



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

March, 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 County Government of Lakipia was conducted from 9th to 11th March, 2020. The audit covered Seven (7) 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 PE's management team was held on 9th March, 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 slow pace at which documents were being retrieved and submitted for audit.

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

The Procurement Function is established with seventeen (17) members of staff. Annual Consolidated Procurement plan for the year under review was maintained. The format used did provide for the timing of activities in the procurement process. The PE has a secure facility for storing tender documents with a register for tracking movement of tender documents. The PE maintained a tender and Quotation box each with two padlocks with the keys kept in the Procurement unit. There is a secure facility for storing good in each department. Procurement files were maintained and filed chronologically but not easily retrievable and incomplete.

Some of the weaknesses noted in the Procuring Entity institutional arrangement included; The County had not developed an internal policy manual to aid in its decision making; The amount set aside for the targeted groups could not translate to 30 % provided; Entity had not conducted any disposal during the year under review despite having items due for disposal. Items were being issued without being taken on charge because the ledger book was full.

Under the procurement processes, the procuring entity was found to have planned for most of its procurements in the annual procurement plan. User purchase requisitions were used to initiate

most of the procurements. However, BQs were not attached with the requisitions. The PE used open tender for most of the procurements. The evaluation and award criteria were specified in the bid documents. The invitation to tender in most cases were not in accordance with section 78 of the Act. The number of days for preparation of the tenders were adequate. The procuring Entity used IFMIS to process the tenders. The Head of Procurement Function (HOPF) prepared and signed professional opinions together with secretariat comments. Tenders were awarded within the tender validity period and bidders notified in accordance with section 87 of the Act.

The procuring entity did not enter into written contractual agreements with the successful bidders for most of the tenders. The procuring entity did not ask successful bidders to furnish it with performance security where it was requirement. Appointment of Inspection and acceptance Committee/ Contract implementation team were not done. The inspection and acceptance was not conducted for most the contracts.

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 the Laikipia County Government has attained a compliance level of **32 %** which is an indication the PE was **non-compliant** and a risk level of **68%** which is considered **high**.

The procuring entity should address the weaknesses identified. 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.