



**SUMMARY OF THE PUBLIC PROCUREMENT AND ASSET DISPOSAL
ASSESSMENT REPORT FOR KISUMU COUNTY GOVERNMENT FOR 2017/2018
FINANCIAL YEAR**

JUNE, 2019

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 *County Government of Kisumu* was conducted from 27th May, 2019 to 31st May 2019. 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 27th May 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 assessment 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 inability of the PE to assemble files for assessment on time. The entry meeting therefore commenced at 2pm on 27th May, 2019. After the commencement of the exercise, not all the files were available for assessment. Some of the files could not be traced and were incomplete even after the assessment exercise was over

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

There was evidence that inspection of goods and services was done but not in the manner stipulated in the procurement act since the committees were not properly constituted. We did not come across disposal committees during the period under assessment. In terms of record keeping, most of the records were not well maintained. There was sufficient evidence that the departments were using procurement plan to inform their decisions. However, there was no indication from the PE that filing of reports on procurements to PPRA and publication of awards of tenders and non-awards is done in accordance to the act. Tender and quotation boxes were strategically placed at various points visible for use by the bidders and other stakeholders. The quotation and tender boxes were also under key and lock as required by the procurement law. We were also satisfied that the tender documents were in the safe custody of responsible officers. The rooms in which the tenders were kept were also well secured for various

departments. The inventory management was properly done in the various departments under assessment. Most of the stores within the PE were using the receipt and issue vouchers and recording the inventories in the bin cards and stock control cards as required by the procurement act. However, one of the major weaknesses was that the PE has not migrated to the e-procurement system. In relation to contract management, we established inconsistencies since there is no proper structure in place to manage contracts. We realised that no officer was available to oversee specific activities in relation to contract management. Though contracts were signed between the PE and contractors, the inspection certificates, minutes and reports were not available for verification, neither were the termination of contracts (where applicable) and contract completion, payments and close out. This was a major limitation in this exercise.

The assessor confirmed that the PE was compliant in the procurement of goods and services from requisition, advertisement, tender awards and the evaluation of tenders. The assessor observed that the PE has been able to adhere to the use of standard tender documents as required by the procurement law. However, there was no proof in regards to the appointment of inspection and acceptance committees. The assessor could also not trace minutes taken during the deliberations of any meeting organized by such committees. It was further observed that during evaluation of tenders, no independent evaluation was conducted by individual evaluators as required by the procurement act. In relation to disposal of stores, the assessor was informed that there was no disposal of any item during the financial year under assessment hence no assessment was conducted on this aspect.

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 *County Government of Kisumu* has attained a compliance level of **61%** which is considered marginally compliance and a moderate risk of **39%**.

The procuring entity should ensure that members of the inspection and acceptance committees are appointed according to the law and that information should be made public for verification and copies of the letters issued to the members properly filed. A qualified records specialist should be appointed to keep records of all the transactions done according to the procurement law. As a matter of urgency, the PE should file all its procurements of goods and services including publication of tender awards and non-awards undertaken during the period of assessment to PPRA as required by the procurement law. The PE should continue securing its tenders in all the departments in accordance to the procurement act. The PE should further ensure compliance for all its stores in various departments by maintaining proper stock records and validating them from time to time for purpose of accountability in accordance with the procurement act. For efficiency, it is recommended that the PE should migrate expeditiously to the e-procurement system to enhance proper and speedy procurement of goods and services to avoid the loopholes that have been identified within the manual system. We further recommend an establishment of a proper contract management system and structure within the County Government of Kisumu to address all issues of contract management for various departments in the county possibly a clear structure of governance should be put in place to manage this system. Well qualified personnel should be appointed to oversee such a system since there are no qualified officers assigned this responsibility. For proper governance of procurement function within the County the procurement department should work in harmony with the finance department and be ready and willing to share information as and when required for decision making. The PE should continuously be compliant in the procurement of goods and services from requisition, advertisement, tender awards and the evaluation of tenders as

noted during the assessment exercise. As the best practice, independent evaluation should be conducted by individual evaluators as required by the procurement act. For the disposal of obsolete and redundant items within the county government, the PE is advised to constitute proper disposal committees in accordance with the procurement and disposal act.