



PPRA

PUBLIC PROCUREMENT
REGULATORY AUTHORITY

**SUMMARY OF THE PUBLIC PROCUREMENT AND
ASSET DISPOSAL REVIEW REPORT FOR KENYA
ELECTRICITY TRANSMISSION COMPANY LIMITED
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 the Kenya Electricity Transmission Company Limited was conducted from 28th May to 22nd June 2018. The main objective of the review was to determine the extent to which the Transmission Company 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 PE's management team was held on 23rd May 2018 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, and services) 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 constrained by accessibility to some of the documentation on SAPMM which made the field work to take long than anticipated.

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

In terms of institutional arrangements and organizational aspects, KETRACO's supply chain is managed by well-qualified staff. However, their effectiveness is constrained by lack of internal procurement policy and procedure manual to guide on the conduct and managing of the procurement and disposal processes.

In regards to the procurement process management, while there is in place a consolidated procurement plan, a number of procurements have been carried outside the plan and beyond the budget with an unacceptable margins of variance; and inappropriate procurement methods were adopted both of which have jeopardized the entity's objective of achieving value for money.

The Transmission Company is faced with weak contract management practices. There are no monthly progress reports on contracts being prepared and submitted to the Accounting officer and absence of individual contract filing to facilitate monitoring including the sub-optimal inspection and acceptance committee contract implementation teams.

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 Electricity Transmission Company Limited has attained a compliance level of 49% which is marginally compliant.

The procuring entity should immediately address the institutional, organizational and procurement process capacity weaknesses identified. Detailed recommendations for addressing the weaknesses are captured in Section Two of this report. The response of the procuring entity is in Annex 4 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.

