

EXECUTIVE SUMMARY

This report contains the findings of a review of the procurement proceedings undertaken by KenInvest for the period July 2011 to June 2012.

The overall objective of this procurement review was to review the status of KenInvest's procurement, contracting, implementation processes and systems to determine the level of compliance with the procurement law, regulations, circulars and directives issued by PPOA.

The specific objectives of this procurement review are to examine and establish the degree of compliance to applicable procurement procedures and Public Procurement and Disposal Act, 2005 and Regulations, 2006, Circulars and any of the directives issued by PPOA, and to propose recommendations for remedial measures against weaknesses identified, institutional arrangements, and/or irregularities in procurement practices, and capacity.

The review team expected Ken Invest to have:-

1. Implemented the PPDA, 2005, the PPDR, 2006, all directives and instructions of the PPOA in its procurement and disposal with a compliance rating of not less than 60%.
2. Established adequate systems and procedures for implementation of (i) above.
3. Adequate capacity in terms of numbers and training for the implementation of (i) above.
4. Established effective communication with the PPOA for guidance and professional as well as proficiency training.

Areas of Satisfactory Compliance

1. The Annual Corporate Procurement Plan was prepared;
2. Contracts were signed by the CEO;
3. The standing committees had been established i.e. Tender, Procurement, Inspection and acceptance as well as Disposal;
4. Minutes of the TC,PC and DC were prepared and well maintained in minute books;
5. Annual pre-qualification of suppliers was done and a Pre-qualification List developed;
6. The pre-qualification list was updated as necessary;
7. Procurement opportunities were availed to those interested in participating;
8. Advertisements were placed in the local National Newspapers and internally as per requirement;
9. There was appropriate capacity of staff, office space and equipment within the PU. Additional manpower was provided through interns;
10. Standard Tender Documents were in use;
11. Tender documents were adequately prepared;
12. RFQs were sent, received and opened as required;
13. Internal Procurement Manuals had been developed, i.e. the Procurement Quality Management System Procedure and Purchasing, Supplies and Disposal Manual;
14. Confirmation of availability of funds in applications to the Tender Committee was done.

Non Compliance

1. The recommended format of the agenda and minutes of the tender committee meetings were not used;
2. There was failure to maintain files for individual members of the TC and PC;
3. There was failure by the PU to open a dedicated file for each tender and maintain comprehensive procurement records in the procurement file as required by Chapter 9 of the PPDGM;
4. There was failure by the PU to adhere to the provisions of Section 8 (3) (t) of the PPDA, 2005;
5. Failure to involve the tender committee in the disposal process;
6. There was failure in preparing and presenting quarterly reports of the PC to the TC;
7. Failure to follow the guidelines as pertains to threshold matrix and segregation of powers ,especially with regard to approvals;
8. Failure to develop a framework for acquisition of low value procurements;
9. Inclusion of non-procurement items in the procurement plan e.g. rent;
10. Failure to maintain office inventory;
11. Failure to prepare and issue rejection and debriefing letters in respect of terminations;
12. Failure to report to PPOA on mandatory reporting.

Summary of Recommendations

1. The formats of the agenda and minutes of the tender and procurement committees should be improved as recommended;
2. Files should be maintained for all the members of the tender and procurement committees by each respective Secretary;
3. PU should open dedicated files for each tender and maintain comprehensive procurement records in the respective procurement file as required by Chapter 9 of the PPDGM;
4. Quarterly reports of the contracts awarded by the Procurement Committee should be made to the TC as required by paragraph 4.4 of the Chapter 4 of the PPDGM;
5. Office inventory should be prepared and maintained in each office;
6. The procurement contract file should contain full information of the contract performance and payment;
7. The PU should adhere to the provisions of Section 8 (3) (t) of the PPDA, 2005;
8. A working framework in respect to low value procurements should be developed. This will ease the burden of raising LPOs for values below Ksh.30,000/-;
9. Responsibilities through trust should be enshrined as envisaged in the First Schedule- Threshold Matrix of the PPDR. Approvals should be as indicated;
10. Tender committee should be involved in the disposal process;
11. The PU should prepare and issue a rejection and debriefing letters in all necessary cases;
12. Mandatory reports to PPOA should be made as required

Compliance Rating

The compliance rating is provided in details in chapter 5 of the report. The compliance level of the KenInvest procurement proceedings was rated at **64.68%**.