



**SUMMARY OF PROCUREMENT PERFORMANCE
CONTRACT AUDIT REPORT FOR NANDI COUNTY
ASSEMBLY 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 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 Nandi County Assembly (NCA) was conducted from 4/2/2021 to 5/2/2021. The audit covered four (4) 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 NCA's management team was held on 4th February, 2021 to discuss the scope of the audit, the audit plan, the auditors' and NCA'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 went on smoothly because the entity was able to produce the required documents in short time as anticipated by the audit team. However, the only limitation is on time allocated to carry out this assignment.

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

NCA has established procurement function headed by the Head of Supply Chain and who reports functionally and administrative to the Accounting Officer. The unit is staffed with procurement professional assigned to each department. The entity had an approved consolidated procurement plans prepared using the appropriate format, and they submitted mandatory reports to the Authority. Tender and quotation boxes were in place and located in easily accessible location. Both are secured with two locks each and keys kept by different offices but currently NCA is using IFMIS system to process their procurements. NCA does not have procurement manual/policy that can be used to facilitate making

of procurement decisions therefore they are supposed to fast track the process of having internal procurement policy manual. The AO had constituted a disposal committee to deal with surplus and obsolete asset though had not done any disposal under financial year under review

The PE planned for the procurements in line with Section 53 of the Act, Initiation of procurement was done through purchase requisition forms complete with relevant information and standard tender documents issued to procuring entities by the Authority were used by the entity. Invitation to tender was done through tender notices placed in newspaper and request for quotations sent out to bidders served as invitation to tender and in most case they were from the list of registered suppliers maintained by NCA. Information on obtaining and submission of tender, evaluation criteria and deadline for submission of the tender indicated in the tender notice. The AO appointed tender evaluation committees for the tenders processed by the procuring entity. The evaluation committee adopted the evaluation criteria stated in the tender documents and the report dully prepared. The head of procurement function prepared secretariat comments and professional opinion for the procurements processed by the entity in line with the provision of section 84 of the Act. Both the successful and unsuccessful bidders were notified at the same time as required under section 87 (3) of the Act. However, opening process was not adhered to and independent evaluation was not done for procurement done through RFQ method.

The procuring entity prepares written contracts in line with section 135 of the Act. Contract awards were reported to the Authority but there was no record to indicate that the PE published/ publicized their contract awards as guided by Section 138(1) of the Act. Inspection and acceptance committees in some instance were appointed, and inspection reports dully prepared. In most cases completion certificates were not issued for most of the complete contracts and payments done in accordance with the contractual terms. However, in some instances there was delayed payment of contractors by the PE and the head of procurement function did not prepare monthly progress reports. Procurement files were maintained but were incomplete as some of the procurement documents were missing.

Key Findings on Post Implementation Audit of the Contract(s)

NCA has no contract management file therefore it was hard to evaluate the contract implemented by NCA as there was no progress report availed.

Upon conclusion of the audit the overall compliance and risk rating of the NCA'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 NCA attained a compliance level of **74.4 %** and a risk rating of **25.6%** in respect of the indicators used in the audit. This is an indication of partial compliance and low risk level.

NCA should endeavour to improve its performance by implementing the recommendation contained in this report and put in place appropriate systems and structures. 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.