



**SUMMARY OF PROCUREMENT PERFORMANCE  
CONTRACT AUDIT REPORT FOR TRANS NZOIA  
COUNTY GOVERNMENT FOR THE YEAR 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 Trans Nzoia (CGTN) was conducted from 11<sup>th</sup> January, 2021 to 13<sup>th</sup> January, 2021. The audit covered 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 (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 CGTN's management team was held on 11<sup>th</sup> January, 2021 to discuss the scope of the audit, the audit plan, the auditors' and CGTN'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 constrained by power supply during review time but it was reconnected after the second day and time taken in retrieval of document due to delay caused by procurement records not been centralised. However, a commendable job had been done to make them to avail them faster.

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

CGTN has established procurement function headed by the Ag. Head of Supply Chain and who report functionally and administratively to the Accounting Officer. The unit is staffed with procurement professional assigned to each department. The entity had an approved departmental procurement plans prepared using the appropriate format, a disposal committee in place to deal with surplus and obsolete asset although the committee had not done any disposal under financial year under review and they submitted mandatory reports to the Authority. Tender and quotation boxes are in place and located in

easily accessible location. Both are secured with two locks each and keys kept by different offices but currently CGTN are IFMIS system to process their procurements. The PE have a draft procurement manual/policy that can be used to facilitate making of procurement decisions but they are supposed to fast track the process of having internal procurement policy manual because the Public Procurement and Asset Disposal Regulation, 2020 are now in place.

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. Information on obtaining and submission of tender, evaluation criteria and deadline for submission of the tender indicated in the tender notice. Tender opening committees were duly appointed in line with the provision of Section 78 of the Act. The PE opened tenders as scheduled and information on tender opening process recorded on opening registers and minutes. The AO appointed tender evaluation committees for most of the tenders reviewed by the procuring entity. The evaluation committee adopted the evaluation criteria stated in the tender documents and the report duly prepared. However, in some instances independent evaluation was not done for procurement done through RFQ method. 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. Unsuccessful bidders were not informed of the reasons for their unsuccessful bid or who the successful bidders was as required under section 87 (3) of the Act.

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. In most cases payments was 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.

Upon conclusion of the audit, the overall compliance and risk rating of the CGTN'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 CGTN attained a compliance level on of **75.2 %** and a risk rating of **24.8%** and in respect of the indicators used in the audit. This is an indication of partial compliance and low risk level.

The procuring entity should ensure that an internal procurement policy manual is developed to assist in decision making, independent evaluation of tenders processed through RFQ are done, unsuccessful bidders are informed of the reasons for their unsuccessful bids and who the successful bidder is, all contract awards are published and monthly progress reports are prepared. Detailed recommendations for addressing the weaknesses are captured in Section four 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.