



**SUMMARY OF PROCUREMENT PERFORMANCE  
CONTRACT AUDIT REPORT FOR COUNTY  
GOVERNMENT OF NANDI FOR THE 2019-2020  
FINANCIAL YEAR**

**February, 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 Nandi was conducted from 1<sup>st</sup> February, 2021 to 3<sup>rd</sup> February, 2021. The audit covered six contracts signed during the period 1<sup>st</sup> July, 2019 to 30<sup>th</sup> June, 2020. The main objective of the audit was to determine the extent to which the Procuring Entity CGN 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 CGN's management team was held on 1<sup>st</sup> February, 2021 to discuss the scope of the audit, the audit plan, the auditors' and CGN'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 Productions of procurement document because the documents were scattered different departments, there is no centralised procurement registry and also few files availed were incomplete.

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

### **Key Findings on Procurement Process**

CGN prepared procurement plan and engaged professionals to manage the procurement function. The procuring entity was initiating their procurements through purchase requisition. The CGN used integrated financial management information system to process all procurements. Standard tender documents were used with evaluation criteria attached in the document. The evaluation was done based on the criteria specified in the tender document. The county appointed opening and evaluation committees

and the head of procurement prepared professional opinions. The evaluation committee appointed prepared the evaluation report. The head of procurement prepared the professional opinion and the award made by the accounting officer. The PE also entered into written agreement with the successful bidder. All bidders were notified at the same time.

However, in some cases quotation opening committee was not appointed and therefore no tender opening minutes were prepared. The team also found out that in some cases the evaluation committee members did not undertake independent evaluation of bids during the evaluation process. The procurement plan was not consolidated and the awarded contracts were not published.

### **Key findings on contract management of the contracts audited**

There were no complete documentation in that the contract files are not complete. CGN did not appoint contract implementation team to oversee the implementation of projects. Information relating to completion certificate and handing over certificates were missing in the files. No closeout certificates were found in the contract files and the procuring entity accepted performance security from insurance companies.

It is therefore prudent for CGN to ensure that the contract implementation teams are appointed and that the awarded contracts are published and reported to the Authority. Completion and handing over certificates should be issued upon successful completion of a project and performance security should accepted only if they are from banks and other financial institutions.

Upon conclusion of the audit the overall compliance and risk rating of the CGN'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 CGN has attained a compliance level of **84 %** (on process) and **59%** on contract management therefore overall compliance is **72 %** which is partially compliant. It's worth noting this that this was huge improvement compared with the County's level of compliance in the 2019-2020 financial year procurement performance contract audit.

The procuring entity should appoint contract implementation team to oversee the implementation of projects. All the awarded contracts should be published on the county's website. The awarded contract should also be reported to the Authority.

Detailed recommendations for addressing the weaknesses are captured in Section 2 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.