



PPRA

**PUBLIC PROCUREMENT
REGULATORY AUTHORITY**

**SUMMARY OF CONTRACT AUDIT REPORT FOR COUNTY
GOVERNMENT OF NYERI FOR THE PERIOD 2019-2020 FINANCIAL
YEAR**

NOVEMBER, 2020

This report is a product of Contract Audits 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 Nyeri** was conducted from 2nd to 4th November, 2020. The audit covered seven (7) 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 2nd November, 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 inability to access procurement and contract management records particularly documents relating to payments. The tender document submitted by the bidders had been kept in the central store and their retrieval was cumbersome and time consuming. Further, though the Procurement Function maintained individual procurement files, the files were not complete as some of the procurement records like payment vouchers were not in the files.

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

Institutional Arrangements

The County Government of Nyeri (the County Government) had some strengths in the institutional arrangements which included establishment of the Procurement Function staffed with procurement professionals, establishment of disposal committee, maintenance of individual procurement files, development of a procurement manual and submission of mandatory reports to the Authority. In addition, it was noted that the County Government had secure storage facilities and standard store records were used. However, there were some weaknesses in Institutional Arrangements which included understaffing of the Procurement (number of staff (9) is below the number of staff (22) in the approved establishment), failure to maintain complete procurement and contract files with all procurement and contract records, failure to prepare annual disposal plan, failure to update procurement manual and align it with the Public Procurement and Asset Disposal Regulations,

2020. It was also noted that the disposal committee had not been performing its functions thus leading to accumulation of obsolete and unserviceable assets. Other weaknesses were identified in the inventory management particularly in the non-pharmaceutical store and central store such as inadequate space, pallets and shelves.

Procurement processes

The procurement processes of the County Government had some strengths which included procurement planning as all the sampled contracts were in the procurement plan, use of standard tender documents, invitation to tenders, appointment of the tender opening and evaluation committees and the committees prepared minutes/report of their meetings, and preparation of professional opinions by head of the Procurement Function, notification of tender awards and signing of the contracts with successful bidders. However, the procurement processes had some weaknesses which included failure to include an instruction to bidders, paginate the tender documents in the invitations to tender, failure by some of the tender committees to adhere to some of the tender opening procedures like recording the number of pages for each tender received, submission of performance bonds by successful bidders after signing of contracts contrary to the requirements of Section 142 of the Act or accepting performance bonds which were less than the amounts specified in the tender documents, failure to return bid bonds after completion of procurement proceedings and delayed payments.

Contract management

The County Government and the successful bidders entered into written contracts in accordance with Section 135 of the Act. The Accounting Officers appointed inspection and acceptance committees or contract implementation team. Most of the contracts were completed within contract period and completion certificates were issued. Payments were also made as per the contract. The County Government had some weaknesses in the contract management such as failure to avail some of the inspection and acceptance reports, monthly progress reports and delayed payments. There were also some instances where the Users noted some weaknesses in the performance of the contracts but no records were availed to demonstrate that actions were taken as evidenced by the contract for tender No. CGN/HEALTH/46/2019-2020 for Cleaning Service at the Nyeri County Referral Hospital where the User, in their monthly meeting, had noted the service provider was using cleaners who had not been vaccinated.

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 Government has attained a compliance level of **70.95%** which is considered average compliant and a moderate risk level of **20.05%**.

The County Government should undertake measures to ensure that the weaknesses/non-compliance issues identified in report are addressed in order to improve its compliance with the Procurement Law and obtain value from money expended in procurement. The detailed recommendations for addressing the weaknesses are captured in Section II of this report. Further, the County Government should implement the recommendations within the specified timelines and update the Authority on the same for purposes of follow up.