



**SUMMARY OF THE PUBLIC PROCUREMENT AND ASSET DISPOSAL
ASSESSMENT REPORT FOR MALINDI WATER & SEWERAGE 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 Malindi Water & Sewerage Company Ltd (MAWASCO) was conducted from 18/09/18 to 20/09/18. 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 18/09/18 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 delays in availing sampled documents by the Procuring Entity.

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

The PE had established a Procurement Function and had a procurement plan for the review period. The entity also had a tender box whose keys were kept by different persons. However, the institutional arrangements had major weaknesses which included failure to; allocate at least 30% of the procurement budget to enterprises owned by youth, women and persons living with disability and submission of the plan to the Authority, maintain complete procurement files, submit reports on contract awards to the Authority and lack of disposal committee.

Institutional Structures need thorough attention. Most of the Institutional Structures indicators were having a risk score of 2 & 3 which is a moderate and high risk respectively. The compliance level under institutional structures was 27% and risk rating was 73%.

The key findings on Procurement and Asset Disposal Processes included procurement that were sampled were in the procurement plan, opening and evaluation committees were appointed by the AO and the committees carried out their functions which included preparation

of minutes/evaluation reports. Among the weaknesses identified in the procurement processes were provision of evaluation criteria that were not objective and quantifiable in the tender documents; failure by the evaluation committee to conduct individual evaluations; using alternative procurement methods without approval of the AO and lack of justification on the conditions for use of alternative methods.

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 MAWASCO has attained a compliance level of 42 % which is non-compliant with a high risk level of 58%.

The procuring entity should ensure all institutional structures are in place so that the drivers of procurement process can have a conducive environment for operating leading to compliance with the law on processes. The detailed recommendations for addressing the weaknesses are captured in Section Four 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.

