



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

November, 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 (CGU) was conducted from 9th to 11th November 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 9th November, 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 delay in retrieval of some procurement contract files which were being used by KENAO Auditors at the time and given that the audit period was limited to only three (3) days.

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

CGU has established procurement function headed by the Director Supply Chain reporting 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 however there was no record on disposal being done by the entity despite evidence of presence of obsolete assets. Mandatory reports were submitted to the Authority and Tender/ quotation boxes are in place and located in easily accessible location although the entity is currently receiving tenders through the IFMIS.

Further the PE has a procurement manual/policy to facilitate making of procurement decisions but the manual was not updated and individual procurement files were in place but a most of them had incomplete records.

The PE planned for most of the procurements in line with Section 53 of the Act, Initiation of procurement was done through purchase requisition forms complete with relevant information and appropriate 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 in accordance with Section 74 of the Act, however there were instance where adequate time was not provided for preparation and submission of bids, The AO did not appoint tender opening committees for all the sampled procurements and tender opening process was not executed in accordance with the Provision of 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 individual evaluators did not conduct independent evaluation of bids contrary to the provision of Regulation 5(4) of Legal Notice No. 106. 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.

The procuring entity prepare written contracts in accordance with Section 135 of the Act. In most cases contract awards were reported to the Authority and published in the PE website. 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 addition, the head of procurement function did not prepare monthly progress reports for all the sampled contracts an indication that the accounting officer is not updated on the implementation status of the contracts. Procurement files were maintained but were incomplete as some procurement records were missing from the file. The Audit team observed that most of the document relevant to contract management process were not maintained in the individual procurement contract file. The entity therefore need to ensure complete records are maintained for each procurement contract.

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 CGU attained a compliance level on of **59.3 %** and a risk rating of **40.7%** 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 ensure that an internal procurement policy manual is developed to assist in decision making, opening process should be adhered to, independent evaluation of tenders to be done, all contract awards are published, monthly progress reports are prepared and complete individual procurement/contract files are maintained. 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.