



**SUMMARY OF CONTRACT AUDIT REPORT FOR THE
COUNTY ASSEMBLY OF KITUI FOR THE PERIOD 2018
- 2019**

NOVEMBER, 2019

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 **the County Assembly of Kitui** was conducted from **21st and 22nd November, 2019**. The audit covered **three (3)** contracts signed during the period **1st July, 2018 to 30th 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 Assembly's management team was held on **21st November, 2019** 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 Assembly's inability to avail documents pertaining to the sampled procurements within the shortest time to enable the exercise to begin/end within the timelines set in the service charter.

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

The Assembly had an annual procurement plan which included demonstration for the reservation amounts. Most of the instruments and documentation to support a smooth procurement process was in place. However, there were minor gaps/challenges in relation to contents of requisitions, reporting of awards to the authority and preparation of tender documents.

There were challenges observed in contract management among them official monitoring during implementation and records on the same. However, contracts were signed within the legal timelines by the respective parties.

It was noted that comments were not documented on whether the need that necessitated the commencement of the procurement were satisfied. Copies of reports on actual completed contracts together with final paid amounts and time taken to compare with signed contract details were not in place. Internal audit report analysis satisfaction or usability of the services or goods procured and whether fit for purpose were also not in file.

Upon conclusion of the audit the overall compliance and risk rating of the Assembly'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 the **County Assembly of Kitui** has attained a compliance level of **55.73 %** which shows an indication on marginal compliance and a risk level of **44.27%** which is considered moderate.

The procuring entity should sensitize all staff involved both directly and indirectly in procurement processes on the Act and its provisions so as to have a wholesome understanding of correct execution of duties when called upon. Detailed recommendations for addressing the weaknesses are captured in Section two 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.