

PUBLIC PROCUREMENT OVERSIGHT AUTHORITY
Transforming Procurement

FINAL REPORT

**EGERTON UNIVERSITY
PROCUREMENT REVIEW**

JULY 2011

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ACRONYMS

AO	Accounting Officer
FY	Financial Year
DG	Director General
GOK	Government of Kenya
GRN	Goods Receipt Note
HQTS	Headquarters
IA	Internal Auditor
ICT	Information, Communications and Technology
ISO	International Standardisation Organisation
KNAO	Kenya National Audit Office
LPO	Local Purchase Order
LSO	Local Service Order
N/A	Not Applicable
NTC	Nakuru Town Campus
ONT	Open National Tender
PC	Procurement Committee
PE	Procuring Entity
PO	Procurement Officer
PPDA	Public Procurement and Disposal Act
PPDR	Public Procurement and Disposal Regulations
PPDGM	Public Procurement and Disposal General Manual
PPOA	Public Procurement Oversight Authority
PPRMPM	Public Procurement Records Management Procedures Manual
PR	Procurement Review
PU	Procurement Unit
R&E	Research & Extension
RFP	Request for Proposal
RFQ	Request for Quotation
RPPSII	Reforming Public Procurement Systems II
SP	Satisfactory Performance
SWS	Students Welfare Services
SPO	Senior Procurement Officer
TC	Tender Committee
TP	Threshold Programme

EXECUTIVE SUMMARY

This report presents the findings of the procurement review of Egerton University carried out from 14 February to 18 March 2011. The main objective of the exercise was to review the status of the PE's procurement, contracting and implementation processes and systems, in order to determine Egerton University's level of compliance with the PPDA and the PPDR, circulars and directives issued by PPOA, and generally accepted principles of good practice. Consideration was also given to the relationship between procurement and overall service objectives of Egerton University.

The period covered by this review was 1 July 2009 – 30 June 2010 focusing on the performance of procurement functions. The review procedures performed included the examination of selected samples of Open Tenders, Direct Procurement, RFP, RFQ and Framework Contracting. The review also considered the disposal proceedings undertaken by Egerton during the identified review period.

The scope of the review encompassed 27 key performance indicators of Egerton University's procurement and disposal from planning to completion. The review projected the PE to have reached a satisfactory level of compliance (60% and above) with the requirements of the PPDA, PPDR and all directives issued by PPOA in their procurement, disposal and contracting.

In order to ensure that the review examined all the pertinent controls and procedures in line with the PPDA, PPDR, guidelines and the PE's implementation of the same a thorough assessment of the control environment was first undertaken. The fieldwork that ensued then included an examination of the files and documents pertaining to Egerton University's procurement systems and processes and, where appropriate, was supplemented by discussions with the key persons involved in the functions related to procurement. The work was then finalized in consultation with the AO, members of standing committees, Acting Head of PU and other persons involved in management and oversight of the procurement functions.

The team also reviewed the implementation of the findings and recommendations of past internal audit reports as well as the last report of the Controller and Auditor General.

Key general findings and recommendations as they relate to each of the areas considered in this review are provided in Chapter 3 of the report. Specific findings are reflected in Chapter 4 of the report. An action plan for implementation of the recommendations is provided in Chapter 6 at the end of this report. PPOA will review the implementation of the recommendations in the action plan after a 3-month period from the date of the final report.

Satisfactory Compliant Practices

The review team noted the following satisfactorily compliant practices from the samples that were examined and from the general assessment of the procurement systems at the PE:

- The PU has been established in line with Section 26(4) of the PPDA.
- The PU is staffed with qualified key personnel in line with Section 26(7), (8) & (9). These staff hold Diplomas and Certificates in Procurement from recognised institutions and are members of Kenya Institute of Supplies Management (KISM).
- All standard and specific committees have been established in line with Section 26(4), (5) PPDA and hold regular meetings in line with the PPDA;

- Minutes are maintained by the Tender, Procurement and Disposal committees respectively.
- The functions of the Procurement Committees as set out in Regulations 14 of the PPDR and Chapter 4.4 of the PPDGM are partially complied with;
- No person has been appointed to serve in the evaluation committee if that person is a member of the TC of the procuring entity;
- All procurements reviewed have been undertaken within the approved budget of the PE and have been planned by the PE through an annual procurement plan, and only undertaken when the PE was satisfied that there were adequate funds available & set aside in its budget in line with Section 26.(3a) & (6) of the PPDA
- Evaluation committees have prepared reports analysing the tenders received and final ratings assigned to each tender and submitted the report to the TC;
- In most cases Egerton University uses technical specifications that are objective and conform with the requirements of the PPDR/PPDA;
- There was a standing list of registered suppliers for the period under review;
- A secure facility for the receipt of tenders has been provided by Egerton University and is stationed at the PU;
- Disposals have been undertaken for all items listed in the year.
- Procurements reviewed are not split to evade the appropriate procurement method;

Non-compliance:

The review team noted the following areas with non-compliances that need immediate attention of the PE:

Although the AO has attempted to carry out his responsibilities under Section 27(2) of the PPDA, there are still gaps as indicated below:

- The procuring entity does not maintain a comprehensive and individual file for each procurement and disposal, that would contain all information, documents, and communications relating to that procurement or disposal proceeding. Such files would need to be marked with the relevant procurement or disposal reference number. This means that the PE's record management is therefore not in accordance with, Regulations 8(n) & 34 (3), Circular no. 1/2009 of PPOA and Chapter 7.9 of the PPDGM.
- Though the PE has shown attempts to maximize economy and efficiency and to obtain value for money in its procurements the TC sanctioned negotiations with suppliers contrary to the PPDA, the instances permissible for negotiation are provided under section 75 and section 84 of the PPDA and relate to Direct Procurement and RFP respectively;
- The PU does not advise the PE on aggregation of procurement to promote economies of scale in accordance with Regulation 8(3)(x) nor does it co-ordinate internal monitoring and evaluation of the supply chain function in accordance with Regulation 8(3)(y).
- The PU does not ensure that the PC produces quarterly reports for the TC's review and as such the latter does not review the awards made by the PC in accordance with Regulation 10(2) (n)
- The TC ratified some procurements that were termed emergency or urgent but that could have been properly dealt with if there had been proper preparation of the Procurement Plan (see Para 4.3 of Pg.39);

- The TC does not award procurement contracts in accordance with thresholds prescribed in the First Schedule of the Regulations. Some of these were approved by the PC. The PC was found to have deliberated on procurement proceedings that are above its threshold of KES500,000 and hence not in accordance with First schedule of the Regulations. RFQs were found to have been issued for thresholds where ONT should have been used. In addition no 'individual procurement plans' were developed for 'significant procurement proceedings (i.e. those above the threshold of the RFQ)
- Direct Procurements were not initiated by the AO in line with the First schedule of the Regulations for value above KES 500,000.
- The head of the PU and key staff with procurement responsibilities have not been adequately trained in the PPDGM and other Manuals;
- Framework Contracts were awarded using LPOs as there was no evidence of written contracts.
- The annual procurement plan neither depicts the timing of the procurement nor method of procurement to be used in accordance with Regulations 21 (b) & (g). In addition there was no disposal plan although there was a disposal listing depicting items that were scheduled for disposal, but this list did not reflect mode of disposal
- Whereas the bid bond security is documented in the TC minutes and evaluation reports, there was no evidence that the bond is maintained in a procurement file;
- in some instances the evaluation committee used a different formula in the technical evaluation from that specified in the tender documents; hence not in accordance with Section 66 (2) of the PPDA.
- The evaluation committee does not include in their report a record of the evaluation of individual members of the committee; hence not in accordance with Regulation 16 (10) (c).
- Some evaluations by the evaluation committee take more than the prescribed maximum 30 days contrary to Regulation 46;
- The PE's procurement manual is not comprehensive and omits some written operational procedures such as contained in the PPDGM. There was no evidence for instance of a written system and procedure for handling bidders' enquiries and complaints
- Initiation of procurement proceedings is sometimes undertaken by use of memos and not always through the use of an official procurement requisition in line with Regulation 22 (1).
- In the financial year under review, PPOA was not notified of contracts over KES 5 million and of Direct Procurements over KES 500,000; in these instances the PE's practice was not in accordance with Circular no. 4/2009 of PPOA.

Recommendations

We recommend that Egerton University put in place remedial actions that will address all deviations identified in the report. Some of the Key recommendations include:

- AO to ensure weaknesses are addressed and proper documentation of administrative & policy guides is instituted.
- PE to develop a structured training strategy in best procurement practices as reflected in the PPDA, PPDR, PPDGM. Other PPOA manuals and circulars, for all key staff involved in procurement proceedings.

- PE to adopt proper records and filing management in line with the PPDA, PPDR, PPDGM and the PPRMPM .
- PE should enhance its procurement and disposal planning, particularly individual procurement and disposal plans.
- PE to stop retrospective approvals.
- PE to complete all evaluations within the prescribed 30 days.
- PE to inform and notify PPOA on contracts above KES 5 million.
- PE to undertake comprehensive contract and inventory management in line with the PPDA, PPDR and PPDGM.

Taking into account the areas of deviation indicated above it is recommended that the PE take time and resources to liaise with the PPOA in the training of staff in the content of the various manuals that have been issued to support the implementation of the PPDA. Whilst this is being undertaken the PE should also ensure that all its procurement documents conform to the content of the PPOA issued manuals which were designed to expound the provisions of the PPDA and its PPDR. Continuous consultation with the PPOA would also enable the PE to be updated on any other circulars, directives or guidelines that are being issued.

Conclusion

As specified in the terms of reference, we used the sample of procurement and disposal proceedings to evaluate the level of compliance with the PPDA. In so doing, we carefully considered the implications and the significance of individual ratings of the key performance indicators. The review team utilised ‘Compliance Rating Indicators’ as reflected in the PPOA Procurement Review Manual that reflect reasonable and attainable standards of performance. It is clear that some instances of non-compliance have greater significance than others. This factor has been considered in determining the final compliance level.

The team’s overall assessment of the compliance level for Egerton is calculated to be 64.05% for the period reviewed with relevant PPDA, regulations and guidelines in respect of sampled procurement transaction reviewed. This is above the target of 60% compliance set in the Performance Monitoring Plan under RPPS II. Thus, the overall performance of the PE in procurement and disposal is satisfactory, though there are some weaknesses that need to be addressed, and Egerton University is advised to address these so as to reflect exemplary performance amongst the various PEs and ensure that it assists the university in attaining the high ideals espoused in its service and other charters.

Finally, we would like to take this opportunity to thank Egerton University staff commencing with the AO and the key staff involved in procurement for their co-operation and assistance during this review.

1 INTRODUCTION

1.1 Purpose

This procurement review is one of three to be conducted by Crown Agents Kenya Ltd under its contract with the PPOA. Egerton University was one of the PEs selected by PPOA for review under the current phase of the project. Egerton University is classified under Class B according to the PPDA and PPDR and is therefore governed by the various thresholds reflected in the regulations as contained in the PPDR.

Engagement between the review team and Egerton University commenced with an entry meeting with the PE's management team on 8 February 2011. This meeting's main focus was to discuss the scope of the review, the review plan, the reviewers' expectations, as well as raising the need for the team to have free access to documentation. Other administrative issues were also discussed during this meeting. Mrs Jane Njoroge, the General Manager Technical Services, PPOA, led the joint Crown Agents/PPOA review team to the entry meeting. Prof. J Tuitoek, the Vice Chancellor, led the PE management team that included Acting Head of the PU and her senior staff.

1.2 Mandate of PPOA

The Mandate of the PPOA is to ensure that in line with Section 9 (a) of the PPDA procurement procedures provided for under the Act are complied with, and in line with Section 9(b) of the Act to ensure that it monitors the public procurement system and report on its overall functioning in line with Section 20(3)(b) of the PPDA and present to the Minister such other reports and recommendations for improvement as the DG considers advisable. The Authority's procurement review function is derived from Section 49 (1) (a) of the Act, which states that the Director-General or anyone authorized by him may inspect at any reasonable time the records and accounts of a procuring entity, and the procuring entity and the contractor shall cooperate with and assist whoever does such an inspection.

1.3 Role of the PE

- Section 27(1) of the PPDA provides that a public entity shall ensure that this Act, the Regulations, and any directions of the PPOA are complied with respect to each of its procurements;
- Section 27 (2) of the PPDA provides that the AO shall be primarily responsible for ensuring that the PE fulfils its obligations in the implementation of the provisions of the Act;
- Section 27 (3) of the PPDA provides that each employee of the PE and each member of board or committee of the entity shall ensure, within the areas of responsibility of the employee or member, that the Act, Regulations or any directions of PPOA are complied with; and
- Section 101 of the PPDA provides that a public entity shall provide the Authority with such information relating to procurement as the Director-General may require in writing

1.4 Objectives

The overall objective was to review the status of Egerton University's procurement contracting, implementation processes and systems in order to:

- (i) Examine and establish the degree of compliance to applicable procurement procedures and PPDA and PPDR, Circulars and any of the directives issued by PPOA, and
- (ii) Propose recommendations for remedial measures against weaknesses identified, institutional arrangements, and/or irregularities in procurement practices, and capacity.

The specific objectives of this procurement review were:

- Reviewing contract administration and management;
- Reviewing the capacity of implementing agencies in handling procurement efficiently, comment on the quality of procurement and contracting; and identify reasons for delays, if any;
- Determining whether adequate systems are in place for procurement planning, implementation and monitoring and documentation are maintained as per required standards;
- Determining whether the required institutional arrangement is in place;
- Confirming that all necessary supporting documents, records and reports are kept in respect of all relevant procurements;
- Comparing and rating cost of key items across the various PEs with prevailing market prices.
- Verifying whether Goods, Works and Services contracted were supplied/completed according to the required specifications and technical standards;
- Verifying whether there has been any disagreement, either between the AO and the TC, or between the TC and the PU; and how such disagreements were handled and eventually disposed of;
- Verifying whether there are any reasons given for Direct Procurements. Indicate whether these reasons would suffice (are genuine) as provided for in the PPDA, PPDR and Guidelines;
- Verifying whether there are any cases where a member of the PE, involved in the procurement and disposal process, has ever declared his/her interest in any contract, to avoid conflict of interest; and whether such a member's interest was eventually awarded the contract, or not;
- Reviewing Inventory Management;
- Preparing a report on the findings of the procurement review;
- To establish whether remedial actions agreed on recommendations made in the previous reviews have been successfully implemented and
- Providing recommendations that will remedy any weaknesses identified by the reviews.

1.5 Expectations

The review expected:

- The PE to have achieved a satisfactory level of compliance (60% and above) with the requirements of the PPDA, PPDR and all directives/Circulars issued by PPOA in their procurement, disposal and contracts;
- Adequate systems and procedures put in place by the PE for implementation of the procurement law, regulations and directives;
- The PE to have adequate capacity and training to implement the procurement law; and
- Essential procurement records to be maintained.

1.6 Scope of procurement expenditure

1.6.1 Procurement Profile

Egerton University made available to the team a summary of 564 procurement proceedings and 8 disposal proceedings during the period under review. The PE provided procurement expenditure amounting to KES 137,060,199 for the period under review against the PE's non-payroll budget of KES 652,923,777 for the year under review. The difference is not accounted for by the procurement documents made available.

The review covered a sample of transactions selected from the population of transactions executed by the PE from 1 July 2009 to 30 June 2010 period including works, goods, and services, to the extent possible. Full procurement listing provided as a separate attachment due to the size.

1.6.2 Sampled procurement and disposal proceedings

The review team sampled 57 procurement proceedings and 8 disposal proceedings carried out by Egerton University as set out in section 1.6.1.

Table 1: Summary Procurement & Disposal- Planned and Reviewed

Description	No of proceedings	Value of proceedings (KES)
Total procurement proceedings	569	137,060,199.31
Sample of procurement	49	54,141,442.91
Ratio of sample to total	8.61%	39.50%
Total on disposal proceedings	8	10,105,292
Sample of disposal proceedings	8	10,105,292
Percentage of sample to total disposal	100%	100%

1.6.3 List of procurement proceedings selected for review

Table 2: List of Procurement Proceedings Selected for Review

Tender No.	Item Description	Method	Category	Amount (KES)	Contractor
EU/2/2009-2010	Dry Food Stuff	ONT	Goods	285,580	Naish Supplies Nilkanth Commodities Ltd
QTN/509/2009-2010	Dry Food Stuff	RFQ	Goods	60,000	Wellah Electrical Supplies & Hardware
QTN/246/2009-2010	Dry Food Stuff	RFQ	Goods	247,250	Naish Suppliers
QTN/446/2009-2010	Dry Food Stuff	RFQ	Goods	174,160	Wellah Electrical Supplies & Hardware
EU/7/2009-2010	Motor Vehicle Spares	ONT	Goods	33,349	Auto Co. Ltd Kapu (K) Ltd Marshalls (EA) Ltd
QTN/411/2009-2010	Motor Vehicle Spares	RFQ	Goods	67,500	Kapu (K) Ltd
QTN/105/2009-2010	Motor Vehicle Spares	RFQ	Goods	7,960	Kapu (K) Ltd
QTN/407/2009-2010	Motor Vehicle Spares	RFQ	Goods	52,000	Kapu (K) Ltd
EU/8/2009-2010	Medical Drugs and I.V. Fluids	ONT	Goods	6,060,401	Harley Ltd Goodman Agencies Ltd Sunpar Pharm Madawa Pharmaceuticals Laborex (K) Ltd Sai Pharm Ltd Care Chemist Pyat Co. Ltd Surgi Pharm Ltd
QTN/360/2009-2010	Medical Drugs and I.V. Fluids	RFQ	Goods	142,120	Care Chemist
QTN/121/2009-2010	Medical Drugs and I.V. Fluids	RFQ	Goods	5,370	Care Chemist
QTN/147/2009-2010	Medical Drugs and I.V. Fluids	RFQ	Goods	168,040	Medispan Laboratories
QTN/424/08-09	Medical Drugs and I.V. Fluids	RFQ	Goods	13,660	Care Chemist
EU/9/2009-2010	Medical Laboratory Chemicals, Reactions & Equipment	ONT	Goods	186,780	Lued (A) Ltd Polarize Enterprises Surgipath Services Crown Healthcare Faram E.A. Ltd Chemlabs Ltd Medispan Laboratories Ltd
EU/12/2009-2010	Medical Laboratory Chemicals, Reactions & Equipment	ONT	Goods	581,874	Chem-labs Ltd Chemoquip Ltd Labtec Electronic Services Lued (A) Ltd Marty Enterprises Ltd Medispan Lab Ltd Polarize Enterprises Ultra Lab & Allied Services
QTN/170/2009-2010	Medical Laboratory Chemicals, Reactions &	RFQ	Goods	406,242	Labtech Electronics Services

Tender No.	Item Description	Method	Category	Amount (KES)	Contractor
	Equipment				
EU/13/2009-2010			Goods	NON-RESPONSIVE	
EU/14/2009-2010			Goods	NON-RESPONSIVE	
QTN/259/2009-2010	Printing Services	RFQ	Services	540,000	Nakuru Press Ltd
QTN/82/2009-2010	Printing Services	RFQ	Services	49,500	Anniversary Press (K) Ltd
QTN/464/2009-2010	Printing Services	RFQ	Services	79,135	Nakuru Press Ltd
QTN/508/2009-2010	Printing Services	RFQ	Services	19,500	Anniversary Press (K) Ltd
QTN/379/2009-2010	Printing Services	RFQ	Services	346,421	Nakuru Press Ltd
QTN/169/2009-2010	Furniture	RFQ	Goods	244,656	Akshar Furniture Mart Ltd, Mango Ltd. Kabarnet Electricals Hardware & Spares
EU/29/2009-2010	Vehicle	RFQ	Goods	4,857,208	Simba Colt Motors Ltd.
EU/35/2010-2011	Actuarial Services	RFP	Services	899,928	Alexander Forbes Financial Services
QTN/127/2009-2010	Farm Materials	Direct Procurement	Goods	425,040	Wire Products Ltd
QTN/252/2009-2010	Medical Laboratory Chemicals, Reactions & Equipment	RFQ	Goods	3,174,213	Chem Labs , Crown Health Care Ltd
QTN/359/2009-2010	Computers	RFQ	Goods	935,000	Kirwan Ltd
QTN/168/2009-2010	Auto Spares	RFQ	Goods	851,063	Direct Auto Parts
QTN/176/2009-2010	Health Science Laboratory Renovations	RFQ	Goods	792,160	Volcanic Plumbing Works
QTN/131/2009-2010	Cutlery	RFQ	Goods	1,937,000	Stainless Steel
QTN/173/2009-2010		RFQ	Goods	949,000	Estec Ltd
47th TENDER COMMITTEE	Vehicles	Ministry of Public Works Circular No. SB/P/4/41/VOL. XXIV (161)	Goods	2,229,018	Toyota (E.A.) Ltd
47th TENDER COMMITTEE				2,530,000	General Motors East Africa Ltd
QTN/83/2009-2010	Books	RFQ	Goods	2,249,432	Savanis Book Centre
QTN/029/2009-2010	Electricals	RFQ	Goods	1,467,000	Welter Building
<<None>>	Books	RFQ	Goods	3,141,983	Gabby Book (K) Ltd
QTN/401/2009-2010	Computers	RFQ	Goods	13,414,600	Ranju Ltd
					Kirwan Ltd
QTN/491/2009-2010	Farm Chemicals	RFQ	Goods	1,050,800	E.A. Maltings

Tender No.	Item Description	Method	Category	Amount (KES)	Contractor
QTN/439/2009-2010	Stationery	RFQ	Goods	120,000	Patmat General Merchants
PROFORMA INVOICE	Oil / Fuel	RFQ	Goods	689,000	National Oil
	Oil / Fuel	RFQ	Goods	520,000	Kenya Shell
QTN/100/2009-2010	Service	RFQ	Services	230,000	David Korir
QTN/235/2009-2010	Computers	RFQ	Goods	160,000	Ranju Ltd
QTN/234/2009-2010	Construction Materials	RFQ	Goods	180,000	Jomikoka Construction
PROFORMA	Oil / Fuel	RFQ	Goods	710,000	National Oil
QTN/306/2009-2010	Lab Chemicals	RFQ	Goods	510,000	Leud (K) Ltd
PROFORMA	Training	RFQ	Services	347,500	Afralti

Table 3: List of Disposal Proceedings

Disposal Ref	Disposal Item	Date of disposal	Value (KES)	Method	Accounting Officer Approval	PPOA Notification
None	Assorted obsolete/scrap items	6-9 April 10	167,400.00	Auction	27 Jan.10	N/A
None	Motor vehicles (various)	6-9 April 10	2,960,000.00	Auction	27 Jan.10	N/A
None	New obsolete spare parts	6-9 April 10	No bids	Auction	27 Jan.10	N/A
None	ICT Equipment	6-9 April 10		Auction		N/A
None	Livestock	6-9 April 10	5,115,760.00	Auction	27 Jan.10	N/A
None	Expired drugs	16 June. 10	62,132.00	Destruction	27 Jan.10	N/A
None	Motor vehicles (KAW 089Z), (KAW 091Z)	24 June. 10	1,800,000.00	Trade-In	1 July 10.	N/A
None	Old examination booklets					N/A
	TOTAL (less Trade-In)		8,305,292.00			
	Vehicle KAW 578Z	4 May 10 (Valuation)		Not Auctioned	No notification to Disposal Committee for decline to dispose	

The review team did not visit any of the Egerton physical facilities outside the Headquarters due to time constraint.

1.7 Methodology

The review procedures included the examination of selected samples of the Open Tenders, Restricted Tenders, Direct Procurement, RFP, RFQ and disposal proceedings. Low value procurements were not sampled.

1.7.1 Key documents and data collection

Key procurement and disposal documents and data related to the terms of reference were reviewed. The information collected was analyzed to provide an overall picture of the level of compliance in the various stages of the procurement process. The overall risk rating and scoring systems for the procurements handled by Egerton University over the review period were assessed using the criteria in Chapter 5 of this report.

Other background documents and information sources used by the team included but were not limited to the following: PPDA 2005, PPDR 2006, PPDGM, PPRMPM, External Audit Report by the Controller & Auditor General, prior internal audit reports, PPOA circulars and the web-sites of Egerton University and the PPOA. The review team received a listing of staff trained in procurement and noted that all staff involved in procurement both from the PU and the User departments had undergone training facilitated by representatives from PPOA. This training covered sensitization on aspects of public procurement management including the implementation of PPDA and PPDR.

Discussions were held with the following staff/officials of Egerton who are directly involved in the procurement process.

Table 4: Discussions held with following PE Staff

	Name	Title
1	Prof. J. Tuitoek	Vice Chancellor
2	Prof. L.M. Mumera	Deputy Vice Chancellor- Administration & Finance
3	Ms. Grace Kipchillat	Acting Head of Procurement Unit
4	Ms. Stella Kereto	Head of Human Resource Unit
5	Mr. Edwin Makori	Acting Head of Finance Department
6	Ms. Esther Rono	Internal Auditor
7	Mr. Robert Adala	Procurement Officer- In charge of Central Stores
8	Mr. Naftali Oenga	Procurement Officer- Procurement Functions
9	Ms. Ann Chebet Mr. Joseph Boit Ms. Amina Kemei Ms. Brenda Achieng Ms. Mary Kinyanjui	Senior Procurement Assistant(5)
10	Mr. Elijah Langat	Senior Accountant
11	Mr. Muraya Kirago	Accountant-Creditors Department
12	Mr. Kinyua & Mr. George Ombele	Chief Cashiers (2)
13	Mr. Amon Wamuti	Procurement Assistant

Through interviews and discussions with officials, the review team recorded general and specific information concerning the procurement/disposal process, procedures and existing capacity at the Egerton University.

1.8 Key Performance Indicators and rating criteria

In line with PPOA approach the procurement review was based on risk assessment methodology that focuses on the issues that pose the greatest threat to the compliance with the procurement law and regulations.

The reviewed procurements are categorized according to the procurement/disposal key performance indicators. These consist of three categories of a risk level assigned to each performance indicator, namely:

- **High Risk (3)** - Procurements where serious weaknesses could cause material financial, regulatory or reputational risks warranting immediate attention by senior management;
- **Moderate Risk (2)** - Procurements where weaknesses, although less likely to lead to material financial, regulatory or reputational risk, warrant timely management action using the existing framework;
- **Low Risk (1)** Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency and promote best practice. Deviations from laid down procedures would normally be graded “low”, provided that there is sufficient evidence of management action to rectify the deviation and to monitor compliance.

Once a risk level had been assigned to each key performance indicator, review tests were devised to ascertain whether the compliance was working as indicated in the risk assessment. More emphasis, time and tests were focused on those items with the highest risk.

When assigning compliance scores, the review team considered the extent to which compliance procedures were in place for each aspect of the law and regulations. Whole numbers for each item are used:

- 3 indicates full compliance with the stated requirement;
- 2 is for cases in which the system exhibits less than full compliance and needs some improvements in the area being assessed;
- 1 is for those areas where substantive work is needed to bring them into compliance; and
- 0 is the residual indicating a complete failure to comply with the proposed standard.

Each compliance assessment is multiplied by the risk factor to obtain the overall score for each performance indicator. In cases where there are several requirements being evaluated, the scoring was based on the performance range:

61-100%	3
41-60%	2
21-40%	1
0-20%	0

The scores obtained for each performance indicator were then added to arrive at the total score, which was then shown as a percentage of the maximum possible score.

The key performance indicators and the corresponding risk levels used as well as the resultant scores are set out in the Chapter 5.

1.9 Limitation of scope

Our scope was limited by the following:

- The procurement documents were not all contained in one file or location thus making retrieval slow and cumbersome.
- A few procurement records, data and documentation relating to the procurement processes selected were not made available and others took time to retrieve; and
- The PE's Procurement Manual was limited in its details.
- The PE covers campuses that are a significant distance from the main campus- only the main campus was reviewed

2 ORGANIZATION OF EGERTON UNIVERSITY

2.1 Vision of Egerton University

To be a world class University for the advancement of humanity.

2.2 Mission of Egerton University

To generate and disseminate significant knowledge and offer exemplary education to contribute to and innovatively influence national and global development.

2.3 The organisation of Egerton University

Egerton University was founded as a farm school in 1939 by Lord Maurice Egerton of Tatton, a British National. In 1950, the school was upgraded to a College, and in 1986, the College was gazetted as a constituent college of Nairobi University. In 1987, Egerton was fully established as a University through an Act of Parliament.

Egerton University is considered by many as the premier Agricultural Public University of Kenya. It has broadened its programmes to other areas of research and teaching to include Natural Resources, Applied Sciences, Education, Computer Science, Medical Science, Engineering and Business Studies. The University's main campus is located at Njoro with four other campuses located at Laikipia, Kisii, Kenyatta and Nakuru town that became independent colleges in the second half of 2010. Egerton University's core function as a university is to participate in and promote the discovery, transmission and preservation of knowledge and to stimulate the intellectual life, economic and cultural development of Kenya.

The University received ISO 9001:2008 and ISO 22000:2005 certifications on 16 June 2010 and 1 September 2010 respectively in recognition of the management systems that it had installed.

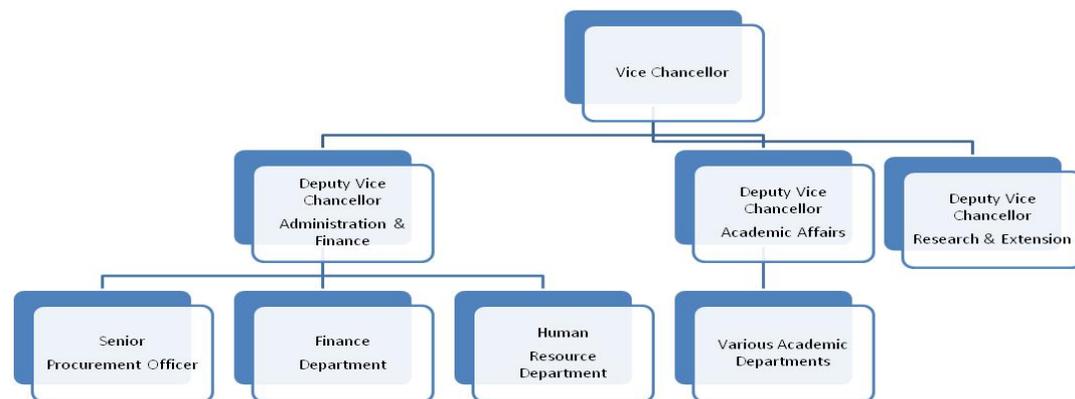
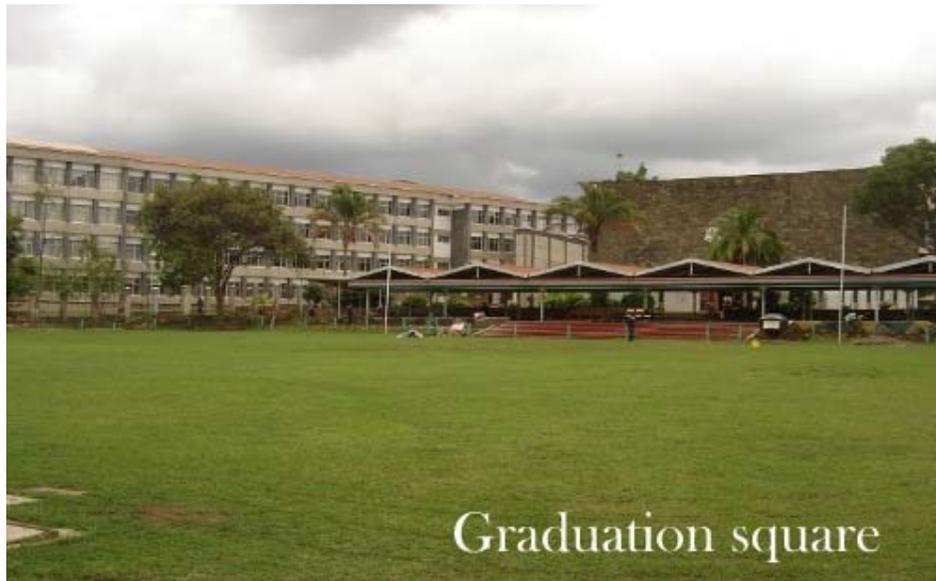


Fig 1: Egerton University Summary Structure

(Note the detailed departments working under the DVC-AA and the DVC-R&E have not been indicated in this report whose focus is the PU)

In line with practice in other Universities its key management structure incorporates the Chancellor, Vice Chancellor, Deputy Vice Chancellors in Administration & Finance, Academic Affairs and Research & Extension and Heads of Departments who work under the various Deputy Vice Chancellors.



3 FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

3.1 Organisational Structure

Findings

The Organisational Structure at Egerton University provides for the Procurement Unit headed by the Senior Procurement Officer to report to the Deputy Vice Chancellor- Administration & Finance. This however is in contravention of the guidelines as stipulated in Para.4.3 of the PPDGM that provides for the Procurement Unit to report directly to the AO.

Recommendations

The PE should undertake immediate measures in correcting the anomaly in the organisation structure in relation to the PU through the laid down procedures.

Response

Agreed this shall be done at the next meeting of the appropriate committee of the Senate.

3.2 Functions of Accounting Officer

Findings

The AO, Prof. J Tuitoek is carrying out his responsibilities as defined under Section.27 of the PPDA, Regulation 7 and PPDGM Chapter 4.2. However, there are some weaknesses taking regard of his responsibilities in accordance with the above as follows:

- LPOs (see attached list separately bound for details) were signed off by the SPO when it was under the threshold for the TC. The TC forwards contracts to AO for signature.
- Vehicle no. KAW 578 Toyota Prado was submitted to Ministry of Works on 6 May 2011 for valuation with intention to dispose. Decline for disposal was subsequently given to the Disposal Committee without the supporting justification.
- The AO has not ensured that the PE properly documents procurement proceedings and manages records in accordance with the regulations

Recommendations

- In line with best practise he should ensure a proper system is in place for dissemination of administrative guides and circulars issued by PPOA. This will ensure that they are properly understood and implemented.
- The AO should ensure that the weaknesses identified are addressed.

Response:

Agreed with appropriate dates and specific actions being outlined in the Action Plan

3.2.1 Number of persons trained and sensitized to the Procurement Procedures

Findings

- The PE has organized sensitization training for the staff involved in procurement related functions, these included PU staff as well as staff from the User Departments;
- The PE however does not have a formal training policy, strategy and work plan in place to ensure continued development of knowledge and skills in procurement functions or any other area.

Recommendations

The PE should develop a structured Training Strategy that prioritises staff training in procurement related areas to include the following:

- Sensitization of personnel of the PE in requirements of the procurement law, regulations and related Manuals;
- The PE should improve liaison with PPOA to link the PE's training strategy with PPOA training priorities.

Response

Agreed, PU is to liaise with Human Resource department to ensure that an appropriate Training Strategy is implemented that includes all those officers who are or might be involved in the procurement process.

3.3 Functions of Procurement Unit

Findings

Egerton University established the PU in accordance with the PPDA and PPDR with a total staff of thirty six officers. Ms Grace Kipchillat the Acting Head of PU is responsible for day-to-day management of the PU and is the Secretary to the TC.

The PU's key officials possess qualifications as follows;

Table 5: PU Key Staff Officers & their Qualification

	Name	Title	Professional
1.	Mrs. G. Kipchillat	Acting Head of Procurement & Acting Senior Procurement Officer	Diploma in Purchasing & Supplies Management, MBA (Marketing)
2.	Mr. R. Adala	Procurement Officer	Diploma in Purchasing & Supplies Management (Part 1), B.Sc. MSc.(Agricultural Economics),
3.	Mr. N. Oenga	Procurement Officer	Professional Supplies Management (Final Stage), B.Com
4.	Mr. S. Boit	Senior Procurement Assistant	Professional Supplies Management (Final Stage)
5.	Ms. A. Chebet	Senior Procurement Assistant	BBM (Supplies Option), Diploma in Banking
6.	Ms. A. Kemei	Senior Procurement Assistant	BBM (Supplies Option)
7.	Ms. B. Achieng	Senior Procurement	BA (Purchasing & Supplies

		Assistant	Management), MSc Procurement and Logistics Management (On-going).
8.	Ms. M.J. Kinyanjui	Senior Procurement Assistant	B.Com, MSc.(Procurement & Logistics Management- On-going)
9.	Ms. S. Kwamboka	Senior Procurement Assistant	BBM (Purchasing & Supplies Management), Diploma in Purchasing & Supplies Management
10.	Ms. W. Mwangi	Assistant Procurement Officer	Professional Course in Supplies Management (Final Stage)
11.	Mr. A. Wamuti	Procurement Assistant	Diploma in Supplies Management
12.	Ms. E. Nandwa	Supplies Assistant	Diploma in Purchasing & Supplies Management

All other staff in the PU either possess Diplomas or Certificates in Purchasing & Supplies Management and in line with the university system of encouraging staff to study almost all staff are currently studying for higher qualifications.

The team noted the following weaknesses in the PU:

- Procurement and disposal records are not kept in accordance with the regulation 34(1) of the PPDR and the PPRMPM
- The PU does not archive documents and records of the procurement and disposal activities for the required period.
- The PU does not advise the procuring entity on aggregation of procurement to promote economies of scale.
- PU does not co-ordinate internal monitoring and evaluation of the supply chain function.
- Neither timing nor methods of procurement are shown on the procurement plan.
- Although there is a Disposal List there is no Annual Disposal Plan in line with the PPDA and Chapter 12.4 of the PPDGM.
- Although PU key staff have been exposed to main procurement procedures they have not been adequately trained in the PPDGM and other procurement Manuals
- The PE's procurement manual does not capture all operational procedures including a system and procedures for handling bidders' enquiries and complaints.
- The PU does not maintain comprehensive and individual procurement and disposal files.
- The PU does not maintain individual procurement plans for significant procurements.
- The PU does not ensure that quarterly reports are prepared by the PC for review by the TC.

Recommendation

PU should address all the areas of deficiency in the functions of the PU indicated above.

Response

Agreed, and action is outlined in the Action Plan.

3.4 Functions of the TC

Findings

The PE has established a TC in accordance with PPDA and PPDR as follows.

Table 6: TC Members for the year under review

Name	Title	Role
Prof. L.M. Mumera	DVC Administration & Finance	Chairperson
Prof. J.M. Mathooko	DVC Research & Extension	Deputy Chairperson
Prof. F.K. Lelo	Principal Laikipia College Campus	Member
Dr. T K Serrem	Registrar Admin	Member
Prof. S.M. Ngari	Registrar Academic Affairs	Member
Prof. S W Wachage	Dean Faculty of Education & Communication Studies	Member
Dr. I.S. Kosgei	Dean Agriculture	Member
Dr R A Odhiambo	Director Institute of Women, Gender and Development Studies	Member
Ms. G. Kipchillat	Acting Senior Procurement Officer	Secretary

The PE was requested to provide a list of the alternate TC members but this was not given.

The following specific weaknesses were found with the TC records and performance:

- The TC does not review the quotations awarded by the PC via quarterly reports.
- The TC does not approve the tendering methods used.
- The TC ratified procurements according to minutes of the 48th TC meeting which is against the PPDA and PPDR.
- The TC sanctioned negotiations under QTN/401/2009-2010 a practice not in line with the PPDA and PPDR. Currently negotiations are only allowed under Direct Procurement and RFP methods.
- The TC did not oversee tender no. EU/35/2010-2011 (Actuarial Services), in which the evaluation committee used a different formula for the evaluation than that stipulated in the tender document.
- The TC does not issue procurement contracts in accordance with the First schedule of the PPDR. LPOs have been used for thresholds above KES 500,000 and not in accordance with the Chapter 7.5 of the PPDGM.

Recommendation

The PU and TC should address the above stated weaknesses.

Response

Agreed, and action has been outlined in the Action Plan

3.5 Functions of the PC

Findings

The PC is established with members as indicated below in accordance with Regulation 13 and holds regular meetings with minutes that conform to Regulation 15.

Table 7: PC Members for the year under review
Members of PC

Name	Title	Role
Dr C M Nguta	Senior Lecturer- Chemistry Department	Chairperson
Prof. A.C Kibor	Director- Research & Extension	Member
Mr. J M Nguri	Finance Officer	Member
Prof. L Nakhone	Director- Nakuru Town Campus	Member
Rev. Dr.S.M Ngari	Director- Student Welfare Services	Member
Mr. N. Oenga	Procurement Officer	Secretary

The following specific weaknesses were found with the PC records and performance:

- Ratifications have been undertaken for numerous procurements.
- It does not liaise with PU for preparation of the quarterly reports for review by the tender committee.
- It awarded procurement of project equipments and stationery value KES 1,484,489.70 via imprest an amount above its approved threshold.
- It was found to have on several other instances deliberated on proceedings above its allowable thresholds.

Recommendations

- *PC should desist from retrospective approvals as they are not allowed under Regulation 27 (2).*
- *Quarterly reports must be prepared in liaison with PU for submission to the TC.*
- *Awards above KES 500,000 should be submitted to TC for approval. The PC should desist from awarding tenders above KES 500,000.*

Response

Agreed and action will commence immediately in addressing the identified issues.

3.6 Functions of the Disposal Committee

Findings

The Disposal Committee was appointed in accordance with Regulation 92 and comprised members as indicated below, and held regular meetings with minutes being properly maintained.

Table 8: Disposal Committee Members for the period under review (2009-2010)

Name	Title	Role
Prof. J.M Mathooko	DVC Research & Extension	Member
Mr. J.M. Nguri	Finance Officer	Member
Mr. J.M. Muange	Assistant Registrar, Planning and Development	Member
Mr. S Kurgat	In charge Assets	Member
Head User Department Disposing		Member
Ms. G Kipchillat	Acting Senior Procurement Officer	Secretary

The following specific weakness found with the DC was that there are no comprehensive files for each disposal proceeding.

Recommendation

PU should undertake remedial action to address the above weakness.

Response

Agreed, and action and timing is reflected in the Action Plan

3.7 Functions of Evaluation Committee

Findings

The evaluation committees were appointed in accordance with Regulation 16 of the PPDR and were found to be active during the period under review.

For the tenders reviewed, the following general weaknesses were however observed:

- They do not indicate or attach the individual scores awarded by each evaluator in their reports.
- They have been unable to perform the evaluation for most of the bids within the stipulated 30 days (give citation).
- Under Tender no. EU/35/2008-2009 for construction of ultra-modern Health Science Complex, an arithmetic error was noted and the bidder notified. However the bidder stood by the error (i.e. rejected the correction) and the evaluation committee accepted this in contravention of Section 63 of the PPDA.
- Under Tender no. EU/35/2010-2011 the PE used a different formula for evaluation than that stipulated in the tender documents contrary to Section 66 (2) of the PPDA.

Recommendations

- The evaluation report must include the scores awarded by each evaluator for each tender or proposal.
- All tenders must be evaluated within the time limits set out in the Regulations.
- PE must abide by Section 63(3) of the PPDA.
- PE must abide with evaluation criteria set out in tender documents in accordance with section 66 of the PPDA

Response

*On the issue of the ‘individual scores’ these are usually presented to the TC alongside the evaluation reports, but sometimes due to the big volume of the agenda the PU resorts to include them separately in a folder as appendices to the main report
Otherwise we agree with the other recommendations.*

3.8 Functions of Inspection and Acceptance Committee

Findings

The Inspection and Acceptance committee has been constituted in line with Regulation 17 of the PPDR and is operational.

3.9 Systems and Procedures for Implementation of the Procurement Law and Regulations

Findings

- There is a procurement and supplies operational manual prepared by the PU but it has not been shared with PPOA, nor has it been updated for content of the PPDGM and Other Manuals as issued by PPOA;
- There are schedules detailing the duties in the PE outlining separation of functions, there is a clear separation of powers for those undertaking initiation, processing, and receipt, such schedules were reflected outside of the Procurement Manual;
- The updated publications, directives, manuals, and standard documents prepared and distributed by PPOA in accordance with Section 9(c) (i) of the PPDA to be used by PEs are not placed in a centralised location accessible by all those involved in the procurement related functions;
- Although the majority of the staff involved in the procurement related functions that the team spoke to were aware of the existence of the following manuals published by PPOA they were not familiar with much of their contents:
 - PPDGM;
 - ICT Manual;
 - Insurance Manual;
 - Non-Intellectual Services Manual;
 - Projects Manual;
 - Works Manual;
 - Circular No 4/2009 which outlines the requirements for the notifications to PPOA;
 - PPRMPM; and
 - User Guide.

Recommendations

- The PE should put in place appropriate systems and procedures that capture and disseminate and sensitise procurement information including manuals, guidelines and

circulars from PPOA to the appropriate people, at the necessary level of detail, on a timely basis and that is accessible to all those involved in procurement related functions.

- The PE should develop and share its Procurement Manual with PPOA in accordance with Regulation 30.

Response

Agreed with the proposed action dates being indicated in the Action Plan.

3.10 Threshold Matrix and Segregation of Responsibilities.

Findings

- Several procurement proceedings above KES 500,000 were issued with LPOs instead of written contracts as per Chapter 7.5 of the PPDGM.
- RFQs were used for procurements whose threshold was above the KES 1,000,000 for goods and KES 2,000,000 for works
- PC adjudicated procurements above its allowed threshold of KES. 500,000.

Recommendations

- Written contracts must be prepared for procurements with a value of KES 500,000 and above.
- Correct procurement method should be applied and thresholds and related responsibilities respected for all procurements.
- The PE should adhere to the threshold matrix as provided for in the PPDR, First Schedule.

Response

Agreed

3.11 Record keeping and filing systems of the procurement documents

Findings

- The PE was found to have a major challenge with Records Management ~~and~~ conforming to Section 45 of the PPDA, Regulation 34 of the PPDR and the Records Management & Procedure Manual as well as the Chapter 2.6 (a) and (b) of the PPDGM.
- Although most of the documents relating to the different procurements and disposals are retained by the PU, these are not filed in an individual file for each procurement in line with the PPDA and regulation 34(3) of PPDR. It is therefore time consuming to monitor individual procurements and disposals.

Recommendations

- The PU should ensure that a complete file is maintained for each procurement and disposal activity. In relation to the procurement activity the file should contain all the relevant documents starting with the purchase requisition, documents for the tendering process, evidence of receipt and payment for goods. As far as possible, these should be

original documents, or where not possible (as in the case of payment records which require to be retained in Finance Department) certified copies of the originals.

- The PE should implement the requirements of the Records Management & Procedure Manual

Response

Agreed, with appropriate action and implementation dates are reflected in the Action Plan

3.12 Procurement & Disposal Planning

Findings

- There was an annual consolidated procurement plan for the period under review as stipulated in Section 26(3) (a) of the PPDA. However the PE's consolidated plan does not conform with Regulation 21 (1), PPDGM Chapter 6.6 and PPOA Circular No. 4/2009 on Reporting Requirements and Procurement Planning. The procurement methods and timings have not been incorporated in the plans. The procurement plans are tied to the budget with submission of departmental plans at least 30 days before closure of financial year
- Individual procurement plans were not developed as required under Regulation 22 (5) for each individual procurement requirement.
- No Disposal plans are prepared instead disposal listings are developed which reflect neither timings nor method of disposal.

Recommendations

- The PE should ensure that their procurement and disposal plans incorporate the procurement and disposal methods and timings.
- Individual procurement plans should be developed as required in Regulation 22 (5) and using the format provided for in the PPDGM Chapter 6.
- The PE should develop disposal plans as stipulated in the PPDGM Chapter 12. The disposal plan should be prepared at the same time as the procurement plan.

Response

Agreed with appropriate dates for implementing the recommendations reflected in the Action Plan at the end of this report.

3.13 Purchase Requisitions

Findings

- A number of the procurement processes reviewed were found not to have been initiated by the standard purchasing requisition forms as provided for by Regulation 22(1). Instead in these instances procurement processes were initiated by internal memos from user departments, which do not indicate that they have been originated by the authorized official and approved by the official within the threshold for procurement being considered (First Schedule of PPDR).;

- There is no budget line indicated on the memos to show source & allocation of funds in the budget for particular procurement for the purchases requested; and
- The memos do not always indicate that the estimated value of the goods, works or services, are realistic and based on up-to-date information on economic and market conditions as provided in Regulation 22 (2), instead this information is included in a formal Requisition which is generated later once final pricing are received.

Recommendations

- The review observed that there is already a purchase requisition form in place but not being used consistently by user departments to initiate procurement proceedings, this should be so utilised in line with the PPDA and PPDR and guidelines of the PPDGM;
- Following the receipt of the approved purchase requisition from the user department, the PU should prepare a procurement plan for each individual procurement requirement;
- The PU should put in place a central control register for all requisitions received in the unit in order to put in place sufficient procurement internal control.
- PE should liaise with PPOA on the requisition form or any updated versions it might issue or recommend.

Response

Agreed and immediate action will be taken to address this.

3.14 Prequalification and registration of suppliers

Findings

- There was registration of suppliers for the following categories using Open Tendering method for the current financial year:
 - Provision of printing services
 - Supply and delivery of tyres, tubes and batteries
 - Supply and delivery of fertilizer, farm chemicals tertiary drugs and animal feeds
 - Supply and delivery of computer, computer accessories and software
 - Supply and delivery of office furniture
 - Repair and servicing of office equipment
 - Supply and delivery of electronic components, instruments and equipments
- There was no prequalification of complex and specialised services during the period under review.

Recommendations

- Should there be a need for pre qualification, the PE should ensure that it is in conformity with Regulations 23,24 &25 where there are requirements for specialised and complex procurements;
- Before approving or prequalifying a particular supplier, PU in conjunction with the user department should conduct a supplier evaluation to validate the information provided by the bidders or pre-qualified bidders and to assess whether suppliers' performance does or does not meet the expectation in terms of quality of goods and services; and

- The PE should ensure a fair and equal rotation amongst the persons on the standing list of registered suppliers in respect of requests for quotations, as required by Regulation 59 (2) (c).

Response

Agreed

3.15 Specifications

Findings

The reviewed procurement proceedings had technical specifications that were in conformity with Section 34 of the PPDA.

Recommendations

Although no gaps were identified, the PE should organise training in the development of specifications for goods, works and services in order to update and enhance skills and knowledge in line with market trends.

Response

Agreed

3.16 Choice of procurement method

Findings

In the period under review, the following procurement methods were used for procurements that went through the procurement unit:

- Open Tendering Method
- RFQ Method
- RFP Method
- Direct Procurement
- Low value procurements.

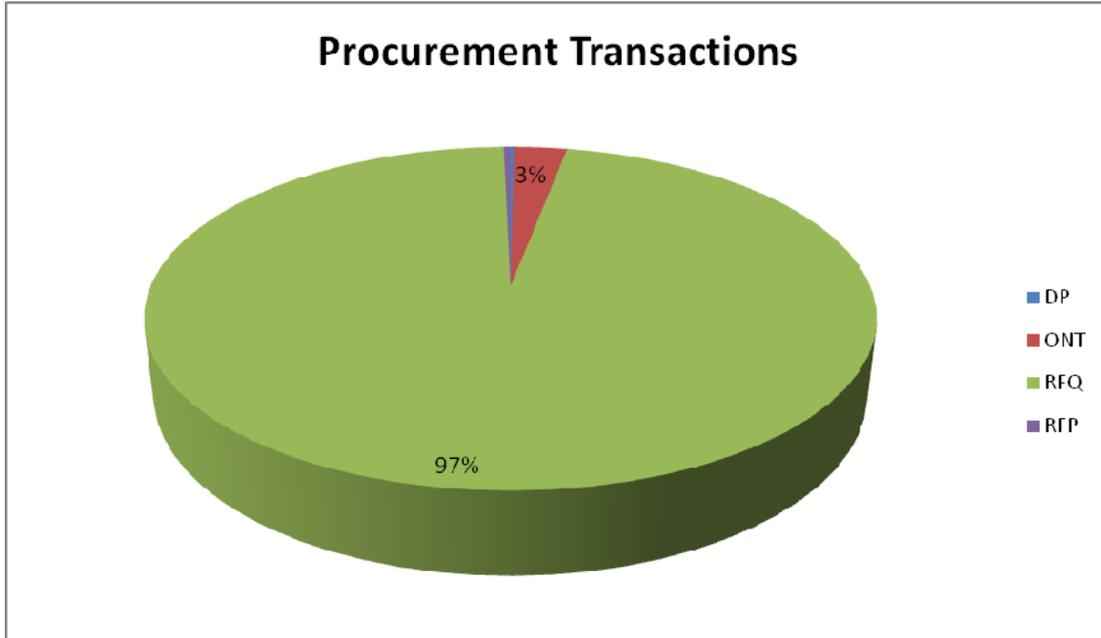
Total Number and value of procurement methods

Table 9: Procurement Methods- Number & Value

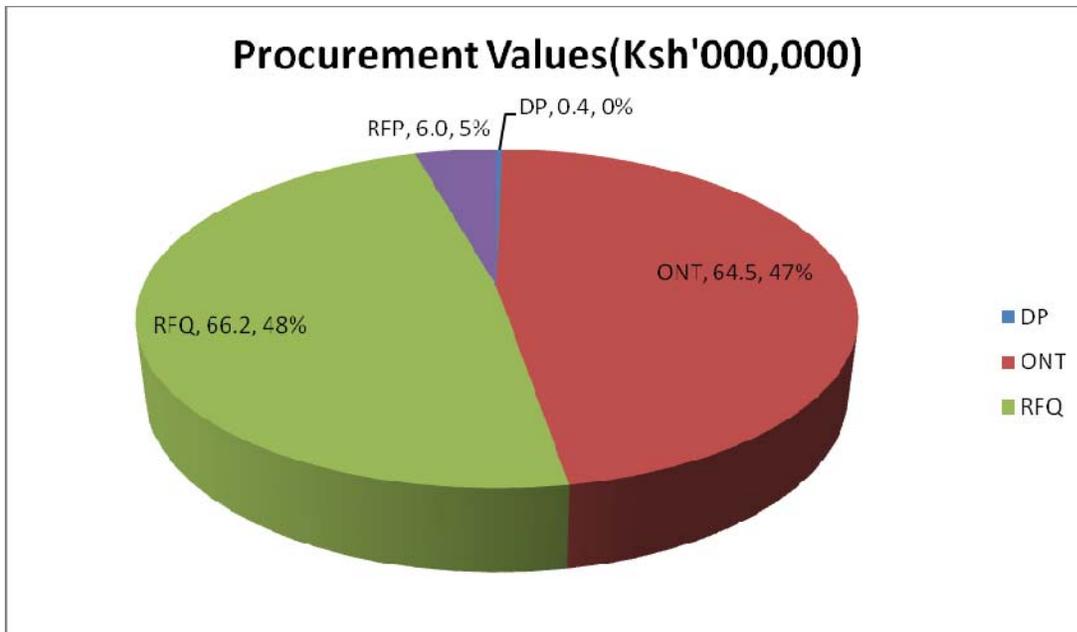
Procurement method	Number of Transactions	% transactions	Value of the Proceedings (KES)	% Value of Proceedings
DP	1	0.18	425,040	0.4
ONT	16	2.81	64,479,913	47
RFQ	548	96.31	66,162,919	48

Procurement method	Number of Transactions	% transactions	Value of the Proceedings (KES)	% Value of Proceedings
RFP	2	0.35	5,992,328	4.6
Low Value				
TOTAL	569	100	137,060,200	100

NB. Low value procurements were not sampled.



Procurement method by Value



- There was inadequate capturing of procurement data;
- The selection of procurement methods used was not pre-approved by the TC as provided by Regulation 10(2) (h).
- Framework Contracting was used in a number of instances where the PE had indicated that an ONT was to be utilised. Taking into the timing and requirements of the goods and services being procured, and in line with PPOA Circular No. 6/2010 dated 18 June 2010 on Framework Contracting, the PE's final selection of the Procurement Method was found to be correct even though it had not been indicated in the Procurement Plan.
- RFQ was the main procurement method with 48% of the total procurement expenditure and 97% of the total number of procurement proceedings in the period under review.

Recommendations

- The PE should strengthen the process of collecting, collating, classifying and analyzing procurement expenditure data with the purpose of reducing procurement costs, improving efficiency and monitoring compliance. This is likely to impact positively on other areas such as inventory management, budgeting and planning, and service delivery.
- Procurement expenditure analysis can provide answers to such questions as:
 - What was bought;
 - When was it bought;
 - With whom did we buy it; and
 - How much did we pay for it?
- The PE should ensure that its TC fully performs its duties as stated in Regulation 10(2) (h).
- The PE should expand its use of Framework Contracting for the common user items in order to reduce the repeated use of RFQ for the common user goods and services. This should be in accordance with Framework Contracting Guidelines (PPOA Circular No.6/2010) and ensure that this is appropriately indicated in the Procurement Plan.

Response

Agreed and appropriate action will be taken.

3.17 Preference and Reservations

Findings

The PE has not made use of preference and reservations.

Recommendations

The PE should apply preference and reservations as provided in Section 39 of the PPDA and Public Procurement and Disposal (Preference and Reservations) Regulations, 2011 where applicable.

3.18 Preparation of tendering documents

Findings

The appropriate standard tender documents as prescribed in Section 29(4) of PPDA, Third Schedule of the PPDR and PPDGM are used in all procurement processes reviewed.

Recommendations

- The PE should ensure standard documents as provided by PPOA continue to be used.
- PE should liaise with PPOA which is in the process of issuing new standard tender documents..

Response

Agreed with actions to be undertaken with immediate effect.

3.19 Advertisement of tender opportunities

Findings

- The PE has taken all reasonable steps to bring the invitations to Open Tender to the attention of those who may wish to submit tenders, in accordance with Section 54 of PPDA for procurement activities undertaken.
- For the ONT tenders reviewed, advertisements indicate the closing date and time, with an invitation to bidders to attend the bid opening.

3.20 Modification to tender documents

Findings

The tenders reviewed did not have any modification. The PE was therefore not evaluated on this indicator.

3.21 Submission and Receipt of Bids

Findings

- There is a secure facility for the receipt of tenders provided at the designated tender location which was found to be easily accessible in terms of security it had a single lock and was therefore not in conformity with Regulation 44 (a) and (b).
- Tender opening procedures are carried out in accordance with Section 60 of PPDA and Regulation 45.

3.22 Contracting

Findings

- The notification of awards to the selected tenderer conform to the format recommended by the PPOA in the tender documents but do not conform to the recommended 14 days window period;
- The PE has not provided for the financial year I July 2009 – 30 June 2010 evidence of written contracts besides LPOs for values above KES 500,000 and hence was not

evaluated on this indicator. The PE has however provided a sample of a contract in use under the current financial year (1 July 2010- 30 June 2011).

Recommendation

Remedial action should be taken on all the identified areas of deficiency.

Response

Agreed

3.23 Termination of Proceedings

Findings

There was no documented evidence detected by the reviewer that the PE operated in accordance with Section 36 (2) and 36 (7) of the PPDA in the termination of procurement proceedings as records requested were not available.

Recommendations

The PE should improve their reporting procedures in line with PPDGM Chapter 2.6(a)(xx) and report any terminated proceedings to PPOA. The format should be in conformity with PPOA Circular No. 4/2009.

Response

Agreed and action will be undertaken with immediate effect.

3.23 Notification to PPOA

Findings

The PE did not notify PPOA of the following:

- procurement contracts of KES 5 million and above;
- direct procurements of a value exceeding Kshs. 500,000/=

Recommendations

The PE should notify PPOA of all procurements reports on:

- procurement contracts of KES 5 million and above;
- Terminations of procurement proceedings
- disposal to employees
- direct procurements of a value exceeding Kshs. 500,000/=

Response

Agreed and action will be undertaken immediately.

3.24 Enquiries and Complaints Mechanism

Findings

The PE does not have documented systems and procedures for handling bid complaints and does not keep a complaints/protest log.

Recommendations

Introduce a documented systems and procedures for handling bid enquiries and complaints and keep a complaints/protest log.

Response

Agreed

3.25 Follow up of ARB decisions and recommendations.

Findings

There was no procurement taken to the review board for the period under review according to the Head of the PU so the PE was not evaluated on this indicator.

3.26 Value for Money

Findings

- The PE compares their prices for common user items with the PPOA Market Price Index accessing both the PPOA web-site as well as the Market Pricing Booklet issued by the PPOA. The PE therefore undertakes research and analysis of other prices in the market.
- The PE has used framework for some of the items hence ensuring consolidation of requirements resulting in economies of scale.

Recommendations

- The PE should continue to make use of the PPOA Market Price Index.
- The PE should maximise use of framework contracting and refer to the PPOA guidelines in order to achieve advantages associated with economies of scale.

3.27 Contract Management

Findings

The review team did not examine any written contracts but observed the following weaknesses in contract management.

- Contracts were not prepared in line with Section 68 of the PPDA.
- Contract administration is not assigned to designated officers as required under Chapter 9.4 of the PPDGM.
- Payments are made for procurements in line with approved budgets with regular reporting on cash flow and budget line status at the quarterly Budget & Cash Flow Committee meetings.

Recommendations

Since the PE is required to have written contracts for values above KES 500,000, the review team recommends that in accordance with the PPDA, PPDR & PPDGM Chapter 9:

- The PE maintain contracts file in line with Section 68 of the PPDA
- The PE appoints a designated contract administrator
- The PE maintains a comprehensive contract register;

Response

The PE has a legal officer whose duties, among others include drawing, execution and administration of contracts. However PE now appreciates that this is inadequate and will look to ensure that there is a Project Manager for each contract.

3.28 Inventory Management

Findings

The review team examined the inventory management of the PE and observed that;

- The PE has a total of six staff in the stores.
- The store rooms were clean, well ventilated and easy movement especially for safe and urgent movement out of the area in case of any hazard such as a fire.
- All stores staff have undergone training on fire safety and use of fire extinguishers.
- A stores ledger was maintained for the in-coming goods and this is updated using several reports including the I&A Committee reports, a manual GRN and a computerised GRN.
- Work is in progress for computerisation and linkage of stores with finance and other departments on the supply chain.
- An annual stock taking report done by the Assets Department was made available.
- Obsolete items were seen to have been piled aside and were awaiting disposal, these included obsolete computer screens and key-boards. E-waste is a serious problem for many other users.
- There was no evidence of a master inventory register.

Recommendations

- It is recommended that a master inventory register be maintained by the PE.
- The stock taking report should document any surpluses or deficiencies noted and which should subsequently be signed by the storekeeper indicating his acceptance of the findings in accordance with the PPDGM Chapter 11.
- The stock taking report should be made available to the Accounting Officer.
- Stock taking should be undertaken regularly to assist the organisation in managing its inventories and reconciliation to the master inventory register.
- The PE should liaise with PPOA on ways of disposing of its e-waste if it is unable to dispose of them through its normal channels.
- The GRNs and the I&A Committee reports should be merged as they reflect the same information.

Response

A Master Inventory Register is maintained within the Assets Section of Finance Department.

4 SPECIFIC FINDINGS

4.1 Proposed Construction and Completion of Ultra-Modern Faculty Of Health Sciences Complex, Phase 01A at Nakuru Town - Main Tender

Tender No.: EU/35/2008-2009

Procurement Method: ONT

Estimated value (Engineers' Estimate): Kshs 96,832,583.40

Procurement requisition: Not available

Awarded to: M/s Northern Construction Co. Ltd.

Contract Amount: Kshs 89,823,674.30

Advertised in: Daily Nation 29 May 2009

Closing date: 10 June 2009

Opening date: 10 June 2009

The evaluating committee found an arithmetic error in the winning bidder's Bills of Quantities. The bidder was contacted by the committee. The bidder stood by the error and the evaluation committee accepted this. The bidder in this case was inclined to retain the error in order to ensure that they maintained the position as the lowest bid, had they adjusted the error, the tender would have been won by another bidder.

By standing by the erroneous amount the bidder in effect rejected the correction of the arithmetical error in contravention of Section 63 of the PPDA. In line with Section 63(3) of the PPDA the EC should have had their bid rejected and any tender security forfeited.

Recommendation

PE should ensure that it abides by all the provisions of the PPDA including Section 63(3).

Response

Agreed

4.2 Request for proposal for preparation of business plan for faculty of commerce and law building complex – Nakuru Town Campus

Tender No.: EU/34/2008-2009

Procurement Method: RFP

Estimated value: Not available

Procurement requisition: Not available

Awarded to: M/s. Centre for Development Studies

Contract amount: Ksh 5,092,400/=

The 50th Tender Committee held on 27th May 2010 cancelled this tender on the grounds that the proposal was overvalued.

There was no documented evidence that the termination of the following procurement proceedings was in accordance with Section 36 (1) of the PPDA as records requested were not available.

The procuring entity did not give PPOA a written report on the termination as required by Section 36(7) of the PPDA

Recommendations

The PE should improve their reporting procedures relating to the following:

- Any documentation relating to cancellation of a procurement process or termination of a contract PPDGM Chapter 2.6(a)(xx); and
- Reporting of any terminated procurement proceeding(s) to PPOA.

Response

Agreed and action will be undertaken with immediate effect.

4.3 Ratification of Procurements

Findings

The review team noted the following procurements that were ratified after the procurement had actually taken place:

Ratifications by Tender Committee under the 48th Tender Committee

- Cleaning of University Graduation attire – KES. 630,000
- Printing of certificate wallets – KES. 1,260,000
- Purchase of bar soap for grade I-IV staff – KES. 674,040
- QTN/176/2009-2010: Proposed Health Science Laboratory Renovations – KES. -----

Recommendations

The above procurements could not be considered emergencies by any nature and should have been undertaken in accordance with the proper procurement process as reflected in the PPDA and PPDR. PE should ensure that procurements are undertaken in line with PPDA and PPDR and that the practice of ratification of procurements be stopped.

Response

Agreed

4.4 Provision of Actuarial Services for the Development of a Scheme for the Unionisable Staff

Tender No.: EU/35/2010-2011

Procurement Method: RFP

Estimated value (Engineers' Estimate): Not Available

Procurement requisition: Not available

Awarded to: Alexander Forbes Financial Services (East Africa) Limited

Contract Amount: Kshs 899,982/=

Advertised in: Restricted tender, issued 2 May 2010

Closing date: 21st May 2010, 10:00 am

Opening date: 21st May 2010, 10:00 am

This procurement was commenced in the period under review. Requests for proposals were sent to three suppliers whereupon only two responded.

The PE used a different formula for evaluation of this tender from that stipulated in the Tender documents in contravention of Section 66(2) of the PPDA as follows:

Table 10: Evaluation Criteria for Tender EU/35/2010-2011

	Per Tender Document No. Of Points	Per Evaluation Committee No. Of Points
Specific experience of the consultant related to the assignment	10	15
Adequacy of the proposed work plan and methodology in responding to the terms of reference	40	40
Qualification & competence of the key staff for the assignment.	40	45
Suitability to the transfer of technology programme (training)	10	
Total Points	100	100

Recommendations

The PE must ensure that it utilises the same criteria for evaluation as indicated in the tender documents in line with Section 66(2) of the PPDA.

Response

Agreed

5. Compliance Rating

Table 11: Compliance Rating

Item	Performance Indicator	Indicates aspect of the procurement	Scores				Max score	Actual score
			3	2	1	0		
1	Functions of Accounting Officer (1)	The Accounting Officer is carrying out his responsibilities under Section 27 (2) of the PPDA and has ensured that the procuring entity fulfils its obligations by ensuring that all provisions of the PPDA, the PPDR and directives of PPOA are complied with		2			3	2
2	Functions of Procurement Unit (3)	The key procurement officials have professional qualifications in procurement and supply management from a recognised institution	3				9	9
		The Head of Procurement Unit and key staff with procurement responsibilities have received training in PPDA, PPDR, and General Manual			1		9	3
		The key procurement officials are members of a recognised institute of purchasing and supply	3				9	9
		The functions of the Procurement Unit as set out in Regulation 8 of the PPDR are satisfactorily complied with (See weighted performance range)		2			9	6
3	Functions of Tender Committee (3)	Tender Committee is established in accordance with PPDA and PPDR and holds regular meetings with minutes that conform to Regulation 12	3				9	9
		The functions of the Tender Committee as set out in Regulations 10 of the PPDR and Chapter 4.5 of the General Manual are satisfactorily complied with (See performance range)		2			9	6
		The approvals by Tender Committee conform to Regulation 11		2			9	6

Item	Performance Indicator	Indicates aspect of the procurement	Scores				Max score	Actual score
4	Functions of Procurement Committee (3)	Procurement Committee is established in accordance with Regulation 13 and holds regular meetings with minutes that conform to Regulation 15	3				9	9
		The functions of the Procurement Committee as set out in Regulations 14 of the PPDR and Chapter 4.4 of the General Manual are satisfactorily complied with (See performance range)			1		9	3
		The Procurement Committee has submitted quarterly reports to the Tender Committee on contracts it has awarded				0	9	0
5	Functions of the Disposal Committee (3)	The Disposal Committee is established in accordance with Section 128 and holds regular meetings with minutes	3				9	9
		The functions of the Disposal Committee as set out in the PPDA, PPDR and Chapter 12 of the General Manual are satisfactorily complied with (See performance range)		2			9	6
6	Functions of evaluation Committee (3)	Evaluation committees have been appointed as and when required within the threshold of the Tender Committee		2			9	6
		The evaluation committees have undertaken technical and financial evaluation of tenders or proposals strictly in accordance with the compliance and evaluation criteria set out in the tender documents (See performance range)			1		9	3
		No person has been appointed to serve in the Evaluation Committee if that person is a member of the Tender Committee of the procuring entity	3				9	9
		Each member of the technical evaluation committee has evaluated independently from the other members prior to sharing his or her analysis in accordance with Regulation 16 (6)			1		9	3
		Evaluation committees have prepared a report analysing the tenders received and final ratings assigned to each tender and submitted the report to the Tender Committee in accordance with Regulation 16	3				9	9

Item	Performance Indicator	Indicates aspect of the procurement	Scores				Max score	Actual score
		(9)						
		Tender evaluation has been completed within 30 days of tender opening (with a further 5 days allowed where there is separate financial evaluation)				0	9	0
7	Functions of Inspection and Acceptance committee (3)	The Inspection and Acceptance Committee has been established and undertakes its functions in accordance with Regulation 17 of PPDR and Chapter 4.7 of the General Manual and makes appropriate use of quality assurance organisations or specialists where appropriate (See performance range)		2			9	6
8	Systems and procedures for implementation of the procurement law and regulations (3)	There are comprehensive and written operational procedures and systems which are updated regularly, setting out how the PPDA, PPDR and directives are being implemented in the PE, as stipulated in Section 26(1)			1		9	3
		The Head of the Procurement Unit is generally aware of updated publications, directives, manuals, and standard documents prepared and distributed by PPOA		2			9	6
		The procurement publications are in a central location that is accessible to all persons who want to refer to them, as provided in Chapter 1.8 of the General Manual			1		9	3
		Manuals including the General Manual and guidelines are available to all persons involved in procurement related functions			1		9	3
9	Threshold matrix and segregation	The threshold applied conforms to Section 26 of PPDA and the category determined by Gazette Notice No. 719 of 24 January 2007 and the First Schedule of Regulations.			1		9	3

Item	Performance Indicator of responsibilities	Indicates aspect of the procurement	Scores				Max score	Actual score
		The person responsible for procurement initiation for each procurement method and threshold is as provided for in the First Schedule of the PPDR		2			9	6
10	Record keeping of the procurement activities (3)	Adequate and comprehensive procurement records are maintained in accordance with relevant provisions of PPDA, PPDR and the Procurement Records Management Procedures Manual throughout the procurement process and provide sufficient information to enable an audit or independent review (See performance range)			1		9	3
		The procuring entity maintains a comprehensive and individual file for each procurement requirement containing all information, documents, and communications relating to that procurement proceeding with such files marked with the relevant procurement reference number.				0	9	0
11	Procurement planning (3)	All procurements have been undertaken within the approved budget of the procuring entity and have been planned by the procuring entity through an annual procurement plan, as stipulated in Section 26 of PPDA		2			9	6
		The Heads of User Departments have submitted annual departmental plans to the Accounting Officer at least thirty days before the close of each financial year as stipulated in Regulation 20 (4)	3				9	9
		Where appropriate every significant procurement has an individual procurement plan in accordance with Chapter 6.5 of General Manual				0	9	0

Item	Performance Indicator	Indicates aspect of the procurement	Scores				Max score	Actual score
		All procurements are undertaken on the basis of the consolidated procurement plan which is regularly updated and linked to the approved budget of the procuring entity and approved by the Head of the procuring entity and where applicable by the board of directors or a similar body		2			9	6
12	Purchase requisition (2)	Each procurement proceeding is initiated using an official procurement requisition form containing all necessary information pertaining to the procurement in accordance with Regulation 22			1		6	2
		The requisitions are generated from the consolidated procurement plan	3				6	6
13	Prequalification and registration of suppliers (3)	There is a standing list of registered suppliers prepared in accordance with Regulation 8 (3) (a)	3				9	9
		Prequalification for works, goods and services of complex and specialized nature is carried out in accordance with the procedures in Section 32 and Regulations 23-25 and the PE has ensured that tenders are sent to all pre-qualified suppliers and contractors	3				9	9
		Qualification to perform a contract is determined based on possession of the necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured	3				9	9
		The PE has ensured a fair and equal rotation amongst the persons on the standing list of registered suppliers in respect of requests for quotations, as required by Regulation 59 (2) (c).	3				9	9
14	Specifications (3)	The procuring entity uses clear, objective, neutral and functional or technical specifications and in accordance with Section 34	3				9	9
15	Choice of procurement	Open tendering is the main procurement procedure as stipulated in Section 29			1		9	3

Item	Performance Indicator method (3)	Indicates aspect of the procurement	Scores				Max score	Actual score
		Alternative procurement methods used by the PE are chosen in accordance with the criteria in Part VI of the PPDA			1		9	3
		Procurements are not split to evade the appropriate procurement method, in accordance with Section 30	3				9	9
16	Preference and reservations (3)	The PE has applied preferences and reservations in accordance with Section 39 and Regulation 28 and any Guidelines which may be issued					N/A	
17	Standard Tendering Documents (3)	The prescribed procurement documents are used in accordance with Section 29 (4), Regulation 33 and the Third Schedule of the PPDR	3				9	9
18	Advertisement of tender opportunities (3)	The procuring entity has taken such steps as are reasonable to bring the invitation to tender to the attention of those who may wish to submit tenders, in accordance with Section 54	3				9	9
		Advertisements indicate the closing date, and time, with an invitation to bidders to attend the bid opening	3				9	9
19	Modifications to tender documents (2)	Any modification to tender documents are set out in an addendum which is promptly provided to each person who obtained the tender documents, as required by Section 53 (3)					N/A	
20	Submission and receipt of bids (2)	A secure facility for the receipt of tenders has been provided at the designated tender location, with two locks with keys for each lock kept by a different officer and box remaining locked until the time for tender opening.		2			6	4
		Tender opening procedures are carried out in accordance with Section 60 and Regulation 45	3				6	6

Item	Performance Indicator	Indicates aspect of the procurement	Scores				Max score	Actual score
21	Formation of contract (2)	Notification of acceptance of tender is given to successful and unsuccessful tenderers in accordance with Section 67	3				6	6
		Written contract is entered into in accordance with Sections 68-70				0	6	0
		Bond security released and recorded in procurement file		2			6	4
		Performance bond raised and recorded in procurement file					N/A	
		Any advance payment is adequately secured by the performance bond or bankers guarantee and recorded in procurement file					N/A	
22	Termination of proceedings (2)	(1) Any termination of procurement proceedings has been carried out in accordance with Section 36 and approved by the Tender Committee			1		6	2
23	Notification to PPOA (1)	Notification is provided to PPOA of						
		(a) Contracts over KES 5 million				0	3	0
		(b) Direct procurement over KES 500,000				0	3	0
		(c) Termination of procurement proceedings				0	3	0
		(d) Disposals to employees					N/A	
24	Enquiries and Complaints mechanism (1)	There are systems and procedures for handling bidders' enquiries and complaints			1		3	1

Item	Performance Indicator	Indicates aspect of the procurement	Scores				Max score	Actual score
25	Follow up of ARB decisions and recommendations (2)	The PE has taken adequate remedial action on any ARB decisions and observations made following appeal					N/A	
26	Value for money (3)	The PE has sought to maximize economy and efficiency and to obtain value for money in its procurements		2			9	6
		The PE has compared prices of common user items with the PPOA price index and Supplies Branch long-term contracted prices, where appropriate, and has procured standard goods, services and works with known market prices at the prevailing real market price, as required by Section 30 (3)	3				9	9
27	Contract management (2)	Contract management, including amendments and variations, is carried out in accordance with Section 47, Regulation 31 and Chapter 9 of the General Manual					N/A	
	Total						459	294

N/A –the function was not evaluated hence maximum score netted off the overall rating.

Total Compliance Rating 294/459*100= 64.05%

6. ACTION PLAN

ITEM	TASK	BY	TIMELINE
1.	Organisational Structure The AO working with the Egerton University Senate and/or Council should ensure that the organisational structure is modified so that PU reports directly to the AO.	AO	1 st August 2011
2.	Functions of Accounting Officer The Accounting Officer should ensure that the weaknesses identified are addressed and in addition should properly document administrative guides to clarify and implement circulars issued by PPOA.	AO	1 st August 2011
3.	Staff Training Strategy <ul style="list-style-type: none"> • The PE should develop a structured Training Strategy that prioritises staff training in procurement related areas including training in the PPDGM and other procurement manuals issued by the PPOA. • The PE should improve liaison with PPOA to link the PE's training strategy with PPOA training priorities and opportunities 	PU/AO	3 rd August 2011
4.	Functions of PU The PE should address all the areas of weakness noted under the functions of the PU in Para 3.3:	AO/PU	1 st August 2011
5.	Functions of the TC <i>The TC should address the weaknesses indicated in Para 3.4.</i>	TC/PU	12 th August 2011
6.	Function of the PC The PC should address the following areas of weaknesses that were noted in Para 3.5: <ul style="list-style-type: none"> • <i>PC should not indulge in retrospective approvals as these are not allowed under the PPDA.</i> • <i>PC should prepare and submit quarterly reports to the TC.</i> • <i>Awards above KES 500,000 should be submitted to TC for approval.</i> 	PC/PU	1 st August 2011
7.	Functions of the DC <i>PU should undertake remedial action to address the weaknesses identified in Para 3.6.</i>	DC/PU	31 st August 2011
8.	Functions of the EC <i>The identified weaknesses in procedures under Para 3.7 should be addressed specifically:</i> <ul style="list-style-type: none"> • <i>The evaluation report must include the scores awarded by each evaluator for each tender or proposal.</i> 	EC/PU	6 th September 2011

ITEM	TASK	BY	TIMELINE
	<ul style="list-style-type: none"> All tenders must be evaluated within the time limits set out in the Regulations. PE must abide by Section 63 of the PPDA. PE must abide with evaluation criteria set out in tender documents in accordance with section 66 of the PPDA 		
9.	<p>Systems & procedures for Implementing Procurement Law and Regulations</p> <ul style="list-style-type: none"> The PE should put in place appropriate systems and procedures that capture and disseminate procurement information including manuals, guidelines and circulars from PPOA to the appropriate people, at the necessary level of detail, on a timely basis and that is accessible to all those involved in procurement related functions. PE should update its procurement manual taking cognisance of all provisions of the PPDA, PPDR, PPDGM, PPRMPM and PPOA issued Circulars, and thereafter share the document with PPOA in line with the PPDGM. 	AO /HPU	27 th September 2011
10.	<p>Threshold Matrix and Segregation of Responsibilities</p> <ul style="list-style-type: none"> Written contracts must be prepared for procurements with a value of KES 500,000 and above. Correct procurement method should be applied and thresholds and related responsibilities respected for all procurements. PE should adhere to thresholds matrix as laid out in the PPDR. 	PU	19 th July 2011
11.	<p>Record Keeping & Filing Systems of Procurement Documents</p> <p>The PE should ensure that complete files are maintained for each procurement and disposal activity as indicated under Para 3.11 and the PPRMPM.</p>	PU	1 st August 2011
12.	<p>Procurement & Disposal Planning</p> <ul style="list-style-type: none"> The PE should ensure that the procurement and disposal plans incorporate the procurement and disposal methods and timings. Individual procurement plans should be developed using the format provided for in the PPDGM Chapter 6. The PE should develop disposal plans as stipulated in the PPDGM Chapter 12. The 	PU	31 st August 2011

ITEM	TASK	BY	TIMELINE
	<i>disposal plan should be prepared at the same time as the procurement plan.</i>		
13.	Purchase Requisitions <i>PE should implement the recommendation to address the weaknesses identified in Para 3.13.</i>	PU	19 th July 2011
14.	Prequalification & Registration of Suppliers PE should implement the recommendations as highlighted under Para.3.14	PU	19 th July 2011
15.	Specifications <i>The PE should organise training in the development of specifications for goods, works and services in order to enhance skills and knowledge.</i>	AO/PU	Done
16.	Procurement Methods PE should implement the recommendations as highlighted under Para.3.16	ISO Secretariat	13 th September 2011
17.	Preparation of Tendering Documents <ul style="list-style-type: none"> • <i>The PE should ensure standard documents as provided by PPOA continue to be used.</i> • <i>PE should liaise with PPOA which is in the process of issuing new standard tender documents' as a sample tool for PEs</i> 	PU	19 th July 2011
18.	Termination of Procurement Proceedings <i>The PE should improve their reporting procedures relating to the following:</i> <ul style="list-style-type: none"> • <i>Any documentation relating to cancellation of a procurement process or termination of a contract PPDGM Chapter 2.6(a)(xx); and</i> • <i>Reporting of any terminated procurement proceeding(s) to PPOA.</i> 	PU	19 th July 2011
19.	Notification to PPOA <i>The PE should notify PPOA of all procurements over KES 5 million and all terminations of procurement proceedings in line with the PPDA.</i>	AO/PU	3 rd August 2011
20.	Enquiries & Complaints Mechanism <i>The PE should introduce a documented systems and procedures for handling bid enquiries and complaints and keep a complaints/protest log</i>	PU	27 th September 2011
21.	Contract Management <i>PE should institute written contracts for values above KES 500,000, in accordance with the PPDA, PPDR & PPDGM Chapter 9 with the following:</i>	AO/PU	31 st August 2011

ITEM	TASK	BY	TIMELINE
	<ul style="list-style-type: none"> • <i>Maintain a contracts file in line with Section 68 of the PPRDR ;</i> • <i>Appoint a designated contract administrator;</i> • <i>Maintain a comprehensive contract register.</i> 		
22.	<p>Inventory Management PE should implement the recommendations as highlighted under Para.3.28</p>	PU	1st November 2011

7. CONCLUSION

We have reviewed the procurement functions and procedures to verify whether they conform to the PPDA and PPDR. We have also assessed whether the functions comply with generally accepted good practices, and have identified deviations in general areas and procurement stages and attached ratings to them.

The review team identified various deviations, the correction of which has been dealt with in the body of this report. In summary though the following weaknesses were recognised to be facing Egerton University in respect of the implementation of the procurement law and regulations:

- Disparate filing of procurement documents and records leading to difficulty in tracking of individual procurements.
- Lack of operating ICT systems and applications covering all aspects of procurement;
- Inadequate training in the procurement law and the supporting documentation for the persons involved in the procurement related functions.

There were some observations relating to Specific Procurements and therefore Specific Findings that were noted which the review team felt significant enough to warrant the attention of the PE. These have been dealt with under Section 4. They included correction of an arithmetic error that the bidder did not accept (as this was not changed in their bid documentation), ratification of procurements, utilisation of formula for evaluation different from that indicated in the tender documents and non-documentation of reasons for termination of a disposal proceeding.

We have included an action plan above for follow-up of our recommendations to ensure that the corrective measures are carried out, so as to improve compliance, efficiency, and effectiveness in procurement management at Egerton University and promote best-practice in procurement.

Whilst recognising the efforts and strides Egerton University has taken in complying with the provisions of the procurement law, as well as raising its general management systems as exemplified by its ISO certification, there still remain a number of important issues that need to be addressed and warrant its immediate attention

We acknowledge with appreciation the fact that Egerton University welcomed both the review process and the reviewers granting us all the cooperation possible, and that they recognised the review exercise as a mechanism to identify and address any shortcomings and weaknesses in the compliance with PPDA and associated regulations which they confirmed the desire to rectify.

Overall, Egerton University have demonstrated a commendable level of compliance of 64.05% (against the expected level of 60%) with relevant PPDA, regulations and guidelines in respect of sampled procurement transaction reviewed.

The procuring entity should endeavour to improve their performance so that the PE will become compliant by organizing training on various aspects of procurement law and regulations and implementing fully all remedial measures as pointed out in the report.

8. APPENDICES-

Appendix 7.1 Procurement Unit staff and their qualification

S/No.	Name	Grade	Title	Qualification	Courses Currently Under Study
1	Grace Kipchillat	XIII	Ag. Senior Procurement Officer	Diploma in purchasing & Supplies Management/ MBA (Marketing)	None
2.	Robert Adala	E/F	Procurement Officer	Diploma in purchasing & Supplies Management (Final Stage)	None
3.	Naftali Oenga	E/F	Procurement Officer	Professional Supplies Management (Final Stage)	None
4.	Joseph Boit	E/F	Senior Procurement Assistant	Professional Course in Supplies Management (Final Stage)	Computer
5.	Ann Chebet	C/D	Senior Procurement Assistant	BBM (Supplies Option), Diploma in banking	Diploma CIPS
6.	Amina Kemei	C/D	Senior Procurement Assistant	BBM- Supplies Option	None
7.	Brenda Achieng	C/D	Senior Procurement Assistant	BA- Purchasing & Supplies Management	Msc. (Procurement Logistics Management)
8.	Mary J. Kinyanjui	C/D	Senior Procurement Assistant	B.Com	Msc.- Procurement Logistics Management
9.	Stella Kwamboka	C/D	Senior Procurement Assistant	BBM, Purchasing & Supplies Management	None
10.	Winnie W. Mwangi	C/D	Assistant procurement Officer	Professional Course in Supplies Management (Final Stage)	B.Com
11.	Everline Nandwa	A/B	Supplies Assistant	Diploma in Purchasing & Supplies Management	B.Com
12.	Dinah Kiprop	A/B	Accounts Clerk	CPA II	None
13.	Peter Rogoncho	A/B	Supplies Assistant	Diploma in Purchasing & Supplies Management	B.Com (Marketing)
14.	Isaac Kimaiyo	A/B	Procurement Assistant	B.Com	None
15.	Priscilla Chebet	A/B	Stores Clerk	Diploma in Purchasing/ Supplies Management	
16.	Grace C. Wanjiru	A/B	Stores Clerk	Diploma in Purchasing/ Supplies Management	Diploma in Supplies Management
17.	David Agala	A/B	Supplies Assistant	Diploma in purchasing/ Supplies management	B.Com
18.	Amon Wamuti	A/B	Procurement	Diploma in Supplies Management;	B.Com

S/No.	Name	Grade	Title	Qualification	Courses Currently Under Study
			Assistant	Certificate in Computer Applications	
19.	D. Nyaencha	IV	Purchasing Clerk	Certificate in Purchasing & supplies Management	Diploma in Purchase & Supplies Management
20.	S. Marengé	IV	Purchasing Clerk	Diploma in Purchasing & Supplies Management	None
21.	Rose Mwita	IV	Purchasing	Certificate in Purchasing & Supplies Management	None
22.	Wilson O. Tindi	IV	Purchasing Clerk	Supplies Management III (Certificate)	None
23.	Job Baskwony	IV	Clerk	Supplies Management III (Certificate)	Diploma in Supplies Management
24.	Jane Kananu	III	Messenger/ Cleaner	Certificate course in Supplies Management	None
25.	Paul Kirwa	III	Clerk	Certificate in Supplies	None
26.	Kennedy Andima	III	Clerk	Certificate in Supplies Management	None

Appendix 7.2 Personnel trained in Procurement Skills

List of Procurement Staff Already trained in Procurement (was to comment about staff membership with professional body)

S/No.	Name	Title	Trainers	Courses Trained
1	Grace Kipchillat	Ag. Senior Procurement Officer	-JKUAT University -PPOA Trainers	<ul style="list-style-type: none"> • Diploma in Purchasing & Supplies & Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
2.	Robert Adala	Procurement Officer	- KIM - PPOA Trainers	<ul style="list-style-type: none"> • Diploma in Purchasing & Supplies & Management (Part 1) • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
3.	Naftali Oenga	Procurement Officer	-GTI Msa -PPOA Trainers	Professional Supplies Management (Final Stage) <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
4.	Joseph Boit	Senior Procurement Assistant	-GTI Msa - PPOA Trainers	Professional Course in Supplies Management (Final Stage) <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
5.	Ann Chebet	Senior Procurement Assistant	-Moi Univ. -PPOA Trainers	BBM (Supplies Option), Diploma in banking <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
6.	Amina Kemei	Senior Procurement Assistant	-Moi Univ -PPOA Trainers	BBM- Supplies Option <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools.

				<ul style="list-style-type: none"> Contract Managements
7.	Brenda Achieng	Senior Procurement Assistant	- - PPOA Trainers	BA- Purchasing & Supplies Management <ul style="list-style-type: none"> Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
8.	Mary J. Kinyanjui	Senior Procurement Assistant	PPOA Trainers	B.Com <ul style="list-style-type: none"> Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
9.	Stella Kwamboka	Senior Procurement Assistant	PPOA Trainers	BBM, Purchasing & Supplies Management <ul style="list-style-type: none"> Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
10.	Winnie W. Mwangi	Assistant procurement Officer	PPOA Trainers	Professional Course in Supplies Management (Final Stage) <ul style="list-style-type: none"> Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
11.	Everline Nandwa	Supplies Assistant	PPOA Trainers	Diploma in Purchasing & Supplies Management <ul style="list-style-type: none"> Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
12.	Dinah Kiprop	Accounts Clerk	PPOA Trainers	CPA II <ul style="list-style-type: none"> Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
13.	Peter Rogoncho	Supplies Assistant	PPOA Trainers	<ul style="list-style-type: none"> Diploma in Purchasing & Supplies & Management Public Procurement & Disposal Act 2005 and Regulations 2006. Modern Procurement Planning Strategies, Techniques and Tools. Contract Managements
14.	Isaac Kimaiyo	Procurement Assistant	PPOA Trainers	B.Com

				<ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
15.	Priscilla Chebet	Stores Clerk	PPOA Trainers	<ul style="list-style-type: none"> • Diploma in Purchasing & Supplies & Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
16.	Grace C. Wanjiru	Stores Clerk	PPOA Trainers	<ul style="list-style-type: none"> • Diploma in Purchasing & Supplies & Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
17.	David Agala	Supplies Assistant	PPOA Trainers	<ul style="list-style-type: none"> • Diploma in Purchasing & Supplies & Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
18.	Amon Wamuti	Procurement Assistant	PPOA Trainers	<ul style="list-style-type: none"> -Diploma in Supplies Management; -Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
19.	D. Nyaencha	Purchasing Clerk	PPOA Trainers	<ul style="list-style-type: none"> Certificate in Purchasing & supplies Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
20.	S. Mareng	Purchasing Clerk	PPOA Trainers	<ul style="list-style-type: none"> • Diploma in Purchasing & Supplies & Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
21.	Rose Mwita	Purchasing	PPOA Trainers	<ul style="list-style-type: none"> Certificate in Purchasing & Supplies Management • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements

22.	Wilson O. Tindi	Purchasing Clerk	PPOA Trainers	Supplies Management III (Certificate) <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
23.	Heads of User Departments		PPOA Trainers	<ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
24.	Job Baskwony	Clerk	Supplies Management III (Certificate)	Supplies Management III (Certificate) <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
25.	Jane Kananu	Messenger/ Cleaner	Certificate course in Supplies Management	Certificate course in Supplies Management <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
26.	Paul Kirwa	Clerk	Certificate in Supplies	Certificate in Supplies <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements
27.	Kennedy Andima	Clerk	Certificate in Supplies Management	Certificate in Supplies Management <ul style="list-style-type: none"> • Public Procurement & Disposal Act 2005 and Regulations 2006. • Modern Procurement Planning Strategies, Techniques and Tools. • Contract Managements

APPENDIX 7,3 – Contracts Over KES 5 million

Tender No.	Description	Procurement Method	Category	Amount (KES)	Contractor
QTN/401/2009-2010	Computers	RFQ	Goods	10,079,600	Ranju Ltd.
EU/34/2009-2010	Business plan for faculty of commerce and law building complex – Nakuru Town Campus	RFP	Services	5,092,400	Centre for Development Studies

APPENDIX 7.4 - LPOs

CONTRACT/ LPO NO	SUPPLIER	AMOUNT (KES)
35540	Nakuru Press Ltd	540,000
none	Simba Colt Motors Ltd.	4,857,208
none	Alexander Forbes Financial Services	899,928
none	Chem Labs	1,200,000
none	Chem Labs	610,365
none	Chem Labs	683,848
none	Crown Health Care Ltd	680,000
none	Kirwan Ltd	935,000
none	Direct Auto Parts	851,063
none	Volcanic Plumbing Works	792,160
none	Stainless Steel	1,937,000
none	Estec Ltd	949,000
34762	Toyota (E.A.) Ltd	2,229,018
34763	General Motors East Africa Ltd	2,530,000
35704	Savanis Book Centre	2,249,432
none	Welter Building	1,467,000
35740	Gabby Book (K) Ltd	3,141,983
none	Kirwan Ltd	756,000
36485	Ranju Ltd	10,079,600
36486	Ranju Ltd	1,039,600
36487	Ranju Ltd	1,400,000
none	<<BARLEY SPRAYING>>	1,050,800
none	National Oil	689,000
none	Heri General	589,710
none	Kenya Shell	520,000
none	E.A. Maltings	1,050,800
none	National Oil	710,000
none	Leud (K) Ltd	510,000

KEY:

none

Documentation not provided