



**SUMMARY OF CONTRACT AUDIT REPORT FOR
NYANDARUA 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 Nyandarua County Assembly was conducted from 12th to 13th March, 2020. The audit covered four (4) 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 12th 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 following constraints:

Poor record keeping, the records were not chronologically arranged and not folioed, the files did not contain all the procurement and contract records and the 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 County Assembly was found to be compliant in the areas of disposal committee, filing of mandatory reports, security of tender's, preparation of tender documents, appointment of tender opening and evaluation committees, evaluation of tenders, professional opinion, notifications. The Disposal Committee was appointed by the AO. The PE submitted mandatory reports in a timely manner and were in the appropriate format. The tender and quotation boxes were well labeled and located in accessible place.

Tenders were prepared in relevant Standard Tender Documents. Tender Evaluation and Opening Committees were appointed by the AO. The tender evaluation was done as per the tender evaluation and award criteria were specified in the bidding document. Head of Procurement Function (HOPF) prepared professional opinion alongside secretariats comments. Notifications were done simultaneously to both the unsuccessful and successful bidders. Tender were processed within the validity period.

However, there were weaknesses in some areas. The PE Procurement Function is staffed with four members with no professional qualifications in procurement. The draft Procurement Manual was still in draft form. Procurement files are incomplete, filing of documents were not chronologically filed and there were no contract files in place. The consolidated procurement plan did not include the 30% reservation value budgeted for the special groups in the plan. The storage facility is inadequate and congested. Most procurements were done beyond the estimated budget, processed without requisitions and invitation to tenders not complete. Tenders were not opened in accordance to law, performance security not submitted, contracts were not publicized, Contract Implementation Committee not appointed, procured services were not being monitored and head of procurement function did not prepare monthly progress reports.

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 Nyandarua County Assembly has attained a compliance level of **65%** and a risk rating of **35%** which is Marginally compliant and moderate 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.