

EXECUTIVE SUMMARY

This report presents the findings of the procurement review of Kenya Urban Roads Authority carried out between 18th June and 28th June, 2012. 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 Kenya Urban Roads Authority'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 Kenya Urban Roads Authority.

The period covered by this review was 1st July 2010 – 30th June 2011 focusing on the performance of procurement functions. The review procedures performed included the examination of selected samples of Open National Tenders, Direct Procurement and RFQ. The review also considered the disposal proceedings undertaken by Kenya Urban Roads Authority during the identified review period.

The scope of the review encompassed 27 key performance indicators of Kenya Urban Roads Authority'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 inline with the PPDA, PPDR, guidelines and the PE's implementation of the same a thorough assessment of the control environment was first undertaken. The field-work that ensued then included an examination of the files and documents pertaining to Kenya Urban Roads Authority'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 acting AO, members of standing committees, 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. The compliance rating of the PE is outlined in chapter 5 of the report. A proposed action plan on the areas that will require remedial actions is provided in Chapter 6 at the end of this 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 AO has appointed Tender and Procurement committee members in accordance to section 26(4) of the PPDA.
- Minutes are maintained in the proper format by the Tender committee respectively in line with regulation 12(6) of the PPDR

- The P.E has maintained proper records in conformity with PPDA section 45 and section 8(3) (n) of the PPDR.
- The P.U has been established in accordance to section 26(4) of the PPDA.
- Minutes are maintained by the Tender Procurement committee respectively.
- There was a standing list of registered suppliers for the period under review in line with regulation 8(3) (a) of PPDR ;
- The PU is staffed with qualified key personnel in line with Section 26(7), (8) & (9) of PPDA.
- All standard and specific committees have been established in line with Section 26(4), (5) PPDA;
- Evaluation committees have prepared reports analyzing the tenders received and final ratings assigned to each tender and submitted to the tender committee in line with regulation 51 of the PPDR, Chap 4.6 of the PPDGM and sec 66 of the PPDA.
- Technical specifications reviewed were found to be objective and conform to the requirement of section 34 of the PPDA.
- Advertisements indicated the closing date and time, with an invitation to bidders to attend the bid opening in accordance with PPDR.
- The procurements reviewed are not split to evade the appropriate procurement method. This is in line with section 30 of the PPDA.
- Procurements reviewed have been planned for by the PE through an annual procurement plan and were undertaken when the PE was satisfied that there were adequate funds available and set aside in its budget in line with Sec 26(3) (a) of the PPDA and regulation 6 of the PPDR .
- There is a secure tender box placed on the 1st floor for the receipt of all tenders as required by regulation 44 of the PPDR.

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 Head of PU does not report to the Director General directly as required by Chapter 4.3 of PPDGM
- No individual procurement plans were developed for significant procurement proceedings in line with section 22(5) of PPDR
- The PE did not prepare an annual disposal plan in line with chapter 12.4 of PPDGM
- The PE's procurement manual is not there in accordance to PPDA, PPDR and PPDGM.
- The PE does not maintain a comprehensive and individual file for each procurement and disposal in accordance with Regulations 8(n) and 34(3) PPDR and Chapter 7.9 of the PPDGM.
- The PU does not ensure that the PC produces quarterly reports for the TC's review and does not review the awards made by the PC in accordance with Regulation 10(2)(n) of the PPDR.

- No individual procurement plans were prepared for significant procurements in line with Chap 6.5 of the PPDGM.
- The T.C in the regions area appointed by the regional managers contrary to section 4 of *PPDA and Regulation10(1) of the PPDR*
- Direct procurements were not initiated by the AO in line with the first schedule of the Regulations.
- The head of the PU and key staff with procurement responsibilities have not been trained in the PPDGM and other manuals in the year under review.
- In the year under review the PE did not report to PPOA contracts over Kshs. 5 Million and direct procurements over Kshs. 500,000 as required by Circular No 4/2009 of PPOA and chapter 7.9 of the PPDGM.

Recommendations

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

- The Head of PU should report directly to the Director General.
- AO to ensure weaknesses are addressed and proper documentation of administrative & policy guides is instituted in accordance to Regulation 7 of the PPDR and chapter 4.2 of the PPDGM.
- PE to develop a structured training strategy in the best procurement practices as reflected in the PPDA, PPDR, PPDGM and other PPOA manuals and circulars for all key staff involved in procurement proceedings.
- PE to adopt proper records and filing management in line with section 45 of PPDA, section 34 of PPDR, chapter 2.6(a) of PPDGM and the PPRMPM issued October 2010.
- PE should enhance its procurement and disposal planning, particularly individual procurement and disposal plans in accordance section 26 of PPDA and Chapter 6 of the PPDGM.
- PE to inform and notify PPOA on contracts above Kshs 5 million as per the mandatory reporting requirements to PPOA in line with circular No4/2009

Given the weakness identified it is recommended that the PE should liaise with PPOA in the training of staff in the content of the various manuals that have been issued to support the implementation of the PPDA. Continuous consultation with 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, jointly selected by PPOA and consultants to evaluate the level of compliance with the PPDA. In so doing, we carefully considered the implications and the significance of individual ratings of key performance indicators.

The review team utilized ‘Compliance Rating Indicators’ as reflected in the PPOA Procurement Review Manual that reflect reasonable and attainable standards of performance. It will be

observed that some instances of non-compliance have greater significance than others and this factor has been considered in determining the final compliance level.

The team's overall assessment of the compliance level for Kenya Urban Roads Authority is calculated to be 59% for the period reviewed with relevant PPDA, regulations and guidelines in respect of sampled procurement transaction reviewed. This is below the target of 60% compliance set in the Performance Monitoring Plan under RPPSII. Thus, the overall performance of the PE in procurement and disposal is satisfactory, though there are some weaknesses that need to be addressed, and Kenya Urban Roads Authority is advised to address these so as to reflect exemplary performance amongst the various PE's and ensure that it assists the corporation in attaining the high ideals.

Finally, we would like to thank all the staff of Kenya Urban Roads Authority for their cooperation and assistance during the review.