



PUBLIC PROCUREMENT OVERSIGHT AUTHORITY
Transforming Procurement

MOI TEACHING & REFERRAL HOSPITAL

PROCUREMENT REVIEW REPORT

JUNE, 2015

REVIEW REPORT IN SUMMARY

This report details the findings and recommendations of the procurement review of the Moi Teaching and Referral Hospital (MTRH), carried out by the Public Procurement Oversight Authority (PPOA) team from 18th May to 4th June, 2015. The main objective of the exercise was to review the status of the MTRH'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 MTRH.

The review considered performance of procurement functions for the period 1st July, 2013 to 30th June, 2014. The scope of the review covered MTRH's procurement and disposal cycle from planning to completion, using twenty seven (27) key performance indicators. The review also considered the disposal proceedings undertaken by MTRH during the 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 MTRH's procurement systems and processes, examination of open tender method and alternative procurement procedures such as restricted tender, direct procurement and selected samples of request for quotations. The team did not review the implementation of the findings and recommendations of internal audit report carried out during the period under review since the report was not availed.

The team used a sample of 62.6% procurement and disposal proceedings to evaluate the level of compliance with the Act, associated regulations and directives issued by the Public Procurement Oversight Authority (PPOA). 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 MTRH is calculated to be 61.2% with reference to the Act, the attendant Regulations and guidelines in respect of the sampled procurement transactions for the period under review. This is slightly above the minimum acceptable compliance rating 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.

The report is divided into seven chapters. Chapter one is the introduction to the report. Chapter two considers the organisation of the MTRH. 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 procurement proceedings examined are provided 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 PPOA will review the implementation of the recommendations in the action plan.

A summary of the areas that MTRH formed satisfactorily in accordance with the Act and its attendant Regulations included:

- (i) MTRH had established the institutions required by the Act (Procurement Unit, Tender Committee and Disposal Committee)
- (ii) Tender Processing and Tender Opening Committees were appointed by the Accounting Officer in accordance with the Act and the attendant Regulations
- (iii) Procurements were initiated through requisitions which were derived from the procurement plan
- (iv) MTRH used standard tender documents for the sampled procurements
- (v) Stores and storage facilities were well maintained with sufficient security.
- (vi) MTRH and successful bidders entered into written contracts for major procurements

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

- (i) The composition of the Disposal Committee does not conform to Regulation 92(1) of the PPDR.
- (ii) Procurement Plan was not properly consolidated
- (iii) Some of the bidding documents did not have comprehensive specifications of the equipments being procured
- (iv) High number of procurements being terminated
- (v) Heavy reliance on alternative procurement methods (restricted, direct, quotation and low value procurement methods)
- (vi) Delayed payments to suppliers/contractors
- (vii) Lengthy approval process of requisition which delayed commencement of procurement processes
- (viii) Weak record keeping

It is recommended that every employee of MTRH or member of the Board should ensure compliance with the Act and its attendant legislations as well as the directives issued by PPOA on procurements in their respective areas of responsibilities pursuant to Section 27(2) and (3) of the Act. All the weaknesses highlighted in the report should be addressed.

Finally, we take this opportunity to thank MTRH staff for their co-operation and assistance during this review. This enabled the review to be concluded within the time scheduled for the assignment.

Conclusion

We reviewed the procurement functions and procedures in MTRH to verify whether they conform to the requirements of the Public Procurement and Disposal Act 2005 and their attendant regulations, the various manuals and the circulars released by PPOA. In the course of our investigations we have identified deviations in the conduct of procurement functions and have attached ratings to them.

The major challenges we found in the MTRH's were mainly in recordkeeping as the procurement files were not incomplete. Though the documents were availed it took some time to assemble them.

We have included an action plan, which as discussed and agreed with MTRH, for follow-up in our recommendations to ensure that the corrective measures are carried out in order to improve compliance, efficiency, and effectiveness in procurement management.

We are pleased that MTRH's senior management welcomed the review exercise as a mechanism to identify and address any shortcomings and weaknesses in the compliance with the Act and attendant Regulations. The management committed them to undertake remedial actions within the timeframe set out in the action plan.

Overall, MTRH has demonstrated satisfactory level of compliance at 62.6% with the Act, and the Regulations and guidelines in respect of the sampled procurement transactions. Nevertheless, MTRH should endeavour to improve their performance rating by organising training on various aspects of procurement law and regulations in the areas pointed out in the report.