Supplies Unit were not sent to SPU to be considered when making new procurements.

We agree with the observations and recommendations made and have since instituted the following measures to prevent the reoccurrence of the anomalies:

- a. Supplies Unit to produce quarterly reports and present to senior management on distribution of teaching and learning materials.*
- b. DEMs and EDMs to be involved in the distribution of teaching and learning materials and to issue reports to Ministry of Education on receipt of materials accordingly.*
- c. Year end stock taking to be adhered to as recommended in the task force minutes of 24th July 2009.*
- d. Donations of teaching and learning materials from other partners developing to be declared.*

5 CONCLUSION

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The objective of the Supply of Teaching and Learning Materials Programme is to procure, store and distribute teaching and learning materials to schools in order to support free primary education. A major finding of the audit was that several primary schools were not getting the procured materials. Between two and four percent of the material delivered at Liwonde Warehouse did not reach the schools in the Southern region. In the Central and the Northern Region, there were less problems of leakage. However, schools in about 150 zones in the Central Region did not get all the teaching and learning material that they were supposed to receive in 2008. At the same time, several secondary schools in the Central Region received materials meant for primary schools.

In many schools Teaching and Learning materials were delivered some time after the school year had started. This was due to late awarding of contracts by the Ministry, delayed delivery of materials by suppliers, inefficient warehouse management and insufficient distribution capacity. The consequence was the shortage of teaching and learning materials in schools in the first and sometimes second term of the school year.

The audit also found a lot of weaknesses relating to an economic procurement of materials by the Ministry. There were instances of over awarding of contract quantities and procurement of poor quality materials. The warehouses did not have sample materials to compare with when receiving materials. Furthermore, internal auditors were supposed to inspect the quantity and quality of received materials, but this was not the case.

Efficient warehouse management seems to be a major challenge in the programme. The audit found several weaknesses in the receipt of materials, record management and arrangement of stores in the warehouses. There was no standardized way of record keeping in the warehouses. These weaknesses show that the Supplies Unit Head Office had not done enough to ensure the efficient running of the warehouses. There was a lack of systematic monitoring and internal controls.

The Ministry has the overall responsibility for the results of the Teaching and learning materials programme. The audit disclosed that there were serious challenges of procurement, warehouse management and distribution of materials in the programme. This shows that the Ministry had not done enough to ensure the economic and efficient running of the programme.

6 RECOMMENDATIONS

In general, the Supplies Unit directorate needs to develop better systems and procedures to ensure that teaching and learning materials reach the targeted schools in an economic and efficient manner.

6.1 PROCUREMENT OF TEACHING AND LEARNING MATERIALS

There is need:

1. To establish proper estimates for the required teaching and learning materials. The Planning Section within the Ministry must provide updated material figures that should take into account pupil enrolments and cater for three terms of the school calendar when coming up with the required estimates.
2. The Supplies Unit directorate should provide information on material balances in the warehouses to the Ministry which should be taken into account when placing new tenders.
3. To ensure transparency, the Special Procurement Unit should have documentation of any amendments and variation to contracts with suppliers. All amendments must also be communicated to the Supplies Unit head office for reference.
4. The Procurement Unit should ensure that the letters from the ODPP are taken into account. The Supplies Unit and the Special Procurement Unit should ensure that contract agreements are enforced and observed by each party. If materials are delivered late or the quantity and quality of the delivered material are not in accordance with the specifications, action should be taken. This requires an improved communication between the Supplies Unit and the Special Procurement Unit. It also requires that sample materials are made available in the warehouses for quality inspections.
5. The Special Procurement Unit in the Ministry should award contracts to suppliers on time to ensure a timely delivery of materials.
6. The Planning Section in the Ministry should work on its data to eliminate private primary schools that were erroneously included in its data base

6.2 WAREHOUSE MANAGEMENT

7. Supplies Unit should come up with standardized systems or guidelines on warehouse management, record keeping and storage, which should be observed by all warehouse officers. The Supplies Unit should, in this regard, consider introducing an electronic system for warehouse logistics.
8. To avoid leakage in the warehouses, the Supplies Unit should segregate duties of the receiver and issuer of materials at the warehouse for control purposes
9. The Supplies Unit directorate should ensure that the warehouses have sufficient capacity to receive record and store materials in line with good procedures for record management and warehousing.
10. Warehouse officers should update stores ledger and other records immediately after transactions are made.
11. To ensure that only teaching and learning materials are stored in the warehouses, control regarding the use of warehouses should be placed under the responsibility of the Supplies Unit. Thus, any officer within or outside the ministry should not be allowed to use the warehouse without getting authority from the Supplies Unit directorate.
12. The Supplies Unit directorate should establish a system which should ensure adequate monitoring and supervision of warehouse operations.
13. To ensure proper management of the warehouses, the Supplies Unit directorate should ensure that important responsibilities are only delegated to qualified officers.
14. To ensure proper physical inspection of materials and certification of payments, the Supplies unit should consider having its own internal auditors.
15. The Supplies Unit warehouses should compare the received materials to material specifications and samples to ensure that proper quality and quantities are delivered.
16. Warehouse officers should be provided with proper and relevant training to ensure proper record keeping and storage in the warehouses.

6.3 DISTRIBUTION OF MATERIALS TO PRIMARY SCHOOLS

17. The Supplies Unit directorate must ensure that all primary schools are supplied with materials as indicated on the distribution schedule without any variances. Indirect deliveries to Teacher's Development Centres should be avoided.
18. The Supplies Unit directorate should ensure that materials are distributed in the beginning of the school year when all roads are accessible.
19. The Supplies Unit directorate must ensure that materials meant for free primary schools are not distributed to secondary or private schools.
20. The Finance Section in the Ministry and the Supplies Unit directorate must ensure that there are efficient procedures for funding the distribution of materials. This means ensuring that there are sufficient allowances for staff and fuel are available on time.
21. The Finance department and the Supplies Unit should consider introducing more flexible rules for use of allowances for distribution, in order to ensure that distribution is completed on time.
22. The Ministry of Education, Science and Technology should provide the Supplies Unit directorate with adequate trucks to be used for distribution for the efficiency of the programme.

6.4 MONITORING AND COORDINATION

23. Ministry of Education should establish a better system for following up the results of the Teaching and learning materials programme. The Ministry should therefore ensure that the Supplies Unit carry out monitoring of materials distributed.
24. There should be proper coordination and communication between Planning Section, Special Procurement Unit, Supplies Unit and Finance department, in particular in regard to material balances, contract amendments and material samples.
25. The Ministry should consider centralizing all functions relating to the programme within the Supplies Unit directorate. This means considering moving the functions of planning, procurement and financing to the directorate. This is likely to increase the efficiency and coordination of the programme.

26. In order to establish proper monitoring of distribution of materials, the Ministry should consider involving the Divisions and District Education Managers Office (DEM) to monitor the distribution of materials and report to the Supplies Unit directorate and to the Ministry.