



**SUMMARY OF THE PUBLIC PROCUREMENT AND ASSET DISPOSAL
ASSESSMENT REPORT FOR KPA 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 Act). 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 Ports Authority was conducted from 4th September, 2018 to 6th 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 4th September, 2019 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 the challenges involved in accessing the Entity due to lengthy process of obtaining gate pass on the first day. Taxis were reluctant to offer their services as they waste a lot of time in getting clearance to access the entity.

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

Procurement Function was headed by procurement professional while most of the procurement staff were not procurement professionals. The head of the function does not report directly to AO. KPA had a draft procurement manual, disposal plan and a functioning disposal committee. The PE maintains procurement files and contract files. The two files were managed by different units which make their retrieval time consuming. The entity had a procurement and disposal plan which reserved 30.41% of the procurement opportunities to special groups. However, the plan was not submitted to Authority. The PE filed mandatory reports with the Authority and also publicized the tenders in the PPIP.

The PE had a tender box and a virtual quotation box managed through SRM. Inventory management and stock control were efficiently managed. KPA has adopted two e-procurement system SAP-ERP & SAP-SRM. The entity had established an institution called EXCOM to make

decision on procurement matters which is not among the institutions provided in Part V of the Act, 2015

In respect to Procurement and Asset Disposal Processes most processes met the requirement of the procurement law except the following; the use of direct procurement method was not justified or approved by the accounting officer. The evaluation criteria that were provided in most of the tender documents were not objective and quantifiable which could result to biasness during evaluation. There were delays in entering into contracts for most of the tenders. This was attributed to delays in getting clearance from the parent Ministry and Attorney General (AG). It is worth noting that KPA was seeking clearance after giving notification of award instead of waiting for clearance and then notify.

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 KPA attained a compliance level of **49%** which is **Non-compliant** and a **high risk** level of **51%**.

The Procuring Entity should address the non-compliance issues identified in the report. The detailed findings and recommendations for addressing the weaknesses are captured in Section II 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.

