



PUBLIC PROCUREMENT OVERSIGHT AUTHORITY
Transforming Procurement

NANDI COUNTY GOVERNMENT

PROCUREMENT REVIEW REPORT

NOVEMBER, 2015

REVIEW REPORT IN SUMMARY

This report details the findings and recommendations of the procurement review of Nandi County Government (County Government), carried out by the Public Procurement Oversight Authority (the Authority) team from 16th to 27th November, 2015. 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. 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 County Government's procurement and disposal cycle from planning to completion, using twenty seven (27) key performance indicators. The review 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 review period. 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 County Government's procurement systems and processes, examination of open tender method and alternative procurement procedures such as restricted tenders, direct procurement and selected samples of request for quotations. The team also reviewed the implementation of the findings and recommendations of internal audit report carried out during the period under review.

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 implications and the 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 assessment of the compliance level for County Government is **58.33%** with reference to the Act, the Regulations and guidelines in respect of the sampled procurement transactions for the period under review. This is below the minimum acceptable level of compliance of 60% as set out in the Performance Monitoring Plan for the project carried out by ARD, Inc as part of the Reforming the Public Procurement System Phase II project. 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 as they relate to each of the areas considered in the review are provided in Chapter 3. The specific findings on the actual procurement proceedings examined are exemplified in Chapter 4. The compliance rating and scoring results are highlighted in Chapter 5 while an action plan for implementation of the recommendations is provided in Chapter 6 of the report. The PPRA team will review the implementation of the recommendations in the action plan.

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

- (i) 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).
- (ii) Disposal Committee is constituted as required by Section 128(1) of the Act and Regulation 7(1) (b) of the County Government Regulations.
- (iii) A Procurement Unit had been established in accordance with Section 26(4) of the Act and Regulation 8(1) of the PPDR.
- (iv) Tender advertisement notice were issued in accordance in accordance with Section 55 of the Act and Regulation 12 of the Public Procurement and Disposal (Amendment) Regulations, 2013.
- (v) The Entity had a procurement plan for the year under review.
- (vi) Tender opening committees and tender processing committees were appointed as and when required.

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

- (i) The County Secretary had not established a Procurement Committee as required by Section 26(4) of the Act and Regulations 7(a) and 13(1) and (3) of the Public Procurement and Disposal Regulations, 2006 (PPDR).
- (ii) Procurement Records were not maintained in accordance with Regulation 34(3) of the PPDR and the Public Procurement Records Management Procedures Manual.
- (iii) Whereas the Procuring Entity used standard tender documents in most of the sampled procurements, the tender documents did not have clear and objective evaluation criteria as required by Section 52(i) and 66(3) of the Act. Further, failure to adhere to the evaluation criteria
- (iv) 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. For instance, Quotation No. NDCG/QTN/005/2014-2015 for Proposed Spot Improvement for Kimondi-Kipsamoite Road and Quotation No. NDCG/06/2014-2014 for Proposed Spot Improvement for Arwos-Kipsiguk Road were floated to the same day and the same contractors.
- (v) The Procuring Entity did not submit all its reports on procurement activities to the Public Procurement Regulatory Authority (PPRA) as required by Section 46 of the Act and PPOA Circular No.4/2009 of 24th June, 2009 and PPOA Circular No.1/214 of 29th January, 2014.
- (vi) Notification of award to the unsuccessful bidders did not include the reason(s) the tenders were unsuccessful.
- (vii) Delays in signing of contracts with successful bidders as evidenced by the tenders for construction of ward offices.
- (viii) 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.