



**PPRA**

PUBLIC PROCUREMENT  
REGULATORY AUTHORITY

**SUMMARY OF THE PUBLIC PROCUREMENT AND  
ASSET DISPOSAL REVIEW REPORT FOR HOMA BAY  
COUNTY GOVERNMENT FOR THE 2017-2018 AND 2018-  
2019 FINANCIAL YEARS**

**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 **Homa Bay County Government** (the County Government) was conducted from 20th May to 6th June, 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 1<sup>st</sup> July, 2017 to 31<sup>st</sup> March, 2019 financial years. 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 20<sup>th</sup> May, 2018 starting at 3.00 p.m. 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 lack of cooperation by most of the departments and inaccessibility of procurement records as well as the records relating to payments. Further, the County Government did not prepare in advance a summary of all contracts that were processed in the 2017-2018 and 2018-2019 up to March, 2019 as instructed by the Authority vide engagement letter Ref: PPRA/COMP/40/90B VOL.I (1) dated 1<sup>st</sup> April, 2019. Apart from the departments of Finance, Health, Education and Water, all the other departments did not submit any information/records that were required to facilitate the review. Further, the departments of Finance and Health submitted a brief summary of the procurements that they processed during the review period from which a sampled of the procurement to be considered in the review was drawn. However, the two (2) departments did not submit all the procurement records for the sampled procurements for review. The County Government did not also make

prior arrangement for the entry meeting as requested through letter Ref: PPRA/COMP/40/90B VOL.I (2) dated 9<sup>th</sup> May, 2019. Thus the entry meeting started at 3.00 p.m. instead of 8.30 p.m. as programmed. The County Secretary did not also make arrangements for the exit meeting despite having been requested to do so vide Authority's letters Ref: PPRA/COMP/40/90B VOL.I (1) and PPRA/COMP/40/90B VOL.I (3) dated 1<sup>st</sup> April and 4<sup>th</sup> June, 2019 respectively. In this regard, exit meeting was not held. The results of the review relates to the procurements that were processed by the three (3) departments since all the other departments did not avail records that were required for review.

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

### **Institutional Arrangements**

All procuring entities are expected to establish the requisite institutional arrangements to support/guide their procurement and disposal activities. Among the strengths identified in the institutional arrangements of the County Government were establishment of Procurement Function headed by director, Supply Chain Management and procurement planning. However, the institutional arrangements had major weaknesses which included failure by the Accounting Officer to establish a disposal committee, failure to submit reports on contract awards to the Authority and publication of the contract awards in the website and notice of the Procuring Entity; failure to maintain complete procurement files and failure to prepare a consolidated procurement plan using the format provided by the Authority with at least 30% of the procurement spend reserved to the enterprises owned by youth, women and persons living with disability and lack of procurement and asset disposal manual.

### **Procurement and Asset Disposal Processes**

The procurement and disposal processes had strengths which included advertisement of procurement opportunities in the print media, placing tender and quotation boxes in an open and easily accessible location, appointment of the tender opening and evaluation committees by the Accounting Officers. The committees prepared tender opening minutes and evaluation reports respectively; preparation of the professional opinions which guided the awards of the tenders by the Accounting Officers.

Among the weaknesses that were identified in the procurement and disposal processes were requiring bidders to submit tender securities equivalent to 2% of their respective tender sums rather than fixed amount; failure by the tender opening and evaluation committees to adhere to some of the procedures for tender opening and evaluation processes; failure to notify unsuccessful bidders and failure to include objectives and quantifiable evaluation criteria in the tender documents. Tender documents that were issued to the bidders were amended without following the instructions provided in the tender documents. Disposal committee had not been established and in its absence, the County Government had accumulated disposable items.

### **Inventory and contract Management**

The County Government mainly engaged contractors/supplier through local purchase orders (LSO) without signing detailed contracts using the form of agreement provided in the tender

documents. This could pose a challenge during the implementation of contracts due to lack of adequate information regarding the contractual obligations of each of the contacting parties. For most of the sampled procurements, the County Government did not avail the payment vouchers and the supporting documents like inspection and acceptance reports, delivery notes and invoices for review.

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 County Government has attained a compliance level of **20.2%** which is considered non-compliant, and a very high risk rating of the County Government is **79.8%**. The low compliance rating and a high risk level may compromise the efforts of the County government to obtain value for money expended in procurement. The County Government did not respond to the issues raised in the report which the Authority considers as concurrence with the contents of the report.

The procuring entity should undertake urgent measures to address the weaknesses identified in their procurement and asset disposal system as outlined in the report. The detailed findings and recommendations for addressing the weaknesses are captured in Section II 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.