



**SUMMARY OF PROCUREMENT/CONTRACT AUDIT
REPORT FOR TURKANA COUNTY GOVERNMENT
2019-2020 FINANCIAL YEAR**

October, 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 (TCG) was conducted from 12th October to 14th October 2020. The audit covered 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 12th October, 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 constrained by time taken to retrieve procurement documents which were maintained in different respective departments. However a commendable job had been done to make them as complete as possible.

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

TCG has established procurement function headed by the Deputy Director Supply Chain and reporting functionally and administratively to the Accounting Officer. The unit is staffed with procurement professional assigned to each department. The entity had approved departmental procurement plans prepared in the appropriate format, tender and quotation boxes are in place and located in easily accessible location although the PE currently received tenders through the IFMIS system. The PE does not have a procurement manual/policy to facilitate making of procurement decisions and did not maintain a consolidated procurement plan with few procurements

allocated to enterprises owned by youth, women and persons with disability. In addition, the AO had not appointed a disposal committee to deal with surplus and obsolete asset. Individual procurement files were in place but a few had incomplete records.

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 newspapers and for the case of restricted tender notices were sent to bidders in the list borrowed from other entities. Information on obtaining and submission of tenders, deadline for submission of the tender and tender opening dates indicated in the tender notices. However, the entity did not appoint tender opening committees and tender opening process was not conducted in accordance with Section 78 of the Act. The AO appointed tender evaluation committees for most of the tenders processed by the procuring entity. Independent evaluation of bids was done by the members of the evaluation committee using the criteria provided in the tender document and report dully prepared. However, there were instance where the evaluation committee introduced an addition criteria during evaluation and criteria not being objectively applied. 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.

In most case, the procuring entity prepare written contracts pursuant to Section 135 of the Act. Contract awards were reported to the Authority but there was no record to indicate that the PE published/ publicized the contract awards in their website and notice boards as guided by Section 138(1) of the Act. In most case, Inspection and acceptance committees were appointed by the AO and inspection reports dully prepared. However there were instances where the entity did not avail records to show that inspection and acceptance committees were appointed and inspection reports prepared. In most cases completion certificates were issued for most of the complete contracts and payments done in accordance with the contractual terms. In other instances there was delayed payment of contractors by the PE and the head of procurement function did not prepare monthly progress reports an indication that the accounting officer is not updated on the implementation status of the contract. Procurement files were maintained but were incomplete as some of the procurement documents were missing from the file.

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 TCG attained a compliance level on of **53.5%** and a risk rating of **46.5%** and in respect of the indicators used in the audit. This is an indication of partial compliance and moderate risk level.

The procuring entity should put in place strategies for addressing the gaps identified in this report to ensure compliance with the Act. Detailed recommendations for addressing the weaknesses are captured in Section two 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.