



PPRA

**PUBLIC PROCUREMENT
REGULATORY AUTHORITY**

**Summary of CONTRACT AUDIT REPORT FOR
COUNTY GOVERNMENT OF MERU FOR THE
PERIOD 2019-2020 FINANCIAL YEAR.**

Feb, 2021

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 government of Meru was conducted from 1st to 3rd Feb 2021. The audit covered eight (8) 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 not held 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 unavailability of the County staff especially those involved before the entry meeting is conducted. The auditors were not able to spell out their expectation of the exercise.

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

Institutional arrangement

Strength

The function is established with seventeen (17) officers. It is headed by a Director Supply Chain Management. The function reports to the Chief Officer finance, Economic Planning & ICT who is the accounting officer. The County government had Disposal committee appointed by Chief Officer Finance. The committee comprised of eight (8) members and was well constituted. Procurement files were maintained and allocated folio numbers. The County government submits reports on procurement awards to the Authority.

Weaknesses

It could not be established whether the procurement staffs were qualified professional nor were members of KISM because their personal files were not availed. There were no minutes

showing disposal proceedings or any items that were disposed. Documents in procurement file were not filed in the sequence they were generated. Further, the files were incomplete.

Procurement processes

The County government strength included use of standard tender documents, giving bidders adequate time for preparation and submission of their tenders; preparation of evaluation reports and professional opinions, notification of the bidders. However, it had weaknesses such as failure by some of the evaluation committees to prepare individual scores, failure to inform the unsuccessful bidders' reasons for rejection of their tenders and to disclose successful bidders to them, performance security was a requirement in the tender documents but there were no records to show the successful bidders submitted the same before entering into contractual agreements.

Contract management

The accounting officer appointed Inspection and Acceptance Committee and the committee issued completion certificates. Weaknesses included failure to maintain and file contract management records and lack of monthly progress reports on contract implementation by the head of procurement unit.

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 County Government of Meru has attained a compliance level of **39.3 %** and a risk rating of **60.7 %** in respect of the indicators used in the audit. This is an indication of being *non-compliant* and having a *high risk*.

The procuring entity should undertake urgent actions to address the numerous non-compliance issues identified in the institutional arrangements, procurement and contract management system as highlighted in this report. Detailed recommendations for addressing the weaknesses are captured in Section four (4) 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.