



**SUMMARY OF CONTRACT AUDIT REPORT
FOR NAIROBI CITY COUNTY ASSEMBLY
FOR THE PERIOD 2019-2020**

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 Nairobi City County Assembly was conducted from **28th to 30th September, 2020**. The audit covered six (6) No 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 28th 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 the slow pace at which documents were submitted.

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

The Procuring Entity had established a Procurement Function. The Procurement Policy Manual had not been developed. Individual procurement files were maintained but there were no contract files. The Procurement Plan was prepared but there were no reservations to the target group. There was a tender box and a quotation box set up but not located in a conspicuous place. The PE had a secure facility for storing items.

The Procuring Entity planned for most of its Procurements and initiated using approved purchase requisitions. However, most requisitions did not provide for brief description of requirements. The PE used appropriate procurement methods. However, the use of restricted tender was not justified nor names of bidders approved before invitation. The invitation to tender provided most of the requirements as required but there were instances where bidders were not informed of the requirement of paginating each of the pages of the bid documents submitted. The PE established most of the committees as required and in most cases performed their functions in accordance with the law. There were instances where Evaluation Committee included persons not appointed in writing. Professional opinion and secretariat comments were prepared. Bidders were notified of the outcome and the successful bidders given reasons for their failure without the name of the

successful bidder and the amount thereof. The Procuring entity maintained individual procurement files but did contain all the required documents.

The Procuring Entity prepared written contracts and in other instances LPOs were prepared in place of contracts. The contract awards were submitted to the Authority but were not published in the PEs website or notice board. Inspection and acceptance Committees were appointed. The committee in most cases never considered terms of the contract in receiving and accepting items. The Head of Procurement Function did prepare monthly progress reports. The Procuring Entity did pay suppliers in accordance with the contractual obligations. There was no contract file maintained for all the sample procurements.

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 Nairobi City County Assembly has attained a compliance level of **57 %** which is marginal compliance.

The Accounting Officer should endeavor to improve the PEs performance by implementing the recommendation contained in this report and put in place appropriate systems and structures to ensure that all procurement and contract management activities are undertaken in accordance with the procurement law and terms of the contracts. Detailed recommendations for addressing the weaknesses are captured in Section two of this report. The procuring entity should implement the recommendations and update the Authority on the same for purposes of follow up.