



**SUMMARY OF THE CONTRACT AUDIT REPORT FOR
COUNTY ASSEMBLY OF MURANG'A FOR THE
PERIOD 2019-2020 FINANCIAL YEAR**

September, 2020

This report is a product of Contract Audit(s) conducted by the Public Procurement Regulatory Authority (the Authority) pursuant to its mandate under the Public Procurement and Asset Disposal Act, 2015 (the Act). Part IV of the Act requires the Authority to ensure that the procurement procedures established under this Act are complied with. Specifically, Section 43 (2) of the Act bestows on the Authority the responsibility to conduct audits on contracts during tender preparation, contract execution and after contract completion.

In view of the above, contract audit of County Assembly of Murang'a was conducted from 17th to 18th September, 2020. The audit covered five (5) contracts signed during the period 1st July, 2019 to 30th June, 2020. The main objective of the audit was to determine the extent to which the Procuring Entity (PE) followed the procedures and rules established in the Act and the applicable regulations; circulars and directives issued by the Authority and other generally acceptable professional best practices, in conducting their procurement processes and contract management activities with reference to selected contracts. In addition, the audit helped to identify strengths and weaknesses, as well as risks inherent in the procurement and contract management system and propose measures to mitigate weaknesses and irregularities identified.

An entry meeting with the PE's management team was held on 18th September, 2020 to discuss the scope of the audit, the audit plan, the auditors' and PE's expectations, access to documentation and other administrative issues. The audit exercise involved examination of relevant procurement and contract management records from the selected contracts to verify their compliance with the Act, the attendant Regulations and other directives issued by the Authority and other relevant bodies from time to time. The auditors used qualitative and quantitative data collection methods including interviews, observation, confirmation, analysis and audit of records.

The audit was mainly limited / constrained by weaknesses in the management of procurement records. Although the Procurement Function maintained procurement files, it was noted that the procurement files were incomplete as some of the procurement records like inspection and acceptance reports, delivery notes and invoices. Such documents were domiciled in the Finance department and it was therefore their retrieval was cumbersome and time consuming. It was also a challenge to access documents for procurements that were pressed through Integrated Financial Management System (IFMIS).

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

The County Assembly had strengths in the institutional arrangements which included establishment of Procurement Function, a Disposal Committee, procurement planning and maintenance of asset register. The Assembly also had a Procurement and Disposal Manual and a Procurement Policy to guide its procurement activities. However, there were some weaknesses included maintenance of procurement records/procurement files, inadequate storage space and in publication of contract awards.

With regard to procurement process, the Assembly had strengths in the areas of procurement planning, appointment of procurement related committees by the Accounting Officer, preparation of professional opinions by the head of Procurement Function, use of standard tender documents and tender awards by the relevant authority. However, the procurement processes had some

weaknesses which included failure to amend the standard tender document in accordance with the instructions given in the standard tender documents, weak evaluation criteria, failure by the tender opening committees to follow some of tender opening procedures, publication of contracts awards other than on preference and reservation scheme and

On the issue of contract management, it was noted that the Accounting Officer appointed inspection and acceptance committees and the committees performed their duties as evidenced by inspection and acceptance reports. Payments were made promptly and were supported by relevant documents like invoices, delivery notes, and inspection and acceptance reports. However, there were some weaknesses which included lack of monthly progress reports on procurement contracts and lack of contract files. There were also weak linkages between procurement and finance departments.

Upon conclusion of the audit the overall compliance and risk rating of the PE's procurement and contract management system was determined based on compliance and risk rating criteria defined in the Authority's Compliance Monitoring Manual. To this end, the County Assembly attained a compliance level of **67.5 %** which is considered partially compliant and a risk level of **32.5%**.

The County Assembly should put in place mechanism to ensure that all the non-compliance issues identified in the report are addressed in order to improve its compliance rating. The detailed findings and recommendations for addressing the weaknesses are captured in Section II of this report. Further, the County Assembly should implement the recommendations contained in this report and update the Authority on the same for purposes of follow up.