



**SUMMARY OF CONTRACT AUDIT REPORT FOR
THARAKA NITHI COUNTY ASSEMBLY FOR THE
PERIOD 2018-2019 FY**

FEBRUARY, 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 **Tharaka Nithi County Assembly** was conducted from 13th to 14th February 2020. The audit covered six (6) 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 13th Feb 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 incomplete sampled contract files.

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

Institutional Arrangement

Strength

The function is established with five (5) officers. It is headed by a senior Procurement officer. The function reports to the Accounting Officer. Most of the staff have relevant academic qualification and are members of a professional body as required under section 2 of the Act. Procurement files were maintained.

Weaknesses

The Assembly has no documented Procurement and Disposal Manual/policy. The Assembly had not established a Disposal Committee to carry out its duties as required under section 163 of the Act. The documents in the procurement files had no folio numbers and were not filed in the sequence they were generated. Further, the files were incomplete. Assembly does not submit reports on procurement awards to the Authority.

Procurement processes for the contract(s)

The strengths

Some Procurement processes were initiated through requisitions and the method of procurement utilised in some instances were not appropriate. Evaluation committee conducted evaluation. The assembly made use of standard tender documents. Tenders were awarded by the accounting officer. Notification of award was done to both successful and unsuccessful tenderers.

Weaknesses

Appointment of tender opening committee was the same as the evaluation committee contrary to section 78 and section 46 of the Act respectively. Individual evaluators did not conduct independent evaluation. Head of procurement did not prepare professional opinion as required under section 84 of the Act. It could not be established how the assembly conducts evaluation since evaluation reports were not availed. However, the successful tenderer was not disclosed to the unsuccessful tenderers.

Contract management

Strengths

Application for payment was done by the Head of procurement. Documents such as invoices; delivery notes were submitted by the contractors.

Weaknesses

Contract documents were not prepared in accordance with section 135 of the Act. Contract implementation teams/inspection and acceptance committee were not duly appointed. Contracts were not dated and contract files were not maintained in most of the sampled procurement.

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 **Tharaka Nithi County Assembly** attained a compliance level of **29.4 %** which is **non-compliant**.

The procuring entity should improve on the management of their procurement records and contract administration. Detailed recommendations for addressing the weaknesses are captured in Section two (2) 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.