



**PUBLIC PROCUREMENT OVERSIGHT AUTHORITY**  
*Transforming Procurement*

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**PROCUREMENT REVIEW REPORT**

**JUNE 2015**

## **REVIEW REPORT IN SUMMARY**

This report details the findings and recommendations of the procurement review of the Meru University of Science and Technology, carried out by the Public Procurement Oversight Authority (the Authority) team from 19<sup>th</sup> May, 2015 to 4<sup>th</sup> June, 2015. The main objective of the exercise was to review the status of the University'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 the Public Procurement and Disposal Regulations 2006 (the Regulations), associated regulations, circulars, directives issued by PPOA and generally accepted principles of good practice.

The review considered performance of procurement functions for the period 1<sup>st</sup> July 2013 to 30<sup>th</sup> June, 2014. The scope of the review covered MUST's procurement and disposal cycle from planning to completion, using 30 key performance indicators. 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 MUST's procurement systems and processes, examination of selected samples of open tender method, direct procurement and of request for quotations. The team also reviewed the implementation of the findings and recommendations of prior internal audit reports carried out during the period under review.

The team used a sample of thirty five (35 No.) procurement proceedings to evaluate the level of compliance. 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 report is divided into seven (7) chapters. Chapter 1 is the introduction to the report. Chapter 2 looks at the organisation of the University. The key general findings and recommendations as they relate to each of the areas considered in this review are provided in Chapter 3. The specific findings on the actual procurements 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 this report. PPOA will review the implementation of the recommendations in the action plan after a three-month period from the date of the final report.

The key findings and recommendations are as follows:

1. Institutional arrangements

- a) The University has an established procurement unit with a total of eleven (11 No.) members of staff. However, eight of them are in the grade of Senior Stores Clerk and below and are not registered with any professional body. The procurement unit performed its functions fairly as indicated in paragraph 2 of chapter three on functioning of procurement unit. However, there is need to strengthen the unit's capacity through among others; training and ensuring that the unit staff are up to date with the changes in the procurement law and are able to correctly interpret the law and therefore guide the entity appropriately as regards to procurement matters.
- b) Most of the procurement committees were established and functional though the appointments were not done in accordance to the Amended Regulations of 2013 for example, separate evaluation and inspection & acceptance committees were appointed instead of the tender

processing committee. The functioning of the Ministerial Tender Committee should be strengthened.

The members of the various committee should undergo training on their roles in public procurement to ensure they discharge their duties effectively.

## 2. Procurement process

a) The entity did not have a consolidated and approved procurement plan in place as required under Section 26 (3) of the Public Procurement and Disposal Act, 2005. The entity should ensure that there is a procurement plan in place and which is linked to the budgetary and financial framework.

b) The entity's use of the open tender method as indicated in chapter three paragraph 15 (at 45.1% & 3.8% for procurements by value and transactions respectively) is considered low given that open tender is considered the default method of procurement. Further observed was the high usage of direct procurement method without meeting the requirements for use of the method as stipulated in Section 74 of the PPDA. The entity should ensure that it achieves the objective of promoting competition in its procurements and that all procurement proceedings are carried out in compliance with the requirements of the public procurement law.

Procurement unit should advise the entity on how to maximise economy and efficiency in its procurements for example, through use of the framework contracts

c) It was observed that the Accounting Officer was signing contracts of procurement activities on behalf of the entity. However, the procurement unit was not involved in monitoring of contracts implementation after the orders have been issued or contracts signed. The entity should have in place mechanism of monitoring contracts administration and management

d) The procurement unit staff should be well versed with the provisions of the procurement law and appropriately guide all other committees and persons involved in the procurement process.

## 3. Procurement records

Most of the procurements records were availed however, a few could not be traced and this could be attributed to the manner in which the procurement records were maintained. The entity should ensure that that it properly documents procurement proceedings and manages the records in conformity to the provisions of Section 45, Regulation 34 (3) and the Procurement Records Management Procedures Manual.

## 4. Reports to PPOA

It was noted that for the period under review, the entity had submitted some of the mandatory reports to PPOA. However, the entity had not reported on all the procurements that were within the reporting threshold and the reports done were submitted way after the required reporting time frame. The entity should ensure that all the required reports are submitted and within the provided timelines as guided by PPOA Circular No. 4/2009 on Procurement Planning and Reporting Requirements.

## 5. Stores and inventory control and management

Detailed findings on the stores and inventory are given in paragraph 27 of chapter three. Of emphasis is the need for the PE to ensure that: there is a register of all the entity's assets in

place, the layout and organization of stores facilities facilitate the implementation of ease of retrieval and identification of stores and that the stores staff are in conducive offices with proper ventilation.

6. Implementation of audit recommendations.

It was observed that the entity had been audited by the internal and external auditors for the period under review and a number of issues raised with recommendations. However, as at the time of this review, the entity had not worked on implementation of some of the issues raised by the auditors. The entity should follow up on findings and recommendation of audit reports to continually improve on and ensure compliance to the procurement law.

7. Finally, it is recommended that the University institutes internal mechanisms that can prevent irregular omissions or commissions in the procurement processes before the transactions are concluded by ensuring proper integrity of the systems. If such mechanisms are available, the irregularities in the procurement processes mentioned in this report will be avoided.

The overall assessment of the compliance level for MUST is calculated to be 49.4% 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 and indicates that the overall performance of the University in procurement and disposal is not satisfactory and has weaknesses that need to be addressed.

The weaknesses noted in the report should be addressed in line with the **Public Procurement and Asset Disposal Act, 2015** which became effective from 7<sup>th</sup> January, 2016.

Finally, we take this opportunity to thank MUST staff for their co-operation and assistance during the review.