

## EXECUTIVE SUMMARY

This report presents the findings of the procurement review of University of Nairobi carried out from 27<sup>th</sup> May to 24<sup>th</sup> June 2013. 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 UoN'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 the University of Nairobi.

The period covered by this review was 1st July 2011 – 30th June 2012 focusing on the performance of procurement functions. The review procedures performed included the examination of selected samples of Open Tenders and RFQ's. The review also considered the disposal proceedings undertaken by University of Nairobi during the identified review period.

The scope of the review encompassed 27 key performance indicators of University of Nairobi 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 in line with the PPDA, PPDR, guidelines and the PE's implementation of the same a thorough assessment of the control environment was first undertaken. The fieldwork that ensued then included an examination of the files and documents pertaining to UoN'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.

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:

1. The procurement unit (PU) had been established in line to the Act (PPDA) section 26 (4)
2. A secure facility for the receipt of tenders has been provided by UoN in line with section 58(4) of PPDA and section 44(a) of PPDR;
3. 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 albeit sometimes late

4. Advertisements indicated the closing date and time, with an invitation to bidders to attend the bid opening in accordance with section 51 (f) of the PPDA.
5. In most cases the University used technical specifications that were objective and conform with the requirements of section 34 of PPDA;
6. A tender committee has been established as per PPDR Regulation 10(1)
7. Inspection and Acceptance committee is established as per PPDR Regulation 17 and in line with section 17 (1) and (2) of the Act.
8. Appointment of persons to serve in the evaluation committee done in line with Regulation 16(4) of PPDR
9. Procurements were undertaken when the PE was satisfied that there were adequate funds available and set aside in its budget in line with section 26(3) of PPDA

### **Non-compliance:**

The review team noted the following areas with non-compliances that need immediate attention of the PE:

1. A memo is used in place of the standard procurement requisition form as stated in the third schedule.
2. The evaluation reports do not provide evidence on ranking of bids after Financial evaluation contravening Regulation 51(1) (f), (g)
3. Letters of notifications not done within the stipulated 14 days window period as provided for in section 68(2) of the PPDA.
4. There was no evidence of a formal appointment of the contract manager/administrator for all the contracts reviewed as required by chapter 9.4 of PPDGM in the procurement file.
5. The PE does not maintain a comprehensive and individual file for each contract entered into with the contractors in line with Chapter 9.3 of the PPDGM
6. The PE did not prepare Contract Management Plans for all procurements submitted for review thus contravening to the manual (PPDGM) chapter 9.5.
7. A contract file was not maintained for all procurements submitted for review as per the provisions in the Manual (PPDGM) chapter 9.3.
8. In most of the contracts reviewed e.g. CHS/Q/502/07/11, there is no evidence that the items and equipment to provided by the contractors were received, inspected and accepted by the PE in line with section 17(4) of PPDR and chapter 9.4(c) of PPDGM
9. The stores function is under finance department which contravenes PPDGM 11.1
10. No evidence provided on individual procurement plans developed for significant procurement proceedings in line with Regulation 22(5) of PPDR and Chap 6.5 of the PPDGM.
11. In the year under review the PE did not report to PPOA contracts over Kshs. 5 Million as required by Circular No 4/2009 of PPOA and chapter 7.9 of the PPDGM.
12. Local Purchase Orders are drafted by finance department and not the procurement department.

13. Procurement unit does not certify the invoices and payment vouchers to suppliers contrary to Regulation 8 (3) (bb).
14. The alternate and tender committee members attend the TC meetings together in contravention of section 12(1) of PPDR.
15. There was no quotation box as per Regulation 60(a) (b) of PPDR
16. There was no evidence of a consolidated Procurement plan prepared by the PE during the period under review in contravention section 26(3)(a).
17. The agenda of TC proceedings and the TC Minutes not in line with chapter 4.5(c) (d) of the PPDGM 2009
18. The AO does not ensure that Contract Administrators are formally appointed with clear terms of reference, contracts files are opened and Contract Management Plans are prepared for each contract in line with chapter 9 of PPDGM.
19. PE did not provide an internal chart to prove the staffing level of the PU in accordance with section 26 of PPDA and has not developed a structured training strategy in procurement best practices as stipulated in the PPDA, PPDR, PPDGM and other PPOA Manuals and circulars for all key staff and committees involved in procurement proceedings.
20. The PE did not submit reports to PPOA on the terminated tender proceedings contrary to section 36 (7) of PPDA.
21. The PC does not submit quarterly reports to the Tender Committee contrary to Regulation 10 (2) (n) of the PPDA and chapter 4.4 (c ) of PPDGM 2009.
22. The PE does not have an internal procurement manual in line with PPDR Regulation 30 and PPDA sec 9 (c), (i)
23. There is no training plan for all the procurement employees and all procurement committee members
24. The stores functions is handled by non procurement professionals contravening section 26 of the PPDA
25. The PE does not ensure that it properly documents procurement proceedings and manages records in accordance with PPDA sec 45(1)
26. The PE does not ensure that the tender securities are released to the bidders pursuant to Section 57 (4) of the Act
27. No evidence provided by the PE on ensuring that **the asset Register** is Regularly updated.

## **Recommendations**

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

1. The AO to ensure that all areas of non compliance are addressed to remedy weaknesses in the procurement process as required by section 27(1) of PPDA.
2. The AO should ensure that Contract Administrators are formally appointed with clear terms of reference, contracts files are opened and Contract Management Plans are prepared for each contract in line with chapter 9 of PPDGM
3. PE to enhance the staffing level of the PU in accordance with section 26 of PPDA and develop a structured training strategy in procurement best practices as stipulated in the

PPDA, PPDR, PPDGM and other PPOA Manuals and circulars for all key staff and committees involved in procurement proceedings.

4. The PE should report all terminated contracts to PPOA.
5. The PE should ensure that the procurement committee takes quarterly reports to the Tender Committee.
6. A contract management plan should be drafted for all procurements submitted for review thus contravening to the manual (PPDGM) chapter 9.
7. A contract file should be maintained for all procurements submitted for review as per the provisions in the Manual (PPDGM) chapter 9.3.
8. The PE should ensure that they have an internal procurement manual in line with PPDR Regulation 30 and PPDA sec 9( c )
9. All tender minutes should be drafted in line with Chapters 4, 5(c) (d) of the Manual
10. Quotation box be put in place.
11. The alternate members of the TC should only attend the TC meetings only when the TC member is unable to attend as per PPDR Regulation 12(1)
12. Training for all the procurement employees and all procurement committee members

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 UoN is calculated to be 61.74% for the period reviewed with relevant PPDA, Regulations and guidelines in respect of sampled procurement transaction reviewed. This is above the target of 60% compliance set in the Performance Monitoring Plan under RPPS II. Thus, the overall performance of the PE in procurement and disposal is satisfactory, though there are some weaknesses that need to be addressed, and University of Nairobi 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 University of Nairobi amongst them; the AO, the staff involved in procurement, stores and legal for their co-operation and assistance during the review.