



**SUMMARY OF CONTRACT AUDIT REPORT FOR
NAROK COUNTY ASSEMBLY 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 Assembly of Narok (NCA)** was conducted from **27th February to 28th February, 2020**. The audit sampled six (6No.) contracts out of the summary provided for the contracts signed during the period **1st July, 2018 to 30th June, 2019**. However, only Five (5No.) contracts were availed for the audit exercise. Contract No. NCA/005/2018-2019 for Supply and Delivery of Tyres was not availed despite being part of the sample, which indicated that it had not been documented and thus posing high risk due to zero compliance with the procurement law. 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 **27th 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 fact that the NCA had not prepared comprehensive summary of contracts signed within the target period by the time the audit team arrived at the PE's premises. Besides that, there was the P.E's inability to avail documents pertaining to the sampled procurements within reasonable time to enable the exercise to begin/end within the timelines set in the service charter. The exercise was also constraint by the squeezed amount of time vis-à-vis the volume of work at its disposal.

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

It was established by the audit that County Assembly of Narok has a centralized procurement Function (PF) with the Clerk of the County Assembly as the Accounting Officer (AO). The procurement processes that complied with the provisions of the procurement law included use of Standard bid Documents (STD), tenders evaluations were done and awarded according to the criteria specified in the tender documents besides individual procurement processes files being maintained. Equally, the PE maintained an asset register that contained comprehensive information about its assets.

The main weaknesses in its procurement processes were in the areas of record management. This owing to the findings that most of the procurement files were not just incomplete but also

rampant contradiction in the dates of procurement processes such as letters of award being made before professional opinions were prepared, tender evaluation reports coming before tender opening and even tender awards, contract performance and inspection and acceptance happening on the same date for some contracts such as works for renovation of parking area. More weaknesses existed in the manner in which the NCA manages its contracts. There was no establishment of Contract Implementation Committees for its complex contracts such as works, some procurement processes such as registration of suppliers being abandoned mid-way, appointment of committees such as tender opening and tender evaluation committees without requisite number of members, lack of reporting and publishing of contracts among other weaknesses. In this regard, virtually, all the records were affected including payment records which were not in the procurement files or where they were filed, had incomplete details.

The NCA does not maintain post contract audit reports. There was no evidence adduced to that effect. This could be associated with the fact that there were no CIC in place for the subject 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 NCA has attained an overall compliance rating of **36.53%** which is non-compliant and thus a high risk entity with regard to both institutional arrangement and procurement process management.

The overall recommendation arising from the contract audit is that the PE should endeavour to carry out all its public procurement processes and proceedings within the established statutory and all other regulatory frameworks governing public procurement in Kenya. Among the specific recommendations include all areas of breaches such as appointment of relevant procurement committees, statutory reporting and publication of contracts among, registration and pre-qualification of suppliers among others should be executed within the confines of the procurement law. 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 the attendant terms of the subject contracts. Detailed recommendations for addressing the weaknesses are captured in other sections of this report. The procuring entity should implement the recommendations within the specified and where appropriate reasonable timelines.