

PUBLIC PROCUREMENT REGULATORY AUTHORITY



MURANG'A COUNTY GOVERNMENT

PROCUREMENT REVIEW REPORT

AUGUST, 2016

REVIEW REPORT IN SUMMARY

This report details the findings and recommendations of the procurement review of Murang'a County Government (County Executive), conducted by the Public Procurement Regulatory Authority (the Authority) team from 24th May to 7th June, 2016. The main objective of the exercise was to review the status of the County Government's procurement, contracting and implementation processes and systems, in order to determine the level of compliance with the Public Procurement and Disposal Act, 2005 (the Act) and its attendant Regulations, circulars and directives issued by the Authority and generally accepted principles of good practice in procurement. Consideration was also given to the relationship between procurement and overall service objectives of the County Government.

The review considered performance of procurement functions for the period 1st July, 2014 to 30th June, 2015. The scope of the review covered the County Government's procurement and disposal cycle from planning to completion, using twenty seven (27) key performance indicators. The review was also intended to consider disposal proceedings undertaken by the County Government's during the period. However, the County Government did not conduct disposals during the period under review. The procedures performed during the review included discussions with the key persons involved in the functions related to procurement, examination of the files and documents pertaining to the County Government's procurement systems and processes, examination of open tender method and alternative procurement methods such as restricted tenders, direct procurement and selected samples of request for quotations.

The team used a sample of thirty (30) procurement proceedings to evaluate the level of compliance with the Act, the Regulations and directives issued by Authority. In so doing, careful considerations were given to the implications and significance of individual ratings of the key performance indicators. It is clear that some instances of non-compliance have greater significance than others. This factor has been considered in determination of the final compliance level.

The overall compliance level for the County Government of Murang'a with reference to the Act, the Regulations and guidelines in respect of the sampled procurement transactions for the period under review is **59%**. This is marginally below the minimum acceptable level of compliance of 60% set out in the Performance Monitoring Plan. This is an indication that the overall performance of County Government in procurement and disposal is not satisfactory and has weaknesses that need to be addressed.

The report is divided into seven (7) chapters. Chapter one is the introduction to the report while chapter two looks at the organisation of the County Government. The key general findings and recommendations relating to each of the areas considered in the review are contained in Chapter 3 while the specific findings on the actual procurement proceedings examined are in Chapter 4. The compliance rating and

scoring results are highlighted in Chapter 5 while an action plan for implementation of the recommendations is in Chapter 6 of the report. The PPRA team will follow up on the implementation of the recommendations in the action plan at an appropriate time.

A summary of the areas that Murang'a County Government performed satisfactorily with the Act, its attendant Regulations and the directive issued by the Public Procurement Oversight Authority included:

- (i) A Procurement Unit had been established in accordance with Section 26(4) of the Act and Regulation 8(1) of the PPDR.
- (ii) The Procuring Entity had established a Tender Committee as required by Section 26(4) of the Public Procurement and Disposal Act, 2005 (the Act) and Regulation 7(1) (a) of the Public Procurement and Disposal (Amendment) Regulations, 2013(County Government Regulations).
- (iii) A procurement Committee had been established as provided by Section 26(4) of the Act and Regulation 13(1) and (3) of the PPDR.
- (iv) Disposal Committee is constituted as required by Section 128(1) of the Act and Regulation 7(1) (b) of the County Government Regulations.
- (v) Most of the Tender advertisement notices were issued in accordance with Section 55 of the Act and Regulation 12 of the Public Procurement and Disposal (Amendment) Regulations, 2013.
- (vi) Prequalification of suppliers was done and a Prequalification list developed in accordance with Regulation 23 of the PPDR, 2006;
- (vii) In most of the procurements the bidders (successful and unsuccessful) who participated were notified through letters as provided by Section 67 (1) and (2) of the Act, 2005.
- (viii) Most procurement were initiated through a purchase requisition as required by Regulation 22 (1) of the PPDR, 2006

The following were the key weaknesses that were noted during the review:

- (i) Failure to observe the requirements of the Threshold Matrix in the choice of procurement methods as evidenced by use of Request for Quotation method for procurements above the prescribed thresholds of Kshs. 2, 000, 000.00 for goods and services and Kshs. 4, 000, 000.00 for works.
- (ii) The County Government of Murang'a had a Procurement Plan which was in the wrong format, inadequate and incomplete.
- (iii) The procuring Entity has not been using the default method of procurement (Open Tender). Request for Quotation is mostly used by Murang'a County Government.
- (iv) Procurement Records were not maintained in accordance with Regulation 34(3) of the PPDR and the Public Procurement Records Management Procedures Manual.
- (v) Selection of suppliers/contractors from the list of prequalified suppliers/contractors was not done fairly and on equal rotational basis as

required by Regulation 59(2) (c) of the PPDR as some of the suppliers/contractors were invited more frequently than others.

- (vi) The Procuring Entity does not submit all mandatory reports to the Authority as required by Section 46 of the Act and PPOA Circular No.4/2009 of 24th June, 2009 and PPRA Circular No.1/214 of 29th January, 2014.

Conclusion

The major challenges we found in the County Government of Murang'a were in the areas of recordkeeping, this made retrieval of files and documents to take a lot of time and this made it impossible for review team to finish review of all sampled procurement. Out of 30 procurements sampled the reviewers only got 25 files most of which were incomplete.

We have included an action plan for the implementation of our recommendations, which as discussed and agreed with the PE, will be followed up to ensure that the corrective measures are taken in order to improve compliance, efficiency, and effectiveness in procurement management.