



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

DECEMBER, 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 the County Government of Samburu was conducted from 3rd December, 2018 to 5th December, 2018. The assessment covered procurement 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 3rd December, 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 and procurement processes. The sampling was done randomly but in a structured manner to include all item categories (i.e. goods, works, and services) and procurement 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 delay in retrieval of procurement records, incompleteness of procurement records and time limit since only three days were allocated for the assessment exercise.

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

Key Findings on Institutional Arrangements

The County Government had established Procurement Department with approved establishment of fifteen (15) staff. The Function was headed by Director, Supply Chain Management who reports directly to Chief Officer Finance and Economic Planning. The director was assisted by a Deputy Director Supply Chain. The key Supply Chain Management officers had professional qualifications in procurement and supply chain management and their membership to Kenya Institute of Supplies Management was updated. However, there was a gap between the approved establishments of fifteen (15) staff against the in post. The County did not have an approved Internal Procurement and Asset Disposal Manual to guide its procurement and asset disposal

activities. Further, the County had a Disposal Committee but it did not conduct any disposal conducted during the assessment period. Therefore, the County Government had some disposable assets and equipment pending disposal. The County did not have a disposal plan for the subject period. Individual procurement files were maintained as envisaged by Regulation 34 of PPDR. However, the files were incomplete with some procurement records missing and the records were not arranged sequentially. Tender and quotation registers with relevant information and a list of prequalified suppliers were also maintained.

The County had an approved procurement plan for 2017-2018 Financial Year with procurements of unknown value reserved for the special groups. However, the extract in the procurement plan demonstrating application of reservations schemes was not forwarded to the Authority as envisaged under Section 158 of PPADA, the total value of procurement budget was also not recorded in the procurement plan. The County did not submit mandatory reports to the Authority for the subject period. Further, there was no record to demonstrate that contract awards were publicized in the website and the notice board as envisaged under Section 138 of PPADA. The County had tender and quotation boxes located at an easily accessible location and had two locks with keys for each lock kept by different officers. However, the point of insertion of the tender documents is too large in a way that a person can insert his/her hand and remove a tender document thus compromising security of tender documents. Under inventory management, one of the medical stores visited, the stores were properly arranged with shelves and pallets with standard ledger cards in use. However, it was established that stores records are not properly updated as there were variances between ledger quantities and physical balances for the sampled items. Further, a few items were kept directly on the floor and stocktaking is not conducted for purposes of inventory accountability. Some of the medical items had expired on the shelves and had not been segregated from the rest. Asset register was not availed hence not established whether it is in place or not.

Key findings on Procurement Processes

Some of the sampled procurements were like tender Nos. SCG/T/027/2017-2018 for supply and delivery of water tanks and SCG/C/017/2017-2018 for consultancy of Nomotio abattoir not traced in the procurement plan for the subject period. The procurements were initiated through purchase requisitions. Specifications and description of requirements provided in the requisitions. The procurements were processed through Open Tender, Request for Proposal and Request for Quotations which was in accordance with Section 91 of the PPADA. Standard tender documents were used and evaluation criteria set out in the tender documents. Tenders were advertised and bidders were allowed sufficient time to prepare and submit bids. Relevant information such as name and address of the PE, tender number, description, place and deadline for submission of tenders, bid bonds, fee for tender documents and instructions for bidders to paginate their tender documents was contained in the invitations to tender. For majority of the procurements, tender opening committees were duly constituted. The committees opened tenders immediately after closing, assigned them identification numbers to each bid received and signed them as required, opening minutes signed by all members were maintained. Tender evaluation committee were also constituted as required in procurement law. The committee evaluated tenders in adherence to the evaluation criteria specified in the tender documents. For majority procurements, the committee completed evaluations within the prescribed maximum period of 30 days after tender opening and

prepared reports which were signed by all members. The recommendations for award were consistent with Section 86(1) (a) of the PPADA and the award criteria specified in the tender documents. Each member evaluated the tenders independently as envisaged by Regulation 5(5) of the Public Procurement and Disposal (Amendment) Regulations, 2013. Upon completion of the evaluations, professional opinions were written by the Head of Supply Chain Management in accordance with Section 84 of PPADA. Tenders were awarded by the respective Chief Officers within the tender validity period for majority procurements and notifications done simultaneously where specific reasons for failure were disclosed to the non-successful bidders as envisaged under Section 87 of PPADA. Contracts were signed between the contractors and the County Government and 14 days' appeal window was observed. Performance securities was availed as required in the notification of award for some of the procurements. Contracts were signed as per the evaluated price and within the tender validity period apart from tender No. SCG/C/017/2017-2018. The tender was awarded outside the validity period of 60 days specified in the tender document. The contract was also signed after lapsing of tender validity period which was inconsistent with Section 135 of PPADA. Further, inspection and acceptance committees were appointed for some of the sampled procurements while in others like tender Nos. SCG/Q/480/2017-18 and SCG/T/048/2017-2018, the appointment letters were not availed. Contract implementation teams were not constituted as required under Section 151 of PPADA. Where inspection and acceptance committees were appointed, inspection and acceptance of the deliverables was conducted and inspection and acceptance certificates/inspection reports on deliverables were maintained. The inspection reports were signed by the committee members.

Some of the weaknesses noted were; the estimated costs were not indicated in the purchase requisitions as envisaged by Regulation 22(1) of the PPDR, the tender documents were not appropriately amended to align with the PPADA. In some cases, bidders were required to submit a tender security of 2% of the quoted prices contrary to Section 61 of the PPADA which requires a tender security to be expressed as an absolute figure which does not exceed 2% the tender as valued by the procuring entity. Some of the evaluation criteria were not objective.

Additionally, tender opening registers were not maintained, all pages of the tender opening minutes were not initialed as required in Section 78(11) of PPADA and in some like in tender No. SCG/C/017/2017-2018, evaluations took more than the prescribed period of thirty days. Some appointments of the evaluation committees did not include a procurement person as the secretary to the committee as envisaged under Section 46(4) (c) of PPADA. Additionally, the County Government required bidders participating in the tender reserved for the disadvantaged groups under the preference and reservation scheme to submit bid securities which was inconsistent with the Section 61(5) of PPADA. The tender opening committees, in some instances, did not adhere to some of the tender opening procedures like preparing tender opening registers while other cases like in the tender for supply of 250 camels, three (3) of the persons who opened the tenders were not officially appointed. Notification letters to unsuccessful bidders did not disclose the successful bidders as envisaged under Section 87(3) of PPADA. Further, the County Government neither submitted reports on contract awards to the Authority nor publicized the contract awards in its website and the notice board. This was inconsistent with Section 138 of the PPADA and PPRA Circular No. 1 of 2016. Additionally, contractual terms and conditions were not specified in the contract document. Where inspections reports were maintained, the reports and certificates did not indicate with clarity the deliverables being inspected, including quantities, and specifications as

outlined in the tender documents and the contracts. In the course of the assessment, payments records relating to most of the sampled contracts were not available hence difficult to establish whether payments were made as per the contractual terms and conditions or otherwise. The Head of Procurement Function did not prepare progress reports for purposes of contract monitoring as required under Section 152 of 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 the County Government has attained a compliance level of **65.58%** which is considered partially compliant and a moderate risk of **34.42%**.

The procuring entity should ensure that the weaknesses identified in the institutional arrangements and procurement processes are rectified, and recommendations given are implemented in order to improve the procurement system. The detailed recommendations for addressing the weaknesses are captured in Section Two 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.

