



**SUMMARY OF THE PUBLIC PROCUREMENT AND ASSET DISPOSAL
ASSESSMENT REPORT FOR KENYA MEAT COMMISSION FOR
2017/2018 FINANCIAL YEAR**

SEPTEMBER, 2018

This report is a product of a Procurement and Asset Disposal Assessment conducted by the Public Procurement Regulatory Authority (the Authority) pursuant to its mandate under the Public Procurement and Asset Disposal Act, 2015 (the PPADA). Section 9 of the Act bestows on the Authority the responsibility to monitor the public procurement system and report on the overall functioning and recommend any actions required for improvement. Part IV of the Act, further requires the Authority to ensure that the procurement procedures established under this Act are complied with. Specifically, Section 43 of the Act gives the Authority powers to assess procurement and asset disposal records / systems as a way of monitoring compliance.

In view of the above, a procurement and disposal assessment of **Kenya Meat Commission (KMC)** was conducted from 18th to 19th September 2018. The assessment covered procurement and disposal proceedings for the period 1st July, 2017 to 30th June 2018. The main objective of the assessment was to determine the extent to which the Procuring Entity (PE) complied with the Act and the applicable regulations; circulars and directives issued by the Authority and other generally acceptable professional best practices, in conducting their procurement and disposal activities. The assessment also aimed at identifying strengths and weaknesses (if any), as well as risks inherent in the procurement system and propose remedial measures to address the weaknesses identified.

An Entry Meeting with the PE's representatives was held on 18th September 2018 to discuss the scope of the assessment, the assessors' and PE's expectations, access to documentation and other issues relevant to the exercise. For purposes of assessing the procuring entity's compliance and risk levels, the assessors examined sampled contracts and focussed on two broad indicators namely: institutional arrangements, procurement and disposal processes. The sampling was done randomly but in a structured manner to include all item categories (i.e. goods, works, services and disposals) and procurement and disposal methods used during the period under assessment. The review used qualitative and quantitative data collection methods. The methods included interviews, observation, confirmation and examination of records.

The assessment was mainly limited / constrained by weaknesses in the maintenance of procurement records. Procurement records were kept in different files thus making their retrieval slow and time consuming. In addition, no records were available for two (2) of the eight (8) procurements that were sampled for review.

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

Institutional Arrangements

The Commission had established a Procurement Function and equipped it with relevant equipment to run the office. All the sampled procurements were identified in the procurement plan. The storage facilities were secure, had shelves and pallets. The Accounting Officer had also established a Disposal Committee.

Among the key weaknesses identified in the institutional arrangements were; failure to maintain individual procurement files and to publicize contract awards in the Commission's website and notice board, weak and inefficient inventory management system, a number of supply chain management officers had not updated their membership to Kenya Institute of Supplies Management. The Commission did not have Procurement and Asset Disposal Manual as well as a Disposal Plan.

With regard to procurement process, it was noted that all the sampled procurements were initiated through purchase requisitions. The Accounting Officer appointed tender opening and evaluation committees which carried out their functions and prepared tender opening minutes and evaluation reports respectively. Standard tender documents were used and head of Procurement Function prepared professional opinions.

However, the procurement processes had some weaknesses which included; failure to include estimated costs in the purchase requisitions, failure to adhere to the procedures for using direct procurement and to maintain invitation letters where direct and restricted procurement methods were used, failure by the tender opening and evaluation committees to perform some of their functions. There were no tender opening minutes and evaluation reports where procurement were processed through RFQ and DP procurement methods.

On contract management, it was noted that the Commission notified both the successful and unsuccessful bidders and subsequently entered into written contracts with the successful bidders. Goods were delivered and confirmed by inspection and acceptance committee. However, there were some instances where the successful bidders did not furnish the Commission with performance security or they submitted securities which were in different from the one instructed in the tender documents or submitted securities with conditions. Payments to suppliers were delayed which could result to accrued interests on overdue payments in the event the suppliers invoked the provisions of Section 140 of the PPADA.

Upon conclusion of the assessment the overall compliance and risk rating of the PE's procurement and asset disposal system was determined based on compliance and risk rating criteria defined in the Authority's Compliance Monitoring Manual. To this end Kenya Meat Commission had attained a compliance level of 27.5% which is **non-complaint** and a **high risk level** of 72.5%.

The Commission should put in place mechanism to mitigate the weaknesses identified in the report in order to improve its compliance with the Procurement Law. The detailed findings and recommendations for addressing the weaknesses are captured in Section Two of this report. The procuring entity should implement the recommendations within the timelines specified in this report and update the Authority on the same for purposes of follow up.

