



**SUMMARY OF CONTRACT AUDIT REPORT FOR  
COUNTY GOVERNMENT OF GARISSA FOR THE  
PERIOD 2018-2019 FINANCIAL YEAR**

**FEBRUARY 2020**

This report is a product of Contract Audit(s) conducted by the Public Procurement Regulatory Authority (the Authority) pursuant to its mandate under the Public Procurement and Asset Disposal Act, 2015 (the Act). Part IV of the Act requires the Authority to ensure that the procurement procedures established under this Act are complied with. Specifically, Section 43 (2) of the Act bestows on the Authority the responsibility to conduct audits on contracts during tender preparation, contract execution and after contract completion.

In view of the above, contract audit of Garissa County Government was conducted from 24<sup>th</sup> to 26<sup>th</sup> February, 2020. The audit covered five (5) contracts signed during the period 1<sup>st</sup> July, 2018 to 30<sup>th</sup> June, 2019. The main objective of the audit 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 processes and contract management activities with reference to selected contracts. In addition, the audit helped to identify strengths and weaknesses, as well as risks inherent in the procurement and contract management system and propose measures to mitigate weaknesses and irregularities identified.

An entry meeting with the PE's management team was held on 24<sup>th</sup> February, 2020 to discuss the scope of the audit, the audit plan, the auditors' and PE's expectations, access to documentation and other administrative issues. The audit exercise involved examination of relevant procurement and contract management records from the selected 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. The auditors used qualitative and quantitative data collection methods including interviews, observation, confirmation, analysis and audit of records.

The audit was mainly limited / constrained by the following constraints:

1. Poor record keeping: the records were poorly kept in without files
2. Incomplete procurement records: all records were not availed for audit
3. Difficulty in retrieving documents: a lot of time was taken to retrieve the documents.

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

The PE was found to have strength in institutional arrangement in the areas of an establishment procurement function and filing of mandatory reports to the Authority.

The County Government has an established procurement function whose reporting structure and the qualification of staff could not be ascertained. The County Government do submit some of the reports on procurement awards to the Authority

However, there were weaknesses in the areas of documented internal policy or manual to guide procurement, disposal committee procurement record keeping, procurement planning, security of tenders and inventory management.

There is no documented internal policy or manual to guide procurement and disposal committee, procurement files are incomplete. No procurement plan, there is no quotation box and the stores are not well ventilated.

In the procurement process and contract management the PE have strength the choice of open tender as the procurement method, tender submission.

However, there were weakness in lack of consolidated procurement plan, procurement of requirements without the procurement plan, procurement without the budget, procurement requisition, use of standard tender document, invitation to tenders, tender opening evaluation of tenders, preparation of professional opinion, recommendation for award, tender award, notifications of award, performance security, contract signing, inspection and acceptance, contract monitoring, completion of contract, payment and disposal of unserviceable items.

Contract Implementation Committees were not appointed by the Accounting Officer. Tender Opening and Evaluation Committees are not appointed by the Accounting Officer. The evaluation of tenders was not done as there were no tender documents. Professional opinion prepared without secretariat comment Notification was not done to unsuccessful bidders to disclose the name of the successful bidder and the value of the tender sum. Performance security not submitted by successful bidders, contract documents had not required documentations, lack of contract monitoring, some payments not done as per contractual terms and unserviceable items have not been disposed.

Some mandatory reports are filed and submitted to the Authority and there are no publications of contracts awarded. Tender box has two locks Keys are kept by two different offices. The box is easily conspicuous accessible. The County government did not have a quotation box. The procurement files were incomplete procurement records as they don't have folio numbers. The filling of the documents is not chronological in the files. Contract Management is very poor as there are no contract records and an officer responsible for contract management.

Upon conclusion of the audit the overall compliance and risk rating of the PE's procurement and contract management system was determined based on compliance and risk rating criteria defined in the Authority's Compliance Monitoring Manual. To this end Garissa County Government has attained a compliance level of **46.0%** and a risk rating of **54.0%** which is non-compliant and high risk.

The PE should endeavour to improve its performance by implementing the recommendation contained in this report and put in place appropriate systems and structures to ensure that all procurement and contract management activities are undertaken in accordance with the procurement law and terms of the contracts. Detailed recommendations for addressing the weaknesses are captured in Section five 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.