



PPRA

PUBLIC PROCUREMENT
REGULATORY AUTHORITY

**SUMMARY OF THE PUBLIC PROCUREMENT AND
ASSET DISPOSAL REVIEW REPORT FOR
COMMUNICATION AUTHORITY OF KENYA FOR THE
2016-2017 FINANCIAL YEAR**

NOVEMBER, 2019

This report is a product of a Procurement and Disposal Review conducted by the Public Procurement Regulatory Authority (the Authority) pursuant to its mandate under the Public Procurement and Asset Disposal Act, 2015 (the Act). Section 9 of the Act bestows on the Authority the responsibility to monitor the public procurement system and report on the overall functioning and recommend any actions required for improvement. Part IV of the Act, further requires the Authority to ensure that the procurement procedures established under this Act are complied with. Specifically, Section 43 of the Act gives the Authority powers to review procurement and disposal records / systems to monitor compliance with the Act.

In view of the above, a procurement and disposal review of Communication Authority of Kenya was conducted from *23rd September 2019 to 4th October 2019*. The main objective of the review was to determine the extent to which the Procuring Entity (PE) followed the procedures and rules established in the Act and the applicable regulations; circulars and directives issued by the Authority and other generally acceptable professional best practices, in conducting their procurement and disposal activities. The review also helps to identify strengths and weaknesses, as well as risks inherent in the procurement system and propose measures against any weaknesses and irregularities identified.

The review covered procurement proceedings for the period 1st July, 2018 to 30th June 2019. The areas of focus during the review were: the institutional arrangements, procurement and disposal processes and contract management. The reviewers examined sampled contracts to verify their compliance with the Act, the attendant Regulations and other directives issued by the Authority and other relevant bodies from time to time.

An entry meeting with the PE's management team was held on 23rd September 2019 to discuss the scope of the review, the review plan, the reviewers' and PE's expectations, access to documentation and other administrative issues. The contracts reviewed were sampled randomly but in a structured manner to include all item categories (i.e. goods, works, services and disposals) and procurement methods. The review used qualitative and quantitative data collection methods. The methods included interviews, observation, confirmation, analysis and review of records.

The review was mainly limited / constrained by slow production of procurement files which at the same time were incomplete due to filing format of the Authority.

The summary of the key findings based on the three broad indicators were as follows:

Institutional arrangements

The function is established with seventeen (17) officers and is headed by a Procurement Director who reports to the Accounting Officer. Most of the staff have relevant procurement professional qualification and are members of a professional body as required under section 2 of the Act. The Authority had established a Disposal Committee to carry out its duties as required under section 163 of the Act. Procurement files were maintained and allocated folio numbers. The P.E submits reports on procurement awards to the Authority.

Four (4) staff has got no professional qualification in procurement and five others have no membership to KISM. There are items and vehicles due for disposal in the compound. Procurement files were incomplete it was further established that the P.E had no quotation box. Ledger balance and physical balances are not tallying in the store for some items like toners. Further, tender documents are kept in the store.

Procurement and Asset Disposal Processes

Most of the procurements sampled were in the procurement plan and the choice of procurement was appropriate in most cases. Procurements were initiated through purchase requisition. Committees were appointed by the accounting officer as required. The PE used appropriate standard tender documents in all the sampled procurements. However request for quotations did not have standard terms and conditions.

In a few instances the P.E used procurement methods that did not meet the threshold prescribed in the Act. Evaluation criteria in the tender document were not objective. In some instances head of procurement function notified the bidders of the outcome of the tender. In some instances suppliers were not given adequate time to submit their bids. Performance bonds were in the custody of legal department.

Contract Management

The P.E entered into contracts with successful bidders and the contracts had clear terms of reference. In some instances there was no record to demonstrate that Contract Implementation Teams were appointed for purposes of managing complex contracts. Documents deemed to form part of the contract were not attached to the contracts. Further, most of the contracts were signed after expiry of the tender validity period.

Upon conclusion of the review the overall compliance and risk rating of the PE's procurement and asset disposal system was determined based on compliance and risk rating criteria defined in the Authority's Compliance Monitoring Manual. To this end Communication Authority of Kenya has attained a **compliance level of 69.5 %** which is regarded as **marginally compliant** and a **risk rating of 30.5%** which is regarded as moderate risk.

Detailed recommendations for addressing the weaknesses are captured in Section Four of this report. The procuring entity should implement the recommendations within the specified timelines and update the Authority on the same for purposes of follow up.

