



PPRA

PUBLIC PROCUREMENT
REGULATORY AUTHORITY

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

MAY, 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 *Kenya Airports Authority (KAA)* was conducted from *10th April 2018 to 26th April 2018*. 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, 2016 to 30th June 2017*. 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 KAA management team was held on *10th April 2018* to discuss the scope of the review, the review plan, the reviewer's and the 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 inability of the reviewers to sequentially follow the procurement cycles in most of the files submitted for review since the documents were poorly filed making it difficult to figure out how the procurement process was commenced and completed. It also emerged that the reviewers could not obtain information for certain procurements; for instance, file for Tender No. *KAA/ES/JKIA/824/CONS* (Consultancy Services for Preparation of Environmental and Social Impact Assessment) was not available for review purposes.

However it is important to note that the KAA has established the procurement function which is well structured but the approved establishment is not fully staffed as some positions have not been filled. The reviewer also realised that the head of the procurement department has been working in an acting capacity for too long thus not giving her full authority to make crucial decisions.

Internal procurement policy manual to guide procurement system is lacking. There was no disposal committee in place for the period under review. There was clear evidence of poor record keeping. The consolidated procurement plan was available but did not include all the procurements that were conducted by the PE. There was no evidence that mandatory reports had submitted to PPRA as required by law. Tenders were fairly secure in the tender boxes strategically placed at the entrance of procurement department under key and lock. The PE has maintained proper inventory management structure to a larger extent with clear records of inventory under the supervision of an inventory officer. E-procurement system has not been put in place which would go a long way to improve the efficiency of the procurement function.

It was established that the PE was largely compliant in the procurement of goods and services from requisition, advertisement, tender awards and the evaluation of tenders. The reviewer observed that the PE has complied with the use of standard tender documents as required. However, it was evident that ad-hoc inspection and acceptance committees were not formed to receive goods and services in the organization since there were no appointment letters to the membership of such committees. The reviewer could also not trace minutes taken during the deliberations of any meeting organized by such committees.

It was difficult to track the contracts signed between the contractors and KAA. The inspection certificates, minutes and reports were not available for verification; neither were letters of termination of contracts (where applicable), contract completion certificates, payments and close out documents. This could have been occasioned by the fact that in the staff establishment, the position of the contract manager was vacant and therefore no qualified officer is assigned this role.

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 *Kenya Airports Authority* attained a compliance level of 63.5% which is interpreted as average compliance.

The procurement planning should include all goods and services required by the PE before the commencement of the procurement process. Contingencies or emergency items as in the case of Tender No's. KAA/ES/ISIOLO/1105/C, KAA/ICT/ISIOLO/1088/ICT and KAA/ES/JKIA/MIA/1076/M ought to be incorporated in the procurement plan. This is an area that warrants immediate attention by senior management

The PE should strive to improve on its compliance and mitigate the inherent risks by implementing the recommendations contained in this report. More focus should be on contract management immediately and the inspection and acceptance committees should be constituted in conformity with the procurement law. The vacant positions in the procurement establishment at KAA should be filled with qualified personnel to improve on efficiency and effectiveness of the procurement function.

Given the nature of its operations and the magnitude of its procurements, KAA should introduce an e-procurement system to synchronize all the procurement of goods, works and services within its supply chain. The PE should as a matter of priority submit all mandatory reports to PPRA and publish tender awards as required by law. This should be a continuous process.

KAA should put in place mechanisms for the disposal of stores through regular constitution of a well structured disposal committee as required by the Public Procurement and Asset Disposal Act, 2015. Record keeping for all the tendering and disposal of stores should be digitized and automated by the PE by procuring state of the art software to enhance efficiency in this area, taking into consideration the volume of procurement records generated by the PE annually.

Detailed recommendations for addressing the weaknesses are captured in sections two and 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.