



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

January 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 Elgeyo Marakwet (EMCG) was conducted from 18th January, 2021 to 20th January, 2021. The audit covered eight 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 EMCG 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 EMCG's management team was held on 18th January, 2021 to discuss the scope of the audit, the audit plan, the auditors' and EMCG'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 /7constrained by productions of procurement document because the documents were stored in different departments and the few files availed were incomplete.

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

The Procuring Entity (PE) has an established procurement function headed by the Director Supply Chain Management and staffed with qualified procurement professionals with relevant qualification: has a dully constituted disposal committee appointed by the accounting officer and secure tender box placed in an accessible place. However, the entity had no internal procurement policy/ manual to guide in the procurement decision making: Procurement files were maintained but incomplete as some records were missing in the file and though the entity maintains departmental procurement plans prepared in the

appropriate format they didn't prepare a consolidated procurement plan. The PE has also adopted e procurement system implemented through the IFMIS system

EMCG planned their procurements in the 2019/2020 financial year procurement plans. The contracts were within the estimated cost provided in the procurement plan, adequate time was allowed for preparation and submission of tenders, evaluation committees were duly appointed by the accounting officer and evaluation criteria provided in the tender document adopted during evaluation of tenders. However, tender opening committees were not appointed and opening of tenders was not executed as envisaged under section 78 of the Act. Evaluation of tenders was done online through the IFMIS system and an evaluation matrix generated. In addition, the IFMIS matrix evaluation was not signed by the evaluation committee, no due diligence was carried out on the successful bidder. The head prepared professional opinion to guide the AOs decision to award the tender as required under Section 84(3) of the Act.

EMCG entered into written contracts with the successful bidders however there were instances where by 14 days appeal window was not observed. the entity reported contract awards to the authority but did not publish the awards on their website as required under section 138 of the Act. Payments were made in accordance with the contract terms. In most cases there was no contract implementation team appointed by the AO as required by Section 151 of the Act to oversee the implementation of projects and monthly progress report was not prepared by the head of procurement contrary to the provision of Section 152 of the Act

Upon conclusion of the audit, the overall compliance and risk rating of the PE's procurement processes and contract management system was determined based on compliance and risk rating criteria defined in the Authority's Compliance Monitoring Manual. To this end, EMCG attained a compliance level of **59 %** and a risk rating of **41%** in respect of the indicators used in the audit. This indicates partial compliance and moderate risk level.

The procuring entity should appoint adhoc procurement committees especially the tender opening and the inspection and acceptance committees, ensure proper opening procedures are followed, reporting the awarded contracts to the Authority and publishing them in the County's premises. 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.