



**SUMMARY OF CONTRACT AUDITREPORT FOR
NYANDARUA COUNTY GOVERNMENT 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 Nyandarua was conducted from 9th to 11th March, 2020. The audit covered six (6) number of 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 exercise commenced as planned however there were limitations. Time constraints, only three days had been allocated for the exercise including the entry and exit meetings.

Generally, most of County Government of Nyandarua procurement contracts are initiated through a requisition however in most instances market survey was not conducted. The bidders are properly invited as per the method of procurement in the approved procurement plan. Invited bids were given adequate time to submit their bids in accordance with the law. The PE used standard tender documents in some of the procurements and all the specification prepared to match the user's needs.

Most of the PEs tenders are advertised as per the law, tender opening and evaluation committees appointed by the Accounting Officer (AO). Evaluation were conducted all in accordance law except for a few cases where there was lack of individual evaluator's score sheets as proof of independent evaluation prior to preparation of the consolidated report. The evaluation criteria were provided in the document however not in a specific part. The evaluation committee conducts evaluation based on the criteria set in the tender documents and within the 30 days evaluation timeframe. Professional opinions were done by the head of procurement and award done by the Accounting Officer (Chief Officer) in the respective departments. Written notifications were made to both the successful and the unsuccessful bidders; however, it was

noted that while notifying the unsuccessful bidders the PE did not disclose the name of the successful bidder as required by law. In most instances contracts were signed between the successful bidders and the respective AO. However, the contract durations were not clearly stated in the contract documents. The implementations of contracts were behind schedule which is a sign of weak contract monitoring. In most cases the (AO) appointed contract implementation team as required by law who conducted inspection and acceptance in accordance with section 48,150 and 151 of the Act and issued inspection and acceptance certificates accordingly. The County Government of Nyandarua did not have performance bonds provided by contractors prior to contract signing in many of the sampled contracts.

Upon conclusion of the audit the overall compliance and risk rating of the PE's tendering 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 Procurement system of County Government of Nyandarua (tender processing and contract management systems) attained an average compliance level of **63.54 %** which is rated as marginally compliant while the risk level is **36.46%** which is considered as moderate.

The 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.